

# American Skin Association

## Conflict of Interest Policy

### ARTICLE I PURPOSE

The purpose of this conflict of interest policy is to protect the interests of American Skin Association (“ASA”) when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer or director of ASA or certain other related parties or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

### ARTICLE II DEFINITIONS

1. Interested Person. Any member of the Board of Directors (“Board”), member of a Board committee, officer or Key Employee of ASA, or any director, officer or Key Employee of an ASA Affiliate, who has a direct or indirect Financial Interest or a Duality of Interest, as defined below, is an Interested Person.
2. Key Employee of ASA. The President of ASA, the Treasurer of ASA and any other persons who are in a position to exercise substantial influence over the affairs of ASA are Key Employees of ASA.
3. Key Employee of an ASA Affiliate. Any person who is in a position to exercise substantial influence over the affairs of an affiliate of ASA, including, but not limited to, any voting member of such affiliate’s governing body and any person who serves as president, chief executive officer, chief operating officer, chief financial officer or treasurer of such affiliate, is a Key Employee of such affiliate.
4. Relative. Relatives of any individual include such individual’s (i) spouse, domestic partner, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses and domestic partners of brothers, sisters, children, grandchildren, and great-grandchildren.
5. Financial Interest. A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or any Relative:

- a) An ownership, investment or other beneficial interest in any entity with which ASA or any affiliate of ASA has a transaction or arrangement;
- b) A compensation arrangement with ASA or with any entity or individual with which ASA or any affiliate of ASA has a transaction or arrangement; or
- c) A potential ownership, investment or other beneficial interest in, or compensation arrangement with, any entity or individual with which ASA or any affiliate of ASA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

6. Duality of Interest. A person has a Duality of Interest if the person is affiliated with an organization or individual seeking to request a grant payment or other benefit from ASA. Such affiliation exists if the person is a director, trustee, officer or employee of the other organization or has an unofficial role with the other organization such as significant donor, volunteer, advocate or advisor.

A Financial Interest or Duality of Interest is not necessarily a conflict of interest. A person who has a Financial Interest or Duality of Interest may have a conflict of interest only if the Board or appropriate Board committee determines that a conflict of interest exists, in accordance with this policy.

### ARTICLE III PROCEDURES

1. Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of any Financial Interest or Duality of Interest to the Board and be given the opportunity to disclose all material facts to the Board or Board committee evaluating the proposed transaction or arrangement.
2. Recusal of Self. Any Board member, Board committee member, officer or Key Employee of ASA may recuse himself or herself at any time from involvement in any decision or discussion in which such person believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
3. Determining Whether a Conflict of Interest Exists. Interested Persons are prohibited from attempting to improperly influence the deliberation or voting on the matter giving rise to a possible conflict of interest. After disclosure of the Financial Interest or Duality of Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Board or Board committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Board committee

members shall decide if a conflict of interest exists. A conflict of interest will be deemed to exist when a Financial Interest or Duality of Interest might affect, or might reasonably appear to affect, the judgment or conduct of an Interested Person in a manner that is adverse to the interests of ASA.

4. Procedures for Addressing the Conflict of Interest.

- a) An Interested Person may make a presentation at the Board or Board 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) The chairperson of the Board or Board committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c) After exercising due diligence, the Board or Board committee shall determine whether ASA 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 Board or Board committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in ASA's best interest, for its own benefit, and whether it is fair and reasonable. Based on such determination, it shall make its decision as to whether to enter into the transaction or arrangement.

5. Violations of the Conflict of Interest Policy.

- a) If the Board or Board committee has reasonable cause to believe an Interested Person has failed to disclose 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.
- b) If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the Board or Board committee determines that the Interested Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

6. Audit Committee. If there is an Audit Committee of the Board comprised solely of independent directors, the abovementioned duty to disclose the existence of any Financial Interest or Duality of Interest shall be to such Audit Committee, and such Audit Committee shall carry out the procedures set forth above and shall oversee the implementation of and compliance with this conflict of interest policy.

ARTICLE IV  
RECORDS OF PROCEEDINGS

The minutes of the Board and all Board committees, including the Audit Committee, if any, shall contain:

- a) The names of the persons who disclosed or otherwise were found to have a Financial Interest or Duality of Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest or Duality of Interest, any action taken to determine whether a conflict of interest was present, and the Board's or Board committee's decision as to whether a conflict of interest in fact existed.
- b) The names of the persons who were present for the discussions and votes relating to the transaction or arrangement, the content of the discussions, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE V  
COMPENSATION

1. Any Board member, officer or employee who receives compensation, directly or indirectly, from ASA for services is precluded from being present at or otherwise participating in any Board or committee deliberation or vote concerning such person's compensation.
2. Any Board member, officer or employee who is precluded from participating in deliberations and voting on compensation-related matters pursuant to the immediately preceding provision may nonetheless provide information to the Board or any Board committee regarding compensation.

ARTICLE VI  
CERTIFICATIONS

1. Each Board member, Board committee member, officer and Key Employee of ASA shall sign a certification statement which affirms such person:
  - a) Has received a copy of this conflict of interest policy;
  - b) Has read and understands this policy;
  - c) Has agreed to comply with this policy; and
  - d) Understands ASA is a charitable organization and as a federally tax-exempt entity must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

The certification statement shall also identify, to the best of such person's knowledge, any entity of which such person is an officer, director, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which ASA has a relationship, and any transaction in which ASA is a participant and in which such person might have a conflicting interest.

2. If at any time the information in the statement changes materially, the Board member, Board committee member, officer or Key Employee of ASA shall disclose such changes and revise the statement.
3. Certification statements shall be submitted to the Secretary of ASA or a designated compliance officer, and the Secretary or compliance officer shall provide a copy of all completed statements to the chairperson of the Audit Committee or, if there is no Audit Committee, to the chairperson of the Board.
4. Each Board member must submit a certification statement prior to his or her initial election and annually thereafter.
5. The Audit Committee, if any, or the Board or its delegee(s) shall monitor and enforce compliance with this policy by reviewing certifications and taking such other actions as are necessary for effective oversight.

## ARTICLE VII PERIODIC REVIEWS

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

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

## ARTICLE VIII USE OF OUTSIDE EXPERTS

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

Date Initial Conflict of Interest Policy Was Adopted: April 22, 2014

Date of Amendments by Board: April 20, 2016