

## Conflict of Interest Policy

### Purpose

The purpose of the conflict of interest policy is to protect Food Allergy Research & Education, Inc's (FARE) interest when contemplating entering into a transaction or arrangement. Members of the FARE Board of Directors, Advisors and employees (for the purposes of this policy, collectively referred to as "FARE Directors, Advisors and staff") must not act in their own personal interests, or in the interests of others, with respect to FARE affairs, but owe a duty of loyalty to FARE. The duty of loyalty requires that FARE Directors and staff exercise their powers in good faith and in the best interests of FARE, rather than use their positions, or FARE's property, in a manner that allows them to obtain a financial benefit for themselves or others to the detriment of FARE.

*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, or the FARE Employee Handbook.*

### Conflict of Interest

A conflict of interest arises whenever the interests of FARE come into conflict with a competing financial or personal interest of a FARE Director, Advisor or staff member (as described below), or otherwise when a FARE Director's, Advisor's or staff member's personal or financial interest could be reasonably viewed as affecting their objectivity or independence in fulfilling their duties. FARE transactions and arrangements in which a FARE Director, Advisor or staff member has a financial interest (as defined below) must be closely scrutinized. Prior to entering into transactions and arrangements with FARE Directors, Advisors or staff, the proposed transactions and arrangements must be carefully reviewed to determine that such transactions and arrangements are in compliance with this conflict of interest policy.

### Article I: Definitions

#### **1 Interested Person**

Any FARE Directors, Advisors or staff with board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

#### **2 Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family<sup>(1)</sup>:

- a) An ownership or investment interest in any entity with which FARE has a transaction or arrangement,<sup>(2)</sup>
- b) A compensation<sup>(3)</sup> arrangement with FARE, or with any entity or individual with which FARE has a transaction or arrangement, or
- c) A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which FARE is negotiating a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. Under the *Determination of Conflict* provisions of this conflict of interest policy, the Executive Committee of the Board of Directors decides if a conflict of interest exists.

(1) *Family*, for purposes of this conflict of interest policy, means spouse, parents, brothers, sisters, children, grandchildren, the spouses of children and grandchildren, significant others and any other

blood relative that resides in the same household as the FARE Director, Advisor or staff member.

(2) *Transactions and Arrangements* include, but are not limited to, contracts of sale, lease, license, indebtedness, and the performance of services, whether initiated during FARE's current year or ongoing from a prior year.

(3) *Compensation* includes direct and indirect remuneration, as well as gifts or favors that are substantial (see below).

### **Outside Work Activities**

Employees are urged to consider the impact that outside work activities may have on their health and physical endurance. In general, outside work activities by employees are not allowed when they:

- Prevent the employee from fully performing work for which he or she is employed at FARE, including overtime assignments;
- Involve competitors of FARE, or organizations that are doing or seek to do business with FARE, including actual or potential vendors or customers; or
- Violate provisions of law or FARE's policies or rules.

Employees are hired and continue to be employed by FARE with the understanding that FARE is their primary employer and that other employment or work activities that are in conflict with the business interests of FARE are strictly prohibited. In cases of conflict with any outside work activity, the employee's obligations to FARE must be given priority.

Employees must notify their manager of any outside work activities, including but not limited to a second job or other commercial enterprise. If any outside work activities create performance problems, including excessive absenteeism or tardiness, the employee may be subject to discipline, up to and including termination. Employees may not conduct any outside work activities on FARE's property, during working hours, or using FARE's equipment.

### **Gifts**

FARE Directors, Advisors and staff are prohibited from receiving or giving any gift that may create the appearance of influence on the FARE Director, Advisor or staff member or is not otherwise permitted by generally accepted business ethical standards. If there is a dispute with respect to such ethical standards, the Executive Committee or its delegate shall determine if a gift is prohibited. FARE Directors, Advisors or staff may not accept a gift other than a gift of nominal value (which are clearly tokens of respect and friendship unrelated to any particular transaction or arrangement), without the approval of the Executive Committee of the Board of Directors.

### **Article II: Procedures**

#### ***1 Duty to Disclose***

Prior to the commencement of any negotiations with respect to the proposed transaction, FARE Directors, Advisors or staff with a financial interest in the proposed transaction (the "Interested Party") must fully disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Executive Committee of the Board of Directors and management members 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, the Executive Committee of the Board of Directors will determine if a Conflict of Interest exists. The Interested Party shall not be present and, if the Interested Party is a



member of the Executive Committee, he or she shall abstain from voting on whether a conflict of interest exists.

### 3. *Procedures for Addressing the Conflict of Interest*

- a) An interested person may make a presentation at the Executive Committee of the Board of Directors meeting and answer any questions, 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 Chair of the Board of Directors shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c) After exercising due diligence, the Executive Committee of the Board of Directors shall determine whether FARE 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 Executive Committee of the Board of Directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in FARE'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 Conflict of Interest Policy*

- a) If the Executive Committee of the Board of Directors has reasonable cause to believe a FARE Director, Advisor or staff 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 FARE Director's, Advisor's or staff's response and after making further investigation as warranted by the circumstances, the Executive Committee of the Board of Directors determines the FARE Director, Advisor or staff has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action including, among other things, removal or termination of such FARE Director, Advisor or staff.

### **Article III: Records of Proceedings**

The meeting minutes of the Executive Committee of the Board of Directors, during which a potential or actual conflict of interest was discussed, shall contain:

- a) The name of the FARE Director, Advisor or staff member who disclosed an actual or potential conflict of interest or otherwise was found to have a conflict of interest;
- b) The nature of the conflict of interest;
- c) Any action taken to determine whether a conflict of interest was present and the decision of the Executive Committee of the Board of Directors as to whether a conflict of interest existed;
- d) The decision as to whether the transaction was approved notwithstanding the conflict; and
- e) 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 therewith.

### **Article IV: Compensation**

Any executive who receives compensation from FARE, whether directly or indirectly or as



employees or independent contractors, is precluded from membership on any Board Committee whose jurisdiction includes compensation matters. Any FARE Director, Advisor or staff who receives compensation, directly or indirectly, from FARE for services is precluded from voting on matters pertaining to his or her own compensation, or Director, Advisor or staff compensation more generally.

## **Article V: Annual Statements**

New Directors, Advisors and staff affirm by signing the Disclosure Statement that they:

- a) Have received a copy of the Conflicts of Interest Policy,
- b) Have read and understand the policy,
- c) Have agreed to comply with the policy, and
- d) Understand that FARE is a charitable organization and in order to maintain its federal tax exemption must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

## **Existing Directors, Advisors and Staff**

Following this initial acknowledgment, each FARE Director, Advisor and staff member shall receive an annual reminder of this Policy in January of each year, starting in 2014. While reaffirmation of the Policy is not required existing FARE Directors, Advisors and staff must notify the CEO and/or his/her delegate immediately of any change in status related to potential Conflict of Interest issues.

Each FARE Director, Advisor or staff member has a duty to place the interests of FARE foremost in any dealings involving FARE and has a continuing responsibility to comply with the requirement to complete a *FARE Directors/Advisors or Staff Disclosure Statement*. In connection therewith, if there is any question in the FARE Director's, Advisor's or staff member's mind about whether or not to disclose his or her interest in a transaction or arrangement, the FARE Director, Advisor or staff member should disclose the interest.

Upon receipt of the signed FARE Directors/Advisors or Staff Disclosure Statements, the CEO, or his/her delegate will file the documents in the Policies and Procedures Manual under the section Conflict of Interest.

## **Article VI: Periodic Reviews**

To ensure that FARE 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 FARE'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 VII: Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VI, FARE may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

## **Article VIII: Amendment**

This conflict of interest policy may be amended only by the FARE Board of Directors.



# FARE

Food Allergy Research & Education

**Food Allergy Research & Education, Inc.  
FARE Directors /Advisor or Staff Disclosure Statement**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

1. Please list all organizations 1) in which you have a financial interest (as defined in FARE's attached conflict of interest policy, or 2) in which you hold a position as an officer, director, general manager or other position, if such organizations engage in business with FARE, or if you anticipate that such organizations will do business with FARE in the coming fiscal year. Please respond N/A if you have no organizations to disclose.

\_\_\_\_\_

\_\_\_\_\_

Please describe the nature of each business transaction:

\_\_\_\_\_

\_\_\_\_\_

2. Please provide a description of all business transactions involving FARE in the past fiscal year 1) in which you had or have a financial interest (as defined), or 2) that involved an entity or organization in which you hold a position as an officer, director, general manager or other position. Provide a brief description of each transaction and a description of your interest in the transaction. Please respond N/A if you have no transactions to disclose.

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\_\_\_\_\_

The answers to the foregoing questions are stated to the best of my knowledge and belief. I also acknowledge receipt of FARE's conflict of interest policy, which I understand and will comply. I understand that FARE is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

\_\_\_\_\_

Date

\_\_\_\_\_

Signature