



CONFLICT OF INTEREST POLICY AND PROCEDURES

I. PURPOSE OF POLICY

The purpose of this conflict of interest policy is to protect Manufacturing Enterprise Solutions Association International, Inc.'s (or MESA's, hereinafter called "Association"), interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of any "Interested Party" of Association, such as an officer, director or member as well as any employees, contractor, volunteer or agent, if any of the Association. The Association believes that full and timely disclosure of potential conflicts, pursuant to the requirements set forth below, will sensitize individuals to potential conflicts and promote resolution of actual conflicts. This policy is intended to supplement but not replace any applicable Pennsylvania laws governing conflicts of interest in nonprofit organizations.

II. CONFLICT OF INTEREST

A conflict of interest may exist when the interests or concerns of an Interested Party may be seen as competing with the interests or concerns of the Association. The definition of Interested Party appears below. In addition, there are a variety of situations that raise conflict of interest questions including, but not limited to, the financial and other interests situations presented below.

Interested Parties

Interested Parties are those having a stake in a given matter or transaction and shall include the following:

1. All members of the Board of Directors of the Association;
2. Officers of the Association;

3. Members of any Association committee with Board-delegated powers;
4. Members of the Association;
5. Any employee of the Association;
6. Any contractor of the Association;
7. Any agent of the Association;
8. Volunteers, if the volunteer has been granted significant independent decision-making authority with respect to financial or other resources of the Association;
9. Affiliates of any of the above;
10. Members of the family of any of the above;
11. Persons who have a similar relationship in 1-7 above with organizations affiliated to the Association; and
12. Any other person who is a “disqualified person” with respect to the Association as defined in Section 4958(f)(1) of the Internal Revenue Code of 1986, as amended (“Code”) (generally includes persons who exercise substantial influence over the Association, members of their family and entities controlled at 35% or more by the Association).

Affiliate - A person shall be deemed to be an “affiliate” if they are associated with MESA in any way. All MESA “affiliates” are covered by this policy.

Financial Interests - A conflict may exist where an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by the Association. Examples include situations where:

- the Association contracts to purchase or lease goods, services, or properties from an Interested Party, or affiliate of an Interested Party;
- the Association purchases an ownership interest in or invests in a business entity owned by an Interested Party, or affiliate of an Interested Party;

- the Association offers employment to an Interested Party, or affiliate of an Interested Party, other than to a person who is already employed by the Association.
- An Interested Party, or affiliate of an Interested Party, is provided with a gift, gratuity or favor, of a substantial nature, from a person or entity that does business, or seeks to do business, with the Association;
- An Interested Party, or affiliate of an Interested Party, is gratuitously provided use of the Association's property, or services of the Association, or receives a grant, loan or other type of financial assistance.

Other Interests - A conflict may also exist where an Interested Party or their affiliate, obtains a non-financial benefit or advantage that he or she would not have obtained absent his or her relationship with the Association, or where his/her duty or responsibility owed to the Association conflicts with a duty or responsibility owed to some other organization. Examples include where:

- An Interested Party seeks to obtain preferential treatment by the Association for himself or herself, or for an affiliate;
- An Interested Party seeks to make use of confidential information obtained from the Association for his or her own benefit, or for the benefit of an affiliate;
- An Interested Party seeks to take advantage of an opportunity, or enable an affiliate to take advantage of an opportunity, which he or she has reason to believe would be of interest to the Association.

A financial or other interest is not necessarily a conflict of interest. Under this policy, a person who has a financial or other interest has a conflict of interest only if the Board of Directors or Board-delegated committee decides that a conflict of interest exists. Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of disinterested Directors present at a legally held meeting of the Board of Directors of the Association determine that it is in the best interests of the Association to do so. If a Director is an interested person with regard to the transaction in question, that Director shall not be counted in determining the existence of a quorum at the meeting at which such transaction is to be discussed and potentially authorized. Neither shall that Director vote on the transaction in question, but may be available for questions. The minutes of meetings at which such votes are taken shall record the disclosure, abstention and rationale for approval or disapproval.

III. DISCLOSURE OF ACTUAL OR POTENTIAL CONFLICTS OF INTEREST

An Interested Party is under a continuing obligation to disclose any actual or potential conflict of interest as soon as it is known, or reasonably should be known.

An Interested Party shall complete a questionnaire, in the form attached hereto as Appendix A, to fully and completely disclose the material facts about any actual or potential conflicts of interest. The disclosure statement shall be completed upon his or her association with the Association and shall be updated annually thereafter. (Appendix B). An additional disclosure statement shall be filed at such time as an actual or potential conflict arises.

For board members, the disclosure statements shall be provided to the Chairman of the Board, or in the case of the Chairman's disclosure, such statement shall be provided to the Vice Chairman of the Board.

In the case of staff or volunteers with significant decision-making authority, the disclosure statements shall be provided to the Chairman of the Association, or in the case of the Chairman's disclosure, the statement shall be provided to the Vice Chairman of the Board.

The Secretary of the Board of Directors shall file copies of all disclosure statements with the official corporate records of the Association.

IV. GENERAL PROCEDURES FOR THE REVIEW OF ACTUAL OR POTENTIAL CONFLICTS

Whenever there is reason to believe that an actual or potential conflict of interest exists between the Association and an Interested Party, the Board of Directors shall determine the appropriate organizational response. This shall include, but not necessarily be limited to, invoking the procedures described in Section V, below, with respect to a specific proposed action or transaction.

Where the actual or potential conflict involves an employee of the Association, the Chairman of the Board of Directors shall, in the first instance, be responsible for reviewing the matter and may take appropriate action as necessary to protect the interests of the Association. The Chairman of the Board of Directors shall use the "Conflict of Interest Review Form" (Appendix C) for this purpose. The Chairman of the Board shall report to the Board the results of any review and the action taken. In the case of a conflict involving the Chairman of the Board of Directors, the Vice Chairman shall, in the first instance, be responsible for reviewing the matter, and procedures similar to the two preceding sentences shall be followed. In any case, the Board shall

4

MESA International
107 S. Southgate Drive
Chandler, AZ 85226 USA

www.mesa.org +1 480.893.6883 hq@mesa.org

determine if any further review or action is required, and using the same “Conflict of Interest Review Form,” document its actions.

V. PROCEDURES FOR ADDRESSING CONFLICTS OF INTEREST – SPECIFIC TRANSACTIONS

Where an actual or potential conflict exists between the interests of the Association and an Interested Party with respect to a specific proposed action or transaction, the Association shall refrain from the proposed action or transaction until such time as the proposed action or transaction has been approved by the disinterested members of the board of directors of the Association. The following procedures shall apply:

- An Interested Party who has an actual or potential conflict of interest with respect to a proposed action or transaction of the Association shall not participate in any way in, or be present during, the deliberations and decision making of the Association with respect to such action or transaction. The Interested Party may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.
- The board shall first determine whether an actual conflict of interest exists between the Association and the Interested Party. If there is no conflict of interest, this policy need not be applied any further in the consideration of the proposed action or transaction.
- If a conflict of interest is determined to exist, the board shall consider whether the terms of the proposed transaction are fair and reasonable to the Association and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an Interested Party. In determining whether a more advantageous transaction or arrangement is available with a non-interested party, the Board is not required to take extraordinary steps, but is permitted to undertake such an investigation into an alternative as is reasonable due diligence under the facts and circumstances.
- The disinterested members of the board of directors may approve the proposed action or transaction with an Interested Party upon finding that it is in the best interests of the Association.
- Approval by the disinterested members of the board of directors shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. An Interested Party shall neither be counted for purposes of determining whether a quorum is present nor for purposes of determining what constitutes a majority vote of directors in attendance.

- The minutes of the meeting shall reflect that the conflict disclosure was made, the vote taken and, where applicable, the abstention from voting and participation by the Interested Party.

VI. VIOLATIONS OF CONFLICT OF INTEREST POLICY

If the board of directors has reason to believe that an Interested Party has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose. Such action could include, for employees, disciplinary actions or termination. For Board members, sanctions will be determined according to the Bylaws of the Association.

If, after hearing the response of the Interested Party and making such further investigation as may be warranted in the circumstances, the Board determines that the Interested Party has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and/or corrective action. For employees, such action could include disciplinary actions or termination of employment. For Board members, sanctions, including a potential vote to remove the Board member, will be determined according to the Bylaws of the Association.

Appendix A

MESA 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.

Financial Interests - A conflict may exist where an Interested Party, or a family member or affiliate of an Interested Party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by MESA (the “Association”).

Please indicate whether, during the past twelve (12) months,

Has the Association or its affiliates contracted to purchase or lease goods, services, or property from, or otherwise had a direct business relationship with you, or any of your family or affiliates?

If yes, please describe:

Has the Association or its affiliates purchased an ownership interest in or invested in a business entity owned by you, or owned by any of your family or affiliates?

If yes, please describe:

Has the Association or its affiliates offered employment to you, or to any of your family or affiliates, other than a person who was already employed by the Association or its affiliates?

If yes, please describe:

Have you, or have any of your family or affiliates, 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 Association or its affiliates?

If yes, please describe:

Has a family member had a direct or indirect business relationship with the Association or its affiliates?

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 Association or its affiliates?

If yes, please describe:

Have you, or any of your family or affiliates, been gratuitously provided use of the Association's property, or services of the Association or its affiliates, or received a grant, loan or other financial assistance from the Association or its affiliates?

If yes, please describe:

Other Interests - A conflict may also exist where an Interested Party, or a family member or affiliate of an Interested Party, obtains a non-financial benefit or advantage that he would not have obtained absent his/her relationship with the Association, or where his/her duty or responsibility owed to the Association conflicts with a duty or responsibility owed to some other organization.

Please indicate if at any time during the past twelve (12) months:

Did you obtain preferential treatment by the Association or its affiliates for yourself, or for any of your family or affiliates?

If yes, please describe:

Did you make use of confidential information obtained from the Association or its affiliates for your own benefit, or for the benefit of a family member or affiliate?

If yes, please describe:

Did you take advantage of an opportunity, or enable a family member or affiliate to take advantage of an opportunity, which you had reason to believe would be of interest to the Association or its affiliates?

If yes, please describe:

Did you have a family or business relationship with any other director, officer or key employee of the Association or its affiliates?

If yes, please describe:

Appendix B

**Compliance and Disclosure Statement
MESA**

**CONFLICT OF INTEREST POLICY
ANNUAL AFFIRMATION OF COMPLIANCE
AND DISCLOSURE STATEMENT**

I have received and carefully read the Conflict of Interest Policy for MESA (the "Association") and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that the Association is a nonprofit business league and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Except as otherwise indicated in the Disclosure Statement and attachments, if any, below, I hereby state that I do not, to the best of my knowledge, have any conflict of interest that may be seen as competing with the interests of the Association nor does any family member or affiliate have such an actual or potential conflict of interest.

If any situation should arise in the future which I think may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the Chairman of the Board of Directors of the Association or to the Vice Chairman, as applicable.

I further certify that the information set forth in the Disclosure Statement and attachments, if any, is true and correct to the best of my knowledge, information and belief.

Name (Please print)

Signature

Date

Appendix C

MESA

**CERTIFICATION OR RECOMMENDATION
FOR FURTHER ACTION FORM
(for Conflict of Interest Disclosures)**

Purpose: The purpose of this form is to allow the Chairman of the Board of Directors (or the Vice Chairman of the Board of Directors in the event of a disclosure involving the Chairman), to certify that Conflict of Interest Disclosure Forms have been read and are problem free, or, must be reviewed further by the Board of Directors, or its delegee, for potential action.

The following Conflict of Interest Forms have been reviewed by me and no further action is necessary:

Name of Party on Conflict of Interest Form Date of Review: _____

Signature of Reviewer: _____

I propose that the Board of Directors perform an additional review on the following Conflict of Interest Forms:

Name of Party on Conflict of Interest Form Date of Review: _____

Signature of Reviewer: _____

Note: The minutes of the Board of Directors meeting where the additional review was completed will address the outcome of this review.

Approved 2014-07-29