

Cooperative Light & Power
Board Policy III - 8

SUBJECT: Director-Duties and Standards of Conduct

ADOPTED: 9/22/05

REVISED: 9/27/23

REVIEWED: 8/19/10, 9/27/23

OBJECTIVE: To describe the duties and standards of conduct that Cooperative directors must fulfill in the best interests of the Cooperative and its members.

POLICY CONTENT:

Director Duties

The Board of Directors acts as a trustee for the Cooperative and all of its members. The Cooperative's directors are fiduciaries who shall comply with the following duties:

1. Duty of Care. Directors shall devote sufficient time and attention to their duties and make decisions on an informed basis. This requires attending Board meetings, studying Board materials, and inquiring of the Cooperative's management and consultants into potential risks or issues requiring Board oversight.
2. Duty of Loyalty. Directors shall act in good faith in the best interests of the Cooperative and its membership as a whole and protect the confidentiality of the Cooperative's non-public information.
3. Duty of Compliance. Directors shall ensure that the actions of the Board and the Cooperative comply with applicable laws, contractual obligations, and the Cooperative's Articles of Incorporation, Bylaws, and other policies, rules, and procedures.

A. Director's Code of Conduct: All Cooperative directors are expected to:

1. Recognize that a director is a position of trust and honor and should be relinquished if any circumstances interfere with the obligations of the position;
2. Make every reasonable effort to attend and participate in Board meetings;
3. Develop a strategic understanding of the Cooperative's business model, finances, goals, and risks, and seek appropriate training and education to enhance this understanding;
4. Act with integrity and high standards of personal conduct and demonstrate respect for others;

5. Exercise sound business principles in conducting all Cooperative business;
 6. Inform themselves as fully as possible about the Cooperative's business and affairs;
 7. Maintain the confidentiality of all non-public Cooperative information;
 8. Actively support the Cooperative's objectives and programs;
 9. Ensure that the Cooperative, its directors, officers, and employees comply with all applicable laws and exercise ethical conduct;
 10. Serve all members of the Cooperative without giving special consideration to any individual or group;
 11. Accept and support decisions of the Board except in extraordinary circumstances where the director can demonstrate that a decision and/or action will bring harm to the Cooperative;
 12. Refrain from discussing with persons other than directors, the CEO, or the Cooperative's legal counsel the differences of positions among Directors;
 13. Act professionally, abide by all rules of procedure, and recognize the authority of the Board President to preside over meetings of directors;
 14. Deal in good faith with all Directors, employees, members, and others who interact with the Cooperative;
 15. Avoid individually directing Cooperative personnel and direct only the CEO through appropriate Board action;
 16. Abide by and support decisions and policies made by the majority of the board;
 17. Issue no false or misleading statements to members or the public;
 18. Not exploit or permit any exploitation of the position of director;
 19. Accept my responsibility for cooperating in every reasonable and proper way with other board members.
- B. **Censure of a Director.** When, in opinion of any Director, another Director has, by his or her actions, statements or other conduct, violated his or her obligations or responsibilities under statute, regulation, board policy, protocol, governance standards, or specific board direction, the Director so concluding shall have the right to place on the board's agenda a motion to censure the supposedly offending Director if other means of curtailing or eliminating the behavior have failed.

If the supposedly offending Director is the Board President, the Vice-President shall be the board representative to consider the placement of the item on the agenda.

1. Any such motion, when made, shall be in writing and shall include:
 - a. A specific description of the statute, regulation, board policy or board direction that is claimed to have been violated;
 - b. A specific factual description of the alleged action, statement, or other conduct of the board member at issue and description of how that action statement or other conduct constitutes a violation;
 - c. The specific language for the proposed censure by the board of the Director for the alleged violation.

- 2. Any motion to censure will be effective upon the majority vote of the board. The Director who is the subject of the censure motion shall not be permitted to vote on the motion, and his/her vote shall not be counted in calculating the simple majority.
- 3. Upon the introduction of any motion to censure, and prior to any vote thereon, and in an effort to avoid an official board censure, the Director who is the subject of said censure motion shall be provided the opportunity to explain his/her action, statement, or other conduct, to apologize therefore, and to agree to future compliance with all relevant and applicable statutes, regulations, laws, and board policies. The foregoing shall not, however, prevent the board from voting upon the motion to censure.
- 4. The board shall agree on appropriate consequences on this policy as allowed by law.

C. Director Access to Information and Records. Unless the Board for good cause determines otherwise, each Director has the right to access appropriate data or information of the Cooperative, including but not limited to corporate books and records, at reasonable times during business hours and for a proper purpose that is suitable to his or her position as a Director. This principle is subject to the following:

- 1. Except as set forth in this policy, all requests for information or records shall be directed to the CEO, who shall consult with the Board President, and the board shall approve such request. If a request pertains to the performance of the CEO, the Director should first consult with the Board President and the Cooperative’s legal counsel.
- 2. Directors shall not seek information or records from or about Cooperative employees, unless advised to do so by the CEO or the Cooperative’s legal counsel.

D. Removal of Director. At a members’ meeting, a Director may be removed by the members of the Cooperative for cause related to the duties of the position of director.

E. Removal of Officer Position. Any Director appointed to an officer position by the Board may be removed by an affirmative vote of all remaining Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

This policy requires an annual signature by each director and will be submitted to the CEO at the first regular board meeting following the annual meeting, or after a director is appointed to the Board, and will be filed by the HR Manager.

RESPONSIBILITY

The Board of Directors with the assistance of the CLP’s attorney and CEO will be responsible for the administration of this policy.

SIGNED: _____ Date _____

Director, Cooperative Light & Power