

THE HONOR  SOCIETY OF
PHI KAPPA PHI

CONFLICT OF INTEREST POLICY

INTRODUCTION

The purpose of this Conflict of Interest Policy is to protect the Society's tax-exempt status by preventing excess benefit transactions and ensuring that the Society engages primarily in activities which accomplish one or more of its tax-exempt purposes. This policy is intended to supplement applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations as well as the Society Headquarters Personnel Policy.

The Society expects its Directors, employees and other volunteers to conduct business according to the highest ethical standards of conduct. Directors, employees and other volunteers are expected to devote their best efforts to the interests of the Society. Business dealings which create or appear to create a conflict between the interests of a Director, an employee or other volunteer and the interests of the Society are unacceptable.

The Society recognizes that Directors, other volunteers and employees engage in activities which are of a private nature and unrelated to the Society's business.

A potential or actual conflict of interest occurs whenever a Director, employee or other volunteer is in a position to influence a decision which may result in a personal gain for the employee or an immediate family member (i.e., spouse or significant other, children, parents, siblings, in-laws and business associates of any of the foregoing) as a result of the Society's business dealings.

Although it is not possible to specify every action which might create a conflict of interest, this policy sets forth those most frequently presented problems. If a Director, employee or other volunteer has any question whether an action or proposed course of conduct would create a conflict of interest, he/she should immediately contact the Executive Director or the Associate Executive Director/CFO to obtain advise on the issue. The purpose of this policy is to protect Directors, other volunteers and employees from any conflict of interest which might arise.

OBJECTIVES

The objective of the Society's Conflict of Interest Policy is to establish a method for identifying and avoiding potential conflicts of interest.

REPORTING RESPONSIBILITY

Each member of the Board of Directors ("Director") and each Society employee shall disclose in writing any direct or indirect arrangement, agreement, investment or other activity with any vendor, supplier, or other party doing business with the Society. Each Director shall disclose in writing any personal interest which he/she or any member of his/her immediate family has in any matter pending before the Board of Directors prior to any action being taken by the Board on such matter.

Each Director and each Society employee shall annually sign a statement provided by the Society which affirms such person: (1) has received a copy of the conflicts of interest policy; (2) has read and understands the policy; (3) has agreed to comply with the policy and (4) discloses any potential conflicts of interest which the Society should be aware of.

PROHIBITED ACTIVITIES

- No Director who has a personal interest in any matter pending before the Board shall participate in the discussion of or any decision on any matter in which he/she has a personal interest.
- No Director shall participate in the discussion of or any decision on any matter in which an immediate family member has a personal interest.
- No Director who is an officer, board member, committee member, staff member or consultant to a vendor of the Society shall participate in any discussion or decision affecting the vendor.
- No Director who has an immediate family member who is an officer, board member, committee member, staff member or consultant to a vendor of the Society shall participate in any discussion or decision affecting the vendor.
- No Director shall receive directly or indirectly, any salary payments, loans or gifts of any kind, any free service or discount or other fees from or on behalf of any person or organization engaged in any transaction with the Society. This policy shall not prohibit Directors from receiving any free service or discount which is made available to all members of the Society or to the public at large or from obtaining a loan on terms available to all members of the Society or to similarly situated members of the public at large.
- No Director or employee shall be employed by an organizations which is or is seeking to do business with the Society, including actual or potential vendors or customers.
- No Director, employee or other volunteer shall attempt to use the Society's time or facilities to further any personal belief or to convince others of their personal beliefs after they have been asked once to stop.

GIFTS, FAVORS, ENTERTAINMENT AND PAYMENTS

Directors, employees and other volunteers shall not seek or accept for themselves or others any gifts, favors, entertainment or payments from any person or business organization which do or seek to do business with or is a competitor of the Society except common courtesies usually associated with customary business practices.

The following gifts shall not be prohibited by this policy:

- A meal with a vendor which includes the spouse of the Director, other volunteer or employee, as long as the invitation was extended by the vendor.
- Gifts valued at less than \$50 from vendors such as calendars, pens or other items with the vendor's logo.
- Overnight outings if a representative of the vendor is in attendance.
- Holiday gifts of food items valued at less than \$50.
- Day outings such as fishing, hunting, and golf if the vendor is present; however, no member of the employee's family may participate without paying the expenses associated with the outing.

The following gifts are not acceptable:

- Alcoholic beverages.
- Participation by a family member in a day outing such as fishing, hunting or golf at the expense of a vendor.
- Use of vendors' facilities (vacation homes, etc.) by associates or families for personal use.
- Cash or cash equivalents, such as stocks, gift cards or other forms of marketable securities of any amount from any member, vendor or other individual which does business with the Society.

PROCEDURES FOR HANDLING POTENTIAL CONFLICTS OF INTEREST

Upon receipt of a disclosure pursuant to this policy, the Board of Directors shall determine whether the Society can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity which would not give rise to a potential conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a potential conflict of interest, the Board of Directors shall determine by majority vote of the disinterested directors whether the transaction or arrangement is in the Society's best interest, for its own benefit and whether the transaction is fair and reasonable.

The minutes of any meeting in which a potential conflict of interest arises shall include a copy of the disclosure and the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including and alternatives to the proposed

transaction or arrangement and a record of any votes taken in connection with the proceedings. This policy shall not prevent a Director from making a presentation to the Board of Directors; however, after the presentation, he/she shall leave the meeting during the discussion or and the vote on the any proposed transaction or arrangement involving the possible conflict of interest.

VIOLATIONS OF THIS POLICY

If the Board of Directors determines that a Director or an employee failed to disclose an actual or a possible conflict of interest, it shall inform the member or employee of the basis for such determination and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the Director's or employee's response and conducting such other investigation as is warranted by the circumstances, the Board of Directors determines the member or employee has failed to disclose an actual or possible conflict of interest, it shall take appropriate action which may include termination of employment or dismissal from a volunteer position.

Adopted October 2008

ACKNOWLEDGEMENT OF RECEIPT
OF THE HONOR SOCIETY OF PHI KAPPA PHI'S
CONFLICT OF INTEREST POLICY

I, _____, hereby certify that:

1. I have received a copy of the Conflict of Interest Policy;
2. I have read and understand the policy; and
3. I agree to comply with the policy.

Except as described below, I am not now nor at any time during the past year have I been:

1. A participant, directly or indirectly, in any arrangement, agreement, investment or other activity with any vendor, supplier, or other party doing business with the Society which has resulted or could result in a personal benefit to me or any member of my immediate family.
2. A recipient, directly or indirectly, of any salary payments or loans or gifts of any kind or any free service or discounts or other fees from or on behalf of any person or organization engaged in any transaction with the Society.

Any exceptions to 1 or 2 above are stated below with a full description of the transactions and of any interest, whether direct or indirect, which I have or have had during the past year.

Please list any exceptions to the statements above: _____

Please list any interests, arrangements, agreements or investments which could give rise to a conflict:

Date: _____

Signature: _____

Printed Name: _____