

**Approved December 19, 2008 Board of Governors
[As Amended June 15, 2020 Board of Governors]**

**WATER QUALITY ASSOCIATION
CONFLICT OF INTEREST POLICY
AND WHISTLEBLOWER POLICY**

PREAMBLE

The Water Quality Association (“WQA” or the “Association”) is a nonprofit international trade association representing the residential, commercial, industrial and small community water treatment industry. Its membership consists of both manufacturers as well as dealers/distributors of equipment. WQA is a resource and information source, a voice for the industry, an educator of professionals, a laboratory for product testing, and a communicator with the public. WQA has more than 2,500 members nationwide.

The business and affairs of the Association are managed under the direction of the Association’s Board of Governors (the “Governors”) as supervised by the Board of Directors (the “Board”) (collectively, the “Governing Boards”). The following Conflict of Interest Policy and Whistleblower Policy have been made applicable to all who are performing official duties on behalf of WQA in their various capacities, as Governors, Board members and Officers, as members of committees or task forces, as members and volunteers, as paid consultants and advisors and as staff and employees (hereafter referred to as “WQA Representatives”).

WQA Representatives dedicate themselves to leading by example in serving the needs of the Association and its members, and in representing the interests and ideals of the water treatment industry at large. WQA Representatives must act at all times in the best interests of the Association and not for personal or third-party gain or financial enrichment. By their participation in the activities of the Association, WQA Representatives affirm their endorsement of the following Conflict of Interest Policy and Whistleblower Policy and, by accepting and retaining their affiliation with WQA, acknowledge their commitment to uphold the principles and obligations of these two important policies.

CONFLICT OF INTEREST POLICY

Article I
Purpose

The purpose of this Conflict of Interest Policy is to protect both the interests of WQA and its nonprofit status when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Governor, Board member or Officer of the Association or might result in a possible excess benefit transaction. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II **Definitions**

1. Interested Person

Any Governor, Board member, Officer or member of a committee or task force with Governing Board delegated powers, who has a direct or indirect financial interest, as defined below, is an Interested Person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- a. An ownership or investment in any entity with which the Association has a transaction or arrangement,
- b. A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation with, any entity or individual with which the Association is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate Governing Board or committee decides that a conflict of interest exists.

Article III **Procedures**

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with Governing Board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Governing Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a.** An Interested Person may make a presentation at the Governing Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b.** The chairperson of the Governing Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c.** After exercising due diligence, the Governing Board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d.** If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Governing Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a.** If the Governing Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Governing Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV **Records of Proceedings**

The minutes of the Governing Board and all committees with Governing Board delegated powers shall contain:

- a.** The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Governing Board's or committee's decision as to whether a conflict of interest in fact existed.

- b. The names of the persons 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, and a record of any votes taken in connection with the proceedings.

Article V **Compensation**

- a. A voting member of the Governing Board who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Governing Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI **Annual Statements**

Each Governor, Board member, Officer and member of a committee or task force with Governing Board delegated powers shall annually sign a statement which affirms such person:

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

Article VII **Periodic Reviews**

To ensure the Association operates in a manner consistent with nonprofit purposes and does not engage in activities that could jeopardize its nonprofit status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further not-for-profit purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Governing Board of its responsibility for ensuring periodic reviews are conducted.

WHISTLEBLOWER POLICY

Purpose

The purpose of this Whistleblower Policy is to protect WQA and all who are performing official duties on its behalf, in their various capacities, as WQA Representatives.

Handling of Reported Violations

When a WQA Representative develops knowledge, or a suspicion, of, improper accounting or auditing practices, illegal or unethical conduct or conflicts of interest in connection with the finances or other aspects of operations of the Association:

1. The WQA Representative is encouraged to bring this information to the attention of the Association by informing the Executive Director, the President of the Association or the Treasurer of the Association, and the person who was advised will inform the other two and the General Counsel. If the alleged wrongdoing concerns the Executive Director or the General Counsel, the person who has knowledge of the wrongdoing should inform either the President of the Association or the Treasurer of the Association, and the person who was advised will inform the other as well as the Executive Director or General Counsel as appropriate if the alleged wrongdoing does not concern him or her.
2. The Executive Director or the Treasurer of the Association with the aid of the General Counsel (unless disqualified) will investigate allegations promptly in a manner appropriate to the circumstances, and findings of illegal conduct will be reported to the President of the Association on a timely basis. The confidentiality of the identity of any person providing information regarding actual or alleged illegal conduct will be maintained to the extent possible, without impeding the investigation and resolution of the matter.

3. No WQA Representative will punish or retaliate against anyone who refuses to participate in misconduct, anyone who cooperates with an investigating agency, or anyone who engages in good faith reporting of information as outlined under this Whistleblower Policy.

Acting in Good Faith

Anyone reporting a concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, illegal or unethical conduct, conflicts of interest in connection with the finances or other aspects of operations of the Association or a violation of WQA policy. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

Confidentiality

Reports of concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Disclosure of reports of concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

Anonymous and Confidential Reporting

WQA provides a mechanism to make anonymous and confidential reports of any suspected violations of this Whistleblower Policy via it