



Conflict of Interest Policy

Introduction

NAEP recognizes that its Directors, officers, and employees may engage in outside business, financial, or other activities. NAEP recognizes that conflicts of interest may arise from time to time and that they:

May result from the individual's relationships with outside organizations, persons, or causes reflecting the member's reputation and influence; and need not be harmful, and, indeed may be favorable to NAEP's interest as long as they are disclosed and understood in NAEP's decision-making processes.

Definition

A conflict of interest, including any potential conflict, exists whenever a Director, officer, or employee (or the individual's spouse, child, parent, or sibling) has a relationship, whether economic or otherwise:

As the owner, investor, officer, director, trustee, partner, employee, consultant. Alternatively, recipient of compensation (whether in money, goods, or services) with any person, firm, corporation, or organization which supplies or receives funds, products, services, or required approvals to or from NAEP, or proposes to do so.

Reporting Criteria

Situations involving potential or existing conflicts of interest should be reported via the attached form, promptly after the election as a Director or officer/employment, during service should a dispute arise, or upon the arising of any situation in which a conflict of interest may be present.

NAEP Directors, officers, and employees must report the following types of situations and transactions:

- a. Any business relationships with a firm (i) with which NAEP is contemplating or is conducting ongoing business, or (ii) which has been permitted use of NAEP assets and resources, including personnel. These relationships include receiving salaries, fees, or other compensation serving as an owner, investor, officer, director, partner, or consultant.
- b. An investment of \$1,000 or more that comprises ownership of one percent or more of the equity or any class of stock in a business concern which has a known commercial relationship with NAEP. Also reportable are investments in marketable securities or other financial interests in a business concern acquired with knowledge of specific pending NAEP transactions not known to the public which might materially affect the value of the investment or the value of which could be affected substantially by the actions or influence of the individual.
- c. Any other situation in which the individual's direct or indirect outside business or financial interests appear to influence the interests of NAEP.

Resolution Criteria

Generally, corrective action is required if a reportable outside business interest or relationship exists and:

- a. The Director, officer, or employee is in a position to influence purchases from or allocation of NAEP resources to an outside concern in which the individual has an interest;
- b. The situation could impair the individual's judgment or performance of responsibilities on behalf of NAEP;
- c. The situation or transaction could be expected to damage the reputation of NAEP if disclosed; or
- d. NAEP's resources could be used to the detriment of NAEP's interests or reputation.

Corrective Actions

All Conflicts of Interest where NAEP's reputation, interests of the Association, and standing in the community may be involved or affected shall be immediately reported to the Executive Committee of the Board of Directors to gauge the severity of the conflict. The Executive Committee shall inform the Board of Directors of receipt of this report and of the decision rendered via any communicative method deemed appropriate by the President.

Additional corrective actions may include one or more of the following:

- a. Removing the individual from participating in any discussion and decision concerning a proposed situation or transaction;
- b. Providing for increased monitoring of the proposed situation or transaction;
- c. Restructuring the proposed situation or transaction to reduce the potential for conflict; and
- d. Requiring the individual to divest the interest causing the conflict.
- e. Any other remedy deemed appropriate and necessary by the Board of Directors



Report of Conflicting Interests Directors, Officers, and Employees

The information provided on this report form describes my business, investments, and other situations – any of which as described in the Reporting Criteria Section of the NAEP Conflict of Interest Policy – that may present a conflict of interest with the activities of NAEP. The word “none” has been entered where there is no conflict of interest.

1. Business relationships:

2. Investments:

3. Other activities:

I agree to disclose the existence of any potentially conflicting interest which may arise during the time that I am a NAEP Director, officer or employee

Name (Please Print)

Date

Signature

Position Title

Disclosure: