

NATIONAL SCHOLASTIC PRESS ASSOCIATION

POLICY REGARDING

CONFLICTS OF INTEREST AND DISCHARGE OF DUTIES

FOR DIRECTORS AND OFFICERS

ARTICLE I

PURPOSE

The purpose of this policy is to protect the interest of National Scholastic Press Association (hereinafter, the “Organization”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization. This policy is intended to supplement, but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

ARTICLE II

DEFINITIONS

A. Interested Person.

A director, board or staff officer, or member of a committee with board-delegated powers, who has a direct or indirect Financial Interest, as defined below, is an Interested Person.

B. Financial Interest.

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or his or her family:

1. an ownership or investment interest in any entity with which the Organization has a transaction or arrangement;
2. a compensation arrangement with the Organization (other than for services as an officer, director or employee) or with any entity or individual with which the Organization has a transaction or arrangement; or
3. 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 substantial in nature. A Financial Interest is not necessarily a conflict of interest. A person who has a Financial Interest may have a

conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

C. Family.

A Family includes a person's parents, siblings, children and any other person with whom the person is in a significant relationship.

ARTICLE III
DISCHARGE OF DUTIES

A. Standard of Care.

It is the responsibility of each director and officer of the Organization to discharge his or her duties as a director or officer in good faith, in a manner the person reasonably believes to be in the best interests of the Organization, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

ARTICLE IV
CONFLICTS PROCEDURES

A. Duty to Disclose.

In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence of his or her Financial Interest and be given the opportunity to disclose all material facts relating to his or her Financial Interest to the directors or members of committees with board-delegated powers considering the proposed transaction or arrangement.

B. 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, the Interested Person must leave the board (or committee) meeting while the Financial Interest is discussed and voted upon. The remaining board (or committee) members shall decide if a conflict of interest exists.

C. Procedures for Addressing the Conflict of Interest.

1. An Interested Person may make a presentation at the board or committee meeting regarding the proposed transaction or arrangement, but after such presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on,

the proposed transaction or arrangement that results in the conflict of interest.

2. The chairperson of the board (or committee) shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the board (or committee) shall determine whether the Organization can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably attainable under the circumstances that would not give rise to a conflict of interest, the board (or committee) shall determine by a majority vote of the disinterested directors (or committee members), whether the transaction or arrangement is in the Organization's best interest and for its own benefit and whether the transaction is fair and reasonable to the Organization and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

ARTICLE V **VIOLATIONS**

A. Procedure.

If the board (or committee) has reasonable cause to believe that a person subject to this policy has failed to disclose actual or possible conflicts of interest or failed to discharge his or her duties in accordance with Article III, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure.

B. Action.

If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the board (or committee) determines that the person has, in fact, failed to discharge his or her duties in accordance with this policy or to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE VI
RECORDS OF PROCEEDINGS

The minutes of meetings of the board (or committee) 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 board's (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 discussions, including any alternatives to the proposed transaction or arrangement and a record of any votes taken in connection therewith.

ARTICLE VII
COMPENSATION

The following shall apply to any compensation committee:

- A. A voting member of the board of directors 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.

ARTICLE VIII
ANNUAL STATEMENT

Each director, board and staff officer and member of a committee with board-delegated powers shall complete and sign a Conflicts of Interest Policy Annual Statement at the time of his or her initial election or appointment and annually thereafter. The current form is attached hereto as Exhibit A.

ARTICLE IX
PERIODIC REVIEWS

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

- A. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- B. Whether partnership and joint venture arrangements and arrangements with management service organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

ARTICLE X
USE OF OUTSIDE ADVISORS

In conducting the periodic reviews provided for in Article IX, the Organization may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

Adopted: December 15, 2005