



## **VOLUNTEER DISCLOSURE AND CONFLICT OF INTEREST POLICIES & PROCEDURES**

### **General**

The Directors and AAPA volunteer leaders (collectively referred to as “Leaders”) of the American Academy of Physician Associates (“AAPA” or “Academy”) have a fiduciary duty to act at all times in the best interest of AAPA. This fiduciary responsibility requires Leaders to avoid engaging in any real or potential conflict of interest or creating the perception of conflict of interest. In their capacity as Leaders, they must subordinate personal, business, third-party and other interests to the interests of AAPA. Moreover, the Board of Directors (“BOD”) has an obligation to ensure that the organization is transparent and maintains an unbiased decision-making process.

All capitalized terms used herein shall have the meanings ascribed to them as defined in this Volunteer Disclosure and Conflict of Interest Policies and Procedures (“Policy”).

### **Purpose**

The purpose of this Policy is to inform Leaders about what constitutes a conflict of interest, assist them in identifying and disclosing actual and potential conflicts, help them to avoid conflicts of interest where necessary, and ensure that all deliberations and decisions of Leaders protect the interests of AAPA, particularly when a Leader contemplates entering into a transaction or arrangement that may directly or indirectly benefit the Leader (i.e., through business, family, or investment). A Leader may not use his or her position with respect to AAPA, or confidential information relating to AAPA to achieve a benefit for himself or herself or for a third party, including another nonprofit or charitable organization. This Policy is intended to supplement but not replace any applicable laws governing conflicts of interest in nonprofit and charitable organizations.

### **Definitions**

“Compensation” means any direct or indirect remuneration, including gifts or favors, given in exchange for a good, service or other activity.

“Director” means any member of the BOD.

“Family Member” means a spouse (including former spouses within last five years), ancestor, sibling, child, stepchild, grandchild, great-grandchild, or the spouse (or former spouse) of such persons and any individual who is defined as “Family” in AAPA policy HP-9220<sup>1</sup>.

“Financial Interest” means an interest, directly or indirectly, through business, investment or a Family Member, in an existing or potential ownership or investment interest in any entity.

“Leaders” means any Director or Academy volunteer leader of AAPA.

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<sup>1</sup> HP-9220 (formerly HP-3700.1.7) AAPA defines family as any person or persons who play a significant role in an individual’s life. This may include persons not legally related to the individual. AAPA recognizes that PAs are obligated to follow state and federal laws regarding family, however, AAPA encourages PAs to acknowledge, respect and consider any non-legally or non-genetically related family members. [Adopted 2010, reaffirmed 2015, 2020]

“Volunteer Leader” means anyone who holds an elected or appointed position on an Academy or Student Academy board, committee, commission, work group or task force, or who serves in AAPA’s House of Delegates.

### **What is a Conflict of Interest?**

A conflict of interest arises when a Leader has some interest—which may be a Financial Interest or other interest—that may appear to be advanced, or may compete, with AAPA’s interests, or otherwise may appear to affect their objectivity or independence in fulfilling their duties to AAPA.

Conflicts and related confidentiality issues come in various forms. Below are three common types of conflict/confidentiality issues. Guidance on managing these issues can be found under “Administering the Policy” below.

1. Direct Conflict - Where AAPA is considering a decision on a transaction or other arrangement in which the interests of a Leader could, in fact or in appearance, be advanced (directly or indirectly through an affiliate or Family Member) or when the Leader’s interests could reasonably be viewed as affecting his or her objectivity or duty of loyalty to AAPA. Typically, this involves an existing or potential ownership or investment interest in, or compensation arrangements with, any entity whose business or operation has been or will be directly affected by a decision or action of AAPA.
2. Informational Conflict - Where AAPA information is provided to a Leader that could, in fact or in appearance, advance the interests of a Leader or potentially be used to harm AAPA.
3. General Duty of Confidentiality - Where confidential or proprietary AAPA information is shared with Leaders, Leaders have an obligation only to use the information for AAPA purposes and to refrain from disclosing it.

### **Duty to Disclose, Refrain from Influence, and Recuse**

In a robust business environment that relies on rigorous volunteer efforts, potential conflicts often arise. The fact that a potential conflict exists may not be problematic if it is identified, disclosed, and if appropriate, mitigated and managed. Disclosure and (if necessary) removal of the Leader with the conflict from the decision-making process is essential to managing conflicts of interest.

When a Leader becomes aware of a previously undisclosed current or potential conflict, the Leader has a duty to immediately disclose the material facts concerning the conflict, in writing, to the appropriate person (See “Appendix A: Administering the Policy”).

Any Leader who has a conflict shall:

- (a) refrain from using personal influence to encourage AAPA to enter into the transaction or other arrangement, or make any attempt to influence improperly the deliberation or voting on such transaction or other arrangement;
- (b) seek to be physically excused from participation in any discussions regarding the transaction or other arrangement with other Leaders, officers and employees of AAPA and at meetings of the BOD or any applicable committee, except to respond to requests for information about the transaction or other arrangement; and
- (c) not participate in voting or other decision-making related to the transaction or

arrangement.

### **Disclosure in House of Delegates**

In accordance with the Bylaws, AAPA's House of Delegates (HOD) has the sole authority to enact policies establishing the collective values, philosophies, and principles of the PA profession. The HOD's strength is rooted in the broad diversity of perspectives and interests that are brought together through its delegates. To preserve the integrity of the HOD's deliberative process, disclosure of any conflicts that exist on both the individual *and* constituent organization (CO) level is essential to prevent delegates or delegations from benefitting or appearing to benefit financially from HOD policies, testimony, or other HOD activities. To that end, HOD delegates should be aware of and disclose their own conflicts as well as any of their CO's which might be relevant to HOD business.

### **Annual Disclosure Form**

Each Leader is required to annually complete and submit a Disclosure Form and Confidentiality Agreement (a "Disclosure Form") provided by AAPA, detailing any relevant Financial Interest, as well as paid and unpaid positions and relationships with third party organizations, and arrangements or relationships with AAPA and other Leaders. Leaders are also required to update the Disclosure Form if any material changes or additions to the submitted information arise during the course of the year or in a BOD, HOD or Committee meeting where a potential conflict arises.

On the Disclosure Form, the Leader must list the following:

- ownership of other proprietary interests, responsibilities, relationships, or other circumstances that may lead to an actual, potential or perceived conflict of interest
- whether the Leader or any Family Member has personal or business relationships, activities, or interests which could potentially appear to the public as impairing their objectivity making decisions on AAPA matters; or
- whether the Leader or any Family Member receives compensation (not including expense reimbursement) or other material financial benefits from AAPA.

Each Leader is encouraged to disclose a relationship if there is any uncertainty as to whether the relationship should be disclosed.

### **Evaluating Conflict of Interest**

- When evaluating whether a particular transaction or relationship ("Covered Transaction") constitutes an actual, potential or perceived conflict of interest, the reviewing body shall consider the following:
  - Whether the Leader abuses their role for personal or third-party gain or pleasure (including, but not limited to, the solicitation or acceptance of non de minimis gifts or other items of value and indirect inducement to provide special treatment on organizational matters).
  - Whether the Covered Transaction places self-interest, interest of one's company, organization or another entity for which the individual serves in a leadership, employment or ownership capacity, or the interest of any third party above the interests of AAPA.

- Whether engaging in the Covered Transaction is directly or indirectly materially adverse to AAPA.
- Whether the Leader is providing goods and services to AAPA as a paid vendor.
- If the reviewing body determines that an actual, potential or perceived conflict of interest arises from a Covered Transaction, the following policies shall apply:
  - AAPA may enter into a Covered Transaction when the reviewing body determines that the transaction is fair and reasonable and in the best interests of AAPA. In making its determination, the reviewing body may consider factors such as:
    - a) market data on comparable transactions,
    - b) alternative transactions that do not involve a conflict, and
    - c) whether the transaction may be subject to any federal or state laws that apply to such transactions.
  - The reviewing body may determine that the individual Leader should *resign/be removed* from service to AAPA, because the actual, potential or perceived conflict of interest is such that it would prevent the Leader from being able to serve the best interests of the AAPA.
- In determining how to deal with a conflict, potential conflict, or a confidentiality issue, the reviewing body may use the following principles as a guide:
  - Direct Conflict - Where there is a direct conflict (e.g., AAPA is considering a transaction with a consulting company in which a Director or a Director's Family Member has a Financial Interest), the Leader with the conflict should recuse from any consideration of, or work regarding, the transaction, including documents, deliberation, and voting. If it is determined that the conflict is such that the Leader cannot continue with AAPA, he/she should resign or be removed from his/her service to the AAPA.
  - Informational Conflict - Where information is provided or available to a Leader that could benefit the Leader or potentially harm AAPA (e.g. where a Leader has a Financial Interest in a consulting company and AAPA has decided to operate a program that would compete with the consulting company), the Leader with the conflict shall not have access to documents and discussions that could provide a material advantage. The Leader could still receive general updates on the matter in question, but nothing that could provide a material advantage to the Leader.
  - General Confidentiality Requirement - Where information is provided to an AAPA Leader that would not necessarily benefit the outside interests of a Leader, there is still an obligation for the Leader to only use the information for AAPA purposes and to refrain from disclosing it. Leaders are required to certify their compliance with the general confidentiality requirement by executing the Disclosure Form in accordance with this Policy.
- The reviewing body will accept testimony from the Leader and discuss options with the Leader, including timeframe to take action and possible actions (see above: waive, recuse, resign/be removed).

### **Records of Proceedings**

The minutes of any meeting at which a committee or the BOD determines that an actual, potential or perceived conflict of interest exists, where a Covered Transaction was approved, or where any mitigation or management of a conflict was determined, shall contain:

- The names of persons found to have an actual, potential or perceived conflict of interest; the nature of the actual, potential or perceived conflict; the actions taken to determine whether a conflict of interest was present; and the decision as to whether a conflict of interest, in fact, exists.
- The names of the persons who were present for discussions, any alternatives to the proposed transaction or arrangement that were considered, and the votes relating to the actual potential, or perceived conflict of interest.

Per the AAPA Board Manual (Section VIII.A.4), the BOD may enter into an Executive Session and record confidential actions in executive session meeting minutes.

### **Periodic Reviews**

The BOD, through its Internal Affairs Committee (IAC), shall periodically consider whether and how this Policy should be revised or amended to better meet the Policy's objectives in order to mitigate risk to both the organization and volunteers.

## **Appendix A: Administrating the Policy**

The BOD is responsible for the AAPA Conflict of Interest and Disclosure Policies. All Leaders are subject to the Policy, including completion of the Disclosure Form included as part of this Policy.

The Internal Affairs Committee (IAC) of the AAPA BOD will administer and monitor compliance with this policy for all Leaders. The HOD is responsible for the administration of the policy among HOD Delegates. However, any Delegate found to have an unresolvable conflict will be brought to the attention of the IAC for subsequent review.

The IAC, with the aid of legal counsel, will make the initial determination of whether a particular transaction, relationship or other arrangement may constitute an actual, potential or perceived conflict of interest and will communicate its finding the Leader in question.

### **Current Board of Directors**

- Directors will receive a copy of this Policy and shall complete the Disclosure Form at the beginning of each leadership year.
- Directors shall update their Disclosure Forms as soon as they are aware of any new potential conflict.
- BOD meeting agendas will include this statement from the Chair of the BOD:

“It is my duty to remind you that the American Academy of PAs maintains an official policy with respect to the disclosure of bias and potential conflicts of interest, and related party transactions. If you are about to participate in a meeting where a conflict may apply, you should disclose the conflict to the chair of the meeting and ask the chair of the meeting whether you should recuse yourself or not participate in the discussion for its duration.”
- Conflicts disclosed by current Directors will be referred to the IAC.

### **Board of Directors Candidates**

- Candidates for all elected Director positions will receive a copy of this Policy. Each candidate is responsible for completing the Disclosure Form prior to election.
- Successful write-in candidates are responsible for complying with this policy and shall submit a Disclosure Form immediately following their election.
- Conflicts disclosed by Director Candidates will be referred to the IAC

### **Delegates Serving in the HOD**

- See the HOD Standing Rules in the AAPA Policy Manual

### **All Other Leaders**

- Other Leaders will receive a copy of this Policy and shall complete the Disclosure Form at the start of each leadership year, or prior to beginning service on behalf of the Academy if the appointment does not align with the leadership year.
- Leaders shall update their Disclosure Forms as soon as they are aware of any new potential conflict.
- Governance staff may support the IAC's work by screening the volunteer Disclosure Forms. Those disclosures that are determined to potentially require mitigation will be referred to the IAC for review.

The IAC will report to the AAPA BOD at least quarterly regarding its findings. Significant findings will be presented at the next regular BOD meeting.