



## **CENTER FOR ORTHOPAEDIC TRAUMA ADVANCEMENT**

### **CONFLICTS OF INTEREST POLICY**

#### **ARTICLE I PURPOSE**

The purpose of this Conflicts of Interest Policy (the “Policy”) is to protect the interests of the Center for Orthopaedic Trauma Advancement. (hereinafter, the “Center”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, committee member or senior employee of the Center. This Policy is intended to supplement but not replace any applicable laws governing conflicts of interest applicable to nonprofit organizations such as the Center.

#### **ARTICLE II DEFINITIONS**

##### **1. INTERESTED PERSON**

Any director, officer, member of a committee with board-delegated powers, or senior employee who has a direct or indirect financial interest, as defined below, is an “interested person” with respect to the Center; each of whom must be absent direct or indirect financial interest for two years prior to appointment.

##### **2. FINANCIAL INTEREST**

A person has a financial interest if the person has, directly or indirectly, through business, investment or family —

- ◆ An ownership or investment interest (in excess of five percent (5%)) in any entity with which the Center has a transaction or arrangement;
- ◆ a compensation arrangement with the Center or with any entity or individual with which the Center has a transaction or arrangement;
- ◆ a potential ownership or investment interest in (in excess of five percent (5%)), or compensation arrangement with, any entity or individual with which the Center is negotiating a transaction or arrangement.

For these purposes, “compensation” includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A “financial interest” is not necessarily a conflict of interest. Under Article III, Section 2 of this Policy, a person who has a financial interest may have a conflict of interest only if the Board or appropriate committee decides that a conflict of interest exists.

### **3. CONFLICT OF INTEREST**

A conflict of interest exists when the private interests of an interested person conflict with the interests of the Center. Examples of such circumstances include (but are not limited to) the following:

- An interested person has applied for a research or education grant from the Center;
- An interested person is involved in the decision whether to procure products or services, for his/her own use or the use of any institution where s/he is affiliated, from a donor or potential donor to the Center.

## **ARTICLE III PROCEDURES**

### **1. DUTY TO DISCLOSE**

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest *and all material facts* to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

### **2. 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, he or she* shall leave the board or committee meeting while the *determination of a conflict of interest* is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

### **3. PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST**

If the board or committee determines that a conflict of interest, or the reasonable appearance of a conflict of interest, exists, the board or committee shall proceed as follows:

- ◆ An interested person shall be notified if a blinded fellowship grant application has been received and a vote will not be accepted nor averaged in to the final grades or ranks from that board or committee member.
- ◆ An interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement which results in the conflict of interest.
- ◆ The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- ◆ After exercising due diligence, the board or committee shall determine whether the Center can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

If a more 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 whether the transaction or arrangement is in the Center's best interest for its own benefit and whether the transaction is fair and reasonable to the Center and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

- ◆ If the board or committee determines to enter into the transaction or arrangement, the board or committee shall adopt such procedures as are reasonable and prudent to mitigate or eliminate the conflict of interest, including without limitation in appropriate circumstances requiring the interested person to divest the conflicting financial interest, or remove himself or herself from the position (such as involvement in a procurement decision) that gives rise to the conflict [or appearance of conflict]

#### **4. VIOLATION OF THE CONFLICTS OF INTEREST POLICY**

- ◆ If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- ◆ If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **ARTICLE IV RECORD OF PROCEEDINGS**

The minutes of the board and all committees with board-delegated powers shall contain —

- ◆ The name of the persons who disclosed 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 board's or committee's decision as to whether a conflict of interest in fact existed; and
- ◆ 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 therewith.

**ARTICLE V  
COMPENSATION COMMITTEES**

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Center for services is precluded from voting on matters pertaining to that member's compensation.

**ARTICLE VI  
ANNUAL STATEMENTS**

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person —

- ◆ Has received a copy of the conflicts of interest policy;
- ◆ has read and understands the policy;
- ◆ has agreed to comply with the policy; and
- ◆ understands that the Center is a charitable and educational 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.

**ARTICLE VIII  
USE OF OUTSIDE EXPERTS**

In complying with the Policy, the Center may, but need not, use outside advisors.

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COTA Board of Directors approved Conflict of Interest Policy at COTA annual meeting, March, 2013, Chicago, Illinois.