

North Plains Electric Cooperative, Inc.
Perryton, Texas

BOARD POLICY NO. 36
Antifraud and Ethics

OBJECTIVE:

- A. To clearly state the policy and practice of the Cooperative regarding fraud and unethical behavior.
- B. To provide Cooperative employees with avenues for reporting evidence of fraud, unethical behavior or violations of the Cooperative's Code of Conduct.
- C. To protect an employee from retaliation who, in good faith, reports an activity that, in his/her judgment, could be fraudulent, unethical or a Code of Conduct violation.
- D. To inform employees that violations of this policy will result in discipline up to and including termination.

POLICY:

- A. Cooperative Directors and Management are committed to behavior based on honesty, integrity and ethical conduct.
- B. The organizational Employee Code of Conduct shall serve to guide employees' business activity and conduct.
- C. Evaluation of the risks of fraud and implementation of the processes, procedures and controls needed to mitigate the risks and reduce the opportunity for fraud shall be ongoing.
- D. Employees are required to report unethical or dishonest behavior immediately to an appropriate member of the Fraud Management Team.
- E. A member of the Board of Directors, Cooperative member, vendor or supplier/any third party may make a good faith report of a concern to any member of the Fraud Management Team. If making a written report, please be sure to include all relevant information known, including names of Cooperative employees believed to be involved, dates, etc.
- F. In the event that fraud has occurred in violation of this policy, the Cooperative will take immediate and appropriate corrective action upon completion of an investigation.

- G. If a member of the Fraud Management Team is implicated, employees are required to present evidence to remaining members of the Fraud Management Team.
- H. Cooperative records shall be kept and retained following RUS Bulletin 180-2 “Manual for Preservation of Borrower’s Records”.
- I. The Board of Directors shall maintain appropriate oversight and review processes, procedures and controls on a bi-annual basis.

PROVISIONS:

- A. A Fraud Management Team consisting of the Board President, general counsel and the General Manager will investigate unethical behavior, incidents of fraud or code of conduct violations.
- B. During all investigations, a summary of activity, follow-up and disposition shall be provided to the full Board of Directors.
- C. No employee shall face retaliation for filing a factual report in good faith under this policy.
- D. Any employee who participates in an investigation by furnishing relevant factual information without self-implication shall be protected from retaliation.
- E. Any employee found in violation of this policy is subject to discipline up to and including termination.
- F. Any Board member found in violation of this policy may be subject to termination pursuant to Section 4.02 and Section 4.08 of the Cooperative bylaws.
- G. Any employee who has questions regarding this policy or the employee Code of Conduct and/or needs further explanation should contact the General Manager.

Approved by the Board of Directors

President

Date Adopted: December 18, 2003

Date Revised: December 18, 2008