

# CHUGACH ELECTRIC ASSOCIATION, INC.

## BOARD POLICY: 104

### CONFLICT OF INTEREST

#### I. OBJECTIVE

The Association's Board of Directors ("Directors") are expected to uphold the highest ethical standards in performing their duties to the Association, which includes avoiding conflicts of interest. This Policy establishes guidelines, procedures, and requirements for identifying and appropriately managing a Conflict of Interest in accordance with legal requirements and the goals of accountability and transparency.

#### II. CONTENT

##### A. Definitions

1. "Conflict of Interest" means situations where: (1) a material direct or indirect personal, financial, organizational, or professional interest; (2) held by a Director or a Related Party; (3) is determined by a majority of the Board of Directors to interfere or compete with the interests of the Association.
2. "Interested Director" means a Director who has any actual, potential, or perceived Conflict of Interest.
3. "Related Party" means (1) a Director's immediate family member, (2) a person living in the same household with and financially interdependent with a Director, (3) an entity owned or controlled by a Director, or (4) an entity in which a Director has a professional interest.

##### B. Duty to Disclose

1. A Director must disclose the existence of any actual, potential, or perceived Conflict of Interest in writing to the Board Chair as soon as such Director identifies that there may be a Conflict of Interest, and before the Association enters into the proposed transaction or arrangement that gives rise to the Conflict of Interest.
2. The disclosure should state all pertinent facts regarding the actual, potential, or perceived Conflict of Interest. If the Director is not sure whether a particular interest rises to the level of a Conflict of Interest, he/she should disclose it.

3. If a Director reasonably believes that he/she cannot disclose the nature of a personal, financial, organizational, or professional interest that may constitute a Conflict of Interest because such disclosure would violate a confidentiality obligation, the Director may declare a Conflict of Interest and abstain from participating in, and voting on, the matter before the Board.

C. Determining Whether a Conflict of Interest Exists. After an actual, potential, or perceived Conflict of Interest has been disclosed by a Director to the Board Chair, the Board shall determine whether a Conflict of Interest exists by following the procedures listed below. The Board shall have the right to retain outside legal counsel to assist it with this determination at its discretion.

1. The Interested Director shall disclose all material facts relating to the potential Conflict of Interest to the Board.
2. After any discussion between the Board and the Interested Director, the Interested Director shall leave the Board meeting while the determination of a Conflict of Interest is discussed and voted upon.
3. The Directors, other than the Interested Director, shall decide if a Conflict of Interest exists. If the Board determines by majority vote that no conflict exists, no further review of the transaction or arrangement by the Board is required if not ordinarily required in the normal course of business. The discussion and determination of the existence of a Conflict of Interest shall be documented in accordance with the procedures outlined in Section II.D below.
4. The determination that a Conflict of Interest exists shall not preclude the Board (other than the conflicted Director) from approving the matter, but such determination shall require the conflicted Director to recuse him/herself from the portion of meeting in which the topic is discussed and refrain from voting on the topic.

D. Record of Proceedings. The minutes of any meeting(s) of the Board where a Conflict of Interest is considered shall contain: (i) the names of the persons who disclosed an actual, potential, or perceived Conflict of Interest; (ii) the nature of the disclosed interest; (iii) any action taken to determine whether a Conflict of Interest was present; (iv) whether the Interested Director was present during the determination; and (v) the Board's decision as to whether a Conflict of Interest in fact existed.

### **III. RESPONSIBILITIES**

- A. Each Director shall comply with this Policy.

- B. Any Director whose conduct violates this Policy may be subject to removal pursuant to Article IV, Section 3(c) or Section 7 of the Association's Bylaws.
- C. The Association's Board of Directors shall be responsible for the administration of this policy.

Date Approved: March 27, 2024

Attested:   
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Susanne Fleek-Green  
Secretary of the Board