

SUBJECT: DIRECTOR STANDARDS OF CONDUCT

I. OBJECTIVE:

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 system. This policy also is designed to clarify the standards of conduct for Directors for which they will be held accountable when serving on the Board.

II. POLICY CONTENT:

- 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 any personal differences Directors should:
1. Demonstrate mutual respect.
 2. Allow opportunity for every other Director to be heard on any matter being considered by the Board.
 3. Abstain from revealing to persons other than Directors, the CEO/General Manager or the system's attorney 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 system'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:** Any Director is entitled to have access to Cooperative data or information, at reasonable times during business hours for a proper purpose that is germane to his or her standing as a member or Director. This principle is subject to the following:
1. All requests for information shall be made to and through the CEO/General Manager or his/her designee. In no case shall such information be sought through other employees, agents or independent contractors (unless after consultation with and being advised by the system's attorney because an actual or potential criminal activity of the CEO/General Manager is involved).
 2. In any instance in which a Director has sought access to information not generally made available or reported to the Board, the CEO/General Manager shall report on this at the next meeting of the Board.
 3. Information received by a Director pursuant to this policy shall not be revealed by him or her to any other persons (the remaining Directors, CEO/General Manager and system attorney excepted) unless he or she is sincerely convinced that he or she is compelled to so by legal considerations.
 4. In no case should a Director reveal to others information and data he or she receives if the actual or potential effect of such revelation is to damage the system, including its image, or to enable himself or herself and/or others to personally profit therefrom.

- D. **Good Faith and Fair Play:** Every Director shall deal in good faith and fair play with every other Director and the CEO/General Manager in expressing his or her 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. That Director communications with employees other than the CEO/General Manager shall be casual and conducted on a courteous basis, but not for the purpose of influencing an employee's position or attitude concerning his/her Cooperative-related activities.

III RESPONSIBILITY:

- A. All candidates, nominees or appointees to the Board shall receive a copy of this policy and attest by their signatures to having received the policy.
- B. The Cooperative's legal counsel shall inform all candidates, nominees or appointees to the Board regarding the terms and conditions of this policy and the personal liability implications resulting from policy violations.
- C. The Cooperative's legal counsel shall review this policy with the Board on an annual basis and discuss any personal liability implications resulting from violations.
- D. The President of the Board shall ensure that this policy is followed.

I, Janice Dorson, Secretary of Crawford Electric Cooperative, Inc., certify that the foregoing statement of policy was presented to and approved by the Board of Directors of said Cooperative at its meeting held November 4, 2021.


Secretary

Approved by Board June 26, 2008
Reviewed: March 3, 2016
Reviewed: November 4, 2021

**Affirmation of Reception, Understanding of and Support for
Board Policy 1.02:
Director Standards of Conduct**

I, the undersigned, have received, read, understand and support the Board Policy 1.02 on Director Standards of Conduct.

Signed: _____

Date: _____