

WATERSHED AGRICULTURAL COUNCIL POLICY CONFLICT OF INTEREST

I. Purpose

The Watershed Agricultural Council's (WAC) mission is to promote the economic viability of agriculture and forestry, the protection of water quality, and the conservation of working landscapes through strong local leadership and sustainable public-private partnerships.

WAC seeks to maintain a culture of transparency and accountability, and encourages the active involvement of its directors, officers, committee members, employees and subcontractor employees in its Conflicts of Interest (COI) Policy. Directors, officers, committee members, employees and subcontractor employees are expected to use good judgment and adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of a director, officer, committee member, employee or subcontractor employee and those of WAC.

A Conflict of Interest exists when the loyalties or actions of a director, officer, committee member, employee or subcontractor employee are divided between the interests of WAC and the interests of the director, officer, committee member, employee or subcontractor employee. Conflicts can be nuanced and may at times, have more to do with a "duality of interests" than a financial conflict. Conflicts are likely to occur in normal business dealings, even more so at WAC as its by-laws require that the entire body of Directors shall consist of farmers, forest landowners or representatives of agribusiness or forestry industry representing the distribution of these activities with the watershed region. Due to the breadth of activities, and interconnectedness of the WAC community, it is foreseeable that individual members may be unaware that activities or personal interests are in conflict with the best interests of WAC. All should work cooperatively to raise awareness, encourage disclosure and discussion, and communicate openly and often to accomplish the goals of the COI policy. It is important to remember that the policy is not intended to provide a moral or ethical assessment of any situation but rather a guide to ensure the integrity of the organization and effective delivery of services.

Both the fact and the appearance of a conflict of interest should be avoided by all, and requires active participation by all. In order to deal openly and fairly with actual and potential conflicts of interest that may arise, WAC adopts the following Conflict of Interest Policy.

II. Definition

A. Covered Persons

Covered persons shall include Council Directors, Committee Members, Employees and Subcontractor Employees (funded wholly, or in part).

B. Transaction

Transaction is any project, contract, or other arrangement between a covered party and WAC or its subcontractors.

C. Family

Family is defined as a spouse/domestic partner, child, sibling, parent, stepchild, stepparent, as well as mother-,

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father-, son-, daughter-, brother-, sister-in-law; other relative living within the household; and/or the spouses of those relatives.

D. Financial Interest

A Covered Person has a financial interest if the person has, directly or indirectly, through business, investment, or family, an investment/ownership interest, or compensation arrangement with WAC or entity involved in a WAC Transaction.

E. Duty of Loyalty

This duty requires that no Covered Person shall engage in, or condone, any conduct that is disloyal, disruptive, damaging or competes with WAC.

F. Conflict of Interest

A conflict of interest occurs when one's personal interests interfere, have potential to interfere or even appear to interfere, with the interests of WAC. An inurement occurs when a covered person receives any of WAC's net income, or inappropriately uses any of its assets for personal gain. A conflict or inurement may arise when a covered person's actions are influenced by personal interests that make it difficult to perform their work objectively or effectively. This can also include situations that involve a family member.

Not every perceived or real conflict will require a covered person to cease the activity, but every perceived or real conflict does need to be discussed and documented with WAC.

Examples of these types of transactions include (but are not limited to) the following:

- Personal investments or ownership interests in businesses or entities with which WAC engages;
- Holding a substantial investment or ownership interest in a competitor;
- Working for, or serving as a director, officer, or advisor to a competitor of WAC, or engaging in any activity to advance a competitor's interests;
- Any interest that impacts objectivity in decision making on behalf of WAC;
- Outside employment with a client while delivering services to that client;
- Using personal influence to induce WAC to do business with a company for the purpose of a direct or indirect benefit (includes benefits to family member, or a friend);
- Using WAC supplies, property, or information for personal benefit or improper personal gain.

For the purposes of this document, a conflict of interest may be real, potential or perceived, and in each case the procedures outlined in WAC's Conflict of Interest Policy must be followed.

III. Procedures

A. General Guidelines

All covered persons must act in a manner consistent with their duty of loyalty to WAC. No covered person shall take any action, or establish any interest, that compromises his/her ability to represent WAC's best interest. This policy is not meant to ban transactions of Covered Persons. Rather, it is designed to ensure that perceived or actual conflicts have been properly disclosed, documented, and acted upon appropriately.

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Failure to disclose real or potential conflicts of interest, through the act of consciously withholding information, by a Covered Person could result in disciplinary action up to and including termination of employment and/or Council/Committee appointment.

1. Duty to Disclose

It is not possible to describe every potential conflict of interest. Covered Persons should exercise sound judgment, seek advice when appropriate, and avoid situations where anyone could question whether they were inappropriately influenced in making a work decision.

All Covered Persons shall:

- a. Disclose any conflict or potential conflict as soon as it is recognized.
- b. Receive and sign an Annual Statement attesting that they have received a copy of WAC's Conflict of Interest Policy, have read and understand the policy, and agree to comply with the policy. The Annual Statement must be a full, written disclosure of interests, relationships and holdings that could potentially result in a conflict of interest. This written disclosure will be kept on file and updated at the beginning of each year, or more often as necessary.
- c. Disclose any new potential or actual conflicts that arise over the course of a year.
- d. Any Covered Person who thinks that a potential conflict of interest may have gone unreported by an employee is expected to bring the situation to the attention of the Director of Operations, the Executive Director or the Chair of the Governance Committee, via email and report the situation to the Independent Monitor, DOI, at the Ethics Hotline listed herein;
- e. In addition to provisions herein, all covered persons must follow all provisions of the WAC By-laws

Employee Obligations:

- a. Complete an Annual Conflict of Interest Statement and submit to the Director of Operations by January 15th of each year.
- b. The Director of Operations will review, discuss any potential conflicts, determine the level of materiality and develop the actions to be taken to address the conflict and avoid any potential influence.
- c. The employee shall remove him/herself from any involvement that may result in influence on a decision or action of the Council that places him/her in a conflict of interest.
- d. In the event of a conflict, develop an action plan in accordance with this policy and adhere to it.
- e. Update Action plan.

Directors, Officers and Committee Member Obligations:

- a. Directors, Officers and Committee Members shall complete an Annual Conflict of Interest Statement and submit to the Director of Operations by January 15th of each year;
- b. Directors, Officers and Committee Members shall abstain from voting or attempting to influence the vote on any matter before the Council that places him/her in a conflict of interest. Members shall also recuse his/herself from the vote, as well as the process, when there is a direct financial interest.
- c. Minutes of meetings will be maintained to ensure proper documentation of disclosure of either real or perceived conflict of interest as well as abstention from voting;

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- d. Record all names of persons present for discussions and votes;
- e. The Governance Committee Chair will review all Conflict of Interest Statements. The Board Chair shall review the Annual Statement of the Chair of the Governance Committee;
- f. Directors, Officers and Committee Members shall notify the Director of Operations and the Board Chair in writing, via email, immediately if a new situation arises that may constitute a real or perceived conflict;
- g. In accordance with WAC By-laws (Article 2; Section 7. Duty of Loyalty & Conflicts of Interest), if no disclosure is made by a Directors, Officers and Committee Member, and another Member believes a conflict exists for that person, any Member of the Council may, prior to voting on a specific matter, inquire whether any Member intends to abstain from voting due to a conflict of interest. If still no conflict of interest is disclosed, any Member of the Council may directly ask the covered person. If still no conflict is disclosed, or the covered person refuses to abstain from voting, the Chair, or another officer if it is the Chair with the suspected conflict, shall immediately call for a vote to preclude that Member from voting, and the Conflict of Interest process described herein shall commence.

WAC Obligations:

- a. Maintain an Annual Statement of the Director of Operations comprised of a summary of all Conflict of Interest Statements;
- b. Ensure review of the Annual Statement by the Executive Director.
- c. The Director of Operations will review, discuss any potential conflicts, determine the level of materiality and draft suggested actions to be taken to address the conflict and avoid any potential influence. Those actions shall include notification of potential conflicts to Committee Chairs or Program Directors, as necessary.
- d. The Board Chair shall review and approve all draft action plans as developed.
- e. Director of Operations shall keep written records of all questions received regarding this policy and/or statements. The Executive Director and Governance Committee shall periodically review this journal to ensure compliance.

Obligations of Subcontractor Employees:

- a. All subcontracts executed by WAC shall detail the process to be implemented for all employees directly funded (wholly, or in part) by WAC to disclose in accordance with this Policy. This process shall include submission of all completed Annual Statements as well as outline the steps for disclosure of any new situations that may arise.
- b. The employee shall remove him/herself from any involvement that may result in influence on a decision or action of the Council that places him/her in a conflict of interest.
- c. Fully executed Statements, with proposed actions to address any conflicts, shall be provided to the WAC Director of Operations by January 15th of each year.
- d. The WAC Director of Operations, Executive Director and Governance Committee Chair will review, respectively.
- e. The process shall also detail the requirement of Subcontractor to keep written records of all questions received regarding this policy and/or statements. WAC may request and review these records at any time.

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IV. Periodic Reviews

The Governance Committee will periodically review the Conflict of Interest Policy and Annual Statements and make recommendations to the Board when needed. The current policy will be posted on WAC's website for transparency.

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