

Cooperative Light & Power

Board Policy III - 10

SUBJECT: Business Ethics

ADOPTED: 9/22/05

REVISED: 6/28/23, 8/30/23

REVIEWED: 9/30/10, 06/28/23, 8/30/23

OBJECTIVE: To establish standards for ethical and lawful conduct by Cooperative Light & Power, and its directors.

POLICY CONTENT: The Cooperative's business and operations shall be conducted lawfully, honestly, and ethically and in the best interests of its members, employees. Each director shall avoid any activity which interferes or appears to interfere with the independent exercise of judgment on behalf of the Cooperative.

- A. FRAUD AND OTHER MISCONDUCT.** Illegal, fraudulent, and dishonest conduct by Cooperative directors, and others responsible for carrying out the organization's activities shall not be tolerated. Misconduct includes, but is not limited to:
1. Theft or other misappropriation of assets;
 2. Fraud;
 3. Violation of any statute or regulation or other unlawful acts;
 4. Forgery or other alteration of documents;
 5. False, misleading, or disparaging communications to members, vendors, suppliers, or competitors;
 6. Any similar wrongful acts.
- B. CONFLICTS OF INTEREST**
1. Conflicts may be caused by the personal or outside interests of a director.
 - a. Conflicts of interest involving personal interests may occur when the director or members of their family are in a position to obtain a personal benefit at the Cooperative's expense.

- b. Conflicts of interest involving outside activities may occur when the director's outside activity, such as participation in a government or charitable organization, may conflict with the Cooperative's interests.
2. This policy describes certain prohibited conflicts of interest, but it is not exhaustive. Conflicts arise in many situations, and it is not possible to identify every potential conflict. All directors must be alert to potential conflicts of interest of any kind, whether or not listed in this policy, and report them to the CEO.
 - a. The CEO or a director who becomes aware of a potential conflict should consult with the Board President and/or Attorney. The President may refer the matter to the full Board.
3. No director shall have a significant financial interest, either directly or indirectly or through members of their family (whether by blood or marriage), in any business transaction involving the Cooperative.
 - a. Directors shall report any financial interests in Cooperative business as required by this policy, whether they believe the conflict is significant or not.
 - b. All transactions involving a financial interest of a director are prohibited unless the Cooperative receives full disclosure of the financial interest, determines that the interest is insignificant, and provides written approval in advance of the transaction.
 - i. The Board President along with the Attorney shall be responsible for making this determination for directors and the CEO but may also refer the matter to the full Board.
4. Directors must avoid the appearance that business decisions are influenced by improper factors. Therefore, directors and members of their immediate families shall not accept any gifts, gratuities, or other things of value, which are more than token value, from any parties who transact business with the Cooperative.
 - a. For purposes of this policy, "token value" is \$150 or less for any single gift per director, per event.
 - b. All directors shall decline, to the extent possible, any gift or gratuity which is more than token value.
 - c. If a director believes it would be unreasonable or contrary to the Cooperative's best interests to decline a gift or gratuity of more than token value, the director shall report the matter to the Cooperative for a determination of whether the offer may be accepted. The Cooperative may authorize acceptance of the offer if it determines that acceptance will not influence or appear to influence Cooperative business decisions and that acceptance will be in the best interest of the Cooperative.
 - i. The Board President, with consultation with the Attorney, shall make this determination regarding the CEO or any director or may refer the matter to the Board for determination.

- ii. The Board, with consultation with the Attorney, shall make this determination regarding the Board President.

C. CONFIDENTIAL AND PROPRIETARY INFORMATION

1. Directors possessing information that is confidential or proprietary or potentially useful to the Cooperative's competitors shall not disclose that information outside of the Cooperative or use that information for any purpose other than conducting Cooperative business. This confidentiality obligation shall apply both during and after their term of service with the Cooperative.
 - a. This applies to all confidential and proprietary information in the Cooperative's possession, including the confidential or proprietary information of third parties which the Cooperative is under a legal or contractual obligation to protect.
 - b. Directors shall not make unauthorized copies of software programs or other materials or use any unlicensed materials which are copyrighted by a third party.
2. Confidential or proprietary information obtained in the course of service on the Cooperative's behalf may not be used for personal gain or the gain of any party other than the Cooperative.
3. Directors shall not disclose confidential or proprietary information. Directors shall not represent (or otherwise give the impression) that they are speaking on behalf of the Cooperative, unless they are specifically authorized to do so by the Board. This also applies to communication with the press.
4. All information received relating to members or potential members of the Cooperative in the ordinary course of performing their duties must be treated as private and held in the strictest of confidence. Member information must be used solely for the Cooperative purposes, and not for the purposes of personal gain.

D. OUTSIDE BUSINESS ACTIVITIES

1. Directors may participate in other public and private organizations, such as school boards, town boards, and charitable organizations, provided that such participation does not interfere with their work on behalf of the Cooperative.
 - a. All directors shall ensure that their service on behalf of such third-party organizations does not create a conflict of interest or the appearance of a conflict of interest.
 - b. Directors shall refrain from acting in any situation where their service on behalf of a third-party organization could, or could appear to, cause any benefit or detriment to the Cooperative.

E. COOPERATIVE PROPERTY

- 1. Cooperative property shall only be used for conducting Cooperative business, unless otherwise authorized by the CEO or the Board in accordance with Cooperative policies and procedures.
- 2. Cooperative property shall not be sold except by the methods indicated in the Cooperative's policies and procedures.
- 3. Cooperative property shall not be loaned, given away or otherwise disposed of, regardless of condition or value, without the written prior authorization of the CEO.
- 4. Cooperative vehicles or other property and equipment shall not be loaned to nonemployees without prior written approval of the CEO.

F. REPORTING AND NON-RETALIATION

- 1. All directors have a duty to report any observed or suspected violations of this policy or violations of any applicable laws committed in the course of conducting Cooperative business. All reports should be made in accordance with the Cooperative's Policy.
- 2. The Cooperative will not tolerate any retaliation against any director who makes a good faith report of a violation of this policy.

G. ANNUAL COMPLIANCE

- 1. Each Director shall receive, review, and acknowledge receipt of this policy and complete the Conflict of Interest disclosure included in this policy annually prior to the first board meeting after the annual meeting.

III. RESPONSIBILITY

- 1. The CEO and Attorney are responsible for ensuring compliance with this policy.

Conflict of Interest: _____

I hereby acknowledge that I have carefully read and understand this Business Ethics/Conflict of Interest Disclosure Statement and that the above statements are true and correct to the best of my knowledge.

Dated _____ By _____