

## POLICY STATEMENT

**Name of Policy:** Conflict of Interest

**Originally Passed:** June 1979

**Reviewed:** September 20, 2008 (revised)

### *Policy*

The American Diabetes Association and its subsidiaries (collectively, the Association) requires all members of the Board of Directors, members of Board appointed committees and staff to act solely in the best interest of the Association without regard to their personal or business interests.

The Association recognizes that there may be instances where a person in the positions listed above may appear to have a conflict of interest, if that person has a business or personal interest that is related to an interest of the Association. To ensure independence and transparency, such person may be asked to abstain from discussion or vote on the related issue, or the person may be asked to move to a location where the discussion cannot be heard. Such action is not intended to suggest that the person would not act in the best interest of the Association or that the person cannot be trusted to act in the best interest of the Association. Instead, the action protects the Association by removing any suggestion that decisions are made without the appearance of a conflict of interest.

### *Identifying Conflicts of Interest*

To identify potential conflicts of interest with appropriate due diligence, Officers, Directors, members of select Board appointed committees and their related subcommittees, journal/periodical editors, and senior staff of the Association and its subsidiaries must annually disclose any potential conflicts of interest. The Audit Committee and senior staff in Legal Affairs will manage the disclosure and monitoring processes.

Through review of the annual disclosures and review of the agendas of relevant Board, Committee and other meetings, appropriate efforts will be made in advance of the meetings to identify potential conflicts of interest. However, each person has the responsibility to report his/her own conflicts of interest (actual or perceived) as those conflicts may arise during a meeting.

The following list outlines several types of transactions that should be considered a potential conflict of interest. Although it is impractical to list every situation that leads to a conflict of interest, this listing includes the minimum circumstances that should be disclosed. In addition, these circumstances not only apply to the individual serving in the Association's designated position, but also his/her relatives (as a spouse, sibling, parent or child) or someone with whom he/she resides.

#### *1. Direct Transactions with the Association*

A person, his/her relative, or someone with whom he/she resides benefits from any entity, company or person (including themselves) involved in a direct transaction with the Association.

Examples include:

- a) sale of goods or services to the Association;
- b) sale, purchase, lease or rental of property or assets to/from the Association
- c) award or receipt of a contract or subcontract from the Association;
- d) purchase or sale of securities or other investment funds;
- e) application or award of any grant, sponsorship or contribution from the Association

**2. *Outside Activities Indirectly Related to the Association***

A person, his/her relative, or someone with whom he/she resides benefits from any entity, company or person (including themselves) that provides diabetes related products, services or research, even if that entity, company or person is not involved in a direct transaction with the Association.

Examples of benefits include:

- a) consulting fees, honoraria, employee compensation, or any other income of \$1,000 or more
- b) an equity interest of \$5,000 or more through direct stock ownership or through an actively managed investment fund (excluding mutual funds)
- c) research funding or pending grant application of \$15,000 or more
- d) a position on the company's Board of Directors or Board Committee

**3. *Acceptance of Gifts***

Volunteers and staff serving in the positions listed above may not accept gifts from any entity or person which does, or is seeking to do, business with the ADA, or is a competitor of ADA, which includes diabetes related organizations/companies

Examples of gifts include:

- a) entertainment (including meals, alcohol),
- b) or other benefits (e.g. transportation).

This restriction does not include acceptance of gifts, entertainment or other benefit of minor value (less than \$250 per item or occasion) which are of such a nature as to indicate that they are merely tokens of respect, independent friendship, or convenience.

***Managing a Conflict of Interest***

Conflicts of interest exist to varying degrees based on the issue under discussion and the nature of the conflicting interest. Based on the situation, senior volunteers and staff presiding over the discussion are responsible to ensure appropriate action is taken: for the individual to publicly disclose the conflict, for the individual to recuse him or herself from the discussion, vote or room as appropriate and to ensure the disclosure and action is documented in the minutes of the meeting. With regard to the Board of Directors meetings, the Audit Committee Chair and senior Legal Affairs staff will determine the appropriate action of members with conflicts of interest on a specific issue. In addition, the Audit Committee Chair and senior Legal Affairs staff will resolve any disputes regarding the determination of appropriate action to a conflict of interest involving other committees and proceedings.

When a person has been asked to refrain from discussion or vote due to a conflict of interest, the affected person may not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting or discussion. Further, a person who has been asked to refrain from participation in a matter at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote on that matter. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.

Persons with a less significant conflict of interest may be asked to disclose that interest to the meeting prior to any participation in the discussion or vote. Such disclosure will be reflected in the minutes of the meeting.

***Additional Responsibilities Related to Proprietary/Confidential Information***

Through the course of serving in the positions listed in the *Policy* section above, volunteers and staff will be exposed to proprietary and confidential Association information. Such information may not be disclosed or used for the personal benefit or advantage of another, where such disclosure may do the Association harm or provide financial benefit to the persons receiving the information.

Examples include:

- a) Disclosure of part or all of Association financial information to a person who might disclose the information in a fashion that brings discredit upon the ADA. This limitation excludes information that is publicly available at the time;
- b) Disclosure of plans regarding an Association initiative to a person who may use this information to influence the plans of a competitor organization;
- c) Disclosure of plans or activities of the Association before broad public disclosure to others who might improperly accrue financial benefit.

***Policy Review***

The Conflict of Interest Policy will be reviewed by the Board of Directors at least once every three years for confirmation or adjustment.