



POLICY

Date:	September 1, 2015
Policy No:	I (d)
Policy Name:	Conflict of Interests
Supersedes Policy No:	n/a

Purpose

The purpose of the conflict of interest policy is to protect the interests of MEOR Inc. (“MEOR”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of MEOR or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable corporations.

I. Definitions

1. **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.
2. **Financial Interest** A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family:
 - a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
 - b) A compensation arrangement with MEOR or with any entity or individual with which MEOR has a transaction or arrangement, or
 - c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which MEOR 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 Section I.2, a person who has a Financial Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

II. Procedures

1. **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 Governing Board (comprised of two to three members of the Board of Directors or its appointees) considering the proposed transaction or arrangement.



2. Procedures for Addressing a Possible Conflict of Interest

- a) When a possible conflict of interest arises, a meeting of the Governing Board should be called to address it in a timely fashion. The Interested Person should make a presentation at the Governing Board 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 Governing Board will then determine and vote if indeed a conflict of interest exists.
- c) If it is determined that a conflict of interest does exist, the chairperson of the Governing Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- d) After exercising due diligence, the Governing Board shall determine whether MEOR 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.
- e) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in MEOR's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

3. 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 shall 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 shall take appropriate disciplinary and corrective action.

III. Records of Proceedings

The minutes of the Governing Board shall contain:

1. The names 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.
2. 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.



IV. Compensation

1. A voting member of the Governing Board who receives compensation, directly or indirectly, from MEOR for services is precluded from voting on matters pertaining to that member's compensation.

V. Annual Statements

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

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

VI. Periodic Reviews

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

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information.
2. Whether partnerships, joint ventures, and arrangements with management Corporations conform to MEOR'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 in an excess benefit transaction.

VII. Use of Outside Experts

When conducting the periodic reviews as provided for in Section VI, MEOR may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Governing Board of its responsibility for ensuring periodic reviews.