

## **CONFLICT OF INTEREST/DUALITY POLICY**

### **1.0 Purpose**

The purpose of the American Society of Nondestructive Testing, Inc. (“Society” or “ASNT”) 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 an ASNT director, officer, committee member, or key employee or contractor, 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**

This policy covers ASNT directors, officers, committee members, employees and contractors (each a “Covered Person”).

### **3.0 Definitions**

#### **3.1 Financial Interest**

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

3.1.1 An ownership or investment interest in any entity with which the ASNT has a transaction or arrangement.

3.1.2 A compensation arrangement with ASNT or with any entity or individual with which ASNT has a transaction or arrangement, or

3.1.3 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. A financial interest is not necessarily a conflict of interest. Pursuant to Section 5, 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.

#### **3.2 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 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 ASNT.

Individuals in a position to have substantial influence includes voting members of the board and the Executive Director.

### 3.3 Duality of Interest

A person has a duality of interest if the person is affiliated with an organization that ASNT is negotiating a transaction or arrangement with or competes with ASNT. Such affiliation exists if the person is a director, trustee, officer, or member of the organization, or has an unofficial role such as a significant donor, volunteer, or adviser to the organization.

Note: A duality of interest is not necessarily a conflict of interest. Pursuant to Section 5, a person who has a duality of interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## 4.0 Policy

### 4.1 Duty to Disclose

In connection with any actual or possible conflict of interest, a Covered Person must disclose the existence of the financial interest or duality of interest and be given the opportunity to disclose all material facts to the directors, members of committees with governing board delegated powers, or Executive Director 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 Covered Person has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.

4.2.2 If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the Covered Person 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 ASNT or, if the person refuses to resign, the individual shall become subject to possible removal in accordance with ASNT's procedures.

### 4.3 Compensation

A Covered Person who receives compensation, directly or indirectly, from ASNT for services is precluded from voting on matters pertaining to that person's compensation.

**4.4 Annual Statements**

Each Covered Person 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 Section 501(c)(3) tax-exempt organization 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.
- 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, other transactions or affiliations with businesses and other organizations and those of family members, and personal affiliations. (See Attachment A, Disclosure Form)
- 4.4.6 If at any time during the year, the information in the annual statement changes materially, the person shall disclose such changes and revise the Annual Disclosure Form.

**4.5 Periodic Review of Transactions**

ASNT Executive Director or his/her designee 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 Procedures**

**5.1 Annual Disclosure Form**

- 5.1.1 The Executive Director shall distribute 30 days prior to the Fall Conference to all Covered Persons a copy of Policy 0-6, *Conflict of Interest Policy* and Annual Disclosure Form.
- 5.1.2 Each Covered Person shall complete the Annual Disclosure 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 Annual Disclosure Form.

5.1.4 The Chairperson of the Board and the Executive Director shall review each Annual disclosure Form and document their review of the form.

## 5.2 Results of Disclosure

5.2.1 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 or duality of interest and all material facts and following any discussion with the Covered 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 an actual conflict of interest exists.

5.2.2 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.

## 5.3 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.

## 5.4 When Actions Are Beneficial to Covered Person's Private Interests

5.4.1 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.

5.4.2 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.

5.5 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

CONFLICT OF INTERST ANNUAL DISCLOSURE FORM

1. Name: \_\_\_\_\_

2. Position: Circle all that apply and list your specific position or title, as applicable.

Director

Officer:

Committee Member:

Key Employee or Contractor:

3. I affirm the following:

- I have received a copy of the ASNT Conflict of Interest Policy. \_\_\_\_\_ (initial)
- I have read and understand the Policy. \_\_\_\_\_ (initial)
- I agree to comply with the Policy. \_\_\_\_\_ (initial)
- I understand that ASNT is a non-profit Section 501(c)(3) tax-exempt organization 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. \_\_\_\_\_ (initial)

4. Disclosures:

**Financial Interest:** To the best of your knowledge, please list any financial interests which may create a conflict of interest between you and ASNT (see definitions in Policy):

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**Duality of Interest:** To the best of your knowledge, please list any duality of interests which may create a conflict of interest between you and ASNT (see definitions in Policy):

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I have the read the Policy attached hereto and attest that the disclosures above are true and complete to the best of my knowledge. If at any time following the submission of this form I become aware of any actual or potential conflict of interest or if information provided above becomes materially inaccurate or incomplete, I will promptly notify the ASNT Chairperson of the Board and the Executive Director.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_