

FASEB Conflict-of-Interest Policy

Adopted by the Federation Board February 1, 2022

Article I: Purpose

The purpose of the conflict-of-interest policy is to protect the Federation of American Societies for Experimental Biology's (FASEB) interest when considering whether to make a transaction or arrangement that might benefit the private interest of persons in leadership positions of FASEB, including directors, officers, and members of committees with board-delegated fiduciary responsibilities. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II: Definitions

1. **Conflict of Interest** – A circumstance involving an Interested Person.
2. **Interested Person** – Any director, officer, or member of a committee with board-delegated fiduciary responsibilities, who has a direct or indirect financial interest, as defined below, is an interested person.
3. **Financial Interest** – A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - a. an ownership or investment interest in any entity with which the organization has a transaction or arrangement
 - b. a compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or arrangement
 - c. 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

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 Federation Board determines that a conflict of interest exists.

4. **Compensation** – Direct and indirect remuneration as well as gifts or favors that are not insubstantial.
5. **Transaction or Arrangement** – A contractual or other relationship between FASEB and any corporation, firm, entity, agency, organization, or person involving the procurement or transfer of property or services for money.
6. **Officers** – As defined by its bylaws, FASEB's officers include the President, President-Elect, Immediate Past President, Treasurer, Treasurer-Elect (when seated), Vice President for Science

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Policy, Vice President-Elect for Science Policy, and the Executive Director serving in their capacity as Federation Secretary.

Article III: Procedures

1. **Duty To Disclose** – In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the financial interest and 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.
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, they shall leave the Federation 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.
3. **Procedures for Addressing the Conflict of Interest**
 - a. An Interested Person may make a presentation at the Federation Board or committee meeting, but after the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. 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 Federation board or committee has reasonable cause to believe an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Federation board or committee determines the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

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Article IV: Records of Proceedings

1. The minutes of the meetings of meetings of the Federation Board and of committees with governing 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 Federation board’s decision as to whether a conflict of interest in fact existed
 - 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 Federation 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. No voting member of the Federation 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.

Article VI: Annual Statements

Each director, principal officer, and member of a committee with governing board–delegated powers shall annually sign a statement that affirms such person

- a. has received a copy of the conflict-of-interest policy
- b. has read and understands the policy
- c. has agreed to comply with the policy
- d. understands the organization is charitable and to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes

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Article VII: Periodic Reviews

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. 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.