

ALPHA-1 FOUNDATION INC.

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| <b>SOP: Conflict of Interest</b>            | <b>Issued:</b>                         |
| <b>Owner: Chief Operating Officer (COO)</b> | <b>Latest Revision: August 1, 2014</b> |

## Conflict of Interest Policy

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### 1.0 Purpose

The purpose of this policy is to protect the interest(s) of the organization when a transaction or arrangement under consideration may be favorable to the private interest(s) of an officer, senior staff member, director, advisory committee member, working group member, member of any other task force or ad hoc committee established by the board, editor, member of an editorial board, or speaker/presenter at continuing medical education events (including presenters of original research) and ensure any such transaction or arrangement is conducted at arm's length.

### 2.0 Definitions

#### 2.1 Definition of Interested Person

Any director, principal officer, member of a committee with board delegated powers or whose work focuses on continuing medical education or scientific/medical issues of interest to the biomedical industry, senior staff person, editor, editorial board member of Alpha-1 Foundation publications, or speaker/presenter at continuing medical education events (including presenters of original research) who has a direct or indirect interest, described below, shall be deemed an interested person.

#### 2.2 Definition of Interest

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A person shall be deemed interested if a person has a direct or indirect (through business, investment or family):

- Real or potential ownership or investment interest (including stock ownership) in any entity with which the organization has or is negotiating a transaction or arrangement.
- Real or potential compensation arrangement (including direct or indirect remuneration as well as gifts or favors that are substantial in nature) with the organization or with any entity or individual with which the organization has or is negotiating a transaction or arrangement.
- A position as an officer or board member, employee (current or former) of any entity with which the organization has or is negotiating a transaction or arrangement.
- Membership on a scientific advisory panel or other standing scientific/medical committees of another organization.
- Grants or research support from a company/organization whose products or services are directly related to the subject matter in a manuscript or presentation.
- Honoraria.

For the purpose of this policy, family is any person who is related by blood or marriage.

While this covers the main areas of potential conflicts of interest, situations may arise when interest exists but is not described here. In that case, the persons to whom this policy applies should recognize interest by a reasonable test. Decisions of disclosure should consider if the affiliation or interest could cause embarrassment to the Alpha-1 Foundation and/or individual(s)/institution(s) involved in the transaction/arrangement, or if the motives of the individual might be questioned if the affiliation or interest were revealed.

### 2.3 Definition of Arm's Length Transaction

For the purpose of this policy, all such transactions wherein a conflict of interest, potential or actual, exists shall be conducted at arm's length where arm's length is defined as situations falling into the following categories:

- The corporation entered into the transaction for its own benefit
- The transaction was fair and reasonable as to the corporation
- The Board approved the transaction in advance with knowledge of the director's interest and by a majority vote (without counting the vote of the interested director(s))
- Prior to approving the transaction the Board considered and in good faith determined, after reasonable investigation under the circumstances, that the corporation could not obtain a more advantageous arrangement with reasonable effort

## 3.0 Disclosure

### 3.1 Duty to Disclose and Disclosure Process

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a family member of that employee as a result of the Foundation's business dealings. When an actual or potential conflict

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of interest arises, an interested person must disclose the existence of his or her interest and be given the opportunity to disclose all material facts to the directors and members of committees with board-delegated powers considering the proposed transaction or arrangement. Individuals affected by this policy must complete a Duality of Interest Disclosure Statement at the time they are appointed or elected to a new term or begin to fall under this policy. Disclosure statements will be completed annually by all persons who are required to do so. This statement will confirm that the person has received the policy, read and understood the policy, agrees to comply with the policy as well as the person's current conflict of interest status. Upon completion of the statement, the individual must submit any changes in writing to the Foundation. These statements are confidential.

### **3.2 Recordings of Disclosure**

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

- 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 board's or committee's decision as to whether a conflict of interest in fact existed.
- The names of the persons who were present for discussion 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.

### **4.0 In Event of Conflict of Interest**

If any transaction or arrangement under consideration has a conflict of interest by an involved individual, he or she shall leave the room and refrain from discussions or actions on the topic to ensure that the transaction is conducted at arm's length. Additionally, when applicable, more than one competitive bid shall be sought for comparison. This shall be sufficient action in most instances, but if the situation has unusual circumstances, alternative action may be taken at the discretion of the board of directors. The minutes of the meeting shall reflect the abstentions from voting due to these circumstances.

In the case of scientific/medical presentations or publications, those individuals with a relevant conflict of interest shall be identified in the program or publication.

### **5.0 Violations**

If the board or committee has reasonable cause to believe that 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.

If, after hearing the response of the member and making such further investigation as may be warranted, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

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### **6.0 Periodic Reviews**

To ensure the organization is operating in its best interest, 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 periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable and are the result of arm's length bargaining
- Whether any purchases of goods and services result in inurement or impermissible private benefit
- Whether affiliation, partnership and joint venture arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the organization's charitable purposes and do not result in inurement or impermissible private benefit.

### **7.0 Responsible Staff**

All staff and volunteers of the Alpha-1 Foundation are responsible for ensuring adherence to this policy.

### **8.0 Approvals and Revisions**

Revisions are the responsibility of the COO and must be approved by the Board of Directors.

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Maintained by the COO  
2015 Alpha-1 Foundation