



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

BOARD POLICY NO. 108

CODE OF ETHICS & CONFLICT OF INTEREST

PURPOSE OF POLICY:

This policy is intended to provide guidance to the employees and directors of Valley Electric so that they may perform their duties in a manner which engenders the confidence and respect of members and the greater community in which the cooperative operates. It is not intended to be all-inclusive because there will always be situations where individuals must use their own reasonable judgment and rely upon their own sense of what is right and prudent.

POLICY CONTENT:

Introduction

Valley Electric will foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the cooperative's business activities including, but not limited to, relationships with members, employees, suppliers, competitors, the government and the public. All of our employees and directors must conduct themselves according to the language and spirit of this code and seek to avoid even the appearance of improper behavior. We are committed to integrity, professionalism and fairness in all we do.

Conflicts of Interest

A conflict of interest occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the cooperative. The employees and directors of the cooperative must conduct themselves so as to avoid conflicts of interest, or any appearance of conflicts of interest, in their relations with the cooperative. Such relations include not only dealings between employees and directors and their relationship with the cooperative, but also dealings between related parties (as later defined) and the cooperative.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations that constitute a conflict of interest for employees and directors. These examples extend to related parties as well.

- Having a financial interest in a business transaction to which the cooperative is a party, or in a competing enterprise.
- Working, in any capacity, for a competitor, supplier, or other person/organization that could compromise an individual's loyalty to the cooperative; or, in the case of employees, negatively impact productivity or interfere with work schedules.
- Accepting gifts, entertainment or meals of more than nominal value (\$50) or receiving personal discounts or other benefits as a result of an employee, manager, CEO or director position in the cooperative from an actual or potential competitor, member or supplier. This does not include gifts, entertainment or meals provided incident to a meeting, the attendance



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

at which was authorized by the board of directors (in the case of a director or the CEO) or the CEO (in the case of an employee other than the CEO), provided that such gift, entertainment or meal is disclosed to the board of directors by the director or CEO or to the CEO by such employee.

- Competing with the cooperative for the purchase or sale of property, services or other interests.
- Receiving a loan or guarantee of an obligation as a result of an employee, manager, CEO or director's position with the cooperative. This does not include a loan or guarantee made under standard loan programs authorized by the cooperative or loans granted by other parties or financial institutions requiring routine employment verifications.
- Directing business to a supplier owned or managed by, or which employs, a related party or friend.
- Additionally, directors should comply with the bylaw prohibitions regarding conflicts of interest.

Reporting Conflicts of Interest

Employees and directors must disclose to their supervisors any situation or transaction which violates, may violate, or could appear to violate the intent of this policy. The supervisor, in coordination with management, will, after due consideration of all the facts and circumstances, determine what action should be taken and will advise the affected employee as soon as practical.

Directors should disclose to the board any conflict or transaction which violates, may violate, or could appear to violate the intent of this policy. If the board decides that there is neither a conflict, nor the potential for the perception of conflict, no action will be taken. If the board, acting by a majority of the members of the board other than the member in question, decides that a minor conflict exists, or that there is some potential for the perception of conflict on limited issues, the director with the conflict will be excluded from all discussions and voting on those issues where the conflict or potential for a perception of conflict exists, and will be directed by the board to excuse himself or herself from the boardroom during the discussion of such decision. If the board decides that there is a major conflict, that director will be asked to eliminate the conflict within a reasonable period of time or resign from the board. If the director fails to or refuses to eliminate the conflict or resign, a vote will be held at either the annual meeting of the membership or a special meeting of the membership to consider the removal of the director as provided for in the bylaws.

Additionally, all employees and directors will be required to annually complete and sign a copy of the form attached to this policy on which he/she will disclose any actual or potential conflict of interest.

Compliance with Laws, Rules and Regulations

The cooperative will comply with the letter and the spirit of all applicable federal, state and local laws, rules and regulations. If employees or directors are unclear as to whether they are complying with applicable laws, rules or regulations in the course of performing their duties, they should seek additional advice to ensure compliance. Where laws, rules or regulations are ambiguous, management will seek a legal, regulatory or other appropriate interpretation to ensure proper compliance.



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

Public Disclosures and Communications

The cooperative has a responsibility to communicate effectively with members, regulatory agencies, and lenders, so that they are provided with full and accurate information, in all material respects, about the cooperative's financial condition and results of operations. Such reports and documents will include full, fair, accurate, timely and understandable disclosure. Additionally, all cooperative press releases and other public communications will comply with the same standards.

Employees and directors should always be conscious that what they communicate to the public is a direct reflection on the cooperative and may have a significant impact on the cooperative's reputation. Accordingly, except for communications to the public made by employees and directors in the ordinary course of performing their obligations and responsibilities to the utility, all verbal and written communications to the public concerning the cooperative, or that may be construed as statements made on behalf of the cooperative, should be reviewed and approved by the CEO or the board prior to dissemination. The CEO, board of directors and corporate counsel have the absolute discretion to edit and control all such communications. This includes, but is not limited to, speeches, articles, position papers, press conferences, press releases and all other cooperative communications. Employees and directors are encouraged to seek the advice of the CEO or board if there is any question as to whether any verbal or written communication to the public is appropriate.

Confidential Information

All information relating to members or potential members of the cooperative that employees and directors receive in the ordinary course of performing their duties should be treated as private and held in the strictest of confidence. Member information should be used solely for cooperative purposes, and not for the purposes of personal gain. Within the cooperative, information concerning members should be communicated only to those individuals who need the information to discharge their duties.

All information relating to employment matters should be treated as private and held in the strictest of confidence. Information concerning employment matters should be communicated only to those individuals who need the information to discharge their duties.

Protection and Use of Cooperative Property

Protecting cooperative assets against loss, theft, damage, vandalism or misuse is the responsibility of all employees and directors. Cooperative property and equipment are not to be sold, used, loaned, given away or otherwise disposed of, regardless of condition or value, except with proper authorization.

Tools, supplies, vehicles and all other equipment are for cooperative use only. From time to time, cooperative vehicles may be used for de minimis use. Examples include: 1) an occasional errand before or after work such as stopping at the grocery store or dropping/picking up a child from school; 2) using the vehicle to go places while on company business out of town. Employees must use sound judgment in determining appropriate use of cooperative vehicles. Cooperative staff and equipment are not to be



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

used for personal benefit. Limited use of cooperative assets for community or civic activities is allowed if approved by the CEO or board of directors.

Enforcement and Accountability

Individuals who reasonably believe that they have information regarding a violation of this ethics policy should bring their concerns to the attention of the person in charge of their operational unit, manager of human resources, CEO or cooperative attorney.

Any report of a violation of this ethics policy delivered in good faith will be investigated promptly and, if required, appropriate action for infractions will be taken by management or the board after due consideration of all of the facts and circumstances. In the event the alleged violation relates to the CEO or a member of the board of directors, such violation shall be promptly reported to the executive committee of the board of directors which will take appropriate action after due consideration of all of the facts and circumstances. Should the alleged violation relate to a member of the executive committee, such committee member will be excluded from this process.

Confidentiality will be maintained throughout the investigatory process to the extent consistent with adequate investigation and applicable law.

The cooperative will not permit retaliation of any kind against individuals for good faith reports of violations of this ethics policy.

Application of this Policy

The good judgment and continuing concern of employees and directors for their own integrity and the trust and confidence of the community in the cooperative will always be the most important guideline when dealing with questions of ethics and appropriate conduct.

Protected Speech

This policy is not intended to and shall not prohibit that which is characterized by applicable law as “protected speech.”

RESPONSIBILITY FOR IMPLEMENTATION:

Each employee/director is responsible for ensuring that his/her actions and behaviors are in accordance with this policy and for disclosing any possible conflict of interest. Any willful violation will result in disciplinary action up to and including termination of employment and the reimbursement to the cooperative of any loss attributable to such action.

The CEO is responsible for making every effort to see that this policy is understood and followed by all employees and managers. Meetings with employees and managers to review this policy should be conducted annually.



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

The board of directors will be responsible for the periodic review of, and compliance with, this policy and related bylaw provisions by the directors.

Definitions:

Related party means:

1. Any cooperative, corporation, partnership, limited liability company or other organization, other than the cooperative, of which a cooperative employee, manager, CEO or director is an officer, director or employee;
2. Any cooperative, corporation, partnership, limited liability company or other organization which is controlled by a cooperative employee, manager, CEO or director;
3. Any trust or estate in which a cooperative employee, manager, CEO or director has a substantial beneficial interest, or for which a cooperative employee, manager, CEO or director serves in a fiduciary capacity; and
4. Any close relative of a cooperative employee, manager, CEO or director.

Control means:

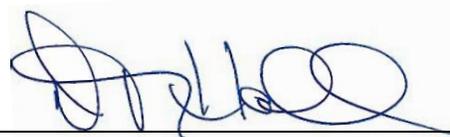
1. Control of the election of a majority of the directors of the organization;
2. Having the power to exercise a controlling influence over the management or policies of the organization; or
3. Having the power to vote 10% of the shares or the other ownership interests of the organization.

Close relative means:

1. An individual who is, either by blood, law, or marriage, including step, half, foster and adoptive relations, a spouse, child, grandchild, parent, grandparent, aunt, uncle, niece, nephew or sibling, or principally resides at the same residence.

POLICY APPROVAL DATE 8/22/2019

POLICY EFFECTIVE DATE 8/22/2019



Dave Hall, President
Board of Directors



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

CONFLICT OF INTEREST STATEMENT

I have read the attached Valley Electric Association, Inc. code of ethics policy and I declare that to my knowledge: (PLEASE MARK ONE)



No situation in which I am involved places me in a position of having an actual or potential conflict of interest with the cooperative; **OR**



The situation(s) listed below may possibly place me in a position of having an actual or potential conflict of interest with the cooperative:

Directors: Please report promptly any future situation that may arise concerning a possible conflict of interest to the president of the board of directors or the cooperative attorney.

Employees: Please report promptly any future situation that may arise concerning a possible conflict of interest to the human resources manager or CEO.

Signature

Date

Print or type name

Reviewed by _____

Date _____