

## **SILICON VALLEY BICYCLE COALITION CONFLICT OF INTEREST POLICY**

### **Introduction**

SVBC and its leadership and staff are subject to legal requirements relating to conflicts of interest. For example:

1. Federal tax law requires public disclosure by SVBC in its Form 990 about business and family relationships between SVBC and its leaders, the independence of SVBC's board of directors, and the compensation of SVBC's leadership.
2. Federal tax law and SVBC's Articles of Incorporation provide that no part of the net earnings or assets of SVBC may inure to directors, officers or other private persons. California law provides that SVBC may not be organized for the private gain of any person.
3. California law limits transactions between SVBC and its directors, officers, and staff, or with organizations with whom those individuals are affiliated, and provides that a majority of the board of directors must meet a specified independence standard.
4. California corporation law principles provide that directors owe SVBC a duty of loyalty, which requires a director to act in the interest of the organization rather than in the personal interest of the director.

Good governance principles dictate that a charitable organization should adopt and execute policies and procedures to ensure that all conflicts of interest, or the appearance of conflicts, are managed through disclosure, abstention from decision-making, or other means. This Conflict of Interest Policy is intended to manifest and facilitate compliance with these laws, protect the integrity of SVBC's decision-making process, and enable SVBC's constituencies to have confidence in the organization's integrity.

### **Policy**

#### **1. Board Composition**

At all times, not more than 49% of the directors of SVBC may be "interested persons." An interested person means either: (a) any person currently being compensated by SVBC for services rendered to it within the previous twelve months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director in his or her capacity as director; or (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

#### **2. Conflicts of Interest**

##### **a. Policy Statement**

It is the policy of SVBC that any conflicts of interest, or apparent or potential conflicts of interest, be fully disclosed before a decision is made on the matter involved, and that no director, officer, or employee (collectively, "insiders") participate (other than by providing information) in any decision in which he or she has a conflict of interest. SVBC will not participate in any self-dealing transaction prohibited by law.

**b. Conflict of Interest Defined**

A conflict of interest exists if an insider (i) is in a position to make or influence SVBC's decisions about whether and how to proceed with a proposed transaction with a vendor, supplier, lender, lessor, consultant, or other person and (ii) has an affiliation with the other party to the transaction.

Affiliation is (i) the close involvement of an insider or a family member (spouse, domestic partner, parent or other ancestor, child or other descendent, brother, sister, or in-law) of an insider (ii) as an owner, investor, board member, director, employee, or service provider of or to the other party.

**c. Requirements**

*1. General Compliance*

Each insider should avoid any conflict of interest or appearance of conflict. Each insider will disclose affiliations and comply with the decision-making procedures described in this Policy.

*2. Duty to Disclose – Annual Disclosure Questionnaire*

Upon election, hiring, or appointment, and annually thereafter, insiders should complete an Annual Disclosure Questionnaire in the form provided by SVBC. On this Questionnaire, the insider should disclose affiliations that constitute or could result in a conflict of interest, and confirm his or her commitment to compliance with this Policy. The insider should update this disclosure as appropriate. Insiders have a continuing responsibility to review their business, personal, and philanthropic interests, and their family and other close relationships, for actual, apparent, or potential conflicts of interest with respect to SVBC.

*3. Duty to Disclose – Conflicts of Interest As They Arise*

Insiders should promptly disclose any affiliations that constitute or could result in a conflict of interest in connection with any transaction under consideration by SVBC. Affiliations should be disclosed to other participants in the decision-making process whenever there is any doubt about whether disclosure is required.

*4. Annual Board Review*

The Board will perform an annual review of this Policy and amend the Policy as appropriate, as contemplated by Section 6.10 of the Bylaws. In addition, the Board will perform an annual review of the Annual Disclosure Questionnaires received under this Policy and consider appropriate actions to promote compliance with the Policy.

**d. Procedures for Addressing a Conflict of Interest**

*1. General Policy*

SVBC will generally not engage in any transaction that results in direct or indirect material economic benefit to any insider. If the decision maker believes the transaction may be in the best interests of SVBC, the decision maker may engage in review of the transaction as described in this Policy.

*2. Abstention from Decision-making*

In all situations calling for disclosure, the insider should abstain from voting or otherwise participating in the decision other than by providing information requested by the disinterested decision makers.

3. *Review and Action*

With regard to an **employee**, the Executive Director will determine whether a conflict of interest exists, and decide the appropriate response by SVBC. If the conflict exists between the Executive Director and an employee, the Board will evaluate and approve or deny the action. In the case of staff compensation or promotion under an existing conflict of interest, the Board Finance Committee is authorized to evaluate and approve or deny the action.

With regard to an **officer or director**, the Board may approve a decision or transaction that involves an actual or apparent conflict of interest if the following steps are taken:

1. The insider involved in the conflict leaves the room during the Board's consideration of the decision or transaction.
2. The disinterested Board members compile and review all material facts regarding the decision or transaction and the conflict of interest.
3. The disinterested Board members determine after reasonable investigation that SVBC cannot obtain with reasonable efforts a more advantageous arrangement with a person or entity that would not give rise to a conflict of interest.
4. The disinterested Board members determine that the decision or transaction is fair and reasonable to SVBC and for its own benefit, and they vote to approve the decision or transaction by a majority of the directors then in office, not counting the votes of any interested Board members.
5. The Secretary (or some other Board member or officer in the Secretary's absence) prepares complete minutes of the Board's consideration of the decision or transaction.

SVBC may also engage in transactions in accordance with Section 5233 of the California Nonprofit Public Benefit Corporation Law.

**3. Loans to Directors and Officers**

Except as permitted by Section 5236 of the California Nonprofit Public Benefit Corporation Law and by the Bylaws, SVBC will not make any loan of money or property to, or guarantee the obligation of, any director or officer. SVBC, however, may advance money to a director or officer for expenses reasonably anticipated to be incurred in performance of the duties of such director or officer so long as the individual would be entitled to be reimbursed for the expenses absent that advance.

\* \* \* \* \*