



CONFLICT OF INTEREST POLICY

OF

NEC SOCIETY

ARTICLE I

Purpose

Purpose: The purpose of the conflict of interest policy (the “Conflicts Policy”) is to protect this tax-exempt organization’s (the “NEC Society” or “the Organization”) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This Conflicts Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. This Conflicts Policy shall be read and shall operate consistently with the requirements of 42 C.F.R. Part 50, Subpart F.

ARTICLE II

Definitions

1. **Interested Person:** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest:**

A. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- i. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- ii. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, and/or
- iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.



Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial, and/or

- iv. if the value of any remuneration received from the Organization in the twelve months preceding, when aggregated, exceeds \$5,000.

B. 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 governing board or committee decides that a conflict of interest exists.

For purposes of compliance with 42 C.F.R. Part 50, Subpart F, a significant financial interest, as defined by 2 C.F.R. § 50.603, is related to PHS-funded research when the Organization, through its designated official(s), reasonably determines that the significant financial interest: could be affected by the Public Health Service of the U.S. Department of Health and Human Services (“PHS”)-funded research; or is in an entity whose financial interest could be affected by the research.

C. This Conflicts Policy does not eliminate or supplant other conflict of interest rules that may apply to an interested person because of their activities outside of the Organization.

ARTICLE III Procedures

1. **Duty to Disclose:**

A. **Financial Interest Disclosure:** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and must be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

B. **Travel:** The Organization shall disclose the occurrence of any reimbursed or sponsored travel (*i.e.*, that which is paid on behalf of the Organization and not reimbursed to the Organization that the exact monetary value may not be readily available), related to the Organization’s institutional responsibilities; provided, however, that this disclosure requirement does not apply to travel that is reimbursed or sponsored by a Federal, state, or local government agency, an Institution of higher education as defined



at 20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education.

This disclosure shall include the purpose of the trip, the identity of the sponsor/organizer, the destination, and the duration. The Organization shall determine if further information is needed, including a determination or disclosure of monetary value, in order to determine whether the travel constitutes a Financial Conflict of Interest related to PHS-funded research pursuant to 42 C.F.R. Part 50, Subpart F.

2. Determining Whether a Conflict of Interest Exists: After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists by majority vote.

For purposes of compliance with 42 C.F.R. Part 50, Subpart F, a financial conflict of interest exists when the Organization, through its designated official(s), reasonably determines that a significant financial interest as defined by 42 C.F.R. § 50.603 could directly and significantly affect the design, conduct, or reporting of the PHS-funded research.

3. Procedures for Addressing the Conflict of Interest:

If a conflict of interest exists,

A An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

B. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

C. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.



D. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy:

A. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

B. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV **Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed, and

(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 with the proceedings.



ARTICLE V
Compensation

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
3. A voting member of any committee whose jurisdiction includes compensation matters is precluded from voting on matters pertaining to compensation of an individual who receives compensation, whether directly or indirectly or as an employee or independent contractor, from the same legal entity as the voting member, excluding compensation received from the Organization.
4. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
5. For purposes of the Conflicts Policy, compensation does not include payment or reimbursement of reasonable expenses related to attendance at a Board meeting, committee meeting, NEC Symposium, or other meetings, conferences, or events necessary to conduct the business of the Organization, including reasonable travel expenses or honorariums.

ARTICLE VI
Annual Statements

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms 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 the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes.



ARTICLE VII
Periodic Reviews

1. To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted at an interval set by the Board of Directors not exceeding one year.
2. The periodic reviews shall, at a minimum, include the following subjects:
 - A. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
 - B. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE IX
Non-Endorsement

1. In an effort to facilitate innovation and most efficiently improve NEC outcomes and prevention efforts, the Organization accepts financial and other support from diverse organizations, corporations, and philanthropic foundations that have missions and goals consistent with the NEC Society's vision of a world without NEC. Acceptance of support



does not create or imply endorsement, approval, or a permit to influence NEC Society policies, programs or projects.

2. That a director, principal officer, or member of a committee with governing board delegated powers may receive compensation, whether directly or indirectly or as an owner, employee, or independent contractor, from diverse business organizations, corporations, philanthropic foundations, or other legal entities, not create or imply endorsement or approval by the Organization of those legal entities, or grant those legal entities any right to influence NEC Society policies, programs or projects.

3. Use of the NEC Society name or intellectual property does not create or imply any endorsement or approval without the express written consent of the Organization granting such endorsement or approval.

ARTICLE X
Adoption and Term

1. This Conflicts Policy shall be adopted by a majority vote of the Board of Directors and shall be effective from the date of such vote.

2. This Conflicts Policy shall remain in effect until and unless it is withdrawn by a majority vote of the Board of Directors.

3. Any Amendments or alterations to this Conflicts Policy shall be in writing and shall be approved by a majority vote of the Board of Directors.