



The education and research bridge connecting growers and customers

CONFLICT OF INTEREST POLICY (Adopted March 22, 2018)

I. PURPOSE

Wheat Marketing Center, Inc. (the "Company" including its subsidiaries), is an Oregon nonprofit corporation that has been granted Internal Revenue Service recognition as a tax-exempt charitable organization under Internal Revenue Code section 501(c)(3), contributions to which are deductible for income, gift, and estate tax purposes. For purposes of this policy, the Company includes all of its subsidiaries, including currently WMC Title Holding Company and WMC Laboratory Services, Inc.

The purpose of this conflict of interest policy is to protect the interests of the Company from competing interests of a member of the Board of Directors, and further to avoid any excess benefit transaction under federal tax laws. This policy is intended to supplement applicable Oregon and federal laws governing conflicts of interest involving tax-exempt nonprofit corporations.

Members of the Board of Directors of the Company shall in good faith serve the Company loyally, carefully, and diligently, exerting their best efforts to promote the mission and goals of the Company. Board members shall deal with each other in good faith and with due respect for the opinions of others. Board members shall at all times act solely in the best interests of the Company and not for their own interest or benefit or for the interest or benefit of another person or institution. Board members shall also comply generally with the duties set forth in the Oregon Nonprofit Corporation Act, including without limitation ORS 65.357, *General Standards for Directors*.

Board members may also be exposed to information that is confidential, privileged, or proprietary, perhaps including information relating to donors, employees, or volunteers. Directors shall keep all such information strictly confidential and shall not release any such information without the advance approval of the Board of Directors.

II. DEFINITIONS

A. Interested Person. Any director or officer who has a direct or indirect "interest," is an "interested person."

B. Interest. A person has a direct or indirect "interest" if the person has, directly or indirectly, through business, investment, or immediate family:

(1) A material ownership or investment interest in any entity with which the Company has a transaction or arrangement;

(2) A compensation arrangement with the Company or with any entity or individual with which the Company has a transaction or arrangement;

(3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement; or

(4) Serves as a director, officer, trustee, or employee of an entity with which the Company has or is negotiating a transaction, arrangement, or grant.

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

An interest is not necessarily a conflict of interest. Under Section III(B), a person who has an interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

III. PROCEDURES

A. Duty to Disclose. In connection with any actual or possible conflict of interest known to an interested person, the interested person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the directors or committee members considering the proposed transaction or arrangement.

B. Determining Whether a Conflict of Interest Exists. After disclosure of the interest and all material facts, and after any discussion with the interested person, the interested person shall leave the 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.

C. Procedures for Addressing the Conflict of Interest.

(1) An interested person may make a presentation at the board or committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(2) The chair of the board or committee meeting shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(3) After exercising due diligence, the board or committee shall determine whether the Company 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.

(4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Company's best interest and 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.

D. Violations of the Conflicts of Interest Policy.

(1) If the 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.

(2) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the 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.

IV. RECORDS OF PROCEEDINGS

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

(A) The names of the persons who disclosed or otherwise were found to have an interest in connection with an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was present, and the decision of the board or committee 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.

V. COMPENSATION

A. A voting member of the board who receives compensation, directly or indirectly, from the Company 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 Company for services is precluded from voting on matters pertaining to that member's compensation.

C. No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Company, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

VI. ANNUAL STATEMENTS

Each director and officer shall annually sign a statement which affirms that 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 that the Company is charitable, and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

VII. PERIODIC REVIEWS

Periodic reviews shall be conducted to ensure that the Company operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status. 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 Company's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or an excess benefit transaction.
- (C) These reviews may occur at the committee or board level.

VII. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in these policies, the Company 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.