



POLICY NO. 110

SUBJECT: ETHICS AND CONFLICTS OF INTEREST IN RELATIONSHIPS WITH VENDORS

I. PURPOSE

To provide a guide to Trustees so that they may avoid relationships with vendors that are not in the best interest of the Cooperative or that could be interpreted not to be in the best interest of the Cooperative.

II. POLICY CONTENT

Trustees should not place themselves in a situation or a relationship with a vendor where the Trustee's actions are not in the best interest of the Cooperative, or could reasonably be interpreted as not being in the best interest of the Cooperative, without prior approval from the Board following full disclosure.

III. PROVISIONS

A. Outside Business Interests

Possible conflicts of interest relating to a Trustee's outside business interests include, but are not limited to:

1. ownership, including ownership of stock, in whole or in part, either directly or through a relative or agent, of vendor companies;
2. relatives employed by or owning vendor companies. (The nature of the relationship between individuals and the position of the relative with the vendor company can influence the extent of any possible conflict of interest.);
3. direct employment or retention as a consultant by any vendor company; and
4. officerships and Trusteeates in vendor companies. (Officerships or Trusteeates in national, state-wide, material supply, or service cooperatives are excluded.)

B. Trustees or Former Trustees as Vendors or Subcontractors

Purchase orders and subcontracts may not be awarded to a Trustee or former Trustee or to a partnership or corporation in which a Trustee or Former Trustee is a principal or major stockholder, unless there has been full disclosure, the

interested Trustee does not vote on the decision, and there has been competitive bidding for the order or award.

C. Gifts, Favors, and Entertainment

It is the policy of the Cooperative that gifts, favors, and excessive entertainment have no place in the conduct of business and should be discouraged. Accordingly, Trustees are expected to:

1. adopt the Cooperative policy as their own and make this policy known by their actions, communications, and deeds; and
2. courteously decline or return any excessive gift, favor, or offer of entertainment. It is recognized that it is common trade practice to offer advertising novelties of insignificant value (pencils, pens, cigarette lighters, and the like). These advertising novelties are acceptable. Whether or not an item can be considered an advertising novelty depends on the degree of prominence in which the vendor's name or trademark is displayed and the value of the item. Tickets for baseball, basketball, and football games and all other forms of entertainment may be accepted, if not excessive. A perishable gift, if it is excessive, may be contributed to a charitable organization in the name of the supplier. The supplier should receive written notification of the donation.

D. Business Meals

Business oriented luncheon and dinner engagements with suppliers are discouraged. If a Trustee does participate in a lunch or dinner engagement with a supplier, the engagement should be conducted in a manner so that the Trustee does not feel obligated to the supplier as a result.

E. Financial Dealings with Suppliers

Trustees must avoid any financial dealings, direct or indirect, with suppliers or their representatives including, but not limited to:

1. loans;
2. gambling or participating in contests;
3. investment in supplier companies;
4. use of real or personal property of a vendor, vendor's employee, or vendor's representative; and
5. business or investment dealings with a vendor, vendor's employee, or vendor's representative, such as joint ownership of investment real estate, joint ownership of other companies, and so forth.

F. Trips to Vendor Facilities

Suppliers should not be permitted to pay for hotel and travel expenses of Trustees.

G. Contact with Vendors

It is the responsibility of the General Manager and staff of the Cooperative to deal with Vendors. Trustees shall not contact Vendors regarding the business of the Cooperative unless requested or directed by the General Manager or the Board of Trustees.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

PRESIDENT

EFFECTIVE DATE: _____

REVISED DATE: _____