

ADMINISTRATIVE POLICY NO. 601

1. SUBJECT: CODE OF ETHICS

2. OBJECTIVE:

2.1. To define Beartooth Electric Cooperative, Inc.'s (BEC) Code of Ethics.

3. POLICY:

3.1. BEC is founded upon the integrity of its employees. Working for BEC is a highly visible job and since BEC is judged to a great extent on the actions of its employees, BEC expects that each employee's conduct should at all times reflect favorably on the organization.

3.2. Each employee is expected to base all decisions on the best interest of BEC. So that all decisions may be viewed as being arrived at objectively, employees should avoid all situations where a conflict of interest or even an appearance of conflict of interest exists. Generally, a conflict of interest may be said to exist when an employee has a divided loyalty, which affects his/her performance or judgment. The employee must be free from actual or potential influence of personal considerations or relationships when dealing for BEC with others.

3.3. This policy does not purport to cover every situation, which may create a conflict of interest. It is expected that good business judgment and common sense will guide each employee's actions.

3.4. BEC's policy is to comply with all laws and regulations applicable to its business. Where the laws and regulations are ambiguous, management will seek a legal interpretation to ensure proper compliance.

3.5. Serving BEC's Members is an important responsibility. Consequently, there can be no compromise in the requirement that any individual who violates BEC's Code of Ethics is subject to disciplinary action and possible dismissal.

3.6. Disclosure

3.6.1. An employee must disclose to his supervisor any situation or transaction on which the employee is involved which violates, or could appear to violate, the intent of this policy. The supervisor should then discuss this with his supervisor to determine what action should be taken. The employee should be advised as soon as possible of this decision.

3.7. Financial Interests in Outside Organizations

3.7.1. An employee in a position to influence decisions, who has (or who has a close relative or household member who has) an interest, direct or indirect, in any business transaction or proposed business transaction in which BEC is or may be a part to, must disclose the interest to his supervisor before BEC's decision is made. The supervisor should then follow the procedure on disclosure. As soon as the employee has knowledge of such interest, it should be disclosed and described as above. "Direct or indirect interest" is defined as any firm, corporation or other entity of which the employee is an officer, director, or in which he/she holds an equity interest. An equity interest of less than 1% in publicly held companies need not be considered. A "position of influence" is construed to mean not only the buyer, but also any employee who establishes specifications for, recommends, evaluates, tests or approves a supplier's product or contractor's service, or who participates in the selection of or arrangement with a supplier or contractor or who is exposed to information which may be of value to a potential contractor, bidder or supplier.

3.8. Other Interests or Employment in Outside Organizations

3.8.1. Apart from financial interests, other relationships, which could cause an employee to be interested in the success of another organization and thereby compromise his loyalty to BEC, must be avoided.

3.8.2. An employee shall not be employed by, or perform any services for, any competitor or supplier of BEC, whether or not he/she receives any compensation, nor be otherwise employed or render services if the relationship might cause embarrassment or jeopardize the interests of BEC or might interfere with work schedules or productivity.

3.9. Confidential and Proprietary Information

3.9.1. Information obtained in the course of employment is to be kept confidential unless and until the information is or becomes available publicly through other channels. An employee having access to BEC information on procurement including bids, awarding of contracts or the information of a competitive nature, real estate transactions, personnel records, salary information or any other matter, is prohibited from using that information for personal benefit or to adversely affect the best interests of BEC.

3.10. Gifts from Suppliers, Contractors and Consultants

3.10.1. No employee is to accept or solicit any gratuities, discounts, compensation or gifts of more than nominal value from any supplier or potential supplier or consultant. Acceptance of these types of items might tend to compromise the employee's objectivity when acting on behalf of BEC.

3.11. Meal and Entertainment

3.11.1. Employees should not accept any offers of entertainment or other favors from existing or potential vendors, suppliers, contractors or consultants. Meals for the purpose of discussing business matters are acceptable.

3.12. Records, Report and Company Funds

3.12.1. Payroll records, invoices and many other BEC records are just as important as BEC funds. Each employee who is involved in the handling of BEC money or records should know and follow procedures for the protection of funds and for assuring that they are credited or charged to proper accounts. Removing, destroying, falsifying or failing to prepare such records is as serious an offense as misappropriation of BEC funds or property.

3.12.2. An employee required to approve invoices or expend BEC funds is responsible for ensuring that the invoices are valid and that they relate to services or merchandise for BEC.

3.13. Use of BEC Property

3.13.1. Tools, supplies, vehicles and all other equipment are for BEC use only, unless specifically authorized for personal use. BEC staff and equipment are not to be used for personal benefit.

3.13.2. Protection of BEC equipment against loss, theft, damage and vandalism is the responsibility of all BEC employees. BEC property and equipment are not to be sold, loaned, given away or otherwise disposed of, regardless of condition or value, except with proper authorization.

3.14. Application of this Policy

3.14.1. This policy is not meant to abridge in any way an individual's rights established and protected by law. All employees may participate in outside financial, business or other activities including activities of local union #44 so long as such outside activities do not impair the performance of their duties and do not improperly make use of BEC's assets or BEC's position in the community or adversely affect BEC's competitive interests and transactions.

3.14.2. It is obvious that each situation must be considered and resolved on its own facts and that thus questions will arise on the application of this policy to individual situations. An employee who believes that the application of the policy would be inappropriate or detrimental to BEC in a particular circumstance can request that an exception be made.

4. RESPONSIBILITY:

- 4.1. Each employee will be required to submit a signed statement that he/she has read and understands this policy. (BEC AP101 Policy Receipt and Acknowledgment form.) Any willful violation will result in disciplinary action, up to and including reimbursement to BEC and termination of employment.
- 4.2. Each Supervisor and the General Manager shall ensure that the provisions of this policy are followed.
- 4.3. Each employee is responsible for ensuring that his/her actions and behavior are in accordance with this policy.

Adopted: 02/22/2013
Revised: 06/30/2015
Reference: BEC Policy VI-A-22
Review Date: June 2017

Attest: /s/ Richard Nolan
 Treasurer/Secretary

Attest: /s/ Roxie Melton
 Board President