

4.07 Conflicts of Interest

March 2019

SUBJECT: CONFLICTS OF INTEREST

The purpose of this policy is to provide guidance in avoiding situations where your personal interests may be, or may appear to be, in conflict with your responsibilities for Members 1st. It is also the purpose of this policy to highlight some of the core values of our organization and our commitment to the highest ethical standards in dealing with our members, vendors, contractors, competitors and, certainly, one another.

While it is not realistic to foresee all situations which may give rise to a conflict of interest, generally speaking, a conflict of interest may exist when your personal financial activities or personal relationships compromise, or appear to compromise, your ability to fully and impartially perform the functions of your position.

1. Interests in other businesses

You and your immediate family members are not permitted to own any interest in another business which expects to sell goods or services to Members 1st, or to purchase materials from Members 1st, unless prior disclosure is made, and any business transaction is negotiated at arm's length and evaluated by independent company personnel. This prohibition does not include stock ownership by an employee in a publicly traded corporation.

Never accept any type of gift, gratuity, or favor from any person or entity if it could be interpreted that the purpose was to influence you in the conduct of Members 1st business. In making this judgment, you must also consider what unfavorable interpretation might be placed on this action by a critical third party who has the advantage of hindsight. If you have doubt as to the propriety of any gift, the gift should be declined as being contrary to the Credit Union's policy. You may accept gifts of a minor nature, such as lunches, boxes of candy, and flowers, as long as the value does not exceed **\$100.00** in any consecutive 12-month period from the same person or vendor. Cash in any amount or in any form may not be accepted under any circumstances.

It is not the intention of this policy to prohibit the giving or receiving of a gift of a nominal, social nature or gift exchange between persons having close relationships unrelated to business. Violation of or impropriety with regard to this policy may result in disciplinary action including termination of employment.

2. Outside Employment

In general, Members 1st does not seek to interfere with employees' off-duty activities. However, Members 1st cannot tolerate off-duty conduct that impacts negatively on the Credit Union either in terms of an employee's individual work performance or the business interests of Members 1st, including its reputation. For example, Members 1st prohibits any illegal or immoral conduct by an off-duty employee that affects or has the potential to affect the credit union. Also, Members 1st prohibits outside employment (including self-employment) that conflicts with employment at the credit union, impacts the employee's work performance or schedule, and/or affects the business interests of the credit union. For example, any outside work must not compete with any current or planned products or activities of Members 1st and may not be for an entity that competes with

Members 1st or that acts as a supplier or purchaser of the organization's products. Additionally, employees are not permitted to use the organization's resources, equipment or paid time off benefits for purposes related to outside employment. Employees may not use proprietary or confidential Credit Union information for personal gain or to the Credit Union's detriment.

Employees must contact HR prior to engaging in any outside employment. Written approval from HR must be obtained prior to engaging in outside employment which may interfere with the employee's performance of credit union duties.

3. Employment of relatives

To avoid a conflict of interest or the appearance of a conflict of interest, no employee will be allowed to report directly or indirectly to a person to whom he or she is related or to work in operations which are under the direct supervision of a relative. Also, we may limit the employment of relatives where a relative has access to confidential information (e.g., personnel or payroll records) or evaluates or audits the transactions of a relative. Relatives may also be limited from working in departments whose functions must remain independent and separate. For the purposes of this policy, "relative" is defined as any of the following relationships, whether established by blood, marriage, or other legal action: mother, father, husband, wife, son, daughter, sister, brother, mother-in-law, father-in-law, sister-in-law, brother-in-law, son-in-law, daughter-in-law, and step-child, domestic partners, as well as those engaged in conjugal-type relationships. This policy does not apply to temporary employment, such as students hired for summer jobs.

This policy is intended to ensure effective supervision, security, safety and positive morale in the workplace. It seeks to avoid the perception of favoritism, conflicts of loyalty, discrimination, the appearance of impropriety, and conflicts of interest.

4. Romantic relationships

We do not allow any employee to hold a position where a consensual romantic relationship or a family relationship could cause a conflict of interest, breach of confidentiality, or disclosure of proprietary information or trade secrets.

While employees are certainly free to engage in any lawful activities outside of work, consensual romantic relationships at work must observe certain minimal guidelines. A consensual romantic or cohabitation relationship between a subordinate and a manager is strictly prohibited. Such relationships can lead to charges of favoritism, discrimination or sexual harassment. Should such a relationship develop, the manager involved must notify senior management. The Organization will attempt to arrange a transfer. If no such transfer is available, one of the employees must terminate his/her employment within thirty (30) days. The decision as to which employee resigns will be initially left to the two employees. The Organization reserves the right to make interim arrangements to ensure that the potential conflict does not adversely impact other workers. For example, the subordinate may be required to report to a manager other than his/her spouse or the person with whom they are romantically involved until a transfer from the department is achieved or a termination of employment is instituted. If the parties do not resolve the conflict within thirty (30) days, senior management will meet, review, and decide the issue. Their decision will be binding. There will be no exception to this policy unless approved in writing by HR.

Coworkers who are in a consensual romantic or cohabitation relationship must maintain professional demeanor at work and must interact professionally at all times. Sexual banter or sexual displays of affection are inappropriate at work and tend to make other employees uncomfortable. When such romantic relationships terminate, it is expected that each employee will respect the other's wishes

and will continue to act professionally at work. When one or both parties fail to do so, management will take appropriate action to address, and appropriately discipline, unprofessional conduct at work.

5. Power of Attorney:

Entering into a power of attorney for any member potentially creates a conflict of interest with the Credit Union.

6. Disclosure of potential conflict

If you have any doubt whether certain conduct is acceptable under this policy, you must come forward and fully disclose. Often, we are able to fix the potential conflict with safeguards to ensure the impartiality of both business decisions and business processes. If you choose not to disclose an activity, conduct or relationship that poses a potential conflict of interest, we will not accept an argument that you were not sure whether such activity or relationship would pose a conflict and therefore decided not to disclose it. If the Organization later determines that the activity or the relationship did in fact pose a potential for a conflict of interest, you will be subject to disciplinary action, up to and including termination of employment.

7. Exceptional cases upon disclosure

In some cases, where the employee(s) involved was forthcoming and made all necessary disclosures, and where the CEO believes that an exception may be made to the policy without compromising either the ethical standards of conduct, the integrity of the company's operations or the ability of employees to interact in an entirely professional manner, a written approval will be issued outlining the exception to the policy, the specific parameters for the exception in terms of scope and duration and the basis upon which the exception was made. Such exception will be given only in narrow circumstances and, when given, should never be viewed as a waiver of enforcement of this policy, by either the employee for whom the exception was made, or by any other employee of the company.

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