

WELLS RURAL ELECTRIC COMPANY

Adopted: March 1976

Revised: January 21, 2020

Reviewed: December 17, 2019

POLICY NO. 1-2

POLICY OBJECTIVES, DEVELOPMENT, APPROVAL, RESPONSIBILITY,  
ENFORCEMENT, AND PENALTIES

I. OBJECTIVES

To establish the basis for the formulation, publication, and distribution of written policies to be followed by the board of directors, chief executive officer, and other employed personnel for the conduct of the company's business and affairs, to accomplish its viewpoints, objectives and plans to fulfill its operational requirements.

II. POLICY DEVELOPMENT AND APPROVAL

- A. The board of directors hereby recognizes its responsibility for policy development based upon planning through observation, study, and analysis of the affairs of the company which, together with the recommendations of the chief executive officer, will provide for policy content and responsibility.
- B. Policies will be developed and placed on the Director Website. The Director Website will be designated as the official site of all board approved policies.
- C. The written format for each board approved policy will be such that policy objective, content, and specific responsibility for compliance is clearly and concisely stated.

III. RESPONSIBILITY

- A. The board of directors is responsible for the review, consideration, and approval of all-inclusive and broad company policies which reflect board authority on what is to be accomplished in recurring situations by the chief executive officer and his or her operating management staff. The review may include any advice or opinion desired from the company's attorney.
- B. The requirements for board approved policies are to be determined by the board of directors in consultation with the chief executive officer. The chief executive officer is responsible for all internal operational policies that are required relative to procedures necessary to interpret and implement board policies and fulfill the chief executive officer's responsibilities as an operating executive.

IV. ENFORCEMENT AND PENALTIES

- A. The chief executive officer, management personnel that report to the chief executive officer, and employees whose duties are the implementation of any policy or policies shall be responsible to abide by and enforce compliance with the policies.
- B. In the event any employee of the company, who has duties pursuant to A above, knowingly violates or fails to adhere to policy which causes the company any loss or damage, said employee shall be liable to the company therefore, and the penalty relating thereto may be:
  - 1. Monetary liability for the amount of the loss or damages, or such portion thereof as may be reasonable;
  - 2. Loss or reduction of any incentive pay bonus; and/or
  - 3. Adverse treatment as to future promotions or pay raises.
- C. No penalty described in paragraph B, subparagraphs 1 through 3 above, shall be taken without approval of the board of directors after the affected employee shall have been given a full opportunity to be heard before the board of directors and present evidence on his or her behalf.