



**ABC Association  
ABC Foundation  
ABC Services, Inc.**

## **CONFLICT OF INTEREST POLICY**

In their capacity as directors and officers, the individual leaders of the ABC Association (“ABC”), the ABC Foundation (“Foundation”), and ABC Services, Inc. (“ASI”) must act at all times in the best interests of the organizations they represent. (The term “Leaders” shall be used in this policy to refer to the directors and officers of ABC, Foundation, and ASI; the term “organization” shall refer to ABC, Foundation, or ASI, as the case may be.) Moreover, the Board of Directors of ABC, Foundation, and ASI each has an obligation to ensure that the organization maintains a bias-free, decision-making process. The purpose of this policy is to inform Leaders about what constitutes a conflict of interest, assist them in identifying and disclosing actual and potential conflicts, and help them to avoid conflicts of interest where necessary. This policy may be enforced against individual Leaders as described below.

### **1. What Is a Conflict of Interest?**

A conflict of interest may arise when a Leader has some other interest that might suggest divided loyalty on the part of the Leader between obligations to ABC, Foundation, or ASI, on one hand, and to some other organization or cause, on the other. The “other interest” may arise from a transaction between ABC, Foundation, or ASI and a third party, or a Leader’s volunteer or paid relationship with a third party, which may compromise a Leader’s ability to provide unbiased and undivided loyalty to ABC, Foundation, or ASI.

In order to proactively address any potential conflicts of interest, each Leader is required to annually complete and submit a Disclosure Form detailing any such “other interests.” The Leader also must update the Disclosure Form if any material changes or additions to the submitted information arise during the course of the year. On the Disclosure Form, the Leader must list all financial transactions with the organization, whether the Leader or any family member of the Leader has an interest in any third parties providing goods or services to the organization, and any other (nonprofit or for-profit) organizations with potentially conflicting interests in which the Leader or any family member of the Leader is actively involved, has a significant investment, or owns at least a 1% interest. All paid or unpaid positions or relationships with nonprofit or for-profit third-party organizations that compete with ABC, Foundation, or ASI, or take public positions contrary to those of ABC, Foundation, or ASI, also should be listed. The Leader is encouraged to disclose a relationship if there is any uncertainty as to whether the relationship should be disclosed.

### **2. How Should Conflicts Be Addressed?**

An initial determination as to whether a particular outside transaction or relationship may constitute an actual, potential or apparent conflict of interest shall be made by Joint Audit Committee of ABC, Foundation, and ASI (the “Joint Audit Committee”), with the assistance of legal counsel and without the presence of the individual whose involvement in such transaction or relationship is under consideration. This determination shall be made in any circumstance in which a credible potential for a conflict of interest is identified either by an individual Leader (through mandated self-disclosure) or by a third party. However, if the Joint Audit Committee concludes that this determination should be made by the Board of Directors of ABC, Foundation, or ASI, then the matter shall be referred to the appropriate Board (with or without a recommendation from the Joint Audit Committee) for its consideration, deliberation and resolution, with the assistance of legal counsel and without the presence of the individual whose involvement in such transaction or relationship is under consideration. The appropriate Board shall have final authority over the resolution of all conflict of interest matters involving the members of such Board.

If the Joint Audit Committee believes that a particular relationship or transaction may represent an actual, potential or apparent conflict of interest, it shall first request additional information from the Leader detailing the nature of the relationship or transaction.

When evaluating whether a particular transaction or relationship constitutes an actual, potential or apparent conflict of interest, the Joint Audit Committee shall consider the following (non-exhaustive) factors:

- Abusing one's role as a Leader for personal or third-party gain or pleasure (including, but not limited to, the solicitation or acceptance of gifts or other items of value or indirect inducement to provide special treatment on organization matters).
- Placing one's own self-interest, the interest of one's company, organization or another entity for which the individual serves in a leadership, employment or ownership capacity, or the interest of any third party above that of ABC, Foundation, or ASI.
- Engaging in any outside business, professional or other activities that would directly or indirectly materially adversely affect ABC, Foundation, or ASI.
- Providing goods or services to ABC, Foundation, or ASI as a paid vendor .

If the Joint Audit Committee determines that a particular relationship or transaction represents an actual, potential or apparent conflict of interest, it (or the appropriate Board, if the matter has been referred to the Board) shall resolve such actual, potential or apparent conflict in one of the following manners:

(1) **Waive** the actual, potential or apparent conflict as unlikely to affect the Leader's ability to act in the best interests of the organization;

(2) Determine that the individual Leader should be **recused** from all deliberations and decision-making related to the particular transaction which gives rise to the actual, potential or apparent conflict. This resolution should apply particularly when the transaction or relationship is one which presents a conflict only with respect to one or two discrete programs or activities. For example, if an individual Board member also works for a company that produces an educational program that competes with one or two discrete programs of ABC, Foundation, or ASI, the Joint Audit Committee or relevant Board may determine that the Board member should be recused from all deliberations and voting related to such program(s) (both at the outset and on an ongoing basis), but that the Board member need not resign his/her seat on the Board.

(3) Determine that the individual Leader must **resign** from his/her service to ABC, Foundation, or ASI because the actual, potential or apparent conflict is so pervasive that the Leader would seldom, if ever, likely be able to act in the best interests of the organization. For example, if an individual Board member also works for a company that produces educational programs that compete with most of the educational programs of Foundation, the Joint Audit Committee or Foundation Board may determine that the individual should resign from Foundation Board.

(4) The special procedure below is applicable to all instances in which a Leader (or the Leader's company, organization or another entity for which the Leader serves in a leadership, employment or ownership capacity, or a member of the Leader's family) seeks to provide goods or services to ABC, Foundation, or ASI as a paid vendor, or seeks to receive a significant grant or contract from one of the three organizations. ***This procedure shall not apply to pre-existing relationships with Leaders that previously have been disclosed to, and waived by, the Joint Audit Committee or the Board of the relevant organization.***

(a) the Leader must disclose to the applicable Chairman in advance of any related action to be taken by the Board his/her intent to seek to provide goods or services as a paid vendor to ABC, Foundation, or ASI, or to receive a grant or contract from one of the three organizations;

(b) the Leader must recuse himself/herself from all deliberations and voting related to the contemplated action;

(c) if the value of the transaction exceeds \$5,000, ABC, Foundation, or ASI must, through a request for proposal process, have solicited proposals broadly from other qualified vendors / prospective grant or contract recipients and received (or attempted to receive) written bids from at least three such individuals/entities (including the Leader);

(d) the Board must determine (without the presence or participation of the Leader) that the transaction is fair and in the best interests of ABC, Foundation, or ASI based on all of the facts and circumstances, and such determination (including the fact that it was made in the absence of the Leader) shall be documented as part of the relevant meeting minutes (all competing bids received shall be retained as well); and

(e) if selected, the Leader may not participate in any process by which his/her performance as a vendor / grant or contract recipient is evaluated.

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The attached Conflict of Interest Disclosure Form and Nondisclosure Agreement shall be completed, signed and submitted by all Leaders on an annual basis.

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**CONFLICT OF INTEREST DISCLOSURE FORM**

To help avoid any conflicts of interest, you are disclosing ownership or other proprietary interests, responsibilities, circumstances, or other reasons why you (or, by extension, any member of your family) might have an actual, apparent or potential conflict of interest with your duty to ABC, Foundation, and/or ASI (as applicable), both with respect to the conflicts identified in the attached policy and any others. You hereby invite further review by ABC, Foundation, or ASI (as applicable) of any aspects of these circumstances that might be appropriate. In addition, you agree to take other steps, such as avoiding deliberation and resolution of certain issues or even withdrawing from your membership on the applicable Board, if it is determined that such steps are necessary to protect the integrity of the Board and avoid the breach of your fiduciary duty to ABC, Foundation, and/or ASI (as applicable). Finally, during such time as you continue to serve on the applicable Board, you agree to notify the Chairman of such Board promptly if and when you determine that any additional actual, apparent or potential conflict of interest with your duty to ABC, Foundation, and/or ASI arises subsequent to the execution of this form. Please check the appropriate section at the bottom of this page.

**NONDISCLOSURE AGREEMENT**

I agree that any confidential information disclosed to me by members or staff of ABC, Foundation, or ASI, or by third parties, in connection with my membership on the applicable Board of these organizations, will be treated as such. I will not use or disclose such information except as may be authorized by ABC, Foundation, or ASI, and will make my best effort to prevent its unauthorized disclosure. Confidential information shall include all such information relating to ABC's members or to ABC's, Foundation's, or ASI's operations, policies, plans, goals, or objectives. Confidential information shall not include information previously known to me, the ABC membership, the general public, or previously recognized as standard practice in the field. I acknowledge that unauthorized disclosure of confidential information could cause irreparable harm and significant injury to ABC, Foundation, ASI, and ABC's members. I agree that, upon request, I will return to ABC, Foundation, or ASI (as applicable) all materials supplied to me by them, including agendas, minutes and supporting documents.

\* \* \* \* \*

I have read the foregoing Conflict of Interest Policy, Conflict of Interest Disclosure Form, and Nondisclosure Agreement and agree to abide by their terms.

- I have no conflicts to disclose but agree to abide by all of the above terms and conditions.
- I have attached a statement of conflicts disclosure and agree to abide by all of the above terms and conditions.

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Printed Name*

\_\_\_\_\_  
*Organization*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Title*

**Disclaimer ¶**

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