

The Conservation Foundation

CONFLICT OF INTEREST POLICY

Article I **Purpose**

The purpose of the conflict of interest policy is to protect The Conservation Foundation's ("Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an interested person of the Organization, as defined below, or might result in a possible excess benefit transaction and to avoid even the appearance of improper actions. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II **Definitions**

1. Interested Person

Any Trustee, director, principal officer, President/CEO, paid staff, substantial contributor defined as any person as an individual or representing a company who has donated \$50,000 or more in the most recent five-year period, member of a committee with governing board delegated powers, any other person who through their role with the Organization has access to information which is not otherwise available to the general public, and any person who is related to any the listed persons is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

3. Conflict of Interest. A conflict of interest arises when an “interested person” is in a position, or perceived to be in a position, to benefit financially, promote their financial interest, or create a benefit to a family member or other organization with which they are associated by virtue of their position within the organization.

Article III **Procedures**

1 Duty to Disclose

The Conservation Foundation expects that all interested persons will: conduct themselves with the highest ethical standards and under strict rules of honesty and fair dealing in their relations with the Organization and when acting on behalf of the Organization with third parties; carry out his or her fiduciary duties of loyalty to the Organization in accordance with applicable law; and avoid participation in any transaction involving private inurement or impermissible private benefit. Therefore, in connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest or potential conflict of interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

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 governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. At the request of the governing board or committee, an interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during any discussion of, and any votes regarding, the transaction or arrangement involving the possible conflict of interest. Other than providing requested information, any interested person who has a conflict or potential conflict shall abstain from discussing with board or staff members anything related to the conflict of interest or circumstances, absent him or herself from board or board committee discussions and votes on anything related to the conflict of interest or circumstances, and shall resign from the board, if requested to do so by the board, until such time as the matter giving rise to the conflict of interest or circumstances has been resolved. When, in the opinion of the board, the matter has been sufficiently resolved, the resigned director may be invited to rejoin the board.

b. The chairperson of the governing 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 governing board or committee shall determine whether the Organization 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 governing board or committee shall expressly determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, whether it is fair and reasonable, and whether it gives rise to any private inurement. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

In the case of any land or conservation easement transaction with an interested person the Board shall specifically determine that: the project meets the organization's land protection criteria; all relevant policies and procedures have been followed and satisfied; in the case of a purchase or sale, an independent appraisal has been obtained from a qualified appraiser and the actual purchase or sale price does not give rise to any private inurement; and, in the case of a sale to an interested person, that the property has been widely marketed prior to the acceptance of any sales agreement.

4. Violations of the Conflict of Interest Policy

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

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

Article IV **Records of Proceedings**

The minutes of the governing 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 governing boards' 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, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V **Compensation**

The Conservation Foundation does not compensate Board members for their service on the Board or Board committee. There may be times when it is advantageous to compensate Board members for services not directly related to their service on the Board. In these situations the Organization shall comply with all terms of this Conflicts of Interest Policy. At no time shall the Organization compensate the Board president, treasurer and/or firms, companies, or entities for whom they work for professional services if that individual's compensation from the firm, company or entity is based in whole or in part on distributions of its profits, nor shall the organization ever retain the president, treasurer and/or any firm, company or entity for whom they work to conduct a financial compilation, review, or audit of the organization's financial records.

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

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

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

Article VI **Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflict of interest policy;
- b. Has read and understands the policy;

- c. Has agreed to comply with the policy; and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

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

Approved May 29, 2013

Amended and approved October 26, 2016