

**NUECES ELECTRIC COOPERATIVE, INC.
ROBSTOWN, TEXAS**

SCOPE: CORPORATE POLICY

POLICY NO. I-10

SUBJECT: DIRECTOR STANDARDS OF
CONDUCT

DATE REVIEWED 02/07/25

I. OBJECTIVE

To clarify the standards of conduct for which the Board will be accountable while serving on the Board of Directors.

II. LEGAL DUTIES

Directors are subject to legal standards of fiduciary responsibility. These include duties of care and loyalty.

Under the duty of care, directors are required to:

- a. Exercise that degree of care that an ordinary prudent person would exercise under similar circumstances.
- b. Have or acquire the minimum knowledge and skills necessary to direct the affairs of the cooperative.
- c. Make every effort to attend all meetings of the board and to study materials sent prior to each board meeting.
- d. Study and adhere to all obligations imposed by the Articles of Incorporation, the Bylaws, contractual agreements and board policies.

Under the duty of loyalty, directors are required to:

- a. Act only in the best interest of the cooperative and its members.
- b. Place interests of the cooperative over any personal interests.
- c. Not have any financial interest in a directly competing business.
- d. Avoid the appearance of any conflict of interest.
- e. Avoid any future conflict of interest by refusing to receive any remuneration from any entity proposing to purchase all or substantially all of the assets of the cooperative.
- f. Represent and support decisions of the board except in extraordinary circumstances where the director believes that there is a clear and present threat to the survival of the cooperative.

III. BOARD OF DIRECTORS MEETING AGENDA

The agenda for each meeting of the Board of Directors shall be determined and approved by the Board President in advance of each meeting. In the event a Director wishes to have a specific topic placed on the agenda, such Director shall notify the Board President that such Director wishes to place the topic on the Agenda. In the event the Board President denies the request, the director has the right to bring the request before the full Board for consideration before agenda approval at that Board Meeting. The decision of the Board shall be final regarding the placement of the requested item on the agenda. Additional items may be placed on the agenda with the consent of a majority of the members present and voting.

IV. DIRECTOR ACCESS TO STAFF; WITH RESPECT TO INQUIRIES REGARDING RESEARCH AND/OR REVIEW OF MATTERS PROPOSED BY INDIVIDUAL DIRECTORS.

All communications between the members of the Board of Directors and staff regarding Member outages and specific Member issues shall be coordinated through the Chief Executive Officer ("CEO").

Any Director is entitled to have access to cooperative data or information at reasonable times for a proper purpose that is germane to his or her standing as a Director. This principle is subject to the following:

- A. All requests for information shall be made to and through the CEO. In no case shall such information be sought through other employees, agents or independent contractors (unless after consultation with and being advised by the cooperative's attorney because an actual or potential criminal activity of the CEO is involved). The approved information request and results thereof shall be made available to the entire Board of Directors.
- B. In any instance in which a Director has sought access to information not generally made available or reported to the Board, the CEO shall report this at the next meeting of the Board of Directors.

V. GOOD FAITH AND FAIR PLAY

Every Director shall deal in good faith and fair play with every other Director and the CEO in expressing his or her views, questions and concerns relating to cooperative policies, rates and programs. Good faith and fair play require:

- a. All Directors shall reveal all information or interests that they may have and that may bear upon action being considered by the cooperative.
- b. Directors will not so pursue a position, inquiry, or motion as to unduly harass or annoy other Directors, the CEO, employees or independent contractors.
- c. Director communications with employees other than the CEO shall be casual and conducted on a courteous basis, but not for the purpose of influencing an employee's position or attitude concerning his or her cooperative related activities.

VI. BOARD MEETING MINUTES

Each Director shall have the opportunity to review a draft of all Board Meeting Minutes. Any requested change(s), and the reason therefore shall be made known to the Board of Directors along with the identity of the Director requesting such change(s). Such change(s) will then be subject to approval by the entire Board at the next regularly scheduled meeting.

VII. RELIANCE UPON OUTSIDE PROFESSIONAL ADVICE AND/OR REPORTING

Each Board member has his, or her, own special training and professional background. In discussing Cooperative issues and business, each Director may use his or her special knowledge in such discussions. However, the Board Members need not rely upon the personal opinions of any other Board member. Directors may, however, rely in good faith on information, opinions, reports or statements that have been presented by:

- a. Management or other employees believed to be reliable and competent;
- b. Legal counsel, accountants, engineers, rate consultants or retained outside experts regarding matters within their respective professional competence; and
- c. Committees of the Board.

VIII. RESPONSIBILITY

- A. The Board of Directors shall review and make necessary changes in this policy as may be recommended or that are required by changing circumstances.
- B. The Board President shall be responsible for the administration of this policy. The Board President shall issue such procedural regulations as may be required to effectively administer this policy and shall be responsible for formulating any recommended changes in policy content which requires action by the Board of Directors. Further delegation of the administration of this policy may be made by the Board President, but the Board President shall not be relieved of the overall responsibility.

This policy supersedes all previously established policies and all other material in conflict with its provisions.

Approved by the Board of Directors this 25th day of February 2025.



President



Secretary