

# RANDOLPH ELECTRIC MEMBERSHIP CORPORATION

## POLICY NO. 416

SUBJECT: CONFLICTS OF INTEREST

### I. OBJECTIVES

- A. To provide general guidance to Board members and the CEO 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; and
- C. To assure compliance with the standards specified in the Bylaws of the Cooperative relating to a Board member's business and financial interests.

### II. POLICY

Board members and the CEO must avoid activities that create a conflict of interest or the appearance of a conflict of interest.

A "conflict of interest" exists when a Board member or the CEO 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 Board member or the CEO, 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 CEO 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, anything of value as a 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 CEO 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 CEO must not, in any way, be employed by or financially interested in an enterprise which is in competition with the Cooperative.
2. A Director or a Director's company may be allowed to sell materials, supplies, equipment or vehicles to the Cooperative only if at least three bids are submitted to the Cooperative for any such sale and only if the Director or his/her business has submitted the lowest bid.
3. The CEO 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

The Ethics Committee shall review, as needed, whether any current or former officer, director or key employee as defined by IRS regulations:

1. Has a direct business relationship with the Cooperative or an indirect business relationship with the Cooperative requiring disclosure on Schedule L of the Form 990;
2. Has a family member who had a direct or indirect business relationship with the Cooperative requiring disclosure on Schedule L the Form 990; or

3. Serves as an officer, director, trustee, key employee, partner or member of an entity (or shareholder of a professional corporation) doing business with the Cooperative, such that disclosure is required on Schedule L of the Form 990.

### III. RESPONSIBILITY

#### A. CEO

The CEO shall provide assistance to the Board of Directors to assure compliance with this policy. The CEO 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 Board members and/or the Board of Directors regarding compliance with this policy.

#### C. Ethics Committee

The Ethics Committee shall review compliance with this policy and counsel with any Board member as the situation may require. The Ethics Committee shall ensure, 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 Board members.

#### D. Board of Directors

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

EFFECTIVE DATE: October 26, 1998

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