

STANDARDS OF CONDUCT FOR WECC BOARD COMMITTEES

Background

WREGIS Committee is a Board Committee

All members of Board Committees are required to follow the Standards of Conduct for Board Directors (WECC Bylaws § 7.7.3).

Standards of Conduct

1. Overview

- a. By accepting appointment to the WREGIS Committee, Committee members agree to abide by the duties required of corporate directors and trustees during time on committee.
- b. Utah Law imposes quasi-fiduciary duties
 - i. Duty of Care
 - ii. Duty of Loyalty

2. Duty of Care

- a. **Must use due care and diligence in management and administration of affairs of corporation**
- b. Generally, two components
 - i. Time and attention
 - ii. Skill and judgment in business decisions
- c. Standards of Conduct Require:
 - i. Regular attendance at meetings
 - ii. Review of materials
 - iii. Participation in discussions
 - iv. Independent inquires as needed
- d. Voting
 - i. Must make reasonable inquiry to be informed on nature and consequences of action
 - ii. Must exercise a degree of care, skill, and diligence
 - Ordinary prudent business person standard
 - iii. Act in best interests of WECC and the membership of WECC, as a whole

- e. May rely on statements by Staff, professionals, experts, and committees, unless facts or circumstances appear to prompt concerns
 - Ordinary prudent business person standard

3. Duty of Loyalty

- a. **Must remain loyal to WECC, acting at all times in the best interests of WECC and its Members, as a whole, and unhampered by any personal pecuniary gain.**
- b. Generally five components
 - i. Acting in good faith
 - 1. Does not preclude Committee member from being employed in a competing or related business as long as Committee member acts in good faith
 - ii. Refrain from using influence, access, or information gained through service to confer improper person benefit
 - 1. Financial or otherwise
 - 2. For Committee member, family member, or any person living in the Committee member's household
 - iii. Refrain from using influence, access, or information gained through service to confer an improper benefit (financial or otherwise) to:
 - 1. An Organization for which the Committee member serves as an officer, director, employee, consultant, or in any other compensated or management position; or
 - 2. In which the Committee member or any family member or person living in the Committee member's household has a material financial interest.
 - iv. Maintain confidentiality of WECC, WECC Member, and third party information
 - v. Avoid conflicts of interest
 - 1. Conflicts of interest may arise from time to time
 - 2. Conflicts of interest are not inherently illegal or reflect on one's integrity
 - 3. The issue is the manner in which the Committee member addresses the conflict of interest
- c. Conflicts of Interest
 - i. Duty to recognize potential conflicts of interest and use independent judgment as to what is in the best interests of WECC
 - ii. If you have questions, should contact the WECC CEO

- iii. Potential conflicts may arise from a Committee member's personal interests or relationship with another organization or interest group.
 - 1. Personal conflicts of interest
 - a. Director, family or person sharing household
 - i. Material financial interest in a transaction before the Committee; or
 - ii. May receive personal benefit (money, property, services) from a transaction involving WECC to which the person is not legally entitled
 - b. Obligation
 - i. Disclose to Committee, before the Committee acts, the material facts concerning the Committee member's personal conflict of interest; and
 - ii. Refrain from voting and attempting to influence the vote
 - 2. Organizational Conflicts
 - a. Direct conflict of interest if a decision of a Committee would confer material benefits on an organization that other WECC Members would not share, or impose material detriments or costs on that organization that other WECC Members would not share.
 - i. It is not a direct conflict of interest for a Committee member to be associated with an organization or interest group that may stand to benefit from decisions, so long as the Committee member does not attempt to use his/her position to confer special benefits on associated organizations or interest groups
 - b. Obligation
 - i. Disclose to the Committee, before the Committee acts, the material facts concerning the organizational conflict of interest; and
 - ii. Refrain from voting and attempting to influence the vote