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Amended 5/23/16
Amended 6/26/17

POLK-BURNETT ELECTRIC COOPERATIVE

Policy No.: **BD-23**

Subject: **Code of Ethics**

Objective: To establish guidelines for directors who are charged with the responsibility and commitment to uphold the highest standards for legal and ethical conduct.

Policy: The directors shall:

1. Conduct all activities in a lawful manner consistent with the highest standards of honesty, integrity and ethics to avoid any conduct or the appearance of any conduct inconsistent with such standards.
2. Exercise reasonable and prudent judgment and act in the best interest of the cooperative, including but not limited to:

a. *Confidentiality*: Directors shall treat cooperative information not generally available to the public and/or not normally divulged to the public in the normal course of business as confidential. Such information when taken out of context can create operational problems, cause embarrassment to individuals, or make the business legally liable if disseminated to the public. See *BD-20 – Proprietary Information* for guidelines.

b. *Conflict of Interest*: Directors are required to avoid activities that create a conflict of interest or the appearance of a conflict of interest.

“Conflict of interest” is defined as a personal or business interest of such a nature that a conflict exists between those interests and the cooperative’s interest that would call into question the ability of the person involved to exercise independent and objective judgment solely on behalf of the cooperative.

c. *Gifts/Prizes*: Directors may not accept any gift valued at \$150 or more from any individual or company, including but not limited to members, suppliers or vendors.

Any gift or prize from a work-related activity valued at \$150 or more becomes the property of the cooperative.

- i. No gift/prize may be accepted if there is a possibility that it would jeopardize Polk-Burnett’s reputation or influence the director’s decisions or actions.
- ii. Gifts/prizes may be accepted if the gift is not in exchange for business, is not cash, does not violate the law or the intent of this policy, or would not embarrass, discredit, affect or jeopardize Polk-Burnett in any manner whatsoever.

- d. *Behavior:* Included but not limited to, theft of money or property, policy or procedure violations, or behavior that is abusive, detrimental, inappropriate or inconsistent with a positive Polk-Burnett image will not be tolerated. In serious instances such as these, those involved may be subject to outside legal action or to board action.
- e. *Loyalty:* Directors owe a duty of loyalty to the cooperative and should abide by the decisions made by the board. While vigorous debate and differences of opinion may arise in decision making, such matters should remain in the board room. Notwithstanding a director's duty to publicly support the business decisions of the board, nothing in this policy shall bind or prevent a director under compelling and extraordinary circumstances from acting consistent with a belief that there is a clear and present threat to the survival of the cooperative.

A substantiated violation of this policy may be subject to a request for resignation, removal from office or possible legal action. See Bylaws, Article V, Section 2(c)(3).

This code of ethics policy is not intended to be all encompassing and situations not discussed herein should be appropriately directed to the board or corporate system counsel for evaluation.

This policy should be reviewed each June. Directors will reaffirm their responsibility and commitment to uphold the highest standards for legal and ethical conduct by signing a *Director's Pledge* annually.

Edward O. Gullickson, President
June 26, 2017