

Conflicts of Interest

Policy #: BP 2

Rappahannock Electric Cooperative

1. Purpose

To provide guidance to the Board of Directors, Officers, General Counsel and designated employees in the performance of their duties and responsibilities for the Cooperative in order to avoid conflicts of interest or the appearance of conflicts of interest and to assure the highest standards of integrity, impartiality, and conduct necessary for maintaining public confidence in the operations of the Cooperative.

2. Scope

This Policy applies to the Board of Directors, Officers, General Counsel and designated employees identified by the Policy and to all business transactions of the Cooperative.

3. Policy Statement and Implementation

3.1. In order to assure compliance with the Cooperative's Bylaws relating to a Board member's business and financial interests, Board members whose business(es) or affiliated organization(s) conducts transactions with the Cooperative exceeding \$2500 per year, shall disclose such transactions immediately to the full Board of Directors, prior to completion of such transactions.

3.2. The statements contained in the following paragraphs will serve as a guide to the members of the Board and to the President and CEO in the management of the affairs of the Cooperative.

3.2.1. **Use of Office:** All persons defined in the Scope of this policy shall refrain from any use of their respective offices which is motivated by, or gives the appearance of being motivated by, the desire for private gain or advantage for themselves or for other persons or organizations with which they are associated.

3.2.2. **Use of Information:** All persons defined in the Scope of this policy shall refrain from any use of inside information for private gain or advantage for themselves or for other persons or organizations with which they are associated.

3.2.3. **Gain from Beneficiary Organizations:** All persons defined in the Scope of this policy shall not receive or solicit from beneficiary organizations, related organizations, or other persons having business with the Cooperative anything of personal substantial value, outside the scope of representing REC in a business function, such as a gift, loan, favor, or gratuity for themselves or any other persons or organizations with which they are associated.

3.2.4. **Decisions That Pose a Conflict of Interest:** All persons defined in the Scope of this policy shall make full disclosure to the Board of any facts that may indicate a conflict of interest. They shall disqualify themselves from decisions that pose a conflict of interest or the appearance of a conflict of interest. They may request an opinion of the Cooperative's General Counsel before such action is taken.

3.2.5. **Certification of Compliance:**

3.2.5.1. *Board of Directors:* As a part of the annual audit, members of the Board of Directors shall file with the President and CEO or the Cooperative's General Counsel a certificate that they are in compliance with this Policy. The certificate shall be in a form prescribed by the Cooperative's Board. *(attached to this policy as Exhibit A)*

3.2.5.2. *Non-incumbent candidates for the Board of Directors* shall file with the President and CEO or the Cooperative's General Counsel a certificate in a form prescribed by the Cooperative's Board that they are in compliance

Conflicts of Interest Policy #: BP 2

Rappahannock Electric Cooperative

with this Policy. The certificate shall be filed with the nomination petition not less than 100 days prior to the next annual meeting in accordance with *Bylaws Article IV: Board of Directors, Section 4: Nominations*, or prior to Board appointments when a vacancy is to be filled.

3.2.5.3. *Officers*: As part of the annual audit incumbents shall file with the President and CEO or the Cooperative's General Counsel a certificate of compliance in a form prescribed by the Board. Prior to consideration of appointment applicants for the position of an Officer shall file a similar certificate in a form as prescribed by the Board.

3.2.5.4. *Designated employees*: Certain employees may be required to complete a certificate of compliance.

3.2.6. **Disclosure**: If at any time any person defined in the Scope of this policy has a conflict of interest, or potential conflict of interest, he/she shall notify the Cooperative's General Counsel and CEO and make full disclosure of the conflict or potential conflict. Such disclosure shall be in a form described by the Cooperative, and shall be kept confidential to the extent legally permissible unless the affected person consents otherwise.

4. Responsibilities

4.1. **Board**: It is the responsibility of the Board to review compliance with this Policy and to counsel with any Board member(s) or the President and CEO, as the situation may require. It is also the responsibility of the Board to 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 Board members, the President and CEO, Officers, designated employees, or the General Counsel.

4.2. **President and CEO**: It is the President and CEO's responsibility to provide assistance to the Board to assure compliance with this Policy and to develop and enforce appropriate policies relating to conflicts of interest of employees.

4.3. **Officers and designated employees**: It is the responsibility of the Officers (staff) and the designated employees to ensure that day-to-day operations of the Cooperative comply with this policy.

4.4. **General Counsel**: It is the responsibility of the General Counsel to counsel and/or advise the Board and/or individual Board members and Officers regarding compliance with this Policy.

5. Confidentiality

This Policy may be treated as Public and may be made available on REC's website or other communication channels.

6. Definitions

6.1. Board: The Board of Directors for Rappahannock Electric Cooperative

6.2. Cooperative: Rappahannock Electric Cooperative and its affiliates including CARE Charity, RE Communications Inc., and Extentia LLC.

6.3. Conflict of interest: A scenario in which a Board member or Officer or designated employee of the Cooperative has a personal interest in a matter of such nature and magnitude that an antagonism between such personal interest and that of the Cooperative exists, to the extent that he/she may not be able to exercise independent and objective judgment on the matter in the best interests of the Cooperative opposed to

Conflicts of Interest Policy #: BP 2

Rappahannock Electric Cooperative

his/her own interests. Such personal interests may not involve him/her but might involve some of his/her relatives, business associates, or other persons or organizations with which he/she is closely associated.

- 6.4. Designated employee: Senior vice presidents and vice presidents who are not officers of the Cooperative, managers, directors (staff), and employees in roles responsible for purchasing decisions and/or purchase orders
- 6.5. General Counsel: A lawyer who counsels the Board and executive leadership in a legal capacity
- 6.6. Officer: An individual appointed by the Board, or by another Officer authorized by the Board or by the Cooperative's Articles of Incorporation or Bylaws, and serving as a chief executive, operating, financial, legal, or accounting officer.

References and Related Documents:

Bylaws Article IV: Board of Directors, Section 4: Nominations

Policy Title:	Conflicts of Interest
Policy Number:	BP 2
Review Frequency:	Triennial
Last Reviewed:	August 22, 2019
Date Adopted:	May 16, 2001
Effective Date:	Ratified by the board effective August 22, 2019
Amendment Dates:	October 16, 2003; August 22, 2019
Approver:	Board of Directors
Applies to:	Board of Directors, Officers, General Counsel and designated employees
Superseding Effect	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy. If any portion of this Policy conflicts with the Bylaws of Rappahannock Electric Cooperative, the Bylaws control.