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**TITLE: BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY**  
**INDEX NO: BD-110**

**Revised on July 8, 2019 by Audit Committee**  
**Reviewed on July 8, 2019 by Audit Committee**  
**Approved on July 17, 2019 by Board of Directors**  
**Policy Owner: Internal Audit Director**

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The purpose of this policy is to avoid harm to the Credit Union or an improper direct or indirect financial benefit to a Director as a result of a transaction or arrangement which may be a conflict of interest. Transactions or arrangements with a Director that may be a conflict of interest shall be disclosed and reviewed in keeping with this policy. A disclosure by a Director shall not immediately be deemed a conflict and a determination shall be made by the Board whether an actual or potential conflict of interest exists.

**Definitions:**

1. **Compensation:** Direct or indirect remuneration includes gifts or favors, but does not include de minimus items valued at less than \$100 annually and which are clearly tokens or respect or friendship and unrelated to a transaction or arrangement.
2. **Conflict of Interest:** When a Director, a member of their family, or an entity with which the Director or a member of their family is affiliated has an actual, or has a potential financial interest through a transaction or arrangement as a result of the Director's position with the Credit Union or when a Director has an actual, or has a potential, financial ownership or investment interest, or compensation arrangement with an entity or individual in competition with the Credit Union.
3. **Family:** The Director's spouse, significant other, ancestors, brothers and sisters of whole or half blood, natural or adopted children, grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren and one who shares their home.
4. **Financial Interest.** A Director who has, directly or indirectly, through business, investment, or family,
  - a. An ownership or investment interest in an entity with which the Credit Union has a transaction or arrangement;
  - b. A compensation arrangement with the Credit Union, an entity, or an individual with which the Credit Union has a transaction or arrangement; or
  - c. A potential ownership or investment interest, or compensation arrangement with an entity or individual with which the Credit Union is negotiating a transaction or arrangement.
5. **Transaction or Arrangement:** Contracts of sale, lease, license, performance of services, similar contracts, loan, grant or similar as well as new or ongoing joint ventures in which either the profits or capital interest of the organization and of the interested person is substantive in nature.

## **Duty to Disclose**

A Director shall disclose to the Board the existence of an actual, or of a potential, financial interest and be provided the opportunity to disclose the material facts to the Board regarding the actual or potential conflict of interest.

## **Annual Review of Conflict of Interest Statement**

1. The Audit Committee shall review all Board members' conflict of interest statements on an annual basis.
2. Actual or potential conflicts of interest, as determined by the Committee, will be brought to the attention of the Board for review.
3. If the Board deems a conflict of interest may exist, procedures for addressing a conflict of interest will be followed.

## **Procedures for Addressing a Conflict of Interest**

1. A Director with an actual or potential conflict of interest shall recuse him/herself from the Board's investigation and determination of whether an actual or potential conflict of interest exists.
  - a. The Board may appoint a disinterested person or committee to investigate whether an actual or potential conflict of interest exists and if so, to provide alternatives to remove the actual or potential conflict of interest.
  - b. The Board may require Director with an actual or potential conflict of interest, who fails to recuse him/herself, to remove him/herself from access to related information, the investigation and determination of an actual or potential conflict of interest.
2. The Board, upon finding an actual or potential conflict of interest shall then determine if the transaction or arrangement is in the Credit Union's best interest or determine the actions necessary to resolve the conflict of interest.

## **Violations**

1. Should a Director have reasonable cause to believe another Director has failed to disclose an actual or potential conflict of interest, the Director shall report it to the Board Chair or the Board Vice-Chair.
2. The Board Chair or the Board Vice-Chair shall inform the Director and arrange the opportunity for the Director to explain the alleged failure to disclose the actual or potential conflict of interest.
  - a. The Board may appoint a disinterested person or committee to review the explanation.
3. Should the Board after reviewing the explanation, or the findings of a disinterested person or committee, find the Director failed to disclose an actual or potential conflict of interest, the Board shall take appropriate disciplinary and corrective action, which may include removal from the Board.
4. It shall not be a violation of the policy should a Director disclose any potential conflict and the Board determine the transaction to either be in the best interest of the

Credit Union or the transaction is an arm's length transaction with no unfair advantage provided to the Director.

**Annual Statements**

Each Director shall sign a Conflict of Interest Statement annually stating they have received, read, and understood this policy and have agreed to comply with this policy.

**ANNUAL CONFLICT OF INTEREST STATEMENT**

I acknowledge I am a member of the Board of Directors of GreenState Credit Union who has received a copy of and read and understood the Board's Conflict of Interest Policy. I acknowledge my duty and obligation to the Credit Union, and I agree to comply with the Policy.

I further acknowledge and certify that I, except as noted below, have nor during the past year had an actual or potential conflict of interest as defined in the Boards' Conflict of Interest Policy

Describe transactions or arrangements with your business interest(s) and other organization(s), including a member of your family or an entity with which you or a member of your family has or could result in a financial interest that is an actual or potential conflict of interest:

Describe compensation received in the past year, including compensation to a member of your family or an entity with which you or a member of your family has or could result in a financial interest that is an actual or potential conflict of interest:

\_\_\_\_\_  
Director Signature

\_\_\_\_\_  
Date

Director Printed Name: \_\_\_\_\_