### CONFLICT OF INTEREST POLICY FOR ASNT FINANCIAL FIDUCIARIES

## 1.0 Purpose

The purpose of the conflict of interest policy is to protect the Society's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director of ASNT or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to 501(c)(3) nonprofit organizations.

## 2.0 Scope

Persons covered by this policy are ASNT directors, members of a committee with governing board delegated powers, the Executive Director and ASNT Senior Management.

#### 3.0 Definitions

### 3.1 Interested Person

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

#### 3.2 Financial Interest

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

- 3.2.1 An ownership or investment interest in any entity with which the ASNT has a transaction or arrangement,
- 3.2.2 A compensation arrangement with ASNT or with any entity or Individual with which ASNT has a transaction or arrangement, or
- 3.2.3 A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which ASNT is negotiating a transaction or arrangement.

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

### 3.3 Excess Benefit Transaction

An excess benefit transaction is a transaction in which an economic benefit is provided by ASNT, directly or indirectly, to or for the use of any person who was

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in a position to exercise substantial influence over the affairs of ASNT and the value of the benefit provided by ASNT exceeds the value of the consideration received by the ASNT. Individuals in a position to have substantial influence includes voting members of the board and the Executive Director.

## 4.0 Policy

## 4.1 Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest 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.

Such disclosures shall be included, where applicable, on the annual disclosure form, verbally prior to the applicable discussion, and documented in the meeting minutes.

## 4.2 Violations of the Conflicts of Interest Policy

- 4.2.1 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.
- 4.2.2 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 including asking the member to resign from his or her position in the Organization or, if the person refuses to resign, the individual shall become subject to possible removal in accordance with the Organization's procedures.

### 4.3 Compensation

- 4.3.1 A voting member of the governing board who receives compensation, directly or indirectly, from ASNT for services is precluded from voting on matters pertaining to that member's compensation.
- 4.3.2 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from ASNT for services is precluded from voting on matters pertaining to that member's compensation.

## 4.4 Annual Statements

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

- 4.4.1 Has received a copy of the conflicts of interest policy,
- 4.4.2 Has read and understands the policy,
- 4.4.3 Has agreed to comply with the policy,
- 4.4.4 Understands ASNT is a non-profit corporation and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, and
- 4.4.5 Discloses interests that could give rise to conflicts of interest. This may include a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations and those of family members. (See Attachment A, Disclosure Form)

#### 4.5 Periodic Reviews of Transactions

ASNT Executive Director and Senior Manager of Finance and Accounting will monitor proposed or ongoing transactions for conflicts of interest and disclose them to the Chairman of the Board in order to deal with potential or actual conflicts, whether discovered before or after the transaction has occurred.

#### 4.6 Use of Outside Experts

When conducting the periodic reviews as provided for in Section 4.5 of this policy, ASNT may, but need not, use outside advisors.

#### 5.0 Procedure

#### 5.1 Annual Disclosure Form

- 5.1.1 The Executive Director shall distribute 30 days prior to the Fall Conference to all affected individuals a copy of Policy O-6, *Conflict of Interest for Financial Fiduciaries*, and disclosure form.
- 5.1.2 Each individual shall complete the form and return it to the Executive Director 14 days prior to the Fall Conference.
- 5.1.3 Individuals shall not participate in meetings of the Board of Directors or committees with Board of Directors delegated governing powers until they have submitted the disclosure form.
- 5.1.4 The Chairperson of the Board and the Executive Director shall review each disclosure form and document their review by initialing the form.

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## 5.2 Initial Meetings Actions

Each applicable meeting agenda shall include conflict of interest disclosure prior to consideration of business items.

- 5.2.1 This shall include a tabulation of annual disclosure forms received and reviewed in accordance with paragraph 5.1.4.
- 5.2.2 Each participant shall also disclose potential conflicts regarding planned agenda items. These disclosures shall be recorded in the meeting minutes.

### 5.3 Results of Disclosure

- 5.3.1 Individuals who have identified a potential conflict shall:
  - a. Leave the room during deliberation and voting, or,
  - b. If the individual believes the potential conflict does not impact their fiduciary responsibility to ASNT, after disclosure of the financial interest and all material facts and following any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
- 5.3.2 The individual 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.

## 5.4 Actions During Agenda Item Discussions

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 shall be recorded in the minutes.

- 5.5 When Actions Are Beneficial to Fiduciary's Private Interests
  - 5.5.1 The chairperson of Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - 5.5.2 After exercising due diligence, the governing board or committee shall determine whether ASNT 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.

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5.6 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 ASNT'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.

#### ATTACHMENT A

# ASNT'S BOARD OF DIRECTORS, MEMBERS OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS, EXECUTIVE DIRECTOR AND SENIOR MANAGERS CONFLICT OF INTERST POLICY AND DISCLOSURE FORM

I have read and understand the ASNT Conflict of Interest Policy and agree to comply fully with its terms and conditions at all times during my services as an ASNT Board of Director, Committee Member with Board Delegated Powers, Executive Director or Senior Manager. If at any time following the submission to this form I become aware of any actual or potential conflict of interest or if information provided below becomes inaccurate or incomplete, I will promptly notify the ASNT Chairperson of the Board and Executive Director. I understand ASNT is a non-profit corporation and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ASNT Board of Directors, Committee Members with Board Delegated Powers, the Executive Director and Senior Managers must list all financial transactions with ASNT or any other organization with potential conflicting interest in which they or any family member has an interest in the third parties providing goods and services to ASNT or any other organization with potentially conflicting interests with ASNT in which their family is actively involved, has a significant investment or owns at least 5%. All paid and unpaid position or relationships with other nonprofits or for profit third party organizations that compete with ASNT should be listed. You are encouraged to disclose a relation if there is any uncertainty to whether the relationship should be disclosed.

Disclosure of Actual or Potential Conflicts of Interest:		
	COB Reviewed:	