

Franciscan Foundation for the Holy Land Conflict of Interest Policy

Purpose of Policy and Duties of Trustees and Officers

The Trustees and Officers of the Franciscan Foundation for the Holy Land (the “**Foundation**”) owe a duty of loyalty to the Foundation which requires that in serving the Foundation they act, not in their personal interests or in the interests of others, but rather solely in the interests of the Foundation. Trustees and Officers must have an undivided allegiance to the Foundation’s mission and may not use their position as Trustees or Officers, information they have about the Foundation, or the Foundation’s property, in a manner that allows them to secure a pecuniary or other material benefit for themselves or their relatives.¹ Accordingly, no Trustee or Officer may use his or her position at the Foundation for personal gain or to benefit another at the expense of the Foundation, its mission or its reputation.

A conflict of interest may arise when a person has an existing or potential financial interest or other material interest that impairs, or might appear to impair his or her independence or objectivity in the discharge of responsibilities and duties to the Foundation. This Policy is intended to protect the Foundation’s interests when it is contemplating entering into a contract, transaction or arrangement that might benefit the private interests of a member of the Foundation’s Board of Trustees or an Officer of the Foundation. This Policy is also meant to aid Trustees and Officers of the Foundation in performing the duties imposed upon them by the laws of the State of Delaware and the United States of America with respect to their management responsibilities and fiduciary obligations to the Foundation. The Foundation is committed to transparency and openness in its operations.

Every Trustee and Officer must discharge his or her duties in good faith, with the degree of care that an ordinarily prudent person in a like position would exercise under similar circumstances. This requires using common sense, being diligent and attentive to the Foundation’s needs, and making thoughtful decisions in the best interest of the Foundation. No Trustee or Officer may take personal advantage of a business opportunity that is offered to the Foundation unless the Board of Trustees of the Foundation first determines not to pursue such opportunity.

Each Trustee or Officer must protect the confidential information of the Foundation and must not use confidential information of the Foundation for his or her personal benefit, or use such confidential information or his or her position as a Trustee or Officer to the detriment of the Foundation. Confidential information is information obtained through the Trustee’s or Officer’s position that has not become public information.

¹ For the purposes of this Policy, relative means spouse or significant other living in the same household (“life partner”), brothers or sisters (by whole or half blood), life partners of brothers or sisters (by whole or half blood), ancestors, children, grandchildren, great-grandchildren, and life partners of children, grandchildren and great-grandchildren.

Direct or Indirect Financial or Other Material Interest

1. Contracts, transactions or arrangements of the Foundation in which a Trustee or Officer has a direct or indirect financial or other material interest shall not be prohibited, but they shall be subject to scrutiny. Any such proposed contract, transaction or arrangement (collectively, “**Arrangement**”) is to be reviewed to determine that it is in the best interests of the Foundation.
2. For the purposes of this Policy, a Trustee or Officer has a direct or indirect financial or other material interest in a proposed or existing Arrangement if he or she, or one of his or her relatives:
 - (a) has a substantial financial interest directly in the proposed or existing Arrangement; or
 - (b) has a substantial financial interest in any other organization that i) is a party to the proposed or existing Arrangement; or ii) is in any way involved in the proposed or existing Arrangement, including through the provision of services in connection therewith (an “**involved organization**”); or
 - (c) holds a position as trustee, director, officer, member, partner, or employee in any such party or involved organization.

A Trustee’s or Officer’s financial interest will be considered substantial if it involves:

- (a) an ownership or investment interest representing more than 1% of the outstanding shares of a publicly traded company or 5% of the outstanding shares or comparable interest of a privately owned company with which the Foundation has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or
- (b) an ownership or investment interest, which produces a significant amount of income for or constitutes a significant part of the net worth of the Trustee or Officer, or a relative of the Trustee or Officer, in any entity with which the Foundation has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or
- (c) a compensation arrangement of any kind with any entity or individual with which the Foundation has or is negotiating an Arrangement or with any involved organization with respect to the Arrangement.

Disclosure of Interest and Participation in Meeting

3. Each Trustee and each Officer of the Foundation shall promptly disclose any direct or indirect financial or other material interest which he or she has or reasonably expects to have in any proposed or existing Arrangement with the Foundation prior to the start of any negotiations with respect to such matter. A direct or indirect financial interest required to be disclosed under this Policy shall be disclosed in writing to the Chairman of the Board of Trustees or President. Such disclosure shall include all material facts and supply any reasons

why the Arrangement might be or not be in the best interest of the Foundation. The Chairman or President shall refer the issue to the full Board or Board Committee having decision-making authority over the substantive matter in question (the “**Board or Committee**”).

4. The Trustee or Officer who discloses a direct or indirect financial or other material interest in a proposed or existing Arrangement may make a presentation and respond to questions by the Board or Committee, but after such presentation, he or she shall leave the meeting during the discussion of, and vote on, the Arrangement that results in the conflict of interest. As part of any such presentation, the Trustee or Officer shall provide to the Board or Committee any reasons why the Arrangement might be or not be in the best interest of the Foundation. The Board or Committee shall determine whether the Foundation can obtain a more advantageous Arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest. The Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed Arrangement. If a more advantageous contract, transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or Committee shall determine by majority vote of the disinterested members of the Board or Committee whether the Arrangement is in the Foundation’s best interest and whether it is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the Arrangement in conformity with such determination.

Minutes of Meeting

5. The names of the Trustees and Officers who disclosed or otherwise were found to have a direct or indirect financial or other material interest in a proposed or existing Arrangement of the Foundation, the nature of the interest, and the extent of the Trustee’s or Officer’s participation in the relevant Board or Committee meeting on matters related to the financial or other material interest shall be recorded in the minutes for that meeting. The minutes also shall include a record of any determination as to whether the Arrangement was in the best interest of and fair and reasonable to the Foundation, notwithstanding the interest, and the specific reasons supporting the determination, including any alternatives to the proposed or existing Arrangement, the names of the persons who were present for discussions and votes relating to the proposed or existing Arrangement, and a record of any votes taken in connection therewith.

Co-Investment Interest

6. Each Trustee and each Officer of the Foundation also shall disclose whether he or she, or one of his or her relatives, has personal funds invested with an investment manager providing, or expected to provide, investment management service to the Foundation or in a professionally managed investment fund in which the Foundation is invested or is considering investing (a “**co-investment interest**”). For the purposes of this Conflicts Policy, a “professionally managed investment fund” shall not include mutual funds or other similar investment vehicles generally available to the investing public. Such co-investment interest shall be disclosed in writing to the Chairman of the Board or President. Such disclosure shall include

all material facts, including, but not limited to, fee arrangements and any preferential treatment received by the Trustee or Officer, or one of his or her relatives, and not available to other investors necessary to determine whether such co-investment interest may provide a benefit to the Trustee or Officer, or one of his or her relatives. If the Chairman of the Board or President determines that the co-investment interest may provide some advantage to the Trustee or Officer, or one of his or her relatives, the Chairman of the Board or President shall refer the issue to the full Board of Trustees or appropriate Committee. The Trustee or Officer who discloses a co-investment interest may make a presentation and respond to questions from the Board of Trustees or appropriate Committee but shall not be present during the discussion of, and vote on how to address the co-investment interest. The existence of a quorum shall not be broken by the non-participation of a Trustee or Officer who has disclosed a co-investment interest. The Board of Trustees or appropriate Committee shall determine what, if any, corrective action is required with respect to the co-investment interest, including, but not limited to, terminating the investment relationship or seeking an adjustment in fee structure.

Grant-making Interest

7. All activities related to the Foundation's award of scholarships, grants, or other awards shall be conducted exclusively in furtherance of the Foundation's charitable purposes. A Trustee or Officer who is affiliated with a current or prospective grantee organization or has a relationship with a current or prospective scholarship, grant, or award recipient is expected to make full disclosure in writing to the Board of Trustees of the Foundation as to the specific nature of his or her affiliation or relationship with the current or prospective scholarship, grant, or award recipient. With respect to grants to organizations, the Trustee or Officer also is expected to disclose the extent, if any, to which he or she or his or her relative participates or will participate in the project funded by the grant. The names of the Trustees and Officers who disclosed or otherwise were found to have an affiliation or relationship with a current or prospective recipient of a scholarship, grant or other award from the Foundation and the nature of the affiliation or relationship shall be recorded in the minutes for that meeting.

Failure to Disclose

8. If the Board or Committee has reasonable cause to believe that a Trustee or Officer has failed to disclose a direct or indirect financial or other material interest or a grant-making interest subject to this Policy, it shall inform the Trustee or Officer of the basis for such belief and afford the Trustee or Officer an opportunity to explain the alleged failure to disclose. If, after hearing the response of such individual and making such further investigation as may be warranted in the circumstances, the Board or Committee determines that the Trustee or Officer has in fact failed to disclose a direct or indirect financial or other material interest or grant-making interest subject to this Policy, it shall take appropriate corrective action.

Annual Disclosure Statement

9. Each Trustee and Officer has a duty to place the interest of the Foundation foremost in any dealing with the Foundation and has a continuing responsibility to comply with the

requirements of this Policy. Promptly following the adoption of this Policy, and thereafter on an annual basis, each Trustee and Officer shall acknowledge his or her familiarity with this Policy and shall disclose in writing to the Chairman of the Board or President any existing financial, grant-making or other material interests subject to this Policy by completing a Conflict of Interest Disclosure Statement. The Conflict of Interest Disclosure Statements shall be reviewed by the Chairman or President. Any issues not previously disclosed shall be referred by him or her to the Board or appropriate Committee. The Conflict of Interest Disclosure Statements shall be retained in the confidential files of the Chairman or President.

Policy Supplements Applicable Laws

10. This Policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to nonprofit charitable corporations.

Conflict-of-Interest Disclosure Statement

The Conflict of Interest Policy of the Franciscan Foundation for the Holy Land (the “**Foundation**”) requires any Trustee or Officer of the Foundation to disclose any direct or indirect financial or other material interest, any co-investment interest or any grant-making interest that he or she has or reasonably expects to have in any proposed or existing contract, transaction or arrangement with the Foundation, or in any other matter under consideration or to be considered by the Board of Trustees or any Board Committee.

Please initial each statement that applies to you:

- ___ I have read and am familiar with the Conflict of Interest Policy (the “**Policy**”).
- ___ I am not aware of any direct or indirect financial or other material interest, any co-investment interest or any grant-making interest that is required to be disclosed under the Policy.
- ___ I have described in the attached letter every direct or indirect financial or other material interest, co-investment interest and grant-making interest which is required to be disclosed under the Policy. (Please attach a letter providing complete details of any direct or indirect financial or other material interest, co-investment interest and grant-making interest subject to the Policy.)

During the time I am a Trustee or Officer of the Foundation, I agree to report promptly any future situation that might involve or appear to involve me or any of my relatives in any potential conflict of interest with the Foundation.

I am completing this disclosure statement based on the definitions below that are taken from the Policy.

Signature: _____ Date: _____

Please return this statement in the enclosed envelope not later than _____.

For the purposes of this Policy, a Trustee or Officer has a **direct or indirect financial or other material interest** in a proposed or existing contract, transaction or arrangement (collectively, “**Arrangement**”) if he or she, or one of his or her relatives:

- (a) has a substantial financial interest directly in the proposed or existing Arrangement; or

(b) has a substantial financial interest in any organization that i) is a party to the proposed or existing Arrangement; or ii) is in any way involved in the proposed or existing Arrangement, including through the provision of services in connection therewith (an “**involved organization**”); or

(c) holds a position as trustee, director, officer, member, partner, shareholder or employee in any such party or involved organization.

A Trustee’s or Officer’s financial interest will be considered substantial if it involves:

(a) an ownership or investment interest representing more than 1% of the outstanding shares of a publicly traded company or 5% of the outstanding shares or comparable interest of a privately owned company with which the Foundation has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or

(b) an ownership or investment interest, which produces a significant amount of income for or constitutes a significant part of the net worth of the Trustee or Officer, or a relative of the Trustee or Officer, as defined in the Policy, in any entity with which the Foundation has or is negotiating an Arrangement or which is an involved organization with respect to the Arrangement; or

(c) a compensation arrangement of any kind with any entity or individual with which the Foundation has or is negotiating an Arrangement or with any involved organization with respect to the Arrangement.

Each Trustee and each Officer of the Foundation also is required to disclose whether he or she, or one of his or her relatives, has personal funds invested with an investment manager providing, or expected to provide, investment management services to the Foundation or in a professionally managed investment fund in which the Foundation is invested or is considering investing (a “**co-investment interest**”). For the purposes of this Conflicts Policy, a “professional managed investment fund” shall not include mutual funds or other similar investment vehicles generally available to the investing public.

For the purposes of this Policy, a Trustee or Officer has a grant-making interest required to be disclosed under the Policy if he or she, or one of his or her relatives, is affiliated or has a relationship with a current or prospective recipient of a grant or other award from the Foundation.