

**OBJECTIVE:** To clarify those areas where the Directors and Employees of Carbon Power & Light, Inc. (Cooperative) should avoid conflicts of interest, or any appearance of conflict of interest, so that the affairs of the Cooperative will always be carried out in a business-like and ethical manner.

**POLICY:**

- I. 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, with the best interests of the Cooperative uppermost in mind. 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.

**II. CONFIDENTIALITY OF INFORMATION:**

Directors and employees 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 Carbon Power & Light, Inc.

Employee and directors shall:

- A. Not discuss confidential information with or in the presence of unauthorized persons, including family members and friends.
  - B. Use confidential information only for the company's legitimate business purposes and not for personal gain.
  - C. Not disclose confidential information to third parties unless such disclosure is necessary for business purposes or is otherwise required and appropriate safeguards are put in place.
  - D. Not use company information or other property or resources for any personal gain or for the gain of anyone else.
- II. Directors and Employees are prohibited from acquiring or having a financial interest in any property the Cooperative acquires or a direct or indirect financial interest in a supplier, contractor, consultant, or other entity with which the Cooperative does business. This does not prohibit the ownership or 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.
- A. 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 the Cooperative.

**POLICY: CONFLICT OF INTEREST**

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- B. If members of the immediate family of a Director or Employee 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” shall be defined as first cousin or closer relationship by blood or marriage. Under the guidelines of this policy, nepotism (the hiring of immediate family) shall be considered a conflict of interest. Other cases regarding nepotism shall be considered by the Board of Directors.
  
- III. Every Director and Employee of the Cooperative is 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 the circumstances and conditions that might be or have the potential of being considered conflicts of interest.

**RESPONSIBILITY:**

- I. Each Director and Employee of the Cooperative shall make every reasonable effort to comply with the letter and spirit of this policy.
  
- II. The Board of Directors is responsible for reviewing all policy interpretations or violations.
  
- III. Each Director and Employee must disclose any situation which, in their opinion, violates, may violate, or could appear to violate the intent of this policy.
  
- IV. Each member of the Board of Directors, the General Manager, General Counsel and all Department Heads must complete and file with the President of the Board of Directors, a Disclosure Report (Exhibit A), within thirty (30) days after attaining such position or status and then annually thereafter. The Disclosure Report must be kept current by the filing of a Supplemental Report showing any change of Personal or Business Relationship within 30 days after such relationship changes.
  
- V. The President of the Board of Directors will report by the February Regular Board Meeting each year that he or she has received Disclosure Reports from all Reporting Persons signed and dated by February 15<sup>th</sup> of the current year. Access to information in such reports shall be restricted to the Board of Directors, the General Manager and Carbon’s Independent Auditors.

Attest \_\_\_\_\_  
Secretary

Date Adopted: December 16, 1989  
Date Amended: November 16, 2012  
Date Reviewed: November 16, 2012