

ASTHMA AND ALLERGY FOUNDATION OF AMERICA (AAFA)

POLICY STATEMENT

Name of Policy:	Conflict of Interest Policy
Originally Adopted:	September 25, 1995
Reviewed/Revised by Counsel:	January 2013
Executive Committee Approval:	September 6, 2017

ARTICLE I PURPOSE

The purpose of the conflicts of interest policy is to protect the Foundation's interests and reputation with regard to its consideration of or entry into transactions or arrangements that might benefit, or have the appearance of potentially benefiting, the private interest of an officer or director or employee of, or consultant to, the Foundation.

ARTICLE II DEFINITIONS

1. For purposes of this Policy,

"INTERESTED PERSON" means any director, principal officer, or member of a committee with Board-delegated powers that has a direct or indirect financial interest, as defined below, is an interested person.

"FINANCIAL INTEREST," with respect to any individual, means an individual who has, directly or indirectly, through business, investment or family:

- a. an ownership or investment interest in any entity with which the Foundation has a transaction or arrangement, or
- b. a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

"COMPENSATION" includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2. A financial interest is not necessarily a conflict of interest. Under Article III, Section, 2, a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

ARTICLE III PROCEDURES

1. DUTY TO DISCLOSE

In connection with any proposed transaction or arrangement under consideration by the Foundation, an interested person must disclose to the directors and members of committee with Board-delegated powers considering such proposed transaction or arrangement, (i) the existence of any financial interest and (ii) all material facts.

2. DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS

The Board, or if applicable the committee, responsible for consideration of any proposed transaction or arrangement as to which there has been a disclosure of a financial interest, shall make a determination as to the existence or absence of a conflict of interest, provided that any persons disclosing a relevant financial interest shall not participate in the deliberations or have a vote in the determination as to the existence or absence of a conflict of interest. The remaining board or committee members shall decide if a conflict of interest exists.

3. PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST

- a. If a determination is made that a conflict of interest exists, the chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After exercising due diligence, the Board or committee shall determine whether the Foundation could reasonably obtain the benefits of the proposed transaction or arrangement on terms similar or more favorable to the Foundation by agreement with another person or entity under circumstances that would not give rise to a conflict of interest.
- c. If such a transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the originally proposed transaction or arrangement is nevertheless in the Foundation's best interest, and if it so determines, then shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY

- a. If the Board or committee has reasonable cause to believe that any officer, director, employee or consultant has failed to disclose any relevant financial interest, it shall inform such person of the basis for such belief and afford them an opportunity to explain the alleged failure to disclose.
- b. If, after making such investigation as may be warranted in the circumstances, the Board or committee determines that there has been a failure to disclose the existence of a relevant financial interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV RECORDS OF PROCEEDINGS

The minutes of the Board and all committees with Board-delegated powers shall contain:

- a. the names of any persons who disclosed or otherwise were found to have a financial interest in connection with any proposed transaction or arrangement, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the determination made as to the existence or absence of a conflict of interest.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

ARTICLE V COMPENSATION COMMITTEES

1. A voting member of any committee whose authority includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's own compensation.

ARTICLE VI ACKNOWLEDGMENT

1. Each director, principal officer and member of a committee with Board-delegated powers shall affirm that such person:
 - a. has received a copy of the conflicts of interest policy,
 - b. has read and understands the policy,
 - c. has agreed to comply with the policy, and
 - d. understands that the foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.
2. Such affirmation shall be made annually by written declaration signed and delivered to the Foundation as may be designated by the Secretary.

ARTICLE VII PERIODIC REVIEWS

To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The Policy shall be reviewed every three (3) years to ensure compliance with applicable state and federal law, and at a minimum include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of good practices.
- b. Whether any purchases of goods and services result in any personal inurement or impermissible private benefit.
- c. Whether affiliation, partnership and joint venture arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Foundation's charitable purposes, and do not result in personal inurement or impermissible private benefit.

ARTICLE VIII USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for in Article VII, the Foundation may, but need not, use outside advisors. If outside advisors are used, their engagement shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.