



FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

GENERAL POLICY NO. 102

SUBJECT: DIRECTOR DUTIES, RESPONSIBILITIES, STANDARDS OF CONDUCT AND PROFESSIONAL DEVELOPMENT

I. PURPOSE:

- A. To establish the standards and procedures to guide the Board of Directors ("Directors") of the Fall River Rural Electric Cooperative, Inc. (the "Cooperative") in performing their functions free from conflicts of interest and in the best interest of the Cooperative. Please also see the By-Laws regarding disqualification from serving as a Director under certain circumstances relating to personal relationships and business interests. Article IV, Section 3,
- B. To provide remedies, as established in the by-laws, for Director conduct that is not in accordance with this Policy.

II. POLICY STATEMENT:

- A. General Conduct of Directors
 - 1. Directors must meet the minimum qualifications as stated in the By-Laws Articles IV, V, and VI
 - 2. Directors shall conduct themselves in accordance with the highest moral and ethical standards.
 - 3. Directors shall always conduct themselves in the best interest of the Cooperative, and in a manner that reflects favorably upon the Cooperative.

4. Directors involved in Cooperative business, whether internal or external, shall conduct themselves in an ethical, moral, and fair manner consistent with the highest professional, community, or occupational standards and free from favoritism or prejudice of any kind.
5. All Board discussions and decisions shall be kept confidential, except as authorized by the Board or as otherwise required by law. Directors shall act consistent with this obligation, Directors shall not disclose to third parties Board discussions, decisions, or Cooperative personnel issues, including wages and benefits.
6. Directors shall avoid conflicts of interest as well as the appearance of any conflict of interest. Directors must make a full and fair disclosure of any known conflict of interest pertaining to any matter brought before the Board.
7. Directors shall not solicit, encourage, or accept from those doing business with the Cooperative, any gifts, payment, discounts, loans, entertainment, or anything else of value (except gifts of minimal value, defined as any gift or series of gifts worth less than \$50 in a single year). If any unsolicited value is extended to a Director, that Director shall make written disclosure to the Board President and/or the Cooperative's General Counsel to enable appropriate disposition of the matter.
8. For purposes of this Code of Conduct, the following definitions apply:
 - a. A "Relative" is any individual to whom the Director is related by blood, law, or marriage, or with whom the Director has a relationship similar to that of a relative (e.g., a romantic partner, housemate, close friend), such that a reasonably objective third party would be likely to question the Director's ability to objectively consider the Cooperative's interests where

they are adverse to the Relative's interests.

- b. A "Related Entity" is any entity in which the Director or the Director's Relative has an ownership interest of any kind (whether as a shareholder, member, partner, investor, sole proprietor or otherwise), to which the Director or the Director's Relative provides services in any capacity (whether as a volunteer, independent contractor, officer, director, advisor), or to which the Director or Director's Relative has provided financing.
9. Directors shall make full and fair disclosure to the Board in writing when any Cooperative business is contemplated that involves a Director's Relative or Related Entity, including, without limitation, any transaction in which a Relative of the Director stands to benefit. Cooperative business means any formal or informal business transaction, subcontracting, or employment relationship. Directors shall make written disclosure to the Board when the Director's Relative or a Related Entity is doing business with, seeking to do business with, or seeking employment with the Cooperative. Such disclosure shall be made at the time a Director first becomes aware that a Relative or Related Entity is doing business, seeking to do business, or seeking employment with the Cooperative. Additionally, all Directors shall annually make written disclosure of any such interests to the Cooperative.
10. When the Board is to decide upon an issue about which a Director has an unavoidable conflict of interest, that Director shall (in addition to notifying the Board of the conflict) abstain from engaging in any deliberation with respect to or voting upon the matter.
11. Directors shall attend at least 75% of regular board meetings unless excused by the Executive Committee.

B. Conduct with Respect to Fellow Directors:

Regardless of the personal relations and differences between Directors, they shall interact in a respectful and courteous manner.

1. Directors should allow ample opportunity for every other Director to be heard on any matter being considered by the Board and listen carefully to the judgment and views as well as the factual observations of the other Directors.
2. Directors shall not disclose differences of positions among Directors on matters considered and acted upon by the whole Board to persons other than Directors, the CEO/General Manager, or the General Counsel. This Policy does not, however prohibit a fair and accurate publication of such differences to the Cooperative's Members, Directors, or management.

C. Loyalty to the Cooperative

It is fundamental premise of corporate law that a Director owes a fiduciary duty of loyalty to the Cooperative. Each Director should, therefore, except in the most Unusual Circumstances (defined below) abide both actually and in spirit, by the decisions made by the Board. For the purpose of this Policy, "Unusual Circumstances" means that the action of the Board is so adverse to the best interests of the Cooperative that such Directors must institute legal action to restrain the implementation of such Board proposed or approved action. Directors should not, in fact or in attitude, oppose the implementation of or cast doubt upon those decisions outside the boardroom.

D. Good Faith and Fair Play

It is also a fundamental principle of corporate law, and this Policy requires, that every Director deal honestly, in good faith, and exercise fair play with every other Director and the CEO/General Manager in expressing the Director's views, in raising questions and concerns, in taking positions and engaging in activities relating to Cooperative business. Good faith and fair

play requires

- (1) that Directors reveal all information of personal interests which they may have that may bear upon action being considered by the Board or the CEO/General manager;
- (2) that Directors not pursue a position, inquiry, recommendation or motion so as to unduly harass or annoy other Directors, the CEO/General Manager, employees or independent contractors;
- (3) that Director communications with employees other than the CEO/General Manager shall be casual and conducted on a friendly and courteous basis, but not for the purpose of influencing an employee's position or attitude concerning such employee's system-related activities, concerning management, operational and employee relations, personnel issues or seeking system information or data which is not available to the whole Board.

E. Remedies for Director misconduct

Directors whose conduct violates this Policy shall be subject to appropriate procedures as set forth in the Cooperative By-laws. Article IV, Sections V and VI.

- F. The Cooperative's General Counsel shall annually review with the Board this Policy and matters relating to their collective and individual duties and obligations as Directors. Such review shall take place during the quarter after the Cooperative's annual meeting.

III. Responsibility and Authority:

Implementation of this Policy shall be the responsibility of the Board, except as otherwise provided for herein by the CEO/General Manager or the Cooperative's General Counsel.

IV. PRIMACY OF POLICY:

This Policy supersedes any existing policy that may be in conflict with the provisions of this Policy.

Certification

I, _____ do hereby certify that:

(Print Name Above)

1. I have received and carefully read the Board of Directors - Code of Conduct of Fall River Rural Electric Cooperative, Inc.
2. I have had ample opportunity to ask questions and seek clarification with respect to the Code of Conduct.
3. I understand the Code of Conduct.
4. I have complied with and will continue to comply with the terms of Code of Conduct.

(Signature)

(Date)

Each Director is required to sign, date, and return this certification to the Fall River Electric Board President.

APPROVED BY THE BOARD OF DIRECTORS



Doug Schmier, President

DATE APPROVED: January 18, 1988

DATE REVISED; November 28, 2011

DATE REVISED: June 27, 2013

DATE REVISED: April 28, 2014

DATE REVISED: March 19, 2018

