



***VSBIT Board Member and Corporate Officer
Conflict of Interest Policy***

Purpose

The purpose of this policy is to ensure that no VSBIT board member or corporate officer will gain a personal or financial advantage from their work for the organization and to ensure that VSBIT members' trust in the organization will be preserved. It is also the intent of this policy to ensure that all decisions made by the VSBIT Board of Directors or VSBIT Corporate Officers are based on the best interests of VSBIT.

Definitions

1. **“Conflict of interest”** means a direct or indirect financial or personal interest of a board member or corporate officer or such an interest, known to the board member or corporate officer, of a member of his or her immediate family or household or of a business associate, in the outcome of any particular business or matter pending before the VSBIT Board of Directors or VSBIT Corporate Officers. A conflict of interest may take any of the following forms:
 - a. A direct financial conflict of interest arises when a board member or corporate officer acts on a matter in which the board member or corporate officer has a direct financial interest.
 - b. An indirect financial conflict of interest arises when a board member or corporate officer acts on a matter in which a person or group closely tied to that board member or corporate officer has a financial interest.
 - c. A direct personal conflict of interest arises when a board member or corporate officer acts on a matter that has a direct impact on that board member or corporate officer in a non-financial way but is of significant importance to the board member or corporate officer.
 - d. An indirect personal conflict of interest arises when a board member or corporate officer acts on a matter on which the board member or corporate officer's judgment may be affected because of a familial or personal relationship or membership in some organization and a desire to help that person or organization further its own interests.

A “conflict of interest” does not include any direct or indirect financial or personal interest which is no greater than that of other persons generally affected by the outcome of a decision by the VSBIT Board of Directors or VSBIT Corporate Officers.

2. **“Financial interest”** means a person has, directly or indirectly, through business, investment or family: (a) an ownership or investment interest in any entity with which VSBIT has a transaction or arrangement; (b) a compensation arrangement with the corporation or with any entity or individual with which VSBIT has a transaction or arrangement; or (c) a potential ownership or investment in, or compensation arrangement with, any entity or individual with which VSBIT is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors.
3. **“Covered individual”** means all VSBIT board members and corporate officers as defined in Articles III and V of the VSBIT bylaws.

Prohibited Conduct

Unless provided for under the procedure section, prohibited conduct shall mean:

1. A covered individual shall not participate in any official act or action if he or she has a conflict of interest in the matter under consideration.
2. A covered individual shall not personally – or through any member of his or her household, business associate, employer or employee – represent, appear for, or negotiate on behalf of any person or organization that has an interest in an official act or action pending before VSBIT.
3. A covered individual shall not request or accept any reward, gift, or favor for taking an official act or action or for advocating for or against an official act or action.
4. A covered individual shall not give the impression that his or her position on any issue can be influenced by anything other than a fair presentation of all sides of the question.
5. A covered individual who receives compensation, directly or indirectly, from VSBIT for services is precluded from voting on matters pertaining to that individual’s compensation.

Procedure

1. Annually, each covered individual shall complete a statement which affirms he or she has received, read, and understood this policy and which discloses any known conflicts of interest. Any disclosed conflicts shall be shared with the VSBIT Board of Directors. If a covered individual becomes aware of a conflict at any point that has not been included on their annual disclosure form, he or she shall update the form and notify the Board.¹
2. A covered individual who knows that a conflict of interest exists or believes that a conflict of interest may exist in a matter under consideration before the VSBIT Board of

¹ 11B V.S.A. §8.31(c) allows a transaction in which a director of a mutual benefit corporation has a conflict of interest to be approved if: (1) the material facts of the transaction and the director’s interest were disclosed or known to the board and the board authorized, approved, or ratified the transaction, or (2) the material facts of the transaction and the director’s interest were disclosed or known to the members and they authorized, approved or ratified the transaction. 11B V.S.A. §8.31(e) stipulates that in a situation where a conflict exists on the part of a board member a vote of the board is valid only if a majority of the board, who have no direct or indirect interest in the transaction, votes to approve the transaction. For the purposes of this section, a quorum is satisfied if the majority of the board who have no direct or indirect interest votes to approve the transaction, except that action cannot be taken by a single board member.

Directors or Corporate Officer, shall, prior to taking an official act or action or participating in any official act or action, publicly disclose to the VSBIT Board of Directors that he or she has or may have a conflict of interest in the matter under consideration and shall disclose the nature of the conflict.

3. A covered individual who knows that a conflict of interest exists or believes that a conflict of interest may exist on the part of another covered individual in a matter under consideration before the VSBIT Board of Directors or Corporate Officer, shall disclose that knowledge or belief to the VSBIT Board of Directors and may request that the individual recuse himself or herself from the matter.
4. Once a conflict of interest has been raised pursuant to 2 or 3, the VSBIT Board of Directors shall have an opportunity to ask questions and gather evidence pertaining to the conflict. If appropriate, the Board may enter into executive session to address the conflict.
5. If the Board of Directors determines that a conflict of interest exists, the covered individual with the conflict shall recuse himself or herself from the matter. Failure to do so may result in one or more of the enforcement provisions listed below.
6. A covered individual who has recused himself or herself from participating in an official act or action shall not participate in any discussions or deliberations about that official act or action, though such member may participate as a member of the public or as a private party, if applicable.
7. The minutes of the meeting in which the conflict of interest was discussed and addressed by the VSBIT Board of Directors shall document the actions taken pursuant to the above.

Enforcement

In cases where a covered individual has engaged in any of the prohibited conduct listed above, or has not followed the procedures listed above, the VSBIT Board of Directors may, in its discretion, take any of the following enforcement actions:

1. The chair of the VSBIT Board of Directors may meet informally with the individual to discuss the possible conflict of interest violation.
2. The VSBIT Board of Directors may meet to discuss the conduct of the individual. Executive session may be used for such discussion in accordance with 1 V.S.A. 313(a)(4). The individual may request that the discussion occur in public.
3. If a violation of the policy has occurred, the VSBIT Board of Directors may censure the individual who violated the policy in private or in an open meeting. The individual shall have an opportunity to respond to the censure.
4. If the VSBIT Board of Directors votes to censure a board member for violation of this policy, it shall notify the membership of the Board's action and the individual's response.
5. Upon majority vote, the VSBIT Board of Directors may request, but not require, that a board member who violated the policy resign.² If the individual does not resign, the

² 11B V.S.A. §8.08(e) states that board members who are "elected by members may be removed by the members only at a meeting called for the purpose of removing the director and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the director."

Board of Directors may call for a meeting of the membership to consider removal of the board member.

6. If a corporate officer who is an employee of the VSBIT Board of Directors is found to have violated this policy, he or she may be disciplined or removed, subject to applicable state law and employment contract provisions.

Date Adopted: April 30, 2020 (replaces the version adopted April 16, 2018)

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