

The logo for MSECB is a dark red trapezoidal shape with the letters 'MSECB' in white, bold, sans-serif font centered within it.

MSECB

**CONFLICT OF INTEREST
POLICY**

Table of content

Definitions	- 2 -
1. Conflict of interest.....	- 2 -
2. Nature of conflicting interest	- 2 -
3. Affected by this policy	- 3 -
4. Disclosure of conflicts.....	- 3 -
5. Performance of duties	- 3 -
5.1 Outside employment	- 4 -
6. Gifts	- 4 -
7. Procedures to manage conflicts.....	- 4 -
Annex A.....	- 6 -
Annex B.....	- 9 -
Revision history	- 10 -

Definitions

- **“Responsible person”** is any person serving as an officer, employee, auditor or a member of the board of directors of MSECB.
- **“Family member”** is a spouse, domestic partner, parent, child or spouse of a child, or a brother, sister, or spouse of a brother or sister, of a responsible person.
- **“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 other pecuniary relationship. The making of a gift to MSECB is not a “contract” or “transaction.”

Conflict of Interest Policy

This Conflict-of-Interest Policy governs the activities of the board, auditors, and staff of MSECB. Questions about the policy must be directed to the Senior Compliance Manager. It is the duty of all board members, auditors, and staff to be aware of this policy, and to identify conflicts of interest and situations that may result in the appearance of a conflict and to disclose those situations/conflicts/or potential conflicts to (i) the employee’s supervisor (ii) the executive director, (iii) the Chair of the Board, (iv) the Senior Compliance Manager, or other designated person, as appropriate. This policy provides guidelines for identifying conflicts, disclosing conflicts and procedures to be followed to assist MSECB manage conflicts of interest and situations that may result in the appearance of a conflict.

1. Conflict of interest

A situation where an individual, or the organization he/she represents or has an interest in, has a direct or indirect competing interest with the MSECB’ activities. This competing interest may result in the individual being able to benefit from the situation or MSECB not being able to achieve a result in the best interest of the MSECB.

A conflict of interest arises when a board member, auditor or staff member has a personal interest that conflicts with the interests of MSECB or arise in situations where a board/staff member or auditor has divided loyalties (also known as a “duality of interest”). The former can result in situations that result in inappropriate financial gain to persons in authority at MSECB which can lead to financial penalties and violations of tax authority regulations. Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in MSECB’ decision-making process. Both results are damaging to MSECB and are to be avoided.

A conflict also may arise where an individual is a party to a contract with the MSECB or has an interest in an enterprise or is related to a person who is party to such a contract; or where an individual receives payment by the MSECB for services rendered to the MSECB other than reimbursement for reasonable out-of-pocket expenses measured according to the MSECB’ policies on expense reimbursement.

Conflict of interest for the MSECB also includes conduct which is not in keeping with the fundamental principles. In particular, the principles of neutrality and impartiality cannot be comprised.

2. Nature of conflicting interest

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

1. Owning stock or holding debt or other proprietary interests in any third party dealing with MSECB.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with MSECB.
3. Receiving remuneration for services with respect to individual transactions involving MSECB.

4. Using MSECB' time, personnel, equipment, supplies, or good will for other than MSECB-approved activities, programs, and purposes.

5. Receiving personal gifts or loans from third parties dealing or competing with MSECB. Receipt of any gift is not allowed except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money shall never be accepted.

3. Affected by this policy

Conflicts of interest may arise in the relations of directors, officers, auditors, and management employees with any of the following third parties:

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

4. Disclosure of conflicts

All employees and volunteers and MSECB Auditors shall immediately disclose to their supervisor/manager and/or Compliance Manager, in writing, any business, commercial or financial interest where such interest might be construed as being in real, potential, or apparent conflict with their official duties (the disclosure is done via Annex A).

Disclosure of the situation more broadly in the organization shall be made to the chief executive officer (or if she or he is the one with the conflict, then to the board chair), who shall bring the matter to the attention of the board [or a duly constituted committee thereof]. Disclosure involving directors shall be made to the board chair, (or if she or he is the one with the conflict, then to the board vice-chair) who shall bring these matters to the board [or a duly constituted committee thereof].

5. Performance of duties

An employee/volunteer and auditor will not vote on, or participate in, any discussion about a resolution to approve a contract in which he/she has an interest, nor will an employee/volunteer or auditor approve and/or sign off on such circumstances.

In the performance of their duties, employees/volunteers and auditors must not:

- Place themselves in a position of obligation to persons who might benefit or appear to benefit from special consideration with respect to MSECB business.
- Have a monetary interest that would conflict with the discharge of the duties owed to the MSECB.
- Disclose, discuss, use, take advantage of, benefit or appear to benefit from the use of information not generally available to the public and which has been acquired during their official MSECB duties.
- Communicate with any level of government, or with any elected or appointed government official in relation to the business of the MSECB, unless they have specific MSECB authorization.
- Assist private entities or persons in their dealings the MSECB where this could result in preferential treatment to any person.

- Directly or indirectly use, or allow the use of, MSECB property or information for anything other than officially approved activities.

5.1 Outside employment

Staff members/auditors may engage in remunerative employment with another employer, volunteer activity, carry on a business, or receive remuneration from public funds for activities outside their position provided that:

- It does not interfere with the performance of their duties.
- It does not bring the MSECB into disrepute.
- They do not have an advantage derived from their employment as MSECB employee.
- It is not performed in such a way as to appear to be an official act or to represent the organization's public positions or policies, including the fundamental principles.
- It does not involve the use of MSECB premises, services, equipment or supplies to which the staff member has access by virtue of their employment, unless official authorization is secured.

6. Gifts

Gifts, hospitality, and entertainment may only be provided to a third party if they are in accordance with standard business practice, are of modest value, are not in violation of any applicable law, and would not disgrace MSECB if made public.

Conflicts of interest may arise where employees, subcontractors, or auditors are offered gifts, hospitality or other favors which might, or could be perceived to, influence their judgement in relation to business transactions. Employees/Subcontractors/Auditors must not accept gifts, hospitality, or other favors from any suppliers of products and services to MSECB in exchange for any form of favor, service, or treatment extended to them because of their relationship with MSECB. The acceptance of all gifts must be reported to the MSECB accordingly.

As part of its conflict-of-interest policy, MSECB requires that directors, officers, auditors, and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with MSECB or are a competitor of it. This part and disclosure form (Annex B) is intended to implement that prohibition on gifts.

Gifts, gratuities, and entertainment are prohibited, except as approved by the Chairman of the Board or his 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 MSECB.
2. Does or seeks to compete with MSECB.
3. Has received, is receiving, or is seeking to receive a contract or transaction with MSECB.

7. Procedures to manage conflicts

For each interest disclosed, the full board, or the Executive Director or the Chairperson of the board, as appropriate, will determine whether the organization shall:

- (a) take no action; or
- (b) disclose the situation more broadly and invite discussion/resolution by the full board of what action to take; or
- (c) refrain from acting and otherwise avoid the conflict.

In most cases the broadest disclosure possible is advisable so that decision-makers can make informed decisions that are in the best interests of the organization.

- When the conflict involves a decision-maker, the person with the conflict (“interested party”): (i) must fully disclose the conflict to all other decision-makers; (ii) must not be involved in the decision of what action to take (e.g., may not participate in a vote) but may serve as a resource to provide other decision-makers with needed information.
- In some cases, the person with the conflict shall be asked to recuse him/herself from sensitive discussions so as not to unduly influence the discussion of the conflict.
- In all cases, decisions involving a conflict will be made only by disinterested persons.
- The fact that a conflict was managed, and the outcome will be documented in the minutes of board meetings if the conflict was related to a board member and reported by the Executive Director to the board/Chair of the board/other appropriate committee of the board (e.g., Audit committee) if the conflict was related to a staff member.
- The Chairperson of the board/Executive Director will monitor proposed or ongoing transactions of the organization (e.g., contracts with vendors and collaborations with third parties) for conflicts of interest and disclose them to the Board and staff, as appropriate, whether discovered before or after the transaction has occurred.

Annex A

CONFLICT OF INTEREST DISCLOSURE STATEMENT

Preliminary note: To be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you.

These persons are termed “affiliated persons” and include the following:

- a. your spouse, domestic partner, child, mother, father, brother, or sister;
- b. any corporation or organization of which you are a board member, an officer, a partner, participate in management or are employed by, or are, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
- c. any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

1. NAME OF EMPLOYEE OR BOARD MEMBER: *(Please print)*

2. CAPACITY:

- MSECB CEO
- MSECB Committee Member
- MSECB Auditor
- MSECB staff (position): _____

3. Have you or any of your affiliated persons provided services or property to MSECB in the past year?

Yes No

If yes, please describe the nature of the services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

4. Have you or any of your affiliated persons purchased services or property from MSECB in the past year?

Yes No

If yes, please describe the purchased services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

5. Please indicate whether you or any of your affiliated persons had any direct or indirect interest in any business transaction(s) in the past year to which MSECB was or is a party?

Yes No

If yes, describe the transaction(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

6. Were you or any of your affiliated persons indebted to pay money to MSECB at any time in the past year (other than travel advances or the like)?

Yes No

If yes, please describe the indebtedness and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

7. In the past year, did you or any of your affiliated persons receive, or become entitled to receive, directly or indirectly, any personal benefits from MSECB or as a result of your relationship with MSECB, that in the aggregate could be valued in excess of \$1,000, that were not or will not be compensation directly related to your duties to MSECB?

Yes No

If yes, please describe the benefit(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving MSECB?

Yes No

If yes, please describe the proceeding(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

9. Are you aware of any other events, transactions, arrangements, or other situations that have occurred or may occur in the future that you believe should be examined by MSECB' board (or a duly constituted committee thereof) in accordance with the terms and intent of MSECB' Conflict of interest Policy?

Yes No

If yes, please describe the situation(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

I HEREBY CONFIRM that I have read and understand MSECB' Conflict of Interest Policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify the Compliance Manager immediately.

Signature

Date

Annex B
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