



Farm Credit  
Financial Partners™

# Standards of Conduct Policy - Directors

## Policy Statement

This policy is to ensure that high standards of director conduct, integrity and impartiality are maintained and contribute to a continued high level of customer and public confidence in the Corporation. Misconduct and conflicts of interest will be avoided; the integrity of the Board decision-making process shall be maintained at all times.

## Policy Purpose

### **OPERATING PARAMETERS:**

This policy and applicable FCA regulations and definitions shall govern director conduct. Board members are responsible for voluntary compliance; a director involved in an actual or perceived conflict of interest is responsible for its resolution. In general, a conflict of interest exists when a director has an interest, or incurs an obligation of any nature in a business, or transaction, or professional activity which is in substantial conflict with the proper discharge of their duties in the best interest of the Corporation, or the appearance of same. In such case, resolution may involve reports to the Board, recusal from discussions and decisions regarding subject matter that creates or is perceived to create a conflict, refraining from or discontinuing certain activities, or ultimately, resignation.

The following standards of conduct shall apply in addition to the provisions of FCA regulations:

#### **A. Recusal.**

Directors may offer factual information or answer questions, but shall recuse themselves from deliberations and determinations in which they are prohibited from participating under FCA regulations. Meeting minutes shall reflect the director's withdrawal.

#### **B. Business Relationships.**

A director, who contemplates a business relationship or financial obligation with other directors, or with FPI officers, employees or agents, shall report the circumstances in writing to the Standards of Conduct Officer. The Standards of Conduct Officer shall make a determination, subject to Board approval, of any actual or potential conflict of interest arising from the relationship. Generally, such relationships are permissible where:

1. The potential for conflict is insignificant because the transaction is in the ordinary course of business or is not material in amount; and
2. The director does not participate in the determination of any matter affecting the other party except matters affecting such party generally as a group in a nondiscriminatory way.

Directors shall not engage in business transactions with persons or entities where such transactions would be in competition with the products or services offered by FPI.

**C. Serving on Other Boards.**

A director may not serve as a director, officer, or employee of another entity that offers the same types of products or services to persons or entities eligible to receive such services from FPI.

**D. Political Activity.**

Directors may hold elected or appointed public office where the duties and responsibilities of the office do not conflict with the Corporation's purpose or products and services. When holding public office, directors must be sensitive to and recuse themselves from determinations that could create divisions between FPI and its customers, employees or other System institutions. Directors contemplating candidacy for public office shall report the duties and responsibilities involved in writing to the Standards of Conduct Officer. The Standards of Conduct Officer shall make a determination, subject to board approval, of any actual or potential conflict of interest.

Except as he/she may be designated an official spokesperson for the Corporation, a director may not state or imply FPI's corporate support or endorsement for the nomination or candidacy of a person for any cooperative or customer's directorship, or for other similar office, or for any public office, or for any legislative, regulatory or other political activity. This shall not prohibit a director from expressing personal opinions or support of candidates, or making voluntary campaign contributions.

**E. Exchange of Gifts & Favors.**

A director may exchange gifts of nominal value as part of normal social relationships with other directors, officers, employees, provided:

1. The value is not material; and
2. Such actions are not offered or could not reasonably be viewed as being offered to influence official action or to obtain information the director has access to by reason of serving on the Board.

A director's exchange of gifts and favors with outside parties should not give the appearance or perception as being offered to influence official action or to obtain information, not generally available to the public, the director has access to by reason of serving on the Board.

**F. Nepotism.**

A relative of a director may not serve as a senior officer of the Corporation.

**AUTHORITIES:**

- A. Directors and director candidates must terminate transactions, relationships or activities prohibited by FCA regulations or this policy promptly, in no case exceeding 180 days from the time a final determination is made regarding activities of a sitting director or 180 days from the time of election for a new director.
- B. The Board Chairperson may seek to resolve conflicts of interest involving individual directors. However, the Board is responsible for final determinations on all matters relating to conduct of individual directors.
- C. The Board of Directors shall designate the "Standards of Conduct Officer" who in addition to his/her other duties and responsibilities shall be responsible for the duties specified in this policy. S/he is authorized to approve business transactions involving officers and employees, and is also authorized to approve the acquisition by employees of interest in land which is mortgaged (or which was mortgaged within the preceding 12 months) to a Farm Credit Institution, as permitted by FCA Regulations and FPI's Standards of Conduct Policies.

## **STANDARDS OF CONDUCT OFFICIAL:**

### A. The Standards of Conduct Official shall:

1. Advise directors, director candidates, and employees concerning the provisions of FCA Regulation Part 612 et seq. concerning Standards of Conduct
2. Receive reports required by FPI's Standards of Conduct Policies and FCA Regulation Part
  - a. 612 et seq.;
3. Make such determinations as by FPI's Standards of Conduct Policies and FCA Regulation
  - a. Part 612 et seq.;
4. Maintain records of actions taken to resolve and/or make determinations upon each case reported relative to provisions of Part 612 et seq.;
5. Make appropriate investigations, as directed by the FPI Board of Directors; and
6. Report promptly, pursuant to part 617 of this chapter, to the FPI board and the Office of General Counsel, Farm Credit Administration, all cases where:
  - a. A preliminary investigation indicates that a Federal criminal statute may have been violated;
  - b. An investigation results in the removal of a director or discharge of an employee; or;
  - c. A violation may have an adverse impact on continued public confidence in the System or any of its institutions.

### B. The Standards of Conduct Official shall investigate or cause to be investigated all cases involving:

1. Possible violations of criminal statutes;
2. Possible violations of §§ 612.2140 and 612.2150, and applicable policies and procedures approved under § 612.2165;
3. Complaints received against the directors and employees of such institution; and
4. Possible violations of other provisions of FCA Regulations Part 612 et seq. or when the activities or suspected activities are of a sensitive nature and could affect continued public confidence in the Farm Credit System.

## **REPORTING & EXCEPTIONS:**

### A. Director Disclosures.

Each director and director candidate shall prepare written disclosures in accordance with FCA regulations. Disclosures shall be submitted to the Standards of Conduct Officer who shall promptly report real or potential conflicts to the Board with his/her recommendations for resolution.

### B. Summary Reports.

At least annually, the Standards of Conduct Officer shall provide a summary report to the Board of standards of conduct matters involving directors, officers and employees.

## **Policy Scope**

All ACA Partners who are deemed Directors.

Exception(s)

Any exceptions would need to be approved by the President/CEO or designee.

Last Approved: September 2020