

**SAGE Maine**  
**CONFLICT OF INTEREST POLICY**

The purpose of this Conflict of Interest Policy is to protect the interests of SAGE Maine when it is contemplating entering into a transaction that might benefit the private interests of an officer or director of SAGE Maine, or might result in a possible excess benefit transaction under the provisions of the Internal Revenue Code. The purpose of this policy is to also ensure that any such transaction or arrangements are approved in a manner that will avoid the appearance of impropriety. The only circumstance in which it is appropriate for SAGE Maine to enter into a transaction or arrangement that is affected by a conflict of interest is when it benefits SAGE Maine and when the transaction or arrangement has been approved by the Board in an objective and informed manner.

**ARTICLE I**  
**Definitions**

1. **Interested Person.** An interested person includes:
  - a. A director, or a member of a committee with board delegated powers, or key employee who can influence the actions of the organization, or a member of the family<sup>1</sup> of a director, committee member, or officer or key employee with whom SAGE Maine is considering a transaction or arrangement.
  - b. An organization with which SAGE Maine has or is considering a transaction or arrangement, of which a director or officer or member of the family of such persons, is an officer or director, employee, former employee debt holder, beneficial owner of equity securities, serves as a trustee or has a material financial interest.
2. **Material Financial Interest.** A material financial interest may include an officer or director or key employee having, directly or indirectly, through business, investment or family:
  - a. An ownership or investment interest in any entity with which SAGE Maine has a transaction or arrangement, or
  - b. A compensation arrangement with SAGE Maine or with any entity or individual with which SAGE Maine has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which SAGE Maine is negotiating a transaction or arrangement.

The existence of an interested person in a transaction or arrangement under consideration by SAGE Maine requires that the procedures set forth below at Article II be followed to ensure the transaction is not void or voidable under state law and/or that the transaction is consistent with SAGE Maine status as a tax-exempt organization.

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<sup>1</sup> A member of the family is any person related by blood, marriage, adoption or domestic partnership.

## **ARTICLE II Procedures**

1. **Duty to Disclose.** In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her relationship or material financial interest to the directors and member of committees with board delegated powers considering the proposed transaction or arrangement at or prior to the meeting of the board or committee considering the proposed transaction or arrangement. Conflicts of interest may not always be clear-cut, so if a director or member of a committee has a question in this area, they should consult with the Chair. Any director or member who becomes aware of a conflict or potential conflict should bring it to the attention of the Chair.
  
2. **Procedures for Addressing the Conflict of Interest.**
  - a. An interested person may make a presentation at the board or committee meeting at which the transaction or arrangement will be discussed, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
  - b. The board or committee shall, if appropriate, obtain and rely on appropriate data as to comparability (surveys, etc.) or alternative transactions or arrangements prior to making its decision.
  - c. The chair of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - d. After exercising due diligence, the board or committee shall determine whether SAGE Maine can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
  - e. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote or the disinterested directors whether the transaction or arrangement is in SAGE Maine's best interest and for its own benefit and whether the transaction is fair and reasonable to SAGE Maine and shall make its decision as whether to enter into the transaction or arrangement in conformity with such determination.
  
3. **Approval by Attorney General or Superior Court.** If the board of directors wishes to take action regarding a transaction or arrangement, but desires certainty that it is consistent with applicable law, the Board may authorize a board member to request approval of the Attorney General in accordance with Maine Revised Statutes, Title 13-B, Section 718(3)(B) of the Maine Nonprofit Corporation Act.
  
4. **Violations of the Conflicts of Interest Policy.**
  - a. If the board or committee has reasonable cause to believe than an individual has failed to disclose a relationship of an interested person, it shall inform the individual of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the response of the individual and making such further investigation as may be warranted in the circumstances, the board or committee determines that the individual has, in fact, failed to disclose a relationship as an interested person, it shall take appropriate disciplinary or corrective action.

### **ARTICLE III Records of Proceedings**

The minutes of the board and all committees with board-delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to be interested persons in connection with a proposed or existing transaction or arrangement with SAGE Maine and the nature of the relationship or material financial interest.
- b. The names of person who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, evidence as to comparability (surveys, etc.) and a record of any votes taken in connection therewith.

### **ARTICLE IV Compensation**

When establishing the compensation of any officer, director or other individual in a position to exercise substantial influence over the affairs of SAGE Maine, the board or committee shall obtain and rely on appropriate data as to comparability (surveys, etc.) prior to making its decision.

A voting member of the board who receives compensation, directly or indirectly, from SAGE Maine for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the board who receives compensation, directly or indirectly, from SAGE Maine, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

### **ARTICLE V Annual Statements**

Each director, officer and member of a committee with board-delegated powers shall annually sign a statement that affirms that such person:

- a. Has received a copy of the Conflict of Interest Policy.
- b. Has read and understands the policy.
- c. Has agreed to comply with the policy, and
- d. Understands that SAGE Maine is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

**ARTICLE VI**  
**Period Reviews**

To ensure that SAGE Maine operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from Federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of arms-length bargaining.

**ARTICLE VII**  
**Use of Outside Experts**

In conducting the periodic reviews provided for in Article VI, SAGE Maine may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

SAGE Maine

DIRECTOR, COMMITTEE MEMBER AND PRINCIPAL OFFICER  
CONFLICT OF INTEREST STATEMENT

I have received, read and understand the Conflict of Interest Policy ("Policy") which applies to directors, members of committees with board delegated powers and officers of SAGE Maine. I agree to comply with the Policy including but not limited to: 1.) disclosure of any potential conflict of interest relating to the subject matter of a meeting of the board of directors or a committee thereof on which I serve; 2.) withdrawal from such meeting during the discussion of, and the vote on, the subject matter that results in the potential conflict of interest; and 3.) adherence to the Policy guidelines for directors and members of committees in matters of compensation.

I understand that SAGE Maine is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

I have read the foregoing policies, understand them and agree to abide by them

NAME \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

WITNESS \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_