

SMANA CONFLICT OF INTEREST POLICY FOR BOARD OF DIRECTORS

Article 1 - Purpose

The purpose of the conflict of interest policy is to protect the interests of the Social Marketing Association of North America, a 501(c)(6) tax-exempt organization, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization, or might result in a possible excess benefit transaction as defined by the Internal Revenue Service. This policy is intended to supplement but not replace any state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article 2 – Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial or personnel 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:

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

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

3. Personnel Interest

A person has a personnel interest if he or she serves as a paid employee of the Organization in any capacity. Contractors can serve on the board, as long as they work on a part-time, non-permanent basis.

Permanent part-time or permanent full-time staff members cannot serve as members of the Board of Directors.

Article 3 – Procedures

1. Duty to Disclose

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

Any board member can raise the subject of potential conflict of interest concerning any board member (either him or herself, or another board member) at any time, and it will be discussed by the full board.

2. Determining Whether a Conflict of Interest Exists

The board will consider personnel conflicts of interest (i.e., the ability of an individual to both serve on the board and work as a non-permanent paid employee) on a case-by-case basis. This decision will affect individual board members as the Board may limit a member's board duties, what he/she can vote on, and how he/she divides his/her time between donated services and paid employment.

After disclosure of the financial or personnel interest and all material facts, and after 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.

3. Procedures for Addressing the Conflict of Interest

- a. 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.
- b. After exercising due diligence, the governing board or committee shall determine whether the Organization 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.
- c. 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 Organization'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 of Directors of the Social Marketing Association of North America hereby adopts the above Conflict of Interest Policy as the official act of the corporation.

Certificate

The following do hereby certify that the foregoing is a true and correct copy of the Conflict of Interest Policy adopted by the Board Directors of the corporation adopted on October 27, 2016.

Signed

Date
