



CONFLICT OF INTEREST POLICY

Section 1. **PURPOSE.**

The purpose of this conflict of interest policy is to protect the interests of Global Action to End Smoking, Inc. (the “Organization”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Interested Person or any of their Related Parties, each as defined below. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Section 2. **DEFINITIONS.**

- A. *Interested Person.* Interested Persons include the Organization’s Directors, officers, members of committees with Board-delegated powers, and staff members.
- B. *Related Party.* Related Parties of an Interested Person include:
 - 1) Such person’s relatives. Relatives include a person’s spouse or domestic partner, parent, sibling, or child.
 - 2) Any entity or trust of which the Interested Person or one of his or her relatives serves as a director, trustee, officer, or employee.
 - 3) Any entity or trust in which the Interested Person and/or one or more of his or her Relatives have a 5% or greater ownership or beneficial interest.
- C. *Conflict of Interest.* A conflict of interest will arise whenever the Organization enters or considers entering into a transaction or arrangement (including a compensation arrangement) with any Interested Person or one of his or her Related Parties, or in any other situation in which the interests of an Interested Person or one of his or her Related Parties compete with the interests of the Organization. Compensation arrangements include direct and indirect remuneration as well as gifts or favors that are substantial in nature. Further, a conflict of interest will arise if any Interested Person or one of his or her Related Parties has or acquires a 5% or greater ownership or investment interest in a tobacco and/or nicotine-containing products company or in any commercial entity involved in the tobacco reduction or cessation field or that otherwise may be affected by the scientific research conducted or funded by the Organization.

Section 3. **PROCEDURES.**

- A. *Duty to Disclose, Defer and Cease.* If an Interested Person has any actual or possible conflict of interest with respect to a proposed transaction or arrangement, such person must disclose the existence, nature, and all material facts of such conflict of interest to the Board of Directors or the Board committee considering the proposed transaction or arrangement. Any person who believes an activity may involve or generate a conflict of interest shall defer or cease engaging in such activity until such time as a final written determination is made under this Article that proceeding is not inappropriate under the circumstances. The Board of Directors or relevant committee shall make such determinations in its sole discretion.

B. *Determining Whether a Conflict of Interest Exists.* After disclosure of the possible conflict of interest and all material facts, and after discussion with the Interested Person if requested by the Board or applicable committee, the Interested Person shall leave the Board or committee meeting while the Board or committee discusses and votes upon whether a conflict of interest exists.

C. *Procedures for Addressing Conflicts of Interest.*

1. If the Board or applicable committee determines that a conflict of interest exists, the Interested Person may make a presentation at the Board or committee meeting with respect to such conflict of interest, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
2. The Chair of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the Board or committee shall determine whether the Organization can, with reasonable efforts, obtain a more advantageous or similarly advantageous transaction or arrangement that would not give rise to a conflict of interest.
4. If a more advantageous or similarly advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested Directors of the Board or Committee whether the transaction or arrangement is in the Organization's best interest, for its own benefit and whether the transaction is fair and reasonable to the Organization and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

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

1. If the Board or committee has reasonable cause to believe that an Interested Person has failed to disclose actual or possible conflicts of interest or to provide full disclosure regarding an actual or possible conflict of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the Interested Person and making such further investigation as may be warranted in the circumstances, a majority of the Board or committee determines that the Interested Person has in fact failed to appropriately disclose an actual or possible conflict of interest, it shall take whatever disciplinary action, corrective action, or both, it deems appropriate in its sole discretion.

Section 4. **RECORDS OF PROCEEDINGS.**

The minutes of the Board and all committees with Board-delegated powers shall contain:

- A. The names of the Interested Persons who disclosed or otherwise were found to have an actual or possible conflict of interest with respect to a transaction or arrangement of the Organization, the nature of the conflict of interest, and the Board's or committee's decision as to whether a conflict of interest in fact existed, and whether and how to proceed with the underlying transaction or arrangement.
- B. The names of the persons who were present for discussions and votes relating to the conflict of interest and the transaction or arrangement; the content of the discussion, including all material facts, any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 5. **COMPENSATION COMMITTEES.**

A voting member of any committee whose jurisdiction includes compensation matters and who receives

compensation, directly or indirectly, from the Organization is precluded from voting on matters pertaining to that member's compensation unless the committee relies on guidance from an independently prepared compensation study in determining the appropriateness of such member's compensation.

Section 6. **ANNUAL STATEMENTS AND DISCLOSURES STATEMENTS.**

Each Interested Person shall annually sign a statement that affirms that such person:

- 1) has received a copy of the conflict of interest policy;
- 2) has read and understands the policy;
- 3) has agreed to comply with the policy; and
- 4) understands that the Organization is a charitable organization and that in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

A. *Initial and Annual Written Disclosures.* Each Interested Person, prior to his or her initial election, appointment or employment, and thereafter on an annual basis, shall disclose in writing to the Secretary of the Organization, to the best of such person's knowledge,

- (i) any entity of which such person or such person's Related Parties is an officer, director, trustee, member, owner, or employee with which the Organization has (or is known to be in discussions to have) a relationship;
- (ii) any transaction or arrangement in which the Organization is a participant (or is known to be in discussions to be a participant) and with respect to which such person or one of such person's Related Parties might have a conflict of interest, and a description of such conflict of interest;
- (iii) any 5% or greater ownership or investment interest, direct or indirect, of such person or such person's Related Parties in a tobacco and/or nicotine-containing products company or in any commercial entity involved in the tobacco reduction or cessation field or that otherwise may be affected by the scientific research conducted or funded by the Organization; and
- (iv) any past or present financial relationship of such person or such person's Related Parties with the tobacco industry or any commercial entity involved in the development and/or commercialization of nicotine-containing products or tobacco reduction or cessation field or that otherwise may be affected by the scientific research conducted or funded by the Organization, including, but not limited to, salary or wages, remuneration, consulting fees, honoraria, expert testimony fees or speaking engagement fees received by such person. Upon request, the Secretary of the Organization shall provide copies of all completed initial and annual written disclosures to the chairperson of the Board of Directors.

B. *Grant and Contract Recipients and Grant Application Reviewers.* The Organization shall require, during the process for screening, reviewing, and awarding grants and contracts, that each grant and contract recipient, as may be appropriate, and grant application reviewer, disclose in writing to the Organization

- (i) any 5% or greater ownership or investment interest, direct or indirect, in a tobacco company or in any commercial entity involved in the development and/or commercialization of nicotine-containing products or the tobacco reduction or cessation field or that otherwise may be affected by the scientific research conducted or funded by the Organization and
- (ii) any past or present financial relationship with the tobacco industry, or with any commercial entity involved in the development and/or commercialization of nicotine-containing

products or tobacco reduction or cessation field or that otherwise may be affected by the scientific research conducted or funded by the Organization, including, but not limited to, salary or wages, remuneration, consulting fees, honoraria, expert testimony fees or speaking engagement fees received by such person.

Section 7. **PERIODIC REVIEWS.**

To ensure that the Organization operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. whether the Organization's compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; and
- B. whether the Organization's partnership and joint venture arrangements, and arrangements with management service organizations, conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Organization's charitable purposes and do not result in private inurement or impermissible private benefit.

Section 8. **USE OF OUTSIDE EXPERTS.**

In conducting periodic reviews provided for herein, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring that periodic reviews are conducted.

Last updated by the Board of Directors of Global Action to End Smoking on December 15, 2023.