



## **Duty of Loyalty and Conflict of Interest Policy**

### **NAMA Board – 1.00**

**Effective Date: April 16, 2010**

#### **Purpose**

To create a policy to complement NAMA's By-Laws that prevents the personal and professional interests of Board Members, officers, staff members and volunteers from: interfering with the performance of their duties for NAMA, or results in personal or professional financial, or political gain at the expense of NAMA, its members, supporters, and other stakeholders, and requires Board Members, officers, staff members and volunteers to disclose potential conflicts of interest as per policy.

#### **Policy**

This organization serves the Ayurvedic community as a whole. It is in the interest of the organization, Board Members, officers, employees and volunteers to strengthen trust and confidence in each other, to expedite resolution of problems, to mitigate the effect of and to minimize organizational and individual stress that can be caused by a conflict of interest.

It is in the best interest of the National Ayurvedic Medical Association for the Board Members, officers, employees and volunteers to be aware of and properly manage all conflicts of interest and appearances of a conflict of interest. This Duty of Loyalty and Conflict of Interest policy is designed to help Board Members, officers, employees and volunteers of NAMA identify situations that present potential conflicts of interest and to provide NAMA with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in NAMA's operations.

#### **Procedure**

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#### **Definitions**

1. A **Conflict of Interest** or the potential for a Conflict of Interest exists when an "Interested Person" with an "Interest" is in or has the potential to be in a "Conflict" as defined below.

2. An **Interested Person** shall include: A Board Member, officer, employee or volunteer (hereinafter “Person”)
3. “**Interest**”: shall include personal interest, interest as director, officer, member, stockholder, shareholder, partner, manager, trustee or beneficiary of any concern or having an immediate family member who holds such an interest in any concern.
4. The term ‘**Concern**’ shall mean any corporation, association, trust, partnership, limited liability entity, firm, person or other entity other than the organization.
5. “**Conflict**”: the following circumstances shall be deemed to create the potential for a Conflict of Interest. This list includes, but is not limited to:
  - i. A person is a party to a contract, or involved in a transaction with NAMA for goods or services.
  - ii. A person has a material financial interest in a transaction between NAMA and an entity in which the person is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, or other legal representative of the entity.
  - iii. A person is engaged in some capacity or has a material financial interest in a business or enterprise that competes with NAMA. An organization is deemed to be in competition with NAMA when it or any of its functions may draw away support or resources from NAMA.
  - iv. In addition to financial relationships, other bases of potential conflicts must be considered, such as in-kind support, intellectual collaboration or intellectual investment in one’s own ideas, or a long-term research agenda in which an investigator has invested substantial time.
  - v. Also included in consideration are gifts, gratuities and entertainment. Accepting gifts, entertainment or other favors from individuals may also result in a conflict when the party providing the gift/entertainment/favor does so under circumstances where it might be inferred that such action was intended to influence or possibly would influence the interested person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value, which are not related to any particular transaction or activity of NAMA.
  - vi. Other situations may create the *appearance of a Conflict*, or a *duality of interests* in connection with a person who has influence over the activities or finances of NAMA.
6. For purposes of this policy, a “**Volunteer**” is a NAMA Member who is serving in a capacity where his/her input may be influential in setting policy, direction, or strategy

for the organization, i.e., on a Committee or Sub-committee. It does not include individuals who may provide assistance or clerical support for an individual task or for a limited time, i.e., assisting at the annual conference, or for assisting with sending of ballots, or other singular tasks that may arise from time to time.

7. A **"Family Member"** is a spouse, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of an interested person.
8. A **"Material Financial Interest"** in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect an Interested Person's or Family Member's judgment with respect to transactions to which the entity is a party.
9. A **"Contract or Transaction"** is any agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship, or the exercise of control over another organization. The making of a gift to NAMA is not a Contract or Transaction.
10. **Recusal**, refers to the act of abstaining from participation in an official action such as a legal proceeding due to a conflict of interest.

### **Full Disclosure**

1. A full statement of potential conflicts of interests should be published by any applicant or any member running for the Board of Directors and should be published to all NAMA members as part of the election process. These potential conflicts of interest should be clearly labeled as such following their personal statements.
2. All Board Members will have their disclosure of potential conflicts of interest publicized on the NAMA website.
3. All remuneration to Board Members by any organization for time spent on NAMA board activities shall also be fully disclosed (amount and source) and shall be made public and publicized on the website as well as in any election materials.
4. Any and all roles of Interested Persons in other Ayurvedic organizations that might recruit or compete for members shall be fully disclosed.
5. All Persons are responsible to disclose potential conflicts of interest as they arise.
6. Prior to Board or committee action on a Contract or Transaction involving a potential Conflict of Interest, a Person having a potential Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the potential Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.

7. If Persons are aware that other Persons have a potential conflict of interest, relevant facts should be disclosed by the Persons with such knowledge.
8. A Person who plans not to attend a meeting at which he or she has reason to believe that the Board or committee will act on a matter in which the Person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
9. A Person who has a Conflict of Interest shall not participate in or be permitted to hear the Board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
10. A Person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.
11. The Person having a conflict of interest may not vote on the Contract or Transaction. He or she must recuse him/herself from discussion and should not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.
12. Under no circumstances should a member of the Board of Directors, or a candidate for the Board of Directors serve in any capacity on a nominating or elections committee when he or she stands for election as an officer or for election or re-election to the Board of Directors.
13. Persons who are not members of the Board of Directors of NAMA, or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board or committee action, shall disclose to their supervisor, or the Chair, or the Chair's designee, any Conflict of Interest that such Interested Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Interested Person. The Interested Person shall refrain from any action that may affect NAMA's participation in such Contract or Transaction.
14. Persons must adhere strictly to all NAMA policies and standards, including:
  - a. Providing a detailed annual written disclosure of all potential conflicts of interest on NAMA forms
  - b. Providing an updated annual disclosure whenever material changes occur in the individual's status
  - c. Formal abstention from all votes and actions in which the individual has a potential conflict and recording of the abstention by the volunteer completing the NAMA Record of Abstention Form.

15. In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to his or her supervisor or the Chair or the Chair's designee, who shall determine whether full board discussion is warranted or whether there exists a Conflict of Interest that is subject to this policy.

### **Actions Required**

Persons will follow all NAMA Conflict of Interest policies including:

1. Complete and submit the annual "Conflict of Interest Disclosure Form;" and, update the form if there is any substantive change.
2. Vetting
  - a. All Persons shall be vetted by the NAMA Ethics Committee prior to running for the board of directors or being assigned a position by NAMA.
  - b. As part of the vetting process the NAMA Ethics Committee may, at its discretion, require the Person to sign an agreement as to those situations in which recusal, disclosure, abstention or other mitigation procedures are required of the said Person's conflict of interest(s).
3. Prior to Board or NAMA Committee meetings disclose all "interests" that could pose a direct or indirect conflict of interest with NAMA to the applicable Chair. If the Chair of any Board or Committee meeting deems it necessary, the Person(s) should verbally acknowledge the direct or indirect conflict to the body. NAMA will keep written records of these disclosures.
4. For any vote in which the Person has an Interest that does pose a direct or indirect conflict of interest, or where a decision may impact any Person's outside role or interest, he/she will recuse him/herself from the vote.
5. Complete and submit the NAMA Record of Abstention when such recusal occurs.
6. If a Person wishes to propose a motion in an area where he or she believes they have a conflict of interest, this will be done in writing with justification as to why the motion is in the best interest of the organization and not solely or significantly in the interest of the Person. The Person will recuse him/herself from the rest of the discussion and decision surrounding the motion.
7. Questions of conflict of interest of or by any Person should be brought to the chair of the committee/group in which the issue arises. If the issue involves the committee chair, bring the issue to the President. If the issue involves the President, bring the issue to the Board.
8. Any conflict of interest or potential conflict of interest will be evaluated at the level at which the Person is participating. Wherever possible efforts for mitigation will be made

and the Person will be allowed to participate in such a way as to not cause harm to the organization.

9. When a Person is deemed by the group assigned by the NAMA Board to evaluate conflict of interest issues to have a conflict of interest, or potential conflict of interest, he/she will recuse him/herself from discussion or participation in any vote where the outcome may have a direct or indirect impact on the Person's outside role or interest.
10. Should a Person dispute the conflict of interest alleged by another Person or by the group assigned to evaluate conflict of interest issues, the unresolved or disputed conflict of interest will be presented to the group assigned by the NAMA Board for the gathering of information from all parties relative to the alleged conflict of interest and to make recommendation for mitigation if possible.
11. If the disputed conflict of interest issue cannot be resolved through mitigation of participation, it will be brought before the full Board of Directors for discussion and the Board may vote to remove the Person from the position with or without cause.
12. In the event the Person is a Board Member, the group assigned by the NAMA Board will prepare all submitted information for presentation to the full Board of Directors for discussion and appropriate action. If the conflict of interest cannot be mitigated or resolved, the Board may vote to remove the Director at issue from the Board with or without cause.

### **Review of Policy**

1. Each Person prior to beginning initial service to NAMA shall be provided with and asked to review a copy of this Policy and to acknowledge in writing that he or she has done so.
2. Annually each Person shall complete a disclosure form identifying any new or changes in relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a Conflict of Interest.
3. Any such information regarding the business interests of a Person, or a Family Member thereof, shall be treated as confidential and shall generally be made available only to the President, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.
4. This policy shall be reviewed annually by the Board of Directors. Any changes to the policy shall be communicated to all Persons.