Caribbean Coastal Ocean Observing System, Inc.
Conflicts of Interest Policy

ARTICLE I

Purpose

1.1 The purpose of this “Conflict of Interest Policy” (the “Policy”) is to protect the Caribbean Coastal Ocean Observing System, Inc.’s (“CARICOOS”) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer or Director of CARICOOS or might result in a possible excess benefit transaction.

1.2 This Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

1.3 This Policy is also intended to identify “independent” directors.

ARTICLE II

Definitions

2.1 As used in this Policy, the following terms have the following meanings when capitalized (such meanings being equally applicable to both the singular and plural forms of the terms defined):

a. Interested Person: any director, principal officer, or member of a committee with delegated powers by the Board of Directors, who has a direct or indirect financial interest, as defined below, is an interested person.

b. Financial Interest: a person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
   i. an ownership or investment interest in any entity with which CARICOOS has a transaction or arrangement,
   ii. a compensation arrangement with CARICOOS or with any entity or individual with which CARICOOS has a transaction or arrangement, or
   iii. potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CARICOOS is negotiating a transaction or arrangement.

c. Independent Director: a director shall be considered “independent” for the purposes of this Policy if all three of the following circumstances applied at all times during CARICOOS's tax year:
   i. the member was not compensated as an officer or other employee of the organization or of a related organization,
   ii. the member did not receive total compensation or other payments exceeding $10,000 during the CARICOOS's tax year from the organization or
from related organizations as an independent contractor, other than reasonable compensation for services provided in the capacity as a member of the Board of Directors, and
iii. neither the member, nor any family member of the member, was involved in a transaction with CARICOOS (whether directly or indirectly through affiliation with another organization) considered a transaction with an Interested Person under this Policy.

2.2 Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

2.3 A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 3.2, a person who has a Financial Interest may have a conflict of interest only if the Board of Directors or committee decides that a conflict of interest exists.

**ARTICLE III**

**Procedures**

3.1 *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 members of the Board of Directors and/or any committee considering the proposed transaction or arrangement.

3.2 *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 or 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 of Directors or committee members shall decide if a conflict of interest exists.

3.3 *Procedures for Addressing the Conflict of Interest.*

a. An Interested Person may make a presentation at the meeting of the Board of Directors or committee, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The Chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Board of Directors or committee shall determine whether CARICOOS 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.
d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in CARICOOS’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.

3.4 Violations of the Conflicts of Interest Policy.

a. If the Board of Directors 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 Board of Directors 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 Procedures

4.1 The minutes of the Board of Directors and all committees with delegated powers delegated by the Board of Directors shall contain:

a. 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 of Directors’ or committee's decision as to whether a conflict of interest in fact existed.

b. 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
Compensations

5.1 A voting member of the Board of Directors who receives compensation, directly or indirectly, from CARICOOS for services is precluded from voting on matters pertaining to that member's compensation.
5.2 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from CARICOOS for services is precluded from voting on matters pertaining to that member's compensation.

5.3 No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from CARICOOS, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**ARTICLE VI**

**Annual Statements**

6.1 Each Director, Officer and member of a committee with powers delegated by the Board of Directors shall annually sign a statement which affirms such person:
   a. Has received a copy of this Policy,
   b. Has read and understands the Policy,
   c. Has agreed to comply with the Policy, and
   d. Understands that CARICOOS is a non for profit or charitable organization and in order to maintain its federal and/or state tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

6.2 Each voting member of the Board of Directors shall annually sign a statement which declares whether such person is an Independent Director.

6.3 If at any time during the year, the information in the annual statement changes materially, the Director, Officer or member of a committee with powers delegated by the Board of Directors shall disclose such changes and revise the annual disclosure form.

6.4 The Board of Directors or its Governance Committee, if any, 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.

**ARTICLE VII**

**Periodic Reviews**

7.1 To ensure that CARICOOS operates in a manner consistent with its non for profit 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:

   a. Whether compensation arrangements and benefits are reasonable, based on
competent survey information, and the result of arm's length bargaining.
b. Whether partnerships, joint ventures, and arrangements with management organizations conform to CARICOOS' 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 VIII**

*Use of Outside Experts*

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

**CERTIFICATION**

The undersigned, in his or her capacity as Secretary of CARICOOS, hereby certifies that this Policy was approved and adopted by the Board of Directors of the Corporation effective as of ________________ and that the same has not been revoked and remains in full force and effect.

In ____________, Puerto Rico, this ___ day of _______, 2014.

________________________________________
[Name]
Secretary