



Conflict of Interest Policy

Article I **Purpose**

This Conflict of Interest Policy sets forth World Bicycle Relief's ("Organization") criteria and procedures for identifying, evaluating and addressing conflict of interest situations. The purpose of this policy is to protect the Organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction or when the activities of a Board Member may prejudice or impair the Organization's rights or interests. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II **Definitions**

1. Interested Person

Any director, officer, key employee, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest or has a policy interest, each as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investments, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangements with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

3. Policy Interest

A person has a policy interest if the person has a material staff, management, ownership or governance position with an organization which competes with the Organization or is otherwise adverse to rights or interests of the Organization.

4. Key Employees

A person is a key employee who enjoys a portion of authority such as a manager.

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 any financial interest or policy interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement. A financial interest or a policy interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest or a policy interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest or policy interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board 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 governing board or committee meeting, but after the presentation, he/she shall, if directed by the President, leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a person or committee to investigate alternatives to the proposed transaction or arrangement.

c. In the case of a financial interest, after exercising due diligence, the governing board or committee shall determine whether the Organization 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 governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination the board shall make its decision as to whether to enter into the transaction or arrangement.

e. If a policy interest arises the governing board shall determine by majority vote of the disinterested directors whether the policy interest rises to the level of a material prejudice to, or impairment of, the missions and governance of the Organization, and the governing board may propose responses to the interested person, including the interested person's withdrawal from the policy interest, or the interested person's withdrawal from the Organization.

4. Violations of the Conflicts of Interest Policy

a. If the governing board or committee has reasonable cause to believe a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford that person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV **Records of Proceedings**

The minutes of the governing board 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 or policy interest in connection with an actual or possible conflict of interest, the nature of the financial interest or policy interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee'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 arrangements, 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 governing board who receives compensation, directly or indirectly, from the Organization 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 Organization for services is precluded from voting on matters pertaining to that member's compensation.

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

Article VI **Annual Statements**

Each director, key employee, officer and member of a committee with governing board-delegated powers shall annually sign a disclosure statement, a form of which is attached hereto as Exhibit A, which affirms such person:

- a. Has received a copy of this conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal 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 Organization operates in a manner consistent with charitable 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, including 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 Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization 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.

EXHIBIT A
FORM OF
DISCLOSURE STATEMENT

I have received, carefully read and understand the conflict of interest policy of World Bicycle Relief and in signing this disclosure, agree to comply and abide by such policy and be bound by its terms. I further understand that the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

I hereby state that, except as hereinafter disclosed, I do not, to the best of my knowledge, have any financial or policy interest that may be seen as conflicting with the interests or concerns of World Bicycle Relief under the conflict of interest policy.

If any situation should rise in the future which I think may involve me in a potential conflict of interest, I will promptly and fully disclose the circumstances to the governing board.

_____ Without exception

_____ Except as described below or attached hereto

NAME (PLEASE PRINT)

TITLE

SIGNATURE

DATE