



## **Procedures for Identifying and Managing Conflicts and Potential Conflicts of Interest**

### **“Conflict of Interest” defined.**

A conflict of interest exists when any form of interest, direct or indirect, is of such a nature that it may cause a director, officer or employee to compromise or otherwise impair their judgments, decisions or actions exercised on behalf of the National OilHeat Research Alliance (hereinafter “NORA”). It is NORA’s policy that all directors, officers, members and employees, and other persons or organizations involved in or receiving the disbursement of NORA grants or other funds to avoid transactions or situations in which their personal interest will conflict or appear to conflict with those of NORA. The appearance of a conflict of interest can be just as harmful to NORA as an actual conflict of interest. The interests of NORA are penultimate and no director, officer, employee, immediate family member of the aforementioned or affiliate of the aforementioned shall seek any profit or other personal gain at NORA’s expense. An “immediate family member” shall mean spouses, parents, grandparents, children, grandchildren, or siblings, including any such relationships that arise through marriage or adoption. Business concerns, organizations or individuals are deemed to be affiliates of one another where (i) there is a business relationship existing between such persons, whether formal or informal or (ii) one either directly or indirectly controls or has the power to control the other, or a third-party control or has the power to control both. Control includes, in part, interlocking management or ownership, shared facilities and equipment, or common use of employees.

### **Identification of a Conflict of Interest or Potential/Perceived Conflict of Interest.**

It is the responsibility of each and every director, officer and employee of NORA to identify, immediately disclose (according to the procedures below) and, whenever possible, avoid a conflict or the appearance of a conflict of interest.

Directors, officers and employees of NORA must be prudent in their personal borrowing, investment, and business activities to ensure that a conflict of interest or the appearance of a conflict of interest does not arise. This list of activities described in this policy are merely exemplary, not exhaustive, and NORA’s directors, officers and employees should avoid putting themselves in a position where personal interest- financial or other- might influence or give the appearance of influencing any decision, action or advice given by or on behalf of NORA.

### **Disclosure of a Conflict of Interest.**

All situations involving a conflict of interest or a potential conflict of interest must be disclosed, in writing, to the executive committee of the board of directors of NORA (hereinafter the “Executive Committee”). These situations include outside activities, financial interests, material transactions or relationships that present or that reasonably could be expected to give



rise to a possible conflict of interest or the appearance of a conflict of interest. **Prior** disclosure of impending situations that may involve a conflict of interest, as well as immediate disclosure of previously undisclosed situations is mandatory. In addition, each person is responsible for immediately reporting to the Executive Committee any known or potential conflict of interest of another individual affiliated with NORA.

Once a conflict is identified and disclosed to the Executive Committee, sufficient information must be provided to the Executive Committee so that it can make an independent evaluation of the situation. The individual disclosing the conflict or potential conflict must provide in writing to the Executive Committee with-in ten (10) business days of disclosure to the Executive Committee all material facts then known to them. The submission should include but need not be limited to:

- the parties involved in the situation;
- how the parties are related;
- the circumstances and details surrounding the transaction or relationship, including financial terms, and copies of any written agreements or descriptions of any oral agreements;
- the total monetary or other benefit that is involved (direct or indirect);
- NORA'S interest in the situation;
- a detailed analysis of why the situation is or would not be a conflict of interest to NORA;
- a brief written statement provided by the interested party if the individual disclosing the conflict is not an interested party; and
- procedures used to solicit proposals.

Members of NORA who are directly or indirectly involved in the situation or may have material information regarding the situation shall make themselves available to the Executive Committee for questioning.

### **Evaluation of the Conflict or Potential Conflict of Interest**

Upon receipt of the written details of the conflict, a meeting of the Executive Committee must be convened within thirty (30) days. Notice of the meeting, along with a brief written summary of the details of the conflict shall be provided to all members of the Executive Committee five (5) days prior to the scheduled meeting. If one of the parties directly involved in the conflict or potential conflict is a member of the Executive Committee, then the chairman of the Executive Committee shall require the interested member of the Executive Committee to recuse himself from the conflict resolution process and abstain from attending any meetings regarding the conflict. The chairman of the Executive Committee in consultation with the disinterested members of the Executive Committee shall determine if the individual or parties involved with the potential conflict, other than an interested Executive Committee member should be invited to attend the meeting.



The relevant standards to be applied by the Executive Committee when analyzing the potential conflict are, “*a fair and commercially reasonable arm’s length transaction*” or “*materially no more/less favorable than that could be obtained from a disinterested third party under the same or similar circumstances*” or “*not directly or indirectly adverse to the interests of NORA.*”

The members of the Executive Committee are encouraged to explore every aspect of the situation during the meeting and may call additional meetings if deemed necessary to make a fully informed decision on the matter. Additionally, the Executive Committee may request that individuals with material information regarding the potential conflict attend the meeting and address the committee regarding the situation.

If after reviewing all the information made available to it, the Executive Committee determines that it does not have sufficient information to make an informed decision regarding the conflict, the committee shall decline approval without the need for a vote on the matter. Within ten (10) days of the Executive Committees’ final meeting on the matter, the committee must vote to approve/not approve the situation. A quorum, consisting of at least fifty percent (50%) of the Executive Committee must be present for a vote. At least seventy-five percent (75%) of the Executive Committee comprising the quorum must vote to approve the transaction or relationship’s continuation for it to be validated. Within five (5) days of the vote by the Executive Committee, notice shall be provided to the individuals and parties involved informing them as to whether the transaction or relationship has been approved/not approved. The decision made by the Executive Committee is final.