CLIMATE INNOVATION FINANCE AUTHORITY

Board Member Conflict of Interest Policy

Adopted: May 21, 2025

General Policy

Members of the Board of Directors of the Minnesota Climate Innovation Finance Authority ("MnCIFA") must conduct their affairs in such a manner as to avoid any possible conflict of interest with their duties and responsibilities. A like standard shall apply to members of all board related committees. All such policies shall also be applicable to any possible conflict of interest that arises as a result of actions or affiliations of any member of one's immediate family or household or any person acting on his or her behalf.

The MnCIFA Bylaws provide as follows in Article 4 - Section 11 in regards to Conflicts of Interest: "*Each Board member is obligated to determine whether they have a perceived, potential, or actual conflict of interest with respect to any matter before MnCIFA and to comply with all requirements of law regarding any potential conflict. Board members who disclose an actual conflict of interest will not be allowed to participate in and vote on the agenda item for which they declared an actual conflict."*

Purpose

The purpose of the conflicts of interest policy is to protect MnCIFA's interest when it is contemplating entering into a financial proposal request or any transaction or arrangement that might benefit the private interest of a board member of MnCIFA. This policy is intended to supplement but not replace any applicable Federal, State, or local laws governing conflicts of interest applicable to government agencies.

<u>State of Minnesota Potential Conflict of Interest Standard is as follows:</u>

A potential conflict of interest may exist if a board member has a relationship, affiliation, or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests. Board members must also avoid any action which results in the appearance of a conflict of interest, which is a situation where a reasonable third party would conclude the conflicting duties or loyalties exist.

Definitions

<u>Interested Person</u>

Any board member who has a direct or indirect financial interest, as defined below, is an Interested Person.

<u>Financial Interest</u>

A person has a Financial Interest if the person has, directly or indirectly, through business, investment or family - (a) an ownership or investment interest in any entity with which MnCIFA has a transaction or arrangement, (b) a compensation arrangement with MnCIFA or with any entity or individual with which the MnCIFA has a transaction or arrangement, or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity with which MnCIFA is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A Financial Interest is not necessarily a conflict of interest. A person who has a Financial Interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists. For purposes of determining a financial conflict, covered family members include spouses, children (including step-, in-law, and adopted children), and other members of the person's family (i.e., siblings (including step-, half, and in-laws), parents (including step- and in-law parents, and grandparents related by blood or adoption), partners or members of the household that may not have a legal or biological relationship.

Conflict of Interest:
A conflict of interest occurs when a person has perceived, potential, or actual duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A conflict of interest exists even if no unethical, improper, or illegal act results from it.

Actual Conflict of Interest:
An actual conflict of interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.

Individual Conflict of Interest
A conflict of interest that may benefit a separate organization to which a board member has a relationship is any situation in which the board member's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to an immediate family member, business, or organization with which they are involved.

An individual conflict of interest includes but is not limited to any of the following conditions:
(a) A board member is an employee or board member of an applicant or is a family member of anyone involved in the applicant's agency.
(b) The board member works in a volunteer capacity for an applicant or applicant's organization.
(c) A board member has equity or a financial interest in or partial or whole ownership of an applicant organization.
Improper actions resulting from a conflict of interest include but are not limited to the following:
(a) A board member uses their status or position to obtain special advantage, benefit, or access to the applicant's time, services, facilities, equipment, supplies, badge, uniform, prestige, or influence.
(b) A board member receives or accepts money or anything else of value from an applicant.
(c) A board member votes or takes action on any business of the MnCIFA in a manner that is favorable to the personal interest more than or in opposition to the interest of the MnCIFA.

Potential Conflict of Interest:
A potential conflict of interest may exist if a person has a relationship, affiliation, or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations, or interests. For example, a board member that serves in a volunteer capacity for an applicant organization has the potential to, but does not necessarily create a conflict of interest, depending on the nature of the relationship between the two parties. A disclosed potential conflict of interest warrants additional discussion regarding the board member and applicant personnel in order to identify the nature of the relationship, affiliation, or other interest and mitigate any potential conflicts. This discussion should ideally occur in advance of the board or committee meeting at which the item will be discussed and/or voted on.

Disclosure

Duty to Disclose

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence and nature of his/her Financial Interest and must be given the opportunity to disclose all material facts to the Directors (or members of the appropriate Committee with board delegated powers) considering the proposed transaction or undertaking. An Interested Person has a continuing obligation to disclose potential conflicts as they arise, and should not rely solely on the annual questionnaire, but make known the potential conflict immediately.

Conflict of Interest Review Process (After Disclosure is made)

Conflict of Interest Form

Board members will sign a Conflict of Interest Form before each discussion and vote on a proposed project financing request to ensure that no conflict of interest exists.

Annual Statements

Each board of director member shall annually sign a statement which affirms that such person (a) has received a copy of the conflicts of interest policy, (b) has read and understood the policy, (c) has agreed to comply with the policy, (d) is familiar with MnCIFA policies in this regard and to provide information concerning any possible conflict of interest so that disclosure may, if necessary, be made.

Failure to Disclose

Failure to disclose conflicts, attempts to gather material advantage from MnCIFA or release of privileged information are grounds for action up to and including termination of a board of director member. The specific penalty shall be determined by majority vote of the board of directors, up to and including a recommendation for termination of the appointment to the appointing or delegating authority.

Voting

If a potential conflict of interest is disclosed, then the board of director member shall not participate in the proposed financing request discussion and must recuse themselves from voting on any action related to that particular request or issue.