Forest Lakes Mutual Water Company
Code of Conduct and Ethics

Approved November 8, 2022

Policy Purpose

The Forest Lakes Mutual Water Company ("FLMWC" or "Company") Board of Directors ("Board") has adopted a Code of Conduct and Ethics for Board members (directors or members) to assure shareholder and community confidence in the integrity of FLMWC and its effective and fair operation.

A. Conduct

This policy section is designed to describe the manner in which Board members should treat one another, company staff, community members, and others they come into contact with while representing FLMWC. Board members are called upon to exhibit appropriate and respectful behavior at all times.

1. Conduct with other Board members

Interactions between and among board members must be based on the following values in the treatment of others:

- Integrity
- Honesty
- Respect
- Fairness
- Trust
- Equity
- Communication
- Collaboration
- Inclusiveness
- Accountability

2. Conduct in Board meetings

a. *Practice civility and decorum in discussions and debate.* Criticism is an essential part of democracy. However, this does not allow directors to make belligerent, personal, slanderous, threatening, abusive, or disparaging comments. No shouting or physical actions that could be construed as threatening will be tolerated.

b. *Honor the role of the Board president in maintaining order.* It is the president's or designee's responsibility to keep members on track during public meetings. Members should honor efforts by the president or designee to focus discussions on current agenda items. If there is disagreement about the agenda or the president's actions, members should follow the Board's parliamentary procedure (based on Rosenberg's Rules of Order) to voice their objections politely.

c. *Avoid personal comments that could offend others.* If a member is personally offended by the remarks of another member, the offended member should note the actual words used and call for a "point of personal privilege" that challenges the other member to justify or retract their language. The president will maintain control of this discussion.

d. *Demonstrate effective problem-solving skills.* Members should attempt to find common ground and seek a compromise that benefits the community as a whole.

e. *Representing the Board.* Outside of official board or committee meetings, individual Board members are not authorized to act as a representative of FLMWC unless specifically designated and/or delegated by the Board of Directors to do so for a particular purpose.

3. Policy role of Board of Directors

Board members shall dutifully perform their role as part of a policy-making body. Members shall not interfere with the administrative or operational functions of the company or the duties of staff, nor shall they impair the ability of staff to implement Board decisions.

4. **Respect for the decision-making process**
   Members shall perform their duties in accordance with the rules, regulations and procedures established by the Board and the rules of order for parliamentary procedure. In performing these duties, members shall support decisions made by the Board and shall not promote alternative courses of action once Board decisions are made that are inconsistent with standards of objectivity, prudence, and reasonableness.

5. **Use of company resources**
   Members shall not use company resources such as staff time, equipment, supplies or facilities, for private gain or personal purposes. Members shall only use the company's name or logo for the company's interests and purposes.

6. **Conduct with company staff members**
   a. *Treat all staff as professionals*. Clear, honest communication that respects the abilities, experiences, and dignity of each individual is expected.

   b. *Requests of FLMWC staff.* In respecting the role of the general manager to ensure the smooth operation of the company, Board members who wish to request staff assistance must take into account operational priorities and workload. Requests for assistance by Board Members shall be directed to the general manager, must have a clear operational purpose, and must be communicated to the board president either at or prior to the time the request is made, depending on the circumstances.

7. **Conduct with individuals and organizations**
   a. *Be clear about representing the company or personal interests*. When officially representing the company, members must convey the official Board decision/position on an issue, not a personal viewpoint.

   b. *Written correspondence*. To the best extent possible, members shall maintain written records of correspondence with individuals and organizations when representing the board or company on official business whether such correspondence was oral or written.

   c. *Make no promises on behalf of the board or company*. Members may be asked to explain a Board decision or to give their opinion on an issue as they interact with the community or outside entities. It is *appropriate* to give a brief overview of a Board policy or decision and to refer to company staff for further information. It is *inappropriate* to overtly or implicitly promise Board action or commit staff resources to a specific task.

   d. *Share information learned from outside entities*. Information learned from outside entities that may impact company business or Board decision-making must be timely communicated to the Board president and general manager to help facilitate efficient and effective discussions/actions at Board and Committee meetings.

B. Ethics

This policy section provides guidance on ethical issues and establishes certain requirements that Board members must follow in the performance of their duties.

1. **Act in the interests of shareholders and the community**
   Recognizing that stewardship of community/shareholder interest is of primary concern, Board members will work for the common good and not for any private or personal interest. Board members will strive to provide fair and equal treatment of all persons interacting with/among the Board.
2. **Comply with the letter and spirit of the Law and FLMWC policies**
   Members shall comply with federal, state and local laws as well as the rules and regulations of the FLMWC, including this Code of Conduct.
3. **Conflict of interest**
   In order to ensure impartiality and validity of Board actions, members shall not use their official positions to influence Board decisions in which they directly or through a personal relationship, have a material financial interest. In accordance with the law, members shall disclose and make known to other board members, their financial interests that may give rise to a conflict of interest; and they shall abstain from participating in deliberations and decision-making in matters where they have a material financial interest.
4. **Confidential information**
   Members shall keep sensitive information concerning company property, personnel, or other matters which are the subject of the Board's executive session, strictly confidential. Members shall neither disclose confidential information without prior board approval, or proper legal authorization, nor use such information to advance their personal interests.
5. **Representing the Board of Directors and Company**
   Members shall perform their duties to represent the official policies or positions of the Board consistent with Board decisions and in the best interest of the Company.

C. Applicability to Standing Committees

The application and enforcement of this policy shall extend to members of the company's Standing Committees. As such, appointed Committee members who do not serve on the Board shall abide by this Code of Conduct and Ethics policy.

D. Implementation

The FLMWC Code of Conduct and Ethics is intended to be self-enforcing. It therefore becomes most effective when members are thoroughly familiar with it and embrace its provisions. For this reason, this policy shall be provided to candidates for the board and to newly elected directors. Members entering office shall sign a statement affirming they have read and understand the FLMWC Code of Conduct and Ethics Policy.

E. Accountability and Enforcement

The Code of Conduct and Ethics Policy establishes guiding principles for appropriate conduct and behavior and sets forth the expectations of board and committee members. The members themselves have the primary responsibility to assure that ethical standards are understood and met, and that the community can continue to have full confidence in the integrity of company governance.

Members who intentionally and/or repeatedly do not follow proper conduct may be admonished or formally censured by the Board of Directors, stripped of committee assignments, or incur other actions as deemed appropriate by the Board of Directors, or as specified in Section D.2 below (Report of Findings).

Depending on the seriousness of the infraction(s), such actions could include removal from the Board in accordance with company Bylaws and applicable state laws, and civil/criminal proceedings as they may apply.

The following section establishes processes and procedures for reporting, investigating and resolving alleged violations of this policy.

1. **Investigating Complaints of Policy Violations**
   Complaints of suspected policy violations shall be made in writing to the general manager. The general manager shall evaluate the alleged violation and meet with the Human Resources ("HR") Committee to determine what investigatory procedures, if any, are warranted.

   The HR Committee may, by majority vote, decide whether an investigation into the complaint is warranted; and if so, may decide to conduct an internal investigation or refer the matter to legal counsel.

2. **Report of Findings**
   At the conclusion of the investigation, a report of the findings shall be provided to the HR Committee. If there were no findings of violation, no further action will be taken. If the findings are substantiated, the HR Committee shall make a recommendation to the Board for any action at the next regularly scheduled meeting, unless more immediate action is required. The Board may decide to adopt or reject any of the recommendations, and may formulate its own recommendations or make any other decision that the Board deems appropriate.

I affirm that I have read and that I understand, the FLMWC Code of Conduct and Ethics Policy.

Signature: ___________________________________ Date: _______________

Print Name: _________________________________

Position: ____________________________________