

**Publishers International Linking Association, Inc.
(PILA)**

**Conflict of Interest Policy
for Directors, Officers and Key Employees**

Effective July 1, 2014

Capitalized terms have the meaning set forth in the Appendix to this Policy.

PILA is a not-for-profit corporation formed under the laws of the State of New York. The directors, officers and Key Employees of PILA have a duty to serve the purposes to which PILA is dedicated and to conduct the affairs of PILA in a manner consistent with such purposes and not to advance their personal interests. This Policy is intended to ensure that the directors, officers and Key Employees act in PILA's best interest and comply with applicable legal requirements. This Policy is designed to promote the identification, disclosure, evaluation and disposition of any real, potential, or apparent conflicts of interest that might, in fact or in appearance, call into question their duty of undivided loyalty to PILA.

1. Circumstances that Constitute a Conflict of Interest

All Covered Arrangements are circumstances that constitute a perceived, potential or actual conflict of interest and as such are subject to the terms of this Policy.

2. Procedures for Disclosing, Addressing and Documenting Covered Arrangements

- (a) *Procedures Applicable to the Individual.* When a director, officer or Key Employee has a direct or indirect interest in a Covered Arrangement, he or she:
- (i) must immediately disclose in writing the existence and circumstances of the Covered Arrangement (including the material facts concerning his or her interest) to an Authorized Body;
 - (ii) must refrain from attempting to influence the deliberations or voting on the Covered Arrangement; and
 - (iii) may not participate in or attend the deliberations or vote on the Covered Arrangement.

At the request of the Authorized Body, the director, officer or Key Employee may present background information or answer questions on the Covered Arrangement.

- (b) *Procedures Applicable to PILA.* Once an Authorized Body becomes aware of a Covered Arrangement, the following procedures apply:
- (i) *Confirmation of Director, Officer, and Key Employee Actions.* The Authorized Body must confirm that the steps required under paragraph (a) above have been and are being taken.
 - (ii) *Fairness and Reasonableness.* Before approving a Covered Arrangement, the Authorized Body must determine that the Covered Arrangement is fair, reasonable and in PILA's best interest.
 - (iii) *Comparability Data.* The Authorized Body must obtain and rely on comparable market data, to the extent available, in making the determination that the Covered Arrangement is fair, reasonable and in PILA's best interest.
 - (iv) *Alternative Transactions.* The Authorized Body must consider alternative transactions, to the extent available, if the Covered Arrangement is a Related Party Transaction in which a Related Party has a "substantial financial interest" within the meaning of New York law.
 - (v) *Materiality to PILA.* The Authorized Body must determine whether the Covered Arrangement is material to the financial, reputational or other interests of PILA, in which event consideration must be given to alternative transactions, agreements or arrangements, to the extent available. If an Authorized Body other than the Board makes a determination that the Covered Arrangement is material, it (A) must promptly notify the Board of this determination and (B) may condition its approval, if any, of the Covered Arrangement on the further review, approval, endorsement or other input of the Board.
 - (vi) *Voting.* All determinations and approvals with respect to a Covered Arrangement require the affirmative vote of not less than a majority of the members of the Authorized Body present at a meeting of the Authorized Body (provided a quorum is present and no greater portion is required by applicable law or PILA's Certificate of Incorporation or Bylaws). Interested directors may be counted solely for determining the presence of a quorum. Notwithstanding the foregoing, the salaries of officers may be set only by the affirmative vote of a majority of the entire Board.
 - (vii) *Contemporaneous Documentation.* All disclosures and recusals with respect to a Covered Arrangement together with the basis for all determinations and approvals of the Authorized Body must be contemporaneously documented in writing (including in the minutes of any meeting at which the Covered Arrangement was discussed and voted on). This documentation must include an account of the consideration of

comparable market data and alternative transactions, agreements or arrangements, to the extent considered or available.

- (viii) *Disclosure to the Board.* If a Covered Arrangement is before an Authorized Body other than the Board, the existence of the matter and its disposition (including compliance with the requirements of this Policy) must be promptly disclosed to the Board.

3. Disclosure Statement

Prior to the initial election, appointment or hiring of any director, officer or Key Employee and annually thereafter, such individual must complete, sign and submit to the Secretary of PILA a written disclosure statement identifying to the best of his or her knowledge:

- (a) any entity or trust of which such individual is an officer, director, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which PILA has a relationship;
- (b) any transaction in which PILA is a participant and in which the individual or Related Party with respect to that individual might have a conflicting interest; and
- (c) any other interests that could give rise to conflicts of interest.

Each director, officer and Key Employee must update his or her disclosure statement as necessary to reflect changes during the course of the year.

Completed disclosure statements will be available for inspection by any member of the Board and may be reviewed by PILA's legal counsel. The Secretary of PILA will provide a copy of all completed disclosure statements to the Chair of the Board and will periodically update the Chair of the Board concerning compliance with the disclosure statement requirements of this Policy.

4. Adoption, Implementation and Compliance

The Board may make changes to this Policy from time to time, as it deems appropriate. The Board will oversee the implementation of, and compliance with, this Policy.

5. Administration

A copy of this Policy must be furnished to each director, officer and Key Employee of PILA promptly upon its adoption. In addition, each new director, officer and Key Employee must be furnished with a copy of this Policy prior to the commencement of his or her duties. Each director, officer and Key Employee must acknowledge, not less than annually, that he or she has read and is in compliance with this Policy.

Appendix to the Conflict of Interest Policy for Directors, Officers and Key Employees

The term “**Audit Committee**” means the Committee of the Board (as defined below) to which the Board has delegated responsibility for PILA’s audit function.

The term “**Authorized Body**” means any one of the following: (a) the Board (as defined below), (b) the Audit Committee or (c) a Committee of the Board to which the Board has delegated authority to address a Covered Arrangement that is within such Committee's sphere of competence (e.g., real estate or investments).

The term “**Board**” means PILA’s Board of Directors.

The term “**Committee of the Board**” means a committee designated by resolution adopted by a majority of the entire Board of Directors and whose voting membership consists of at least three individuals, all of whom are members of the Board.

The term “**Covered Arrangement**” means each proposed transaction, agreement or other arrangement (including any compensation arrangement) in which:

- (a) (i) one or more Related Parties would have a financial interest and (ii) PILA would be a participant (including any Related Party Transaction, as defined below); or
- (b) there could be an actual or perceived conflict of interest for some other reason, including any transaction, agreement or other arrangement in which the interests of a Related Party could be seen as competing with the interests of PILA.

For purposes of this Policy, Covered Arrangements do not include any routine transactions between PILA and a member of PILA that involve the payment of PILA membership or deposit fees.

The term “**Key Employee**” means any person who is in a position to exercise substantial influence over the affairs of PILA within the meaning of Section 4958(f)(1)(A) of the Internal Revenue Code and Section 53.4958-3(c), (d) and (e) of the Treasury Regulations.

The term “**Related Parties**” means:

- (a) PILA’s directors, officers and Key Employees.
- (b) the following relatives of each individual described in paragraph (a) above:
 - (i) his or her ancestors
 - (ii) his or her siblings and half-siblings
 - (iii) the spouses of his or her siblings and half-siblings

- (iv) his or her spouse or domestic partner,¹
 - (v) his or her children, grandchildren, and great-grandchildren²
 - (vi) the spouse of each of his or her children, grandchildren and great grandchildren.
- (c) any entity or trust of which any individual described in paragraphs (a) or (b) above serves as a director, trustee, officer or employee.
- (d) any entity or trust in which any one or more individuals described in paragraphs (a) or (b) above have a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation a direct or indirect ownership interest in excess of 5%.
- (e) any other entity or trust in which one or more individuals described in paragraphs (a) or (b) above have a material financial interest.

The term “**Related Party Transaction**” means any related party transaction with respect to PILA within the meaning of New York law.

¹ The term “domestic partner” is defined pursuant to N.Y. Public Health Law Section 2994-A. The term is not limited to registered domestic partner relationships and may include certain individuals who are named as beneficiary of the life insurance policy or retirement benefits of a director, officer or Key Employee as well as certain individuals who are dependent on a director, officer, or Key Employee or upon whom a director, trustee officer or Key Employee is dependent for support. Individuals who are in relationships but are unmarried should contact the Office of General Counsel to obtain the complete definition.

² Adoptive children, grandchildren, and great-grandchildren are included within this definition.