



LUPUS RESEARCH ALLIANCE

Conflicts of Interest Policy

It is in the best interest of the Lupus Research Alliance, Inc. (the “Corporation”) to be aware of and properly manage all conflicts of interest and appearances of a conflict of interest. This Conflict of Interest policy (“Policy”) is designed to help directors, officers, employees and volunteers of the Corporation identify situations that present potential conflicts of interest and to provide the Corporation with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in the Corporation’s operations.

1. Conflict of Interest Defined. In this Policy, a person with a conflict of interest is referred to as an “Interested Person.” For purposes of this policy, the following circumstances shall be deemed to create a Conflict of Interest:

a. A director, officer, employee or volunteer, including a board member (or family member of any of the foregoing) is a party to a contract, or involved in a transaction with the Corporation for goods or services.

b. A director, officer, employee or volunteer, (or a family member of any of the foregoing) has more than a de minimis financial interest in a transaction between the Corporation and an entity in which the director, officer, employee or volunteer, or a family member of the foregoing, is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, or other legal representative.

c. A director, officer, employee or volunteer, (or a family member of the foregoing) is engaged in some capacity or has a material financial interest in a business or enterprise that competes with the Corporation.

d. Accepting gifts, entertainment or other favors from individuals or entities can also result in a conflict or duality of interest 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 the Corporation.

Other situations may create the appearance of a conflict, or present a duality of interests in connection with a person who has influence over the activities or finances of the Corporation. All such circumstances should be disclosed to the board or staff, as appropriate, and a decision made as to what

course of action the organization or individuals should take so that the best interests of the Corporation are not compromised by the personal interests of stakeholders in the Corporation.

2. Definitions.

a. A "Conflict of Interest" is any circumstance described in Part 1 of this Policy.

b. An "Interested Person" is any person serving as an officer, employee or member of the Board of Directors of the Corporation or a major donor to the Corporation or anyone else who is in a position of control over the Corporation who has a personal interest that is in conflict with the interests of the Corporation.

c. 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.

d. A "Financial Interest" in an entity is a more than de minimis 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.

e. 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 the Corporation is not a Contract or Transaction.

3. Procedures.

a. **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 all related material facts, or acknowledge the existence of a conflict of interest, to the directors considering the proposed transaction or arrangement. Such disclosure shall be reflected in the minutes of the meeting. A director or committee member 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. If board members are aware that staff or other volunteers have a conflict of interest, relevant facts should be disclosed by the board member or by the interested person him/herself if invited to the board meeting as a guest for purposes of disclosure.

b. **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, he/she shall leave the meeting while the determination of a conflict of interest or potential excess benefit transaction is discussed and voted upon by the Board of Directors or a committee of the Board of Directors, and shall not in any way attempt to influence improperly the deliberation of or voting on the matter giving rise to such possible conflict. The remaining members of the Board of Directors or such committee shall determine whether a conflict of interest exists or whether the matter under consideration may be characterized as an excess benefit transaction. 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.

c. Procedures for Addressing the Conflict of Interest.

(i) The President or the chairperson of the committee of the Board of Directors shall appoint one or more directors who are not Interested Persons to investigate and consider alternatives to the proposed transaction or arrangement.

(ii) After exercising due diligence, the Board of Directors or committee of the Board of Directors 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 or an excess benefit transaction.

(iii) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee of the Board of Directors shall determine by a majority vote of the remaining members of the Board of Directors or such committee who do not have a conflict of interest whether the transaction or arrangement is in the Corporation's best interest, is for its own benefit, is fair and reasonable and does not constitute an excess benefit transaction.

(iv) The Board of Directors or such committee shall, in conformity with the above determination, determine whether to enter into the transaction or arrangement.

(v) 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.

(vi) The person having a conflict of interest may not vote on the Contract or Transaction and shall 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. For purposes of this paragraph, a member of the Board of Directors of the Corporation has a Conflict of Interest when he or she stands for election as an officer or for re-election as a member of the Board of Directors.

(vii) The minutes of the Board of Directors and all committees of the Board of Directors 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 Board of Directors' or committee of the Board of Directors' determination whether a conflict of interest in fact existed; and (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.

4. Confidentiality. Each director, officer, employee and volunteer shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of the Corporation. Furthermore, directors, officers, employees and volunteers shall not disclose or use information relating to the business of the

Corporation for their personal profit or advantage or the personal profit or advantage of their Family Member(s).

5. Review of policy.

a. Each director, officer, employee and volunteer 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.

b. Before initial election or appointment and annually thereafter each director, officer, employee and volunteer shall complete a disclosure form identifying any relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a Conflict of Interest. Such relationships, positions or circumstances might include service as a director, officer or employee of, or consultant to, another nonprofit organization, or service as a director, officer or employee of, or consultant to, or ownership of, a business that might provide goods or services to the Corporation. Any such information regarding the business interests of a director, officer, employee or volunteer, or a Family Member thereof, shall be treated as confidential and shall generally be made available only to the Chair, the President, 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.

c. This policy shall be reviewed annually by each member of the Board of Directors. Any changes to the policy shall be communicated to all staff and volunteers.