

**CONFLICT OF INTEREST POLICY  
OF  
NATURAL HEALTH SCIENCE FOUNDATION, INC.**

**Article I  
Purpose**

The purpose of the conflict of interest policy is to protect this Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction.

**Article II  
Definitions**

**1. Interested Person/Related Party**

Any director, officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, or is a related party, as defined below, is an interested person/related party.

**2. Financial Interest/Related Party**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity or person with which the Corporation has a transaction or arrangement,
- b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Related Party is a person who has, directly or indirectly, through business, family or investment, a relationship with an entity or person with whom the Corporation does business, has an arrangement or makes grants or supports.

A financial interest or relationship is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest or relationship may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

The Corporation may not enter into a related party transaction unless the Board has determined that the transaction is fair and reasonable and in the best interests of the Corporation.

### **Article III** **Procedures**

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

In connection with any actual or possible conflict of interest or related part transaction, an interested person/related party must disclose the existence of the financial interest or relationship and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement. Any Employee/Officer/Director/Volunteer who learns of an undisclosed conflict of interest or related party transaction shall report said information to any officer or director of said person's choosing.

#### **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/related person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest/related party transaction is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists

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

- a. An interested person may make a presentation at the governing board or committee meeting, 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. Such person is prohibited from improperly influencing the deliberations, voting or recordation in the minutes of the matter.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Corporation 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation'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. The Board shall record and maintain written minutes of the meeting and set forth therein the basis for approving any such transaction.

#### **4. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest it shall take appropriate disciplinary and corrective action.
- c. Any attempt by the person with a conflict/relationship to improperly influence deliberations, voting or minutes of such matters has violated the Corporation's conflict of Interest policy.

#### **Article IV** **Records of Proceedings**

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

- a. 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. 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 with the proceedings.

#### **Article V** **Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to

any committee regarding compensation.

d. No employee of the Corporation may serve as the Chair of the Board.

**Article VI**  
**Annual Statements**

Each director, officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy,
- d. Has an ongoing obligation to provide the Corporation the names and addresses of any entity of which the director/officer is an officer, director, trustee, member, owner or employee and identify any transaction in which the Corporation is a participant as it relates to said entity; and