

Policy Type: Governance Process
Policy Title: **GP4.10. Board Members' Code of Conduct**
Adopted: March 21, 2007; Last Revised: May 15, 2019

The Board commits itself and its individual Board members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Accordingly:

1. Board members must represent loyalty without conflict to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's services.
 2. Board members must disclose and address conflicts of interest with respect to their fiduciary responsibilities to the cooperative.
- 2.1 A Board member has a conflict of interest within the meaning of this policy when s/he or a family member has a material financial interest in an issue or matter pending for discussion or decision by the Board and Management.

For purposes of this policy:

2.1.1 A "family member" is a Board member's spouse, domestic partner, or child, as well as the spouse of a Board member's child or other relative of a Board member, whether living in the same household or not, as the Board member.

2.1.2 A "material financial interest" is

- (1) an ownership or investment interest in an entity whose transactions, arrangements, potential transactions, or potential arrangements with the Cooperative are before the Board or Management,
- (2) a compensation arrangement, including an employment relationship, with any such entity,
- (3) fiduciary duties, as a Board member or otherwise, or executive-level management authority at any such entity, or
- (4) direct personal participation (other than as a Board member) in a pending matter before the Board.

A Board Member or family member who owns shares in a mutual fund does not have a "material financial interest" as to any of the fund's holdings unless the Board or family member directs or advises the fund in connection with portfolio transactions.

2.2. When a conflict of interest exists, a Board member must take one of two actions to address the conflict:

1) The Board member may advise the President, either in writing or at a Board meeting, that the Board member has a conflict of interest, and thereafter the Board member must absent herself or himself from all discussions and voting of the Board on any matter related to the conflict of interest.

2) The Board member may advise the Board that a conflict of interest exists and may ask the Board to waive the conflict and permit the Board member to participate in discussion and voting on the matter.

In the second circumstance, the Board member may participate in discussion and voting on the matter only by affirmative vote of the other Board members present, and the Board may impose such conditions on the Board member's participation as the Board deems necessary to assure openness, competitive opportunity, access to inside information and the public perception that the Board is conducting its business fairly and ethically.

2.3. Board members may not use their positions on the Board to obtain employment for themselves, their family members, or close associates. A Board member wishing to pursue employment with the co-op may only do so after s/he has resigned, or her/his term of office has expired.

2.4. Upon taking office as a Board member, each Board member will advise the President in writing as to any conflict of interest the Board member has or is likely to have during the Board member's tenure. Thereafter, consistent with GP 4.10.2, each Board member has an affirmative obligation to disclose conflicts of interest as they arise.

3. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in the Board policies. Board members' interaction with the General Manager or with the staff must recognize the lack of authority vested in individuals except when explicitly Board-authorized. Board members' interactions with the public, the press, or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions.

4. Board members will respect the confidentiality appropriate to issues of a sensitive nature.

5. Board members must comply with all requirements of federal and state law with respect to their roles as Board members. These requirements may include, but are not necessarily limited to, the obligation to provide the co-op with a copy of the Board member's Social Security card and the obligation to execute an affidavit with respect to the co-op's state liquor license.

6 In order to contribute to the Board, Board members must be capable of a high standard of behavior and performance. They must meet the qualifications and accept the obligations specified in GP 4.1 (Governing Style). They must be civil, courteous, and professional. They must communicate effectively with the rest of the Board. They must fulfill their commitments.