



The Friends of the Japanese House and Garden (FJHG)

Conflict of Interest Policy For Directors, Key Employees, and Members of a Committee with Board Delegated Powers

Article I -- Purpose

1. The purpose of this Conflict of Interest Policy is to protect FJHG's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a Covered Person, as defined below, or might result in a possible excess benefit transaction.
2. This policy applies to each Covered Person. This policy incorporates by reference the Conflict of Interest Disclosure Statement which may be amended at any time.
3. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Article II -- Definitions

1. **Committee:** A committee, established by the FJHG by-laws or by the Board that has Board delegated powers.
2. **Compensation:** Direct or indirect remuneration as well as gifts or favors that is not insubstantial.
3. **Conflict of Interest:** A transaction or Compensation arrangement with FJHG in which a Covered Person has a Financial Interest. A Financial Interest is not necessarily a Conflict of Interest. Under Article III, Section 3, a Covered Person who has a Financial Interest may have a Conflict of Interest only if the Board decides that a Conflict of Interest exists, in accordance with this policy.
4. **Covered Person:** Any person who is a director of FJHG, member of a Committee, or a Key Employee of FJHG.
5. **Interested Person:** A Covered Person who has a direct or indirect Financial Interest, as defined below, is an Interested Person.
6. **Family Member:** A spouse, domestic partner, parent, grandparent, child, brother, sister, or spouse of a parent, child, brother or sister of an Interested Person.
7. **Financial Interest:** A Covered Person has a financial interest if the person or one of their Family Members has, directly or indirectly, through business or investment:
 - i. An ownership or investment interest in any entity with which FJHG has a transaction or arrangement,
 - ii. A Compensation arrangement with FJHG or with any entity or individual with which FJHG has a transaction or arrangement, or

- iii. A potential ownership or investment interest in, or Compensation arrangement with, any entity or individual with which FJHG is negotiating a transaction or arrangement.
8. **Key Employee:** The Executive Director of FJHG and any other employees designated as such by the Board of Directors or Executive Committee.

Article III -- Procedures

1. **Duty to Disclose:**

- i. 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 relevant Committee chair and to the Board via the Board President.
- ii. The duty to disclose also applies to an Interested Person who plans not to attend a meeting in which he or she has reason to believe that the board or Committee will act on a matter in which the person has an actual or possible Conflict of Interest.
- iii. The Board President shall report the disclosure to the Board and, if applicable, the Committee chair shall report the disclosure to the Committee members. All disclosures shall be reflected in the minutes of the relevant meeting.

2. **Recusal of Self:** Any Covered Person may recuse himself or herself at any time from involvement in any decision or discussion in which the Covered Person believes he or she has or may have a Conflict of Interest, without going through the process for determining whether a Conflict of Interest exists.

3. **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 Board meeting while the determination of a Conflict of Interest is discussed and voted upon. The remaining Board members shall decide if a Conflict of Interest exists.

4. **Procedures for Addressing the Conflict of Interest**

- i. Except as specified in Article III, Section 4(b), until the remaining Board members determine (if they do determine) that a Conflict of Interest does not exist, the Interested Person shall refrain from involvement in any decision or discussion regarding the proposed transaction.
- ii. If requested by the Board or Committee chair, an Interested Person may make a presentation at a Board or Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible Conflict of Interest.
- iii. The Board shall, if appropriate, appoint a disinterested person to investigate alternatives to the proposed transaction or arrangement.
- iv. After exercising due diligence, the Board shall determine by a majority vote of the disinterested directors whether FJHG can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not

give rise to a Conflict of Interest.

- v. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a Conflict of Interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in FJHG'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 or arrangement.

5. Violations of the Conflict of Interest Policy

- i. If the Board has reasonable cause to believe a Covered Person has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.
- ii. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Board determines the Covered Person has failed to disclose an actual or possible Conflict of Interest, it shall take appropriate disciplinary and/or corrective action.
- iii. Appropriate disciplinary and/or corrective action could include, but is not limited to, cessation of the activity giving rise to the conflict, restoration of any damage to FJHG, discouragement of any ill-gotten gains from conflicting transactions, a resignation of such person's position with FJHG and/or resignation of such Covered Person's relationship with the conflicting organization.

Article IV – Records of Proceedings

- 1. The minutes of the Board and all Committees shall contain:
 - i. The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible Conflict of Interest, the nature of the Financial Interest, any action taken to determine whether a Conflict of Interest was present, and the Board's decision as to whether a Conflict of Interest in fact existed.
 - ii. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V – Compensation

- 1. A voting member of the Board or of any Committee whose jurisdiction includes Compensation matters who also receives Compensation, directly or indirectly, from FJHG for services is precluded from voting on matters pertaining to that member's Compensation.
- 2. No voting member of the Board or any committee whose jurisdiction includes Compensation matters and who receives Compensation, directly or indirectly, from FJHG, either individually or collectively, is prohibited from providing information to any committee regarding Compensation.

Article VI – Annual Statements

1. Each Covered Person shall sign an Annual Conflict of Interest Statement which affirms such person:
2. If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
3. The Board shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.
4. The Board shall maintain the Annual Conflict of Interest Statements (including any changes or revisions to these statements) in its permanent Board files.

Article VII – Periodic Reviews

1. To ensure FJHG operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
2. Whether Compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.
3. Whether vendor relationships, partnerships, joint ventures, and arrangements with management organizations, if any, conform to FJHG's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.
4. This Conflict of Interest Policy will be reviewed by the Board at least once every three years to determine whether changes to this policy are desirable.

Article VIII – Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, FJHG may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.



The Friends of the Japanese House and Garden

Annual Conflict of Interest Disclosure Statement
For Directors, Key Employees, and
Members of a Committee with Board Delegated Powers

1. Name: _____

A *Conflict of Interest, or an appearance of a conflict, can arise whenever a transaction, or an action, of The Friends of the Japanese House and Garden (FJHG) conflicts with an individual's personal interests, financial or otherwise, or the interests of an individual's family or employer.

2. Position:
Are you a voting Director? Yes No
Are you an Officer? Yes No
If you are an Officer, which Officer position do you hold: _____

3. I affirm the following:
I have received a copy of the FJHG Conflict of Interest policy. _____ (initial)
I have read and understand the policy. _____ (initial)
I agree to comply with the policy. _____ (initial)
I understand that FJHG is charitable (501(c)(3) 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. _____ (initial)

4. I am currently an officer, partner, employee or retiree of the following organizations (if self-employed, so indicate):

5. I am currently a Board member, officer, trustee or committee member (please indicate which) of the following organizations (include both for-profit and non-profit affiliations):

6. Disclosures:

Do you have a *Financial Interest (past, current or potential), including a *Compensation arrangement, with FJHG? Yes No

If yes, please describe:

Has the *Financial Interest been disclosed? Yes No

Do you have any potential *Conflicts of Interest to report? Yes No

If yes, please describe:

7. I have no *Conflict of Interests to report. _____ (initial)

I understand that it is my obligation to disclose any *Conflict of Interests, or appearance of a conflict, to the President of the FJHG Board and, if applicable, to the relevant *Committee chair when a conflict, or appearance of a conflict arises, and that for transactions in which I have a conflict, I will abstain from any vote on the matter involving the conflict.

Signature: _____ Date: _____

Date of review by FJHG Executive Committee: _____

*Defined terms are defined in FJHG's Conflict of Interest Policy