



ASEM Conflict of Interest Policy

I. Overview

The ASEM Conflict of Interest (the “policy”) is to provide guidance on protecting ASEM’s interests when it is considering taking an action or entering into a transaction that might benefit the private interests of a director, officer, staff member or person of influence (PoI)¹, result in the payment of excessive compensation to a director, officer or PoI; or otherwise violate state and federal laws governing conflicts of interest applicable to nonprofit, charitable organizations.

1. Purpose

It is the policy of ASEM that all officers and board members will conduct themselves with professionalism in executing the business of the society. Professionalism in this context refers to protecting the intellectual property of the Society, conducting the business affairs with out prejudice or preference that may benefit officers, directors, staff members and their friends or family in a way that would harm the reputation of ASEM. If you are aware of any other relationship with an Organization that might be perceived by others as potentially influencing your objectivity in any ASEM matters in which you are involved, disclose such relationship pursuant to the procedures described below.

Members are required to file a signed Disclosure Form not less than annually and on such other occasions as requested by the Executive Committee or the board of directors. Disclosure Forms must also be completed and signed at the time of appointment to the board of directors or any committee.

Members have a continuing obligation to disclose any potential conflict or duality of interest with respect to any transaction that affects or may affect the ASEM. In other words, notwithstanding the submission of the attached Disclosure Form, officers, directors, staff members, or related persons must reveal any potential conflict or duality of interest that arises after the submission of this form. Each subsequent disclosure must describe the nature of the real, perceived, or potential conflict or duality of interest and all facts known relating to the subject matter.

The attached form will be reviewed by the board of directors to determine whether any disclosures constitute a conflict or duality of interest. The board of directors shall have the right to inquire further with regard to your disclosure and, in the event it determines there to be a conflict or duality or appearance of a conflict or duality of interest, or in the event of a failure to provide requested information or otherwise to cooperate with it, shall make a determination as to your continuing role and participation as an officer, member of the board of directors, or member of a committee of the ASEM. The existence of a relationship as defined above does not necessarily imply ineligibility to serve, but rather that participation in some matters may be modified or avoided or, in appropriate

¹ **Person of Influence** means a person, other than a director or officer, or staff member, whether or not an officer, board member, or staff member of ASEM, who:

- a) has responsibilities, or exercises powers or influence over ASEM as a whole similar to the responsibilities, powers, or influence of directors and officers;
- b) manages ASEM, or a segment of ASEM that represents a substantial portion of the activities, assets, income, or expenses of ASEM; or
- c) alone or with others controls or determines a substantial portion of ASEM’s capital expenditures or operating budget.

circumstances, discontinued. The board of directors shall have the authority, as it deems appropriate, to make the final decision as to your continuing role and participation in the ASEM.

The responsibility for identifying a potential conflict resulting from a relationship with an organization in any given situation rests with the Member. If you have any questions as to whether there is a conflict, whether actual, potential, or perceived, you should first address the matter with the ASEM President or Executive Director. When your work with the ASEM involves a matter relating to an organization with which you have a relationship, you should excuse yourself from the meeting for the duration of the discussion, and you will be informed when the discussion has terminated. Your departure will be noted in the minutes of the meeting.

2. **Why is a policy necessary?**

As a nonprofit, charitable organization, ASEM is accountable to both government agencies and members of the public for responsible and proper use of its resources. Directors, officers, and employees have a duty to act in ASEM's best interests and may not use their positions for their own financial or personal benefit.

Conflicts of interest must be taken very seriously since they can damage ASEM's reputation and expose both ASEM and affiliated individuals to legal liability if not handled appropriately. Even the appearance of a conflict of interest should be avoided, as it could undermine public support for ASEM.

3. **To whom does the policy apply?**

This policy applies to all directors, officers, staff members and PoIs.

II. **Identifying Conflicts of Interest**

1. **What is a conflict of interest?**

A potential conflict of interest arises when a director, officer, staff member, or PoI, or that person's **relative**² or business (a) stands to gain a financial benefit from an action ASEM takes or a transaction into which ASEM enters; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the director, officer, staff member, or PoI in discharging their duties to ASEM.

2. **Examples of potential conflicts of interest?**

Potential conflicts of interest include situations in which a director, officer, staff member, or PoI or that person's relative or business:

- has an ownership or investment interest in any third party that ASEM deals with or is considering dealing with;
- serves on the board of, participates in the management of, or is otherwise employed by or volunteers with any third party that ASEM deals with or is considering dealing with;
- receives or may receive compensation or other benefits in connection with a transaction into which ASEM enters;
- receives or may receive personal gifts or loans from third parties dealing with ASEM;
- serves on the board of directors of another nonprofit organization that is competing with ASEM for a grant or contract;

² **Relative** means a spouse or domestic partner, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses or domestic partners of brothers, sisters, children, grandchildren and great-grandchildren.

- has a close personal or business relationship with a participant in a transaction being considered by ASEM;
 - would like to pursue a transaction being considered by ASEM for their personal benefit.
3. In situations where you are uncertain, err on the side of caution and disclose the potential conflict as set forth in Section III of this policy.
 4. **A potential conflict is not necessarily a conflict of interest.** A person has a conflict of interest only if upon review, the officers decide, pursuant to Section IV of this policy, that a conflict of interest exists.³

III. Disclosing Potential Conflicts of Interest

1. You must disclose to the best of your knowledge all potential conflicts of interest as soon as you become aware of them and always before any actions involving the potential conflict are taken. Submit a signed, written statement disclosing all the material facts to the audit committee.
2. You must file an annual disclosure statement in the form attached to this policy. If you are an officer or director, you must also file this statement prior to your initial election. Submit the form to the board of directors.

IV. Determining Whether a Conflict of Interest Exists⁴

1. After there has been disclosure of a potential conflict and after gathering any relevant information from the concerned director, officer, staff member, or PoI, the board of directors shall determine whether there is a conflict of interest. The director, officer, staff member or PoI shall not be present for deliberation or vote on the matter and must not attempt to influence improperly the determination of whether a conflict of interest exists.
2. In determining whether a conflict of interest exists, the board of directors shall consider whether the potential conflict of interest would cause a transaction entered into by ASEM to raise questions of bias, inappropriate use of ASEM's assets, or any other impropriety.
3. A conflict always exists in the case of a related party transaction – a transaction, agreement or other arrangement in which a related party⁵ has a financial interest and in which ASEM or any affiliate of ASEM is a participant.⁶

⁵ A **related party** is:

1. a director, officer, staff member, or PoI of ASEM or any affiliate of ASEM, or
2. a relative of any individual described in (1), or
3. an entity in which any individual described in (1) or (2) has an ownership or beneficial interest of 35% or more, or in the case of a partnership or professional ASEM, a direct or indirect ownership interest in excess of 5%.

⁶ A transaction is not a related party transaction if:

1. the transaction, or the related party's financial interest in the transaction, is *de minimis*;
2. the transaction would not customarily be reviewed by the board or the boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms;
3. the transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries that ASEM intends to benefit as part of the accomplishment of its mission (and that benefit is available to all similarly situated members of the same class on the same terms).

4. If the audit committee determines that there is a conflict of interest, it shall refer the matter to the board of directors (“board”).

V. Procedures for Addressing a Conflict of Interest

1. When a matter involving a conflict of interest comes before the board, the board may seek information from the director, officer, staff member, or PoI with the conflict prior to beginning deliberation and reaching a decision on the matter. However, a conflicted person shall not be present during the discussion or vote on the matter and must not attempt to influence improperly the deliberation or vote.
2. **Additional Procedures for Addressing Related Party Transactions**
 - a. ASEM may not enter into a related party transaction unless, after good faith disclosure of the material facts by the director, officer, staff member, or PoI, the board or a committee authorized by the board determines that the transaction is fair, reasonable and in ASEM's best interest at the time of such determination.
 - b. If the related party has a substantial financial interest, the board or authorized committee shall:
 - i. prior to entering into the transaction, consider alternative transactions to the extent available;
 - ii. approve the transaction by a vote of not less than a majority of the directors present at the meeting; and
 - iii. contemporaneously document in writing the basis for its approval, including its consideration of any alternative transactions.

VI. Minutes and Documentation

The minutes of any board meeting at which a matter involving a conflict of interest or potential conflict of interest was discussed or voted upon shall include:

- a. the name of the interested party and the nature of the interest;
- b. the decision as to whether the interest presented a conflict of interest;
- c. any alternatives to a proposed contract or transaction considered by the board; and
- d. if the transaction was approved, the basis for the approval.

VII. Prohibited Acts

ASEM shall not make a loan to any director or officer.

VIII. Procedures for Determining Compensation

1. No person shall be present for or participate in board or committee discussion or vote pertaining to:

- a. their own compensation;
- b. compensation of their relative;
- c. compensation of any person who is in a position to direct or control them in an employment relationship;
- d. compensation of any person who is in a position to directly affect their financial interests; or
- e. any other compensation decision from which the person stands to benefit.

2. In the case of compensation of PoIs, the following additional procedures apply:

- a. The board or a committee authorized by the board shall approve compensation before it is paid.
- b. The board or authorized committee shall base approval of compensation on appropriate data, including compensation paid by comparable organizations (three are sufficient if ASEM's income is less than \$1,000,000) for functionally similar positions, availability of similar services in the geographic area of ASEM, and compensation surveys compiled by independent firms.
- c. The board or authorized committee shall contemporaneously document:
 - i. the terms of compensation and date of determination;
 - ii. the members of the board or committee who were present and those who voted for it;
 - iii. the comparability data relied on and how it was obtained;
 - iv. if the compensation is higher or lower than the range of comparable data, the basis for the determination, and;
 - v. any actions with respect to consideration of the compensation by anyone on the board or committee who had a conflict of interest with respect to the matter.

**American Society for Engineering Management
Conflict of Interest Disclosure Statement**

By signing below, I affirm that:

1. I have received and read a copy of the Conflict of Interest and Compensation Policy;
2. I agree to comply with the policy;
3. I have no actual or potential conflicts as defined by the policy or if I have, I have previously disclosed them as required by the policy or am disclosing them below.

Disclose here, to the best of your knowledge:

Name: (please print) _____

Capacity: (check all applicable)

- Director
- Officer
- Committee member
- Staff (including consultant)
- Other (specify)

Have you or any of your family provided services or property to the ASEM in the past year other than in the capacity noted above?

- YES NO

If yes, please describe the nature of the services or property(s):

Please indicate whether you or any of your family had any direct or indirect interest in any business transactions in the past year to which the ASEM was or is a party?

- YES NO

If yes, describe the transaction(s):

Were you or any of your family indebted to pay money to the ASEM at any time in the past year (other than dues, reimbursement or travel advances or the like)?

- YES NO

If yes, please describe the indebtedness:

In the past year, did you or any of your family receive, or become entitled to receive, directly or indirectly, any personal benefits from the ASEM or as a result of your relationship with the ASEM, that in the aggregate could be valued in excess of \$100 that were not or will not be compensation or expense reimbursement directly related to your duties to the ASEM?

YES NO

If yes, please describe the benefit(s):

7. Are you or any of your family a party to or have an interest in any pending legal proceedings involving the ASEM?

YES NO

If yes, please describe the proceeding(s):

8. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined in accordance with the terms and intent of the ASEM's conflict of interest policy?

YES NO

If yes, please describe the situations(s):

9. Do you, or any of your family, have a business or financial interest with any person or organization with whom a conflict of interest as described herein might arise?

YES NO

If yes, please describe the interest(s):

I HEREBY CONFIRM that I have read and received a copy of the ASEM's conflict of interest policy. I understand and will comply with that policy. I verify that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify the current President of the ASEM immediately.

Signature: _____

Date: _____