

## **F.202: Standards of Conduct and Code of Ethics for Employees– AgCountry, FCSAmerica & Frontier**

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On 04-15-2025 and effective 05-01-2025 the Board of Directors of AgCountry Farm Credit Services, ACA, sitting for itself and concurrently as the Board of Directors of its wholly owned subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA, (hereafter, collectively "AgCountry Board") adopted this policy; the Board of Directors of Farm Credit Services of America, ACA, sitting for itself and concurrently as the Board of Directors of its wholly owned subsidiaries, Farm Credit Services of America, FLCA and Farm Credit Services of America, PCA (hereafter, collectively "FCSAmerica Board") adopted this policy; and the Board of Directors of Frontier Farm Credit, ACA, sitting for itself and concurrently as the Board of Directors of its wholly owned subsidiaries, Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA (hereafter, collectively "Frontier Board") adopted this policy.

### **Objectives**

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The objective of this policy is to ensure the proper performance of business and to preserve the integrity and public confidence in the Farm Credit System ("FCS") by establishing high standards of industry, honesty, integrity, impartiality, and conduct for Employees and Agents of the Association. To achieve these high standards of ethical behavior and conduct, Employees and Agents shall observe, to the best of their abilities, the letter and intent of all applicable federal, state, and local laws and regulations, as well as applicable policy statements, instructions, and procedures.

### **Source References**

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This policy sets out the expectations for compliance with Farm Credit Administration ("FCA") Regulations §§611.310, 611.320, 611.340, 612, 617, 620.1, 620.3, 620.5, and 620.21.

### **Operating Parameters**

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This policy is applicable to all Employees and any Agent to whom other rules of professional responsibility or code of conduct do not already apply.

### **Definitions**

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Following are the definitions of various terms used in this policy.

- **Agent:** Any Person, other than a Director or Employee, with the power to act for the Association either by contract or apparent authority and who currently either represents the Association in contacts with third parties or provides professional or fiduciary services to the Association.
- **Applicant:** Any Person that has made an application for extension of credit, an application for restructuring, or requested a Related Service from the Association, but has not yet entered into a loan, restructuring or service contract or other legal instrument with the Association.

- **Arm's Length:** A Transaction carried out by unrelated or unaffiliated parties, such as by a willing buyer and a willing seller, each acting in their own self-interest.
- **Association:** AgCountry Farm Credit Services, ACA and its wholly owned subsidiaries (AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA), Farm Credit Services of America, ACA, and its wholly owned subsidiaries (Farm Credit Services of America, FLCA and Farm Credit Services of America, PCA), or Frontier Farm Credit, ACA and its wholly owned subsidiaries (Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA).
- **Code of Ethics:** A written statement of principles and values the Association follows to establish a culture of ethical conduct for Directors and Employees.
- **Conflict(s) of Interest:** A situation, or appearance thereof, that exists when a Person has a Financial Interest, or the appearance thereof, in a Transaction, relationship, or activity that affects or could affect their ability to perform official duties and responsibilities in a totally impartial manner and in the best interest of the Association when viewed from the perspective of a reasonable person with knowledge of the relevant facts.
- **Customer (or Member):** Any Person who has borrowed funds or received other services from the Association for which the Association receives interest, fees, or other compensation pursuant to a loan or lease agreement, contract, or other legal instrument.
- **Director:** Any member of the Association Board.
- **Employee:** Any full-time, part-time, or temporary employee of the Association.
- **Entity (Entities or Legal Entity):** A corporation, company, association, firm, joint venture, general or limited partnership, limited liability partnership, limited liability limited partnership, limited liability company, society, joint stock company, trust (business or otherwise), fund, or other organization or institution, whether de jure or de facto, no matter how denominated, except System Institutions.
- **Entity Controlled By Family:** An Entity in which a Family Member of a Director or Employee, directly or indirectly, or acting through or in concert with one or more Persons: owns 5 percent (5%) or more of the equity of the Entity; or owns, controls, or has the power to vote 5 percent (5%) or more of any class of voting securities of the Entity.
- **Exempt Employee:** Any Employee that is exempt from the minimum wage and overtime pay provisions of the Fair Labor Standards Act.
- **Family (Family Member):** The Director or Employee, their spouse or civil union partner, and anyone having the following relationship to either as parent, child, sibling, step-parent, step-child, step-sibling, half-sibling, uncle or aunt, niece or nephew, grandparent, grandchild, or the spouse of any of the above, and anyone whose association or relationship with the Director or Employee is the equivalent of the foregoing including any non-related individual residing in the household of or who is a legal or financial dependent of the Director or Employee.
- **Financial Institution:** Any government agency or privately owned Entity that collects funds from the public, and from other institutions, and

invests those funds in financial assets such as loans, securities, bank deposits, and income generating property and further including secondary market entities, other lenders, commercial banks, savings associations, credit unions, insurance companies, trust companies, agricultural credit corporations, incorporated livestock loan companies, and other financial intermediaries that extend credit and offer financial services as a regular part of their business.

- **Financial Interest:** A Person's interest in an activity, Transaction, property, or relationship that involves giving or receiving something of monetary value now or in the future.
- **Financially Obligated With:** A joint, legally enforceable financial obligation with another Person, a financial obligation on behalf of another Person, an enforceable legal obligation secured by property owned by another Person, or owning property used as security for a legally enforceable obligation of another Person.
- **Material:** When applied to any Financial Interest or Transaction (including a series of Transactions viewed in the aggregate), means that the interest or Transaction is of such sufficient magnitude that a reasonable Person with knowledge of relevant facts would question the ability of the Person who has the interest or is party to such Transaction(s) to perform their official duties and responsibilities objectively, impartially and in the best interest of the Association and its statutory purpose.
- **Mineral Interest:** Any interest in oil, gas, or other minerals, including water or irrigation rights, geothermal resources, and wind energy; and any rights therein created or derived directly or indirectly from a lease, deed, easement, license, or royalty agreement.
- **Officer:** Any Senior Officer, any vice president, and any Employee who holds a similar title or position of authority.
- **Ordinary Course of Business:** Either a Transaction that is usual and customary between or among Persons who are in business together, or a Transaction with a Person who is in the business of offering goods or services that are the subject of the Transaction on terms that are not Preferential.
- **Other Financing Institution (OFI):** Entities that Farm Credit Banks are authorized to make loans and extend other similar financial assistance to, including any national bank, state bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, credit union, any association of agricultural producers, any corporation engaged in the making of loans to farmers and ranchers or producers, or harvesters of aquatic products (collectively "other financing institutions").
- **Person:** An individual or an Entity.
- **Preferential:** A Transaction that is on better terms than those prevailing at the same time for comparable Transactions for other Persons who are not Directors, Employees, or Agents of a System Institution.
- **Prospect:** A Person identified in any Association Customer tracking system/software as such and with whom the Association has had contact or is pursuing for a loan, lease, or other Customer relationship.

- **Recuse (Recused or Recusal):** The act of removing oneself as a participant in any matter for the purpose of avoiding an actual or apparent Conflict of Interest including, but not limited to, the processing or servicing of accounts, accessing information in Association systems and from having any direct or indirect involvement in any deliberations or decision making, under delegated authorities or otherwise.
- **Related Service:** Any financially related service, technical assistance, or risk management product including insurance approved from time to time by FCA.
- **Reportable Business Entity:** An Entity in which the reporting individual, directly, or indirectly, or acting through or in concert with one or more Persons:
  - Owns a material percentage (5% or more) of the equity of the Entity;
  - Owns, controls, or has the power to vote a material percentage (5% or more) of any class of voting securities of the Entity; or
  - Has the power to exercise a Material influence over the management of policies of such Entity from their status as a partner, director, officer, manager, or majority shareholder in the Entity.
- **Resolved:** An actual or apparent Conflict of Interest that has been addressed with an action such as Recusal, divestiture, approval or exception, job reassignment, Employee supervision, employment separation or other action, with the result that a reasonable Person with knowledge of the relevant facts would conclude that any Conflicts of Interest are unlikely to adversely affect the Person's performance of official duties in an objective and impartial manner and in furtherance of the interests and statutory purposes of the FCS.
- **Senior Officer:** The Association's chief executive officer, president, and any executive vice president, and all other individuals designated by the chief executive officer as being responsible for a major policy making function.
- **Signed:** When referring to paper form, means a manual signature, and, when referring to electronic form, means marked in a manner that authenticates each signer's identity.
- **Standards of Conduct Official:** An individual designated by the Association Board to carry out the Standards of Conduct Program and responsibilities as specifically designated in Association policies.
- **Standards of Conduct Program:** The policies and procedures, internal controls, and other actions the Association must implement to put into practice the requirements of the FCA regulations pertaining to standards of conduct for Directors and Employees.
- **System Institution:** Any bank, association, or service corporation chartered under the Act, the Federal Farm Credit Banks Funding Corporation, and any other Entity statutorily designated from time to time as a System Institution and regulated by the FCA. It does not include the Federal Agricultural Mortgage Corporation.
- **Third Party Service Provider:** Any Person providing goods or services to the Association for a price pursuant to an agreement or contract, but

who is not under the direct control of the Association and does not otherwise qualify as a Director or Employee. This term may include a Person (e.g., Agents) with access to confidential or sensitive information or who has an ongoing relationship with the Association. The following are examples of Third-Party Service Providers: Agents, information technology service providers, real estate appraisers, attorneys, and accountants.

- **Transaction:** A business event between two or more Persons that has a monetary value or impact, such as the purchase, sale or lease of goods, services, or other property.

**Note:** Some Transactions could be viewed as both a loan Transaction and a non-loan Transaction (e.g., contract for deed), which means multiple sections of this policy could apply to a Transaction.

## **General Policy Guidelines**

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### **Code of Ethics**

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The Association Board has adopted a Code of Ethics which is also maintained on the Association's Internet and Intranet sites. The Association Board is committed to conducting business in accordance with the highest ethical standards as set forth in its standards of conduct policies. Moreover, Association leadership is responsible for preparation and distribution of its financial statements and related disclosures and for providing relevant information that is true, accurate and complete to the Farm Credit Banks Funding Corporation for use in preparing the Farm Credit System financial statements and related disclosures.

Accordingly, the Association Board expects all Directors, Employees, and Agents to maintain the highest standards of personal and professional integrity in all aspects of their business transactions and activities. This includes complying with all applicable laws, rules, and regulations, deterring wrongdoing and abiding by its standards of conduct policies and other policies and procedures adopted by the Association that govern the conduct of its Employees and Agents. To achieve these high ethical standards, all Directors, Employees, and Agents should, among other things, avoid conflicts of interests.

The Code of Ethics further provides that all Directors, Employees, and Agents shall:

- A. Engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent Conflicts of Interest between personal and professional relationships.
- B. Comply with the Association policies on standards of conduct and Code of Ethics, avoid Conflicts of Interest and disclose, as provided for herein, any Material Transaction or relationship that reasonably could be expected to give rise to a Conflict of Interest.
- C. Take all reasonable measures to protect the confidentiality of non-public information about the Association and its Customers and to prevent the

unauthorized disclosure of this information unless required by applicable law, regulation, or legal or regulatory process.

- D. Comply with applicable governmental laws, rules, and regulations, as well as the rules and regulations of any FCS self-regulatory agreements to which the Association is a party.
- E. Immediately report any known or suspected violation of the Code of Ethics to at least one of the following: a Standards of Conduct Official, the president and chief executive officer, the general counsel, the chairperson of the Association Board Audit Committee or the established anonymous reporting system. Any violations deemed Material to the FCS financial statements, must also be reported to the Federal Farm Credit Banks Funding Corporation general counsel, the Federal Farm Credit Banks Funding Corporation chief executive officer or the FCS Audit Committee.

## **Employee Qualifications**

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An individual shall not serve or continue to serve as an Employee if such individual:

- has been convicted of any criminal offense involving dishonesty or a breach of trust;
- has been a member of the board of directors of any System Institution in the past twelve (12) months; or
- is an Agent, Independent Contractor, or vendor of any System Institution.

## **Employee Responsibilities/Devotion of Duty**

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Employees must maintain high standards of industry, honesty, integrity, impartiality, and conduct in order to ensure the proper performance of Association business and continued public confidence in the Association and the FCS. The avoidance of misconduct and Conflicts of Interest is indispensable to the maintenance of these standards. To achieve these high standards of conduct, Employees must observe, to the best of their abilities, the letter and intent of all applicable federal, state, and local laws and regulations, any regulations, bookletters, informational memoranda, policy statements and guidance of the FCA and all applicable policies, standards, procedures, and guidelines of the Association, as amended and published from time to time, and shall exercise diligence and good judgment in carrying out their duties, obligations, and responsibilities.

All Employees shall devote the full time for which they are employed to the effective accomplishment of their assigned job responsibilities. Employees shall not accept outside employment or compensation or engage in any activities that require use of time that should be devoted to their job or job responsibilities, or that may reflect adversely on either the Association or on the Employee's ability to perform their job and serve the Customers in an effective, objective, and impartial manner. Employees must Recuse from official actions wherein the Employee has a Conflict of Interest. Employees must fulfill their fiduciary duties of care, loyalty and obedience to the Association and its stockholders.

All Employees shall cooperate fully in the proper reporting and investigation of any matter related to this policy or Association business.

## **Loans/Leases/Financial Services to Employees**

Employees may, subject to the terms and provisions of the Official Loan policy ([Policy OP.203: Official Loans](#)), obtain loans, leases, and other financial services from the Association on the same terms, conditions and standards, and through the same procedures, as other Customers. All Employee loans and leases must be approved in accordance with [Policy OP.103: Delegation of Lending and/or Leasing Authority](#).

## **Employment of Family**

**Employment:** Employment and promotion decisions shall be based on merit, with no advantage or favoritism accorded on the basis of Family relationships.

Neither a Family Member of a Director nor the Family Member of a member of the Board of Directors of the FCB having supervisory responsibility for the Association may serve as a Senior Officer of the Association. Prior to the employment or promotion of either a Director's Family Member or the Family Member of a member of the Board of Directors of the FCB having supervisory responsibility for the Association, a determination will be made by the Association's Human Resources team in conjunction with a Standards of Conduct Official as to whether such hiring or promotion will violate this section. When an Employee becomes aware of a violation or potential violation of this section, the Employee shall immediately notify a Standards of Conduct Official.

**Election:** Likewise, if the election of a candidate nominated to run for either the Association Board or the Board of Directors of the FCB having supervisory responsibility for the Association would result in a violation of this section, the Association nominating committee or the nominating committee of the FCB having supervisory responsibility for the Association, as the case may be, will inform a Standards of Conduct Official, and the candidate will be fully informed of the implications of their election. If the candidate chooses to run, the relationship between the candidate and any Family Member that is a Senior Officer will be disclosed with election materials.

## **Purchase of FCS Obligations**

During any period of time in which an Employee's job involves any participation in determining the amount, rate, maturity, terms, or conditions of any FCS debt obligations, the Employee may not purchase or acquire (except through inheritance) any such debt obligations. Any such Employee that inherits an interest in FCS debt obligations shall report the inheritance of such interest in the Employee's Standards of Conduct certification.

Any Employee whose job does not involve any participation in determining the amount, rate, maturity, terms, or conditions of any FCS debt, may purchase joint, consolidated, or FCS debt obligations only if such obligations are part of an offering to the general public and they are purchased through

a dealer or dealer bank affiliated with a selling group designated by the Federal Farm Credit Banks Funding Corporation or purchased in the secondary market. These Employees may also receive an interest in FCS debt obligations through inheritance.

## **Selection and Use of Agents and Third Party Service Providers**

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If an Employee's job responsibilities involve the selection and use of Agents and other Third Party Service Providers, the following apply:

- An Employee shall select, use, and retain qualified and reputable Agents and other Third Party Service Providers.
- Selection shall be on the basis of merit, with no advantage or favoritism accorded on the basis of Family relationships or Association relationships. In doing so, the Employee shall consider the possibility of actual or potential Conflicts of Interest, including such Persons' relationship with other Customers, Directors, or Employees.
- The acceptance of gifts or favors from Agents and other Third Party Service Providers other than as provided for in this policy, and their use of privileged or confidential information acquired through the Association is prohibited.
- An Employee shall ensure the Agents and other Third Party Service Providers retained perform their assignments in a prudent and professional manner and avoid Conflicts of Interest or the appearance of Conflicts of Interest with Directors, Employees, or Customers of the Association.
- An Employee shall promptly report any suspected violation of the Standards of Conduct and Code of Ethics for Employees policy or any known or suspected criminal activity which involves or affects the assets, operations, or affairs of the Association to a Standards of Conduct Official.
- Unless the Agent is subject to industry or professional ethics standards, an Employee retaining the services of an Agent shall provide the Agent with a copy of this policy prior to 1) the commencement of services to be provided on behalf of the Association in contacts with third parties or 2) providing professional services to the Association.

**Note:** The authority to execute a contract with an Agent or a Third Party Service Provider is delegated by the President and CEO to specific job families or positions. This authority is not the same as an Employee's authority to approve invoices for payment, which is also delegated to specific job families or positions.

## **Benchmarks and Thresholds for Activities Requiring Reporting and/or Prior Approval**

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Thresholds and benchmarks are set by the Board and reevaluated on a regular basis to ensure appropriate limits are applied. Due to the fact that Employees are involved in individual loans increasing the potential for Conflicts of Interest arising from Employee interactions with Customers, the threshold for Material Financial Interest for Employees is set at \$10,000. Specific reporting and prior approval requirements are defined below. Any

Transaction(s) with a Customer, Applicant, Employee or Director that exceeds the thresholds established by this policy must follow the reporting requirements, even if they are Ordinary Course of Business transactions, including, but not limited to:

- Purchases of land or livestock at an open competitive bidding environment such as an auction.
- Purchases of chemicals, seeds, or equipment at fair market value.
- Veterinary services at the same rates as charged to all Customers without any discount or preferential treatment.
- Custom farming provided at rates within the applicable local area's applicable custom farming rates.
- Land rental agreements within fair market value.

## **Prohibited Activities**

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### **Participation in Deliberations**

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Unless such matters generally apply to all Customers in a non-discriminatory manner, Employees shall Recuse themselves, and shall not knowingly process, service or otherwise participate, directly or indirectly, in any deliberation or decision that, directly or indirectly affects:

- The Employee's personal Financial Interest;
- The Financial Interest of the Employee's Reportable Business Entity\*;
- The Financial Interest of a Family Member, or Entity Controlled by Family\*; or
- The Financial Interest of any business partner(s) of the Employee.

**Note:** If an Employee is a leader in a regional office and required to Recuse themselves from such deliberations or decisions in their respective region, the Senior Vice President of the Employee shall appoint a leader from another region to participate in deliberations that otherwise would have involved the Employee.

**AgCountry Note\*:** An Employee may provide Related Services in the areas of tax, farm accounting, and insurance to Family Members on behalf of AgCountry, provided, however, such Employee must report the activity to the Standards of Conduct Official by updating their certification and obtaining the Standards of Conduct Official's approval for such activity. Approval will be based on the services being:

- on the same terms and conditions that would be available to others;
- and
- otherwise not preferential.

### **Use of Non-Public Information/Disclosures**

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Employees shall not divulge or make use of any fact, information or document which is not generally available to the public that is acquired by virtue of their employment, except in the performance of official duties.

Employees shall not make any incomplete, inaccurate, or misleading statements or disclosures to the public, Customers, Applicants, Prospects, the FCA or others concerning official Association business, nor fail to make a statement or disclosure when such failure under the circumstances is itself misleading.

### **Use of Position for Advantage**

Employees shall not use their position or non-public information to obtain or attempt to obtain special advantage, gifts or favoritism for the Employee, any Reportable Business Entity, any Family Member of the Employee, any Entity Controlled by Family, any business partner of the Employee, or such Persons (alone or in concert), from the Association, any other System Institution, or any Person transacting business with the Association, including Customers, Applicants and Prospects.

Employees shall not use Association property or facilities for personal use without prior authorization, nor shall they use Association letterhead or stationery for anything other than official business and to express the official views of the Association.

### **Purchasing or Retiring Stock**

Employees shall not purchase or retire any preferred stock in advance of the release of Material non-public information concerning the Association or other System Institutions to other Customers. Employees may only purchase and sell preferred stock pursuant to the terms of any Association or other System Institution Board resolution authorizing issuance of the same.

### **Gifts and Favors**

#### **General Requirements:**

The exchange of gifts or favors and the offering of business hospitality are business practices that can be easily misinterpreted or suggest the appearance of something improper, even if there is no improper intent. Anytime a Person is not required to pay usual or customary cost for something it is a gift or favor. Gifts or favors can take many different forms, including meals, lodging, travel expenses, use of a residence or vacation home, use of a private jet/plane, goods or services, or tickets to entertainment or sporting events, product or service discounts or even charitable donations made on one's behalf. Travel and lodging expenses are generally business expenses paid by the Person (or Person's company) doing the travel, unless part of a specifically sponsored event as noted below.

Conflicts of Interest or at least the appearance of impropriety can arise whenever a Director or an Employee is giving or receiving a gift or favor. In addition, the giving of gifts or favors by a Director or an Employee may be specially regulated in certain industries (for example, insurance), or strictly prohibited by regulations in other circumstances and warrant additional scrutiny (for example, government or other regulatory officials). Under Federal law, the Associations may not contribute funds to any Federal, State, or Local election and/or political candidate.

Accordingly, except as otherwise provided herein, Directors or Employees shall not give, receive, solicit or accept gifts, fees, favors, compensation, or anything of value or personal benefit from any Person whether for themselves (including for the benefit of any Reportable Business Entity, Family Member, Entity Controlled by Family, or business partner, whether the Director or Employee acts alone or in concert with others) or for the benefit of any System Institution, or any Person transacting business with the Association, including Third Party Service Providers, Customers, Applicants or Prospects.

Any gift or favor, either given or received, must meet the following requirements:

- It was not requested or solicited by the recipient; AND
- The associated expenses are not excessive or extravagant; AND
- It is not intended to influence any behavior or action; AND
- It does not create a real or apparent Conflict of Interest or the appearance of impropriety; AND
- It is not given or received merely in appreciation for good service, as a “thanks” for business or for service recovery purposes; AND
- It complies with regulatory requirements, which are typically limited to \$25 or less in value, if given to insurance Customers; AND
- It meets state or federal laws/requirements if given to a government or regulatory official; AND
- It is NOT a gift of cash or cash equivalent (e.g., gift card, debit card, or gift certificate) unless otherwise authorized in this section or unless provided as part of a broadly offered Association program/event. See [HR-0503: Employee Awards](#) for additional requirements.

#### **Exceptions (Activity Permitted):**

The following items provided or exchanged, are NOT reportable gifts or favors in the Standards of Conduct Certification and would be permitted under this policy:

- **Personal Gifts:** Gifts or favors based on a **personal rather than a business relationship** and paid from personal funds are permitted under this policy. This includes gifts and inheritance to/from Family Members.

#### **Thresholds for Other Gifts and Favors:**

The Other Gifts and Favors listed are viewed as one category with a single threshold for all the items listed. Generally, the following gifts or favors must be valued at **\$300 or less individually, or no more than \$600 in aggregate, per recipient in a given calendar year**. Common examples of Gifts and Favors include:

- **Association branded merchandise** provided to any Customer, Applicant, Prospect, Agent, or other Third Party Service Provider that has business relationships with the Association.

- **Customary or Social Gifts** (e.g., holidays, graduations, birthdays, weddings, funerals, illness, family emergencies / natural disasters, promotions, or retirements)
  - Invitations sent to an individual employee should **not** be paid from Association funds and instead come from personal funds.
  - See [HR-0503: Employee Awards](#) for additional requirements regarding taxation.

### **Thresholds for Business Development Activities:**

The Business Development Activities listed are viewed as one category with a single threshold for all the activities listed. When valued at **\$500 or less individually or no more than \$1,000 in aggregate per recipient in a given calendar year**, the following Business Development Activities would be considered permitted gifts:

- **Business Meals:** Sharing meals and entertainment is common in business. Employees or Directors may accept or provide a meal when the recipient and donor are dining together.
- **Entertainment without lodging or transportation:** This includes, but is not limited to, meals, sporting events, and tickets so long as it is an event at which the giver is present and such event affords an opportunity to discuss business and/or develop business relationships.
- **Educational opportunity without lodging or transportation:** This includes, but is not limited to, meals, conference registration fees, and tickets, provided 1) majority of the time is spent on the educational component; 2) both the giver and recipient are present and such event affords an opportunity to discuss business and/or develop business relationships.

**Note:** See [ELT Reviewed and Standards of Conduct Official Approved Meetings and Events](#) for events including lodging or transportation expenses.

### **Prior Approval Requests for Business Development Activities or Other Gifts and Favors**

There may be instances where a **higher threshold** is appropriate given the individual circumstances. **For any items above the reporting thresholds:**

- Employees and Directors must complete and submit an update to their Standards of Conduct Certification for the Standard of Conduct Official's review.
- If approved, the request will be reported to the Board of Directors as an exception.
- Items that exceed the thresholds and do not receive prior Standards of Conduct Official approval will be reported to the Board of Directors as a violation and may face additional actions.

### **Executive Leadership Team (ELT) Reviewed and Standards of Conduct Official Approved Meetings and Events:**

The following items require approval by Standards of Conduct and ELT Review as designated below:

- **Association Sponsored Educational, Entertainment and/or Other Events and Meetings that Include Lodging or Transportation:** Meetings, conferences and events hosted by the Association and attended by Association Customers and/or Prospects. Prior to each activity and annually thereafter for recurring activities, event summaries must be submitted for approval to a Standards of Conduct Official to assess compliance with the Standards of Conduct Policy. Standards of Conduct-approved events will be reported to the Board by Standards of Conduct annually. ELT will review Standards of Conduct Official-approved events for business and reputational risks and alignment with Association strategic initiatives and market approach.
- **Legislative Events Hosted and Attended by Association Directors or Employees:** Federal law prohibits the Associations from contributing funds to any Federal, State, or Local election and/or political candidate. The Legislative and Public Affairs team will review each legislative event for compliance with all federal and state law requirements. If the allocated cost of the event exceeds \$300 individually or \$600 in aggregate per recipient in a given calendar year, the Legislative and Public Affairs team must also submit for approval details of the proposed event to the Standards of Conduct Official to assess compliance with the Standards of Conduct Policy. Standards of Conduct-approved events will be reported to the Board by Standards of Conduct annually. ELT will review the Standards of Conduct-approved events for business and reputational risks and alignment with Association strategic initiative and market approach.

### **Disposing of Impermissible Gifts and Favors:**

A Director or Employee who receives a gift or favor that is not permitted under this policy must dispose of it in accordance with the procedures set forth below. The obligation to dispose of a gift or favor that is not permitted under this policy is independent of any decision regarding corrective or disciplinary action that may be taken or required by the Association.

- **Tangible Items:** Promptly return any tangible item to the donor or pay the donor its market value. If the actual market value of an item is not available, estimate its market value by reference to the retail cost of similar items of like quality.
- **Perishable Items:** When it is not practical to return a perishable item, give the item to an appropriate charity, share the item with the recipient's office, or destroy the item.
- **Intangible Items:** Promptly reimburse the donor the market value for any entertainment, favor, service, benefit, or other intangible. Subsequent reciprocation does not constitute reimbursement.

**If there is any uncertainty as to whether a specific item or situation is acceptable or reportable under this section of the policy, the Director or Employee shall disclose such gift or favor and request prior approval review before accepting or giving such item.**

## **Nominating Committees/Elections**

Employees shall not serve on the Association nominating committee, nor take part in the nomination or election process, except as allowed by [Policy S.201: Election and Appointment of Directors](#), and FCA Regulations.

Employees shall not use, nor permit others to use, Association property, facilities, resources, or records to benefit themselves, or any candidate for nomination or election to the Association Board or nominating committee except as allowed under [Policy S.201: Election and Appointment of Directors](#), and FCA Regulations, and made available to all declared candidates or nominees on a non-discriminatory basis.

Employees shall make no public announcement of the results of any Association election before the election results have been validated.

## **Political Activity/Public Office**

Employees shall not take an active part in partisan politics nor make public political statements in a manner that implies the support or endorsement of the Association unless authorized by the Association Board. This paragraph does not prohibit expressing personal views or making personal contributions.

An Employee shall obtain prior approval to be a candidate for or to hold any public office, whether by election or appointment, by disclosing the public office in the Employee's Standards of Conduct certification. Consideration will be given to whether such elected or appointed position is likely to bring justified criticism of the Employee or the Association; whether the Employee can hold such elected or appointed position without violation of the provisions of this policy or the Code of Ethics; whether such elected or appointed position is likely to have an adverse impact on either the Association or the Employee's ability to objectively and impartially perform their job responsibilities; whether such elected or appointed position is likely to create a material image risk for the Association; AND whether the functions of the office may directly impact Customers, Applicants, Prospects, Employees or Directors and, if so, whether the Employee has the ability to withdraw and Recuse themselves from deliberations in such situations.

In the event the Employee is serving in an office that requires their time during normal working hours, the Employee must take vacation leave to attend meetings or events associated with any such elected or appointed position.

## **Purchase or Use of Acquired Property**

Employees shall not knowingly purchase, lease, or otherwise acquire, directly or indirectly, unless it was obtained by inheritance, any interest in any real or personal property, including Mineral Interests that was both owned by any System Institution within the preceding twelve (12) months and that was acquired as a result of foreclosure or similar action.

Employees shall report the inheritance of any such property in the Employee's Standards of Conduct certification.

## **Financial Obligations (Loan Transactions)**

No Employee nor any Reportable Business Entity of an Employee shall directly or indirectly borrow from, lend to, or become Financially Obligated With, or on behalf of a Director, Employee, Customer, Applicant, Prospect or Agent of the Association, or a director, employee, or agent of the FCB having supervisory responsibility for the Association (including any Entities of such Persons) unless:

- The financial obligation is with the Employee's Reportable Business Entity, a Family Member, or an Entity Controlled by Family;

**Note:** Financial obligations with an Employee's Reportable Business Entity, a Family Member, or an Entity Controlled by Family shall be disclosed and reported in the Employee's Standards of Conduct certification, when such financial obligations are with a System Institution.

- The financial obligation is undertaken in an official capacity as an Employee of the Association in connection with the Association's discounting, lending, or participation relationships with OFIs and other lenders; or
- A Standards of Conduct Official determines that the potential for Conflict of Interest is insignificant because the financial obligation is in the Ordinary Course of Business or is not Material in amount and the Employee does not participate in the determination of any matter affecting the Financial Interest of the other party to the financial obligation except those matters generally applying to all Customers in a non-discriminatory way.

**Note:** Financial obligations that require a Standards of Conduct Official to determine that the potential for Conflict of Interest is insignificant shall be submitted for prior approval in the Employee's Standards of Conduct certification.

## **Outside Affiliation/Competition**

Unless acting on behalf of the Association, Employees shall not serve as employees or directors of another Financial Institution or Entity, regulated or unregulated, that engages, directly or indirectly, in the business of providing financing (loans, leases or credit on a secured or unsecured basis), or any other products and services (including Related Services) that are offered by the Association of the Employee's office location other than:

- the Four Points Federal Credit Union;
- an FCS-owned Entity;
- a non-profit, charitable, or public service organization;
- as joint employees of System Institutions;
- as a non-Officer Employee of both the Association and a Farm Credit Bank; or
- as an Officer Employee of the Association and as a non-Officer of a Farm Credit Bank with the approval of the: Association Board, Farm Credit Bank Board, and FCA.

In addition, Employees shall not serve as a director or employee of a non-System entity that transacts business with a System institution within the Association's district. For purposes of this paragraph, "transacts business" does not include loans by a System institution to a Reportable Business Entity or an Entity Controlled by Family; service on the board of directors of the Federal Agricultural Mortgage Corporation; Transactions with non-profit Entities; or Transactions with Entities in which the System institution has an ownership interest.

Association leadership must determine the Employee's proposed service as an employee or director of such Financial Institution or Entity will not otherwise cause a violation of any FCA regulation or this policy, particularly the requirements related to devotion of time to official duties. Employees may also serve on governmental or quasi-governmental boards, agencies, bureaus, development foundations or similar organizations in elected or appointed capacities as long as they can Recuse themselves and withdraw from considering or acting on any credit or other decision that impacts a known Customer, Applicant or Prospect.

No Employee shall act as a real estate agent or broker with respect to any Transaction other than one involving the purchase or sale of real estate intended for the use of the Employee or a Family Member.

No Employee shall act as an insurance agent or broker in connection with the sale or placement of insurance, other than within the scope of employment with the Association and as authorized under the Act.

No Employee shall act as a personal fiduciary (e.g., trustee, executor, personal representative, power of attorney, guardian, conservator, or similar position) for any individual other than a Family Member or close personal friend (but not if the friendship grew out of an Association Customer, Employee, Agent, or Independent Contractor relationship).

### **Prizes, Drawings and Raffles**

Employees, Family Members of Employees, Agents, and other Third Party Service Providers of the Association are not eligible for any raffles, prizes, lotteries, drawings or similar marketing or promotional activities of the Association unless they are specifically included in the eligibility requirements in the material announcing or accompanying such promotional activity.

### **Scholarships**

Employees and Family Members of Employees shall not be eligible for any scholarship programs or educational grants broadly offered or sponsored by the Association. This does not apply to scholarships that are only offered to Employees, Directors, and their families as a human resource benefit.

### **Equity Ownership in Customers, Applicants or Prospects**

**Exempt Employees:** No Exempt Employee, their Reportable Business Entity, or any individual residing in the household of an Exempt Employee,

shall purchase or own either directly or through a self-directed retirement plan (except by inheritance):

- any equity interest, stock, units or shares in a Customer, Applicant or Prospect regardless of how denominated or how organized, and whether certificated or uncertificated; or
- any interest, warrant or option, no matter how denominated which is convertible to such equity.

Except as previously approved by a Standards of Conduct Official prior to the adoption of this policy provision, or subsequently approved as an exception pursuant to the terms of this policy, any such Person who owns an equity interest in any Customer or any Applicant or Prospect that becomes a Customer shall have twelve (12) months to sell, transfer or otherwise divest themselves of such equity interest.

**Note:** All Employees (whether exempt or non-exempt) shall report the any equity ownership in Customers, Applicants or Prospects in the Employee's Standards of Conduct certification. This includes any equity ownership obtained through inheritance.

**Exceptions That Require Disclosure:**

Notwithstanding the above, the restrictions on purchasing or owning ownership equity shall not apply to the following, but require disclosure:

- any equity interest, stocks, units, shares, or any other ownership in a Customer, Applicant or Prospect as required to obtain inputs or sell production as part of your normal farming operation (example: a farming cooperative, grain elevator, or sugar beet cooperative); or
- AgCountry employees that had equity ownership in a Customer, Applicant or Prospect prior to April 1, 2024.

**Exceptions That DO NOT Require Disclosure:**

Notwithstanding the above, the restrictions on purchasing or owning ownership equity shall not apply to the following and do not require disclosure:

- indirect ownership of an equity interest in a Customer, Applicant or Prospect through registered mutual funds or as part of any qualified retirement plan, other than a self-directed retirement plan; or
- when the entity is your Reportable Business Entity or an Entity Controlled by Family.

**Non-exempt Employees:** A non-exempt Employee (other than Employees prohibited from equity ownership as described above) shall submit the Transaction for prior approval in the Employee's Standards of Conduct certification and obtain prior approval before the Employee, their Reportable Business Entity, or any individual residing in the Employee's household, purchases or otherwise acquires (except by inheritance):

- any equity interest, stock, units or shares in a Customer, Applicant or Prospect regardless of how denominated or how organized, and whether certificated or uncertificated;
- any interest, warrant or option, no matter how denominated which is convertible to such equity whether public or private in any Person that they know or have reason to know is a Customer, Applicant or Prospect; or
- any equity interest, stocks, units, shares, or any other ownership in a Customer, Applicant or Prospect as required to obtain inputs or sell production as part of your normal farming operation (example: a farming cooperative, grain elevator, or sugar beet cooperative).

**Note:** All Employees (whether exempt or non-exempt) shall report any equity ownership in Customers, Applicants or Prospects in the Employee's Standards of Conduct certification. This includes any Equity Ownership obtained through inheritance.

### **Exceptions That DO NOT Require Disclosure:**

Notwithstanding the above, the restrictions on purchasing or owning ownership equity shall not apply to the following and do not require disclosure:

- indirect ownership of an equity interest in a Customer, Applicant or Prospect through registered mutual funds or as part of any qualified retirement plan, other than a self-directed retirement plan;
- when the entity is your Reportable Business Entity or an Entity Controlled by Family.

### **Employee Transactions with Directors, Customers or Applicants**

An Employee must refrain from taking actions or making decisions under delegated approval authority on the account of any Director, Customer or Applicant when the Employee, including any individual residing in the Employee's household, or an Employee's Reportable Business Entity has a Transaction that is pending or currently ongoing with that Person.

- For one-time Transactions, the Employee must Recuse themselves for a period of three hundred sixty (360) days following completion of the Transaction.
- For recurring Transactions (i.e., lease of property or annual purchase/sale of chattels with the same Person), the Employee must Recuse themselves from any further involvement on the account.
- When an Employee becomes aware of the possibility of such a Transaction involving a Director, Customer or Applicant, the Employee shall immediately notify their leader who will designate another Employee to service the Person's account(s) during the Recusal period.
- Receipt of AgCountry or Farm Credit Services of America Customer loan or lease proceeds of \$100,000 or more or Frontier Farm Credit Customer loan or lease proceeds of \$50,000 or more renders that particular Customer loan or lease an official loan under [Policy OP.203: Official](#)

**Loans: Employees.** It shall be the Employee's obligation to notify the Senior Vice President of the business development team that Employee is a part of for the purpose of appropriately establishing the lending relationship. See also [Policy OP.103: Delegation of Lending and/or Leasing Authority](#), for other provisions on receipt of loan or lease proceeds from a Customer.

This provision shall not apply to Transactions between an Employee and a Customer or an Applicant that:

- Are done in the ordinary course of the Person's business;
- Are priced accordingly to all patrons of the Person's business - e.g., dental visits, haircuts, etc.; or
- Do not exceed \$10,000 per Transaction (Transactions over that amount are subject to the reporting and prior approval requirements set forth below).

### **Service as a Third Party Service Provider**

No Employee, Senior Officer, any Reportable Business Entity of a Senior Officer, or individual residing in the Senior Officer's household, shall perform services for the Association as a Third Party Service Provider. Any other Person not specifically prohibited herein who is either a Family Member of an Employee or an Employee's Reportable Business Entity may serve as a Third Party Service Provider. Provided such service will have a duration of more than twelve (12) months or will result in the receipt of compensation or other consideration having an aggregate value of more than \$10,000, the Employee shall submit the Transaction for prior approval in the Employee's Standards of Conduct certification and obtain prior approval before performance of any such services.

**Note:** When an Employee learns a Family Member or Entity Controlled by Family is providing service to the Association after the service has started, the Employee shall submit a request for approval in the Employee's Standards of Conduct certification within 30 days of discovery.

### **Hedging**

No Employee shall purchase or sell futures or options contracts involving commodities financed by a System Institution, except:

- when performing official business for the Association;
- when part of normal hedging for the Employee's farming operation; or
- the ownership is indirect through registered mutual or similar funds that may invest in futures or options contracts.

### **Termination of Prohibited Activities**

If a change in policy, regulation, or circumstance beyond the control of the Employee results in the Employee being involved in a prohibited activity or relationship, the Employee shall immediately upon becoming aware of such involvement, report the matter to a Standards of Conduct Official. A Standards of Conduct Official may require immediate termination of the activity, grant a specified or mutually agreeable time during which the activity must be terminated, or arrive at another appropriate resolution. The

time granted shall normally be no more than ninety (90) days from the date the disclosure is made. If the Director or Employee reasonably believes that they will require a longer time period to terminate the Transactions, relationships, or activities prohibited by this policy, the Director or Employee may request a longer time period, which the Standards of Conduct Official or Standards of Conduct Official's designee may provide at their discretion (generally no more than 6 months). The decision will be promptly communicated to the Employee in writing. Newly hired Employees involved in Transactions, relationships, and activities prohibited by this policy, other policies, or regulation shall also be provided the same opportunity to terminate the activity.

## **Activities Requiring Prior Approval**

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Employees shall submit all prior approval activity requests in the Employee's Standards of Conduct certification, prior to the time of engaging in the activity for which the request for approval is sought. Actions requiring prior approval include the activities that follow in addition to those Transactions that fall within the exceptions outlined above in the "Prohibited Activities" section of this policy dealing with:

- Gifts and Favors;
- Political Activity/Public Office;
- Financial Obligations;
- Equity Ownership in Customers, Applicants or Prospects; and
- Service as Agent, Independent Contractor, or Vendor.

**Note:** Exceptions related to inheritance of acquired property or equity ownership in Customers, Applicants or Prospects shall be reported in the Employee's Standards of Conduct certification.

**Note:** When an Employee learns (i) after entering into a Transaction that the other party is a Customer or (ii) that the other party to an ongoing Transaction (e.g., lease) became a Customer during the term of the Transaction, the Employee shall submit a request for approval in the Employee's Standards of Conduct certification within 30 days of learning such Person is or became a Customer.

**Note:** See Benchmarks and Thresholds for Activities Requiring Reporting and/or Prior Approval for additional information.

## **Non-Loan Transactions with Directors, Customers, Applicants, or Employees over \$15,000 Individually or in Aggregate during a Calendar Year**

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An Employee shall submit a request for prior approval in the Employee's Standards of Conduct certification, in connection with each Transaction or series of Transactions aggregating over \$15,000 during any calendar year between an Employee, including any individual residing in the Employee's household, or any Reportable Business Entity of the Employee, with a Director, Customer, Applicant or another Employee. **Exceptions include**

**Transactions between an Employee and a Family Member, an Employee's Reportable Business Entity, or an Entity Controlled by Family.** As part of the disclosure, an Employee shall submit appropriate supporting documentation to demonstrate that the Transaction is:

- Arm's Length;
- at a fair market value;
- on the same terms and conditions that would be available to others; and
- otherwise not preferential.

**Note:** Examples of acceptable documentation include a custom rates survey from a state university, an advertisement showing the price for a similar item, a sheet reflecting the local market price for grain or livestock, a Kelley Blue Book® listing for a vehicle, an appraisal, a copy of a purchase agreement, etc.

Notwithstanding prior approval pursuant to this section, Employees must also fully comply with the provisions set forth above in the "Prohibited Activities" section of this policy dealing with Employee Transactions with Directors, Customers or Applicants (i.e., the Recusal from making decisions under delegated authority).

### **Purchase of Association Property**

An Employee shall submit a request for prior approval in the Employee's Standards of Conduct certification, in connection with the purchase of an individual item (either real or personal property) having a value greater than \$5,000 from the Association by the Employee, the Employee's Reportable Business Entity, or a Family Member of the Employee, if such item is not sold by a competitive bidding process pursuant to [Policy OP.401: Real and Personal Property Management](#). As part of the disclosure, an Employee shall submit appropriate supporting documentation to demonstrate that the Transaction is:

- Arm's Length;
- at a fair market value;
- on the same terms and conditions that would be available to others; and
- otherwise not preferential.

**Note:** Examples of acceptable documentation include a custom rates survey from a state university, an advertisement showing the price for a similar item, a sheet reflecting the local market price for grain or livestock, a Kelley Blue Book® listing for a vehicle, an appraisal, a copy of a purchase agreement, etc.

### **Purchase of Mortgaged or Pledged Property over \$15,000**

An Employee shall submit a request for prior approval in the Employee's Standards of Conduct certification in connection with the purchase of real or personal property, including Mineral Interests, which either currently or within the preceding twelve (12) months was mortgaged or pledged as security to any System Institution and that has a value greater than \$15,000. (The purchase of such property actually acquired by a System

Institution as a result of foreclosure or similar action is prohibited as described above.) As part of the request, an Employee shall submit appropriate supporting documentation to demonstrate that the Transaction is:

- Arm's Length;
- at a fair market value;
- on the same terms and conditions that would be available to others; and
- otherwise not preferential.

**Note:** Examples of acceptable documentation include a custom rates survey from a state university, an advertisement showing the price for a similar item, a sheet reflecting the local market price for grain or livestock, a Kelley Blue Book® listing for a vehicle, an appraisal, a copy of a purchase agreement, etc.

## **Transactions with OFIs or Other Lenders**

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Employees who, as part of their official duties, have the ability to determine or influence the relationships of any OFIs or other lenders that participate in multi-lender Transactions with the Association, shall request prior approval for any Transaction such Employee, or any Reportable Business Entity of the Employee has with said OFI or other lender by submitting the Transaction for prior approval in the Employee's Standards of Conduct certification.

## **Activities Requiring Periodic Reporting**

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For any matters requiring reporting or disclosure under any section of this policy, Employees shall promptly complete and submit an update in the Employee's Standards of Conduct certification.

**Note:** Promptly generally means within thirty (30) days, except as otherwise provided herein.

**Note:** See Benchmarks and Thresholds for Activities Requiring Reporting and/or Prior Approval for additional information.

## **Violations of the Code of Ethics**

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Employees shall promptly disclose and report violations in writing to a Standards of Conduct Official as required in the "Code of Ethics" section of this policy. Such written report can be emailed to [StandardsofConduct@fcsamerica.com](mailto:$StandardsOfConduct@fcsamerica.com) or submitted through an anonymous reporting tool available at [www.agcountry.com/anonymous-reporting](http://www.agcountry.com/anonymous-reporting), [www.fcsamerica.com/anonymous-reporting](http://www.fcsamerica.com/anonymous-reporting) or [www.frontierfarmcredit.com/anonymous-reporting](http://www.frontierfarmcredit.com/anonymous-reporting).

## **Acquisition of FCS Obligations through Inheritance**

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Any Employee whose job involves any participation in determining the amount, rate, maturity, terms, or conditions of any FCS debt obligation that acquires an interest in FCS debt obligations through inheritance shall

disclose the inheritance in the Employee's Standards of Conduct certification to report such inheritance of such interest.

### **Acquisition of Equity Ownership in Customers, Applicants or Prospects through Inheritance**

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Any Employee that acquires the following equity ownership in Customers, Applicants or Prospects through inheritance shall report such inheritance in the Employee's Standards of Conduct certification:

- equity interest, stock, units or shares in a Customer, Applicant or Prospect regardless of how denominated or how organized, and whether certificated or uncertificated; or
- any interest, warrant or option, no matter how denominated which is convertible to such equity.

### **Inheritance of Acquired Property**

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Any Employee that inherits an interest in any real or personal property, including Mineral Interests that was both owned by any System Institution within the preceding twelve (12) months and that was acquired as a result of foreclosure or similar action shall report such inheritance in the Employee's Standards of Conduct certification.

### **Non-Loan Transactions with Customers, Applicants or Employees over \$10,000 but less than or equal to \$15,000 Individually or in Aggregate during a Calendar Year**

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An Employee shall disclose and report in the Employee's Standards of Conduct certification each Transaction or series of Transactions aggregating over \$10,000, but less than or equal to \$15,000 during any calendar year between an Employee, the Employee's Reportable Business Entity, or any individual residing in the Employee's household and either a Customer, Applicant or another Employee, **except for Transactions between an Employee and a Reportable Business Entity, Family Member, or an Entity Controlled by Family.**

Notwithstanding the required disclosure and reporting pursuant to this section, Employees must also fully comply with the provisions set forth above in the "Prohibited Activities" section dealing with Employee Transactions with Directors, Customers or Applicants (i.e., the Recusal from making decisions under delegated authority).

### **Non-Loan Transactions with Directors**

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An Employee shall disclose and report any Transaction that the Employee, the Employee's Reportable Business Entity, or any individual residing in the Employee's household, has with a Director or a Director's Reportable Business Entity, regardless of amount in the Employee's Standards of Conduct certification.

Notwithstanding the required disclosure and reporting pursuant to this section, Employees must also fully comply with the provisions set forth above in the "Prohibited Activities" section dealing with Employee

Transactions with Directors, Customers or Applicants (i.e., the Recusal from making decisions under delegated authority).

### **Purchase of Mortgaged or Pledged Property over \$10,000 but less than or equal to \$15,000**

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An Employee shall disclose and report in the Employee's Standards of Conduct certification the purchase of real or personal property, including Mineral Interests, which either currently or within the preceding twelve (12) months was mortgaged or pledged as security to any System Institution and that has a value greater than \$10,000, but less than or equal to \$15,000.

**Note:** The purchase of such property actually acquired by a System Institution as a result of foreclosure or similar action is prohibited, as outlined in the "Purchase or Use of Acquired Property" section above.

### **Known or Suspected Criminal Activity**

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Employees shall promptly disclose and report to the president and chief executive officer, the general counsel, or a Standards of Conduct Official any known or suspected criminal activity which involves or affects the assets, operations, or affairs of the Association. Further, Employees with personal knowledge of a suspected criminal activity where the Person involved is a Director, Employee, Customer, Applicant, Prospect, Agent, or other Third Party Service Provider of the Association shall fully cooperate with any investigation by an Association Standards of Conduct Official or the Standards of Conduct Official's designee and provide information needed for completion of a criminal referral form. (See also [Policy F.200: Criminal Referrals.](#))

### **Loans from Depository Bank**

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The president and chief executive officer, the chief financial officer, the senior vice president-treasury, the vice president-controller and any other Employee designated by the president and chief executive officer as having corporate authority to transact business with a depository bank shall disclose and report any borrowing from a depository bank used by the Association of \$10,000 or more in the Employee's Standards of Conduct certification. This requirement does not include checking, savings, or credit card accounts on terms and conditions available to the general public.

## **Activities Requiring Annual Certification/Reporting**

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### **Employee Certification**

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All Senior Officers and those Employees designated by the president and chief executive officer to ensure full, fair, accurate, timely and understandable disclosure in the Association's financial statements and related financial reports must, within ten (10) business days of the start of their employment or within ten (10) business days of the date on which network access is granted to the Senior Officer's Standards of Conduct certification, whichever is later, and annually thereafter by January 31st, complete and submit a Signed Senior Officer's Standards of Conduct

certification certifying their adherence to this policy and disclosing or stating the information described in the following sections.

All other Employees must, within ten (10) business days of the start of their employment or within ten (10) business days of the date on which network access is granted, whichever is later, and annually thereafter, complete and submit a Signed Standards of Conduct certification, certifying their adherence to this policy and disclosing or reporting the information described in the following sections.

As part of their respective annual certification processes, Employees and Senior Officers must edit or delete information contained in their Standards of Conduct certifications that is inaccurate for the preceding twelve (12) month timeframe, including, but not limited to, information for Transactions that received prior approval from a Standards of Conduct Official but were not, in fact, completed.

## **Transactions and Relationships between the Association and Related or Associated Parties**

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As part of the annual certification process, Employees shall disclose and report their own Transactions with the Association within the last year and the name of any Reportable Business Entity, Family Member, Entity Controlled by Family, or anyone commonly considered to be the Employee's "business partner" that had Transactions with the Association within the last year.

## **Sale of Association Property**

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Association Employees, any Reportable Business Entity of an Employee, or any Family Member of the Employee may purchase real or personal property (furniture, equipment or vehicles) from the Association; provided that any individual item having a value greater than \$5,000 may only be purchased by a competitive bidding process pursuant to [Policy OP.401: Real and Personal Property Management](#). An Employee shall disclose any purchase (or multiple purchases) that total more than \$5,000 in value in their Standards of Conduct certification.

## **Legal Proceedings**

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Employees shall disclose and report as part of the annual certification process if, at any time within the past five (5) years, any of the following events have occurred:

- The Employee has been convicted in a criminal proceeding (excluding traffic violations and other misdemeanors); OR
- The Employee has become the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, by any court of competent jurisdiction, permanently or temporarily enjoining or otherwise limiting them from engaging in any type of business practice.

Senior Officers shall disclose and report as part of the annual certification process if, at any time within the past five (5) years, any of the following events has occurred:

- A petition under the Federal bankruptcy laws or any state insolvency laws has been filed by or against the Senior Officer, any partnership in which the Senior Officer had been a general partner within two (2) years before such filing, or any corporation or other business association in which the Senior Officer had been a senior officer or director within two (2) years before such filing;
- The filing of any petition for foreclosure of a mortgage or similar action including the commencement of any legal proceeding, judicial or non-judicial against the Senior Officer to collect a note, loan, debt, or judgment by seizing or selling real or personal property.
- A receiver, fiscal agent, or similar officer has been appointed by a court for the Senior Officer, any partnership in which the Senior Officer had been a general partner within two (2) years before such appointment, any corporation or other business association in which the Senior Officer had been a senior officer or director within two (2) years before such appointment, or the business or property of any of the foregoing; OR
- The Senior Officer has been convicted in a criminal proceeding or named as a party in a pending criminal proceeding (excluding traffic violations and other misdemeanors).

### **Business Experience/Interests – Senior Officers**

Senior Officers shall disclose and report as part of the annual certification process their business experience for the past five (5) years, including their principal occupation and employment, along with any Reportable Business Entities or Financial Interests not otherwise disclosed that involve service on a board of directors (or similar body), or as a senior officer, including a brief description of the position held and the principal business engaged in.

### **Non-Loan Transactions with the Association – Senior Officers**

Senior Officers shall certify that there have been no Transactions, other than loans or leases with the Association, in which the Senior Officer, a Senior Officer's Reportable Entity, or a Family Member of the Senior Officer was involved that:

- Related to the purchase or retirement of preferred stock in the Association;
- Were in excess of \$10,000 where the purchase price, fees, or charges were not determined by competitive bid; or
- Resulted in a benefit to the Senior Officer that was not likewise available to all Customers.\*

<p>*Failure to be able to certify to the foregoing provision requires the Senior Officer to contact a Standards of Conduct Official and make additional disclosures as required by FCA Regulations.</p>
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## **Loan/Lease Transactions with the Association – Senior Officers**

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Senior Officers shall certify that there have been no loans or leases to the Senior Officer, a Reportable Business Entity, or a Family Member of that Senior Officer that:

- Were not made in the Ordinary Course of Business;
- Were not on the same terms (including interest rate, amortization schedule, and collateral) as those prevailing at the time for comparable Transactions for other Persons; or
- Involved more than a normal risk of collectability.\*

<p>*Failure to be able to certify to the foregoing provision requires the Senior Officer to contact a Standards of Conduct Official and make additional disclosures as required by FCA Regulations.</p>
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## **Delegated Authorities**

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Association leadership and Standards of Conduct Official are hereby delegated authority to:

- designate one or more Employees to assist the Standards of Conduct Official as necessary or appropriate;
- develop and implement standards, procedures, and guidelines (including appropriate training) for compliance with this policy;
- monitor and evaluate compliance with this policy;
- take appropriate action to correct deviations from this policy; and
- approve exceptions to this policy when such exceptions are essential to the effective administration of Association operations and are not prohibited by statutes, charters, or bylaws.

The Association Board reserves the right to:

- revise or withdraw delegated authorities at any time; and
- develop, amend, or repeal this policy at any time.

## **Internal Controls**

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Association leadership will develop and implement appropriate internal control procedures to monitor compliance with this policy. These internal controls will provide reasonable assurance that policy requirements are met, deviations from policy requirements are detected, exceptions are identified and reported, and corrective actions are taken to restore compliance.

## **Standards of Conduct Officials**

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The Association Board shall designate one or more Standards of Conduct Officials who shall:

- Advise Directors, Director candidates and Employees concerning the provisions of Part 612 of FCA Regulations ("Part 612");
- Receive reports required by Part 612 and FCA Regulation §620.6(a), (e), and (f);
- Make such determinations as are required by Part 612;
- Maintain records of actions taken to resolve and/or make determinations upon each case reported relative to provisions of Part 612;

- Make appropriate investigations, as directed by the Association Board;
- Report promptly, pursuant to FCA Regulation Part 617, to the Association Board and FCA's Office of General Counsel all cases where:
  - A preliminary investigation indicates that a federal criminal statute may have been violated;
  - An investigation results in the removal of a Director or discharge of an Employee; or
  - A violation may have an adverse impact on continued public confidence in the FCS or any System Institution; and
- Conduct scheduled periodic reviews of the Standards of Conduct Program that determine the continued adequacy of the program. Each review must look for consistency with institution practices, financial services industry best practices and FCA regulations, identifying any required updates.

A Standards of Conduct Official shall investigate or cause to be investigated all cases involving:

- Possible violations of criminal statutes;
- Possible violations of FCA Regulations §612.2145 and §612.2150, and applicable policies and procedures approved under FCA Regulation §612.2137;
- Complaints received against Directors and Employees; and
- Possible violations of other provisions of Part 612 or when the activities or suspected activities are of a sensitive nature and could affect continued public confidence in the FCS.

A Standards of Conduct Official shall have access to appropriate resources to carry out the timely and effective management of standards of conduct and Code of Ethics requirements for Directors, Employees and Agents of the Association.

Any Employee designated as a Standards of Conduct Official shall submit a Standards of Conduct certification for review and approval by the General Counsel on an annual basis. The General Counsel will also review and/or approve any updates to the annual certification made by a Standards of Conduct Official. Conflicts of interest involving a Standards of Conduct Official, shall be referred to, investigated by, and approved or resolved by the Audit Committee.

## **Appeal of Adverse Decisions**

An Employee shall have the right to appeal any adverse decision rendered by a Standards of Conduct Official under this policy. Appeals must be made in writing within ten (10) days from the date advised of the adverse decision by a Standards of Conduct Official. Any such appeal shall be sent to a Standards of Conduct Official who shall transmit the same to the chairperson of the Association Board for consideration by the Association Board. The decision of the Association Board shall be final, and the decision will be promptly communicated to the Employee in writing.

## Enforcement

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A violation of this policy by an Employee may lead to any one (1) or more of the following actions:

- issuance of a written reprimand;
- immediate termination of the activity involved;
- disqualification from performing certain responsibilities;
- decrease or revocation of delegated authorities;
- the return of any profit from the activity involved;
- demotion, reduction in grade or salary level;
- probation;
- suspension; or
- termination.

**Note:** Pursuant to 12 C.F.R. §612.2180 and 12 U.S.C. §2267a, FCA has jurisdiction and authority to initiate certain actions and enforcement authority for up to six years following the separation of an institution-affiliated party from a System Institution. This allows FCA to ensure the safety and soundness of the FCS in appropriate circumstances and to enforce its regulations, regardless of when the relationship with an individual or entity was terminated.

## Reporting Requirements

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To the greatest extent possible, policy reporting shall be completed through joint meetings of the Association Boards, joint meetings of the Association Board Committees (Audit, Business Risk, Governance or Human Capital) or the Joint Executive Committee of the Association Boards.

Summary reports will be provided to the Association Board at least annually informing them of policy and regulatory violations. In addition, prompt reports will be made to the Association Board and to FCA (the Examiner in Charge assigned to the Association and the Office of General Counsel) if:

- a preliminary investigation indicates that a Federal criminal statute may have been violated; or
- an investigation results in the removal of a Director or discharge of an Employee; or
- a violation of this policy or the Code of Ethics may have an adverse impact on continued public confidence in the FCS or any of its institutions.

## Exception Procedures

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All exceptions granted by Association leadership or a Standards of Conduct Official and all unauthorized exceptions to this policy identified by Association leadership or a Standards of Conduct Official must be promptly reported to the Association Board. Such reports will be made at the next regularly scheduled meeting of the Association Board unless:

- the exceptions result in risk or cost to the Association that warrants immediate reporting; or
- the granting or discovery of the exception does not permit enough time to reasonably prepare reports before the meeting and the cost and risk to the Association warrants delay until the next scheduled meeting.