

Eastern Iowa Light & Power Cooperative

BOARD POLICY

SUBJECT: Conflict of Interest

OBJECTIVE: Describes situations and conditions that can create a conflict of interest so directors can recognize potential conflicts of interest, seek to avoid them, and, when unavoidable, understand their obligation to and the procedure for disclosing the potential conflict.

POLICY:

The Board of Directors of Eastern Iowa Light and Power Cooperative (“Directors”) are expected to uphold the highest ethical standards in performing their duties to the cooperative. When a director has a private interest– a financial or other personal interest – that may be at odds with the best interests of the cooperative, this is a conflict of interest. Such a conflict may also be expressed as a division of loyalties, which makes it difficult for the director to be completely objective about a decision. Directors should avoid any private interest that influences their ability to act in the best interests of the cooperative or creates the appearance of conflict of interest.

EXPECTATIONS:

A. Service on Other Boards

1. Directors may from time to time serve on a Board of Directors or committee of a generation and transmission cooperative, a statewide electric cooperative organization, or a national organization as a representative of Eastern Iowa Light and Power Cooperative (“EILP”). Further, directors may also be sought after to serve on other boards, including, without limitation, other corporations, local civic organizations, hospitals, charities, and business leagues. Each director must be aware of the potential for a conflict of interest arising when simultaneously serving on the boards of two or more organizations. When a specific business issue arises between the two entities, including disputes, such as rates, contract, money owed, or other items, the EILP director must abstain from discussion, or voting and in the event necessary, dismissal from the board room to separate themselves from the inherent conflict in the EILP consideration of the matter.
2. In the case of service on a G&T, (it is understood the nature of our federated system of cooperatives creates a situation where the distribution cooperative will be conducting business with the G&T). This business relationship creates an inherent conflict of interest that is unavoidable. However, it is the responsibility of the director to fulfill a fiduciary duty to the entity presently served. Stated simply, when a director of EILP is sitting in the boardroom for the G&T, the director’s fiduciary duty is to act in the best interests of the G&T, even if such interests are at odds with the best interests of EILP, and vice versa. When a specific business issue arises between the G&T and EILP, including items, such as rates, contract, money owed, or other items, the EILP director must abstain from discussion or voting. Dismissal from the board room will be necessary when sensitive or confidential information is being discussed concerning such issues to separate themselves from the inherent conflict in the EILP consideration of the matter.
3. In the case of service on a board other than a statewide, G&T, or national cooperative organization, the directors of EILP must consider whether they have sufficient time and energy necessary to fulfill their duties and responsibilities to multiple organizations. If directors believe they can fulfill multiple roles and no inherent conflict exists in terms of such other entity doing business or competing with EILP, then the director shall disclose to the board the intentions to serve the other

entity prior to election or appointment to the other board. If a director can't fully serve EILP and fulfill the duties to the other organization, then the director should decline to serve the other entity.

B. Confidentiality of Cooperative Information

The complete confidentiality of business information must be respected at all times. Directors are prohibited from knowingly disclosing such information to those who do not have the need to know, or whose interest may be adverse to EILP both inside or outside of the organization; or in any way using such information for personal gain or advancement; or to the detriment of EILP; or to individually conduct negotiations or make contacts or inquiries on behalf of EILP, unless officially designated to do so.

C. Avoid Conflicts of Interest

Directors are expected to avoid situations which might be construed as conflicts of interest, since it is not feasible in a policy statement such as this to describe all of the circumstances and conditions that might be or have the potential of being considered conflicts of interest.

D. Disclosure of a Conflict or Potential Conflict

Directors are expected to disclose any situation which, in the director's opinion, violates, may violate, or could appear to violate the intent of this policy as soon as applicable.

E. Adherence to the Cooperative's Code of Ethics

In order to maintain the highest ethical standards in the conduct of cooperative affairs and in its relationships with member-consumers, suppliers, employees, advisors, and the communities in which we serve, directors shall as a body and as individuals adhere to the corporate Code of Ethics.

LIMITATIONS:

A. Gifts and Other Payments or Offers

Directors are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors, consultants, or financial houses, which obligate or induce them to compromise their responsibilities to negotiate, obligate, inspect or audit, or award contracts, solely in the best interests of the cooperative. This does not prohibit receiving gifts or favors of nominal value defined as nonrecurring or occasional gifts or favors or casual entertainment that meet all standards of ethical business conduct and involve no element of concealment.

B. Investment or Participation in other Cooperatives or Corporations

Directors are prohibited from acquiring or having a financial interest in any property. In which the cooperative acquires or a direct or indirect financial interest in a supplier, contractor, consultant, or other entity with which the cooperative is doing business except in a nonmaterial amount on a nonrecurring basis. This does not prohibit the ownership of securities in a publicly owned company, except in a substantial amount by those in a position to materially influence or affect the business relationship between EILP and such a publicly owned company. Any other interest in or relationship with an outside organization or individual having business dealings with the cooperative is prohibited if this interest or relationship might tend to impair the ability of the directors to serve the best interests of EILP.

C. Relationship to Staff & Others (Nepotism)

1. If members of the immediate family of a director have a financial interest as specified above, such interest shall be fully disclosed to the Board of Directors, which shall decide if such interest should prevent the cooperative from entering into a particular transaction, purchase, or employment of services. The term “immediate family” means children or their spouses, husband, wife, sister, brother, parents, foster or stepparents, grandparents, aunts, uncles, mother or father-in-law, sister or brother-in-law, or any relative residing in the directors’ households.
2. Recognizing the potential problems inherent in employing people who are related to directors, the board resolves its policy governing nepotism to be: No person will be considered for full-time permanent employment who is of close relationship to a currently active serving member of the Board of Directors.

RESPONSIBILITY:

- A. The Board President shall ensure the enforcement of this policy.
- B. Each director shall sign the certification and disclosure form appended to this policy on an annual basis, stating it has been read, understood, and affirms no undisclosed conflicts of interest exist.
- C. Board actions considered inconsistent with these policies are to be reported to the entire board. Any such report shall be discussed at the next scheduled board meeting, where all sides of the issue will be heard. If a question remains, the cooperative attorney shall investigate the matter and report back to the Board of Directors.

ADOPTED BY THE BOARD OF DIRECTORS ON APRIL 24, 2022.

REVIEWED BY THE BOARD OF DIRECTORS ON JULY 1, 2022.