

## Society of Petroleum Engineers (SPE)

### Conflict of Interest Policy

Members of the Society of Petroleum Engineers (SPE) expect high standards of integrity of themselves and of other members. SPE members should not participate in any Board or Committee decision for which they may be unable to maintain professional objectivity because of a personal situation, employment, or other conflicts of interest.

A **conflict of interest** is a situation in which someone in a position of trust (such as a member of the SPE Board or a Committee)<sup>1</sup> has a direct or indirect interest in an entity and that entity enters into a transaction with SPE. Direct or indirect interest includes any legal, equitable, or fiduciary interest or position in an entity held by a member of the Board or of any Committee, or a member of that person's family<sup>2</sup>. Such competing interests can make it difficult for the Board or Committee member to fulfill his or her duties impartially. Even if there is no evidence of improper actions, a conflict of interest can create an appearance of impropriety that can undermine confidence in the ability of that person to act properly in his/her position.

More generally, conflict of interest can be defined as any situation in which an individual or corporation is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit. The term conflict of interest is interpreted broadly to describe any circumstance that could cast doubt on an SPE Board or Committee member's ability to act with total objectivity with regard to SPE's interest.

Having a conflict of interest is not, in and of itself, evidence of wrongdoing. In fact, for many professionals, it is virtually impossible to avoid having conflicts of interest from time to time. A conflict of interest can, however, become problematic *if* an individual tries (and/or succeeds in) influencing the outcome of a decision, for personal benefit.

Someone accused of a conflict of interest may deny that a conflict exists because he/she did not act improperly. In fact, a conflict of interest does exist even if there are no improper acts as a result of it. (One way to understand this is to use the term "conflict of roles." A person with two roles, for example, may experience situations where those two roles conflict. The conflict can be mitigated, but it still exists. In and of itself, having two roles is not illegal, but the differing roles will certainly provide an incentive for improper acts in some circumstances.)

Those with a conflict of interest are (ethically) expected to **recuse** themselves from (i.e., abstain from) decisions where such a conflict exists. For example, if SPE is considering hiring a consulting firm for some task, and one firm being considered has, as a partner, a close relative of one of the SPE Board members, then that board member should not vote on which firm is to be selected. In fact, to minimize any conflict, the Board member should not participate in any way in the decision, including discussions.

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<sup>1</sup> SPE employees are not covered by this Policy, because they are subject to similar rules set forth in SPE's Employee Handbook.

<sup>2</sup> Family member is interpreted to include a person's spouse, brothers, sisters, children, grandchildren, great-grandchildren, mother, father, mothers- and fathers-in-law, the spouses of brothers, sisters, children, grandchildren and great-grandchildren and anyone (other than domestic employees) who shares the person's home.

In situations where a conflict of interest exists, the member of the Board or of any Committee having the conflict of interest in any matter should not be counted in determining the quorum of the meeting. No such member of the Board or a Committee should be present when the matter is being discussed or voted on. No such member should use personal influence to determine a decision on the matter.

The minutes of the meeting should reflect that the disclosure was made, that the Board or Committee member abstained and was not present during the discussion and vote, and that a quorum existed not counting such member. Such Board or Committee member, if requested by other members, may state a position on the matter, or answer pertinent questions of the other Board or Committee members.

Conflicts of interest also may arise when an SPE Board or Committee member, or a member of his or her family, receives improper personal benefits as a result of his or her position with SPE, whether received from SPE or a third party. Acceptance of gifts, entertainment, or other personal favors from any party that does or seeks to do business with SPE, including but not limited to vendors, may present an undesirable appearance of impropriety or may be inappropriate under specific circumstances. Exceptions are made for ordinary and customary tokens of nominal value, participation in a business lunch or other meal paid for by another party on an appropriate occasion and under appropriate circumstances, modest gifts in recognition or appreciation for speeches or presentations that are consistent with SPE's objectives, or inclusion in entertainment for a group of persons where the presence of SPE Board or Committee member is clearly appropriate and consistent with SPE's objectives. If in doubt about any such matter, an SPE Board or Committee member should seek the advice of the chairperson of the SPE activity in question.

SPE Board and Committee members also are obligated to keep secret and retain in strictest confidence, and not use for their personal benefit, all confidential SPE matters, including, without limitation, member lists, details of contracts, investment plans, and other SPE business affairs.

The chairperson of any SPE activity should make all members aware of the SPE Conflict of Interest policy. Any chairperson having questions about or desiring to discuss or seek further interpretation of this policy should contact the SPE President or the SPE Executive Director. An SPE chairperson, upon sensing or being advised of a possible conflict of interest, should not proceed with deliberation on an issue until there has been an opportunity to resolve possible conflicts of interest on the part of participating members in any activity.

This policy covers all SPE programs and activities, including those of SPE sections and student chapters. All references to members apply to members of SPE and its respective corporate entities.

Any conflict of interest on the part of any member of the SPE Board should be disclosed and made a matter of record at the time of election to the Board and maintained through an annual procedure and at the time the interest becomes a matter of Board action. If a Board member is unsure whether an interest in an entity is a conflict of interest, disclosure is recommended. The conflict of interest statement that follows should be completed by Board members on an annual basis.

Society of Petroleum Engineers (SPE)  
Conflict of Interest Statement

This is to certify that the undersigned, a member of the Board of Directors, committee member and/or officer of Society of Petroleum Engineers (SPE) hereby attests:

1. I have reviewed and understand SPE's Conflict of Interest Policy.

2. Set forth below (or an attachment hereto, if necessary) is a list of all interests and relationships involving me or members of my family as of the date hereof that may cause me to be biased or otherwise partial in any matter or transaction involving SPE (if none, please so indicate):

<u>Entity</u>	<u>Nature and Percentage of Ownership Interest*</u>	<u>Basis for Possible Conflict</u>

3. Within the last twelve (12) months of the date set forth below, neither I nor, to the best of my knowledge, any member of my family has any interest in or has taken any action which would contravene SPE's Conflict of Interest Policy, except such interest or action as I have fully disclosed below (if none, please so indicate):

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Name: \_\_\_\_\_ (Please Print)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

\* In the case of a charitable or other nonprofit organization, please indicate positions and titles.