

RANDOLPH ELECTRIC MEMBERSHIP CORPORATION

POLICY NO. 415

SUBJECT: DIRECTOR STANDARDS OF CONDUCT

I. OBJECTIVE

To explain the fiduciary duties of Directors and to clarify the standards of conduct for which they will be held accountable when serving on the Board.

II. POLICY

All of the powers of the corporation are conferred upon and may be exercised by the Board of Directors, except as reserved to or conferred upon the members by law, the articles of incorporation, or the bylaws. It is the purpose of this policy to identify or establish standards whereby such power may be exercised in the best interests of the Cooperative.

III. PROVISIONS

A. Legal Duties

Directors are subject to legal standards of fiduciary responsibility. These include the duties of care and loyalty.

Under the duty of care, Directors are required to:

1. Exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances.
2. Have or acquire the minimum knowledge and skills necessary to direct the affairs of the Cooperative.
3. Make every effort to attend all meetings of the Board and to study materials sent prior to each Board meeting.
4. Study and adhere to all obligations imposed by the articles of incorporation, the bylaws, contractual agreements and Board policies.

Under the duty of loyalty, Directors are required to:

1. Act only in the best long-term interest of the Cooperative and its members.
2. Place the interests of the Cooperative over any personal interests.

3. Not have any financial interest in a directly competing business.
4. Avoid the appearance of any conflict of interest.
5. Avoid any future conflict of interest by refusing to receive any remuneration from any entity proposing to purchase all or substantially all of the assets of the Cooperative.
6. Represent and support the interests of the Cooperative to elected and public officials.
7. Publicly support decisions of the Board except in extraordinary circumstances where the Director believes that there is a clear and present threat to the survival of the Cooperative.

B. Conduct with Respect to Fellow Directors

Regardless of the personal differences, Directors should:

1. Demonstrate mutual respect. Each Board member should allow every opportunity for every other Board member to speak on any matter being considered by the Board of Directors and listen carefully to the opinions and factual observations of the other Board members.
2. Encourage other Directors to speak out regarding positions on matters presented to the Board for discussion.
3. Abstain from revealing to persons other than Directors, the CEO or the General Counsel any differences of positions among Directors on matters considered and acted upon by the Board. (This standard does not preclude fair and accurate publication of such differences to the Cooperative's members in relation to contests for director elections or other matters to be voted upon by the members.)

C. Director Access to Cooperative Information

1. Any Board member is entitled to have access to any information of the Cooperative which is germane to his/her standing as a Board member and which is requested for a proper purpose.
2. All requests for such information shall be made to the CEO. In no case shall such information be sought by a Board member through other employees, agents or independent contractors. However, if the CEO is involved in actual or potential criminal activity and information is being sought concerning the same, the Cooperative's General Counsel shall advise the Board of Directors as to the proper method to proceed.

3. Information received by a Board member pursuant to this policy shall not be revealed to any other individuals, unless the Board member is sincerely and honestly convinced that to do so is compelled by law or the overriding best interests of the Cooperative.
4. Board members shall not disclose information received pursuant to this policy if the effect of such disclosure is to damage the Cooperative or the public's perception of the Cooperative, unless the Board member is clearly, sincerely and honestly convinced that to do so is compelled by law.

D. Good Faith and Fair Play

Every Director shall deal in good faith and fair play with every other Director and the CEO in expressing his views, questions and concerns relating to Cooperative policies, rates and programs. Good faith and fair play require:

1. All Directors should reveal all information or interests that they may have and that may bear upon action being considered by the Cooperative.
2. Those Directors will not so pursue a position, inquiry or motion as to unduly harass or annoy other Directors, the CEO, employees or independent contractors.
3. That Director communications with employees other than the CEO shall be casual and conducted on a courteous basis, but not for the purpose of influencing an employee's position or attitude concerning his Cooperative-related activities.
4. A Board member owes a duty of loyalty to the Cooperative and should, therefore, abide by Board decisions. Debates in differences of opinion are inevitable when reaching a consensus; however, such differences should remain within the Boardroom. Board members shall keep such differences confidential unless compelling circumstances require membership resistance or court intervention in Board action

IV. RESPONSIBILITY

This policy shall be the responsibility of the Board of Directors, except as otherwise provided for herein by the CEO and General Counsel.

EFFECTIVE DATE: October 26, 1998

REVISED EFFECTIVE DATES: August 19, 2003
August 27, 2012