

3/22/04
Amended: 5/22/06
Amended 10/26/09
Amended 7/23/12
Reviewed 8/25/14
Amended 5/23/16
Amended 6/26/17
Reviewed 6/25/18
Reviewed 6/27/22
Amended 5/22/23

POLK-BURNETT ELECTRIC COOPERATIVE

Policy No.: **BD-23**

Subject: **Code of Ethics**

Objective: To establish guidelines for directors of the Cooperative to manage the Cooperative in a manner that is consistent with 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 Information under Policy BD-20. Such Confidential Information, when taken out of context, can create operational problems, cause embarrassment to individuals, or make the business legally liable. 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 interests that would call into question the ability of the person involved to exercise independent and objective judgment for the sole benefit of the Cooperative.
 - c. *Gifts/Prizes*: Directors may not accept any gift from any individual or company, including but not limited to, members, suppliers, an individual or company which would create a real or perceived Conflict of Interest, or vendors under the following circumstances:
 - i. No gift/prize may be accepted if there is a possibility that it would jeopardize the Cooperative’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 the Cooperative 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 image of the Cooperative will not be tolerated. In serious instances such as these, those involved may be subject to board or legal 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 shall reaffirm their responsibility and commitment to uphold the highest standards for legal and ethical conduct by signing the Cooperative's *Director's Pledge* annually.

Edward O. Gullickson, President
May 22, 2023