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CONFLICT OF INTEREST POLICY

Approved by the Board of Directors on 04172016

Policy Purpose

To protect the interest of Peace Through Action® USA (the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, or key employee of the Corporation or might result in a possible excess benefit transaction.

Definitions

1. Interested Person—Any director, officer, member of a committee with Board of Directors delegated powers, chief executive officer, subordinate officer, key employee, or family member thereof who has a covered interest.
2. Compensation—Direct and indirect remuneration as well as gifts or favors that are not insubstantial.
3. Covered Interest—Any situation in which a person has or had, directly or indirectly, through business, investment, or family any commitment, ownership, investment, relationship, obligation, or involvement, financial or otherwise, that may influence a person's judgment, including (a) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, (b) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, and (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.
4. Key Employee—An employee of the Corporation who meets all three of the following tests applied in the following order: (a) (\$150,000 Test) receives reportable compensation from the Corporation and all related organizations in excess of \$150,000 for the calendar year ending with or within the organization's tax year; (b) (Responsibility Test) (1) has responsibilities, powers or influence over the organization as a whole similar to those of officers, directors, or trustees, (2) manages a discrete segment or activity of the organization that represents 10 percent or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole, or (3) has or shares authority to control or determine 10 percent or more of the organization's capital expenditures, operating budget, or compensation for employees, and (c) (Top 20 Test) is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the

highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization's tax year.

Policy

1. Peace Through Action® USA (the "Corporation") shall comply with all applicable laws governing conflict of interest within nonprofit corporations and charitable organizations.
2. The Corporation expects that interested persons shall disclose the existence of an alleged, potential, actual, or prior covered interest in connection with any transaction or arrangement currently or previously before the Corporation.
3. The Corporation shall give an interested person the opportunity to disclose to the Board of Directors or committee with Board of Directors delegated powers all material facts pertaining to the transaction or arrangement and to discuss the covered interest with the Board of Directors or committee.
4. The Board of Directors or committee with Board of Directors delegated powers shall discuss and decide if a conflict of interest exists or existed, during which discussion and decision the interested person shall not be present.
5. The Board of Directors or committee with Board of Directors delegated powers, if it determines the presence of a conflict of interest, shall give the interested person the opportunity to make a presentation to the Board of Directors or committee.
6. The Board of Directors or committee with Board of Directors delegated powers shall discuss and act on the transaction or arrangement, during which discussion and action the interested person shall not be present.
7. The Board of Directors chair or committee chair may appoint a disinterested person or committee to investigate alternatives to a potential transaction or arrangement.
8. The Board of Directors or committee with Board of Directors delegated powers, after exercising due diligence, shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
9. The Board of Directors or committee with Board of Directors delegated powers, if a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and is fair and reasonable.
10. The Board of Directors or committee with Board of Directors delegated powers, in conformity with the above determination, shall decide whether or not to enter into the transaction or arrangement.
11. The Board of Directors or committee with Board of Directors delegated powers, if it has reasonable cause to believe an interested person has failed to disclose potential, actual, or prior conflicts of interest, shall inform the person of the basis for such belief and shall give the person the opportunity to explain the alleged failure to disclose.

12. The Board of Directors or committee with Board of Directors delegated powers, if, after hearing or reading the interested person's response, and after making further investigation, if appropriate, of the circumstances, determines the person has failed to disclose a potential, actual, or prior conflict of interest, shall take appropriate disciplinary and corrective action.
13. The Board of Directors shall give an interested person who has been found by a committee with Board of Directors delegated powers to have failed to disclose a potential, actual, or prior conflict of interest an opportunity to appeal the decision of the committee to the Board of Directors.
14. The Board of Directors shall serve as the ultimate body for deciding disciplinary and corrective actions against an interested person who has failed to disclose a potential, actual, or prior conflict of interest.
15. The Board of Directors secretary shall ensure that minutes of the Board of Directors and committees with Board of Directors delegated powers contain the names of interested persons who disclosed or otherwise were found to have a covered interest in a transaction or arrangement, the nature of the covered interest, the action taken by the Board of Directors or committee to determine the presence of a conflict of interest, and the Board of Directors' or committee's decision as to whether a conflict of interest existed.
16. The Board of Directors secretary shall ensure that minutes of the Board of Directors and committees with Board of Directors delegated powers contain the names of persons who were present for discussions and actions relating to the transaction or arrangement, the alternatives to the transaction or arrangement considered, and the record of any votes taken in connection with the transaction or arrangement.
17. A director of the Board of Directors, and member of any committee that has compensation matters within its jurisdiction, who receives compensation for services, directly or indirectly, from the Corporation is precluded from voting on matters pertaining to that director's or member's compensation.
18. The Corporation shall not prohibit any director of the Board of Directors or any member of any committee that has compensation matters within its jurisdiction, who receives compensation for services, directly or indirectly, from the Corporation from providing information to the Board of Directors or any committee regarding compensation.
19. Each director of the Board of Directors, officer, member of a committee with Board of Directors delegated powers, chief executive officer, subordinate officer, and key employee shall annually sign a statement that affirms the individual (a) has received a copy of the conflict of interest policy, (b) has read and understands the policy, (c) has agreed to comply with the policy, (d) discloses information regarding their covered interests and those of their family members that could give rise to conflicts of interest, and (e) understands that the Corporation is charitable and in order to maintain its federal and state tax exemptions must engage in activities that are exclusively for religious, charitable, scientific, literary or educational purposes, within the meaning of Section 501(c)(3) of the Internal

Revenue Code of 1986 (the “Code”), as amended or corresponding section of any future tax code, and regulations thereunder.

20. The Corporation shall conduct periodic reviews to ensure that the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its federal and state tax exemptions. The Corporation shall include in its periodic reviews, at a minimum, the following subjects: (a) whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm’s length bargaining, and (b) whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation’s written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.
21. The Corporation may use outside advisors for conducting periodic reviews. The Corporation is not relieved of its responsibility for ensuring periodic reviews if it uses outside advisors.
22. The Corporation instructs directors, officers, committee members, and key employees of the Corporation’s conflict of interest policy by an annual policy agreement form, an orientation, notices in print and online media, and the distribution of policy and procedures.