CONFLICT OF INTEREST PROCEDURE
FOR THE BOARD OF DIRECTORS

Definitions:

Interested Person

Any director or officer that has an affiliation with another organization whose guiding principle may be in conflict with the NFPA mission, or a direct or indirect financial interest, as defined below, is an interested person;

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 any entity with which the NFPA has a transaction or arrangement;

A compensation arrangement with the NFPA, or with any entity or individual with which the NFPA has a transaction or arrangement; or

A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the NFPA is negotiating a transaction or arrangement.

Has other pre-existing entanglements with a transacting party that have the potential to influence or distort normal, arms-length transaction decision making, including factors such as coercion or blackmail, substantial friendships, common memberships in groups or communities that may create peer pressure, godparent, coaching, care/nursing or similar intangible dependency relationships.

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. A person who has a financial interest may have a conflict-of-interest only if the appropriate governing board decides that a conflict of interest exists.

Duty to Disclose

In connection with any actual or possible conflict-of-interest, an interested person must disclose the existence and nature of their interest to the directors considering the proposed transaction or arrangement.

The interested person must be given the opportunity to disclose all material facts to the directors considering the proposed transaction or arrangement. There normally is no duty to disclose with respect to ownership or investment interests in publicly traded entities where the interested person owns such an insignificant percentage of the outstanding stock of the entity that the potential benefit to the interested person is negligible.

If you think there is a remote chance of a conflict, do not hesitate, please disclose it!

Determining Whether a Conflict-of-Interest Exists

After disclosure to the Board of Directors of the potential conflict-of-interest and all material facts and any discussion with the interested person, they shall leave the board meeting while the determination of a conflict-of-interest is discussed and voted upon. The remaining Board Members shall decide if a potential conflict-of-interest exists.

Procedures for Addressing the Conflict-of-Interest

a. An interested person may make a presentation at the board meeting. After the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict-of-interest.

b. The President of the board shall, if appropriate, appoint a committee of three (3) disinterested Board Members to investigate alternatives to the proposed transaction or arrangement. Findings will be presented to the Board of Directors at the next board meeting.

c. After exercising due diligence, the board shall determine whether the NFPA 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 attainable under circumstances that would not give rise to a conflict-of-interest, the Board shall determine, by a majority vote of the disinterested Directors, whether the transaction or arrangement is in the NFPA's best interest and for its own benefit, and whether the transaction is fair and reasonable to the NFPA. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement. In the alternative, the Board may enter into a unanimous consent resolution (with any conflicted members abstaining) in lieu of a meeting and a vote so long as the resolution explains whether the

transaction or arrangement is in the NFPA's best interest and for its own benefit, and whether it is fair and reasonable.

Violations of the Conflict-of-Interest Policy

a. If a Board Member has reasonable cause to believe an officer or director has failed to disclose an actual or possible conflict-of-interest, they shall inform the Member-at-Large. The Member-at-Large shall inform the officer or director of the basis for such belief, and afford the individual an opportunity to explain the alleged failure to disclose. The Member-at-Large shall report the failure to disclose to the board of directors at the next meeting. The report will include the reason for the belief of failure to disclose and the explanation of the officer or director with the potential conflict. The president shall assume these duties should the member at large be in violation of the conflict-of-interest policy.

b. After the Board of Directors hears the officer or director's response and making further investigation as may be warranted by the circumstances, if the Board determines the officer or director has failed to disclose an actual or possible conflict-of-interest, it shall take appropriate disciplinary and/or corrective action.

Standing and sub-committees that find there may be a conflict-of-interest will forward the matter to the Board of Directors for determination of whether a conflict-of-interest exists.

Records of Proceedings

The minutes of the board shall contain:

a. The names of the persons who disclosed or otherwise was found to have a potential interest in connection with an actual or possible conflict of interest; the nature of the conflict-of-interest; any action taken to determine whether a conflict-of-interest was present; and the board's decision as to whether a conflict-of-interest in fact existed.

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.

Compensation

a. A voting member of any board whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NFPA for

services, is precluded from voting on matters pertaining to that member's compensation.

b. No voting member of the governing board whose jurisdiction includes compensation matters who receives compensation, directly or indirectly, from the NFPA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Periodic Statements

Each officer, and director shall, at the beginning of their term and annually thereafter, sign a statement that affirms such person:

a. Has received a copy of the conflict-of-interest policy and procedure;

b. Has read and understands the policy and procedure;

c. Has agreed to comply with the policy and procedure; and

d. Understands that the NFPA is a charitable organization, and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Periodic Reviews

To ensure that the NFPA operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.

b. Whether partnership and joint venture arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the NFPA's charitable purposes and do not result in inurement or impermissible private benefit.

d. Whether agreements to provide services further the NFPA's charitable purposes and do not result in inurement or impermissible private benefit.

Use of Outside Experts

In conducting the periodic reviews provided for, the NFPA may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.