



**Inland Northwest Land Conservancy
Conflict of Interest Policy and Procedure**

Adopted: September 24, 2018

It is the policy of Inland Northwest Land Trust, dba Inland Northwest Land Conservancy (hereafter INLC) to identify conflicts of interest involving INLC and related parties, as well as situations that may create the appearance of a conflict of interest and to address such conflicts and situations in a manner that will fully protect the integrity and reputation of INLC, as well as related parties.

Introduction

INLC's effectiveness depends on its record of accomplishment and its reputation. INLC's success results directly from maintaining the confidence of the individuals, groups and organizations with whom it works. INLC's greatest asset is its good name. For that reason, it is crucial that INLC have a responsible and well-conceived Conflict of Interest Policy and Procedure. In addition, having a sound conflict of interest policy and procedure will help INLC comply with *Land Trust Standards and Practices* and will also help assure compliance with the U.S. Internal Revenue Service (IRS) rules against private inurement and impermissible private benefit and with Washington statutes addressing conflict transactions.

One of the principal purposes of the Conflict of Interest Policy and Procedure is to help INLC staff and board members identify and avoid or resolve conflicts of interest. For that reason, INLC employees and board members must read and retain a copy of this Conflict of Interest Policy and Procedure at the outset of their tenure with INLC and at such time as the policy or procedure is amended. The Conflict of Interest Policy and Procedure will be discussed at all orientation sessions for new employees and board members. INLC will require annual confirmation from board members and other insiders that they know of no conflicts needing disclosure. There may be certain INLC volunteers who, because of their level of involvement in INLC business, and because of their access to inside information, are covered by this Conflict of Interest Policy and Procedure and must be fully informed of its contents.

Any questions concerning the scope or possible impact of the Conflict of Interest Policy and Procedure upon any insider should be addressed to INLC's Executive Director or to an INLC staff member designated by the Executive Director.

Conflict Concepts and Definitions

- A. **Conflict of Interest.** A conflict of interest arises when “insiders” are in a position, or perceived to be in a position, to benefit financially (or create a benefit to a family member or other organization with which they are associated) by virtue of their position within INLC.
- B. **Insiders.** “Insiders” include board and staff members, substantial contributors, those who have an ability to influence decisions of the organization and those, like some volunteers, with access to information not available to the general public. In addition, insiders include all persons related to the listed persons.
- C. **Related persons.** “Related persons” include a spouse, as well as brothers, sisters, ancestors, children, grandchildren, great-grandchildren and spouses of all the foregoing. Any person with whom a related person shares living quarters under circumstances that closely resemble a marital relationship or who is financially dependent upon the related person will be considered to be a related person.
- D. **Substantial contributors.** “Substantial contributors” include any individual, corporation or foundation that makes a gift or pledge of \$25,000 or more at any one time or cumulatively within a five-year period prior to the occurrence of the conflict either in cash, appreciated securities, other assets or in land, easement or bargain-sale value.
- E. **Inside information.** “Inside information” includes any material information that is identified as confidential or proprietary pertaining to the business and affairs of INLC, whether related to a specific transaction or to matters pertaining to INLC’s interests, activities and policies.
- F. **Material financial interest.** “Material financial interest means any financial interest in a transaction, direct or indirect, other than one that is so minor that no one would reasonably believe that the interest could affect or influence the judgment or decisions of the person or persons involved.

General Guidelines

INLC expects that INLC insiders will conduct themselves under strict rules of honesty and fair dealing in their relations with INLC and on behalf of INLC with third parties. Each such insider must carry out his or her fiduciary duties of loyalty to INLC in accordance with applicable law. INLC is organized and operated exclusively for charitable purposes, and INLC and all insiders must avoid participation in any transaction involving private inurement or impermissible private benefit.

INLC Administration and Procedure for Reviewing and Managing Conflicts

Insiders’ Obligations

An insider who becomes aware of any actual or potential conflict of interest or of circumstances that may appear to involve such an actual or potential conflict of interest shall do the following:

- A. Disclose the existence of any such conflict or circumstances, providing such information to INLC as may be requested. As to staff members, other than the Executive Director and volunteers, disclosure shall be to his or her supervisor. As to the Executive Director and all board members, other than the board chair, disclosure shall be to the board chair. As to the board chair, disclosure shall be made to the chair of the Governance Committee or his or her designee. As to all other insiders, including substantial contributors, disclosure shall be to the Executive Director or the board chair.
- B. After such disclosure, abstain from discussing with board or staff members anything related to the conflict of interest or circumstances unless specifically asked by the board or a board committee to give information on the matter.
- C. Absent him or herself from board or board committee discussions on anything related to the conflict of interest or circumstances unless specifically asked by the board or a board committee to give information on the matter.
- D. Absent him or herself during voting on anything related to the conflict of interest or circumstances.
- E. 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.

INLC Process

When any INLC transaction, contract or project (the "transaction") involves an actual or potential conflict of interest or circumstances that may appear to involve such an actual or potential conflict of interest, INLC shall do the following:

- A. Take all appropriate steps to determine the facts relating to the conflict, including receiving the disclosures required of the insider, as stated above.
- B. As to a transaction in which a INLC board member has a material financial interest, the board may approve the transaction *only* if it determines and makes specific findings that:
 - 1) INLC is entering into the transaction for its own benefit
 - 2) The transaction is fair and reasonable as to INLC
 - 3) Prior to consummating the transaction or any part of it, the board has authorized or approved the transaction in good faith by a vote of the majority of the members in office without counting the vote of any interested board member and with knowledge of the material facts concerning the transaction and the board member's interest in the transaction
 - 4) Prior to authorizing or approving the transaction, the board considers and in good faith determines, after reasonable investigation under the circumstances, that INLC could not

have obtained a more advantageous arrangement with reasonable effort under the circumstances

- C. As to transactions in which no INLC board member has a material financial interest, but another insider has an actual or potential conflict of interest or circumstances exist that may appear to involve such an actual or potential conflict of interest, following the disclosures by the insider outlined above, the INLC representative receiving the disclosures shall work with the insider to develop an appropriate course of action to be recommended to the Executive Director in the case of staff members or volunteers and to the board chair in all other cases. Each such recommendation of a proposed course of action will describe the particular activity in question that gives rise to the conflict or appearance of conflict, the reasons why the proposed course of action should be approved and any special circumstances surrounding the situation. The INLC person receiving that recommendation shall have the authority, in his or her discretion, to take action to resolve the matter as he or she deems appropriate. However, the Executive Director or the board chair may elect to refer the matter to the Governance Committee or the board for a decision. In any case, the Executive Director, board chair or Governance Committee, as applicable, shall report the disposition of the matter to the board.
- D. In all cases in which conflicts of interest or circumstances giving rise to the appearance of a conflict are disclosed, in developing responses to such conflicts, every reasonable effort will be made to avoid the conflict. In cases where it is not possible to completely avoid a conflict or the appearance of a conflict, reasonable efforts will be made to mitigate the effects of the conflict. At a minimum, the recommended course of action shall ask the individual involved in the conflict to disclose the situation fully to the relevant parties and recuse and absent him or herself from any involvement in decisions pertaining to the conflict or the appearance of conflict. Before the conflict is disclosed and while the request for approval of a proposed course of action is pending or being considered, the individual involved in the conflict shall refrain from participating in the questionable activity.
- E. INLC will document, in board minutes or otherwise as appropriate, the existence of each disclosed actual or potential conflict, or of circumstances that may appear to involve such an actual or potential conflict, and the actions taken to manage such a conflict.

Conclusion

Adhering to the Conflict of Interest Policy and Procedure is a condition of association with INLC as an employee, volunteer or board member. Violations of the Conflict of Interest Policy and Procedure may be grounds for dismissal as an employee or volunteer or severance from the board.

The Governance Committee and the Executive Director will periodically review and assess this Conflict of Interest Policy and Procedure and its implementation and notify employees, volunteers, board members and other insiders of any changes and/or revisions.

This Conflict of Interest policy supersedes all previous Conflict of Interest policies.

Adopted by majority of the board of directors of Inland Northwest Land Conservancy this 24th day of September, 2018

Signed: 

Rod Price, Secretary
Inland Northwest Land Conservancy

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