

SILICON VALLEY BICYCLE EXCHANGE

CONFLICT OF INTEREST POLICY

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Introduction

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

1. Federal tax law requires public disclosure by SVBE in its Form 990 about business and family relationships between SVBE and its leaders, the independence of SVBE's board of directors, and the compensation of SVBE's leadership.

2. Federal tax law and SVBE's Articles of Incorporation provide that no part of the net earnings or assets of SVBE may inure to directors, officers or other private persons. California law provides that SVBE may not be organized for the private gain of any person.

3. California law limits transactions between SVBE 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 SVBE 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 SVBE's decision-making process, and enable SVBE'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 SVBE may be "interested persons." An interested person means either: (a) any person currently being compensated by SVBE for services rendered to it within the previous twelve months, whether as a fulltime 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 sibling, 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 SVBE 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. SVBE 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 SVBE'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 descendant, 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 SVBE. 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 SVBE.

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 SVBE. 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. 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

SVBE 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 SVBE, 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 SVBE. 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 SVBE 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 SVBE 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.

SVBE 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, SVBE will not make any loan of money or property to, or guarantee the obligation of, any director or officer. SVBE, 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.

4. Pricing of bicycles and other goods for sale

To prevent actual or apparent favoritism, insider advantage, or other benefits or discounts not available to others, anyone empowered to sell goods on behalf of the SVBE must declare a potential conflict of interest any time they price an item for anyone that they know personally if the item is not pre-priced. In this case, the seller must request pricing from another seller who has no conflict of interest. Regular volunteers, members, and directors must have at least two sellers agree on a price for un-priced items. This policy applies to making purchases of all bicycles, parts, clothing, and other items by any person. A disinterested qualified person shall set or approve pricing on used items. Following this procedure alleviates the conflict and any need of further action.