

National Limousine Association, Inc.

Conflict of Interest Policy

Article I: Purpose

The purpose of the Conflict of Interest Policy is to protect the interests of the National Limousine Association, Inc. (the “NLA”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an NLA officer, member of NLA’s Board of Directors (“Board”), the NLA Executive Director or successor thereto, a senior manager (the Board to determine from time to time which employees and/or independent contractors of the NLA are senior managers for purposes of this policy) or any NLA key employee (as that term is defined in NLA’s Compensation Policy)(each of the above persons hereinafter referred to individually as a “Covered Individual” or collectively as “Covered Individuals”). This policy is intended to supplement, but not replace, any applicable state law governing conflicts of interest applicable to nonprofit and tax-exempt organizations.

Article II: Definitions

A. **Conflict of Interest.** A conflict of interest may arise in any circumstance that may compromise the ability of a Covered Individual to make unbiased and impartial decisions on behalf of NLA. A conflict of interest exists any time a Covered Individual seeks to enter into a business relationship with the NLA. Similar conflicts may arise through family members or through organizations in which Covered Individuals serve in a leadership, employment, or ownership capacity. Such conflicts do not, however, necessarily preclude business relationships with the NLA.

B. **Interested Person.** Any Covered Individual who has a direct or indirect financial interest with the NLA, as defined below, is an Interested Person.

C. **Financial Interest.** A person will be deemed to have a financial interest with the NLA if the person has, directly or indirectly, through business, investment or family –

- (1) an ownership or investment interest in any entity with which the NLA has a transaction or arrangement, or
- (2) a compensation arrangement with the NLA or with any entity or individual with which or with whom the NLA has a transaction or arrangement, or
- (3) an ownership or investment interest in, or compensation arrangement with, any entity or individual with which or with whom the NLA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists.

D. **Statement of Disclosure.** The Board shall require each Covered Individual to complete and submit an annual Statement of Disclosure detailing any facts or circumstances that might constitute a conflict of interest. Additionally, the Board shall require Covered Individuals to submit an amended Statement of Disclosure to reflect any material changes or additions to the submitted information that may arise during the course of the year. Covered Individuals are advised to err on the side of disclosure and to report any set of circumstances that may appear to pose a conflict of interest, even if there is uncertainty as to whether such circumstances should be disclosed.

Article III: Procedures

A. How Are Conflicts of Interest Identified?

The Board shall review each Statement of Disclosure for any set of facts or circumstances that may reflect an actual, potential, or apparent conflict of interest. The Board may request the assistance of NLA's legal counsel to identify potential conflicts. When evaluating a particular set of facts or circumstances, the Board shall consider the following non-exhaustive list of factors that may indicate a conflict of interest:

- (1) Solicitation or acceptance of gifts or other items of value that may create an appearance or expectation of special treatment in the NLA;
- (2) Any incident of abuse or misuse of a leadership position for personal or third-party gain or benefit;
- (3) Situations in which a Covered Individual may be divided between personal interests or the interests of another organization and the best interests of the NLA;
- (4) Business, professional, or other activities that would materially and adversely affect the NLA, either directly or indirectly; and,
- (5) Any arrangement in which a Covered Individual provides goods or services to the NLA as a paid vendor.

The Board may request additional information from any Covered Individual at any time; however, no Covered Individual whose relationships or activities are under review may participate in deliberations, debate, or any vote of the Board while such review is pending.

B. How Are Conflicts of Interest Resolved?

If the Board identifies an actual, potential, or apparent conflict of interest, it may take one of the following actions to resolve such conflict:

- (1) *Waive* the conflict of interest as unlikely to affect the Covered Individual's ability to act in the best interests of the NLA;
- (2) Determine that the Covered Individual should be *recused* from all deliberation and decision-making related to the particular transaction or relationship that gives rise to the conflict of interest. This course of action should apply particularly when the transaction or relationship is one which presents a conflict only with respect to one or two discrete programs or activities; or
- (3) Determine that the Covered Individual must *resign* from his or her service to the NLA. This course of action should apply when the conflict of interest is so pervasive that the Covered Individual would likely seldom, if ever, be able to act solely in the best interests of the NLA.

If the Board approves the business relationship under consideration, the Covered Individual may not participate in any process by which his or her performance as a vendor, grantee, or recipient is evaluated, or in any such evaluation of a related party.

C. Violations of the Conflict of Interest Policy

If the Board has reasonable cause to believe that a Covered Individual subject to this policy has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Individual of the basis for such belief and afford that person an opportunity to explain the alleged failure to disclose. If, after hearing the response of the Covered Individual and making such further investigation as may be warranted under the circumstances, the Board determines that such person has in fact failed to disclose an actual or possible conflict of interest without good cause, it shall take appropriate disciplinary and corrective action.

Article IV: Records of Proceedings

The minutes of the Board shall contain:

- (1) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict in fact existed.
- (2) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Article V: Annual Statements

Each Covered Individual shall annually sign a statement affirming that such person:

- (1) has received a copy of the NLA's Conflict of Interest Policy.
- (2) has read and understands the Policy, and
- (3) has agreed to comply with the Policy.

* * *

The attached Statement of Disclosure shall be completed, signed and submitted to the NLA on an annual basis.

National Limousine Association, Inc.

Statement of Disclosure

As a director, officer, Executive Director or successor thereto, senior manager¹ or key employee² of the National Limousine Association, Inc. (“NLA”), I understand that I am obligated to disclose the existence of any facts or circumstances that may constitute a conflict of interest, as the term is defined in the NLA’s Conflict of Interest Policy.

- I have the following interests in third parties providing goods and services to the NLA:

- I serve in a leadership capacity, have a significant investment in, or own at least a one percent (1%) interest in the following entities or organizations that may have conflicting interests with those of the NLA, or take public positions contrary to those of the NLA:

- I expect to receive compensation from the NLA in the following amount, not including reimbursement of reasonable expenses:

- The following members of my family expect to receive some form of compensation or material financial benefit from the NLA:

- Outside of my capacity as a director, officer, Executive Director or successor thereto, senior manager or key employee of the NLA, I have a family relationship or business relationship with the following NLA directors, officers, Executive Director or successor thereto, senior manager or key employees of the NLA:

- I wish to disclose the following additional facts or circumstances:

I have read the NLA’s Conflict of Interest Policy in full, and understand that I am required to notify the Board of Directors of the NLA in the event of any material change to the answers I have provided in this statement.

Date: _____

Signed: _____

Printed Name: _____

¹ The NLA’s Board shall determine from time to time which employees and/or independent contractors of the NLA are senior managers for purposes of the Conflict of Interest Policy.

² The concept of “key employee” is defined in the NLA’s Compensation Policy.