

Policy Name:	Standard of Conduct Alabama Farm Credit
Organizational/Functional Area:	Administration
Board Approval:	May 2008
FCA Regulations:	612.2160 & 612.2165 & 612.2170

PURPOSE AND OBJECTIVE

The maintenance of high standards of industry, honesty, integrity, impartiality, and conduct by directors and employees of this institution is essential to ensure the proper performance of this institution's business and continued public confidence in the System and each of its institutions. The avoidance of misconduct and conflicts of interest, real or apparent, is indispensable to the maintenance of these standards.

To achieve these high standards of conduct, directors and employees shall observe, to the best of their abilities, the letter and intent of all applicable laws, regulations, rules, policy statements, instructions, guidelines, and procedures of the Farm Credit Administration and this institution and shall exercise diligence and good judgment in carrying out their duties, obligations, and responsibilities.

Applicable Farm Credit Administration Regulations

612.2130 – Conflict of Interest – Defines a “conflict of interest” or the appearance thereof as existing when a person has a financial interest in a transaction, relationship, or activity that actually affects or has the appearance of affecting the person’s ability to perform official duties and responsibilities in a totally impartial manner and in the best interest of the employing institution when viewed from the perspective of a reasonable person with knowledge of the relevant facts.

612.2140 & 612.2145 – Directors Prohibited Conduct and Reporting – Prohibits a director’s participation in matters affecting the director’s financial interest, the use of information the director acquired in the position as director, or the use of the director’s position for favoritism. Also requires reporting of certain relationships and activities.

612.2150 & 612.2155 – Employee Prohibited Conduct and Reporting – Prohibits the employee’s participation in matters affecting the employee’s financial interest, the use of information acquired in the employee’s position, or the use of the employee’s position for favoritism. Also requires reporting of certain relationships and activities.

612.2160 – Covers Association Responsibilities to Ensure Compliance – Management must: ensure compliance; act promptly to preserve integrity and public confidence; adopt policies and procedures; and designate a Standard of Conduct Official.

OPERATING PARAMETERS

Devotion of Time to Official Duties

Employees are required to devote the full business time for which they are employed to the effective accomplishment of the duties assigned them. They shall not accept outside employment or compensation or engage in any other activities that could require the use of time that should be devoted to official duties or that might embarrass this institution or the Farm Credit Administration or reflect adversely upon their ability, or perceived ability, to perform their official duties and responsibilities in a totally impartial manner.

Under this provision, the assessment of the impact of an employee's outside activities on the performance of official duties must be specifically addressed and reflected through the evaluation process of that employee.

Improper Use of Official Property, Position or Information

No director or employee shall use any real or personal property, communication, transportation, or any other facility of this institution or use his or her position or information gained in such position for activities or any business in such director's or employee's personal interest or the personal interest of another. Official stationary or any other means of communication used by and readily identified with the institution shall be used only in the conduct of official business and shall not be used to express opinions which do not represent the official position of the institution.

Hiring of Relatives

No relative of a director or employee shall be employed by this institution in order to protect the institutions vital business interests and enable fulfillment to their obligations of trust. Part-time or temporary employment of a relative is not encouraged. However, if documentation can be made that recruitment failed to result in the hiring of a qualified non-relative, a relative may be hired for a period not to exceed 90 work days in a calendar year.

Political Activity

No employee shall hold a public office or be a candidate for such office unless the Standard of Conduct Official has, after investigation and consideration of all facts involved, determined in writing that such candidacy or holding of public office would not bring justified criticism on the grounds of political activities or partialities or in any other manner adversely affect the best interest of the institution. No director or employee shall take an active part or issue public statements relating to the nomination or candidacy of any person or participate in political campaigns for any office, or support or oppose any legislative or administrative initiative that would in any way show support for or endorsement by this institution. Directors or employees shall not be prohibited from expressing personal opinions on political affairs or candidates or making personal voluntary campaign or other contributions.

Exchange of Gifts and Favors Among Directors and Employees of The Employing, Supervising or Supervised Institution

No director or employee shall solicit, give, exchange, or receive any gift, present, favors, or anything of value from or to any director or employee of this institution or any supervised institution. This paragraph shall not apply to items of a nominal value traditionally exchanged as part of acceptable social amenities as determined by the Standard of Conduct Official.

Circumstances Under Which Gifts May be Accepted by Directors and Employees From Outside Sources

No director or employee shall at any time solicit or accept gifts, presents, favors, or anything of value from loan applicants, borrowers, agents, vendors, or any parties doing business with the institution. This paragraph shall not apply to items of a nominal value traditionally exchanged as part of acceptable social amenities as determined by the Standard of Conduct Official.

Recusal From Official Action

Directors and employees shall not participate directly, or indirectly, in deliberations on, or the determination of, any matter, affecting, directly or indirectly, their financial interests, or the financial interest of any relative, any person residing in their household, any business partner, or any entity controlled, or such persons alone or in concert, except those matters of general applicability that affect all shareholders/borrowers in a nondiscriminatory way. Employees shall be prohibited from becoming financially obligated with a borrower or applicant of the Association if the obligation would result in the need to substantially alter the employee's duties and responsibilities to avoid an act prohibited by Section 612.2140 and 612.2150. Any recusal shall be documented in writing showing the nonparticipation and absence of the director or employee during any such deliberation or determination. Nonparticipation shall be periodically monitored by the Standard of Conduct Official to determine compliance with recusal from official action.

Standard of Conduct Procedures

Standard of Conduct Procedures will be developed. These procedures may contain provisions that allow certain directors and employees to enter into relationships involving certain activities. Any such provisions will be subject to limitations. These procedures will, at a minimum, meet and adhere to the criteria of Section 612.2165.

The policies and procedures shall reflect due consideration of potential adverse effect of any activities permitted and shall establish such requirements and prohibitions as are necessary to promote public confidence in the institution and the System to preserve the integrity and independence of the supervising process and prevent improper conduct that may have an adverse impact on this institution or the System, and the potential that said activities could affect the impartial judgment of directors or employees, or detract from their performance of official duties.

Documentation

A Standard of Conduct manual will be developed, published, and distributed to each director and employee. The manual will contain all applicable conflict of interest regulations, all policies applicable to same, and the Standard of Conduct Guidelines and Procedures establishing documentation demonstrating compliances with decisions and policy which will establish reporting requirements, monitor conflicts of interest and recusal compliance. The manual must contain provisions for disclosure of activities and relationships.

Code of Ethics Policy

A Code of Ethics shall be developed, published and distributed to each director and employee. The chief executive officer, and all other designated officers and employees shall acknowledge they have received, read, understand and will comply with the Code of Ethics for the preparation and distribution of financial statements and related disclosures and for providing relevant information that is true, accurate, and complete.

AUTHORITIES DELEGATED TO MANAGEMENT AND REPORTING REQUIREMENTS

A Standard of Conduct Official shall be designated by the Board of Directors, who shall: receive reports required by policy or Farm Credit Administration regulations, record actions taken to resolve each case, and make investigations and report promptly to the board of directors, chief executive officer and the Farm Credit Administration all cases, the investigation of which establishes a violation of the Standard of Conduct or the Code of Ethics that results in the removal of a director or discharge of an employee, or where the violation may have an adverse impact on continued public confidence in the institution, or the System. All reports shall be made after an investigation which shall be completed timely within a reasonable amount of time depending upon the circumstances of each case. All employees reporting will be disclosed to senior management and any reporting for the chief executive officer, chief financial officer, and chief credit officer will be reviewed, as appropriate, with the board of directors or Audit Committee. The Standard of Conduct official shall make an annual report to the board of directors on all activities reported.

AUTHORITIES RETAINED FOR BOARD APPROVAL AND PROCESS FOR ADDRESSING EXCEPTIONS

The Board of Directors will oversee policy development and final approval of this policy. Any changes to the policy will require approval by the Board of Directors. Exceptions to this policy will be approved only by the Board of Directors.