

THE SOLAR ENERGY CONSORTIUM, INC.
Conflict of Interest and Related Party Transactions Policy

Article I
Purpose

It is in the best interest of The Solar Energy Consortium, Inc. (“TSEC”) to be aware of and properly manage all conflicts of interest and appearances of conflicts of interest. This Conflict of Interest and Related Party Transactions Policy is designed to help Directors, Officers, Key Employees and certain Committee Members of TSEC to identify situations that present potential conflicts of interest and to provide TSEC with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in TSEC’s operations as well as support TSEC’s reputation for integrity and credibility.

Article II
Definitions

1. **“Committee Member”** means a member of a Committee established by the Board or by the staff of TSEC.

2. **“Conflict of Interest”**. A conflict of interest arises whenever the interests of TSEC come into conflict with a financial or personal interest of an Interested Person, or otherwise whenever an Interested Person’s personal or financial interest could be reasonably viewed as affecting his or her objectivity or independence in fulfilling his or her duties to TSEC. While it is not possible to describe or anticipate all the circumstances that might involve a conflict of interest, a conflict of interest typically arises whenever an Interested Person has (directly or indirectly):
 - (a) A direct or indirect interest (financial or otherwise) in a transaction, agreement or any other arrangement and in which TSEC or any affiliate participates;

 - (b) A compensation arrangement or other interest in a transaction with TSEC;

 - (c) A compensation arrangement or other interest in or affiliation with any entity or individual that: (i) sells goods or services to, or purchases goods or services from, TSEC; (ii) competes with TSEC; or (iii) TSEC has, or is negotiating, or contemplating negotiating, any other transaction or arrangement with;

 - (d) The ability to use his or her position, or confidential information or the assets of TSEC, to his or her (or an affiliated party’s) personal advantage or for an improper or illegal purpose;

 - (e) Solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on the Interested Person (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction);

(f) Acquired any property or other rights in which TSEC has, or the Interested Person knows or has reason to believe at the time of acquisition that TSEC is likely to have, an interest;

(g) An opportunity related to the activities of TSEC that is available to TSEC or to the Interested Person, unless the Board has made an informed decision that TSEC will not pursue that opportunity;

(h) Been indebted to TSEC, other than for amounts due for ordinary travel and expense advances; or

(i) Any other circumstance that may, in fact or in appearance, make it difficult for the Interested Person to exercise independent, objective judgment or otherwise perform effectively.

3. **“Contract or Transaction”** is any agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of material financial relationship, or the exercise of control over another organization. The making of a gift or donation to TSEC is not a Contract or Transaction.

4. **“Director”** means any member of the governing board of TSEC, whether designated as Director, trustee, manager, governor, or by any other title.

5. **“Independent Director”** means a Director who meets all of the following criteria:

(a) Has not been an employee of, or does not have a Relative that was a Key Employee of, TSEC in the past three (3) years;

(b) Has not received, or does not have a Relative that has received, \$10,000 or more in direct compensation from TSEC in the last three (3) years (other than expense reimbursement);

(c) Is not a current employee of or does not have a substantial financial interest in an entity that made or received payments from TSEC of more than \$25,000 or two percent (2%) of TSEC’s gross revenue for property or services (whichever is less) in the last three (3) years; and

(d) Does not have a Relative who is a current Officer of or has a substantial interest in an entity making or receiving payments of a similar amount to TSEC in the past three (3) years.

6. **“Interested Person”** means (i) any Director, Officer, Key Employee or Committee Member of TSEC; (ii) any Relative of any Director, Officer, Key Employee or Committee Member; or (iii) any entity in which any individual described in clauses (i) and (ii) herein has a thirty-five percent (35%) or greater ownership or economic interest or, in the case of a partnership or professional organization, a direct or indirect ownership interest in excess of five percent (5%).

7. **“Key Employee”** means an employee of TSEC in an executive or managerial capacity, as determined by TSEC’s governing board from time to time.
8. **“Officer”** means any individual holding an office of TSEC identified in the Certificate of Incorporation and/or Bylaws.
9. **“Relative”** means, regarding a Director, Officer, Committee Member, or Key Employee, his or her the spouse, domestic partner, ancestors, brothers and sisters, children (whether natural or adopted), grandchildren, great-grandchildren, step parents, step brothers and sisters and step-grandparents or grandchildren and spouses or domestic partners of brothers, sisters, children, grandchildren and/or great-grandchildren.

Article III **Procedures**

1. **Duty to Disclose.** An Interested Person who knows or is unsure whether they have a Conflict of Interest must disclose the existence or potential of a Conflict of Interest as soon as they become aware of it, as further set forth below.

(a) Prior to Board or Committee action on a Contract or Transaction involving a Conflict of Interest, an Interested Person having an actual or potential Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting. If Board or Committee Members are aware that an Interested Person may have a Conflict of Interest, relevant facts should be disclosed by the Board members or by the Interested Person him/herself if invited to the Board meeting as a guest for purposes of disclosure.

(b) Interested Persons who have a general Conflict of Interest or one with respect to a Contract or Transaction that is not the subject of Board or Committee action, shall disclose to the chair of the Board of Directors, or the chair’s designee, the facts relating to such Conflict of Interest. Such disclosure shall be made as soon as the Interested Person becomes aware of the Conflict of Interest. The chair of the Board or the chair’s designee shall determine whether the disclosed Conflict of Interest necessitates further action by the Board and shall advise the Interested Person accordingly.

(c) An Interested Person who plans not to attend or does not actually attend a meeting at which the Interested Person knows or has reason to believe that the Board or Committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting as soon as reasonably practicable all facts material to the Conflict of Interest. The chair shall report the disclosure at the applicable meeting (or the next meeting if disclosure was made after the Interested Person disclosed to the chair) and the disclosure shall be reflected in the minutes of such meeting.

(d) Each Director, Officer, Key Employee and Committee Member shall exercise care not to disclose confidential information acquired in connection with disclosure of an actual

or potential Conflict of Interest that might be adverse to the interests of TSEC. Furthermore, Directors, Officers, Key Employees and Committee Members shall not disclose or use information relating to the business of TSEC for their personal profit or advantage or the personal profit or advantage of their Relatives.

2. Procedures for Addressing the Conflict of Interest.

(a) An Interested Person may make a presentation at the governing Board or Committee meeting discussing the matter giving rise to a Conflict of Interest. After the presentation, the Interested Person shall leave the meeting during the discussion of, as well as the vote on, the Contract or Transaction involving the possible Conflict of Interest. Such Interested Person shall not attempt to exert their personal influence with respect to the matter, either during or outside the meeting.

(b) The Interested Person may not be counted in determining a quorum present for the Board or Committee meeting to discuss the Conflict of Interest.

(c) The Interested Person may not participate in any discussion or vote on the Contract or Transaction giving rise to the Conflict of Interest, if any, and shall not be present in the meeting room when the vote is taken. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.

(d) The chair of the governing board or Committee shall, if appropriate, appoint an Independent Director or other disinterested person or committee to investigate alternatives to the proposed Contractor or Transaction.

(e) If a more advantageous Contract or Transaction is not reasonably possible under circumstances that do not create a Conflict of Interest, the governing Board or Committee shall determine by a majority vote of its disinterested members then present (regardless of whether the remaining members constitute a quorum) whether the Contract or Transaction is in TSEC'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 Contract or Transaction.

3. Violations of the Conflicts of Interest Policy.

(a) If the governing Board or relevant Committee has reasonable cause to believe an Interested Person has failed to disclose actual or potential Conflicts of Interests, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the Interested Person's response and after making further investigation as warranted by the circumstances, the governing Board or Committee determines the Interested Person has failed to disclose an actual or potential Conflict of Interest, it shall take appropriate disciplinary and corrective action, up to and including termination of the individual's service to TSEC.

Article IV
Records of Proceedings

The minutes of the governing Board and all Committees with Board-delegated powers shall contain:

(a) Confirmation that an announcement was made reminding all members present at such meeting of their responsibilities under this Conflict of Interest Policy.

(b) The names of the persons who disclosed or otherwise were found to have a Conflict of Interest, the nature of the Conflict of 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 in fact existed and whether further action is warranted.

(c) The names of the persons who were present for discussions and votes relating to the Conflict of Interest and/or Contract or Transaction, identification of those persons who recused themselves for a particular discussion and vote and the time of their departure and return to the meeting, the content of the discussion, including any alternatives to the proposed Contract or Transaction, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

1. **No Vote.** An Interested Person who receives compensation, directly or indirectly, from TSEC for services is precluded from voting on matters directly pertaining to that Interested Person's compensation. Overall approval of a budget or general expenditures does not directly pertain to an Interested Person's compensation.

2. **Providing Information.** No Interested Person whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from TSEC, either individually or collectively, is prohibited from providing information to the governing Board or any Committee regarding compensation.

Article VI
Annual Statements

Each Interested Person shall annually sign a statement affirming such person:

1. Has received a copy of this Conflict of Interest Policy;
2. Has read and understands the Policy;
3. Has agreed to comply with the Policy;

4. Completes a statement disclosing any potential Conflicts of Interest on no less than an annual basis; and
5. Understands that TSEC is charitable and that in order to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VII **Periodic Reviews**

To ensure TSEC operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board of Directors shall conduct periodic reviews. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits to which TSEC is a party are reasonable, based on competent survey information, and are the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to TSEC'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.

Article VIII **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, TSEC may, but need not, use outside advisors. If TSEC uses outside advisors, such use shall not relieve the governing Board of its responsibility for conducting periodic reviews.