

 <b>Oakdale Electric Cooperative</b>		<b>Board Policy</b>
<b>Policy Name: Business Ethics</b>		<b>Policy No: 3.07</b>
<b>Last Reviewed/Revised: 6-06-2023</b>		<b>Page 1 of 5</b>

## **I. OBJECTIVE**

To establish standards for ethical and lawful conduct by Oakdale Electric Cooperative, its directors, managers, and employees.

## **II. POLICY CONTENT**

The Cooperative's business and operations shall be conducted lawfully, honestly, and ethically and in the best interests of its members, employees, and the general public. Each employee and 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 employees, 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. Misstatements or other irregularities in company records, including the intentional misstatement of the results of operations;
4. Violation of any statute or regulation or other unlawful acts;
5. Forgery or other alteration of documents;
6. False, misleading, or disparaging communications to vendors, suppliers, or competitors;
7. Any similar wrongful acts.

## **B. CONFLICTS OF INTEREST**

1. Conflicts may be caused by the personal or outside interests of an employee or director.
  - a. Conflicts of interest involving personal interests may occur when the director, employee, or members of his/her 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

employee's or 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 employees and directors must be alert to potential conflicts of interest of any kind, whether or not listed in this policy, and report them to the Cooperative.
  - a. Employees who become aware of a potential conflict should consult their supervisor.
  - b. The General Manager & CEO or a director who becomes aware of a potential conflict should consult with the Board Chairman. The Chairman may refer the matter to the full Board.
3. No employee or director shall have a significant financial interest, either directly or indirectly or through members of his/her family (whether by blood or marriage), in any business transaction involving the Cooperative.
  - a. Employees and 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 an employee or 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 General Manager & CEO shall be responsible for making this determination for employees.
    - ii. The Board Chairman shall be responsible for making this determination for directors and the General Manager & CEO but may also refer the matter to the full Board.
4. Employees and directors must avoid the appearance that business decisions are influenced by improper factors. Therefore, employees, 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 \$50 or less for any single gift or a total of \$250 in any calendar year.
  - b. All employees and directors shall decline, to the extent possible, any gift or gratuity which is more than token value.
  - c. If an employee or 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 employee or 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 General Manager & CEO shall make this determination regarding all other employees. Employees should report potential conflicts to the HR Administrator or to the General Manager & CEO directly.
- ii. The Board Chairman shall make this determination regarding the General Manager & CEO or any director or may refer the matter to the Board for determination.
- iii. The Board shall make this determination regarding the Board Chairman.

#### **C. CONFIDENTIAL AND PROPRIETARY INFORMATION**

1. Employees and directors possessing information that is confidential or proprietary or potentially useful to the Cooperative's competitors or counterparties 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 employment 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. Employees 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. Proprietary information includes such items as employee records, salaries, disciplinary action, computer programs, and marketing data and plans, and engineering design information.

#### **D. OUTSIDE BUSINESS ACTIVITIES**

1. Employees and 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 employees and 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. Employees and 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.
2. No employee engaged in outside business activities may engage in any such activities during regular cooperative working hours.
3. No employee shall use Cooperative resources when engaging in outside business activities without written permission of the General Manager & CEO.
4. No employee shall utilize the Cooperative's name or facilities for any purpose other than Cooperative business without written permission of the General Manager & CEO.

**E. DEALING WITH VENDORS AND SUPPLIERS**

1. Cooperative sales and purchases shall be based on objective factors such as price, product quality and service, availability, dependability, and timely delivery.
2. Employees shall not represent or imply that purchases or sales by the Cooperative are confirmed until properly authorized and approved in accordance with Cooperative policies.
3. All vendors and suppliers shall be treated honestly and fairly.
4. No employee shall give money, gifts or other benefits to any vendor, supplier, counterparty, or competitor of the Cooperative, unless the General Manager & CEO gives advance written permission.

**F. COOPERATIVE PROPERTY**

1. Cooperative property shall only be used for conducting Cooperative business, unless otherwise authorized by the General Manager & 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 General Manager & CEO.
4. Cooperative vehicles or other property and equipment shall not be loaned to nonemployees without prior approval of the General Manager & CEO.

**G. REPORTING AND NON-RETALIATION**

1. All directors and employees 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 *3.08 Reporting and Investigating Violations*.
2. The Cooperative will not tolerate any retaliation against any employee or director who makes a good faith report of a violation of this policy. No employee who reports a violation in good faith will be subject to any adverse employment action as a result of the report.

**H. DISTRIBUTION**

1. The General Manager & CEO is responsible for ensuring that all employees receive, review, and acknowledge receipt of this policy upon commencement of employment with the Cooperative.
2. The General Manager & CEO shall take additional measures as he/she determines necessary to ensure employees' continued awareness of and compliance with this policy.
3. This policy shall be provided to each new director no later than the first Board meeting that he or she attends.

Responsibility: Board of Directors/ General Manager & CEO (as described above)

<b>Original Effective Date:</b> 1/18/2022	<b>Reviewed Date (no revisions):</b> 6-06-2023	<b>Revised Date(s):</b>
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