



# CONFLICT OF INTEREST POLICY

Updated 2023



## CONFLICT OF INTEREST POLICY

<b>Issuer / Owner Department</b>	Chief Operations Officer (COO)	
<b>Process(es) Involved</b>	Governance	Conduct
<b>Risk(s) Involved</b>	All risks	
<b>Keywords</b>	Governance, Policies, Conflict of Interest	

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<b>Classification</b>	Internal and External
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<b>Approver</b>	Nqobile Ndlovu (CEO)

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<b>Related Documents</b>	Code of Conduct Whistleblowing Policy Accepting Gifts, Entertainment or Incentives Policy
<b>Regulatory Text(s)</b>	N/A

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## 1. PURPOSE

The purpose of this policy is to describe the standards of conduct to which directors, officers and employees of the African Society for Laboratory Medicine, (“ASLM”), are expected to follow. The Policy also provides a specific framework to protect ASLM’s interests when it considers entering a transaction or arrangement that might benefit the personal interest of a “disqualified person”.

## 2. SCOPE

This policy applies to all ASLM employees and Board of Directors (“the Board”)

## 3. DEFINITIONS

The following definitions are applicable to this policy:

### 3.1.1 Disqualified Person

For purposes of this Policy, a “disqualified person” is any of the following persons:

- a. A member of the Board of Directors of ASLM.
- b. A member of any committee of the Board.
- c. ASLM’s Senior Leadership Team, or anyone holding any of the powers or similar responsibilities of these offices, regardless of title.
- d. Any other individual who is in a position to exercise substantial influence over the affairs of ASLM, or who has been in such a position at any time during the five-year period ending on the date of a transaction proposed to be entered into between that individual and ASLM.
- e. The spouse, ancestors, brothers, sisters, children, grandchildren, and great grandchildren of any individual described in subparagraphs (a) through (d) above, and the spouses of the brothers, sisters, children, grandchildren and great grandchildren (each, a “Relative”); and
- f. Any legal entity in which more than 25% of the combined voting power (in the case of a corporation) profits interest (in the case of a partnership), or beneficial interest (in the case of a trust) is owned by persons described in subparagraphs (a) through (e).

### 3.1.2 Interested Directors

For purposes of this Policy, an “interested director” is a director who has a material financial interest in a transaction or arrangement to which ASLM is proposed to be a party. If a director's spouse (or equivalent) has a material financial interest in the transaction or arrangement that director is an “interested director.”

### 3.1.3 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 ASLM has a transaction or arrangement.
- b. compensation arrangement with ASLM.
- c. a compensation arrangement with any entity or individual with which ASLM has a transaction, agreement or arrangement.

- d. a potential ownership or investment interest in any entity or individual with which ASLM is negotiating a transaction or arrangement; or
- e. a potential compensation arrangement with any entity or individual with which ASLM is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors. A financial interest is **not necessarily** a conflict of interest. A conflict of interest exists only upon a determination of its existence by the Board.

### 3.1.4 Substantial Influence

For purposes of this Policy, whether a person exercises “substantial influence” over the affairs of ASLM, or had done so at any time during the preceding five-year period, depends upon all relevant facts and circumstances. Facts and circumstances tending to show substantial influence include, but are not limited to, the following:

- a. During the current and preceding 4 years, the person contributed a total amount of more than \$10,000 to ASLM and such amount is also more than 2% of the total contributions and bequests received by ASLM during the same period.
- b. The person's compensation is primarily based on income derived from activities of ASLM (or of a particular department or function of ASLM) that the person controls.
- c. The person has (or shares) authority to control or determine a substantial portion of ASLM’s capital expenditures, operating budget, or compensation for employees.
- d. The person manages a discrete segment or activity of ASLM that represents a substantial portion of the activities, assets, income, or expenses of ASLM, as compared to ASLM as a whole.
- e. The person is a non-stock organization controlled, directly or indirectly, by one or more disqualified persons.

On the other hand, facts and circumstances tending to show that a person does not have substantial influence over the affairs of ASLM include, but are not limited to, the following:

- a. The person is a contractor (such as an attorney, accountant, or investment manager or advisor) whose sole relationship to ASLM is providing professional advice (without having decision-making authority) with respect to transactions from which the contractor will not economically benefit either directly or indirectly (aside from customary fees received for the professional advice rendered).
- b. The person’s direct supervisor is not a disqualified person.
- c. The person does not participate in any management decisions affecting ASLM as a whole or a discrete segment or activity of ASLM that represents a substantial portion of the activities, assets, income, or expenses of ASLM.
- d. If the person is a donor to ASLM, any preferential treatment such person receives based on the size of his or her contribution is also offered to all other donors making a comparable contribution as part of a solicitation intended to attract a substantial number of contributions.

ASLM will follow the following procedure in making decisions around persons/entities that have or appear to have substantial influence over ASLM affairs:

- In the case of an ASLM board member, the ASLM board members will consider whether the person/entity has substantial influence over ASLM affairs and if they determine in the

affirmative, that board member, will abstain from voting or decision making process on any matter that concerns the subject matter in which they exert substantial influence. They will however, be allowed to contribute to motions related to such subject matters. For example, in the case of a board member who is a representative of an ASLM donor or key partner, the board will determine their "substantial influence" on a case-by-case basis, evaluating factors such as position at their organization, whether their decision making is subject to additional oversight, etc.

- For all other persons/entities, the ASLM CEO will determine whether a person/entity exerts substantial influence over any ASLM affair, and to the extent they do, preclude them from any proceedings where they would have the opportunity to exert the substantial influence to the disadvantage of other persons/entities.

#### **4. STATEMENT OF POLICY**

##### **4.1.1 General Standards of Conduct**

- The directors, officers and employees are expected to carry out their job responsibilities for ASLM honestly and with integrity for ASLM's sole benefit and exercise good faith in all transactions.
- When representing ASLM in transactions for the provision of goods and services, ASLM directors, officers, or employees (as applicable) will seek to secure for ASLM a full competitive advantage as to goods, services and terms (including price).
- No ASLM directors, officers or employees shall use their positions with ASLM, or knowledge gained for their personal benefit.

##### **4.1.2 Transactions with Disqualified Persons or Interested Directors**

- ASLM shall not enter any transaction with a "disqualified person" or an "interested director" in their individual capacities except as approved by the Board.

##### **4.1.3 CEO Compensation**

- ASLM CEO's compensation shall be reviewed and approved by the Board using the protocol approved by the Board.
- Review of the CEO salary will be conducted at the time of the initial hiring, when the term is extended or renewed, or when the compensation is modified.

##### **4.1.4 Dual Roles**

- ASLM directors, officers and employees may not serve as a consultant to or as director, officer or employee (part time or otherwise) of another organization that competes or deals with ASLM or that seeks to do so, unless the Board has granted express written consent.

##### **4.1.5 Gifts, Entertainment, or Incentives**

- ASLM directors, officers and employees shall not accept anything of value where receipt could or might appear to influence decisions with respect to ASLM doing business with any person or firm.
- The following policies, which also appear in Accepting Gifts, Entertainment or Incentives Policy apply to directors, officers, and employees:

- **Business Entertainment and Meals** – these are allowed when offered by organizations that are not suppliers or prospective suppliers to ASLM. These include but are not limited to, grantees, beneficiaries, implementing partners or donors.
  - Directors, officers, and employees may only accept business meals or entertainment which are reasonable in amount (normally priced and not extravagant) i.e., valued at US\$ 50 or less
  - Any business entertainment accepted should be infrequent and in accordance with customary and acceptable business practices in that location.
  - The purpose of business entertainment is to build relationships and understanding between partners. Entertainment primarily designed for personal benefit is not acceptable.
  - Directors, officers, and employees may not accept free travel or lodging expenses without the prior approval of the CEO (for employees) and the Board Chair (for board members and the CEO). For purposes of this policy, free travel, lodging and meals by partners, donors, industry manufacturers, etc. for a valid business reason e.g. conference, strategic meeting, etc. is not considered business entertainment and does not need to be disclosed
  
- **Gifts** – In connection with ASLM donor funded grants, directors, officers and employees may not accept anything of value from any current or prospective supplier, sub-grantee or beneficiary with respect to those grants with the below exceptions:
  - Infrequent gift of a promotional item valued at \$ 20 or less.
  - Free attendance at certain widely attended gatherings, such as conferences and receptions, where the cost of attendance, food, and/or beverages is borne by the sponsor of the event for all attendees.
  - Coffee, tea, non-alcoholic beverages and/or snacks during or immediately before the conduct of business
  
- **Cash/Securities** – Directors, officers and employees may never accept any gift of cash or financial securities.

If an employee receives a gift which may not be accepted under the provisions of this policy, they should notify HR and return the gift with an explanation that ASLM policy prohibits their acceptance of the gift. If the person is not able to return the gift or believes such an action will cause damage to ASLM, they must hand over the gift to HR for disposal.

## 5. VIOLATIONS OF THE CONFLICT-OF-INTEREST POLICY

If the Board has reasonable cause to believe that an ASLM director, officer or employee has violated the policy, the Board (or its designee) shall inform such person of the basis for such belief and afford the person an opportunity to explain the alleged violation. If after hearing the explanation by the person and after making such further investigation as warranted by the circumstances, the Board (or its designee) determines that such a person has, in fact, violated the policy, such person shall be

subject to sanctions as determined by the Board (or its designee) up to and including dismissal or termination of employment.

If the Board has reasonable cause to believe that a disqualified person or interested director has failed to disclose actual or possible conflicts of interest, the Board (or its designee) shall inform such person of the basis for such belief and afford the person an opportunity to explain the alleged violation. If after hearing the explanation by the person and after making such further investigation as warranted by the circumstances, the Board (or its designee) determines that such a person has, in fact, violated the policy, such person shall be subject to sanctions as determined by the Board (or its designee) up to and including dismissal or termination of employment.

## **6. COMPENSATION**

Any director who receives compensation, directly or indirectly, from ASLM for services is precluded from voting on matters pertaining to his or her compensation.

Any member of a committee of the Board whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly from ASLM for services is precluded from voting on matters pertaining to their compensation.

Directors and committee members described in Section 6 of this policy are not prohibited from providing information to any committee regarding compensation.

## **7. ANNUAL REVIEWS & DISCLOSURES**

### **7.1.1 Annual Reviews**

Each director, officer and employee of ASLM and each member of a committee with Board delegated powers shall sign or acknowledge acceptance electronically, the Disclosure of Potential Conflicts of Interest Form (see Annex I), once a year, on or before the last day of the 1<sup>st</sup> quarter of ASLM's fiscal year.

### **7.1.2 As Needed Disclosures**

Each director, officer and employee of ASLM and each member of a committee with Board delegated powers shall promptly report to ASLM's CEO any and all potential and actual conflicts of interests using the Disclosure of Potential Conflicts of Interest Form, attached to this policy. The CEO shall, in turn, determine the appropriate channels of consideration for the conflict and notify the disclosing party that ASLM has determined one of the following outcomes:

- A. That no conflict of interest exists; or
- B. That a conflict of interest exists, and the course of action prescribed by ASLM to address the said conflict

## **8. PERIODIC REVIEWS**

To ensure ASLM operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its legal standing or tax-exempt status, periodic reviews shall be done. These reviews should at a minimum include the following:



- Whether compensation arrangements (including benefits) with disqualified persons and interested directors are reasonable, based on competent market information, and the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with management organizations conform to ASLM's written policy, are properly recorded, reflect reasonable investment or payment for goods and services, further charitable activities and do not result in impermissible private benefit, or in a self-dealing transaction.

The above periodic reviews should be conducted at a minimum, once every five years. ASLM may, (but need not) use outside experts. If outside use is employed, their use does not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

## 9. EXCEPTIONS

There are no exceptions to this policy.

## 10. CONTACT

For questions or feedback about this policy, please contact the Chief Operating Officer.

### Approved by:

**Name:** Nqobile Ndlovu

**Designation:** Chief Executive Officer

**Signature:**

DocuSigned by:  
*Nqobile Ndlovu*  
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**Date:** 08-NOV-23 | 7:56 PM EAT



**ANNEX I - CONFLICT OF INTEREST DISCLOSURE FORM**

The undersigned, as a director, manager, employee, officer, consultant, or member of a committee with ASLM board-delegated powers, acknowledges that:

- 1) he or she has received a copy of the ASLM’s Conflict of Interest Policy (the “Policy”);
- 2) he or she has read and understands the Policy.
- 3) he or she has agreed to comply with the Policy.
- 4) he or she understands ASLM is a Non-Profit Entity and;
- 5) the following on-going relationships and interests may present a conflict of interest: *(disclosures should address current affiliations, as well as past affiliations for the prior two years, and should include all of the following: the undersigned’s employer, all corporations (nonprofit and for-profit) of which the undersigned is a board member or officer, and the names of such of the undersigned’s Family Members or business affiliates or any other relationships the undersigned has which the undersigned believes may present a potential conflict).*

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**Note:**

The conflict-of-interest code is applicable until termination of employment or assignment, or in situations where a member of a committee with governing board-delegated powers withdraws.

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

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

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