

Randolph Electric Membership Corporation

Board Policy No. 413

SUBJECT: Conflicts of Interest

I. PURPOSE:

- A. To provide general guidance to Directors and the Chief Executive Officer in the performance of their duties and responsibilities for the Cooperative.
- B. To assure the high standards of integrity, impartiality, and conduct necessary for maintaining public confidence in the operations of the Cooperative.
- C. To assure compliance with the standards specified in the Bylaws of the Cooperative relating to a Director's business and financial interests.

II. POLICY:

Directors and the Chief Executive Officer must avoid activities that create a conflict of interest or the appearance of a conflict of interest.

A "conflict of interest" exists when a Director or the Chief Executive Officer has a personal interest, or may reasonably appear to have a personal interest, in a matter of such a nature and magnitude that a conflict exists between the personal interest and the Cooperative's interest that could potentially cause an inability to exercise independent and objective judgment on the matter. "Personal interests" may not technically involve the Director or the Chief Executive Officer but may involve relatives, business associates, or other individuals or organizations with which he/she is closely associated.

The following statements will guide the members of the Board of Directors and the Chief Executive Officer in the management of the affairs of the Cooperative.

A. Use of Office

They shall not use, or reasonably appear to use, their respective offices or position for private gain for themselves or for other individuals or organizations with which they are associated.

B. Use of Information

They shall not use, or reasonably appear to use, inside information for private gain, either by direct action or by counsel, recommendations, or suggestions to other individuals or organizations with which they are associated.

C. Gain from Beneficiary Organizations

They shall not receive or solicit, or reasonably appear to receive or solicit, from beneficiary organizations, related organizations, or other individuals having business with the Cooperative, any gift, loan, favor or gratuity, either for themselves or any other individuals or organizations with which they are associated, that could either influence or reasonably create the appearance of influencing decisions concerning the Cooperative or its interests.

D. Decisions Which Pose a Conflict of Interest

Directors and the Chief Executive Officer shall make full disclosure to the Board of Directors of any facts indicating a conflict of interest. They may request an opinion of the Cooperative's General Counsel before taking such action. Directors shall disqualify themselves from voting on a decision posing a conflict of interest or creating the appearance of a conflict of interest.

E. Business Ethics

1. Directors and the Chief Executive Officer must not, in any way, be employed by or financially interested in an enterprise which is in competition with the Cooperative or a Cooperative Subsidiary.
2. A Director or a Director's company may be allowed to sell materials, supplies, equipment or vehicles to the Cooperative or a Cooperative subsidiary only if at least three bids are submitted to the Cooperative or a Cooperative subsidiary for any such sale and only if the Director or his/her business has submitted the lowest bid and made a full disclosure.

Notwithstanding the foregoing, however, non-bid sales in an amount below \$10,000.00 shall be permitted if management has exercised due diligence in ensuring value to the Cooperative, the Cooperative's purchase occurs within the general course of business and without favor to the Director or Director's company, and the transaction will be or is thereafter disclosed to the Board.

3. The Chief Executive Officer shall develop a policy on business ethics which will set forth the intent of the Board of Directors with regard to conduct of employees in maintaining high standards of integrity, impartiality, and conduct necessary to maintain member and public confidence in the Cooperative.

F. Disclosures

Each year, the Ethics Committee shall review whether any current or former officer, Director or key employee:

1. Has a direct business relationship with the Cooperative or a Cooperative subsidiary or an indirect business relationship with the Cooperative or a Cooperative subsidiary requiring disclosure on Schedule L of the IRS Form 990;
2. Has a family member who had a direct or indirect business relationship with the Cooperative or a Cooperative subsidiary requiring disclosure on Schedule L of the IRS Form 990; or
3. Serves as an officer, Director, key employee, partner or member of an entity (or shareholder of a professional corporation) doing business with the Cooperative or a Cooperative subsidiary, such that disclosure is required on Schedule L of the IRS Form 990.

III. RESPONSIBILITY:

A. Chief Executive Officer

The Chief Executive Officer shall provide assistance to the Board of Directors to assure compliance with this policy. The Chief Executive Officer shall also develop and enforce an appropriate management policy relating to conflicts of interest of employees.

B. General Counsel

The General Counsel shall advise individual Directors and/or the Board of Directors and the Chief Executive Officer regarding compliance with this policy.

C. Ethics Committee

The Ethics Committee shall review compliance with this policy and counsel with any Director as the situation may require. The Ethics Committee shall assure, to the extent possible, that the Cooperative is not damaged or compromised because of the existence of a conflict of interest on the part of Directors.

D. Board of Directors

Directors, individually and collectively, are responsible for avoiding conflicts of interest and the appearance of conflicts of interest.

EFFECTIVE DATE: October 26, 1998

REVISED EFFECTIVE DATES: August 19, 2003
October 27, 2008
August 27, 2012
April 25, 2024