

## **CONFLICT-OF-INTEREST POLICY FOR EXECUTIVE BOARD MEMBERS**

RESOLVED, that it is the basic policy of the corporation that all executive board members or members of any committee thereof, or officers or employees of the corporation, have a duty to be free from the influence of any conflicting interest when they act on behalf of the corporation, represent it in negotiations, or advise others in the corporation with respect to dealing with third parties. They are expected to comply with applicable legal requirements and deal with suppliers, customers, contractors, and others having dealings with the corporation on the sole basis of what is in the best interest of the corporation without favor or preference to third parties based on personal considerations. To this end, the following rules shall be observed:

### **CIRCUMSTANCES THAT CONSTITUTE A CONFLICT OF INTEREST**

1. No member of the executive board or member of any committee thereof, or officer or employee of the corporation, shall accept from any person, directly or indirectly, whether by themselves or through their spouse or a member of their family or through any partner or business or professional associate, any gift, favor, service, employment or offer of employment, or any other thing of value which they know or have reason to believe is made or offered to them with the intent to influence them in the performance of their duties as a member of the executive board or member of any committee thereof, or officer or employee of the corporation.

### **PROHIBITION AGAINST ANY ATTEMPT BY THE PERSON WITH THE CONFLICT TO INFLUENCE IMPROPERLY THE DELIBERATION OR VOTING ON THE MATTER GIVING RISE TO SUCH CONFLICT**

2. No member of the executive board or member of any committee thereof, or officer or employee of the corporation, who is a partner, officer, or employee of a partnership, firm, or corporation, or who owns or controls more than 10 percent of the stock of such corporation, shall represent, appear for, or negotiate on behalf of the corporation in connection with the acquisition or sale by the corporation of any interest in real or tangible or intangible personal property to such partnership, firm, or corporation.

### **REQUIREMENT THAT PERSONS WITH THE CONFLICT OF INTEREST NOT BE PRESENT AT OR PARTICIPATE IN BOARD OR COMMITTEE DELIBERATION OR VOTE ON THE MATTER GIVING RISE TO SUCH CONFLICT**

3. No member of the executive board or member of any committee thereof shall participate by discussion, voting, or by any other action taken by the executive board, or any committee thereof, in the enactment of or defeat of a motion which relates to any transaction with any party referred to in paragraph 2 above. In case any such matter is discussed at any meeting where any executive board or committee member who has such an interest is present, they shall promptly disclose their interest in the matter to be voted on to the chair of the meeting. They shall not vote on the matter and, at the discretion of the disinterested members present, may be required to leave the meeting during the discussion and the voting on the matter.

#### REQUIREMENT THAT THE SECRETARY OF THE CORPORATION SHALL PROVIDE A COPY OF ALL COMPLETED STATEMENTS TO THE CHAIR OF THE AUDIT COMMITTEE

4. Contracts, transactions, or arrangements of the corporation in which a board member or officer has a direct or indirect financial, competing, or other material interest shall not be prohibited, but they must be disclosed and they shall be subject to scrutiny. Any such proposed contract, transaction, or arrangement is to be reviewed to determine that it is in the best interest of the corporation. The secretary of the corporation shall provide a copy of all completed statements to the chair of the audit committee.

#### PROCEDURES FOR DISCLOSING A CONFLICT OF INTEREST TO THE AUDIT COMMITTEE

5. Each board member and each officer of the corporation shall promptly disclose any material interest that he or she has or reasonably expects to have in any proposed or existing arrangement with the corporation prior to the start of any negotiations with respect to such matter. An interest required to be disclosed under this policy shall be disclosed in writing to the chair of the board. Such disclosure shall include all material facts and supply any reasons why the arrangement might be or might not be in the best interest of the corporation. The chair of the board shall refer the issue to the full board, the executive committee, or other board committee having decision-making authority over the substantive matter in question.

6. The names of the board members and officers who disclosed or otherwise were found to have a material interest in a proposed or existing arrangement of the corporation, the nature of the interest, and the extent of the board member's or officer's participation in the relevant board or committee meeting on matters related to the material interest shall be recorded in the minutes. The minutes also shall include a record of any determination as to whether the arrangement was in the best interest of and fair and reasonable to the corporation, notwithstanding the interest, and the specific reasons supporting the determination, including any alternatives to the proposed or existing arrangement, the names of the persons who were present for discussions and votes relating to the proposed or existing arrangement, and a record of any votes taken in connection therewith.

REQUIREMENT THAT PRIOR TO THE INITIAL ELECTION OF ANY DIRECTOR, AND ANNUALLY THEREAFTER, SUCH DIRECTOR SHALL COMPLETE, SIGN, AND SUBMIT TO THE SECRETARY OF THE CORPORATION A WRITTEN STATEMENT IDENTIFYING, TO THE BEST OF THE DIRECTOR'S KNOWLEDGE, ANY ENTITY OF WHICH SUCH DIRECTOR IS AN OFFICER, DIRECTOR, TRUSTEE, MEMBER, OWNER (EITHER AS A SOLE PROPRIETOR OR A PARTNER), OR EMPLOYEE AND WITH WHICH THE CORPORATION HAS A RELATIONSHIP, AND ANY TRANSACTION IN WHICH THE CORPORATION IS A PARTICIPANT AND IN WHICH THE DIRECTOR MIGHT HAVE A CONFLICTING INTEREST

7. Each board member and officer has a duty to place the interest of the corporation foremost in any dealing with the corporation and has a continuing responsibility to comply with the requirements of this policy. At least once each year, each board member and officer, and new board members and officers prior to their initial election, shall acknowledge his or her familiarity with this policy and shall disclose in writing to the chair of the board any existing material interest or co-investment interest subject to this policy by completing a conflict-of-interest disclosure statement. The conflict-of-interest disclosure statements shall be reviewed by the chair of the board. Any issues not previously disclosed shall be referred by him or her to the board or appropriate committee. The conflict-of-interest disclosure statements shall be retained in the confidential files of the corporation.

## RELATED PARTY TRANSACTIONS

“Related Party” means (I) any director, officer, or key employee of the corporation or any affiliate of the corporation; (II) any relative of any director, officer, or key employee of the corporation or any affiliate of the corporation; or (III) any entity in which any individual described in clauses (I) and (II) of this paragraph has a 35 percent or greater ownership or beneficial interest, or in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5 percent.

“Related Party Transaction” means any transaction, agreement, or any other arrangement in which a related party has a financial interest and in which the corporation or any affiliate of the corporation is a participant.

The corporation shall not enter into any related party transaction unless the transaction is determined by the board to be fair, reasonable, and in the corporation’s best interest at the time of such determination, and the director, officer, or key employee who has an interest in a related party transaction shall disclose in good faith to the board, or an authorized committee thereof, the material facts concerning such interest.

## PROCEDURES FOR DISCLOSING, ADDRESSING, AND DOCUMENTING RELATED PARTY TRANSACTIONS

With respect to any related party transaction involving the corporation and in which a related party has a substantial financial interest, the board of such corporation, or an authorized committee thereof, shall:

- (1) Prior to entering into the transaction, consider alternative transactions to the extent available;
- (2) Approve the transaction by not less than a majority vote of the directors or committee members present at the meeting; and
- (3) Contemporaneously document in writing the basis for the board or authorized committee’s approval, including its consideration of any alternative transactions.

## **Conflict-of-Interest Disclosure Statement**

The conflict-of-interest policy of the corporation requires any board member or officer of the corporation to disclose any direct or indirect financial, competing, or other material interest or co-investment interest that he or she has or reasonably expects to have in any proposed or existing contract, transaction, or arrangement with the corporation, or in any other matter under consideration or to be considered by the board, the executive committee, or any other board committee.

Please initial each statement that applies to you:

\_\_\_\_\_ I have read and am familiar with the conflict-of-interest policy.

\_\_\_\_\_ I am not aware of any direct or indirect financial, competing, or other material interest or co-investment interest that is required to be disclosed under the conflict-of-interest policy.

\_\_\_\_\_ I have described in the attached letter every direct or indirect financial, competing, or other material interest or co-investment interest that is required to be disclosed under the conflict-of-interest policy. (Please attach a letter providing complete details of any direct or indirect financial, competing, or other material interest or co-investment interest subject to the policy.)

During the time I am a board member or officer of the corporation, I agree to report promptly any future direct or indirect financial, competing, or other material interest or co-investment interest that is required to be disclosed under the policy.

I am completing this disclosure statement based on the definitions that are taken from the conflict-of-interest policy.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Please return this statement in the enclosed envelope not later than \_\_\_\_\_.**