

## **Conflict of Interest Policy**

*Board Approved 9/19/08  
Board Reviewed Without Change 12/11/2012  
Governance Committee Review Without Change 11/15/2018  
Board Approved Without Change 12/10/19*

### **ARTICLE I: PURPOSE**

The purpose of the conflict of interest policy is to protect the interest of Pearl S. Buck International (“Organization”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Board director or Staff member of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### **ARTICLE II: DEFINITIONS**

#### **1. Interested Person**

Any employee, Board director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

#### **2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a.** An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b.** A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **ARTICLE III: Procedures**

#### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement, in such form as the directors and members of the committees so determine.

#### **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

### **3. Procedures for Addressing the Conflict of Interest**

- a.** An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b.** The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c.** After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d.** If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

### **4. Violations of the Conflicts of Interest Policy**

- a.** If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **ARTICLE IV: RECORDS OF PROCEEDINGS**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a.** The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing boards or committee's decision as to whether a conflict of interest in fact existed.
- b.** The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **ARTICLE V: COMPENSATION**

- a.** A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

**b.** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

**c.** No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## **ARTICLE VI: ANNUAL STATEMENTS**

Each employee, director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a.** Has received a copy of the conflicts of interest policy,
- b.** Has read and understands the policy,
- c.** Has agreed to comply with the policy, and
- d.** Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **ARTICLE VII: PERIODIC REVIEWS**

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a.** Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b.** Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## **ARTICLE VIII: USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

## **ARTICLE IX: PENNSYLVANIA STATUTORY REQUIREMENTS**

At any time, the Pennsylvania Nonprofit Corporation Law, 15 Pa.C.S. § 5101, et seq., is amended or modified in any manner that renders any provision or requirement of this conflict of interest policy unlawful, the offending provisions of this conflict of interest policy shall be modified to conform to the applicable statutory language.

## Annual Conflict of Interest Statement

I, \_\_\_\_\_, a/the duly elected or appointed \_\_\_\_\_ [insert staff, board director, title of officer, or committee member] of Pearl S. Buck International, do hereby certify as follows:

1. I have received a copy of the Conflict of Interest Policy of Pearl S. Buck International.
2. I have read and understand the Policy.
3. I have agreed to comply with the Policy and list any potential or existing conflicts of interest on the bottom of this page.
4. I understand Pearl S. Buck International is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

IN WITNESS WHEREOF, I have executed this Annual Statement this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Name:

Title: \_\_\_\_\_

## Conflict of Interest Disclosure Statement

**Please complete the questionnaire, below, indicating any actual or potential conflicts of interest. If you answer "yes" to any of the questions, please provide a written description of the details of the specific action or transaction in the space allowed. Attach additional sheets as needed.**

**I. Financial Interests** - A conflict may exist where an interested party, or a relative or business associate of an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by the organization.

**Please indicate, during the past 12 months:**

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Has the organization contracted to purchase or lease goods, services, or property from or otherwise had a direct business relationship with you, or from any of your relatives or business associates?  Yes  No

**If yes, please describe:**

Has the organization purchased an ownership interest in or invested in a business entity owned by you, or owned by any of your relatives or business associates?  Yes  No

**If yes, please describe:**

Has the organization offered employment to you, or to any of your relatives or business associates, other than a person who was already employed by the organization?  Yes  No

**If yes, please describe:**

Have you, or have any of your relatives or business associates, been provided with a gift, gratuity or favor, of a substantial nature, from a person or entity which does business, or seeks to do business, with the organization?  Yes  No

**If yes, please describe:**

Have you, or any of your relatives or business associates, been gratuitously provided use of the facilities, property, or services of the organization or received a grant, loan or other financial assistance from the organization?  Yes  No

**If yes, please describe:**

Has a relative had a direct or indirect business relationship with the organization?  Yes  No

**If yes, please describe:**

Have you served as an officer, director, trustee, key employee, partner or member/shareholder of an entity doing business with the organization?  Yes  No

**If yes, please describe:**

**II. Other Interests** - A conflict may also exist where an interested party, or a relative or business associate of an interested party, obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with the organization, or where his/her duty or responsibility owed to the organization conflicts with a duty or responsibility owed to some other organization.

**Please respond to the following questions indicating if you had this activity anytime during the past twelve months:**

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Did you obtain preferential treatment by the organization for yourself, or for any of your relatives or business associates?  Yes

*If yes, please describe:*  No

Did you make use of confidential information obtained from the organization for your own benefit, or for the benefit of a relative, business associate, or other organization?  Yes

*If yes, please describe:*  No

Did you take advantage of an opportunity, or enable a relative, business associate or other organization to take advantage of an opportunity, which you had reason to believe would be of interest to the organization?  Yes

*If yes, please describe:*  No

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Signature

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Date

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Please Print Your Name on the Above Line