

## **DAMA-I Board of Directors Conflict of Interest Policy**

### **Article I Purpose**

The purpose of the Board of Directors' conflict-of-interest policy is to protect the interest of DAMA, International, ("DAMA-I") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of DAMA-I or might result in a possible excess benefit transaction, both of which may give rise to compliance issues under federal or state law. This policy is intended to supplement but not replace DAMA-I's International Code of Ethics or any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

### **Article II Definitions**

#### **A. Interested Person**

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

#### **B. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family (defined to include a spouse, domestic or life partner, other member of the person's household, including parents, siblings, children and any other relative or financial dependent if the latter reside in the same household as the individual):

- a. An ownership or investment interest in any entity with which DAMA-I has a transaction or arrangement,
- b. A compensation arrangement with DAMA-I or with any entity or individual with which DAMA-I has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which DAMA-I is negotiating a transaction or arrangement.

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. Under Article III, Section 2, a person who has a financial interest may have a conflict interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **Article III**

#### **Procedures**

##### **A. 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 directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

##### **B. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, they must 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 will decide if a conflict of interest exists.

##### **C. Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, they must leave the meeting during discussion of, and vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee will, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee will determine whether DAMA-I 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.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee will determine by a majority vote of the disinterested directors whether the transaction or arrangement is in DAMA-I's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it will make its decision as to whether to enter into the transaction or arrangement.

##### **D. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it will 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 governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it will take appropriate disciplinary corrective action.

**Article IV**  
**Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers will contain:

- a. The names of the person(s) who discloses or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing 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**

Voting members of the board or committees with delegated authority are prohibited from voting on a matter relating to their compensation.

- a. A voting member of the governing board who receives compensation, directly or indirectly, from DAMA-I for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from DAMA-I for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from DAMA-I, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**Article VI**  
**Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers will annually sign a disclosure statement (Attachment A to this Policy) that affirms such person:

- a. Has received a copy of the conflict-of-interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy and,
- d. Understands DAMA-I is tax-exempt under U.S. federal law and to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes and that, as a tax-exempt

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organization, it is prohibited from providing a substantial private benefit to anyone. If it does, DAMA-I risks losing its tax-exempt status.

## **Article VII**

### **Periodic Reviews**

To ensure DAMA-I operates in a manner consistent with its tax-exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews will be conducted. The periodic review will, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to DAMA-I's written policies, are properly recorded, reflect reasonable investment or payments for goods services, further tax-exempt purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## **Article VIII**

### **Use of Outside Experts**

When conducting the periodic reviews as provided in Article VII, DAMA-I may, but need not, use outside advisors. If outside experts are used, their use will not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

ATTACHMENT A

To: Secretary of the Corporation, VP Operations  
DAMA-International

Annual Disclosure of Conflicts of Interest

RE: Compliance with Board of Directors' Conflict of Interest Policy

This is to confirm that I have read and understand the DAMI-I Board of Directors' Conflict of Interest Policy, and that I understand that DAMA-I is a tax-exempt non-profit organization that must engage primarily in activities that accomplish one or more of its tax-exempt purposes in order to maintain its federal tax exemption and that, as a tax-exempt organization, it is prohibited from providing a substantial private benefit to anyone. If it does, DAMA-I risks losing its tax-exempt status.

Check only one:

\_\_\_\_\_ I am in full compliance with the policy

\_\_\_\_\_ I am not (may not be) in compliance for the reason (s) stated below:

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

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

Name (printed): \_\_\_\_\_

Title/Responsibility: \_\_\_\_\_

(NOTE: RETURN ORIGINAL to the Secretary of the DAMA-I Corporation/VP of Operations; RETAIN DUPLICATE FOR YOUR FILES)

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