

ISLAND HERITAGE TRUST

CONFLICT OF INTEREST POLICY

Preamble: The effectiveness of Island Heritage Trust's work is highly dependent on its credibility with the community, members, and donors it serves. It is essential to maintain IHT's reputation as objective and fair in all its transactions and dealings. Therefore, it is important to have clearly-defined policies and procedures to deal with real or apparent conflicts of interest.

Definitions: Conflict of interest occurs when Trustees or other "insiders" are in a position or are perceived to be in a position to benefit financially or otherwise (or to create a benefit to a family member or any organization or individual with which they are associated) by virtue of their position within Island Heritage Trust

Insiders or "disqualified persons" are defined by the Internal Revenue Service and the Land Trust Alliance as those who were in a position "to exercise substantial authority over the affairs of the organization" and those with access to information not available to the general public. Such individuals include board members, key staff, substantial contributors, and parties related to these individuals. The IRS defines related parties as spouses, brothers and sisters, spouses of brothers and sisters, ancestors, children, grandchildren, great-grandchildren, and spouses of children, grandchildren, and great-grandchildren.

Trustee's Obligations

Each member of the IHT Board of Trustees has the following responsibilities and obligations:

To disclose to the Board the existence of any real or apparent conflict of interest.

To abstain from advocating for, discussing, or participating in any way in any issue involved in a conflict of interest unless specifically requested by the Board.

To absent himself or herself from Board or committee discussions on any such projects or transactions involving a conflict of interest unless requested by the Board to participate.

To abstain from voting on any such issue.

If so requested by the Board, the Trustee will take a leave of absence or resign from the Board until such time as the matter giving rise to the conflict is resolved.

Board's Obligations

If a transaction or project of IHT involves a conflict of interest, whether real or apparent, by a member of the Board of Trustees, the Board will do the following:

1. Approve of such a project or transaction only if the Board makes specific findings that:

A. The project or transaction is consistent with IHT's Mission, is fair, benefits the public and is approved with a full public disclosure of any economic or other benefit to any Trustee or "insider", including a full explanation as to why the Board feels justified in proceeding with a transaction that involves an apparent conflict of interest.

B. No Trustee or "insider" who may be perceived to benefit from the transaction has participated in any discussions or the decision making process and was absent at the time the Board voted to

approve the transaction.

2. If the Board determines the nature and magnitude of the conflict of interest warrants the same, the Board shall request the affected Trustee take a leave of absence or resign from the Board.

Committees' Obligation

This same conflict-of-interest policy shall apply to all IHT committees and committee members and any group deliberating issues, transactions, or projects that involve IHT work.

Approved by the Island Heritage Trust Board of Trustees June 21, 2006