

CONFLICT OF INTEREST POLICY

SOLE - THE INTERNATIONAL
SOCIETY OF LOGISTICS



1 June 2005

CONFLICT OF INTEREST POLICY

Document Control

Dates of issue for all original pages are 1 June 2005.

This manual replaces the Conflict of Interest section of the August 2001 SOLE Management Manual in its entirety. Future changes will be made by footnote annotation to the text, with the corresponding record of Change Authority documented in the "Notes on Change Authority" section at the end of this document.

Foreword

This Conflict of Interest Policy (“Policy”) documents the policies and procedures for situations that present potential conflicts of interest between SOLE - The International Society of Logistics (“SOLE,” “the Corporation” and/or “the Society”) and those responsible for the management, direction and operation of SOLE.

This Policy provides guidance and procedures for the officers, directors and managers of SOLE at all levels, and is subordinate – in ranked order – to the SOLE Bylaws. Further, this Policy, while issued separate from, is an integral part of the separately issued “SOLE Code of Ethics and Governance Policy.” In the event of a conflict between this Policy and either of the aforementioned documents, the aforementioned documents take precedence, unless otherwise directed by the Executive Board of Directors of SOLE.

Changes to this Manual are subject to the approval of SOLE’s Executive Board. Recommended changes, deletions, or additions to this Manual should be initiated by submission of a Document Change Request to SOLE Headquarters.

Additional information concerning the programs and policies of SOLE may be obtained by contacting SOLE Headquarters at the current address as noted on the SOLE web site (www.sole.org).

NOTE: Whenever the masculine noun/pronoun is used it shall be construed to include equally the feminine and neuter noun/pronoun.

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INTRODUCTION

1.1 SOLE ORGANIZATION

1.1.1 *SOLE - The International Society of Logistics*

SOLE - The International Society of Logistics (“SOLE”, “the Corporation,” or “the Society”) is an international, non-profit professional society of individual and corporate members dedicated to the advancement of the art and science of logistics technology and management. SOLE charters and authorizes chapters to provide local members with a forum for furthering the goals and objectives of SOLE and providing mutual support at the local level (whether finite or virtual). The SOLE chapters engage in a wide variety of professional activities in pursuit of these objectives. SOLE provides for intermediate areas of chapter coordination by districts based on geographical areas for mutual coordination and promotion of SOLE.

1.1.2 *SOLE Corporate Organization*

SOLE was organized and incorporated under California law as a general non-profit corporation on 1 July 1966. The Society is recognized as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code, based on its stated purpose of “the advancement of the art and science of logistics technology through literary, educational and scientific endeavors.” SOLE has an international membership of professional, technical and management personnel engaged in the fields of logistics planning, operations and education.

1.2 COVERED PARTIES

A "Covered Party" (or, collectively “Covered Parties”) is any member of the Board of Directors, a member of the Executive Board; a member of the Board of Advisors; an officer, a Chapter Chair, any other member of a Chapter Management Team; the Chair or member of any committee of SOLE at any level; or any person being compensated by SOLE, whether directly or indirectly.

1.3 PURPOSE OF CONFLICT OF INTEREST POLICY

1.3.1 *Legal Compliance*

1.3.1.1 The purpose of this Conflict of Interest Policy (this "Policy") is to protect the interests of SOLE when – at any level – a SOLE director, officer or manager has an interest that is inconsistent with and/or potentially detrimental to the interests of the Society. This Policy is intended to supplement and comply with, but not replace, any applicable laws, rules or regulations governing conflicts of interest applicable to corporations, as well as nonprofit and charitable organizations.

1.3.1.2 The goal of this Policy is to explain SOLE's rules regarding conflicts of interest to help Covered Parties all levels identify situations that present actual, potential or apparent conflicts of interest, and to establish procedures for reporting, reviewing and resolving such actual, potential or apparent conflicts of interest.

1.3.2 *Obligation and Responsibility of Covered Parties*

The acceptance of an appointment to a position on a Chapter Management Team; a committee position; the acceptance of an election as a director, officer or manager; or the appointment to a position of management within SOLE carries with it an obligation to conduct the affairs of SOLE in a manner that completely avoids any impropriety or the appearance of impropriety. A Covered Party's affiliation with SOLE stewardship or management should not be used in conjunction with the furtherance of private business efforts or personal gain. **No member of SOLE shall assume any position of management within the Society, whether elected or appointed, without first executing SOLE's Conflict of Interest Disclosure Form** (form is at Appendix A, this Policy).

1.4 GENERAL PRINCIPLES

1.4.1 *Duties and Responsibilities*

Each Covered Party has a duty to place the interest of SOLE (and the entire membership of SOLE) foremost in all dealings, and has a continuing responsibility to comply with the requirements of this Policy. Accordingly, no Covered Party may use his position (or the knowledge gained therefrom), in a manner that is not in the best interest of SOLE. Moreover, each Covered Party should avoid any situation that might lead to a real or apparent conflict of interest between his self-interest and his duties and responsibilities as a fiduciary of SOLE.

1.4.2 *Existence of Conflict of Interest*

1.4.2.1 As discussed more fully below, a conflict of interest exists whenever the interest of a Covered Party is inconsistent, or appears to be inconsistent in any way, with the interests of SOLE. If a Covered Party (or his family member) has a financial or personal interest in any proposed matter or transaction with SOLE, he must fully disclose that interest before the commencement of any discussion or negotiation of the matter or transaction.

1.4.2.2 **Note that the mere appearance of a conflict of interest CAN BE just as detrimental to the interests of SOLE as an actual conflict of interest. Nevertheless, upon the proper compliance with this Policy, a transaction or relationship involving even an actual conflict of interest may be approved by the Executive Board.**

1.4.3 *Applicability*

This Policy only applies to Covered Parties, as defined in Section 1.2, above. Nothing in this Policy is intended to contradict or address any other governmental and/or non-governmental organization's or entity's conflict of interest policy (or other policies, rules, regulations or requirements) governing the employment/affiliation of Covered Parties within those other governmental/non-governmental organizations or entities with whom such Covered Parties are affiliated.

CONFLICT OF INTEREST POLICY

2.1 CONFLICT OF INTEREST

2.1.1 Definition of Conflict of Interest

2.1.1.1 A Covered Party has a potential or actual conflict of interest whenever that party or a family member (which shall mean a spouse, domestic partner, sibling, ancestor, descendent or spouse of descendent) of a Covered Party:

(a) has a direct or indirect ownership, investment interest or compensation arrangement in any entity with which SOLE has or is negotiating such a business relationship, contract, transaction or arrangement;

(b) has a potential ownership, potential investment interest in, or a potential compensation arrangement with, any entity or individual with which SOLE has or is negotiating such a transaction, compensation arrangement, or an investment interest;

(c) has any type of direct or indirect financial or compensation arrangement (including gifts or favors) with SOLE or with any entity or individual with which SOLE has a transaction or arrangement or is negotiating such a potential transaction or arrangement; or

(d) any other instance whereby a Covered Party (or a family member) has taken actions or has any material direct or indirect monetary or non-monetary interest that might make it difficult, or might make it appear to be difficult, for such party to act objectively, effectively and in the best interests of SOLE.

2.1.1.2 A financial interest is not necessarily a conflict of interest. A Covered Party who has a financial interest may have a conflict of interest only if the Executive Board of Directors determines (as outlined in Section 2.2 of this Policy) that a conflict of interest exists.

2.1.2 Circumstances Involving Conflict(s) of Interest

The following are a few examples that are considered to be situations involving a conflict of interest:

(a) A contract, transaction or arrangement between SOLE and an entity or association in which a Covered Party (or a family member of a Covered Party) is a shareholder, director, officer, employee, agent, partner, member, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative;

(b) A contract, transaction or business relationship between SOLE and a Covered Party or family member of such Covered Party;

(c) When SOLE makes a loan to a Covered Party or guarantees an obligation of a Covered Party;
and

(d) A Covered Party competing with SOLE in the rendering of certain services.

The above list is not intended to be an exhaustive list of every conceivable conflict of interest, but merely a list of some of the more prevalent examples of conflicts of interest.

2.2 DUTY TO DISCLOSE

2.2.1 Annual Duty to Disclose

Upon becoming a Covered Party, and annually thereafter by the 1st day of October, each Covered Party must provide to the Executive Board a general written notice declaring that he is a director or officer or has a direct or indirect material interest in an entity (or that such Covered Person has a family member with such a position) which might cause such Covered Party to have a potential or actual conflict of interest in any relationship made by SOLE with that entity.

2.2.2 Continuing Duty to Disclose

This duty to disclose is an ongoing obligation; hence, as a Covered Party's situation changes, he must provide to the Executive Board (and any other board, committee, or otherwise upon which such Covered Party is a member), as soon as reasonably possible, a general written notice declaring that he is a director or officer or has a material or significant interest in an entity which might cause such Covered Party to have a potential, actual or apparent conflict of interest in any relationship made by SOLE with that entity.

2.2.3 Other than Covered Party Duty to Disclose

If at any time any party who is not a Covered Party (or the family member of a Covered Party) has reasonable cause to believe that a Covered Party (or the family member of a Covered Party) has a possible, perceived or actual conflict of interest as it relates to matters of and in the best interest of the Society, he shall inform the Executive Board in writing of the basis for such belief.

2.3 DISCLOSURE PROCEDURES

2.3.1 By Covered Party

There are two scenarios for a Covered Party's disclosure of a possible, perceived or actual conflict of interest: either before the Society enters into a contract, arrangement, relationship or any other matter; or after the Society enters into a contract, arrangement, relationship or any other matter.

2.3.1.1 Upon the disclosure of a conflict of interest under either Sections 2.2.1 or 2.2.2, above, a transaction involving an apparent or actual conflict of interest may still be permitted upon conformance with the following procedures:

2.3.1.1.1 In a situation where a contract, arrangement, relationship or any other matter is presented to the Executive Board for its consideration and approval and a Covered Party (or a family member of a Covered Party) has a potential, actual or apparent conflict of interest in connection with the same, that Covered Party may make a presentation to the Executive Board, but after such presentation, he shall leave the Executive Board meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

2.3.1.1.2 After exercising due diligence, the Executive Board may, at its discretion, seek to determine whether SOLE 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.

2.3.1.1.2.1 If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, or if the Executive Board otherwise decides to not attempt to pursue a more advantageous situation, the Executive Board shall determine by a majority vote of the disinterested members of the Executive Board whether the transaction or arrangement is in SOLE's best interest, is for its own benefit and whether the transaction is fair and reasonable to SOLE, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

2.3.1.1.2.2 If a more advantageous transaction or arrangement is reasonably attainable under circumstances that would not give rise to a conflict of interest, or if the Executive Board otherwise decides to pursue a more advantageous situation, the Executive Board shall officially notify the Covered Party of both its finding of a conflict of interest, its decision to pursue a non-conflict of interest course of action, and its direction to the Covered Party that all further negotiation/discussion on pursuit of the initiative with the Covered Party shall cease.

2.3.1.2 Should the Covered Party identify a possible, perceived or actual conflict of interest after the formalization by the Society of a contract, arrangement, relationship or any other matter with either the Covered Party or a family member of a Covered Party, the Covered Party will immediately notify the Executive Board in writing, outlining the situation and/or factors that has created the conflict of interest. The Executive Board will fully investigate the matter and determine whether SOLE could have obtained a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not have given rise to a conflict of interest.

2.3.1.2.1 If a more advantageous transaction or arrangement was not reasonably attainable under circumstances that would not have given rise to a conflict of interest, or if the Executive Board would have otherwise decided not to attempt to pursue a more advantageous situation, the Executive Board shall officially record the existence of the conflict (under the procedures outlined in Section 2.4, below), and send an official letter of the finding to the Covered Party, with a copy forward to SOLE's Ethics Committee for information.

2.3.1.2.2 If a more advantageous transaction or arrangement could have been reasonably attained under circumstances that would not given rise to a conflict of interest, the Executive Board will immediately and officially refer the matter to SOLE's Ethics Committee with recommendation for business alternative(s), request for further investigation and the appropriate corrective action. In addition, the Executive Board will officially reply to the Covered Party's report advising of both the conflict of interest determination and the referral of the matter to the Ethics Committee.

2.3.2 *By Other than Covered Party*

As in the case of disclosure by Covered Party, there are two scenarios for disclosure by other than the Covered Party of a possible, perceived or actual conflict of interest: either before the Society enters into a contract, arrangement, relationship or any other matter; or after the Society enters into a contract, arrangement, relationship or any other matter. In both situations, the procedures for disclosure by Covered Party will be followed with the following additional actions:

2.3.2.1 All reports by Other than the Covered Party will be documented by formal Executive Board Report. In the event where it is determined that there was no conflict of interest, the Executive Board will – by separate correspondences – advise both the disclosing party and the Covered Party of the identification, Executive Board review and determination.

2.3.2.2 In the event that the Executive Board determines that there is/has been a possible, perceived or actual conflict of interest, the matter will be referred to SOLE's Ethics Committee with recommendation for business alternative(s), request for further investigation and the appropriate corrective action. Further, the Executive Board will officially advise the disclosing party of its determination. A separate letter will be sent to the Covered Party advising of the disclosure by other than the Covered Party and the Executive Board's determination and referral to SOLE's Ethics Committee for further investigation and corrective action.

2.4 DISCLOSURE PROCEEDINGS

2.4.1 *Executive Board Proceedings*

All proceedings shall be conducted in Closed Session of the Executive Board.

2.4.2 *Minutes and Reports*

2.4.2.1 The confidential minutes of the Closed Session of the Executive Board shall contain: the names of the Covered Parties who disclosed or otherwise were found to have an actual, possible or apparent conflict of interest, the nature of the conflict of interest, any action taken to determine whether an arrangement should be pursued, 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 the votes taken in connection therewith.

2.4.2.2 The minutes for the public record shall reflect only that the Executive Board met and addressed an issue of conflict of interest, what the focus of the conflict was, and the disposition of the issue.

GIFTS

In furtherance of the Policy, Covered Parties should not accept favors, entertainment, or gifts of consequence from any individual or entity that does or seeks to do business with or provide services to SOLE. Trivial gifts (in the nature of mementos) may be accepted.

CONFIDENTIALITY

Each Covered Party/Other than Covered Party shall exercise care not to disclose confidential and/or sensitive information acquired in connection with such status or information, the disclosure of which might be adverse to the interests of SOLE or other parties. Furthermore, a Covered Party/Other than Covered Party shall not disclose or use information relating to the business of SOLE for the personal profit or advantage of the Covered Party /Other than Covered Party or his/her family member(s). Both the Covered Party and Other than Covered Party are also expected to observe the same rule of non-disclosure at all stages in the process, unless otherwise relieved by the ExBOD

NOTICE AND CAUTION

This Policy cannot describe all potential conflicts of interest, and its application may be uncertain at times. Covered Parties should exercise the highest standards of ethical judgment and err on the side of caution. If there are any questions, they should be directed to the Chair of SOLE's Ethics Committee

APPENDIX A



SOLE – The International Society of Logistics

CONFLICT OF INTEREST DISCLOSURE

YEAR: _____ **POSITION:** _____

OPERATING LEVEL (check one) **CHAPTER** **DISTRICT** **CORPORATE**

ENTITY (e.g., Chapter Management Team, Board of Directors, ExBOD, Board of Advisors, Committee): _____

FAMILY (LAST) NAME	FIRST NAME	Middle Initial	TITLE (e.g., Dr., COL)
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Address STREET	CITY	STATE	ZIP CODE
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MEMBER No.	MO _____ YR _____ DATE JOINED	District <input type="checkbox"/>	Chapter <input type="checkbox"/>	Type Disclosure (check one)	<u>Annual</u>	<u>Special</u>
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CERTIFICATION:
I hereby certify to the best of my knowledge that I do not have a Conflict of Interest as defined, below. Further, I have read, understood, and agree to adhere to SOLE's Conflict of Interest Policy and SOLE's Code of Ethics and Governance.

DATE	SIGNATURE
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DEFINITIONS

COVERED PARTIES: A "Covered Party" (or, collectively "Covered Parties") is any member of the Board of Directors, a member of the Executive Board; a member of the Board of Advisors; an officer, a Chapter Chair, any other member of a Chapter Management Team; the Chair or member of any committee of SOLE at any level; or any person being compensated by SOLE, whether directly or indirectly.

CONFLICT OF INTEREST: A Covered Party has a potential or actual conflict of interest whenever that party or a family member (which shall mean a spouse, domestic partner, sibling, ancestor, descendent or spouse of descendent) of a Covered Party: (a) has a direct or indirect ownership, investment interest or compensation arrangement in any entity with which SOLE has or is negotiating such a business relationship, contract, transaction or arrangement; (b) has a potential ownership, potential investment interest in, or a potential compensation arrangement with, any entity or individual with which SOLE has or is negotiating such a transaction, compensation arrangement, or an investment interest; (c) has any type of direct or indirect financial or compensation arrangement (including gifts or favors) with SOLE or with any entity or individual with which SOLE has a transaction or arrangement or is negotiating such a potential transaction or arrangement; or (d) any other instance whereby a Covered Party (or a family member) has taken actions or has any material direct or indirect monetary or non-monetary interest that might make it difficult, or might make it appear to be difficult, for such party to act objectively, effectively and in the best interests of SOLE.

A financial interest is not necessarily a conflict of interest. A Covered Party who has a financial interest may have a conflict of interest only if the Executive Board of Directors determines that a conflict of interest exists.

Please return two (2) original signed copies of this form to:

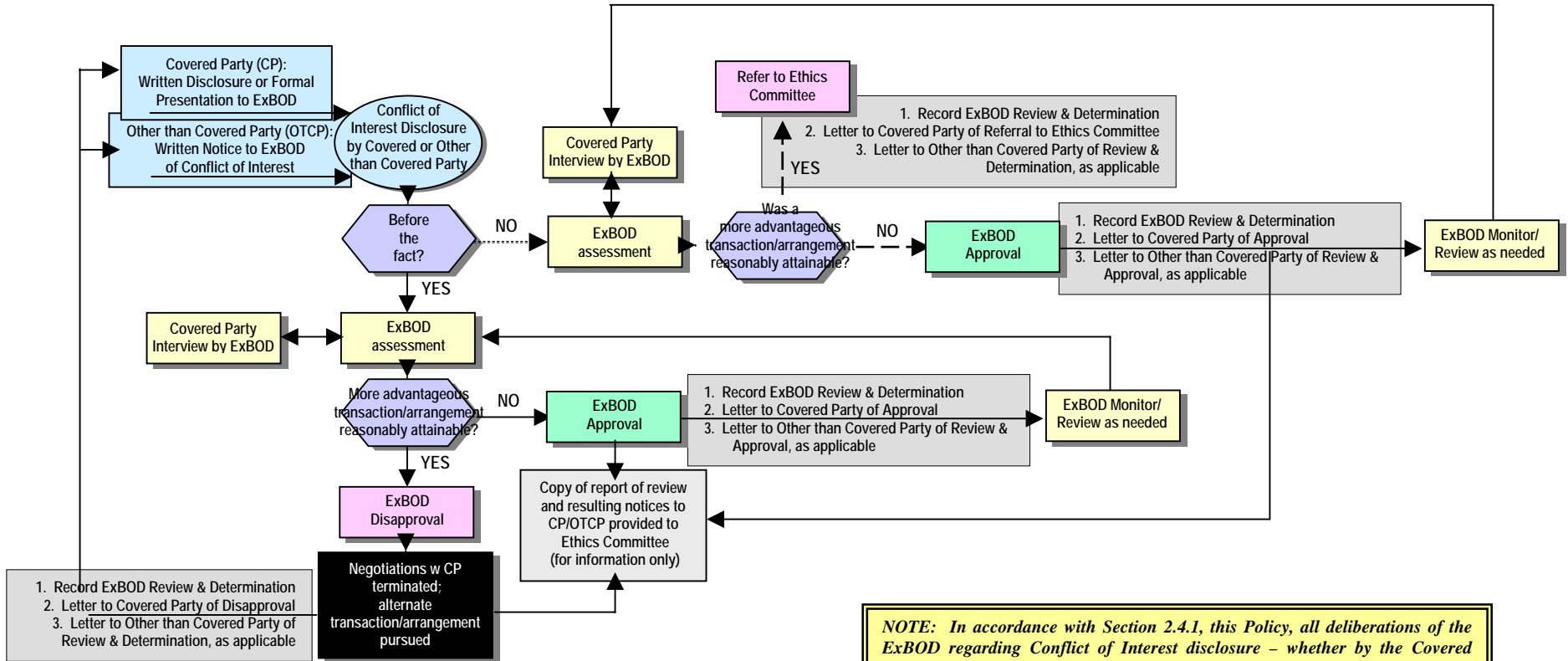
SOLE – The International Society of Logistics
 8100 Professional Place, Suite 111
 Hyattsville, MD 20785-2229
 USA

Questions regarding the form can be submitted by:

Telephone – (301) 459-8446; Facsimile– (301) 459-1522; e-mail: solehq@erols.com

APPENDIX B

CONFLICT OF INTEREST DISCLOSURE PROCESS FLOWCHART



NOTE: In accordance with Section 2.4.1, this Policy, all deliberations of the ExBOD regarding Conflict of Interest disclosure – whether by the Covered Party or by Other than the Covered Party and/or whether before or after the fact – shall be conducted in closed session. All reports, proceedings of said deliberations, and correspondence shall be treated as Confidential Information and subject to the applicable restrictions regarding release or disclosure. Further, both the Covered Party and Other than Covered Party are also expected to observe the same rule of non-disclosure at all stages in the process, unless otherwise relieved by the ExBOD.

NOTES ON CHANGE AUTHORITY

All changes to this Policy will be made by footnote annotation to the text in future editions, with the corresponding record of Change Authority included on this page.