

TRUSTEE POLICY NO. 209

1. SUBJECT: CODE OF ETHICS AND CONFLICT OF INTEREST

2. OBJECTIVE:

- 2.1. Integrity and accountability: Beartooth Electric Cooperative, Inc. (BEC) strives to be open and transparent in all of its actions and communications. The Board will make all its decisions and undertake activities with honesty and integrity and will be held accountable for its actions.
- 2.2. Safety: Public and employee safety are paramount.
- 2.3. Member focus and customer service: BEC recognizes that member trust is essential and must be earned every day. Members will be treated respectfully and fairly at all times.

3. INTRODUCTION:

- 3.1. This Code of Ethics is intended to be a statement of how the Board will conduct itself on a daily basis. It identifies the Board's values and the procedures that will be followed to ensure that these values are upheld. Trustees are expected to know and understand the standards and expectations that are contained herein. The Code of Ethics provides guidance to Trustees in how they are expected to carry out their duties. Because the Code cannot address every possible situation, Trustees are expected to use good judgment and to raise questions when in doubt. Trustees are expected to consult with the Board president if in doubt about the standards that apply in any situation.
- 3.2. The BEC Board believes that ethical standards are achieved not just through the publication and dissemination of this document, but through open, objective and on-going discussion about ethical issues related to the business and activities of BEC.

4. STANDARDS OF CONDUCT:

- 4.1. Trustees are expected to uphold the values of BEC and are required to report any situation where the individual reasonably suspects any activity that may be in violation of the law, Board policies, BEC Bylaws or this Code of Ethics.
- 4.2. Trustees are expected to deal fairly and honestly with the BEC membership.
- 4.3. Trustees are prohibited from accepting or receiving bribes, gifts, kickbacks or payment which is improper if such payment is from a third party and is related or linked, either directly or indirectly, to a trustee's duties or responsibilities as a member of the Board of BEC.

4.4. Trustees are expected to limit their reimbursable expenses to those that are prudent and business-related.

4.5. Trustees are prohibited from taking unfair advantage of members, suppliers or other third parties through manipulation, concealment, and abuse of privileged or confidential information or any other unfair-dealing practice.

## 5. CONFLICTS OF INTEREST:

5.1. A conflict of interest exists when any trustee is called upon to make or is involved in any decision where the trustee (or friend, relative of the trustee, or business entity in which the trustee participates as an owner) has any interest that would be affected by that decision. Under such circumstances a trustee may not be present to discuss or vote at any portion of a Board meeting at which discussion, decision or action will be taken which involves the interest which created the conflict.

5.2. Trustees must not seek any personal benefit through any arrangement with vendors, suppliers or other parties that have a business relationship with BEC.

5.3. In any situation where it may reasonably be perceived that there is a conflict of interest, the trustee and key management shall report that potential conflict of interest to the Board president or BEC counsel.

5.4. Trustees may not have a financial or ownership interest in any entity with which BEC does business that might create or give the appearance of a conflict of interest unless such financial interest has been in existence prior to the trustee's election to the Board and the conflict is disclosed.

## 6. CONFIDENTIALITY OF INFORMATION:

6.1. Trustees are frequently entrusted with confidential information. This may include technical or financial information about current or future projects, business plans, personnel information, member lists, and other information that, if disclosed, might be of use to competitors or potentially harmful to suppliers, members or employees. This information is the property of BEC and will be marked confidential.

6.2. Trustees shall:

6.2.1. Not discuss confidential information with, or in the presence of, unauthorized persons, including family members and friends.

6.2.2. Use confidential information only for the BEC's legitimate business purposes and not for personal gain.

6.2.3. Not disclose confidential information to third parties unless such disclosure is necessary for business purposes or authorized by the Board.

6.2.4. Not use company information or other property or resources for any personal gain or for the gain of anyone else.

## 7. MEMBER COMMUNICATIONS:

7.1. In communicating with members, BEC shall:

7.1.1. Provide all information that is not deemed legally confidential.

7.1.2. Provide information that is accurate and understandable.

7.1.3. Not knowingly make false or misleading statements.

## 8. FINANCIAL REPORTING AND RECORDKEEPING:

8.1. BEC shall:

8.1.1. Follow Federal Energy Regulatory Commission (FERC) accounting principles as defined by Rural Utility Services (RUS).

8.1.2. Maintain a system of internal accounting controls that will provide reasonable assurances that all transactions are properly recorded and that material information is available to management when required.

8.1.3. Maintain books and records that accurately and fairly reflect BEC's financial health.

8.1.4. Maintain a system that ensures BEC's records and documents are properly retained and secured. (Policy AP629)

8.1.5. Conduct an annual financial audit in accordance with BEC's Bylaws to provide an independent, objective review of financial reports and to identify any risks associated with the system of internal controls and make available to BEC members.

## 9. LEGAL AND REGULATORY COMPLIANCE:

9.1. BEC will comply with all local, state and federal laws and rules and regulations applicable to the activities of BEC. It will maintain a safe and healthy work environment free from harassment, retaliation or discrimination. (Policies ER509, ER515)

10. REPORTING OF VIOLATIONS:

10.1. Every trustee is responsible for ensuring that violations of laws, rules, regulations or this Code of Ethics are reported and addressed promptly. Reports of suspected violations may be made in person or in writing, with appropriate confidentiality to the General Manager, Board president or BEC counsel. All such reports will be promptly investigated and appropriate corrective action will be taken. Any trustee who makes a report in good faith may do so without fear of harassment, retaliation or retribution.

11. TRUSTEE EDUCATION:

11.1. All Trustees will receive a copy of the Code of Ethics. The Board will periodically review this Code of Ethics to ensure familiarity with its contents and requirements.

12. MONITORING AND ENFORCEMENT:

12.1. Trustees who violate any laws, rules, regulations or the Code may face appropriate, case-specific disciplinary action, which may include removal from the Board or sanction.

13. RESPONSIBILITY:

13.1. The Board President shall ensure that the provisions of this policy are followed.

Adopted: 11/25/2014  
Revised: 01/31/2017  
Reference: BEC Policy II-A-5  
Review Date: January 2019

Attest: /s/ David Peterson  
Board President  
  
Attest: /s/ Julie Lindgren  
Secretary/Treasurer

**Trustee Notice and Statement  
Of Code of Ethics**

I, the undersigned trustee of BEC, have received BEC's Code of Ethics. I understand that this Code of Ethics is intended to be a constant reminder my ethical responsibility as a trustee of BEC. I understand that compliance with this Code of Ethics is a requirement of my position, and I agree to comply with it fully for as long as I am a trustee of BEC.

---

Date

---

Trustee's signature