



**BOARD OF DIRECTORS
CONFLICT OF INTEREST POLICY**

Members of the National Quality Forum's ("NQF") Board of Directors each owe a duty of loyalty to NQF, which requires they act at all times in NQF's best interest. They must have an undivided allegiance to NQF's mission, and may not use their position with NQF, information they have about NQF, or NQF's property, in a manner that allows them to secure a financial or other material benefit for themselves or their relatives. In addition, the Internal Revenue Code requires NQF, as a tax-exempt organization, to ensure that no part of NQF's net earnings inure to the benefit of any individual.

This Conflict of Interest Policy is designed to:

- (1) Guide the Board in identifying, disclosing, and managing conflicts of interest.
- (2) Satisfy IRS requirements regarding conflict of interest policies for nonprofit organizations.
- (3) Identify apparent or actual conflicts of interest or bias in connection with carrying out NQF's mission.

1. What Is a Conflict of Interest?

A conflict of interest may arise in any circumstance that compromises, or appears to compromise, the ability of a Board member to make unbiased and impartial decisions on NQF's behalf. Such circumstances may involve family relationships, business transactions, professional activities, or personal affiliations.

NQF recognizes that Board members have many interests, activities, and relationships, which may or may not be related to the Board's work. Some interests may subject NQF and individual Board members to legal and reputational risk. It is the Board's responsibility to examine and manage actual and apparent conflicts of interest.

2. What Is the Process for Disclosing a Potential Conflict of Interest?

NQF's Board of Directors requires all Board members to complete and submit an annual Disclosure Statement detailing any facts or circumstances that might constitute a conflict of interest. The Board further requires Board members to submit an amended Disclosure Statement to reflect any material changes or additions during the course of the year. The Board encourages Board members to err on the side of disclosure and to report any set of circumstances that may appear to pose a conflict of interest, even if the Board member is uncertain as to whether such circumstances should be disclosed.

Following completion of the Disclosure Statement, Board members will orally disclose significant interests on an annual basis at a meeting of the Board of Directors. Board members will have the opportunity to discuss these disclosures with each other if they wish.

A Board member should notify the Board Chair if the Board member believes that a particular matter before the Board appears to pose a conflict of interest for that Board member. This notification should occur prior to a Board meeting to the extent that the Board member is aware of the issue in advance. If the Board member is not aware of the issue in advance, the Board member should alert the Board chair during the meeting and prior to discussion of the issue.

3. How Are Conflicts of Interest Identified?

NQF's General Counsel will review each Disclosure Statement for any set of facts or circumstances that may reflect an apparent or actual conflict of interest. The General Counsel will notify the Executive Committee of a Board member's apparent or actual conflicts of interest.

While evaluating a particular set of facts or circumstances, the reviewer shall consider the following non-exhaustive list of factors that may indicate a conflict of interest:

- (A) Solicitation or acceptance of gifts or other items of value that may create an appearance or expectation of special treatment in NQF matters;
- (B) Any incident of abuse or misuse of a leadership position for personal or third-party gain or benefit;
- (C) Situations in which a Board member may be divided between personal interests or the interests of another organization and NQF's best interests;

- (D) Business, professional, or other activities that would materially and adversely affect NQF, either directly or indirectly; and
- (E) Any arrangement in which a Board member provides goods or service to NQF as a paid vendor.

The General Counsel, the Executive Committee, or the Board of Directors may request additional information from any Board member at any time. No Board member whose relationships or activities are under review may participate in deliberations, debate, or any vote of the Executive Committee or the Board of Directors.

4. How Are Conflicts of Interest Resolved?

If the Board of Directors identifies an apparent or actual conflict of interest upon referral of a matter by the Executive Committee, the Board may take one of the following actions to resolve such conflict:

- (A) **Waive** the conflict of interest as unlikely to affect the Board member's ability to act in NQF's best interest;
- (B) Determine that the Board member should be **recused** from all deliberation and decision-making related to the particular transaction or relationship that gives rise to the conflict of interest. This course of action should apply particularly when the transaction or relationship is one which presents an apparent or real conflict only with respect to one or two discrete programs or activities; or
- (C) Determine that Board member must **resign** from service to NQF. This course of action should apply when the conflict of interest is so pervasive that the Board member would likely seldom, if ever, be able to act solely in NQF's best interest, or would give the appearance of being unable to do so.

NQF's Board of Directors reserves final authority over the resolution of all conflicts of interest regarding a Board member.

5. May Board Members Do Business with NQF?

A conflict of interest exists any time a Board member seeks to enter into a business relationship with NQF. Similar conflicts may arise through family members or through organizations in which Board members serve in a leadership, advisory, employment, or ownership capacity.

Such conflicts do not, however, necessarily preclude business relationships with NQF. The following procedure is designed to resolve conflicts of interest whenever a Board member seeks to provide goods or services to NQF as a paid vendor or applies for a significant grant or contract from NQF.

- (A) The Board member must promptly disclose the intent to enter into a business relationship with NQF to the Board's Executive Committee.
- (B) The Board member must recuse himself or herself from any deliberation, debate, and voting related to the contemplated business relationship.
- (C) If the value of the transaction exceeds \$5,000, NQF must solicit proposals or applications from at least two other candidates for the agreement or grant under consideration.
- (D) The Executive Committee must determine, without the presence or participation of the Board member under review, that the transaction is fair and in the NQF's best interest.
- (E) If the Executive Committee approves the business relationship under consideration, the Board member involved may not participate in any process by which his or her performance as a vendor, grantee, or recipient is evaluated, or in any such evaluation of a related party.

6. May the Board delegate its authority to review and resolve conflicts of interest?

The Board shall retain the ultimate authority to review and resolve conflicts of interest under this policy. The Board may delegate its authority under this policy, in whole or in part, to any committee of directors or officers of the corporation. Only individuals who are disinterested with regard to the matters under review may participate in any such review. A delegated committee or officer shall inform the Board of any determinations made or actions taken with regard to conflicts of interest. The Board shall retain the right to modify or reverse any such determination or action, and shall retain the ultimate enforcement authority with respect to the interpretation and application of this policy.

7. Records.

All determinations or actions of a reviewing body or official made pursuant to this policy shall be properly documented in NQF's corporate records.

Policy revision effective February 26, 2014.