



## POLICY STATEMENT

**Name of Policy:** Conflict of Interest

**Originally Passed** June 1979

**Last Review:** November 2012

### *Policy*

The American Diabetes Association and its subsidiaries (collectively, the Association) requires all members of the Board of Directors, members of Board appointed committees and staff to act solely in the best interest of the Association without regard to their personal or business interests.

The Association recognizes that there may be instances where a person in the positions listed above may appear to have a conflict of interest if that person has a business or personal interest that is related to an interest of the Association. To ensure independence and transparency, such person may be asked to abstain from discussion or vote on the related issue, or the person may be asked to move to a location where the discussion cannot be heard. Such action is not intended to suggest that the person would not act in the best interest of the Association or that the person cannot be trusted to act in the best interest of the Association. Instead, the action protects the Association by removing any credible opportunity for an outside person to suggest that a decision was made under the influence of a conflict of interest.

### *Identifying Conflicts of Interest*

To identify potential conflicts of interest with appropriate due diligence, Officers, Directors, members of select Board appointed committees and their related subcommittees, journal/periodical editors, and senior staff of the Association and its subsidiaries must annually disclose any potential conflicts of interest. The disclosed information should be updated by the individual during the year based on changed circumstances of the individual.

Through review of the annual disclosures and review of the agendas of relevant Board, Committee and other meetings, appropriate efforts will be made in advance of the meetings to identify potential conflicts of interest. However, each person has the responsibility to report his/her own conflicts of interest (actual or perceived) as those conflicts may arise during a meeting.

The following list outlines several types of transactions that should be considered a potential conflict of interest. Although it is impractical to list every situation that leads to a conflict of interest, this listing includes the minimum circumstances that should be disclosed. In addition, these circumstances not only apply to the individual serving in the Association's designated position, but also his/her immediate family, defined as spouse/domestic partner, sons, daughters, parents, brothers, sisters, and any person living in the same household as the individual.

**1. Direct Transactions with the American Diabetes Association**

- a) Individual’s employer receives ADA research grant.
- b) Individual is a direct recipient of a grant or honoraria from ADA (e.g., campership)
- c) Individual’s employer receives ADA grant other than research (e.g., community outreach grant).
- d) Individual is an employee/ partner/ owner of a company providing goods or services to ADA.

**2. Transactions and Relationships with Industry**

*Definition of Industry:* Any corporation, partnership, sole proprietorship, or other legal entity, both for profit and not-for-profit, engaged in the manufacture, distribution, sale, or reimbursement of diagnostic or therapeutic drugs, devices, supplies, or service for clinical care, research, or education. This definition does not include a physician or other clinician’s practice plan, or reimbursement for clinical services provided to a clinician’s patients. It does not include professional associations, not-for-profit volunteer health organizations, academic institutions or hospitals that provide products or services related to medical care, medical research; or accredited medical education. Examples include pharmaceutical companies and medical device companies.

- a) Individual’s employer receives Industry research funding and the individual is directly involved.
- b) Individual is a direct employee or paid consultant to Industry.
- c) Individual is a recipient of other Industry benefits, such as travel.
- d) Individual is a participant in a speaker’s bureau sponsored by Industry.
- e) Individual is a member of an Industry advisory board or an instructor/speaker at a CME sponsored by Industry.
- f) Individual is a stockholder/investor of an Industry company or inventor of a diabetes-related product.
- g) Individual is an employee/ partner/ owner of a company providing goods or services to Industry, and the individual is directly involved.

**3. Transactions and Relationships with Other Companies/Organizations**

- a) Individual serving as a senior volunteer to another nonprofit or charity
- b) Individual employed as senior staff of another nonprofit or charity that is not diabetes-related
- c) Individual benefits financially from a 3<sup>rd</sup> party because of a decision/action by ADA

**4. Acceptance of Gifts**

Individuals may not accept gifts from any entity or person which does, or is seeking to do, business with the Association, or is a competitor of the Association, which includes diabetes related organizations/companies. Examples of gifts include entertainment (including meals, alcohol), or other benefits (e.g. transportation).

This restriction does not include acceptance of gifts, entertainment or other benefit of minor value (less than \$250 per item or occasion) which are of such a nature as to indicate that they are merely tokens of respect, independent friendship, or convenience.

***Managing a Conflict of Interest***

Conflicts of interest exist to varying degrees based on the issue under discussion and the nature of the conflicting interest. Based on the situation, senior volunteers and staff presiding over the discussion are responsible to ensure appropriate action is taken: for the individual to publicly disclose the conflict, for the individual to recuse him or herself from the discussion, vote or room as appropriate and to ensure the disclosure and action is documented in the minutes of the meeting.

When a person has been asked to refrain from discussion or vote due to a conflict of interest, the affected person may not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting or discussion. Further, a person who has been asked to refrain from participation in a matter at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote on that matter. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.

Persons with a less significant conflict of interest may be asked to disclose that interest to the meeting prior to any participation in the discussion or vote. Such disclosure will be reflected in the minutes of the meeting.

The Audit Committee is responsible to ensure appropriate conflict of interest policies/procedures are developed and implemented. Two documents in addition to this policy provide specific guidance to manage potential Conflicts of Interest. The Audit Committee through the work of the Conflict of Interest SubCommittee will develop and maintain the implementation guidance in collaboration with the Research Policy Committee.

- Conflict of Interest Management Guidance; and
- Conflict of Interest, Confidentiality, and Non-Disclosure Policy for Grant Application Reviewers

***Compensation to Members of the Board of Directors***

When a member of the board of directors of an exempt organization receives direct compensation from the organization in a capacity such as a paid staff member, consultant, or Board member, the director is vulnerable to allegations of conflict of interest. As such, voting Board members may not receive compensation for any type of service to the Association other than reimbursement for reasonable expenses incurred. In addition, past Board members may not receive compensation that was deferred as a result of providing services during the individual's term as a voting Board member. The amount of the forfeited compensation may be credited toward the Board member's fundraising requirement and acknowledged as a donation to the program of the Board member's choice. Examples of compensation include:

- editors or authors of the organization's publications who receive honoraria, royalties, or support for office operations;
- paid consultants or independent contractors;
- lessors of office space;
- purveyors of goods and services such as printing or office supplies

***Additional Responsibilities Related to Proprietary/Confidential Information***

Through the course of serving in the positions listed in the *Policy* section above, volunteers and staff will be exposed to proprietary and confidential Association information. Such information may not be disclosed or used for the personal benefit or advantage of another, where such disclosure may do the Association harm or provide financial benefit to the persons receiving the information. Examples include:

- Disclosure of part or all of Association financial information to a person who might disclose the information in a manner that brings discredit upon the Association. This limitation excludes information that is publicly available at the time;
- Disclosure of plans regarding an Association initiative to a person who may use this information to influence the plans of a competitor organization;
- Disclosure of plans or activities of the Association before broad public disclosure to others who might improperly accrue financial benefit.

***Policy Review***

The Conflict of Interest Policy will be reviewed by the Board of Directors at least once every three years for confirmation or adjustment.