

## **Conflict of Interest Disclosure Policy**

### **Introduction**

Members of the Board of Trustees and employees of the Vermont Land Trust (“VLT”) owe a duty of loyalty to VLT. This duty includes the obligation to discharge their responsibilities in full compliance with the requirements of the law and in a manner which maintains the utmost in public trust and confidence in VLT. A conflict of interest exists when a trustee or employee, or any other person or organization in a position to influence the action of a VLT trustee or employee proposes to act on any issue, matter or transaction in which VLT has an interest and he, she or it may have an interest separate from VLT’s. Trustees and employees may not use their positions to profit personally at the expense of VLT or to benefit the professional or financial interests of any other organization in which they may have an ownership or membership interest, or serve as a director, trustee, officer, or employee. This duty prohibits VLT trustees and employees from entering into unfair transactions or contracts with VLT and from usurping for the advantage of themselves or others, including family members or others with whom they have a close personal relationship, an opportunity that rightfully belongs to VLT. Further, it requires that the public’s perception of the way in which VLT conducts its affairs is not diminished by reason of the appearance of a conflict of interest. In addition, a trustee or employee of VLT must perform his or her duties in good faith and in a manner he or she reasonably believes to be in the best interest of VLT.

This Conflict of Interest Disclosure Policy is intended to express general guidelines which are to be observed by the trustees and employees of VLT in order to protect the integrity and reputation of VLT. It supplements the Executive Limitation Policy on “Conflict of Interest” adopted by the VLT Board of Trustees on February 8, 2005 and the Governance Process Policy on “Trustees’ Conflict of Interest” adopted by the VLT Board of Trustees on September 26, 2005. Its purpose is to help VLT trustees and employees and those with whom they are associated avoid real or perceived conflicts with VLT, and to properly disclose and manage the conflicts that cannot be avoided.

## Disclosures Required

### I. Trustees

**Transactions:** In the event a VLT trustee must consider any transaction for VLT (including, but not limited to, the acquisition or disposition of land or interests in land, major stewardship actions such as easement amendments, hiring decisions, and contracting for goods or services) which involves:

- himself or herself; or
- a member of his or her own family ( “family” meaning, at a minimum, the spouse, civil union partner, parent, siblings, children and any other relative residing within the household of the trustee); or
- any organization or entity (whether private, governmental, for profit or non-profit) with which he or she is affiliated in any way including, but not limited to, having an ownership interest or membership, or by being a director, trustee, officer or employee;

then such trustee at his or her first knowledge of the transaction shall disclose fully in writing to the Chair of the Board of Trustees the precise nature of the interest or involvement.

**Associations:** Disclosure is further required of trustees concerning all relationships and business and governmental associations they and their families have that could reasonably be expected to give rise to a conflict of interest involving VLT. This disclosure shall be continuously reported and kept current using the form set forth below.

Unless otherwise required by a specific policy or procedure, all disclosures required under this policy must be directed in writing to the Chair of the Board of Trustees who shall be responsible for the administration of this policy.

### Determination of Conflict of Interest

Any trustee who is uncertain about a possible conflict of interest in any matter may request that the Chair of the Board of Trustees determine whether a conflict exists and the Board of Trustees shall resolve the question by vote of a majority of the members present and voting, excluding from such number the trustee who is the subject of the vote. When possible, the question of potential conflict should be referred to counsel for an opinion prior to the Board's vote but failure to obtain such an opinion will not affect the validity of the vote.

### Prohibition or Restraint on Participation

In determining a course of action involving a trustee’s conflict of interest, every effort shall be made by the Board to avoid the conflict. At a minimum, a trustee, who has declared, or been found to have, a conflict of interest in any matter involving VLT’s work shall disclose it to all

relevant parties and refrain from participating in consideration of the proposed transaction, unless for special reasons the Board of Trustees or a VLT officer requests information or interpretation from the person or persons involved. The person or persons involved should not vote, or otherwise participate in the decision making process on such matters and should not be present at the time of deliberation or voting.

Where the conflict involves a transaction with a trustee, the requirements of 11B V.S.A. §8.31 shall be followed.

In cases where it is not possible to completely avoid the conflict or appearance of conflict, reasonable effort shall be made to mitigate the effect of the conflict. Considerations guiding the Board in determining an appropriate course of action shall include:

- compliance with the letter and spirit of all applicable laws relevant to the transaction
- adherence to VLT policies and procedures
- avoidance of private benefit and inurement
- transparency
- conservation benefits likely to be achieved
- availability of other alternatives
- consequences to VLT and the other party if VLT declines to participate
- nature and extent of risk to VLT's reputation and the ability to mitigate those risks
- financial or other benefit to VLT and to the other party

## **II. Employees**

**Transactions:** In the event a VLT employee must consider any transaction for VLT (including, but not limited to, the acquisition or disposition of land or interests in land, major stewardship actions such as easement amendments, hiring decisions, and contracting for goods or services) which involves:

- himself or herself; or
- another employee or member of the Board of Trustees of VLT; or
- a member of his or her own family or the family of a VLT trustee or another VLT employee ( "family" meaning, at a minimum, the spouse, civil union partner, parent, siblings, children and any other relative residing within the household of the trustee or employee); or
- any organization or entity (whether private, governmental, for profit or non-profit) with which a trustee or employee of VLT is affiliated in any way including, but not limited to, having an ownership interest or membership, or by being a director, trustee or employee; or
- a major donor, meaning a person, organization, foundation, or entity which has made a single gift to VLT of \$2,500 or more, or more than one gift having an aggregate value of \$10,000 or more, excluding any gift of a conservation easement and associated costs; or

- persons who have volunteered substantial services to VLT; or
- former VLT trustees or employees who maintain a continuing relationship with VLT such that they either have access to confidential or proprietary VLT information or could give the appearance of having the ability to unduly influence VLT;

then such employee, at his or her first knowledge of the transaction, shall disclose fully in writing to the President of VLT the precise nature of the interest or involvement. In the event the transaction involves the acquisition of land or an interest in land, or a major stewardship action, then the disclosure requirements and procedures under the “Insider Protocol” for such transactions adopted by VLT staff April 12, 2005 shall be followed.

**Associations:** Disclosure is further required of employees of VLT concerning all relationships and business and governmental associations they and their families have that could reasonably be expected to give rise to a conflict of interest involving VLT. This disclosure shall be continuously reported and kept current using the form set forth below.

Unless otherwise required by a specific policy or procedure, all disclosures required under this policy must be directed in writing to the President of VLT who shall be responsible for the administration of this policy.

### **Determination of Conflict of Interest**

Any employee of VLT who is uncertain about a possible conflict of interest in any matter may request that the President determine whether a conflict or appearance of a conflict may exist. When possible, the question of potential conflict should be referred to counsel for an opinion prior to the President’s decision, but failure to obtain such an opinion will not affect the validity of the decision.

### **Prohibition or Restraint on Participation**

In determining a course of action involving a conflict of interest, every effort shall be made by the President to avoid the conflict. At a minimum, an employee of VLT who has declared, or been found to have, a conflict of interest in any matter involving VLT’s work shall disclose it to all relevant parties and refrain from participating in consideration of the proposed transaction, unless the President requests information or interpretation from the person or persons involved. The person or persons involved should not participate in the decision making process on such matters and should not be present at the time of any deliberation or voting.

In cases where it is not possible to completely avoid the conflict or appearance of conflict, reasonable effort shall be made to mitigate the effect of the conflict. Considerations guiding the President in determining an appropriate course of action shall include:

- compliance with the letter and spirit of all applicable laws relevant to the transaction
- adherence to VLT policies and procedures

- avoidance of private benefit and inurement
- transparency
- conservation benefits likely to be achieved
- availability of other alternatives
- consequences to VLT and the other party if VLT declines to participate
- nature and extent of risk to VLT's reputation and the ability to mitigate those risks
- financial or other benefit to VLT and to the other party

## Examples

To help illustrate this policy, the following are examples of conflicts of interest.

(1) The daughter of X (trustee, officer, employee of VLT) is searching for property on which to build a new home. X knows that the Smiths have contacted VLT confidentially about donating a conservation easement next year. X tells his daughter about the Smiths' plans and she then arranges the purchase of property adjacent to the Smiths.

(2) X has been asked to make a number of year-end visits to major VLT supporters. During the course of one such visit Mrs. Smith writes a generous check to VLT. X, also a member of Acme Charity's Board, has also been requested to help plan a fund raising campaign for Acme. X states during an Acme campaign planning meeting that Mrs. Smith (otherwise unknown to Acme) is a good prospect.

(3) The Heifer Farm is on the market and VLT has conducted preliminary discussions with the farm's owner, the Heifer Farm Real Estate Investment Partnership. VLT has identified a young farm family interested in purchasing the Heifer Farm subject to conservation restrictions. The Board of Trustees conduct a deliberation about whether or not to acquire and resell the Heifer Farm, including the top offer VLT should make. X sits silently through these discussions, abstains from voting, but does not disclose that his brother is a limited partner in the Heifer Farm.