

Ethics and Conflict of Interest Policy¹

The Capital Region Land Conservancy (“CRLC”) is dedicated to preserving the unique character of the natural landscapes and historic sites in the Greater Richmond, Virginia area for future generations. Our goals are established and our actions are taken with a long-term vision for conservation. As a private, non-profit organization, we have an obligation to provide a public benefit and therefore studiously avoid any conflict of interest or private benefit to any of our Board or committee members, staff, or members.

We pledge to conduct our land protection and organizational activities under the highest professional standards. We acknowledge the trust placed upon us by our donors, landowner partners, and the public by being fiscally responsible, by always considering our responsibility to the lands we protect and through a sustainable, capable land trust organization. In addition, we will foster open and productive relationships with landowners, our fellow land trusts, and the general public. We will undertake only those actions that enhance the reputation and credibility of the land trust community. When appropriate, we will work cooperatively with other land trusts, government agencies, private individuals and conservation organizations to accomplish high quality, lasting conservation of important natural and historic land.

Accordingly, CRLC adopts this Ethics Policy to protect its reputation and effectiveness by providing guidance to board and staff members in making decisions about their activities and conduct that may have ethical implications or pose a conflict of interest. Whether or not specifically addressed by this Ethics Policy, all decisions and activities of the board of directors and the staff will be conducted with integrity, to insure that all our dealings with others are characterized by good faith, honesty, and fair dealing.

DEFINITIONS

“Board” refers to the CRLC Board of Directors and Advisory Board.

“Board Member” refers to a member of the CRLC Board of Directors or Advisory Board.

“Conflict of Interest” (referred to as “Conflict” below) refers to any contract or other transaction between the CRLC and 1) a Board Member or a relative of a Board Member; 2) a director of a related organization, or a relative of a director of a related organization; or 3) an enterprise in which the Board Member, or a relative of the Board Member, is a director, officer, or legal representative or has a material financial interest. A Conflict also generally refers to acting in any way contrary to the best interest of CRLC.

“CRLC” refers to the Capital Region Land Conservancy.

¹ CRLC does not intend herein to provide legal, accounting, or other professional counsel. If legal advice or other expert assistance is required, the services of competent professionals should be sought.

“Direct or Indirect Financial Interest” means any person that has, directly or indirectly, through business, investment, or family: (1) an ownership or investment interest in any entity with which CRLC has a transaction or arrangement, (2) a compensation arrangement with CRLC or with any entity or individual with which CRLC has a transaction or arrangement, or (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CRLC is negotiating a transaction or arrangement. 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. A person who has a financial interest may have a conflict of interest only if the CRLC Board of Directors decides that a conflict of interest exists.

“Insiders” shall be defined as Board of Directors, Advisory or Emeritus members, committee members, staff, members of CRLC, parties related to the above, those who have an ability to influence the organization, and those with access to information not available to the general public. “Related” persons shall include spouses, brothers and sisters, spouses of brothers and sisters, ancestors, children, grandchildren, great-grandchildren, and spouses of children, grandchildren, and great-grandchildren.

“President” refers to the CRLC Board of Directors President.

“Staff” refers to all employees, contractors, and volunteers of CRLC.

I. ETHICAL RESPONSIBILITIES

A. Fiduciary Responsibility: Board and Staff owe a broad duty of loyalty and fidelity to CRLC. They have a fiduciary responsibility to act in good faith and in a manner reasonably believed to be in the best interests of the organization itself in all decisions and actions undertaken on behalf of CRLC. They have the responsibility to administer the affairs of CRLC honestly and prudently, using their best care, skill and judgment in carrying out their responsibilities for the sole benefit of CRLC.

- The Board holds the fiduciary responsibility for CRLC and for the protection of its assets. These assets include, but are not necessarily limited to, land holdings, physical facilities, financial assets, and the Staff itself. They may not use their positions with CRLC to profit personally or professionally at the expense of CRLC or for the financial or other benefit of any other organization with which they are associated.
- Board and staff shall not knowingly participate in any activity or transaction that is potential fraudulent or abusive, nor shall board and staff engage in any activity that violates federal, state, or local law. Board members shall be made aware of their roles and responsibilities as related to fiduciary duties, their duty to further CRLC’s mission, their duty to work in the best interests of CRLC and its goals, and their adherence to all applicable laws.

B. Loyalty and Support: Board Members should not attempt to act in an individual capacity. All actions should be taken as a Board or committee, and in conformance with the bylaws and applicable policies, procedures, and resolutions. Board Members should

work for the institution as a whole and not as advocates for particular activities or committees or outside interests.

- Board Members should be especially careful to keep Staff informed of all items about ongoing Board needs and plans and should refrain from making independent administrative decisions in any event.
- Staff efforts will be guided by the CRLC mission, Board-approved strategy, committee-approved plans, Bylaws, and policies. Unless they are representing the Board or a Board committee (or, in the case of the President, representing the Board), individual Board members will refrain from directing Staff efforts.
- All Board Members should contribute to CRLC in time, services, or funds as best they can, encourage others to do so, and support its goals without reservation. The donation of goods or services by a Board Member, a Board Member's relative, or an enterprise in which a Board Member or a Board Member's relative has a material financial interest will not be considered a Conflict.
- Board Members will not offer business or professional services to CRLC when doing so would create a Conflict.

C. Assuring Board Independence: Overall, it is the role of the Board to govern the organization to make sure that CRLC carries out its mission. Independence of Board Members is essential to ensure that the Board fulfills its fiduciary responsibility to provide the leadership and oversight necessary to objectively carry out its responsibilities. Therefore, except for duly authorized reimbursements for actual out-of-pocket expenses incurred for CRLC business, no member of the Board will receive compensation or other direct payments from CRLC. Any proposed transactions between CRLC and a Board Member or a member of the Board Member's family will be strictly scrutinized under the Conflicts procedures set out below.

D. Accountability: The Board is the legal entity for CRLC and is responsible for the formulation and maintenance of CRLC's general policies and operational continuity. Each Board Member must devote time and attention to the affairs of CRLC to ensure that all CRLC actions, including those of Staff, are in accordance with its established Bylaws. In establishing policies or authorizing activities, the Board must ensure that no policies or activities jeopardize the basic not-for-profit status of CRLC or reflect unfavorably upon the CRLC as an institution devoted to public service.

E. Confidentiality: Board Members and Staff shall keep information learned during the course of CRLC activities in confidence when the information concerns the administration and activities of CRLC that are not generally available to the public.

Any improper transfer or disclosure of confidential information, even though it is not apparent that a Board Member or Staff member has personally gained by such action, constitutes unacceptable conduct.

- CRLC's President has the sole authority to allow disclosure of member and donor information, and may use the Board for advice and counsel in this regard. In the special case of information pertaining to donated conservation easements and the

donors' motives and status, the President will decide its disclosure after obtaining suitable permission from the donors and base the decision on the value to CRLC of the disclosure. Board Members are not to discuss donor information or landowner/land project details with anyone outside of CRLC, except as has been disclosed to the public media at the discretion of the President.

F. Use of Resources: Board Members and Staff and volunteers will not make unauthorized use of CRLC resources for private purposes. Expenditure of CRLC funds will always be in accordance with applicable laws and consistent with the terms specified by the donor of those funds.

G. Gifts: Staff and volunteers will not solicit or accept for personal benefit, directly or indirectly, any gift, loan, service, or anything else of substantial monetary value from any person or firm which sought, or is seeking, assistance or other contractual business, or financial relations with CRLC. It is the responsibility of each employee as a representative of CRLC performing services for CRLC, to inform those individuals or organizations with whom they have contact that they cannot accept gratuities such as gifts, favors, entertainment, pay or other compensation that may cause interference with the business at CRLC. Meals, accommodations, and travel services provided to the Staff from third parties on official business may be accepted as long as they are clearly in support of CRLC programs.

H. Property Purchase: Staff and Board or Advisory Council Members will not purchase from CRLC any real estate or personal property having substantial value without prior approval of the Board. See Conflict discussion below.

II. CONFLICT OF INTEREST

A. General Obligations: As a Section 501(c)(3) public charity, CRLC must always operate exclusively for its charitable purpose and so that no part of its net earnings inure to the benefit of any private shareholder or individual. No more than insignificant or incidental benefit will be provided by CRLC to a private entity, including a party that is not related to the organization. Additionally, CRLC will not provide any insider (as defined under 1D) or related party with any benefit in excess of goods or services received by CRLC.

At the beginning of each fiscal year, every member of the Board of Directors and staff member of CRLC shall provide a written statement (i.e. Annual Conflict of Interest Disclosure Statement) acknowledging that they are familiar with CRLC's Ethics Policy and disclose any relationships or transactions that are or may be a conflict of interest.

B. Board Member's Obligations: Each Board Member has the following responsibilities and obligations pertaining to potential conflicts of interest.

1. To disclose to the Board the existence of any real or apparent conflict of interest. This includes identification of the insider or related party and the nature of the conflict of interest. The orientation process for new board

members will present CRLC's Ethics Policy and request disclosure of any current conflicts of interest.

2. To absent themselves from Board or committee discussions on any such project or transaction involving their conflict unless requested by the Board or committee to give information on the issue.

3. To abstain from voting on any such issue related to their conflict of interest. If so requested by the Board, to take a temporary leave of absence from the Board until such time as the matter giving rise to the conflict of interest has been resolved.

C. Board Obligations: If a CRLC project or transaction involves a conflict of interest, which is real or apparent, by a Board Member, the Board will do the following:

1. Approve such project or transaction only if the Board specifically finds that:

(a) the project or transaction is both: (i) fair and benefits CRLC and its objectives and (ii) is approved with the full knowledge of the economic benefit of the Board Member involved in the conflict, and

(b) that the affected Board Member has not participated in the vote approving the transaction or project and was absent both during the related discussions and at the time of the board vote on the matter.

2. If the Board determines that the nature and magnitude of the conflict of interest warrants the same, the board will request that the affected Board Member take a leave of absence from the Board.

3. Disclosure of the conflict of interest and the Board's decision will be documented as part of the official meeting minutes. This includes, but is not limited to, all instances where an insider holds a real property interest or financial interest in a property that legally adjoins the subject of a proposed CRLC action. The Board shall determine on a case-by-case basis whether an actual or apparent conflict of interest precludes a Board or staff member from participation in the action.

4. All transactions with an insider shall be documented. This will include identification of the parties, disclosure of the conflict, documentation that the party/parties with the conflict are excluded from the decision-making process, and the final disposition of the decision.

D. Staff Obligations: Staff and volunteers shall not engage in activities which represent a material or perceived conflict of interest as affects their roles with CRLC.

A conflict of interest may exist not only in direct transactions or activities between CRLC and an insider or related parties but also indirectly when transactions or activities are between CRLC and organizations or companies in which an insider or related party has an ownership or investment interest or other controlling interest or with which an insider or related party has a compensation arrangement. This might also include situations where an insider or related party serves as an officer, director or key employee of an organization or business entity doing business with CRLC.

F. Process for Assessing and Resolving Potential Conflicts: CRLC recognizes the potential for its Board Members and its staff to become involved in situations, activities or transactions that may result in a real or perceived conflict of interest. In order to make sure that the interests of CRLC are properly protected, it is the policy of CRLC that conflicts or potential conflicts must be handled as follows:

1. DISCLOSE. All pertinent facts, including identification of insider or related parties, regarding the situation or transaction with a conflict or potential conflict shall be fully disclosed in a timely manner.
2. DISCUSS. The situation or transaction must be fully analyzed and discussed in the absence of the individual(s) with the conflict of interest.
3. DECIDE. A decision will be made as to how to proceed.
4. DOCUMENT. The process and the decision along with sufficient detail will be properly documented in the meeting minutes.

Those who have authority and responsibility to make the decision regarding the project, activity or transaction in question will be involved in the discussion and responsible for the decision. Specifically, all conflicts or potential conflicts involving Board Members will be disclosed to the President and dealt with by the Board. All conflicts or potential conflicts involving staff will be disclosed to and addressed by the President. Any finding by the President of a substantial conflict between staff and the organization shall be reported to the Board. The person for whom the conflict or potential conflict exists will not be involved in the decision. Decisions regarding any Board Member conflicts or potential conflicts will be reflected in the Board's meeting minutes. The President will maintain records on decisions regarding any staff conflicts.

III. TRANSACTIONS INVOLVING IRS FORM 990

The revised IRS Form 990 requires substantial disclosure regarding relationships or transactions between CRLC and its current and former Board Members and key Staff and their families. While the IRS has clearly stated that it does not and cannot dictate a certain form of governance or suite of policies for any particular organization, it is concerned that without certain policies and procedures in place a charitable organization

may be more likely to engage in prohibited activities such as those involving excess benefits or private inurement.

Similarly, the IRS has expanded its definition in Form 990 of interested parties, or related parties as that term is used in this policy. It now includes both current and former Board Members and key Staff members and their families. The IRS has also created specific guidelines as to when an indirect business relationship between CRLC and a related or interested party needs to be disclosed.

The CRLC's policy has been designed to encourage disclosures of all Conflicts and Potential Conflicts, particularly as required to be reported or disclosed to the IRS during the process of completing Form 990. With this policy in place, CRLC hopes to provide the IRS and others with the confidence that the Board and Staff of CRLC are at all times acting in the best interests of CRLC.