

# **BLUE RIDGE MOUNTAIN ELECTRIC MEMBERSHIP CORPORATION**

## **POLICY BULLETIN NO. 238**

### **SUBJECT: CONFLICTS OF INTEREST**

#### **I. OBJECTIVES**

- A. To provide general guidance to Board members, officers and key employees in the performance of their duties and responsibilities for the Cooperative to assure the high standards of integrity, impartiality, and conduct necessary for maintaining public confidence in the operations of the Cooperative.
- B. To establish a procedure governing conflicts of interest as they affect Board members, officers and key employees.
- C. To establish a procedure for the annual disclosure and monitoring of family and business relationships among Board members, officers and key employees that could give rise to financial conflicts of interest with the Cooperative.
- D. To assure compliance with the standards specified in the Bylaws of the Cooperative.

#### **II. DEFINITIONS**

- A. A "conflict of interest" exists when a Board member, officer or key employee has a financial interest (including interests of a "Family Member") in a matter or decision of the Cooperative of such nature or magnitude as to present a reasonable prospect of a conflict between his personal interest and that of the Cooperative, so that he may not be able to exercise independent and objective judgment on the matter in the best interests of the Cooperative.
- B. "Family Member" means spouses, ancestors, siblings, children, grandchildren and great-grandchildren; and the spouses of siblings, children, grandchildren and great-grandchildren. All relationships shall include natural, adopted and whole and half-blood relationships.
- C. "Key Employee" shall mean the Cooperative's General Manager, Director of Operations and Engineering, Director of Economic Development, Director of Information Systems, Director of Office Services, Director of Broadband Services and Director of Member Services.

### III. CONTENT

A. The Board of Directors has resolved that the statements contained in the following paragraphs will serve as a guide to the Board members, officers and key employees in the management of the affairs of the Cooperative.

1. Use of Office: They shall refrain from any use of the irrelative offices for private gain for themselves or for other persons or organizations with which they are associated.
2. Use of Information: They shall refrain from any disclosure or use of inside information for private gain, either by direct action or by recommendations or suggestions to other persons or organizations with which they are associated. The confidentiality and proprietary nature of the Cooperative's business information must be respected at all times.
3. Gain from Beneficiary Organizations: They shall not receive or solicit from beneficiary organizations, related organizations or other persons having business with the Cooperative anything of value as a gift, loan, favor or gratuity for themselves or any other persons or organizations with which they are associated, except:
  - gifts, gratuities or favors, not exceeding \$50.00 in value, that do not create a sense of business obligation to the giver;
  - gifts from family or close friends that clearly are not intended to influence a business relationship or transaction;
  - business-related meals, refreshments, entertainment or travel provided that the Cooperative would otherwise reimburse the expense;
  - gifts of reasonable value for such occasions as promotions, birthdays, weddings, holidays or retirement;
  - promotional materials such as caps, t-shirts, mugs, pens, etc.; and
  - civic, charitable, educational or religious organization awards.

Anyone offered any other item of value in connection with the business of the Cooperative should immediately report the offer in accordance with the terms of the Cooperative's Whistleblower Policy. Any person who is unsure whether a potential or actual conflict of interest exists, or whether a particular activity would violate this policy, should ask the Cooperative's attorney.

4. Decisions Which Pose a Conflict of Interest: They shall make full disclosure to the Board of any facts which may indicate a conflict of interest. They shall disqualify themselves from the discussion of and voting on decisions which pose a conflict of interest or the appearance of a conflict of interest. They may request an opinion of the Cooperative's attorney before such action is taken.
5. Disclosure Certificate of Directors, Officers and Key Employees. They must annually complete and sign the Conflict of Interest Certification and Disclosure Form attached to this Policy ("Form"), or a form substantially similar to the Form, and submit the completed and signed Form to the Cooperative. Incumbents may update the previous year's Form. The Board's Vice President (Chair of the Policy Committee) and the General Manager shall each retain a copy of the completed Forms.
6. Disclosure Certificate of Candidates: Board member candidates, whether or not already or previously incumbent, shall file with the General Manager or General Counsel a certificate that they are in compliance with the provisions of the Bylaws and this Policy. Such certificate shall be in a form prescribed by the Board of Directors and shall be filed prior to either elections at member meetings or Board appointments to fill vacancies. If at any time a Board member, officer or key employee has a conflict of interest, or potential conflict of interest, he shall notify the Board President and the Cooperative's attorney and make full disclosure of the conflict or potential conflict. Such disclosure shall be in a form acceptable to the Cooperative, and shall be kept confidential to the extent legally permissible unless the affected person consents otherwise.
7. Disclosure of contracts with Directors. Nothing contained herein shall be deemed to prohibit the Cooperative from entering into contracts with one or more Directors, or entities in which they may have a material financial interest, for the provision of goods or services and/or relating to the payment therefore, which contracts are available to other members of the Cooperative who are otherwise similarly situated. However, any contract entered into between the Cooperative and any Director or such entity, or family member of any Director, which is not upon the same terms and conditions offered to every member of the cooperative shall be submitted to and approved by the Board of Directors and shall not otherwise be valid or binding.
8. Financial Interest. Key employees and/or Members of the Board of Directors shall not acquire or have a financial interest in any property of the Cooperative. They also shall not have a direct or indirect financial interest in a supplier, contractor, consultant or other entity with which the Cooperative does business unless such interest is disclosed to the full Board or a supervisor as soon as they have knowledge of such interest and the interested

Board member, officer or key employee does not participate in any way with the decision to do business with such entity. This does not prohibit the ownership of securities in a publicly owned company except in a substantial amount by which those in a position to materially influence or affect the business relationship between the Cooperative and such publicly owned company. Any other interest in or relationship with an outside entity or individual having business dealings with the Cooperative is prohibited if this interest or relationship might tend to impair the ability of the directors to serve the best interest of the Cooperative, unless such interest is disclosed to the full Board or a supervisor as soon as they have knowledge of such interest and the interested Director, officer or key employee does not participate in any way with the decision to do business with such entity.

9. Family Interests. If a Family Members of a Board member, officer or key employee has a financial interest as specified above, such interest shall be fully disclosed to the Board, and the disinterested Directors shall decide if such interest should prevent the Cooperative from entering into a particular transaction, purchase or employment of services. The Director with the interested family member shall not participate in any way in the decision to do business with such Family Member or entity.
  
10. Disqualification. After being elected, if a Director does not comply with this Policy, then, except as otherwise provided by the Board for good cause, the Board may disqualify the Director from acting on any matter on which he has a conflict of interest.

If a majority of Directors complies with this Policy and approves a Board action, then the failure of a Director to comply with this Policy does not affect the Board action.

11. Officer and Key Employee Disqualification. After being hired, if an officer or key employee does not comply with this Policy, then, such officer or key employee shall be subject to disciplinary action, including, in the case of an employee, termination.
  
12. Review of Disclosure Certifications. Annually the Policy Committee shall review the Forms and monitor the compliance with this Policy.

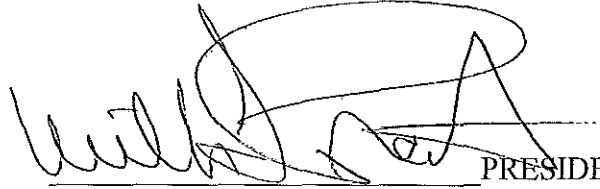
#### **IV. RESPONSIBILITY**

- A. It is the General Manager's responsibility to provide assistance to the Board to assure compliance with this Policy.
  
- B. It is the responsibility of the General Counsel to counsel and/or advise individual Board members and/or the Board regarding compliance with this

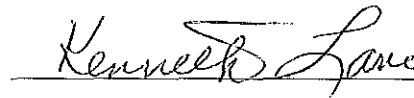
Policy.

- C. It is the responsibility of the Board to review compliance with this Policy and to consult with any Board member or the General Manager, as the situation may require. It is also the responsibility of the Board to assure, to the extent possible, that the Cooperative is not damaged or compromised because of the existence of a conflict of interest on the part of Board members, the General Manager, or the General Counsel.

DATE ADOPTED 10-21-14

  
PRESIDENT

DATE EFFECTIVE 10-21-14

  
SECRETARY