

## **Rose Foundation Conflict of Interest Policy**

### **Article I**

#### **Purpose**

The purpose of this conflict of interest policy is to protect the Rose Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Rose Foundation or might result in a possible excess benefit transaction. This policy is also intended to guide funding boards which are involved in evaluating grant proposals and shaping funding recommendations, as well as any other advisory boards. It is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. Therefore, each director, principal officer, member of a committee with governing board delegated powers, or member of a funding board or other advisory board shall be provided with a copy of the conflict of interest policy.

### **Article II**

#### **Definitions**

##### **1. Interested Person**

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, 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 Rose Foundation has a transaction or arrangement;
- b. A compensation arrangement with the Rose Foundation or with any entity or individual with which the Rose Foundation has a transaction or arrangement or any entity who has applied to the Rose Foundation for a grant; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Rose Foundation is negotiating a transaction or arrangement, or any entity to which the Rose Foundation is considering making a grant.

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. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **Article III**

#### **Procedures**

##### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial 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. 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 the discussion

of, and the vote on, the transaction, grant or arrangement involving the possible conflict of interest.

- 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, grant or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Rose Foundation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity, or could award a grant to a similarly qualified organization, that would not give rise to a conflict of interest.
- d. If a more advantageous transaction, grant or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction, grant or arrangement is in the Rose Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction, grant or arrangement.

#### **4. Violations of the Conflicts 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.

#### **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 an actual or possible conflict of interest, the nature of the conflict, any action taken to determine whether a conflict of interest was present, the governing board's or committee's decision as to whether a conflict of interest in fact existed, and a record of any votes taken in connection with the proceedings.

#### **Article V Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Rose Foundation 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 Rose Foundation 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 Rose Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- d. The board shall determine whether any compensation arrangements and benefits paid to board members are reasonable, based on competent survey information.
- e. The board must ensure that any partnerships, joint ventures, and arrangements with management organizations conform to the Rose Foundation'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 VI Funding Boards**

Funding boards primarily provide advice only, and are generally not delegated final discretion in approving grants. But because funding boards generally play an important advisory role in educating grants decisions, in order to ensure that a funding board's recommendations to the Rose Foundation are fair and unbiased, the following policies shall apply to funding boards.

- a. **Recognition of the Desirability of Community Involvement:** One of the primary purposes of funding boards is to help democratize the Rose Foundation's grantmaking. Therefore, it is highly desirable to have community representatives on funding boards, and these representatives may be chosen in part due their strong contacts with environmental activists and organizations. The type of these contacts may vary widely. To help avoid any potential conflict of interest with likely grant applicants, the community representatives should not be key staff of, or otherwise derive significant income from, an organization that is likely to apply to the Fund. Even if a community representative does not play an active staffing role with a likely applicant, other close associations, such as being on a the applicant's board of directors, may also be problematic. While such primarily non-financial associations with potential applicants, including but not limited to volunteering, board service, advising, limited consulting, or part time staffing, shall not strictly bar a willing community member from funding board service, it is preferable to recruit non-associated community members whenever practicable. However, it is recognized that it will not always be possible to accurately foresee this circumstance, and such circumstances shall not bar an otherwise qualified applicant from applying.
- b. **Declaration of Close Association or Conflict of Interest:** Funding Board members must declare any financial interest or close association with applicants as soon as they become aware of the application. The declaration must state the nature of the association or potential conflict of interest.
- c. **Instances of Close Association:** If a funding board member has a close association with an applicant, but not a direct financial interest, the member may participate in discussions as a factual resource, but must recuse from any vote.
- d. **Instances of Conflict:** If a funding board member has a direct a financial interest with an applicant, the member must recuse from discussions and any vote.