



Governance Policies

As of October 28, 2015

ISM GOVERNANCE POLICIES

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ISM Governance Policies

Revised October 28, 2015

The organizational foundation of the Institute for Supply Management® (ISM) is set forth in the **ISM Bylaws**. These governance policies supplement the **ISM Bylaws** and have been adopted by the Board of Directors for the management of the Institute.

ISM Governance policies may be originated by the Board or initiated by members, affiliated associations, committees, groups, or forums. Affiliated associations, committees, groups or forums should follow established channels for policy change recommendations. Members may recommend to affiliated associations, and if approved, affiliated associations may recommend to the ISM staff and subsequently to the Board for consideration. Groups or forums may recommend directly to the ISM staff and subsequently to the Board of Directors for final consideration. Other committees may submit any proposed policy changes directly to the Board of Directors.

To ensure the successful operation and growth of ISM, it is important that leaders at all levels understand and carry out the approved policies.

AFFILIATED ASSOCIATIONS

Affiliated associations are affiliated with ISM and are not chapters. Each affiliated association is autonomous and is an incorporated legal entity. Affiliated association bylaws must conform to **ISM Bylaws** in these two areas: 1) the affiliated association must be incorporated as a not-for-profit (or nonprofit) corporation or part of an acceptable legal entity; and 2) the affiliated association bylaws must contain a definition of Regular membership as it reads in the **ISM Bylaws**, Article III, Section 4 or contain the following statement "A person shall be eligible to be a Regular Member of this association who satisfies the eligibility requirements of a Regular Member of an affiliated association as defined in the Bylaws of the Institute for Supply Management® (ISM) as amended from time to time." In addition, the purposes of the affiliated association must be similar to those of ISM.

Affiliated associations are free to adopt amendments to their bylaws that are not in conflict with the **ISM Bylaws**. Proposed amendments are to be submitted by the affiliated association to the ISM Affiliate Support Department. The bylaws will be reviewed and if they are not in conflict with the **ISM Bylaws**, the affiliated association will be advised that its proposed bylaws are in compliance. If there is a conflict, the affiliated association will receive an explanation as to the conflict and how it might be resolved.

PROSPECTIVE AFFILIATED ASSOCIATIONS

The ISM Board of Directors has delegated to the Membership Department the review and recommended approval of prospective affiliated associations. The ISM Board will review the action taken.

REQUIREMENTS FOR AFFILIATION

1. Each affiliate must have a minimum of 45 Regular members.
2. Eligibility for Regular membership must be approved by ISM. It is required that prospective members fill out the ISM membership application forms.

3. A proposed set of bylaws must be submitted to the ISM Membership Department for approval. The proposed affiliate bylaws must be in conformity with the **ISM Bylaws**.
4. Each affiliated association must be incorporated prior to approval by the ISM Board of Directors.

Refer to the **ISM Bylaws**, Article III and the *Model Affiliate Bylaws for Use by Prospective Affiliated Associations of the Institute for Supply Management* for details.

AFFILIATE NAME

It is suggested that affiliated associations adopt a name that is consistent with the Institute. Organizations that have entered into an ISM Affiliated Association Agreement with the Institute for Supply Management® and whose corporate status is or has been changed to Institute for Supply Management®—(affiliate name), Inc. as well as organizations that have entered into a Use of ISM Logo Affiliate Authorization Agreement, may both use the ISM logo. Adhering to these stipulations, ISM affiliated organizations are free to select any name they so choose. Guidelines for use of the logo are available from the ISM Membership Department. See **USE OF THE ISM AND NAPM LOGOS BY AFFILIATED ASSOCIATION** section of the *ISM Operational Policy Manual*.

MEMBERSHIP

ELIGIBILITY FOR MEMBERSHIP

Membership is defined in the **ISM Bylaws**, Article II, Section 2 for Direct Members and Article III, Section 4 for Regular Members.

Jurisdiction

ISM does not limit the membership jurisdiction of affiliated associations and has no standard for resident or nonresident membership with the exception of membership in an affiliate located in Asia or Africa. A member of an affiliate in Asia or Africa must live or work in Asia or Africa. Other than this exception, there are no strict jurisdictional lines or geographic boundaries for affiliated associations. It is generally true that a member belongs to the nearest affiliated association by preference and for convenience. It is always the member's choice of where he/she wishes to belong.

Dual Members

A dual member is a member of two affiliated associations. Because there is no provision in ISM for a member to hold more than one Regular ISM membership, he/she is a Regular Member of one affiliated association only and a dual member of the second affiliated association. ISM will collect dues only from the affiliated association where he/she is a Regular Member.

Student Members

Student Members are nonvoting, dues-free members of ISM and are considered as a separate membership class for reporting purposes. A Student Member is defined as an undergraduate or graduate student enrolled full-time in an accredited community college or four-year college or university. Student Members may belong to an affiliated association or they may be an ISM Direct Member. A Student membership will expire each year on August 31 or will terminate on completion of studies or withdrawal from school. Student Members will be retained in the ISM database if the affiliated association or the student indicates to ISM that he/she meets the eligibility criteria and wishes to remain in the database.

Academic Members

Academic Members are defined as persons with a full-time appointment as a teacher, research specialist, department head, director or dean of a college, university, or other academic institution whose academic responsibility includes supply management or other related fields or subjects. Academic Members are dues-free. An individual may belong to an affiliated association or may be an ISM Direct Member. Academic Members have voting privileges.

Other Membership Classes

Affiliated associations may also have nonvoting members, as authorized in the **ISM Bylaws**, Article III, Section 5. Unless otherwise defined, nonvoting members are not members of ISM. Affiliated associations may have associate members provided the associate members meet the eligibility standards of the **ISM Bylaws**. ISM will be provided and kept current on name and other information for associate members of affiliated associations.

An *honorary member* is a nonvoting member elected by the affiliated association or the international organization in recognition of distinguished or unusual services rendered to the supply management profession. Such membership may be conferred upon approval by the board of directors of the affiliated association and, if required by the affiliated association, may also require acceptance by its general membership. The Institute's honorary membership may be conferred upon approval of the ISM Board of Directors. Honorary membership may be revoked if it is determined that continuation of the honorary membership would be inconsistent with the policies and objectives of ISM or the affiliated association. An honorary member pays no dues and is not a Regular Member of ISM. As such, an honorary member does not receive ISM services.

A *Lifetime Member* is a person who has been a member of ISM for a period of 10 or more continuous years and has retired from all regular employment. Lifetime Regular Members must be approved for this membership category by a majority vote of the affiliated association membership. Direct Members are approved by the Institute. This person is not charged ISM or affiliated association dues. Lifetime Members have voting privileges.

Transfer of Membership

Membership can be transferred in several possible situations. The most common being:

- Transfer from one person to another within the same affiliate.
- Transfer of a member of ISM from one affiliated association to another.

Due to the many different times and methods of billing dues, and to the difference in amounts collected by the affiliated associations, it is impossible to cover every case which may arise; however, certain definite steps are necessary to ensure continued membership and to minimize the period the individual is without the services of ISM.

ISM membership is personal and is vested to the individual. Volume-Discount or Corporate Program memberships are an exception because the membership stays with the organization. The affiliated association membership is personal, but the member's company often pays the dues, so the privilege of transferring membership to another eligible individual is generally recognized. Such a transfer creates several possible situations that may be faced when handling a transfer between affiliated associations. Please see the *ISM Procedures Manual* for guidance on how to handle these situations.

Reinstatements

Canceled or lapsed memberships can be reinstated within six months, provided past-due semiannual dues are paid. When a membership is reinstated within six months, no administrative fee will be collected (see MEMBERSHIP DUES BILLING).

Member Recruitment

Members may be recruited through the affiliated association. Membership recruitment by ISM is aggressively pursued in order to reach individuals who may not be in contact with an affiliated association.

Trial Memberships

ISM may offer nonvoting six-month trial Direct memberships in ISM by invitation only to individuals who meet the criteria for ISM membership. To be eligible for trial membership, an individual must not have been a prior NAPM/ISM member. An individual may be a trial member one time only. The trial member will be recruited for Regular or Direct membership during this trial period. The ISM administrative fee will be waived. ISM affiliates will receive the names of those individuals who accept the trial membership offer in case they want to offer free benefits of membership for the same six-month period.

Denial of Membership and Appeal Process

An affiliated association has the right to deny Regular membership, as authorized in the **ISM Bylaws**, Article II, Section 1. The Membership Department will consider an appeal by the applicant. Except for rare and extraordinary circumstances, the decision of the Membership Department concerning denial of Regular membership will be final and binding and will not be considered by the ISM Board of Directors.

Membership Forms

Affiliated associations are to include the ISM eligibility clause, **ISM Bylaws**, Article III, Section 4, on all membership application forms and invoices for membership dues. This makes all members conscious of the eligibility requirements and gives notice to those who may have become ineligible.

The membership application form should also contain a specific pledge by the applicant to follow the ISM *Principles and Standards of Ethical Supply Management Conduct*. This pledge should be near the applicant's signature to remind the applicant of his/her ethical and moral responsibility to the supply management profession. The dues billing sent to potential or existing members must contain a disclaimer statement required by the Revenue Act of 1987. The disclaimer statement applies to all non-501(c)(3) organizations, and must clearly state those contributions or gifts to the organization are not deductible charitable contributions for income tax purposes.

Membership Cards

ISM membership cards are available in the Members Only area of the ISM website, **www.ism.ws**. The membership card remains valid only if the member keeps his/her membership current.

Membership Lists

ISM membership lists are considered confidential. Distribution is limited to the following:

1. The ISM membership list will be made available only if approved by the ISM CEO or his/her designee. ISM may use the list in the performance of normal business practice.
2. An ISM affiliated association membership list is available through each affiliate's password protected online membership reporting area of the ISM website.

3. Group or forum committee membership rosters are made available to the chairs upon request.

An affiliated association is free to determine its own policy regarding the release of its members' names.

VOLUME DISCOUNT MEMBERSHIP

See the **ISM Bylaws**, Article IV, Section 2 for the dues structure. There are no administrative, initiative, or other onetime fees included.

DIRECT MEMBERSHIP

A Direct Member (DM) is an individual who chooses to join ISM only, directly without becoming a member of an affiliate. The DM annual dues are set in the same manner as the Regular Member dues. See the **ISM Bylaws**, Article IV, Section 3. A DM is defined in Article II, Section 2 of the **ISM Bylaws**. A DM is charged the appropriate administrative fee. A DM receives all ISM benefits of membership including discounts on ISM offered products and services.

Affiliates may choose to provide discounts to DMs.

Special Interim Discounts U.S. Department of Defense Workforce

For any uniformed or civilian member of the U.S. federal acquisition workforce employed by the U.S. Department of Defense (DoD) a special annual Direct membership dues fee has been established. This type of membership is not offered for Regular membership. Any individual that meets these membership criteria and is currently an ISM regular/associate/non-DoD Direct Member may renew under the special acquisition workforce Direct Member fee once their current membership year ends. No refunds will be issued of membership dues.

Any individual who is employed by the DoD (regardless of member type or non-member status) is eligible for a 40 percent discount on ISM public seminars and conferences.

ISM CORPORATE PROGRAM

Corporations may pay one corporate fee for ISM Direct membership that will cover every member of their supply management organization. The fee structure will be balanced and based upon organizational size and the specific fees will be set by the ISM Board of Directors, in accordance with existing ISM policy. Affiliates may be provided with direct member contact information in order to offer local affiliate value to these members.

ELECTIONS

Each year, the ISM membership will vote for the slate of nominees for the ISM Board of Directors or **ISM Bylaw** changes as they may arise. Voting may occur via electronic means, the web, mail, fax, or by casting a vote in person at the ISM Annual Membership meeting.

The final results of an **ISM Bylaws** vote are documented as an appendix to the minutes of the organization. The Corporate Secretary will keep the ballots received from a membership vote for a period of one year. A historical file is kept on the **ISM Bylaws**.

ELECTIVE OFFICE

Elective office as stated in the **ISM Bylaws**, Article VII, Section 1 (a) is defined as a member of a committee, committee chair, board member or other position of an affiliated association who is elected or appointed by the Board of Directors or the members of the association in accordance with the governing organizational documents of the affiliated association. This would satisfy the requirements of having served in one elective office of an affiliated association.

ISM BYLAWS INTERPRETATION

Certain sections of the *Bylaws* provide detailed procedures or requirements that are self-explanatory and must be followed. Other sections of the *Bylaws* do not have specific limitations or qualifications, and are designed to allow action.

BOARD OF DIRECTORS / OFFICERS

THE ISM BOARD OF DIRECTORS

The **ISM Bylaws**, Article V, Section 2, itemize the membership on the ISM Board of Directors.

The members of the ISM Board of Directors are obligated to attend the Board of Directors meetings and may attend the Annual International Supply Management Conference.

Annual group travel insurance is provided for the ISM Board of Directors, in the amount of US\$150,000 for the Chair and the Chief Executive Officer, and US\$100,000 for each of the ISM Directors. The ISM Treasurer has the policy on file.

Meetings of the Board of Directors

The date, time and location of each Board of Directors meeting is selected by the Board.
Meeting Notice

A notice announcing a meeting will be included on the website and ISM publication by the ISM Secretary at least 30 days prior to the Board of Directors meeting.

Minutes of the Meeting

The minutes and appendices of each Board meeting are prepared and posted on the ISM website within 45 days after the meeting. The minutes are not considered official until approved by the ISM Board of Directors at the next scheduled meeting.

1. The ISM Secretary records the proceedings, including the number of yeas, nays, and abstentions; prepares a draft copy for review by the Chair and the Chief Executive Officer, and produces a final copy.
2. Reproduction of the meeting minutes, including all appendices, is the responsibility of the ISM Secretary.

General Counsel Reports

The Board of Directors accepts the General Counsel Reports as "confidential information protected by attorney-client privilege." They are not to be reproduced, in total, in the official Board meeting minutes. Other items, as necessary, may be deemed confidential. Only items that are adopted by the Board of Directors are reproduced.

ISM OFFICERS

The **ISM Bylaws**, Article VI, Section 1, itemize the officers of ISM. Refer also to ISM OFFICERS in the Governance Policy Manual's Appendix.

Procedure for Replacement of Chief Executive Officer

In the event of a vacancy occurring in the office of the Chief Executive Officer, the ISM Board of Directors will determine the procedure to be followed for the replacement of the Chief Executive Officer.

The **ISM Bylaws**, Article VI, Section 1 (b), are clear regarding the Board of Directors' responsibility in selecting the Chief Executive Officer.

Employment and Compensation of the Chief Executive Officer

The ISM Compensation Committee will recommend the employment contract and compensation for the Chief Executive Officer. The procedures to be followed are outlined in the *ISM Procedures Manual*.

INTERNAL POLICIES

FISCAL MANAGEMENT

It is the policy of ISM to limit projected expenditures to estimated income in the preparation of the annual budget, within the practical limits of knowledgeable estimating and forecasting. It is recognized that deficit budgeting may be either necessary or desirable under extenuating circumstances, but it shall not be undertaken without the recommendation of the Finance Committee and the approval of the Board of Directors.

To implement this policy and to provide a measure of control, budget requests are to be submitted by all departments and committees in sufficient detail to relate planned expenditures to specific activities or programs. The ISM Board of Directors has authorized the Chief Executive Officer to make changes, without prior Board approval, to operating funds in an individual budget account as long as the changes do not affect the approved budget's total. If, as the fiscal year unfolds, it becomes evident that a budget year will show an excess due to either increased revenue or controlled expenses, the Chief Executive Officer is authorized to move up to an earlier start date the next priority initiative in the ISM Strategic Plan that was previously agreed to by the ISM Board of Directors.

It is Board policy to exercise tight financial and fiscal control over budgeted expenses. Should emergency matters arise requiring changes in the bottomline of the budget, ballots may be taken to obtain Board approval via either the mail or electronic means that enable individuals to appropriately respond. It is recommended that the Finance Committee conduct quarterly reviews and forecasts on both income and expenditures. The expenditure of ISM funds shall be consistent with the Section 501(c)(3) designation and IRS formal findings.

The ISM annual audit will be distributed to the ISM Board of Directors. As a matter of policy, ISM conforms to IRS rules on the availability of Form 990 or its replacement.

Signatures Required for Checks

All ISM checks issued for payment of invoices of less than \$5,000 shall bear the signature of the CEO, one ISM Vice President or Senior Vice President. Two signatures are required for payment of invoices of \$5,000 or more.

Bank Account Reconciliation

A designated individual in the Accounting Department shall insure the various ISM bank accounts are reconciled monthly. This individual shall not be authorized to sign checks or make telephone transfers, deposits to, withdrawals from or transfers between any ISM accounts.

Finance Committee

Specific Responsibilities

1. Establishes and maintains a long-term financial plan and strategy for ISM that ensures the financial viability and growth of ISM based upon the ISM Strategic Plan.
2. Reviews the budgets and budget forecasts in relation to the goals set forth in the ISM Strategic Plan. Makes recommendations to the Board of Directors of any changes to be made.
3. Develops a strategy for all permanent reserve and surplus funds to ensure they comply with the *Bylaws* but also are in line with the current overall strategic plan.
4. Makes reports and recommendations for procedures and policies as requested by the Board of Directors, or that the Finance Committee deems necessary or appropriate for the financial welfare of ISM.
5. Reviews, with the Chief Executive Officer, agreements, contracts, documents, and other instruments in excess of US\$250,000 on behalf of ISM as the Finance Committee may deem necessary or which may be from time to time authorized by the Board of Directors.
6. Independent auditors shall conduct a post-payment review of the ISM senior staff's, and the ISM Chair's, expense reports, to ensure compliance with ISM travel policies. An appropriate random audit of the entire Board of Directors' expense reports should be conducted at the same time. An annual letter to the ISM Finance Committee, stating this review has been completed, should be a part of the annual audit.
7. In conjunction with the Chief Executive Officer and Treasurer, selects the independent auditor and makes a recommendation to the Board of Directors. Holds pre- and post-audit meetings to discuss forthcoming audit plans and subsequent formal and informal auditor recommendations. Reports results to the Board of Directors.
8. Provides guidance and rationale to the next Finance Committee to ensure some measure of continuity of direction, effort and results.

ISM INVESTMENT POLICY

ISM wishes to provide financial stability and cash flow in extreme financial times while providing an opportunity for growth in assets.

An operating account containing sufficient funds to cover expenses without having to access long term investments will be maintained. The funds will be kept in a liquid checking or money market account. These operating funds are not a part of the investment portfolio discussed below.

Investment funds are unrestricted net assets and are separate from operating funds. However, invested funds should balance our need to provide funds for maintaining operations during times of financial stress *as well* as provide for the long term (1 to 5 years) appreciation of assets. Therefore, a portion of the investment fund will be targeted as funds to be used for supporting operations in a downturn with a target of a minimum 25% of the average annual operating expense for the previous ten years. This amount will be reviewed

annually, balancing the needs of the association against the desire to maintain or achieve the 25% target.

The funds over and above the 25% of annual operating expenses may be used as venture capital or seed money for new programs and services, to be determined ultimately by the Board of Directors.

The objective of this investment portfolio is to maximize returns without exposure to undue risk. It is understood that fluctuating rates of return are characteristic of the securities markets. Recognizing that short term market fluctuations may cause variations in the account performance, the portfolio is expected to compare favorably (net of fees) with the returns of nationally recognized indices measuring the performance of the classes in the existing asset mix of the portfolio such as the DJIA, NASDAQ, Russell 2000 or the S&P 500. ISM rates its risk tolerance as moderate and feels the investment portfolio can tolerate interim fluctuations in market value and rates of return in order to achieve long term objectives.

Funds will be invested in a balanced portfolio of equity and fixed income investments. This allocation is rebalanced as necessary. Income from these investments will typically be reinvested in the investment portfolio, unless specified for other uses by the Finance Committee and Board of Directors. Liquidation of the entire investment portfolio must be approved by the Board of Directors.

An Independent Adviser will be appointed to recommend how the assets are invested. The Finance Committee will recommend the appointment of the Adviser and the investment strategy suggested by the Advisor to the Board of Directors. The Investment Adviser will make a presentation to the Finance Committee at least once per year outlining the investment strategy and performance, as well as provide continued advice on the ISM portfolio allocation. The Board of Directors shall be apprised by the Finance Committee of the status of ISM's investments on a minimum quarterly basis.

This portfolio will remain invested until the Finance Committee and Board designate some amount for a planned project or program or the need for operating funds is approved.

Funds may not be withdrawn from the investment portfolio without the approval of the Finance Committee and the Board of Directors. The Finance Committee will review this policy annually. The Board may make changes to this policy at any time.

Salary Structure

The salary structure at the Institute is in conformance with administrative policies related to job description, experience and responsibilities. An external benchmarking of positions is performed on a regular basis to reinforce this policy.

REIMBURSEMENT OF EXPENSES

Board of Directors

Members of the Board of Directors will be reimbursed for reasonable expenses incurred in attendance at ISM Board meetings and the Annual International Supply Management Conference according to ISM Travel Policy. In order to illustrate good stewardship of ISM resources, Board members are expected to seek support of expenses for travel from their employers. An ISM Director will be made whole for reasonable out-of-pocket expenses incurred in the performance of his/her duties.

Travel by the ISM Chief Executive Officer

Travel by the Chief Executive Officer is traditionally negotiated between the ISM Board of Directors and the person holding that office, and the terms are included in the language of the contract signed by the parties thereto.

In the absence of language contained in the contract pertaining to travel provisions for the Chief Executive Officer, the guidelines for the ISM Chair will apply to the Chief Executive Officer. In the event of conflict between the language of the contract and that of the guidelines, the language of the contract will prevail.

Other trips for the Chief Executive Officer's guest not included in the above may be approved by the ISM Chair depending on the circumstances.

The travel expenses of the Chief Executive Officer are to be reviewed annually by the independent auditors.

Travel by the ISM Chair

The ISM Chair will often travel extensively on behalf of the Institute during his/her term of office. These guidelines are intended to seek a balance between the tremendous personal commitment of the ISM Chair with the support of his/her employer and the responsibility of the Chair to exercise good stewardship in the use of ISM resources in fulfilling the responsibilities of the office.

These guidelines cannot possibly anticipate every possible contingency which may arise during the course of the Chair's travels. Therefore, the person holding the office is urged to exercise prudent judgment in all instances, and any expenditure of an unusual nature should be explained in writing and submitted with appropriate receipts for the records.

1. *General* — The expense reimbursement policies should be generally adhered to by the Chair with certain exceptions.
2. *Air Travel* — On flights exceeding two hours' duration from point of origin to destination, the Chair may exercise the option to fly first-class domestically and business-class internationally. This recognizes the extensive personal commitment made by the Chair to serve ISM and the continuing commitment on his/her part to the employer and his/her employment responsibilities.
3. *Guest Travel* — It is appropriate for the guest of the Chair to accompany him/her on many trips on behalf of ISM. Reimbursement for the ISM Chair's guest includes:
 - a. All ISM Board of Directors meetings
 - b. ISM and other organizations' conferences and roundtablesOn such occasions, travel by the guest will be under these same guidelines and at the expense of ISM. There is no expectation that the Chair must or should bring a guest to functions. Other trips for the Chair's guest may be approved by the CEO.
4. *Rental Cars* — Use of a rental car by the Chair should be determined to be necessary and practical and should be explained in writing for the records. In any event justifying the use of a rental car, the most economical vehicle size and rates fulfilling the need should be sought. Any portion of rental costs relating to use of the vehicle of a personal nature and not ISM-related business should be reimbursed to ISM.
5. *Family Members* — In the event that the Chair has other family members living in the home such as children, parents, a guest's parents, etc., such persons should not be expected to travel at ISM expense. In the event that family members other than

the guest travel with the Chair to any event, the Chair is to clearly identify all expenses pertaining to that family member and make prompt reimbursement to ISM.

6. *Hotel Accommodations* — There are occasions, such as the ISM Annual International Supply Management Conference, where the duties of the Chair make appropriate the use of a suite for the purpose of entertaining or conducting meetings. Upon such occasion, arrangements will be made through ISM Headquarters to provide suitable accommodations and necessary room service.
7. *Audit* — ISM's independent auditors will conduct an annual review of the travel expenses of the Chair.

Policy Regarding ISM Reimbursement for Guest Travel

It is ISM's policy to "make whole" the ISM Chair and staff for expense reimbursement regarding approved guest travel. This is done by applying a multiplier to the amount reimbursed for guest travel.

After the Chair's term is finished, ISM's auditing firm will estimate the future tax reimbursements, as many years into the future as it takes to reach US\$0, and inform the Chief Executive Officer what the total settlement should be for the immediate former Chair. He or she will be made completely whole for spouse travel and tax on that reimbursement as soon as possible after leaving office.

Guest travel reimbursement for the ISM Chair and for the Chief Executive Officer is covered in the sections of this manual entitled *Travel by the ISM Chief Executive Officer* and *Travel by the ISM Chair*. Reimbursement for staff guest travel is based upon the approval of the Chief Executive Officer. Other volunteer travel reimbursement is covered in the travel section of the ISM *Operational Policies and Procedures Manual*.

When reimbursement is being requested for guest travel, it should be done on a separate ISM Expense Report according to the policies in this manual. The request for reimbursement must contain the Social Security number of the volunteer or employee. Form 1099 or a W-2 will be issued in the volunteer's or employee's name as is appropriate.

In the case of all volunteers, a Form 1099 will be issued in any calendar year where the accumulated reimbursement for guest travel reaches US\$600. This income, however, is taxable from the first dollar. It is the taxpayer's responsibility to declare amounts under the \$600 annual threshold for a Form 1099. The amount includes travel, meals, and lodging.

Travel reimbursement for staff guest travel will be added to the income of the employee in the taxable year that the reimbursement is paid.

The ISM auditing firm will calculate the grossed up amount for the Chair. The Chair will submit his/her tax information to the firm to allow for the calculation. All other affected staff and ISM Directors will be "made whole" by an appropriate grossing up formula.

The result of the above calculation is the grossed up amount and is the total needed to keep the individual "whole."

INSURANCE RISK MANAGEMENT

The ISM Treasurer has the responsibility for maintaining adequate insurance for:

- a. Business Travel Accident
- b. Association Professional Liability Policy
- c. Umbrella Liability

- d. Business Personal Property, Including Real Property
- e. Worker's Compensation and Employment Liability

The Finance Committee will periodically review the insurance needs of ISM. The Chief Executive Officer and the Treasurer are authorized to receive insurance notices and to execute applications on general insurance matters. Employee benefits are reviewed by the Finance Committee.

ANTITRUST POLICY

STATEMENT OF ANTITRUST POLICY

It is the express policy of ISM to comply at all times with all existing laws, including the antitrust laws, and in furtherance thereof, this ISM Antitrust Policy shall apply to all activities and programs sponsored or conducted by or within ISM, including CAPS Research and is intended to minimize the risk of the appearance of any violation of the antitrust laws.

General Standards for ISM Activities

The following General Standards shall apply to all ISM-sponsored Meetings, events and activities:

1. This ISM Antitrust Policy will be made available to all ISM members and others involved in ISM meetings, activities and events by publication on the ISM and CAPS Research websites and will be referred to when appropriate in program announcements, materials, surveys and other publications.
2. All ISM meetings shall be scheduled meetings. An agenda shall be prepared and distributed to attendees in advance and will be reviewed by legal counsel where necessary. Subjects not included on the agenda generally will not be discussed at a meeting.
3. When necessary to comply with this ISM Antitrust Policy, legal counsel will be present at ISM meetings and events.
4. When necessary to comply with this ISM Antitrust Policy, minutes of ISM meetings will be reviewed by legal counsel.
5. When necessary to comply with this ISM Antitrust Policy, legal counsel will approve new ISM programs and changes in existing programs.
6. Discussion of the following will be avoided at all ISM meetings:
 - Current or future prices
 - What constitutes fair profits
 - Possible increases or decreases in prices
 - Standardization or stabilization of prices
 - Pricing procedures.
 - Cash discounts
 - Credit terms
 - Control of sales
 - Allocation of markets, and freight allowances
 - Specific contract terms used with suppliers
 - Plans or strategies to award or remove business from a particular supplier
 - Refusal to deal with a corporation or individual because of its pricing or marketing practices

- Confidential information or trade secrets
7. ISM and CAPS Research reports, surveys and other information products will be made available to nonmembers with a valid business purpose, subject to reasonable delay in publication and reasonable charges when appropriate.

Standards for Conduct and Use of Surveys and Benchmarking

1. ISM and CAPS Research shall not disclose trade secrets or other confidential proprietary information of survey respondents which would ordinarily be withheld from competitors or others.
2. The purposes of the survey are to be well defined, and the possible use of the survey or statistical program identified.
3. Survey questions and compilation of data are to be formulated in a simple, concise manner.
4. Participation in or responding to the survey must be voluntary.
5. Price or cost data to be provided shall be at least three months old at the time of response.
6. Non-price forward-looking data will not be requested or provided.
7. There shall be at least five providers reporting data upon which each disseminated statistic is based and no individual provider's data shall represent more than 25% on a weighted basis of that statistic.
8. Information disseminated shall be sufficiently aggregated such that it will not allow recipients to identify the data provided by individual respondents.
9. ISM will maintain and preserve the confidentiality of the original information collected.
10. Data will be collected and analyzed by a party independent of those furnishing information.
11. Participants in a survey shall not have access to the raw data submitted and compiled.
12. All surveys shall comply with applicable guidelines and regulations of the United States Department of Justice and Federal Trade Commission.

Standards for ISM Sponsored Events

1. All ISM sponsored meetings, events and activities shall be conducted in accordance with the ***General Standards*** set forth above.
2. At all ISM sponsored meetings, events and activities, including breakout sessions, meals and social events, discussion of the topics listed under paragraph 6 of the ***General Standards*** shall be avoided. All participants are encouraged to promptly object to any question, comment or discussion that they do not believe is appropriate.
3. Program materials distributed at all ISM sponsored meetings, events and activities shall prominently refer to the ISM Antitrust Policy and include the list of topics that should not be discussed.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

PRINCIPLES AND STANDARDS OF SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Mission

It is part of the mission of ISM to foster and drive sustainability and social responsibility excellence across the supply chain through the development and communication of principles and the sharing of tools, information and best practices. The definitions of sustainability and social responsibility follow.

DEFINITIONS

Sustainability

Sustainability is the ability to meet current needs without hindering the ability to meet the needs of future generations in terms of economic, environmental and social challenges.

Social Responsibility

Social responsibility is a framework of measurable organization policies and procedures and resulting behavior designed to benefit the workplace and, by extension, the individual, the organization and society.

ISM PRINCIPLES OF SUSTAINABILITY AND SOCIAL RESPONSIBILITY FOR SUPPLY MANAGEMENT ORGANIZATIONS AND PROFESSIONALS

Principle Name (Listed Alphabetically)	Principle Statement	Responsibilities of the Supply Management Organization	Responsibilities of the Supply Management Professional
Anti-Corruption	Do not tolerate corruption in any form.	Establish clear policies for employees, suppliers and the extended supply chain (a) defining corruption and (b) clearly stating the organization's position regarding corruption. Comply, and whenever possible, exceed compliance, with all local and international anti-corruption laws and protocols. Provide employee training and other organizational support to assist in implementation of anti-corruption practices in the supply chain.	Uniformly communicate organizational policies regarding corruption to all suppliers and throughout the supply chain. Do not engage in any form of corruption. Discontinue business relationships with any supply chain partner (and its personnel) that participate in any form of corruption.

Diversity & Inclusion	Promote diversity and inclusion throughout the organization and the supply chain.	Foster and engage a diverse group of employees, external partners, suppliers and affiliates. Provide organizational resources and develop and implement practices that identify and develop supply management employees and suppliers from diverse and under-represented populations.	Accept and welcome employees, external partners, suppliers and affiliates of all backgrounds. Develop and use hiring and supplier selection practices that identify, retain and cultivate diverse employees and suppliers.
Environment	Support environmental precaution, promote environmental responsibility and encourage environmentally-friendly technologies and processes.	Comply with, and whenever possible, exceed compliance with all applicable environmental laws, regulations and protocols. Develop and help implement environmentally-friendly practices throughout the supply chain. Provide employees with the training and resources needed to make environmentally-conscious supply management decisions.	Communicate, deploy and enforce the organizational commitment to environmental responsibility through contractual documentation, supplier relationship management practices and supplier development plans. Engage with supply chain stakeholders in environmental responsibility.
Ethics & Business Conduct	Behave ethically always and demand ethical conduct within the organization and throughout the supply chain.	Provide employees with ethics and business conduct training and clear conflict-of-interest policy guidelines. Encourage employees to report any policy violations and provide whistleblower protection consistent with best practices for those who come forward.	Complete ethics and business conduct training. Agree to and abide by policy guidelines, including applicable conflict-of-interest policies. Report any and all suspected policy violations.
Financial Integrity	Conduct all financial business dealings and decision-making with integrity.	Safeguard financial information against internal and external threats. Document all transactions according to best practices for financial reporting and data security.	Ensure protection of supplier and internal financial information and data. Comply with appropriate policies, laws and regulations.
Global Citizenship	Act (in person and virtually) for the benefit of all global citizens, locally and elsewhere, fulfilling ethical and moral obligations.	Strive to add value to society by investing in and supporting local communities and community-focused initiatives where supply chain activities take place.	Participate in community initiatives on behalf of the company. Cultivate and share opportunities for community involvement.

Health & Safety	Protect persons in the supply chain from the risk of injury, danger, failure, error, harm and/or loss of life.	Provide employees with a safe and healthy environment. Prioritize safety throughout the supply chain. Meet or exceed applicable health and safety laws and regulations.	Work to continuously improve the safety of processes being used and products and services being offered or under development. Communicate organizational health and safety expectations to suppliers and throughout the supply chain.
Human Rights	Recognize and acknowledge that human beings have universal and natural rights and status regardless of legal jurisdiction and local factors.	Support and uphold human rights both domestically and abroad. Abide by applicable human rights protocols. Create and articulate clear policies and expectations regarding the protection of human rights throughout the supply chain.	Treat all people with dignity and respect. Communicate organizational human rights policies and expectations to suppliers and throughout the supply chain. Be vigilant as to possible human rights violations in the supply chain. Implement appropriate organizational policies and procedures upon learning of suspected abuse.
Labor Rights	Respect, promote and protect an individual's labor rights as defined by applicable international conventions.	Support freedom of association and right to collective bargaining. Reject forced labor and child labor. Create clear policies regarding labor rights applicable to suppliers and throughout the chain.	Do not discriminate with respect to occupation or employment. Communicate organizational labor rights policies and expectations to suppliers and throughout the supply chain. Be vigilant as to possible labor rights violations. Implement appropriate organizational policies and procedures upon learning of suspected violation.
Supply Chain Sustainability	Support supplier development of more sustainable business practices, products and services and the embedding of sustainability throughout supply chains.	Develop supplier-facing sustainability goals that address environmental, social and financial performance in the supply chain context. Work with partners throughout the supply chain to develop and deploy consistent and complementary sustainability goals.	Communicate organizational sustainability policies and expectations to suppliers and throughout the supply chain. Hold suppliers accountable to sustainability goals and track their progress and performance. Encourage and, whenever possible, assist suppliers to develop their own sustainability goals.

Transparency	Make available full and complete information necessary for collaboration, cooperation and collective decision making. Require a corresponding level of transparency from suppliers and throughout the supply chain.	While taking into account proprietary concerns, develop and deploy policies and practices that are open and transparent to relevant internal and supply chain stakeholders. Whenever practicable, measure and publicly report internal targets, timelines and progress toward organizational goals.	Communicate organizational policies and expectations regarding transparency in supply chain relationships and business dealings to suppliers and throughout the supply chain. Promote supplier adoption of transparent supply chain management and business practices.
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ETHICS

PRINCIPLES AND STANDARDS OF ETHICAL SUPPLY MANAGEMENT CONDUCT

INTEGRITY IN YOUR DECISIONS AND ACTIONS, VALUE FOR YOUR EMPLOYER, LOYALTY TO YOUR PROFESSION

From these principles are derived the *ISM Standards of Ethical Supply Management Conduct*. (Global)

1. **Impropriety.** Prevent the intent and appearance of unethical or compromising conduct in relationships, actions and communications.
2. **Conflict of Interest.** Ensure that any personal, business and other activities do not conflict with the lawful interests of your employer.
3. **Influence.** Avoid behaviors or actions that may negatively influence, or appear to influence, supply management decisions.
4. **Responsibility to Your Employer.** Uphold fiduciary and other responsibilities using reasonable care and granted authority to deliver value to your employer.
5. **Supplier and Customer Relationships.** Promote positive supplier and customer relationships.
6. **Sustainability and Social Responsibility.** Champion social responsibility and sustainability practices in supply management.
7. **Confidential and Proprietary Information.** Protect confidential and proprietary information.
8. **Reciprocity.** Avoid improper reciprocal agreements.
9. **Applicable Laws, Regulations and Trade Agreements.** Know and obey the letter and spirit of laws, regulations and trade agreements applicable to supply management.
10. **Professional Competence.** Develop skills, expand knowledge and conduct business that demonstrates competence and promotes the supply management profession.

The *Principles and Standards of Ethical Supply Management Conduct With Guidelines* was prepared by the ISM Ethical Standards Committee and approved by the ISM Board of Directors, January 2012. It is intended as a guide that should be used in conjunction with the ethics guidelines of a member's own organization.

NONDISCRIMINATION POLICY

Statement of Nondiscrimination Policy for Members and Staff

For the Institute, diversity is valuing and respecting individual strengths, viewpoints, and contributions. Diversity is viewed as a positive asset for the Institute's growth and success. ISM will value and embrace diversity in its membership and staff.

In principle and in practice, ISM values and seeks a diverse membership and staff. Individual viewpoints and contributions are pursued and respected. There are no barriers to full participation in the Institute for Supply Management™ on the basis of ethnic background, color, gender, creed, age, sexual orientation, national origin, disability, or veteran status.

ISM does not discriminate in the administration of its educational and professional development programs, membership eligibility policies, scholarship programs, and other association-sponsored programs. It is also the policy of ISM not to be affiliated with an association which fails to adhere to the provisions of this statement of policy.

Sexual harassment is a form of sex discrimination that violates Title VII of the Civil Rights Act of 1964 as amended. It is the policy of the Institute to allow all employees and volunteers to work in an environment free from unsolicited sexual overtures. Any acts of sexual harassment, either verbal or physical, toward any person, whether by another employee or a nonemployee (including an Institute member), will not be tolerated. It is the express policy of ISM to comply with the *Americans with Disabilities Act* (ADA) and to provide equal opportunity to the mentally and physically impaired in connection with employment and volunteerism and the provision of public services and public accommodations.

Adoption by Affiliated Associations

It is strongly recommended that the foregoing *ISM Statement of Nondiscrimination Policy* be adopted by each affiliated association.

CONTESTS AND PRIZES

ISM policy regarding the receipt of prizes or gifts by ISM members is covered by the Institute's *Principles and Standards of Ethical Supply Management Conduct*.

CODE OF CONDUCT

The Chief Executive Officer will provide a "Code of Conduct" statement to ISM Board of Directors, employees, ISM Groups and Forums officers, ISM committee members, CAPS Research Board of Trustees and Consultants when they assume their office or position. By accepting the appointment to the position indicated, the individual agrees to be bound by this Code of Conduct.

THE CODE OF CONDUCT

The Board of Directors of the Institute for Supply Management® ("Board") has adopted this Code of Conduct Policy so that persons associated with ISM may avoid conduct which may be adverse to the interests of ISM or which may result in the loss of public confidence in ISM. This policy applies to you if you are serving as an employee of ISM ("Employee"); as a paid consultant of ISM ("Consultant"); as a member of the ISM Board of Directors ("Director"); as a member of CAPS Research Board of Trustees ("Trustee") or as a member of an ISM committee or an officer of a Group or Forum ("Volunteer").

Confidential and Proprietary Information

You will not use or disclose to any third party any confidential or proprietary information, whether such use or disclosure is for direct personal gain, to benefit others, or for any other purpose. Confidential and proprietary information includes, but is not limited to, reports, publications, mailing and membership lists, and surveys produced by ISM, as well as plans, programs, ideas, research, training, education and other information used in connection with ISM's activities and services, except information which at the time of disclosure is generally available to the public.

Conflict of Interest

Refer to the *ISM Conflict of Interest Policy*, adopted by the ISM Board of Directors, October 2014.

Whistleblower Protection

Refer to the *ISM Whistleblower Policy*, adopted by the ISM Board of Directors, October 2014.

ISM Principles of Social Responsibility

You will support the ISM Principles of Sustainability and Social Responsibility and will abide by the ISM Principles and Standards of Ethical Supply Management Conduct referred to therein.

Application of Policy

If you have any questions about the scope and application of this policy, you should contact the ISM Chief Executive Officer.

PURCHASING POLICY

AUTHORITY**Requisitioning Authority**

Each year when the ISM budget is issued, staff members are granted authority to approve requisitions for budgeted items, provided the dollar value of the transaction does not exceed the dollar limit granted them by the Chief Executive Officer. This expenditure authority is delegated to the positions, and the individuals are granted the authority as a result of filling the positions. The delegation of requisition authority must not be confused with the purchasing activity. The requisition authority authorizes the purchaser(s) to conduct the purchasing function. Once a requisition has been properly prepared and approved, it will be submitted to Accounting. Employees who make unauthorized commitments without going through the requisition process may be held responsible for the unauthorized purchase.

All requisitions for capital expenditures (equipment or furniture) require the approval of the Chief Executive Officer or Treasurer.

Purchasing Authority

Once a requisition has been properly prepared and approved, it is to be submitted to the authorized purchasing employee. Approved requisitions will be turned into purchase orders and then forwarded to Accounting. Requisitions exceeding US\$100,000 must be reviewed and approved by the Chief Executive Officer.

Contracting Authority

The individuals designated by the Chief Executive Officer must sign contracts. Whenever the value of the contract exceeds the value of US\$100,000, the Chief Executive Officer must also review and approve the agreement.

If an individual needs information from a supplier and has not been granted purchasing authority, the individual should discuss the need with the appropriately authorized individual and develop an agreed upon action.

Sales Agreements with ISM Customers

Transactions involving nonstandard sales agreements are to be reviewed the Senior Vice President/Treasurer or the appropriate Vice President. If the transaction exceeds US\$100,000, the Chief Executive Officer's approval is required.

ISM COMPETITION POLICY

It is the policy of ISM, in support of its daily business, to procure goods and services which are acquired through effective competition consistent with ISM objectives.

A competitive procurement process will ensure the highest level of openness, fairness, impartiality, transparency and buying rigor thus maximizing the best return for ISM expenditures.

Effective competition is a market condition which exists when two or more suppliers, acting independently, contend for ISM's business in a manner which ensures that ISM will be offered the best cost or price alternatives and best technical approach, meetings ISM's minimum needs.

Through effective competition, suppliers that are willing and able to compete will have the maximum opportunity to win business from ISM. Diverse suppliers shall be included to the maximum extent practicable.

This policy applies to contracts that are expected to exceed US\$50,000 in total value.

Waiver of this policy may occur based on written statement by the requestor that competition cannot be obtained or there is insufficient time to develop adequate competition. This written statement must be accepted and signed by the ISM CEO.

EXTERNAL POLICIES

GOVERNMENT RELATIONS AND LEGISLATIVE MATTERS

ISM will comply with all legal requirements pertaining to legislative and lobbying activities by Section 501 (c)(3) organizations.

Standards Setting

The participation by ISM members in standards-setting activities with recognized standards-setting bodies is an established and endorsed function.

Small-Business Development

ISM subscribes fully to the development of historically underutilized businesses (HUBs), including minority-owned, women-owned, disadvantaged, and small businesses.

Affiliated associations are urged to encourage members to actively search out and assist historically underutilized businesses, including minority-owned, women-owned, disadvantaged, veteran-owned and small businesses, with guidance and help in establishing themselves as viable, competitive business organizations.

INTERNATIONAL INVOLVEMENT

ISM will be an active leader in the international arena and capture opportunities for ISM in education, training, certification and research. ISM will pursue international opportunities for the Institute as they arise. The Institute will position and structure itself to accept and reach out for international opportunities.

RESEARCH

CAPS RESEARCH

CAPS Research, an activity of the Institute for Supply Management® (ISM), is a result of an affiliation agreement between ISM and the W. P. Carey School of Business at Arizona State University (ASU). Both ISM and ASU are Section 501(c)(3) not-for-profit educational organizations, classified by the Internal Revenue Service, by letter rulings dated, respectively, August 31, 1983 and May 22, 1958.

Both ISM and CAPS Research are eligible recipients for tax-deductible contributions by individuals, corporations, estates and trusts. They are also eligible for a variety of grants and gifts from private foundations, including corporate-sponsored private foundations.

Purpose

1. The purpose of CAPS Research is to plan, supervise, and/or conduct research on topics that will contribute to purchasing and supply management effectiveness and efficiency, and thus improve the overall state of purchasing performance and capability. The research may involve purchasing in any type of organization – industrial, retail, governmental, institutional and/or service.
2. CAPS Research will not provide private consulting for any organization or group of organizations that results in research reports distributed to only that organization or group of organizations.
3. Completed research reports will be available to the public. Conferences may be held to discuss research findings.
4. Completed research reports will be available from CAPS, ISM and/or ASU. An appropriate contribution to cover preparation and distribution may be requested.
5. All research reports and other intellectual property produced by or on behalf of CAPS Research will be jointly copyrighted by ISM and the W. P. Carey School of Business at Arizona State University, and will be subject to the existing ISM copyright policies. Any service marks or trademarks pertaining to CAPS Research or its services or products will also represent proprietary rights of ISM and will be subject to the existing ISM policy on trademarks and service marks.

Funding

1. CAPS Research operations will be funded primarily through fundraising activities conducted by CAPS Research staff members. Funds will be made available by contributions to CAPS Research from corporations, organizations, foundations, and individuals.

2. The CAPS Research Board of Trustees is responsible for planning overall fundraising activities for CAPS Research, subject to the review and approval of the ISM Board of Directors.
3. Funds contributed to CAPS Research will be accounted for separately by ISM in a manner to satisfy all legal requirements and accounting standards. Funds to meet legitimate CAPS Research operating and administrative expenses will be provided as part of the ISM budget process. The ISM Treasurer will issue appropriate financial reports, including independently audited annual financial statements for all CAPS Research accounts.
4. Individual contributions can be made to CAPS Research. Such funds will be deposited in a CAPS Research subaccount at ISM. ISM will provide a periodic accounting for all such funds received. If the individual contributor's organization has a contribution-matching plan, and the funds are deposited to the ASU/CAPS Research account, the ASU Foundation will account for all funds contributed to the ASU/CAPS Research account. CAPS Research's funds deposited at ISM or ASU/CAPS Research will be made available, upon request, to finance CAPS Research operations. The withdrawal of such funds will require the signature of the CAPS Research Executive Director and the CAPS Research Board of Trustees Chair.

Budget Policy

CAPS Research is jointly sponsored by ASU and ISM, and has its own Board of Trustees. Each of the bodies has an interest in the success and stability of CAPS Research. However, only ISM and ASU have a formal fiduciary responsibility for CAPS Research.

The budget is established through the normal ISM process and is approved by the ISM Board of Directors. The proposed budget is also sent to the ASU Chair of Business Administration and the Chair of the CAPS Research Board of Trustees for review prior to its submission and approval by the ISM Board of Directors. Expenditures within the approved budget are subject to the usual budget controls of ISM. Significant changes in the budget are highlighted for this review.

Personnel actions for ASU positions at CAPS Research must be approved by the College of Business at ASU. Proposed ASU-CAPS Research personnel actions are sent to the Chief Executive Officer of ISM and the Chair of the CAPS Research Board of Trustees for review.

Personnel actions for ISM positions or ASU positions funded by CAPS Research must be approved by the Chief Executive Officer of ISM. Proposed ISM-CAPS Research personnel actions are sent to the Chair of the ASU Department of Business Administration, the Chair of the CAPS Research Board of Trustees, and the Chair of the ISM Finance Committee for review.

CAPS Research Board of Trustees

See CAPS Research Board of Trustees description in the Operational Policies Manual under

OTHER ISM COMMITTEES.

Organization

1. The Executive Director of CAPS Research is responsible for the normal managerial decisions involved in determining research needs; recommending and implementing research; selecting and supervising research activities; dissemination of research results; publicizing CAPS Research and its research activities; supporting fundraising plans; controlling expenditures to approved budget levels; and supervision and administration of CAPS Research and its personnel.

2. The Executive Director of CAPS Research is responsible for preparation of an annual plan and budget. CAPS Research activities and plans will be integrated with ISM's Strategic Plan.
3. The Executive Director of CAPS Research is responsible and reports to the ISM Chief Executive Officer on operating matters and to the CAPS Research Board of Trustees on policy matters.
4. The ISM Board of Directors is responsible for general policy matters pertaining to the activities of CAPS Research in the same manner as any other ISM activity. Also, the ISM Board of Directors will approve, on an annual basis, the CAPS Research budget, its proposed activities, and all fundraising programs. Finally, the ISM Board of Directors will also approve, as part of the annual ISM budgetary process, all requests for funds by CAPS Research and the status, performance and budgetary requests pertaining to the CAPS Research Endowment Fund.

FUNDRAISING: ISM AND CAPS RESEARCH

ISM is a tax-exempt, not-for-profit, educational organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, ISM is an eligible recipient for tax-deductible contributions by individuals, corporations, estates and trusts. Moreover, ISM is a "public charity"; namely, it is not a private foundation for tax purposes. This status also makes ISM eligible for a variety of grants and gifts which are available from private foundations, including corporate-sponsored private foundations.

Although ISM relies primarily upon revenue generated from dues and fees realized from membership services, it also, as a matter of policy, engages in fundraising activities to be used exclusively to fund the various educational programs of ISM.

As a matter of general policy, the following procedures will be followed with respect to any fundraising activity of ISM.

Donors

Contributions, gifts and grants will be solicited by ISM from the following eligible classes of donors:

1. Membership of ISM
2. Corporate Community
3. General Public
4. Public and Private Foundations
5. Governmental Agencies and Foundations

Professional Fundraisers

Professional fundraisers, solicitors or co-ventures will not be used by ISM in connection with its fundraising activities unless determined to be necessary by the Board of Directors.

Nonobligation Disclosure

No contributions or gifts will be solicited by ISM from any corporation or other business entity unless full disclosure is made in such solicitation that any contribution or gift will not obligate ISM or its members in any manner whatsoever concerning the business activities of such corporate donor. Further, ISM will reserve the right to decline to accept any

contribution or gift from a corporate or other business donor if deemed appropriate under applicable circumstances pertaining to the donor or the nature of the gift.

Annual Fundraising

General solicitations for contributions from eligible donors may be made on an annual basis. Non-general solicitations directed at individual or corporate donors may be conducted at such intervals as may be considered appropriate. Projected expenditures and contributions in connection with proposed ISM annual solicitation programs will require the prior approval of the Board of Directors as part of the normal budgetary process of ISM.

Appropriate literature will be prepared for use by ISM that will explain the tax advantages of contributions to ISM and the various methods whereby estates and trusts may make tax-deductible gifts to ISM.

Public and Private Foundations

Research and other grants solicited from public and private foundations will only be accepted if the purpose of such grants will be in furtherance of the educational and professional leadership purposes of ISM.

Compliance with IRS Regulations

ISM will comply at all times with applicable regulations promulgated by the Internal Revenue Service concerning tax-deductible gifts generally, and also with applicable regulations governing expenditure guidelines with respect to grants and gifts received from private foundations.

Compliance with Laws

ISM will comply at all times with various laws pertaining to solicitation of contributions, including, without limitation, registration in all jurisdictions that may be required by law.

Accounting

All funds received from contributions, gifts, and grants will be segregated from the general funds of ISM for financial reporting purposes, and if required as a condition to any contribution, separately dedicated for the particular purpose of such gift. These funds will be invested in accordance with the requirements of the ***ISM Bylaws***.

Section 501(c)(3) Violations

No solicitation should be conducted by ISM nor will any contribution, gift or grant be accepted on behalf of ISM that would in any manner whatsoever violate the requirements of Section 501(c)(3) of the Internal Revenue Code.

COMMITTEES

BOARD COMMITTEES

Committees established by the ISM Board of Directors [see ***ISM Bylaws***, Article 5, Section 8 (b)] will have the authority and responsibility to exercise the authority of the Board in the management of ISM as may be specifically established by the Board of Directors. Only Directors may serve on a Board Committee and are appointed by the Chair.

ISM COMMITTEES

Other ISM committees not having and exercising authority of the Board of Directors in the management of ISM may be established by the Board from time to time with the authority

and responsibility as specifically designated by the Board. (see **ISM Bylaws**, Article VII, Section 2.)

ISM Commissions

The ISM Board of Directors will periodically appoint ISM Commissions to address critical issues facing supply management professionals. ISM Commissions will:

- Provide opportunities for ISM to influence the field of supply management and help the profession to be seen as a strategic resource
- Provide a means for leaders in the field to address critical and important issues relevant to the profession
- Provide increased volunteer opportunities to address important issues facing the field

ISM Commissions provide the organization a flexible means to put together appropriate groups of experts to address critical issues facing the profession. The format for the

Ad Hoc Committees

Ad hoc committees may be established from time to time to address specific needs. These ad hoc committees will be assigned specific and definable tasks. Upon completion of assigned tasks, the committee will be disbanded. Ad hoc committees may be appointed by the Board of Directors, other ISM committees or ISM staff.

STANDING COMMITTEES

ISM has four standing committees. They are the Executive Committee, the Nominating Committee, the Finance Committee and the Affiliate, Group and Forum Relations Committee. The composition of these committees and their responsibilities may be found in the **ISM Bylaws**, Article V, Section 8 for the Finance Committee and Article VII, Section 1 (a)(b) and (c) for the Affiliate, Group and Forum Relations Committee, Executive Committee and the Nominating Committee. The length of commitment for a chair or committee members for a standing committee is listed in the *ISM Bylaws*.

OTHER ISM COMMITTEES

COMMITTEE TITLE:	CAPS Research Board of Trustees
APPOINTED BY:	ISM Board Chair, Approved by the Board of Directors
REPORTS TO:	Board of Directors through Chief Executive Officer
TERMS:	Chair: Three (3) years Trustee Members: Three (3) years
MEMBERSHIP:	The Board of Trustees is comprised of the ISM Chief Executive Officer, the CAPS Research Executive Director, the dean of the ASU College of Business, the immediate past Chair of the Board, representatives from 21 of the major donor firms, and others as elected by the Board. Appointments are approved by the ISM Board of Directors.
Scope of Responsibility:	The CAPS Research Board of Trustees, subject to the approval of the ISM Board of Directors, is responsible for setting overall policies for CAPS; helping to establish the research programs; helping with fundraising to support the research programs; representing the interests of donor organizations; identifying potential new Board members; electing new Board members based on approval of the ISM Board of Directors; electing major donor representatives to the CAPS Research Executive Committee; and electing the chair and vice chair of the Trustees. The Board of Trustees will report at least annually to the ISM Board of Directors through its chair.

APPENDIX

ISM OFFICERS

The **ISM Bylaws**, Article VI, Sections 1 and 2, list the officers of ISM as the Chair, Chief Executive Officer, Secretary, Treasurer and ISM Vice Presidents.

POSITION TITLE: Chair, ISM Board of Directors

ELECTED BY: Board of Directors

REPORTS TO: Board of Directors

Scope of Responsibility: The Chair of the ISM Board of Directors is responsible for the integrity of the Board process. The Chair presides over the ISM Board of Directors and the ISM Executive Committee. He or she does not have the right to vote at meetings of the Board other than with respect to elections or as permitted under Robert's Rules of Order. The ISM Board Chair will represent ISM when appropriate.

POSITION TITLE: Chief Executive Officer (CEO)

APPOINTED BY: Board of Directors

REPORTS TO: Board of Directors

Scope of Responsibility: Responsible to the Board of Directors for furthering the Institute's aims and objectives in accordance with the **ISM Bylaws**. Leads the operation and management of ISM and hires and supervises all staff. Represents ISM and the profession with various organizations. Serves as a member of the ISM Board of Directors, the Executive Committee, Nominating Committee and the Affiliate, Group and Forum Relations Committee. The CEO is accountable to the ISM Board of Directors for the performance of ISM.

POSITION TITLE: Secretary

APPOINTED BY: Board of Directors, on recommendation of the Chief Executive Officer

REPORTS TO: Chief Executive Officer

Scope of Responsibility: The ISM Corporate Secretary is an officer of ISM and is responsible to the Board of Directors through the Chief Executive Officer for maintaining accurate minutes of the meetings of the Board and the Executive Committee. The Secretary shall act as recording secretary at all Board of Directors meetings and issue the minutes within the time specified. The Board of Directors makes the appointment to the office of Secretary from the name or names submitted by the Chief Executive Officer.

POSITION TITLE: Treasurer

APPOINTED BY: Board of Directors, on recommendation of the Chief Executive Officer

REPORTS TO: Chief Executive Officer

Scope of Responsibility: The Treasurer is an officer of ISM and is responsible to the Board of Directors through the Chief Executive Officer for maintaining accurate financial and accounting records and preparing the annual budget. The Treasurer is an ex officio voting member of the Finance Committee. The Board of Directors makes the appointment to the office of Treasurer from the name or names submitted by the Chief Executive Officer.