

# **POLICY AND PROCEDURE II**

## **Conflict of Interest Policy**

### **SECTION 1. PURPOSE:**

The East Haddam Land Trust, INC. (EHLT) is a non-profit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the EHLT as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between the EHLT and its Board, Officers, employees, members and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The Board has the responsibility of administering the affairs of the EHLT honestly and prudently, and of exercising their best care, skill and judgment for the sole benefit of the EHLT. Those persons shall exercise the utmost good faith in all transactions involving their duties, and they shall not use their positions with the EHLT or knowledge gained there from for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

### **SECTION 2. PERSONS CONCERNED:**

This policy is directed to all directors and officers of the EHLT.

### **SECTION 3. AREAS WHERE CONFLICT MAY ARISE:**

Conflicts of interest may arise in the relations of directors and officers with any of the following third parties.

1. Persons and firms supplying goods and services to the EHLT.
2. Persons, firms and agencies with whom the EHLT is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
3. Persons or firms from whom the EHLT leases or rents property or equipment.
4. Donors and others supporting the EHLT.
5. Agencies, organizations and associations that affect the operations of the EHLT.
6. Family Members, friends and other members or employees.

#### **SECTION 4. NATURE OF CONFLICTING INTEREST:**

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with the EHLT.
2. Holding office, serving on the Board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the EHLT.
3. Receiving remuneration for services in respect to individual transactions involving the EHLT.
4. Using EHLT's time, member's equipment, supplies or goodwill for other than EHLT approved activities, programs and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with the EHLT. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without courtesy. No personal gift of money should ever be accepted.

#### **SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY:**

The areas of conflicting interest listed in Section 4, and the relations in those areas that may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors and/or officers will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the EHLT.

However, it is the policy of the Board that the existence of any of the interests described in section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the Board to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

#### **SECTION 6. DISCLOSURE POLICY AND PROCEDURE:**

Transaction with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed.
2. The person with a conflict of interest is excluded from the discussion and approval of such transaction.
3. A competitive bid or comparable valuation exists.
4. The Board or a duly constituted committee thereof has determined that the transaction is in the best interest of the EHLT.

Disclosure in the organization should be made to any officer of the Board of Directors, who shall bring the matter to the attention of the Board or a duly constituted committee thereof. Disclosure involving directors should be made to the president (or if he or she is the one with conflict, then the vice-president) who shall bring these matters to the entire Board or a duly constituted committee thereof.

The Board of Directors shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair and reasonable to the EHLT. The decision of the Board on these matters will rest in their sole discretion, and their concern must be the welfare of the EHLT and the advancement of its purpose.

## **APPENDIX 1 – GIFT POLICY AND DISCLOSURE FORM**

## **EAST HADDAM LAND TRUST GIFT POLICY AND DISCLOSURE FORM**

As part of its conflict of interest policy, the East Haddam Land Trust, INC. (EHLT) requires that directors and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with the EHLT or are a competitor of it. This policy and disclosure form is intended to implement that prohibition on gifts.

### **Definitions**

- Section 1. “Responsible person” is any person serving as an officer, Director or employee of the EHLT.
- Section 2. “Family member” is a spouse, domestic partner, parent, child or spouse of a child, or a bother, sister or a spouse of a bother or sister, of a Responsible Person.
- Section 3. “Contract or transaction” is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any pecuniary relationship. The making of a gift to the EHLT is not a “contract” or “transaction”.
- Section 4. Prohibited gifts, gratuities and entertainment. Except as approved by the President, or his/her designee or for gifts of a value less than \$50 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, entertainment or other favors from any person or entity which:
1. Does or seeks to do business with the EHLT or,
  2. Does or seeks to compete with the EHLT or,
- Has received, is receiving or is seeking to receive a Contract or Transaction with the EHLT.

### **GIFT STATEMENT**

I certify that I have read the above policy concerning gifts, and I agree that I will not accept gifts, entertainment or other favors from any individual or entity, which would be prohibited by the above policy. Following my initial statement, I agree to provide a signed statement at the end of each calendar year certifying that I have not received any such gifts, entertainment or other favors during the preceding year.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date