

NORTH CENTRAL ELECTRIC COOPERATIVE, INC.

ETHICAL STANDARDS and BUSINESS PRACTICES

OBJECTIVES

- A. To establish the policy governing the ethical standards and business practices to be demonstrated by the Trustees, Management, and Employees of the Cooperative in their dealings with each other, the members, suppliers, government bodies, and the general public.
- B. To foster an awareness that the Trustees, Management, and Employees are representatives of the Cooperative and that they should conduct themselves with integrity and in a professional manner which fosters confidence and reflects positively on the Cooperative, its Members, Board of Trustees, Management, and Employees.

POLICY

The Board of Trustees recognizes, establishes, and maintains the following guidelines pertaining to the Ethical Standards and Business Practices of the Cooperative, its Trustees, Management, and Employees:

- A. One of the Cooperative's most valuable assets is its reputation for integrity. We intend to hold to a single high standard of integrity everywhere.
- B. Our commitment to integrity means that we will well exceed the minimum requirements of the law and industry standards.
- C. The ethical performance of the Cooperative is the sum total of the ethical performance of our individual trustees and employees.
- D. We will avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
- E. We will avoid actions and circumstances that may appear to compromise good business judgment or create a conflict between personal and company interests, or job related responsibilities.
- F. We will keep our word. We won't promise more than we can reasonably expect to deliver; nor will we make commitments we don't intend to keep.
- G. In our advertising and other public communications, we will avoid not only untruths, but also exaggeration and overstatement.
- H. We respect the rights of members. The only competitive advantages we seek are those gained through superior research, engineering, marketing, and meeting the needs of our members. We do not engage in unfair or illegal trade practices.

- I. The Cooperative is confident that its suppliers desire to operate in an environment that is free from influence due to unethical business practices. Therefore, the Cooperative's suppliers are requested to conduct business in a manner that would not, in any way, compromise the ethical principals of the Cooperative's procurement and materials personnel.
- J. We will refrain from accepting money, gifts of other than nominal value (nominal value to be any amount up to \$200.00 per year), excessive hospitality, loans, or other special treatment from present or potential suppliers that might influence, or appear to influence purchasing decisions.
- K. We will not pay to or receive from any suppliers, members, or others any bribes, kickbacks, or other similar payoffs.
- L. The Cooperative will keep books and accounting records that accurately reflect all of its transactions, the dispositions of its assets, and the recognition of its obligations.
- M. The Cooperative will maintain a system of internal accounting controls that will ensure the reliability and adequacy of its books and records.
- N. No confidential or proprietary information about the Cooperative or its members will be disclosed to others without proper authorization, nor should any one employee disclose such information to others except on a need to know basis.
- O. The following is an excellent basic guiding statement when deciding whether an action is an ethical business practice:

IF

- You are uncomfortable with a particular action, OR
- You would be unwilling to tell persons you love and respect about having done the action, OR
- You would not want to see it reported on the front page of your local newspaper, THEN
- DON'T DO IT! GET ADVICE!

- P. In accordance with Ohio Revised Code Section 4113.52 (A)(1)(a), if a trustee or an employee in the course of the employee's employment becomes aware of a violation of any state or federal statute or any ordinance or regulation of a political subdivision that the Cooperative has authority to correct, and the trustee or employee reasonably believes that the violation either is a criminal offense that is likely to cause an imminent risk of physical harm to persons or a hazard to public health or safety or is a felony, the trustee shall orally notify the General Manager and the employee shall orally notify the employee's supervisor or other responsible officer of the Cooperative of the violation and subsequently both shall file with that General Manager,

supervisor or officer a written report that provides sufficient detail to identify and describe the violation.

If the Cooperative does not correct the violation within twenty-four hours of being notified then the employee or trustee shall contact the Cooperative's General Manager, it's Attorney or its Auditor for further action. A list of these individuals' names, addresses and telephone numbers is attached as Exhibit A to this policy.

The Cooperative, under this Section of the Ohio Revised Code, shall not take any disciplinary or retaliatory action against an employee or trustee making any report authorized above if the employee made a reasonable and good faith effort to determine the accuracy of any information so reported.

- Q. Any possible conflict of interest shall be disclosed to the Board of Trustees by the person concerned. When any conflict of interest relates to a matter requiring action by the Board of Trustees, the interested party shall call it to the attention of the Board of Trustees and such person shall not vote on the matter; however, any Trustee disclosing such matter shall be counted in determining the presence of a quorum at a meeting of the Board of Trustees thereon.

The person having the conflict shall leave the room in which the Board of Trustees is meeting and shall not participate in the consideration or deliberations regarding the matter.

The minutes of Board of Trustees' meeting related to the conflict of interest shall disclose the nature of the conflict; the identity of the person(s) with the conflict; that the interested person was not present during deliberations and voting regarding the matter, and did not vote.

RESPONSIBILITY

- A. The Board of Trustees is responsible for the approval and periodic review of this policy.
- B. The FESCO President and General Manager is responsible for the administration of this policy and for recommending to the Board of Trustees any changes or additions to this policy.
- C. The Cooperative's Board of Trustees, Management, and Employees have the responsibility to carry out the letter and spirit of this policy.
- D. The FESCO President and General Manager, Attorney, and Auditor are responsible to thoroughly and confidentially investigate any concerns reported to them under this policy and to take appropriate action as necessary.

Effective: 03/02/2002
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