



Conflict of Interest Policy

(updated and approved by Board of Directors on May 5, 2022)

Introduction

We are committed to integrity in all our dealings and maintaining the trust of our clients. The Public Library of Science (“PLOS”) 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 PLOS 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 PLOS 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 PLOS’s Articles of Incorporation provide that no part of the net earnings or assets of PLOS may inure to (benefit) its directors, officers, and other private persons.
- Federal tax law requires public disclosure regarding, among other things, relationships between PLOS and its leaders, the independence of PLOS’s board, and the compensation of PLOS’s leadership.

PLOS 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 PLOS that directors, officers and key employees (“associates”) promptly and fully disclose any actual, apparent or potential conflicts of interest (as defined below), that no associate participate in any decision by PLOS in any matters in which he or she has a conflict of interest, that PLOS follow a disciplined, documented process in making decisions about such matters, and that PLOS 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 PLOS’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 PLOS employee who is part of the Leadership Team and/or anyone who receives more than US \$150,000 in annual compensation and has management responsibility over a substantial segment (10%+) of PLOS’s assets, income, expenses or budget, or is otherwise considered a key employee under PLOS’s 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 of an associate; or (iii) 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, domestic partner, grandchildren, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law.

Disclosure

Annual disclosure

Upon election, hiring, or appointment, and annually thereafter, directors, officers and key employees must complete an annual affirmation and disclosure questionnaire in the form provided by PLOS. On this document, they must disclose all affiliations or other matters that could give rise to a conflict of interest and confirm his or her commitment to compliance with the Policy. They should update this disclosure as appropriate. Directors, officers and key employees 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 shall promptly disclose to PLOS 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 PLOS. 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 a key **employee**, the CEO will determine the appropriate response by PLOS in line with the principles set out in this policy including, without limitation, review by PLOS's Board of Directors (the "Board"). With regard to a **director or officer**, or on key employee matters referred to it by the CEO, the Board will determine the appropriate response by PLOS 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 interested 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 PLOS 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 PLOS and for its benefit.



- The disinterested Board members vote to approve the decision or transaction by a majority. The interested Board members will not be permitted to vote.
- The Secretary (or some other Board member, officer or employee 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

A **self-dealing transaction** is a transaction in which PLOS is a party and in which one or more of its directors has a material financial interest.

PLOS 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 procedures set forth above and such other actions as may be appropriate under Sections 5233 and 5234.

A self-dealing transaction must receive prior approval by a vote of a majority of the directors in office, without counting the vote of any interested director, and with knowledge of the material facts of the transaction and the involved director's interest.

The following are exempt from the approval requirements of this Policy and Section 5233 (and therefore PLOS need not obtain the vote described above): (i) approval of an action fixing the compensation of a director as a director or officer; (ii) good faith approval, without unjustified favoritism, of a charitable program of which a director or a director's Family Member(s) are indirectly among the intended beneficiaries; and (iii) a transaction about which an interested director had no actual knowledge involving an amount that does not exceed the lesser of one percent of the gross receipts of PLOS for the preceding fiscal year or \$100,000.

Related matters

Board composition

At all times, not more than 49% of the directors of PLOS may be "interested persons." An interested person means either: (i) any person currently being compensated by PLOS 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 Compensation Review Policy.

Loans to directors and officers

Except as permitted by Section 5236 of the Nonprofit Law, PLOS 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 PLOS for the personal benefit of the associate or any other person or entity, except as approved by PLOS. 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 PLOS, except for items of nominal value (e.g., pads, pens) or as approved by PLOS.



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 PLOS.

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 PLOS 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, as contemplated by Section 3.10 of the Bylaws. In addition, the Board will perform an annual review of questionnaires received under this Policy and consider appropriate actions to promote compliance.