

Conflict of Interest Policy

Conflict of Interest Policy and Annual Statement

For Directors, Officers, and Staff

Adopted June 2025

Article I - Purpose

1. The purpose of this Conflict of Interest policy is to protect Ohio Environmental Council's and Ohio Environmental Council Action Fund's¹ interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of an officer, director, or employee of the OEC/OEC AF or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.
3. This policy is also intended to identify "independent" directors.
4. This policy is not intended to prevent anyone from joining or continuing to participate in a board or other similar activity with another organization.

Article II - Definitions

1. *Interested person*: Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial

¹ The Ohio Environmental Council and Ohio Environmental Council Action Fund refers to both the 501(c)(3) organization and its 501(c)(4) affiliate, the OEC Action Fund. Upon adoption of this conflict of interest policy by the OEC and OEC Action Fund, the policy may be used by both Boards as their Conflict of Interest Policy, and board members serving on both boards who sign the policy will be considered as having signed it for both boards. Staff who have completed the policy will be considered as having completed it for all organizations affiliated with either organization. Throughout the Policy, any use of "OEC/OEC AF" should be interpreted to apply to the Board for which the individual is a member. Any use of "Board Executive Committee" means the Executive Committee for the Board of which the signing individual is a member—or both Committees, if applicable.

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 interest in any entity with which the OEC/OEC AF has a transaction or arrangement, or with an entity that the OEC/OEC AF may otherwise engage, criticize, or support through its programmatic work.
 - b. A compensation arrangement with the OEC/OEC AF or with any entity or individual with which OEC/OEC AF has a transaction or arrangement, or with an entity that the OEC/OEC AF may otherwise engage, criticize, or support through its programmatic work; or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the OEC/OEC AF is negotiating a transaction or arrangement, or with an entity that the OEC/OEC AF may otherwise engage, criticize, or support through its programmatic work.

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. A person who has a financial interest may have a conflict of interest only if the Board or Executive Committee decides that a conflict of interest exists, in accordance with this policy.

3. *Independent Director*: A director shall be considered “independent” for the purposes of this policy if they are “independent” as defined in the instructions for the IRS 990 form or, until such a definition is available, the director:
 - a. Is not, and has not been for a period of at least three years, an employee of OEC/OEC AF or any entity in which OEC/OEC AF has a financial interest;
 - b. Does not directly or indirectly have a significant business relationship with OEC/OEC AF, which might affect independence in decision-making;

- c. Is not employed as an executive of another corporation where any of OEC/OEC AF's executive officers or employees serve on that corporation's compensation committee; and
- d. Does not have an immediate family member who is an executive officer or employee of OEC/OEC AF or who holds a position that has a significant financial relationship with OEC.

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 chief executive or Board Executive Committee.²
2. *Recusal of Self*: Any director or employee may recuse themselves at any time from involvement in any decision in which the individual believes they have or may have a conflict of interest, without going through the process for determining whether a conflict or interest exists.
3. *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, they shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The chief executive or Board Executive Committee members shall decide if a conflict of interest exists.
4. *Procedures for Addressing the Conflict of Interest*:
 - a. A board member may make a presentation at the Board or Executive 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. Employees should disclose potential conflicts of interest to the chief executive as soon as they are known. The chief executive will either make a determination regarding the conflict of interest or raise it to the Board Executive Committee for resolution.

² Employees disclose conflicts of interest to the chief executive. Board members disclose conflicts of interest to the Board through the Board's Executive Committee.

- b. The Chairperson of the Board Executive Committee shall, if appropriate, appoint a disinterested person or committee to investigate the proposed transaction or arrangement.
- c. After exercising due diligence, the Board Executive Committee shall determine whether the OEC/OEC AF can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict or interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board Executive Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the OEC/OEC AF'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.

5. Violations of the Conflicts of Interest Policy

- a. If the Board Executive Committee has reasonable cause to believe a board member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such a belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If the chief executive has reasonable cause to believe an employee has failed to disclose actual or possible conflicts of interest, it shall inform the employee of the basis of such a belief and afford the employee an opportunity to explain the alleged failure to disclose.
- c. If, after hearing the board member's response (or the employee's response) and after making further investigations as warranted by the circumstances, the Board Executive Committee (or chief executive) 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 Board and all committees with board delegated power shall contain:

1. 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 Board Executive Committee's decision as to whether a conflict of interest in fact existed.
2. 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

1. A voting member of the Board who receives compensation, directly or indirectly, from the OEC/OEC AF for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the OEC/OEC AF for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the OEC/OEC AF either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI - Annual Statements

1. Each director of the OEC/OEC AF, and each employee of the OEC/OEC AF, shall annually sign a statement which affirms such person:
 - a. Has received a copy of the conflict of interest policy,

- b. Has read and understands the policy,
 - c. Has agreed to comply with the policy, and
 - d. Understands OEC is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
- 2. Each voting member of the Board shall annually sign a statement which declares whether such person is an independent director.
- 3. If at any time during the year, the information in the annual statement changes materially, the director shall disclose such changes and revise the annual disclosure form.
- 4. The Board Executive Committee shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

Article VII - Periodic Reviews

To ensure OEC/OEC AF operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- 1. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.
- 2. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to the OEC/OEC AF's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or 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 OEC/OEC AF may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.



Ohio Environmental Council

Annual OEC/OEC AF Conflict of Interest Affirmation

To be signed by all OEC/OEC AF board members, officers, and members of committees with board-delegated authority, as well as all OEC/OEC AF employees.

I, _____, affirm that:

I have received a copy of this Conflict of Interest Policy, adopted June 13, 2025;

I have read and understand the policy;

I agree to comply with the policy;

I understand that the organization is a tax exempt organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes;

If I am a board member, I am an independent director; and

If at any time during the year the information in the annual statement changes materially, I will disclose such changes and revise the annual disclosure form.

Signature

Date