

**HUMAN RESOURCES
POLICY AND PROCEDURE**

SUBJECT: Disclosure of Conflicts of Interest
MANUAL: Human Resources
SECTION: Employee Relations
EFFECTIVE DATE: September 25th, 2007

POLICY:

The ability of Silicon Valley Community Foundation [“the community foundation”] to carry out its mission in the community is enhanced by the involvement of its board of directors, community members, volunteers and staff in the community and economic life of San Mateo and Santa Clara counties and elsewhere. Their collective knowledge is invaluable in guiding the community foundation in its service to donors and grantees.

Silicon Valley Community Foundation consistently follows a policy of avoiding any conflict of interest or the appearance of any conflict of interest on the part of its board, committee members and staff. A “conflict of interest” exists if a director, committee member, employee or his or her relative (while acting on behalf of himself or herself or on behalf of some other organization) takes (or proposes to take) any action that would result in (or give the appearance of resulting in) a financial interest to that individual, relative, or organization, or would result in an adverse effect on the financial position or integrity of the community foundation. The community foundation provides this Statement of Policy to insure that the awarding of grants and employment of service providers is free of favoritism or conflict of interest and is based entirely on merit.

For purposes of this policy, a “conflict of interest” exists when a Silicon Valley Community Foundation board member, committee member or staff member:

1. Holds a trustee or executive position in a grantee agency or agency or organization with which the community foundation contracts or has a business relationship; or
2. Is closely related to a staff or board or committee member of a grantee agency or agency or organization with which the community foundation contracts or has a business relationship; and either
 - a. is in a position in which the action by the individual in one capacity will or could cause favoritism or undue influence; or
 - b. the dual positions or relationships of the individual compromise his or her objectivity in performing obligations and duties to either organization; or
 - c. the individual is a proposed service provider or a member of a firm or agency that is an existing or proposed service provider to the community foundation.

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The following definitions apply to this Policy:

- “Organization” shall mean: (i) any vendor from which the community foundation might purchase goods or services; or (ii) any educational, research, policy, social service or other non-profit entity which represents a current or potential future recipient of community foundation grant funds;
- “Acting on behalf of some other organization” shall mean serving that organization as a trustee/director, paid staff, advisor or volunteer or having a relative who serves one of these functions. (“Acting on behalf of some other organization” shall *not* mean: (1) serving as a mere common trustee/director; or (2) serving as paid staff on one organization and a trustee/director on the other organization, with no financial interest in the transaction);
- “Relative” shall mean spouse, children, grandchildren, parents, in-laws, siblings or any other relative residing within the household of the director;
- “Financial interest” shall mean: (i) an actual or potential ownership or investment interest in an entity with which the community foundation has a transaction or arrangement; or (ii) a compensation arrangement (direct or indirect remuneration, as well as substantial gifts or favors) with the community foundation or with any entity or individual with which the community foundation has an actual or potential transaction or arrangement.

Obligations under the Conflict of Interest Policy

1. Board of Directors
 - a. Each director is requested to provide annually to the chief of staff of the community foundation a list of offices and directorships he or she holds in charitable and business organizations and to identify his or her place of employment or principal business activity.
 - b. In the event the community foundation is considering a transaction with an entity in which a director is an officer, director or is employed, the director shall so inform the board. The director may be present during the deliberation, and the director may, at the discretion of the chairman of the board, be allowed to vote provided that “the material facts as to the transaction and as to such director’s other directorship are fully disclosed or known to the board...and the board authorizes, approves or ratifies the contract or transaction in good faith without counting the vote of the common director or directors...” (California Corporations Code Section 5234). *These procedures shall also be applicable to Committees of the Board.*
 - c. In the event the community foundation is considering a procurement of services from an entity in which a director is an officer, director, or is employed, the director shall so inform the chief of staff. The director may be present during the

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deliberation to answer questions, but must recuse himself or herself from voting on the procurement.

- d. Members of the Board of Directors of Silicon Valley Community Foundation shall serve without compensation. Board members may be reimbursed for reasonable expenses incurred in the course of conducting community foundation business at the discretion of the chief of staff.
2. Staff Report to Human Resources
 - a. Each employee of Silicon Valley Community Foundation must provide annually to the vice president of human resources of the community foundation a list of offices and directorships he or she holds and that any family member(s) holds, in charitable and business organizations. Each employee or family member must identify any such organization in which the staff member or any family member has been, or is employed, is serving or has served, as an officer or director within the past five years.
 - b. The responsible supervisor of the community foundation shall endeavor to avoid assigning a staff member to matters involving any organization he or she has identified.
 3. Supporting Foundations
 - a. Silicon Valley Community Foundation requires its supporting foundations to adopt a Conflicts of Interest Policy.
 - b. Members of the community foundation's board of directors or staff who are appointed by the community foundation to serve on the board of a supporting foundation shall serve without compensation.
 4. Procurement of Services
 - a. In selecting providers of professional and other services, Silicon Valley Community Foundation will give consideration to the recommendations of donors and the needs and the best interests of the community foundation.
 - b. Service providers will not be precluded from employment by the community foundation by reason of a relationship between the prospective service provider and a director, committee member, staff member or family member thereof. In such circumstances, however, the community foundation will give particular consideration to the quality and cost of comparable services available from other providers.
 - c. The community foundation will continue to contract with service providers who best meet the needs of the community foundation in light of prevailing market charges for such services.

For the purpose of carrying out this policy, the chief administrative officer of Silicon Valley Community Foundation is directed to once a year prepare and distribute to all members of the community foundation board of directors, committee members and staff, a questionnaire

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concerning the organizations, corporations and other businesses with which each person and his or her spouse or other family member may be affiliated.

It is also the responsibility of each board member, committee member and staff member to inform the chief administrative officer or the chair of the board or of a committee of any conflicting roles or dual roles he or she may have if not otherwise revealed by the foregoing process.