

# Conflict of Interest Policy

## Introduction

Alameda County Community Food Bank (“ACCFB”) and its leadership and staff are subject to legal requirements relating to conflicts of interest. For example:

- The California Nonprofit Public Benefit Corporation Law (the “Nonprofit Law”) limits transactions between ACCFB and its directors, and provides that a majority of the board of directors must meet a specified independence standard.
- California corporation law principles provide that directors owe ACCFB 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.
- Federal tax law and ACCFB’s Articles of Incorporation provide that no part of the net earnings or assets of ACCFB may inure to (benefit) its directors, officers, and other private persons.
- Federal tax law requires public disclosure regarding, among other things, relationships between ACCFB and its leaders, the independence of ACCFB’s board, and the compensation of ACCFB’s leadership.

ACCFB adopted this Conflict of Interest Policy (this “Policy”) to facilitate compliance with these laws and provide procedures for addressing situations that involve, or may appear to involve, conflicts of interest.

## Policy

### Core principles

It is the policy of ACCFB that directors, officers and key employees (collectively, “associates”) promptly and fully disclose any actual, apparent or potential conflicts of interest (as defined below), that no associate participate in any decision by ACCFB in any matters in which he or she has a conflict of interest, that ACCFB follow a disciplined, documented process in making decisions about such matters, and that ACCFB comply with all applicable legal requirements relating to such matters.

### Definitions

A **conflict of interest** exists if an associate is (i) in a position to make or influence ACCFB’s decisions about a transaction or relationship with a vendor, supplier, lender, lessor, consultant, grantee or other person and (ii) has an affiliation with the other party to the transaction.

A **key employee** is any ACCFB employee who receives more than \$150,000 in annual compensation and has management responsibility over a substantial segment (10%+) of ACCFB’s assets, income, expenses or budget, or is otherwise considered a key employee under ACCFB’s senior management compensation review policy.

An associate is considered to have an **affiliation** if (i) the associate is the other party; (ii) the other party is a family member; (iii) the other party is an entity in which the associate or a family member of an associate is also an associate; or (iv) the other party is an entity in which the associate or a family member of an associate has a substantial financial interest as an owner or investor in the entity. **Family member** means 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.

## Disclosure

### Annual disclosure

Upon election, hiring, or appointment, and annually thereafter, associates must complete an annual affirmation and disclosure questionnaire in the form provided by ACCFB. On this document, they must disclose all affiliations or other matters that

could give rise to a conflict of interest and confirm commitment to compliance with the Policy. They should update this disclosure as appropriate. Associates 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.

**Conflicts of interest as they arise**

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

**Procedures**

**Abstention from decision-making**

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

**Review**

With regard to an **employee**, the Executive Director will determine the appropriate response by ACCFB in line with the principles set out in this policy including, without limitation, review by ACCFB's Board of Directors (the "Board"). With regard to a **director or officer**, or on employee matters referred to it by the Executive Director, the Board will determine the appropriate response by ACCFB in light of the nature of the conflict.

**Action by the Board**

The Board will take such actions as it believes are appropriate under federal tax or state law principles and this policy. These actions may include limiting review to specified directors, obtaining information from the interested associate, reviewing information about comparable transactions, and obtaining advice from advisors. As a general matter, the Board may approve a decision or transaction where an associate has a conflict of interest if the following steps are taken:

- The interested associate leaves the room during the Board's consideration of the decision or transaction.
- The disinterested Board members compile and review all material facts regarding the decision or transaction and the interest.
- The disinterested Board members determine after reasonable investigation that ACCFB cannot obtain with reasonable efforts a more advantageous arrangement with a person or entity that would not give rise to a conflict of interest, and that the decisions or transaction is fair and reasonable to ACCFB and for its benefit and not for the benefit of the interested associate.
- The disinterested Board members 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.
- 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. The minutes should note: a description of the decision or

transaction and the date the action was taken; Board members who were present during the meeting and those members who voted; data obtained and relied upon and how the data were obtained.

**Self-dealing transactions**

ACCFB will not engage in any self-dealing transaction as defined in Section 5233 of the Nonprofit Law without taking the actions set out in the bullet points above and such other actions as may be appropriate under Section 5233. A self-dealing transaction is a transaction in which ACCFB is a party and in which one or more of its directors has a material financial interest.

**Related matters**

**Board composition**

At all times, not more than 49% of the directors of ACCFB may be “interested persons.” An interested person means either: (i) any person currently being compensated by ACCFB 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 (ii) any family member (as defined above) of any such person.

**Compensation**

This Policy does not cover review of senior management compensation. Compensation matters are covered in the Senior Management Compensation Review Policy.

**Loans to directors and officers**

Except as permitted by Section 5236 of the Nonprofit Law, ACCFB will not make any loan or other advance of money or property to, or guarantee the obligation of, any director or officer.

**Personal use; gifts**

Associates may not use or authorize the use of the name, logo, or other property of ACCFB for the benefit of the associate or any other person or entity, except as approved by ACCFB. Associates may not accept or give any payments, gifts, loans, or other favors from or to anyone who is doing, or wishes to do, business with ACCFB, except as approved by ACCFB.

**Corporate opportunities**

Associates may not take personal advantage of opportunities that are discovered through the use of corporate property, information, or one’s position, except as approved by ACCFB.

**Relationship to other laws**

This Policy is intended to supplement and not supersede any applicable federal or state laws including laws prohibiting or otherwise relating to self-dealing, private inurement, private benefit or transactions with interested persons. Nothing in this policy authorizes ACCFB to engage in any act of self-dealing, inurement or other any prohibited by law.

**Annual board review**

The Board will perform an annual review of this Policy and amend it as appropriate. In addition, the Board will perform an annual review of questionnaires received under this Policy and consider appropriate actions to promote compliance with this Policy.

**As a member of the Board of Directors of The Alameda County Community Food bank, I have read and agree to adhere this Conflict of Interest Policy :**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date