



## Director Policy No. 203

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I. **SUBJECT:** Director Expectations

II. **PURPOSE:**

The purpose of this policy is to describe the expectations of the Jump River Electric Cooperative, Inc. (the “Cooperative”) Board of Directors (the “Board”) in exercising its authority and discretion.

III. **POLICY:**

The Board possesses significant authority and discretion to exercise all powers of the Cooperative and to oversee the business and affairs of the Cooperative, unless limited otherwise by the Cooperative’s Articles of Incorporation or Bylaws, Director policy, or specific resolution of the Board. To ensure that all actions and decisions performed by the Board on behalf of the Cooperative are performed in the best interests of the Cooperative and its members, each Director is required to comply with the expectations set forth in this policy.

Failure to adhere to the expectations set forth in this policy can cause loss to the Cooperative, disruption of its operations, and/or harm to its reputation. Therefore, if a Director violates any provision of this policy, the Director may be asked to resign and/or may be subject to disciplinary action.

A. **DIRECTOR ETHICS:**

1. Each Director is expected to and shall conduct themselves and all of his or her actions and decisions in a lawful manner consistent with the highest standards of personal and professional honesty, integrity, and ethics at all times while Director.
2. Each Director shall treat each other Director and each employee and member with courtesy and respect.
3. Each Director is expected to and shall, through his or her actions and decisions, promote the best interest of the Cooperative and its members.

4. Each Director is expected to avoid engaging in the following misconduct:
  - i. Dishonesty of any type. This includes but is not limited to theft or other misappropriation of assets, whether of the Cooperative, its members, or its other customers, suppliers, or any other person;
  - ii. Fraud;
  - iii. Misstatements or other irregularities in company records, including but not limited to the intentional misstatement of the results of operations;
  - iv. Forgery or other alteration of documents; and
  - v. Other similar wrongful acts.

**A. DIRECTOR FIDUCIARY DUTIES:**

1. Fiduciary Duty of Care:

Each Director is expected to and shall adhere to the fiduciary duty of care by devoting the necessary time and attention to Director expectations and responsibilities and by making all decisions on an informed basis.

2. Fiduciary Duty of Loyalty:

Each Director is expected to and shall adhere to the fiduciary duty of loyalty by acting only in good faith and in the best interest of the Cooperative and its members.

3. Fiduciary Duty of Compliance.

Each Director is expected to and shall adhere to the fiduciary duty of compliance by ensuring actions of the Board and Cooperative comply with all applicable legal requirements as set forth in federal, state, and local statutes and with the Articles of Incorporation, the Bylaws, and any other contracts, written policies, rules, and/or regulations of the Cooperative.

**B. DIRECTOR CONFIDENTIALITY:**

Each Director is expected to and shall treat Cooperative information not generally available to the public and/or not normally divulged to the public in the normal course of business as confidential. Such confidential information includes but is not limited to employee records, salaries, disciplinary action, computer programs, pricing information on equipment purchases, marketing data and plans, locations of vital equipment, and engineering design information.

**C. DIRECTOR CONFLICT OF INTEREST:**

1. Each Director is expected to and shall avoid activities that create a conflict of interest or the appearance of a conflict of interest. Conflicts of interest involving the personal interests of a Director are most likely to occur when the Director or members of his or her family are in a position to obtain some personal benefit at the expense of the Cooperative's best interests. Conflicts of interest involving the outside activities of a Director are most likely to occur when the Director's outside activity, such as participation in a government or charitable organization, may have a potential effect on the Cooperative's interests. If a conflict of interest arises, the Director is expected to and shall advise the Board Governance Committee.
2. Directors shall complete the Cooperative's conflict of interest disclosure form at least annually and update the disclosure when circumstances change.

The following are examples of conflicts of interest but are not an exhaustive list:

1. A Director or member of his or her family shall not have a significant financial interest, either directly or indirectly, in any supplier of the Cooperative or in any business transaction involving the Cooperative.
2. A Director or a member of his or her family shall not accept, either directly or indirectly, any money, gifts of other than token value, unusual hospitality, lavish entertainment, loans, or other preferential treatment or substantial favors from any party with which the Cooperative does business. In the event a Director receives such gift, the Director shall notify the Board Governance Committee in writing.
3. If a Director or a member of his or her family receives a gift or award of one hundred dollars (\$100) or more from the Cooperative or from any other person or firm, regardless of whether such party does business with the Cooperative but due to the Director's position with the Cooperative, the Director shall notify the Board Governance Committee in writing.
4. Directors are not discouraged from serving on public bodies or charitable organizations, such as school boards, town boards, hospital boards, state government-related organizations, and the like. However, Directors shall be sensitive that such outside organizations may have potential business relations with the Cooperative or may have direct or indirect regulatory effects on the Cooperative. The presence of a Cooperative Director on the board of a public body or within a municipal government organization may create the appearance of or actual conflict of interest if that organization considers or engages in a business transaction with the Cooperative. If such appearance of or actual conflict of interest should

arise, the Director shall refrain from acting in any situation in which his or her actions or possession of knowledge could be or could appear to be of either benefit or detriment to the Cooperative's interests. A Director serving on a governmental body or on the board of a public organization shall disclose such outside position or activity in such form and at such time as the Board Governance Committee may request.

5. A Director entrusted with or knowledgeable of Cooperative information that is confidential or proprietary in nature or potentially useful to the Cooperative's competitor(s) or parties with the Cooperative does business shall not disclose such information outside of the Cooperative, whether during or after completion of his or her service with the Cooperative. Information obtained by a Director during his or her service may not be used for personal profit or as the basis for influencing others, unless such information has been made generally available to the public by the Cooperative.

#### **IV. RESPONSIBILITY:**

The Board is responsible for adherence to and implementation of this Policy.

Date Adopted:           October 30, 2018

PREVIOUSLY BOARD POLICY NO. 3