

Chesapeake Legal Alliance, Inc.
Conflict of Interest Policy

1. *Purpose:* The purpose of the conflict of interest policy is to protect the interests of Chesapeake Legal Alliance, Inc. (CLA) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of CLA or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable laws governing conflict of interest applicable to nonprofit and charitable organizations.
2. *Interested Person:* Interested person means a director or principal officer who has a direct or indirect financial interest in CLA or an entity with which CLA has entered into, or proposes to enter into, a transaction or arrangement; *provided that* the ownership of less than one percent of the equity of such an entity shall not make one an interested person. A financial interest includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
3. *Duty to Disclose:* An interested person must disclose to the Board of Directors or the appropriate committee of the Board the existence of the financial interest and the material facts relevant to it.
4. *Deliberation:* The Board or committee shall make such further inquiries as it considers necessary in order to understand the nature of the situation. The Chair of the Board or committee may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After it is satisfied that it has enough information to make an informed decision, the Board or committee shall determine whether CLA can reasonably obtain a more advantageous transaction or arrangement that would not give rise to a conflict of interest. The interested person shall not participate in the deliberations. If the Board or committee determines that the proposed transaction or arrangement is in the best interest of CLA, notwithstanding the conflict of interest, the Board or committee may authorize proceeding with it.
5. *Compensation Decisions:* A member of the Board of Directors who receives compensation, directly or indirectly, from CLA for services may not vote on matters pertaining to his or her compensation.
6. *Violations of this Policy:* If the Board of Directors has reasonable cause to believe a director or officer has failed to disclose an actual or potential conflict of interest, it shall so inform the member and afford the member an opportunity to explain the alleged failure to disclose. If, after such investigation as is warranted by the circumstances, the Board of Directors determines the director or officer has failed to disclose an actual or possible conflict of interest, it shall take such action as it deems appropriate, including removal of the officer or director from office.
7. *Annual Review:* To ensure CLA operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the

Board of Directors shall conduct annual reviews of compensation of officers and Directors and any other transactions or arrangements that might involve a conflict of interest. The reviews shall, at a minimum, include (a) whether compensation arrangements and benefits are reasonable, based on competent information and the result of arm's length bargaining; and (b) whether partnerships, joint ventures, and arrangements with other entities conform to CLA's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in impermissible private benefits or excess benefit transactions. The Board of Directors may, but need not, use outside advisors to assist with these reviews.