



Conflict of Interest Policy & Examples

Background

The mission of NACS is to represent the industry and to assist retail members in increasing their current and future effectiveness and profitability. Thus, the central interest upon which NACS' efforts are focused is that of retail convenience store operators as a class. Promoting this interest is the means by which the channel of distribution is most likely to be benefited. NACS has sought, and obtained, the participation of many entities which are active at multiple levels of distribution within the channel of trade which comprises the industry.

Moreover, NACS seeks the services of vendors and professionals whose clientele may include more than just retail convenience store operators. The availability of input from diverse points of view is of enormous value to NACS.

However, on occasion, an individual's obligation to advance interests not in concert with the interests of retail convenience store operators as a class, or NACS, may arise. The policy delineated below sets forth NACS' expectations of members of the Board of Directors, NACS' committees and task forces, the Supplier Board and its committees, staff, counsel, and all other providers of services to NACS.

By accepting the opportunity for service in any of these capacities, an individual agrees to fulfill NACS' expectations and behave in a manner that comports with this policy.

Conflict of Interest Policy

By accepting the opportunity to serve NACS as a member of its Board of Directors or Supplier Board, a NACS committee or task force, staff, counselor or other provider of services, an individual acknowledges that the central interest upon which NACS' efforts are

focused is that of retail convenience store operators as a class. Under any circumstances in which an individual, serving in the previously described capacities is:

1. Obligated, by employment, investment, or other duty, to protect or promote an interest other than the interests of retail convenience store operators, as a class or NACS; and
2. Involved in the development of a position or policy to be advocated by NACS, then, that individual shall: a) promptly disclose his or her actual or potential conflict of interest, and b) recuse himself or herself from voting or other action which can result in the formulation of that policy or position. Upon the disclosure of an actual or potential conflict, the other members of the Board, committee or task force shall determine whether that individual may participate in any relevant exchange of views relating to the issue which gives rise to that conflict.

Example Violations of NACS Conflicts of Interest Policy

Example One

Board Member A is employed by a company that is a retail member which also has a significant food distribution business. During the course of the Board Member A's duties, an issue arises regarding who should pay a tax on a particular commodity: a wholesaler or retailer. The Board is tasked with deciding this issue. Board Member A must immediately disclose this conflict to the Board of Directors and recuse himself from voting on that particular issue.

Example Two

An employee is independently wealthy. His personal wealth is based on the ten million shares of MegaCorp stock owned by his trust fund, of which he is the sole beneficiary. The retail convenience store operators announce that they are upset by the behavior of MegaCorp. The employee is asked by NACS to work on matters related to promoting the interests of the retail convenience store operators against MegaCorp. The employee must immediately disclose this conflict to his immediate supervisor with a copy to the Board of Directors. The employee must

Conflict of Interest Policy & Examples (Continued)

then recuse himself from working on that particular project.

Example Three

Legal Counsel to NACS is a law firm that represents many different clients. An issue arises in which NACS' interests become divergent from that of another one of the law firm's clients. While no conflict of interest within the Bar's meaning is created, legal counsel must immediately disclose this situation to the relevant parties.