



POLICY AND PROCEDURES REGARDING CONFLICTS OF INTEREST

Policy Summary

It is the policy of the National Kidney Foundation (NKF) to identify conflicts of interest involving the NKF and related parties, as well as to identify situations which may give rise to the appearance of a conflict of interest, and to address such conflicts and situations in a manner that will fully protect the integrity and reputation of the National Kidney Foundation, as well as related parties.

Article I: Purpose

The purpose of this conflict of interest policy is to protect the National Kidney Foundation's interests when it is contemplating entering into a transaction, arrangement or other work that might benefit the private interest of an officer or director (governing board member), might result in a possible excess benefit transaction or may give the appearance of undue influence from outside parties. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest which are applicable to nonprofit and charitable foundations.

Article II: Definitions

1. Conflict of Interest

A "conflict of interest" arises when a person in a position of authority in an organization, such as a director, officer, expert volunteer or key staff member, may benefit personally from a decision he or she could make.

2. Interested Person

Any principal officer, director, committee member or senior staff person with delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

3. Financial Interest

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

- a. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement
- b. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial, such as:
 - 1) Consultancy – any consultancy, directorship, position in or work which attracts regular or occasional payments in cash or kind
 - 2) Fee-paid Work – any work commissioned for which the member is paid in cash or in kind

3) Shareholdings – any shareholding in or other beneficial interest in shares. (This does not include shareholdings through unit trusts or similar arrangements where the member has no influence on financial management) or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

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 governing Board or appropriate committee decides that a conflict of interest exists.

4. Research Awards

Members of scientific and medical professional advisory bodies shall avoid situations of possible conflict of interest in the recommendation of grants to their own institutions.

Article III: Procedures

1. Distribution of Policy and Procedures

This policy shall be presented and discussed annually for the information and guidance of directors, officers, committee members and senior staff who are serving or employed by the Foundation. Annually a Disclosure and Attestation Statement shall be furnished to and completed by each officer, director, committee member and senior staff member. Any new directors, officers, committee members or senior staff shall be advised by the Compliance Officer of this policy and furnished a disclosure statement upon undertaking the duties of such office.

2. 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 Board members or members of committees considering the proposed transaction or arrangement. The NKF's Disclosure and Attestation Statement is provided for this purpose.

3. Determining Whether or Not 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 Board or committee meeting while the potential of a conflict of interest is discussed and determined. The remaining Board or committee members shall decide if a conflict of interest exists. The minutes of the meeting shall note that this procedure was followed and the group's determination.

4. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation at the 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.

b. After exercising due diligence, the Board or committee shall determine whether the Foundation 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 avoiding a conflict of interest is not reasonably possible under circumstances, the Board or committee shall determine by a majority vote of the disinterested directors or members, whether the transaction or arrangement is in the Foundation'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 specified transaction or arrangement.

d. In the case of research awards, the member of any institution to which a grant is to be considered shall retire from the room during the course of the discussion, shall not participate in the deliberation nor vote on the matter.

5. Violations of the Conflict of Interest Policy

a. If the Board, committee or Compliance Officer 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.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board, committee or Compliance Officer determines that the member has failed to disclose an actual or possible conflict of interest, appropriate disciplinary and corrective action shall be taken.

Article IV: Records of Proceedings

The Minutes of the Board meeting and all committee meetings where such conflicts have arisen shall contain:

a. The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the financial interest or other conflict, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

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.

Article V: Compensation

a. A voting member of the Board who receives compensation for services from the Foundation, directly or indirectly, is precluded from voting on matters pertaining to that compensation.

b. Any voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation from the Foundation, directly or indirectly, either individually or collectively, retains the ability to provide information to any committee regarding compensation matters.

Article VI: Annual Statements

Each director, principal officer, member of a committee and senior staff member in a position where potential conflicts may arise shall annually complete and sign a Disclosure and Attestation Statement which affirms that such person has:

a. Received a copy of this Conflict of Interest Policy and Procedures

- b. Read and understands the policy and procedures
- c. Agreed to comply with the policy and procedures
- d. Completed a Disclosure and Attestation Statement.

Such statements will be kept on file by the Compliance Officer.

Article VII: Annual Review

To ensure that the Foundation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, its reputation, or the scientific merit of its programs, periodic reviews shall be conducted. An annual review shall be conducted by the Audit Committee, and, at a minimum, will include the following subjects:

- a. Whether partnerships, joint ventures, and arrangements with management conform to the Foundation's written policies, are properly recorded, do not result in private inurement, impermissible private benefit or in an excess benefit transaction.
- b. Whether any identified conflict of interest was dealt with according to these policies and procedures.

The Audit Committee will annually report its findings to the Board of Directors.

Article VIII: Use of Outside Experts

When conducting the annual review as provided for in Article VII, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing Board of its responsibility for ensuring that periodic reviews are conducted.

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