

Conflict of Interest Policy

As approved on February 13, 2020

ARTICLE I

PURPOSE AND SCOPE

This Conflict of Interest Policy (the “Policy”) is adopted by the Board of Directors (the “Board”) of Autonomous Vehicle Computing Consortium, Inc. (the “Consortium”) to protect the interests of the Consortium when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, member of the Board (each a “Director”), or any Consortium Representative (defined below), or which might result in a possible excess benefit transaction. The purpose of this Policy is to educate the Consortium Representatives (as defined below) on what constitutes a conflict of interest, to assist the Consortium Representatives in identifying and disclosing actual and potential conflicts of interest, and to help ensure the avoidance of conflicts of interest wherever possible. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and tax-exempt organizations. In the event that there is an inconsistency between the requirements and procedures prescribed in this Policy and those existing under applicable state and federal laws, such state and federal laws shall prevail.

ARTICLE II

DEFINITIONS

1. **“Family Member”** means a person’s spouse, child (natural or adopted) or step-child, parent or step-parent, in-law (father, mother, brother or sister in-law), grandchild, grandparent, brother, sister or half/step brother or sister, and any person with whom such person or such person’s Family Member shares living quarters under circumstances that closely resemble a marital relationship or who is financially dependent on such person.
2. **“Interested Person”** means any Consortium Representative who has a direct or indirect Financial Interest, as defined below.
3. **“Financial Interest”** means any of the following, directly or indirectly, through business, investment, or a Family Member:

- a. An ownership or investment interest in any entity with which the Consortium has a transaction or arrangement,
 - b. A compensation arrangement with the Consortium or with any entity or individual with which the Consortium has a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Consortium is negotiating a transaction or arrangement.
4. **“Consortium Representative”** means any Director, principal officer, or member of a committee with powers delegated by the Board, staff members, employees, consultants and/or volunteers.

Notes: The term “compensation” includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2 of this Policy, a person who has a Financial Interest may have a conflict of interest only if the Board or appropriate committee decides that a conflict of interest exists.

ARTICLE III

PROCEDURES

1. Duty to Disclose

Consortium Representatives have a fiduciary duty and obligation to avoid conflicts of interest and to report and disclose conflicts of interest as provided in this Policy. All conflicts of interest are not necessarily prohibited or harmful to the Consortium, however, full disclosure of all actual and potential conflicts of interest is required. Except in exceptional circumstances, such disclosure must be made in advance of initiating the activity giving rise to the conflict.

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Directors and members of committees with Board delegated powers considering the proposed transaction or arrangement. For purposes of this Policy, potential conflicts of interest could include the following:

- a. When a Consortium Representative proposes to act on any issue, matter, transaction or arrangement in which the Consortium has an interest and the Consortium Representative may have a direct or indirect Financial Interest that is separate from that of the Consortium.
- b. Situations in which there is an appearance that an Consortium Representative is using inside information that is confidential and proprietary to the Consortium for such Consortium Representative’s or such Consortium Representative’s Family Member’s benefit,

is acting in such Consortium Representative's own interests rather than the best interests of the Consortium, has the ability to exercise undue influence over the Consortium's decisions, or is receiving favorable treatment by the Consortium because of his or her status as an Consortium Representative.

c. A Consortium Representative or his/her agent or close friend or Family Member, or an employer of a Consortium Representative has a Financial Interest in another entity that is a party to a transaction or arrangement with the Consortium.

d. A Consortium Representative is a director, officer or trustee of another entity that is a party to a transaction or arrangement with the Consortium, and the transaction or arrangement is one that should be considered by the Board.

e. A transaction or arrangement which presents, or which may present a conflict between a Consortium Representative's obligations to the Consortium and the Consortium Representative's personal, business or other interests.

f. A Consortium Representative or his or her Family Member gives to or accepts from any Consortium member or potential member, or any individual or entity that does or is seeking to do business with the Consortium or is seeking to receive (or has received) a financial commitment from the Consortium, any gifts, entertainment or other favors. This does not include giving or accepting items or services (including entertainment) of nominal or insignificant value that is not related to any particular transaction, arrangement or activity of the Consortium.

g. Circumstances, conduct, relationships, transactions or arrangements that, if made known to the public, could materially damage the Consortium's reputation or status.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Board or applicable committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide, in accordance with the procedure described below in this Article III, if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

Following full disclosure of a possible conflict of interest or any condition listed above, and after determining that a conflict of interest exists, the Board shall vote to authorize or reject the transaction or to take any other action deemed necessary to address the conflict and protect the Consortium's best interests. When handling conflicts of interest, reasonable effort should be made to avoid the conflict. In cases where it is not reasonably possible to avoid a conflict of interest or the appearance of a conflict of interest, reasonable and good faith effort should be made to mitigate the effects of the conflict. The recommended procedure for addressing an actual or potential conflict of interest situation is as follows:

a. An Interested Person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall 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 Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Board or committee shall determine whether the Consortium 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 Board or committee shall determine by a majority vote of the disinterested Directors or members of such committee whether the transaction or arrangement is in the Consortium's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the proposed transaction or arrangement with the Interested Person.

4. Violations of the Conflicts of Interest Policy

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

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

ARTICLE IV

RECORD OF PROCEEDINGS

The minutes of the 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 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 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 arrangement, a summary of the content of the discussion, including a

summary of 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 Director who receives compensation, directly or indirectly, from the Consortium for services is precluded from voting on matters pertaining to that Director's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Consortium for services is precluded from voting on matters pertaining to that member's compensation.

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

ARTICLE VI

ANNUAL STATEMENTS

Each Consortium Representative shall annually sign an Affirmation of Conflict of Interest Policy and Disclosure Form in the form attached hereto (the "Annual Affirmation and Disclosure Form"), which affirms that such person:

- a. Has received a copy of the Policy,
- b. Has read and understands the Policy,
- c. Has agreed to comply with the Policy,
- d. Understands the Consortium is tax-exempt and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, and
- e. Has described any relationships which such person believes could contribute to or constitute a conflict of interest.

All completed Affirmation and Disclosure Forms provided pursuant to this Article shall be provided to and reviewed by the Board, and, if appropriate, shall be reviewed by the Board in consultation with legal counsel.

ARTICLE VII

PERIODIC REVIEWS

To ensure that the Consortium operates in a manner consistent with tax-exempt 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, include 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 Consortium's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the Consortium's tax-exempt 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 Consortium may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE IX

AMENDMENTS

Except where such power is expressly limited by law or by the Bylaws as to any specific action, this Conflict of Interest Policy may be altered, amended or repealed, and a new Conflict of Interest Policy may be adopted, in each case by an affirmative Super Majority vote (as defined in the Bylaws Section 4.10) of the Board of Directors, provided, however, that notice of such alteration, amendment, repeal or adoption of a new Conflict of Interest Policy shall be contained in the notice of such meeting.

AUTONOMOUS VEHICLE COMPUTING CONSORTIUM, INC.

Affirmation of Conflict of Interest Policy and Disclosure Form

In connection with the Conflict of Interest Policy (the “Policy”) of Autonomous Vehicle Computing Consortium, Inc. (the “Consortium”) I, the undersigned _____ (title) of the Consortium, hereby acknowledge that I: (a) have received a copy of the Policy, (b) have read and understand the Policy, (c) agree to comply with the Policy, and (d) understand the Consortium is tax-exempt and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

In addition, described below are all relationships, positions or circumstances in which I am involved that I believe could contribute to or constitute a conflict of interest as described in the Policy.

Instructions: Among other things, please list for you and your Family Members all public or private boards, commissions or councils on which you or a Family Member sits, employers or material consultancies, and affiliations with any member or major supplier/vendor (if known) of the Consortium, to the extent you believe the same could contribute to or potentially constitute a conflict of interest.

If at any time following the submission of this form I become aware of any other relationships, positions or circumstances that could contribute to or potentially constitute a conflict of interest, or if the information provided above becomes inaccurate or incomplete, I will promptly notify the Consortium in writing.

By (signature): _____

Name (please print): _____

Date: _____

(to be signed annually by each Consortium Representative)

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Register of Amendments to the Conflict of Interest Policy

Sections Affected	Change