

AMERICAN INSTITUTE OF PHYSICS INCORPORATED
CONFLICTS OF INTEREST POLICY FOR DIRECTORS, OFFICERS, AND KEY PERSONS
EFFECTIVE DATE: JANUARY 27, 2015 (amended March 25, 2016, recommended by the
Audit Committee October 28, 2016, approved by the Board November 2, 2016,
amended June 9, 2017)

Purpose. American Institute of Physics Incorporated (the “Corporation”) is committed to operating in an ethical manner and in compliance with applicable legal and regulatory requirements. Even the appearance of a conflict can be damaging to the reputation of AIP. All decisions by Directors, Officers, Key Persons, and all persons serving on or as liaisons to committees established by the Board (collectively, "Covered Persons") must be made solely in the best interests of AIP and AIP Affiliates.

AIP recognizes that situations may on occasion arise where a Covered Person's interests conflict with or appear to conflict with his or her obligations to AIP and AIP Affiliates or the interests of AIP and AIP Affiliates. This policy identifies and clarifies the standards and responsibilities related to Conflicts of Interest.

Conflicts of Interest. Covered Persons must act solely to promote the best interests of AIP and AIP Affiliates. Covered Persons should seek to avoid Conflicts of Interest. A "Conflict of Interest" is any circumstance in which the personal, professional, financial, or other interests of a Covered Person may potentially or actually diverge from, or may be reasonably perceived as potentially or actually diverging from, his or her obligations to AIP and AIP Affiliates and the interests of AIP and AIP Affiliates. It includes indirect conflicts, such as benefits provided to a Relative of a Covered Person. Where a Conflict of Interest has been identified, a Covered Person must disclose the Conflict of Interest and, where relevant, cooperate with any plan adopted by AIP to manage, reduce, or eliminate the Conflict of Interest.

This policy applies to any circumstance that may constitute a Conflict of Interest, regardless of whether it is specifically described in this policy. For example, while a Conflict of Interest is defined to include the personal interests of the Covered Person and his or her Relatives, there also may be situations where the interests of other persons, such as a close friend, create a Conflict of Interest.

The following is not a comprehensive list of the types of Conflicts of Interest that may arise but provides examples of some common types:

- (1) **Business Arrangements.** (a) Related Party Transactions (“Related party transactions” are very precisely defined under New York law and do not include transactions with persons other than Directors, Officers and Key Persons and certain persons and entities related to them.); or (b) participating, directly or indirectly, in the selection, approval, facilitation, or administration of any business arrangement involving AIP or AIP Affiliates and an enterprise in which the Covered Person and/or Relatives hold, directly or indirectly, more than a *de minimis* ownership or other financial interest or have an employment, management, or fiduciary role (such as serving as an Officer or Director).
- (2) **Competing with AIP.** Engaging, directly or indirectly, in activities that are in competition with AIP or appropriating or diverting business opportunities of AIP. This includes (a) having an employment, management, or fiduciary role (such as serving as an Officer or

Director) or holding, directly or indirectly, an ownership or other financial interest (other than a *de minimis* interest as described in (1)(b) above) in an enterprise that is a competitor of AIP, or seeking to advance the interests of such enterprise to the AIP community; and (b) appropriating or diverting a business or financial opportunity that a Covered Person knows or should know AIP is pursuing or is considering pursuing or reasonably might be interested in pursuing if it were aware of the opportunity.

- (3) Confidential Information. Obtaining, using, or disclosing AIP's Confidential Information for direct or indirect personal interest, profit, or advantage; obtaining or using AIP Confidential Information for a purpose that may be detrimental to AIP; or disclosing AIP Confidential Information to a person or entity that is not authorized by AIP to receive it.
- (4) Improper Use of AIP Resources. Unauthorized use of AIP and AIP Affiliate resources, including the services of AIP and AIPP Affiliate employees, for personal purposes. For example, a Covered Person may make *de minimis* use of AIP computers and telephone devices for personal purposes provided, however, that he or she reimburses AIP if there are additional charges to AIP from such use (e.g., a charge for an international phone call). On the other hand, a Covered Person may not use AIP staff to conduct personal business.
- (5) Gifts. (a) Accepting any gift or favor, even of nominal value, that is illegal under applicable law or prohibited under other applicable AIP policies; or (b) accepting a gift or favor of more than nominal value (including entertainment) or a loan (other than an arm's length loan made in the ordinary course of business from a banking or other financial institution), even where not illegal under applicable law or prohibited under other applicable AIP policies, from any person or entity seeking a benefit from AIP (e.g., seeking to do business or continuing to do business with AIP) if the offer or acceptance of the gift, favor, or loan could reasonably be viewed as intended to influence AIP to act favorably toward the person or entity. Where it is impracticable for a Covered Person (or Relative) to decline a gift that would otherwise constitute a Conflict of Interest under this policy, and where it is neither illegal nor unethical for AIP itself to accept the gift, the Covered Person may accept the gift on behalf of AIP and transfer it to AIP. In such case, the Covered Person should contact the Corporate Secretary of AIP to discuss the transfer of the gift to AIP. AIP Key Persons may not accept gifts of more than nominal value or loans from any person or entity seeking a benefit from AIP, even without the appearance of any intent to influence, without the consent of their supervisors.

Disclosing Conflicts of Interest. Covered Persons have a duty to disclose on an ongoing basis any current, proposed, or pending situations that may constitute a Conflict of Interest, including but not limited to a proposed Related Party Transaction. Covered Persons should disclose the material facts relating to any Conflict of Interest as soon as the existence of a possible Conflict of Interest is known; and in all events, must disclose the material facts relating to any Related Party Transaction prior to entering into the transaction. There are, of course, occasional situations where a Covered Person is not aware of a Conflict of Interest on a timely basis. Where a Covered Person becomes aware that he or she has not disclosed a Conflict of Interest on a timely basis, the Covered Person has a continuing duty to disclose it as promptly as possible thereafter.

Disclosures should be made in full (including the precise nature of the Covered Person's interest and/or involvement) to the Corporate Secretary of AIP, who will advise the Chair of the AIP Board of Directors, the AIP Audit Committee, normally through its Chair or another member of the Audit Committee designated by the Chair of the Audit Committee.

Each year, every Covered Person must complete, sign, and submit to the Corporate Secretary of AIP the applicable annual disclosure form or forms then in effect. In addition, prior to the initial election of a Director, such individual must complete, sign, and submit to the Corporate Secretary of AIP the applicable disclosure form or forms then in effect. The Corporate Secretary of AIP will provide a copy of all completed disclosure forms to the Chair of the Audit Committee.

Process Relating to Conflicts of Interest. If the Corporate Secretary of AIP and the Chair of the Audit Committee (or a member of the Audit Committee designated by the Chair of the Audit Committee) determine that a Covered Person has a Conflict of Interest that may need to be managed, reduced, or eliminated, the Audit Committee will determine the next steps with respect to the Conflict of Interest. The Audit Committee may determine that the Conflict of Interest should be managed, reduced, or eliminated, or the Audit Committee may proceed without a management plan. Any management plan will depend upon the facts and circumstances of the specific matter. The existence and resolution of the Conflict of Interest must be documented in the records of the meeting at which it was discussed or voted upon.

Any Conflict of Interest that is a Related Party Transaction must comply with the following process: A Related Party Transaction not solely involving compensation and/or benefits paid to a Covered Person or Relative may only be entered into following approval by the Audit Committee after the Audit Committee has made a determination that the Related Party Transaction is fair, reasonable, and in AIP's best interest at the time of such determination. In such cases where a Related Party has a substantial financial interest, the Audit Committee must, prior to AIP's entering into the transaction, (1) consider alternatives to the transaction to the extent available; (2) approve the transaction by not less than a majority vote of the Audit Committee members present at the meeting; and (3) contemporaneously document in writing the basis for the Audit Committee's approval, including its consideration of alternative transactions. With respect to a Related Party Transaction solely involving compensation and/or benefits paid to a Covered Person or Relative, the Compensation Committee of AIP normally will make the determination and undertake the process set forth above.

Depending on its nature, a matter giving rise to a Conflict of Interest, including a Related Party Transaction, may be subject to approval by the Board of Directors and/or be subject to approval or recommendation by a committee of the Board of Directors other than the Audit

or Compensation Committee. In such case, the Board of Directors or applicable committee may make its approval or recommendation either before or after the Audit Committee or the Compensation Committee, as the case may be, undertakes the process set forth above; if before, the Board of Directors or applicable committee's approval must be subject to the determination of the Audit Committee or the Compensation Committee, as the case may be.

In no event may a Covered Person with a Conflict of Interest be present at or participate in the deliberation or vote by the Board of Directors, or committee thereof, on the matter giving rise to the Conflict of Interest, such as the Covered Person's compensation by AIP, or attempt to influence improperly the deliberation or voting on the matter. A Covered Person may, where requested by the Board of Directors or applicable committee, be present at the meeting prior to the commencement of deliberations or vote on the matter in order to present information or answer questions concerning the Conflict of Interest.

Annual Report by the Corporate Secretary of AIP. The Corporate Secretary of AIP reviews all initial and annual disclosure forms and submits an annual report to the Board of Directors regarding Conflicts of Interest involving Covered Persons, including any that will be reported on AIP's Form 990.

Oversight and Administration. The Board of Directors may make changes to this policy from time to time, as it deems appropriate. The Audit Committee will oversee the implementation of, and compliance with, this policy. Each Covered Person must acknowledge, not less than annually, that he or she has read and is in compliance with this policy.

Policy Definitions.

"AIP Affiliate" means AIP Publishing LLC and any other entity controlled by or in control of AIP.

"Confidential Information" includes, but is not limited to: medical, personnel, security, background check, conflict of interest, identifiable biometric records and other non-public information about individuals; business records; contracts and business terms; business and donor relationships; computer system passwords and security codes; proprietary and competitively sensitive information, including non-public information about anticipated material requirements, price actions, programs, and selection of contractors and subcontractors in advance of official announcements; unpublished grant proposals, non-public research data, manuscripts and correspondence; non-public financial, procurement, health-safety, audit, insurance and claims information; and non-public information relating to internal investigations, pre-litigation and litigation and administrative agency charges, audits and inquiries; and other information whose confidentiality is protected by law or AIP policies.

A "Conflict of Interest" means any circumstance in which the personal, professional, financial, or other interests of a Covered Person may potentially or actually diverge from, or may be reasonably perceived as potentially or actually diverging from, his or her obligations to AIP and the interests of AIP. It includes indirect conflicts, such as benefits provided to a Relative of a Covered Person.

"Covered Person" means the Directors, Officers, and Key Persons of AIP as well as all persons serving as members or liaisons to committees established by the Board (for example, the Investment Advisory Committee and the Venture Partnership Fund Committee)

"Key Person" means any person, other than an Officer or Director, who (i) has responsibilities, or exercises powers or influence over AIP as a whole similar to the responsibilities, powers, or influence of Directors and Officers; (ii) manages AIP, or a segment of AIP that represents a substantial portion of the activities, assets, income or expenses of AIP; or (iii) alone or with others controls or determines a substantial portion of AIP's capital expenditures or operating budget..

"Officer" means those persons described as Officers in the governing documents of AIP.

"Related Party" means (a) a Director, Officer, or Key Person of AIP or any AIP Affiliate, (b) any Relative of any individual described in (a), (c) or any entity in which any individual described in (a) or (b) has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent.

"Related Party Transaction" means any transaction, agreement, or other arrangement in which a Related Party has a financial interest and in which AIP or an AIP Affiliate is a participant, except that a transaction shall not be a Related Party Transaction if: (i) the transaction or the Related Party's financial interest in the transaction is de minimis, (ii) the transaction would not customarily be reviewed by the board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms, or (iii) the transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that AIP intends to benefit as part of the accomplishment of its mission which benefit is available to all similarly situated members of the same class on the same terms.

"Relative" means a Covered Person's (i) spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses (or domestic partners) of brothers, sisters, children, grandchildren, and great-grandchildren; or (ii) domestic partner.

"Director" means a voting member of the governing body of AIP.