



ACCREDITED STANDARDS COMMITTEE X12 INCORPORATED

Conflict of Interest Policy

This Conflict of Interest Policy (Policy) is designed to (a) help directors, officers, and employees of Accredited Standards Committee X12 Incorporated (the “Company”) identify situations that present potential conflicts of interest, (b) protect the Company’s interest when it is contemplating entering into a particular transaction or arrangement that might benefit the private interest of a director, officer or employee of the Company or result in an excess benefit transaction (as defined in Section 4958 of the Internal Revenue Code of 1986, as amended), and (c) provide the Company with a procedure that, if observed, will allow a particular transaction or arrangement to be treated as valid and binding even though a director, officer, or employee has or may have a conflict of interest with respect to the transaction or arrangement. This Policy is intended to supplement, but not replace, applicable federal and state laws governing conflicts of interest applicable to the Company and in the event there is an inconsistency between the requirements and procedures prescribed herein and those in federal or state law, the applicable law shall control. All capitalized terms are defined in Section 2 of this Policy.

1. Conflict of Interest Defined. For purposes of this Policy, the following circumstances shall be deemed to constitute a Conflict of Interest:
 - A. Outside Interests.
 - (i) A Transaction between the Company and a Responsible Person or Family Member.
 - (ii) A Transaction between the Company and an entity in which a Responsible Person or Family Member has a Financial Interest or of which such Responsible Person or Family Member is a director, trustee, officer, employee, agent, partner, associate, personal representative, receiver, guardian, custodian, conservator, or other legal representative.
 - B. Outside Activities.
 - (i) A Responsible Person or Family Member competing with the Company in the rendering of services or in any other Transaction with a third party.
 - (ii) A Responsible Person or a Family Member having a Financial Interest in, or serving as a director, trustee, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of, or consultant to, an entity or individual that competes with the Company in the provision of services or in any other Transaction with a third party.

- C. Gifts, Gratuities and Entertainment. A Responsible Person or Family Member accepting gifts, entertainment, gratuities or other favors from any individual or entity that: (i) does or is seeking to do business with, or is a competitor of, the Company; or (ii) has received, is receiving, or is seeking to receive or secure, a grant, loan or other financial commitment from the Company, under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties to the Company. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular Transaction or other activity of the Company.

2. Definitions.

- A. A *Conflict of Interest* is any circumstance described in Section 1 of this Policy.
- B. The *Company* is Accredited Standards Committee X12 Incorporated, a Virginia nonstock corporation.
- C. A *Responsible Person* is any person serving as (i) a member of the board of directors of the Company, (ii) a member of any committee of the board or the corporation, including advisory committee, (iii) an officer of the Company, or (iv) an employee of the Company.
- D. A *Family Member* is a spouse, domestic partner, parent, step-parent, child, step-child, sibling (including step-siblings), or spouse or child of any child, step-child, or sibling, of a Responsible Person.
- E. A *Financial Interest* is any direct or indirect (i) ownership or investment interest in any entity with which the Company has or is negotiating to have a Transaction, (ii) compensation arrangement with the Company or with any entity or individual with which the Company has or is negotiating to have a Transaction, or (iii) prospective or potential ownership or investment interest in, or potential compensation arrangement with, any entity or individual with which the Company has or is negotiating to have a Transaction.
- F. A *Transaction* is any contract, agreement, arrangement or relationship involving (i) the sale, purchase or provision of goods, services, or rights of any kind; (ii) the making or providing of a grant, contribution, loan, program-related investment or service of any kind; (iii) the establishment of any other type of pecuniary relationship by the Company. The making of a gift, grant or contribution to the Company is not a Transaction.

3. Procedures.

- A. Before board or committee action on a Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting must disclose all facts material to the Conflict of Interest, regardless of whether such facts have been previously disclosed as part of the submission of the annual disclosure form provided for in Section 6.B of this Policy. Such disclosure shall be reflected in the minutes of the meeting.
- B. A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

- C. A person who has a Conflict of Interest with respect to a particular Transaction shall not (i) participate in or be permitted to hear the board's or committee's discussion or deliberation of the matter, except to disclose material facts and to respond to questions, and (ii) vote on the Transaction or be present in the meeting room when the vote is taken. Accordingly, a director or committee member who has a Conflict of Interest with respect to a particular Transaction may make a presentation at the board or committee meeting with regard to such Transaction, but after the presentation, he/she shall be required leave the meeting during the discussion of, and the vote on, the Transaction at issue. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- D. A person who has a Conflict of Interest with respect to a Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote on such Transaction. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.
- E. A member of the board of directors of the Company has a Conflict of Interest when he or she stands for election as an officer of the Company or for re-election as a member of the Company's board of directors.
- F. Responsible Persons who are not members of the board of directors of the Company, or who have a Conflict of Interest with respect to a Transaction that is not the subject of board or committee action, shall disclose to the Chair or the Chair's designee any Conflict of Interest that such Responsible Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect the Company's participation in such Transaction.
- G. In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential Conflict of Interest shall disclose all relevant facts and circumstances to the Chair or the Chair's designee, who shall determine whether there exists a Conflict of Interest that is subject to this Policy. In this regard, the Chair may appoint a committee of disinterested directors to determine whether a Conflict of Interest exists.
- H. Any person or entity applying for any financial support from the Company in any form, including, without limitation, by grant, contribution, loan, service, right or other benefit, shall be required to either (a) certify in writing that, in the case of an individual applicant, no Responsible Person or Family Member is a family member of the applicant or has a close personal or business relationship with the applicant, or in the case of an applicant that is an entity, that no Responsible Person or Family Member has a Financial Interest in such applicant, or serves as a director, trustee, officer, employee, agent (or in any other capacity described in Section 1.A(ii) of this Policy) of such applicant, or (b) if such interest or relationship exists, make full disclosure of such facts as part of their application for financial support. In the event of such a conflict, no grants or other benefit may be awarded or otherwise provided to the applicant unless the Board strictly complies with the provisions of this Conflicts of Interest Policy.

- I. The minutes of the board and all committees shall contain:
 - (i) The names of the Responsible Persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible Conflict of Interest, the facts and circumstances that were disclosed or otherwise known with regard to the Conflict of Interest, including 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.
 - (ii) The names of the persons who were present for discussions and votes relating to the Transaction, the content of the discussion, including any alternatives to the proposed Transaction, and a record of any votes taken in connection with the proceedings.

4. Violation of Policy.

- A. If the board of directors or committee has reasonable cause to believe that a Responsible Person has failed to adequately disclose an actual or possible Conflict of Interest, it shall inform the Responsible Person of the basis for such belief and afford the Responsible Person an opportunity to explain the alleged failure to disclose.
- B. If, after hearing the Responsible Person's response and after making further investigation as warranted by the circumstances, the board of directors or committee determines the Responsible Person has failed to adequately disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and corrective action.

5. Confidentiality. Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of the Company. Furthermore, a Responsible Person shall not disclose or use information relating to the business of the Company for the personal profit or advantage of the Responsible Person or a Family Member.

6. Review of Policy.

- A. Each Responsible Person shall be required to review a copy of this Policy annually and to sign a statement which affirms such person: (i) has received a copy of the Conflicts of Interest Policy; (ii) has read and understands the Policy; and (iii) has agreed to fully comply with the Policy.
- B. Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions, or circumstances in which the Responsible Person is involved that he or she believes could give rise to or otherwise contribute to a Conflict of Interest arising. As a general matter, any such information regarding Financial Interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chair, the Executive Director, and any committee appointed to address Conflicts of Interest, except where broader disclosure is required to be made to the full board or a committee in connection with evaluating a particular Transaction and/or to the extent additional disclosure is otherwise necessary in connection with the implementation of this Policy.
- C. This Policy shall be reviewed annually by each member of the Company's board of directors. Any changes to the Policy shall be communicated immediately to all Responsible Persons.

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Annual Conflict of Interest Statement

I, _____, hereby certify that (a) I have received and read the Conflict of Interest Policy of Accredited Standards Committee X12 Incorporated, (b) I understand the objectives and requirements of the Policy, (c) I agree to fully comply with the Policy, and (d) the information set forth below is true and complete to the best of my knowledge.

- I have no identified Conflicts of Interest

- I have identified one or more certain or potential conflict of interest, which are fully described below.

Signature: _____

Date: _____

Describe below any relationships, positions, arrangements or circumstances which you believe do or could contribute to a Conflict of Interest (as defined in Accredited Standards Committee X12 Incorporated’s Conflict of Interest Policy) with respect to the activities of Accredited Standards Committee X12 Incorporated.
