

**The American Institute of Architects Japan Chapter (AIA JAPAN)
Conflict of Interest Policy****Article I**
Purpose

The American Institute of Architects Japan Chapter (AIA JAPAN) is a not-for-profit corporation organized and existing under the laws of Japan for the purposes of conducting operations and activities as an organization ("Chapter") eligible for tax-exempt status. The purpose of this conflict of interest policy is to protect the interest of AIA JAPAN when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Chapter. This policy is intended to supplement but not replace any applicable local laws governing conflict of interest applicable to nonprofit organizations.

Article II
Definitions**1. Interested Person**

Any director, principal officer, or member of a committee with powers delegated by the Chapter's Board, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial and Other Interests

A person has a financial interest if the person has, directly or indirectly, through business, investment, family, or other close personal relationship:

- a. An ownership or investment interest in any entity with which the Chapter has a transaction or arrangement;
- b. A compensation arrangement with the Chapter or with any entity or individual with which the Chapter has a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Chapter 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 Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Chapter's Board of Directors (or another appropriate committee or other body of the Chapter) decides that a conflict of interest exists.

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 the financial interest and be given the opportunity to disclose all material facts to the members of the Board of Directors (and/or 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/she shall leave the Board of Directors (or committee) meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board of Directors (or committee) members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the Board of Directors (or 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 presiding officer of the Board of Directors (or chair or acting chair of the 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 of Directors (or committee) shall determine whether the Chapter 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 of Directors (or committee) shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Chapter'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.
 - e. Each matter involving a potential conflict of interest considered by a committee rather than by the Board of Directors shall be promptly reported to the General Counsel of the AIA, who shall ensure that appropriate procedures are followed to resolve each such matter. The General Counsel shall in turn report on each such matter to the Board of Directors, which shall have the authority to reverse, in whole or in part, the findings and actions of the pertinent committee, and to order such further action as it may deem appropriate.

4. Violations of the Conflict of Interest Policy

- a. If the Board of Directors (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 Board of Directors (or committee) determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
- c. Each matter involving an alleged conflict of interest considered by a committee rather than by the Board of Directors shall be promptly reported to the General Counsel of the Institute, who shall ensure that appropriate procedures are followed to resolve each such matter. The General Counsel shall in turn report on each such matter to the Board of Directors, which shall have the authority to reverse, in whole or in part, the findings and actions of the pertinent committee, and to order such further action as it may deem appropriate.

Article IV **Records of Proceedings**

The minutes of the Board of Directors and all committees with Board-delegated powers shall contain:

- a. 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 Board's (or committee's) decision as to whether a conflict of interest in fact existed; and
- b. 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.

Article V **Compensation**

- a. A voting member of the Board who receives compensation, directly or indirectly, from the Chapter for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Chapter for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Chapter, either individually or collectively, is prohibited from providing information to any committee regarding 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 such person:

- a. Has received a copy of the conflicts of interest policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy; and
- d. Understands the Chapter is a non-profit corporation and, in order to maintain its tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure the Chapter operates in a manner consistent with tax-exempt 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, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Chapter's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further legitimate purposes, and do not result in inurement or impermissible private benefit.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Chapter 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 are conducted.

Article IX
Other Conflicts of Interest

Each principal officer, director and member of a committee with Board-delegated powers has fiduciary duties and other responsibilities to the Chapter. Each such individual is subject to such duties and responsibilities, whether they arise from federal, state or other law, from the Chapter's Bylaws or Rules of the Board, from Board-approved policies or other actions of the Board, or from other sources. This policy shall apply to any situations in which any director, principal officer, or member of a committee with Board-delegated powers has an actual or apparent conflict between his/her private interests and his/her fiduciary duties or other responsibilities to the Chapter. All such actual or apparent conflicts of interest shall be disclosed to the General Counsel of the AIA, who shall refer such matters to the appropriate officers of the Chapter and ensure that they are considered and resolved in a fair and expeditious manner.

