PURPOSE AND OBJECTIVE

The board of directors believes that the maintenance of high standards of industry, honesty, integrity, impartiality, and conduct by directors and employees of the bank is essential to ensure the proper performance of the bank's business and continued public confidence in the System and the bank and associations. 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 the bank, 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 Bank 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

Criteria for Outside Employment or Compensation

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 that could require the use of time that should be devoted to official duties 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 employment on the performance of official duties should be addressed, as appropriate, in the evaluation process of that employee.

Transactions with Unincorporated Business Entities (UBEs)

All transactions between a director, officer, employee or agent and a UBE in which the bank owns an interest shall be conducted at arm’s length, shall be in the bank’s interest, and in compliance with the FCA’s standards of conduct regulations and the bank’s standards of conduct policy and procedures.

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 the bank except as permitted by the bank’s Electronic Communications Policy, or use his or her position or information gained in such position, for any activities or business in such director's or employee's personal interest or the personal interest of another. Official stationery or any other means of communication used by and readily identified with the bank 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 bank.

Cybersecurity

All directors, officers and employees must comply with the bank’s cybersecurity policies and procedures and other standards for protecting the security of the bank’s information.

Bank Preferred Stock

No preferred stock issued by the bank may be purchased by any bank director, officer, or employee or by members of their families as defined in section 612.2130(f) of FCA’s regulations.
Employment of Relatives

No relative of a director or bank officer shall be employed by the bank. No relative of an employee other than a bank officer shall be employed by the bank in a position so that either the relative or the related employee is under the direct supervision of the other or where the relative or the related employee by virtue of his/her position has authority to take administrative or other action directly affecting the other. “Relative” is defined by the Farm Credit Administration ("FCA") to mean spouse, parent, son, daughter, sibling, stepparent, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, uncle, aunt, nephew, niece, grandparent, grandson, granddaughter, and the spouses of the foregoing. Employees residing together will be considered to be related for the purposes of this policy. “Officer” is defined by the FCA as the chief executive officer, president, chief operating officer, vice president, secretary, treasurer, general counsel, chief financial officer, and chief credit officer of each System institution, and any person not so designated who holds a similar position of authority.

Joint Employees

A. In General
Bank management is authorized to establish and maintain joint employee relationships with its affiliated associations in accordance with the requirements of this Policy.
1. No officer of the Bank may serve as an employee of an association affiliated with the Bank, and no employee of the Bank may serve as an officer of an affiliated association unless Bank management determines that the joint employee relationship would serve the interest of the Bank and its stockholders and a “no action” letter is first obtained from FCA permitting the arrangement. If such a no action letter is granted, Bank management may implement the joint employee arrangement subject to the conditions set forth in the no action letter.
2. Bank employees who are not officers may serve as non-officer employees of an affiliated association without the need for additional approvals if Bank management determines that the arrangement would be in the interest of the Bank and its stockholders, provided that each institution appropriately reflects the expense of such employees in its financial statements.

B. Written Agreements Required
In all cases involving joint employee relationships, the Bank and the association shall enter into a written agreement delineating the joint employee’s duties and responsibilities and providing for the allocation of the employee’s compensation and benefits.

C. Definition of Joint Employee.
1. For the purposes of this Policy, the term “joint employee” refers to an individual who, by express agreement between the Bank and the association,
   a. is subject to the control of both the Bank and the association with respect to the manner and means of the individual’s work;
   b. who owes a duty of loyalty to both the Bank and the association;
   c. whose work directly benefits both the Bank and the association;
   d. who is compensated by both the Bank and the association; and,
   e. who holds himself or herself out to third parties as an employee of both the Bank and association.
2. A Bank officer or employee generally does not become a “joint employee” of an association simply by performing activities that an association officer or employee could perform. Only
where activities are prohibited as described in Paragraph E below would the performance of services in themselves be considered to give rise to a joint employee relationship under this Policy.

D. Disclosure and Determinations of Conflicts.
Prior to the beginning of a joint employee arrangement, each Bank officer or employee who is designated as a joint employee shall disclose the joint employee arrangement to the Bank’s Standards of Conduct Official. The Standards of Conduct Official shall determine whether there is any potential for a conflict of interest to arise in the course of the joint employee arrangement. The Standards of Conduct Official may impose conditions on the approval of such joint employee arrangement, such as, recusal from all deliberations and decisions that affect the association’s direct note with the Bank.

1. A conflict of interest could arise if a Bank officer or employee serving on the Bank’s Loan Committee acts as an association officer with authority and responsibility to make decisions on behalf of the association that could adversely affect the association’s performance of its obligations under direct note.

2. Any Bank officer’s or employee’s performance of services of a type described in the Bank’s Services Brochure (“Doing Business the Co-operative Way” or any successor publication) on behalf of an association will not be deemed to give rise to a conflict of interest under this Policy even if the Bank officer or employee serves on the Bank’s Loan Committee.

E. Prohibited Activities.
1. No Bank employee may perform services exclusively for a single association as a calling officer who identifies and pursues potential candidates for loans from the association and develops loan packages to present to the association for approval. Nothing in this Policy shall prevent a Bank employee from assisting any association in any such activities or related business development activities upon request on an ad hoc basis to the extent described in the Bank’s Services Brochure.

2. No bank employee, except one who has been designated and approved as a joint employee in accordance with this Policy, may perform the following accounting support activities:
   
i. certify association financial statements;

   ii. purport to be an association employee or representative of the association in dealings with third parties with respect to accounting matters; or,

   iii. provide substantially all direction to the association staff in accounting matters in the absence of the association’s chief financial officer or equivalent association accounting officer, unless the Bank’s Vice President, ADLU and Vice President and Controller determine that the association has a clear plan to have a chief financial officer or equivalent accounting officer on staff within a reasonably foreseeable time and the Bank’s Standards of Conduct Official determines that there is no conflict of interest,

Nothing in this Policy shall prevent a Bank employee from performing routine accounting services described in the Bank’s Services Brochure for any association even if an association chief financial officer could also perform them.
Political Activity
The political activities of directors and employees shall be consistent with the requirements of the bank’s Political Activity and Interaction with Government Officials Policy.

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 either for the benefit of the director or employee or for the benefit of any third party other than the bank, any gift, present, favors, or anything of value from or to

- Any director or employee of the bank,
- Any director or employee of any district association or OFI,
- Any director or employee of any other System institution,
- Any loan applicants of borrowers of the bank, any district association or OFI,
- Any agent of the bank or any district association or OFI,
- Any vendor of the bank or any district association or OFI, or
- Any other parties doing business with the bank.

This paragraph shall not apply to items exchanged as part of customary business or social amenities as determined under guidelines established by the Standard of Conduct Official and approved by the board of directors.

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 bank. This paragraph shall not apply to items exchanged as part of customary business or social amenities as determined under guidelines established by the Standard of Conduct Official and approved by the board of directors.

Recusal From Official Action
Directors and employees shall not, directly or indirectly, participate in deliberations on, or the determination of, any matter directly or indirectly affecting their financial interests, the financial interest of any relative, any person residing in their household, any business partner, or any entity controlled by the director or employee or such other persons, either alone or in concert, except those matters of general applicability that affect all shareholders/borrowers in a nondiscriminatory way. Directors and employees shall be prohibited from becoming financially obligated with a borrower or applicant of an association if the obligation would result in the need to substantially alter the director’s or employee's duties and responsibilities to avoid an act prohibited by Sections 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. The Standard of Conduct Official shall periodically monitor such documentation to determine compliance with the requirement for recusal from official action.
Standard of Conduct Procedures
Standard of Conduct Procedures shall be maintained that, at a minimum, are consistent with this policy and meet the criteria of Section 612.2165.

These procedures may contain provisions that allow directors and employees to enter into certain types of relationships and activities subject to such appropriate limitations as the procedures may provide. The procedures shall establish such requirements and prohibitions as are necessary to promote public confidence in the bank and the System, to preserve the integrity and independence of the supervising process, and to prevent improper conduct that may have an adverse impact on the bank or the System. Such procedures shall give due consideration to the potential adverse effects of any activities permitted under the procedures, including the potential that said activities could affect the impartial judgment of directors or employees, or detract from their performance of official duties.

Documentation
A Standards of Conduct manual shall be developed that contains all applicable FCA regulations, this Standard of Conduct policy, the Code of Ethics, and all related Guidelines and Procedures, including provisions for the disclosure of activities and relationships and sample forms necessary to document compliance with the policy and procedures. The manual must be distributed to each director and employee, who shall acknowledge in writing that they were provided a copy of the manual and understand the Standard of Conduct regulations, policy, and procedures.

Code of Ethics Policy
A Code of Ethics shall be developed, published and distributed to each director and employee. The chief executive officer, all officers, and other designated 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 this policy or Farm Credit Administration regulations and record actions taken to resolve each case. The Standard of Conduct Official shall make investigations and report promptly to the board of directors, the 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 bank or the System. All such reports shall be made after an investigation which shall be completed within a reasonable amount of time depending upon the circumstances of each case. All significant employee reporting will be disclosed to the Executive Committee and any reporting for the chief executive officer, chief financial officer, chief operating officer, chief credit officer, chief legal officer, chief information officer, or internal auditor 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 THE PROCESS FOR ADDRESSING EXCEPTIONS

The board of directors shall oversee policy development and final approval of this policy. Any changes to the policy shall require approval by the board of directors. Exceptions to this policy shall be approved only by the board of directors.