WATER QUALITY ASSOCIATION CONFLICT OF INTEREST & WHISTLEBLOWER POLICIES

Water Quality Association
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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 manufacturers and 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 has 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 upholding the principles and obligations of these two important policies.

WATER QUALITY ASSOCIATION CONFLICT OF INTEREST & WHISTLEBLOWER POLICIES

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Revision History

12-19-2008	Approved
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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

Section 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.

Section 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 and gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person with 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

Section 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 allowed to disclose all material facts to the directors and members of committees with Governing Board delegated powers considering the proposed transaction or arrangement.

Section 2 Determining Whether a Conflict of Interest Exists

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

Section 3 Procedures for Addressing the Conflict of Interest

(a) An Interested Person may present at the Governing Board or committee meeting. Still, after the presentation, they 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 the 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 benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall decide whether to enter into the transaction or arrangement.

Section 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 allow the member to explain the alleged failure to disclose.
(b) If, after hearing the member's response and 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 action and corrective action.

ARTICLE IV. Records of Procedures

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

i. 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 existed.
ii. The names of the persons 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

i. A voting member of the Governing Board who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters about that member's compensation.
ii. 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 about that member's compensation.
iii. 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 that affirms such person:

i. Has received a copy of this Conflict-of-Interest Policy,
ii. Has read and understands the Policy,
iii. Has agreed to comply with the Policy, and
iv. Understands that the Association is nonprofit. To maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its nonprofit, tax-exempt purposes.

ARTICLE VII. Periodic Reviews

To ensure the Association operates consistently 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:

i. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the results of arm's length bargaining
ii. Where 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 Article VII provides, 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

ARTICLE I. Purpose

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

ARTICLE II. Definitions

When a WQA Representative develops knowledge or 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:

i. The WQA Representative is encouraged to bring this information to the attention of the Association by informing the Chief Executive Officer, 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 Chief Executive Officer or the General Counsel, the person who knows of the wrongdoing should inform either the Association President or the Association's Treasurer. The person who was advised will inform the other and the Chief Executive Officer or General Counsel as appropriate if the alleged wrongdoing does not concern them.
ii. The Chief Executive Officer 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. No WQA Representative will punish or retaliate against anyone who refuses to participate in misconduct, who cooperates with an investigating agency, or who engages in good faith reporting of information as outlined under this Whistleblower Policy.

ARTICLE III. 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. It 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.

ARTICLE IV. 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 considered a serious disciplinary offense. It 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.

ARTICLE V. Anonymous and Confidential Reporting

WQA provides a mechanism to make anonymous and confidential reports of any suspected violations of this Whistleblower Policy via its website at www.wqa.org

Review Period

This policy shall be reviewed at least every three (3) years or upon changes in Illinois law, federal requirements, or nonprofit governance standards.