

## ***The Santa Fe Conservation Trust***

### **CONFLICT OF INTEREST POLICY AND PROCEDURES**

**Policy 2011-11 = 04**

**Adopted on:** February 4, 2012

**Updated:** December 4, 2018

#### **PURPOSE**

The purpose of the Conflict of Interest Policy is to protect the interests of the Santa Fe Conservation Trust ("SFCT") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer or key employee of SFCT, which might constitute a Conflict of Interest or breach of fiduciary duty, or might result in a possible excess benefit transaction. This policy is a good faith effort on the part of SFCT to prevent any violations of the law, loss of tax-exempt status or a successful lawsuit against the organization. It is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable corporations.

The effectiveness of SFCT depends upon maintaining the highest levels of credibility, confidence and trust with the community it serves and all parties with whom it works. For this reason, it is crucial that all Insiders (as defined below) affiliated with SFCT, follow the procedures listed below to avoid real or perceived Conflicts of Interest. Each individual or entity is expected to act with honesty, in good faith and maintain a fiduciary responsibility to the organization and to the community it serves.

#### **Compensation to Board Members**

Other than reimbursement for reasonable expenses directly related to work done on behalf of SFCT, Board members shall not receive any monetary compensation for their work on behalf of SFCT.

#### **Definitions**

**Conflict of Interest:** A Conflict of Interest exists where an Insider has a material Financial Interest in a transaction or project under consideration by SFCT, or when that person proposes to act on any issue, matter or transaction in which SFCT has an interest, and in which the individual may have an interest separate from that of SFCT. A Conflict of Interest may also exist in situations in which there is an appearance that an individual is utilizing, for his or her own benefit, inside information that is proprietary to SFCT, is acting in his or her own interest rather than the best interest of SFCT, has the ability to exercise undue influence over SFCT decisions, or is receiving favorable treatment by SFCT because of his or her status.

**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 in any entity with which SFCT has a transaction or arrangement, or
- b. a compensation arrangement with SFCT or with any entity or individual with which SFCT has a transaction or arrangement (this does not apply to regular salaries and bonuses of employees of SFCT),
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which SFCT is negotiating a transaction or arrangement.

**Insider:** For purposes of this Policy, an Insider includes all Board members, staff members, committee members, substantial contributors, parties closely related to the preceding individuals, those who have an ability to influence decisions of SFCT and those with access to information not available to the general public (which may include certain volunteers and interns).

## **PROCEDURES**

**Duty to Disclose.** In connection with any actual or possible Conflicts of Interest, an Insider must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the Executive Committee considering the proposed transaction or arrangement.

**Determining Whether a Conflict of Interest Exists.** The Executive Committee of the Board shall make all decisions regarding Conflicts of Interest. Any aggrieved Insider may appeal such decision for consideration of the full Board. The Insider shall be allowed to explain his/her position to the Committee or Board, but shall not be present for, nor participate in any vote. After disclosure or discovery of the conflict of interest and all material facts, and after any discussion with the interested person, he/she shall leave the Executive Committee meeting while the determination of a Conflict of Interest is discussed and voted on. The remaining committee members shall decide if a Conflict of Interest exists. In those instances when an individual clearly feels that he or she has a Conflict of Interest, the individual can and shall simply recuse themselves from any discussion or vote on the particular project or issue with which there may be a Conflict.

### **Procedures for Addressing the Conflict of Interest.**

- a. An Insider may make a presentation at the Executive Committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the Conflict of Interest.
- b. The chairperson of the Executive 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 Executive Committee shall determine whether SFCT can obtain a more advantageous transaction or arrangement with

reasonable efforts 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 attainable under circumstances that would not give rise to a Conflict of Interest, the Executive Committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in SFCT's best interest and for its own benefit and whether the transaction is fair and reasonable to SFCT and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

#### **Violations of the Conflict of Interest Policy.**

a. If the Executive Committee has reasonable cause to believe that an Insider has failed to disclose actual or possible Conflicts of Interest, it shall inform the Insider of the basis for such belief and afford the Insider an opportunity to explain the alleged failure to disclose.

b. If, after hearing the response of the Insider and making such further investigation as may be warranted in the circumstances, the Executive Committee determines that the interested person has in fact failed to disclose an actual or possible Conflict of Interest, it shall address the conflict of interest as provided above and take appropriate disciplinary and corrective action.

#### **Records of Proceedings**

The minutes of the Executive Committee (and the Board if appealed) shall contain the following:

1. The names of the persons who disclosed or otherwise were found to have an actual or possible Conflict of Interest, the nature of the Conflict of interest, any action taken to determine whether a Conflict of Interest was present, and the decision as to whether a Conflict of Interest 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.

#### **Review**

To ensure SFCT operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, a year-end annual review of potential Conflicts of Interest shall be conducted by the Executive Committee.

The Conflict of Interest Policy and Procedures in its entirety shall be reviewed by the Nominating and Governance Committee every three years but may be revised in part if needed by the Executive Director with approval from the Board of Directors.

#### **Acknowledgment**

Each director, officer, and staff member shall be provided with a Conflict of Interest Policy and Procedures and annually sign a statement which affirms that such person:

1. Has received a copy of the Conflict of Interest Policy;
2. Has read and understands the Policy;
3. Has agreed to comply with the Policy; and
4. Understands that SFCT is a charitable organization 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.

The Conflict of Interest acknowledgement shall be signed annually by all insiders.

The individual will keep the Conflict of Interest Policy and Procedures document. The following signed Acknowledgement will be kept on file in the SFCT office:

As an insider of the Santa Fe Conservation Trust ("SFCT"), I hereby acknowledge that I have received a copy of SFCT's Conflict of Interest Policy and Procedures document; I have read and understand this document; I agree to comply with the policy and procedures set forth therein; and I understand that the SFCT is a charitable organization and that in order to maintain its federal tax exemption it must engage in activities which accomplish one or more of its tax-exempt purposes.

Printed Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_

Secretary

12.4.18\_\_\_\_\_

Date