Preamble

The Center for Natural Lands Management’s effectiveness depends upon maintaining the highest levels of credibility, confidence, and trust with parties with whom it works. It is essential to protect the organization’s reputation for objectivity and fairness by identifying and appropriately dealing with actual, potential, and perceived conflicts of interest.

All persons associated with the Center for Natural Lands Management (“CNLM”) are reminded that the decisions and activities of the Board of Directors and staff, whether or not addressed in this policy, are governed by an overriding requirement of honesty, good faith, and fiduciary responsibility for the organization and to the communities it serves.

CNLM adopts this Conflict of Interest Policy (“Policy”) to facilitate compliance with federal and state laws governing nonprofit corporations, duty of loyalty, and certain disclosure requirements, and to provide procedures for addressing situations that involve, or appear to involve, conflicts of interest. This Policy is intended to help CNLM avoid situations where the personal interests of senior leaders may affect, or be perceived as affecting, their judgment when carrying out their duties to CNLM, or which would result in personal gain at the expense of CNLM. This Policy is intended to supplement, but not replace any state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Policy

It is the policy of CNLM that its senior leaders (as defined below) promptly and fully disclose any actual, apparent, or potential conflicts of interest (as defined below) and related material facts, that no senior leaders vote or otherwise participate in any decision by CNLM in any matters in which they may have a conflict of interest, that CNLM follow a documented process in making decisions about such potential conflicts, and that CNLM comply with all applicable legal requirements relating to such matters.

A conflict of interest exists when a “covered person” (as defined below) proposes to act on any issue, matter, or transaction in which CNLM has an interest and the covered person also has an interest separate from the best interest of CNLM in that issue, matter, or transaction.
The covered person’s interest that could give rise to an actual or potential conflict of interest may include, but not be limited to: economic interest that may result from direct dealing with and financial benefit to the covered person or to a family member; professional or associational interests, such as when the covered person or family member is on the board of directors of, is an investor in or substantial donor to, works or provides services to, or collaborates or competes with, the other party to the proposed transaction or relationship with CNLM; interest in utilizing inside information\(^1\) that is proprietary to CNLM for the covered person’s benefit; or interests in receiving favorable treatment by CNLM because of the covered person’s status as a covered person.

Potential and Actual Conflicts of Interest: Acts that mix the personal or financial interests of a covered person with the interests of CNLM are indicative of at least a potential conflict of interest. Not every potential conflict is an actual conflict, however. A covered person who has a financial interest in a matter involving CNLM may have a conflict of interest requiring application of the mitigation procedures described in this Policy only if the Board decides that such a potential conflict is actual or material. CNLM seeks to avoid potential and actual conflicts of interest, as well as the appearance of conflicts.

**Purpose**

The purpose of this policy is to protect CNLM’s interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a covered person (as that term is defined below) and to ensure that the mission of the Center for Natural Lands Management is fulfilled using its highest ethical values. CNLM’s mission is:

*To conserve native species, their habitats and functioning ecosystems in perpetuity;*

*To own and/or manage lands in an ecologically beneficial manner consistent with local, state and federal environmental laws and with science-based stewardship;*

*To promote the conservation values of such lands through education;*

*To promote and facilitate uses of such lands by the public that preserve the conservation values; and*

*To cooperate with public and private entities in their efforts to protect native species and their habitats for the public benefit.*

\(^1\) Inside Information is any material information that is identified as confidential and proprietary, pertaining to the business and affairs of CNLM, whether related to a specific transaction or to matters pertaining to CNLM’s interests, activities, and policies.
Covered persons

This policy applies to all employees, Board Directors, major donors, and other insiders (and each of their close relatives) (together, “covered persons”).

A “close relative” is spouse, child (natural or adopted), parent and step-parent, in-laws, grandchild, grandparent, brother or sister of an employee, Board Director, or major donors, and any person with whom an employee, Board Director, or major donor shares living quarters under circumstances that closely resemble a marital relationship or who is financially dependent upon the employee, Board Director, or major donor.

A “major donor” (substantial contributor) is an individual, corporation, or foundation that makes a charitable gift or pledge of $100,000.00 or more at any one time or cumulatively within a 5-year period prior to the occurrence of the conflict. Such charitable gifts or pledges include cash; appreciated securities or other financial instruments; and land or easements (including bargain-sale value).

A “key employee” is any CNLM employee who meets at least one of the following criteria: (a) has management responsibility over at least 10% of CNLM’s assets, income, expenses or activities, (b) has or shares authority to control or determine at least 10% of CNLM’s capital expenditures, budget, or employee compensation, or (c) has responsibilities, powers, or influence over CNLM as a whole similar to those of officers or directors.

“Other Insiders” are individuals, such as former Board Directors, volunteers, or former employees who, by virtue of their involvement with the CNLM, either have access to inside information that could place them within a conflict situation or could give the appearance of such persons having the ability to unduly influence CNLM. Depending on the facts and circumstances, an independent contractor or agent may be an "other insider" where that person or entity has access to inside information.

“Senior leaders” are Board Directors, officers, and key employees.

Duty

Board Directors have fiduciary duties of good faith, due care, and loyalty to CNLM. Employees, Board Directors, and other insiders have a duty to always serve the best interests of CNLM (which includes disclosure and recusal for conflicts, as provided in this policy), and to avoid actions that may subject CNLM to legal liability or undue public criticism.

Conflicts include any situation where a covered person (1) financially benefits (whether direct or indirect remuneration as well as gifts or favors that are substantial in nature) from an action taken by CNLM (self-dealing); or (2) has opposing or competing
loyalties due to other business or personal relationships (opposing or competing loyalties). A self-dealing transaction is a transaction in which CNLM is a party and in which one or more of its directors has a material financial interest. CNLM shall not engage in any self-dealing transaction as defined here and in Section 5233 of the California Nonprofit Corporation Law without taking the actions set out in this Policy and such other actions as may be appropriate under Section 5233.

**Conflict Disclosure**

**Initial and Annual Disclosure:** Upon election, hiring, or appointment, and on an annual basis thereafter, senior leaders must complete and sign a statement on the conflict of interest disclosure form attached as Exhibit 1, or such other form as the Board adopts, which at a minimum affirms that such person:

(a) Has received a copy of the Policy;
(b) Has read and understands the Policy;
(c) Has agreed to comply with the Policy; and
(d) Understands that CNLM 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.

In addition, senior leaders shall make an annual disclosure of ongoing relationships and interests that may present a conflict of interest. Disclosures should address current affiliations, as well as past affiliations for the prior two years. Conflict of interest disclosure forms will be submitted to the Secretary annually, and when appropriate, at or prior to action on relevant business transactions.

**Ongoing obligation to disclose:** Senior leaders 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, and to make such disclosure to CNLM as appropriate. This Policy is best served by a “when in doubt, disclose” approach. If a senior leader is uncertain whether to identify a particular relationship, the senior leader should consult the General Counsel.

Where there is potential for an actual or apparent conflict of interest a senior leader has a duty to immediately disclose the situation to the Board.

**Procedure for reviewing and addressing conflicts:**

**Recusal**

A Board Director who believes his/her participation in a CNLM action may result in a conflict of interest should not vote or participate in that action, and should recuse himself/herself from discussion on the issue, other than to provide objective information to assist the Board President, the Board directors, or senior leaders in evaluating whether an actual conflict exists.

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Covered persons are prohibited from participating in the selection, award, or administration of any third-party contract or subcontract if an actual or apparent conflict exists. An individual who believes his/her participation in such activity would result in a conflict of interest should recuse himself/herself from such participation during the pendency of such actual or apparent conflict.

**Action by the Board**

If an actual or potential conflict has been identified with regard to an employee, a Co-Executive Director will determine the appropriate response by CNLM in line with the principles set out in this Policy, including, without limitation, review by the Board.

If an actual or potential conflict has been identified with regard to a senior leader, or on employee matters referred to it by a Co-Executive Director, the Board will determine the appropriate response by CNLM in light of the nature of the conflict.

The Board shall take such actions as it believes are appropriate in the circumstances and as may be required under federal tax or state law principles and this Policy. These actions may include limiting review to specified directors, obtaining information from the interested senior leader, reviewing information about comparable transactions, tasking a committee to review, and obtaining advice from counsel or other advisors. As a general matter, the Board may not approve a decision or transaction where a senior leader has a conflict of interest unless the following steps are taken:

- **Non-participation by interested senior leader:** The interested senior leader leaves the room during the Board’s consideration of the decision or transaction.
- **Factual consideration:** The disinterested Board members compile and review all material facts regarding the decision or transaction and the interest.
- **Findings by Board:** The disinterested Board members determine after reasonable investigation that CNLM cannot obtain with reasonable efforts a more advantageous arrangement with another person or entity, and that the decision or transaction is fair and reasonable to CNLM and for its benefit and not for the benefit of the interested senior leader.
- **Vote by Board:** The disinterested Board members vote to approve the decision or transaction by a majority of the directors then in office, not counting the votes of any interested Board members.
- **Documentation:** The Secretary (or some other Board member or officer in the Secretary’s absence) prepares complete minutes of the Board’s consideration 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; and data obtained and relied upon and how the data were obtained.
Condition of Association

Adhering to this Conflict of Interest Policy is a condition of association or employment with the CNLM, whether as an employee, Board Director, volunteer, independent contractor, or agent. Violations may be grounds for dismissal from employment, severance from the Board, termination of contract, or disassociation.

Exceptions

There are no exceptions to this policy.
Exhibit 1
Conflict of Interest Disclosure Form

The undersigned, as a director, officer, or key employee of the Center for Natural Lands Management (“CNLM”) acknowledges that:

1. He or she has received a copy of CNLM’s Conflict of Interest Policy (“Policy”);
2. He or she has read and understands the Policy;
3. He or she has agreed to comply with the Policy;
4. He or she understands the CNLM 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; and
5. The following on-going relationships and interests may present a conflict of interest: (disclosures should address current affiliations, as well as past affiliations for the prior two years, and should include all of the following: the undersigned’s employer, all corporations (nonprofit and for-profit) of which the undersigned is a board member or officer, and the names of such of the undersigned’s family members or business affiliates or any other relationships the undersigned has which the undersigned believes may present a potential conflict)

Name: ________________________________
Title: _________________________________
Signature: ______________________________
Date: _________________________________

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