

LA PLATA ELECTRIC ASSOCIATION, INC.

DURANGO, COLORADO

**Board of Directors Policy**

Subject: <b>Code of Ethics and Conduct</b>			Policy No: <b>129</b>
Original Issue: 7/15/09	Last Revised: 7/19/17	Last Reviewed: 7/19/17	Page 1 of 10

I. PURPOSE & OBJECTIVE

To set forth La Plata Electric Association, Inc.'s (Cooperative's) values and policies in a Code of Ethics and Conduct (Code), to define accepted/acceptable behaviors, to promote high standards of practice, to provide a benchmark for the Board of Directors, the Management Staff, and the employees to use for self-evaluation, to establish a framework for professional behavior, responsibilities and duties, and to promote:

- A. Honest conduct, including the ethical handling of actual or apparent conflicts of interest between personal and the Cooperative's business relationships.
- B. Full, fair, accurate, timely, and understandable disclosure of the Cooperative's periodic external and internal reports.
- C. Compliance with applicable governmental statues, rules, and regulations.
- D. Prompt internal reporting of Code violations to persons identified in the Code.
- E. Accountability for adherence to the Code.
- F. Accountability of Fiduciary Responsibilities and Duties.
- G. Protection of those reporting violations of the Code.

II. POLICY

- A. Honest and Candid Conduct
  - 1. All Directors and employees owe a duty to the Cooperative to act with integrity, at all times, in their business dealings, the affairs of the Cooperative, with each other, and with all others with whom they deal. Integrity requires, among other things, being honest and candid. Each Director and employee shall adhere to a high standard of business and personal ethics and observe all laws, governmental rules and regulations, and the Cooperative's policies.

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2. No Director or employee will engage in any unethical or unlawful activity, or any activity that may appear unethical or unlawful and shall avoid the appearance of impropriety.

**B. Fair Dealing**

1. Directors and employees shall deal fairly with all who conduct business with the Cooperative. Directors and employees will disclose, in all business transactions, all information required by law to be disclosed, or which, in all honesty and fairness should be disclosed. No Director or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair practice.
2. All information and communications of any kind to any person shall be accurate and truthful. Directors and employees shall conduct themselves in a manner which reflects the principles set forth in this Code.

**C. Compliance with Laws**

1. It is the Cooperative's policy to abide by not only the letter, but also the spirit, of all applicable federal, state, and local laws, rules, and regulations. It is the personal responsibility of each Director and employee to adhere to the standards and restrictions imposed by those laws, rules, and regulations. If unclear, advice from the Cooperative's Chief Executive Officer (CEO) and/or legal counsel should be obtained before proceeding.

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D. Fiduciary Responsibilities and Duties

1. Directors and employees have a legal and moral responsibility and duty to exercise the powers of their position for the best interests of the Cooperative and its membership as a whole. Directors and employees owe the duty of utmost good faith and as an ordinarily prudent person in a like situation would under similar circumstances. Directors and employees must not put themselves in a position where their personal interests and their fiduciary duties may conflict. Directors and employees are prohibited from individually conducting negotiations or making contacts or inquiries on behalf of the Cooperative unless officially designated to do so.
2. The CEO, staff and employees have the fiduciary obligation to faithfully and diligently conduct the Cooperative's business for which they are responsible and are therefore held accountable for the managing of the Cooperative's daily operations. Their dedication, integrity, ingenuity, and commitment are instrumental in the success of the Cooperative. They may have personal liability for neglecting or breaching this fiduciary duty.
3. All employees owe a duty to act with standard care, standard skill, and proper conduct; to provide relevant information; to keep and render accounts; to act only as authorized; and to not attempt the impossible or impracticable.
4. The Board of Directors recognize that any official action of the Cooperative must occur at a properly noticed meeting of the Board of Directors pursuant to § 40-9.5-108, C.R.S., as the same may be amended or modified from time-to-time. Accordingly, Directors shall avoid representing a position of the Cooperative unless the position has been voted on at a meeting of the Board of Directors or states a position set forth in the Cooperative's Vision, Mission Statement, Bylaws, Articles, or other governance documents.
5. No director shall imply that he/she is representing a position of the Board of Directors in any petition, letter, or other document.

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E. Conflicts of Interest

1. In accordance with the best interests of the Cooperative, Directors and employees are prohibited from receiving gifts, fees, loans, or favors from suppliers, contractors, consultants, or financial houses, which obligates or induces them to compromise their responsibilities to negotiate, obligate, inspect or audit, or award contracts. This does not prohibit receiving gifts or favors of nominal value or casual entertainment which meets all standards of ethical business conduct, and involves no element of concealment.
2. Directors and employees are prohibited from receiving loans from the Cooperative.
3. Directors and employees having a financial interest in any property which the Cooperative acquires or having a direct or indirect financial interest in a major supplier, contractor, consultant, or other entity with which the Cooperative does business, must disclose such to the CEO and Board of Directors. 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 the Cooperative and such publicly owned company. Any other interest in or relationship with an outside organization or individual having business dealings with the Cooperative, which may be deemed a conflicted interest transaction, is prohibited if the interest or relationship might tend to impair the ability of the Directors or employees to serve the best interests of the Cooperative, unless approved by a majority of disinterested Board members, a majority of members of the Cooperative attending an annual or special meeting of the members, or is determined by the Board of Directors to be fair to the Cooperative.

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4. Members of the Board of Directors shall complete a disclosure form, in a form approved by the Board, on an annual basis disclosing any potential conflicts of interest. Such information shall be reviewed by the Board for disposition pursuant to this policy and Colorado law. Potential conflicts of interest arising in the time period between completion of the disclosure forms shall be disclosed by the Director when such potential conflict arises and be reviewed by the Board. If the Board of Directors determines that a conflict of interest exists, the conflicted Board member shall be prohibited from participating in discussions concerning the conflict of interest matter or in voting on the matter.
5. If this policy regarding conflicts of interest is inconsistent with any applicable law in effect at the time of the disclosure, the applicable law shall control.

F. Corporate Opportunities

1. Directors and employees owe a duty to the Cooperative to advance the Cooperative's business interests when the opportunity to do so arises. Directors and employees are prohibited from taking, or directing a third party to take, a business opportunity that is discovered through the use of the Cooperative's property, information, or position, unless the Cooperative has already been offered the opportunity and turned it down.
2. Directors and employees owe a duty of loyalty to the Cooperative and shall not use the Cooperative's property, information, or position for personal gain or for purposes of competing with the Cooperative. If unclear, employees or Directors should seek the advice of the CEO or legal counsel before proceeding with any such opportunity, and shall disclose such opportunity as a potential conflict to the Board in accordance with section II, E, 4, above.

G. Financial Information and Disclosures

1. Each Director and employee who is involved with the Cooperative's financial disclosure process will educate themselves on the applicable financial reporting rules and regulations to ensure full, fair, accurate, timely, and understandable financial disclosures.

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2. No Director or employee shall knowingly misrepresent, or cause others to misrepresent, facts about the financial condition of the Cooperative to others, whether within or outside the Cooperative, including to the Cooperative's independent auditors, governmental regulators, or self-regulatory organizations.
3. All Directors and employees responsible for handling the Cooperative's finances shall adhere to sound accounting principles and relevant Cooperative policies. Directors and employees hereby agree, at all times and without exception, to manage and use the Cooperative's finances only for legitimate business purposes.

### H. Protection and Proper Use of Cooperative Assets

1. Directors and employees are responsible for safeguarding the Cooperative's resources and assets, including, but not limited to, money, credit cards, checks, equipment, intellectual property, supplies, property, and employee time, and ensuring their efficient and proper use, however, no Director shall be considered a trustee of the assets of the Cooperative.
2. The Cooperative's assets and resources should be used only for legitimate business purposes, and no Cooperative asset or resource shall be used for personal use.
3. Employees are personally responsible for keeping accurate records and reports and maintaining strict accountability of the Cooperative's assets and expenses. All entries on the Cooperative's books and records will reflect fairly, accurately, and in reasonable detail, the business transactions and other activities of the Cooperative. Misrepresented or incomplete information will not be tolerated.

### I. Employment Activities

1. The Cooperative is an equal opportunity employer. The Cooperative recruits, employs, and compensates without regard to race, religion, creed, color, national origin, age, gender, sexual orientation, marital status, disability, ancestry, or veteran status.

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2. The Cooperative will not permit or tolerate discrimination of any kind. All Directors and employees will uphold human rights in all of their professional endeavors and commit to a safe workplace free of violence and harassment.

J. Vendor Relations

1. When purchasing goods and services in the conduct of its business, the Cooperative will select suppliers on the basis of ability, performance, and value.
2. Employees shall act reasonably and in the best interests of the Cooperative in the giving gifts with regard to third parties with whom the business and affairs of the Cooperative are conducted. If an employee has a question on this issue, they should consult with their supervisor. If a Director has questions on this issue, they should consult with the CEO or legal counsel.

K. Relations with Public and Governmental Officials

1. Directors and employees shall not pay or receive any bribe, enticement or other similar unlawful payment, to or from, any public or government official, or other individual, to secure any concession, contract, or other favorable treatment for Cooperative, the Director, or the employee.
2. Directors and employees shall comply with all federal, state, and local laws, rules, and regulations applicable to such public or government officials.

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### L. Confidentiality

1. In carrying out Cooperative business, Directors and employees often have access to confidential or proprietary information about the Cooperative, its customers, employees, suppliers, or members. Directors and employees with access to such confidential or proprietary information are under an obligation to protect such information and must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential proprietary information includes, but is not limited to, any non-public information that could be harmful to the relevant customer or useful and/or helpful to competitors if disclosed. This requirement of confidentiality continues after an employee or Director is no longer employed or otherwise affiliated with the Cooperative.
2. A Director or employee shall return any confidential or proprietary information in his/her possession upon ceasing his/her relationship with the Cooperative. Any questions regarding the disclosure of confidential or proprietary information should be directed to the CEO or legal counsel.

### M. Protection of the Environment

1. The Cooperative is committed to preserving the environment and natural resources, and to developing alternative energy resources. Directors and employees will comply with all environmental laws and other requirements that prohibit waste or contamination of air, water, and other natural resources.

### N. Compliance with this Code of Ethical Conduct

1. Each Director and employee is personally responsible for complying with this Code and applying this Code to specific situations in which questions are presented. Any questions relating to how this Code should be interpreted or applied should be addressed to the CEO or legal counsel. A Director or employee who is unsure of whether a situation violates this Code should discuss the situation with the CEO or legal counsel to prevent possible misunderstandings.



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2. Any employee or Director who becomes aware of any existing or potential violation of this Code is required to notify the CEO and/or legal counsel. Failure to do so is itself a violation of this Code.
- O. Code of Ethical Conduct Investigations and Whistle Blowing Protection
1. Upon notification of a potential violation of the Code, the CEO upon consultation with legal counsel will take all action necessary to investigate the alleged Code violation. If a violation has occurred by an employee, the CEO upon consultation with legal counsel, will take such disciplinary or preventive action as is deemed appropriate. If a violation has occurred by a Director, the violation shall be reported to the Board of Directors for such disciplinary or preventive action as is deemed appropriate. Retaliation against a person who reports, in good faith, an alleged Code violation will not be tolerated.
  2. A Director or an employee, who reasonably believes that conduct has occurred, is occurring, or is likely to occur within or concerning the Cooperative that constitutes a violation, or a potential violation, of federal or state laws, fair business practice, and/or generally accepted accounting standards shall report that conduct to the CEO, who shall promptly investigate the concern and determine an appropriate response.
  3. If the potential violation of the Code concerns the conduct of the CEO, the notification shall be submitted to the President of the Board of Directors, who, upon consultation with legal counsel shall promptly investigate the concern and determine an appropriate response.
  4. The Cooperative, and any of its officers, Directors, or employees, will not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against any employee in the terms and conditions of employment because the employee reported conduct which the employee reasonably believed constituted a violation as above described. However, making known false or malicious reports will subject the employee to appropriate disciplinary action, which may include discharge, and other legal action, as appropriate. Nothing in this section shall be deemed to diminish the rights, privileges or remedies of any employee under any federal or state law, or under any collective bargaining agreement.

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- P. All Directors and employees will receive training and annual review of this Policy.

III. RESPONSIBILITY

- A. The President of the Board of Directors shall be responsible for the administration of this policy as it affects members of the Board of Directors.
- B. The CEO is responsible for administration of this policy as it affects employees of the Cooperative.

7/19/2017

Date



Secretary