



# Standards of Conduct Policy – Employees

## Policy Statement

The policy is to ensure that Farm Credit Financial Partners, Inc.'s ("FPI") employees and contractors uphold high standards of personal and professional conduct and carry out their duties in an impartial manner.

Misconduct and conflicts of interest will be avoided; salaried employees and contractors will be familiar with standards applicable to their conduct.

## Policy Purpose

### **OPERATING PARAMETERS:**

High standards of conduct, integrity and impartiality are to be maintained at all times by FPI employees and contractors. This policy, management directives, and applicable FCA regulations and definitions shall govern employees and contractors conduct. The following standards of conduct shall apply in addition to the provisions of FCA regulations and management directives:

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

Employees and contractors may offer factual information or answer questions, but shall recuse themselves from deliberations and determinations, both individually and in committee, in which they are prohibited from participating under FCA regulations. In cases involving committee deliberations, minutes of the meeting shall reflect the employee's or contractor's withdrawal.

#### **B. *Transactions with Relatives.***

Employees and contractors shall recuse themselves from deliberations and determinations, both individually and in committee, in which FPI transactions with relatives are involved. In cases involving committee deliberations, minutes of the meeting shall reflect the employee's or contractor's withdrawal.

This provision shall apply to an employee's or contractor's spouse, child, parent, brother, sister, or those of similarly close relationship by marriage or adoption.

#### **C. *Employee Serving as Director.***

A salaried employee and contractor may serve as a director of a non-profit cooperative but may not serve as a director of an FPI customer, or of any cooperative or other institution having a direct or indirect borrowing relationship with CoBank, ACB except with the prior approval of the President, and in the case of the President, approval of the Board.

#### **D. *Political Activity.***

Salaried employees and contractors may hold elected or appointed public office where the duties and responsibilities of the office do not conflict with the Corporation's purpose or mission. When holding public office, salaried employees and contractors must be sensitive to and recuse themselves from determinations which could create divisions between FPI and its customers, employees or other System

institutions. Salaried employees and contractors 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 approval by the President of any actual or potential conflict of interest.

Salaried employees and contractors are encouraged to participate in and support any Farm Credit public policy programs. In so doing, salaried employees and contractors shall be governed by the rules of conduct included in that program.

Except as he/she may be designated an official spokesperson for the Corporation, a salaried employee or contractor may not state or imply FPI's corporate 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 salaried employee or contractor from expressing personal opinions or support of candidates, or from making voluntary *campaign contributions*.

**E. *Outside Employment/Devotion of Time to Duty.***

Employees and contractors are required to devote the full business time for which they are employed to their official duties. Outside employment or other activities may not be performed during regular work hours. The President may, however, grant employees and contractors limited administrative leave to participate in civic or community activities consistent with maintaining good corporate citizenship in the community.

**F. *Exchange of Gifts & Favors.***

An employee or contractor may exchange gifts of nominal value as part of normal social relationships with directors or with other officers, employees, contractors and outside parties provided:

1. The value is not material; and
2. Such exchanges are not offered or could not reasonably be viewed as being offered to influence official action or to obtain information the employee, contractor, officer, and/or director has access to by reason of his/her position.

**G. *Nepotism.***

No employee or contractor shall serve in a position under the direct supervision of a relative, or where a relative has authority to take administrative or other action directly affecting the employee without the prior approval of the President, or if the President is an interested party, approval of the Chairman of the Board. In addition, no employee or contractor shall serve in the same functional area as a relative without the prior approval of the President.

**H. *Official Loans.***

Loans by FPI to salaried officers, employees and contractors for any reason are prohibited. Loans by FPI customers to salaried officers, employees and contractors, may be made; but, except for rural home loans, they shall be discouraged. Any loans to such persons shall be made in strictest compliance with all rules and regulations, and only in cases where credit quality is exceptionally good and no possibility for embarrassment of FPI or the customer exists.

**I. *Acquiring Mortgaged Property.***

Acquisition by FPI salaried officers, employees or contractors of an interest in property (including mineral interests acquired incidentally with surface interests) which is mortgaged to any customer or to CoBank, ACB, or which was so mortgaged within the preceding 12 months, shall require prior approval of the President.

**J. *Purchase of Personal Property Used in Farm Credit Business Operations.***

Board members, officers, employees and contractors of this corporation may purchase surplus personal property acquired by a FCS institution for its operation in accordance with pertinent policies and procedures established by the selling FCS institution's board of directors.

**K. *Loans by Depository Banks.***

Loans to Senior FPI management by a customer or a bank of deposit, or loans to employees having influence over FPI's relationship with a bank of deposit, including loans cosigned, guaranteed or endorsed, shall be reported to the Standards of Conduct Officer. Such loans exceeding \$25,000 shall require prior approval of the President.

**L. *Business Relationships.***

A salaried employee or contractor contemplating a business relationship or financial obligation with other employees, directors, contractors or customers shall report the circumstances in writing to the Standards of Conduct Officer. The Standards of Conduct Officer shall make a determination of any actual or potential conflict of interest arising from such relationship. Generally, such relationships are permissible when transactions are in the ordinary course of business, as defined in FCA Regulations, or transactions are not material in amount; and the employee does not participate in the determination of any matter affecting the other party, except as part of a group in a non-discriminatory way. Salaried employees or contractors may not engage in business transactions with customers where such transaction would be in competition with the products or services offered by FPI.

**AUTHORITIES:**

- A.** The President shall have the authority to make final determinations regarding standards of conduct for all employees and contractors except him/herself and the Standards of Conduct Officer that do not require Board approval under this policy.
- B.** 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, employees and contractors, and is also authorized to approve the acquisition by employees or contractors 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.
- C.** As part of his/her duties and responsibilities, the Standards of Conduct Officer shall provide employees and contractors with a summary of all applicable rules and regulations concerning standards of conduct. All new employees and contractors, within 5 days of accepting employment, and all salaried employees and contractors at least annually, shall acknowledge the receipt and understanding of such rules and regulations.
- D.** All determinations regarding the President's and Standards of Conduct Officer's compliance with this policy and FCA regulations shall be made by the FPI Board.
- E.** Loans to the President or the Standards of Conduct Officer by a customer or an FPI bank of deposit including loans cosigned, guaranteed or endorsed shall be reported to this Board. Such loans exceeding \$25,000 require prior approval of FPI's Board.

Loans previously made by banks not FPI depositories that are purchased by FPI banks of deposit (e.g. through Secondary Market channels), and loans made by non-depository banks which subsequently become banks of deposit shall be subject to the reporting requirements of this section, but exempt from the approval requirements of this section.

- F.** Employees and contractors must terminate transactions, relationships or activities prohibited by FCA regulations, this policy, or management directives promptly, in no case exceeding 180 days from the

time a final determination is made regarding activities of an existing employee or 180 days from acceptance of employment by a new employee or contractor.

- G.** Employees and contractors may appeal decisions relative to their conduct under this policy first to the President and subsequently to this Board. Appeals must be presented promptly and in writing.

#### **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 612 et seq.;
3. Make such determinations as by FPI's Standards of Conduct Policies and FCA Regulation 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:
  - i. A preliminary investigation indicates that a Federal criminal statute may have been violated;
  - ii. An investigation results in the removal of a director or discharge of an employee; or
  - iii. 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 AND EXCEPTIONS:**

**A. *Employee and Contractors Disclosures.***

All employees and contractors shall prepare written disclosures annually. Such annual disclosures shall be in addition to those required of new employees and contractors or as situations warrant as required by FCA regulations. Disclosures shall be submitted to the Standards of Conduct Officer who shall promptly take action to resolve real or potential conflicts and promptly report such situations to the President or the Board, as appropriate, for resolution.

**B. Exception Reports.**

The Standards of Conduct Officer shall report to this Board no later than the next regularly scheduled meeting of the Board all cases in which:

1. Disciplinary action is taken due to violations of this policy;
2. The public's confidence in the Corporation may be adversely affected by violations of this policy;  
and
3. There is any indication that a federal or state criminal statute may have been violated due to unethical conduct.

**C. Summary Reports.**

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

## Policy Scope

All Farm Credit Financial Partners, Inc.'s employees and contractors.

**Last Approved:** August 09, 2022.