

POLICY NO. 1-5

CONFLICT OF INTEREST

I. OBJECTIVE

To spell out those areas where the directors and employees of Wells Rural Electric Company should avoid conflicts of interest, or any appearance of conflict of interest.

II. POLICY

- A. 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 Wells Rural Electric's 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.
- B. The complete confidentiality of business information must be respected at all times. Directors and employees are prohibited from knowingly disclosing such information to those who do not have the need to know, or whose interest may be adverse to Wells Rural Electric Company both inside or outside the organization; or in any way using such information for personal gain or advancement or to the detriment of Wells Rural Electric Company; or to individually conduct negotiations, make representations, make contacts or make inquiries on behalf of Wells Rural Electric Company unless officially designated to do so.
- C. Directors and employees are prohibited from acquiring or having a financial interest in any property which Wells Rural Electric Company acquires or a direct or indirect financial interest in a supplier, contractor, consultant, or other entity with which Wells Rural Electric Company does business. This does not prohibit the ownership of securities in a publicly-owned company except in a substantial amount by those in a position to materially influence or affect the business

owned company. Any other interest in or relationship with an outside organization or individual having business dealings with Wells Rural Electric Company is prohibited if this interest or relationship might tend to impair the ability of the directors to serve the best interests of Wells Rural Electric Company.

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 Wells Rural Electric Company from entering into a particular transaction, purchase, or employment of services. The term "immediate family" means children or their spouse, husband, wife, sister, brother, parents, foster, or step-parents, grandparents, aunts, uncles, mother or father-in-law, sister or brother-in-law, or any relative residing in the Wells Rural Electric Company's directors' or employees' households.

- D. Every director and employee of Wells Rural Electric Company 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.

### III. RESPONSIBILITY

- A. The Board is responsible for reviewing all policy interpretations or violations.
- B. Actions considered inconsistent with this policy are to be reported to the entire board.
- C. 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.
- D. The chief executive officer, management personnel that report to the chief executive officer and employees whose duties the implementation of any policy or policies shall be responsible to abide by and enforce compliance with this policy.