

SKRECC CANDIDATE APPLICANT SELF-CERTIFICATION
Director Qualifications, Duties, Responsibilities, Standards of Conduct
and Professional Development

Instructions: It is important for Members interested in serving on the SKRECC Board of Directors to understand the qualifications, duties, and responsibilities, standards of conduct and professional development requirements and expectations of the director position.

Each Candidate Applicant is required to complete the Self-Certification form and return it as part of the Nomination and Certification Application. To be eligible to run for the SKRECC Board of Directors, candidates must comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications") as outlined below, and consistent with the Bylaws, Article IV, Section 4.03 Director Qualifications.

To complete the Self-Certification form, please check each item and initial at the end of each section that you have read, understand, and will comply with, if elected, the specific item as stated. At the end of the form, you will also be required to affirm receipt of, understanding of and support for the Director Qualifications, Duties, Responsibilities, Standards of Conduct and Professional Development as outlined in the Candidate Applicant Self-Certification.

General Director Qualifications

I certify that I meet the following general qualifications:

- I am an individual.
- I have obtained the signatures of at least 200 members on a petition in support of placement on the ballot for election as a director.
- I have not have been previously removed or disqualified for failing to comply with the General Director Qualifications while serving as Director (as defined herein).
- I have graduated from high school or earned an equivalent degree or certification.
- I have not been convicted of, or plead guilty to, a felony.
- I have not had a final judgment entered against me involving civil fraud, ethical violations, discrimination and/or acts of harassment.
- I am not nor have I been a debtor in a personal or business related federal bankruptcy proceeding or a similar proceeding under applicable state law such as insolvency, liquidation, receivership reorganization, or assignment for the benefit of creditors.

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- I am not nor have I been a party, within the last seven years, to a foreclosure or other proceeding (judicial or non-judicial, personal or business related), which proceeding is or was instituted because of my default on indebtedness.

Initial: _____

Director Expectations

If elected to the SKRECC Board of Directors, I certify and agree that:

- Except as otherwise provided by the Board of Directors for good cause shown, I will commit to at least forty-two (42) days per year of Board service.
- Except as otherwise provided by the Board of Directors for good cause shown, I will receive a Credentialed Cooperative Director designation, Director's Certificate, or similar designation or certification from the National Rural Electric Cooperative Association within two (2) years of becoming a Director, as well as participate in and complete required Director training as established by the Board of Directors. I realize that this will require overnight travel outside of the SKRECC service area, and in some cases, travel by air.
- Except as otherwise provided by the Board for good cause, I will attend at least seventy-five percent (75%) of properly noticed Regular and Special Board Meetings, Committee Meetings and Board Telephone/Video Conference Meetings during each rolling twelve (12) month period.
- Except as otherwise provided by the Board of Directors for good cause shown, I will not miss more than two (2) consecutive properly noticed Regular Board Meetings.
- While a Director, I will not breach the Director's fiduciary duties to the Cooperative, as outlined below, violate confidences, or engage in illegal activity under the color of authority as a Director;

The Duty of Care:

- I will exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances.

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- I have or will acquire the knowledge and skills necessary to effectively direct the affairs of SKRECC.

- I will devote the necessary time to my Director duties, including attendance at Board meetings, thoroughly reviewing board materials and otherwise preparing for each meeting of the Board and Committees.

- I will make inquiry into potential problems or issues when circumstances or events suggest that the Board's attention is needed.

The Duty of Loyalty:

- I will act only in good faith belief as to the best interests of the SKRECC and its entire membership.

- I will place the interests of the SKRECC above my own personal interest or the interest of another person or organization with which I am associated.

- I will strive to avoid even the appearance of a conflict of interest.

The Duty of Obedience:

- I will ensure that the Board's actions and those of SKRECC comply with applicable legal requirements, as set forth in federal, state and local statutes, the Articles of Incorporation, the By-Laws, and any other rules or regulations or contracts of SKRECC.

- I will follow the governing policies approved by the SKRECC Board.

- I will comply with any other reasonable qualifications determined, made, adopted, amended, and/or promulgated in policies or rules of the Cooperative, not inconsistent with law, the Articles of Incorporation regulations, or these By-Laws.

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Membership Director Qualifications

To become and remain a Director (if elected), I agree and certify that:

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- While a Director and during the one (1) year immediately before becoming a Director, I will be and will have been an unsuspended Member of SKRECC.

- While a Director and during the one (1) year immediately before becoming a Director, I will permanently reside and will have permanently resided at my principal residence (as defined under federal tax law 26 C.F.R. § 1.121-1(a)(2)), which principal residence is located within the Director District from which I seek nomination and election.

- While a Director and during the one (1) year immediately before becoming an Director, I will use and will have used electric energy provided by SKRECC at my principal residence (as defined under federal tax law 26 C.F.R. § 1.121-1(a)(2)).

Initial: _____

Independence Director Qualifications

To become and remain a Director (if elected), I agree and certify that:

- I will annually complete and sign an independence certification, conflict of interest disclosure form and confidentiality agreement.

- I am not nor have I been an employee, nor am I a Close Relativeⁱ of an employee of the Cooperative or an employee of an entity controlled by the Cooperative or in which the Cooperative owns a majority interest (“Cooperative Subsidiary”).

- While a Director and during the one (1) year immediately before becoming a Director, I will not be and will not have been an employee of an entity in which the Cooperative is a member or owner.

- While a Director and during the one (1) year immediately before becoming a Director, I will not hold and will not have held, either by election or appointment, any one or more of the following elective offices or positions: U.S. President/Vice President; U.S. Senate; U.S. House of Representatives; Governor/Lieutenant Governor; Attorney General; Secretary of State; Auditor of Public Accounts; State Treasurer; Commissioner of Agriculture; State Senate; State House of Representatives; State Supreme Court Justice; State Court of Appeals Judge; Circuit Court Judge; District Court Judge;

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Commonwealth's Attorney; Circuit Court Clerk; County Judge/Executive; County Clerk; County Attorney; Sheriff; Jailer; Coroner; Property Valuation Administrator; Surveyor; Magistrate/Justice of the Peace; County Commissioner; Constable; Soil and Water Conservation District Supervisor; Mayor; City Legislative Body (i.e., City Commissioners and Council Members); and/or Member of a Board of Education.

- While a Director and during the five (5) years immediately before becoming a Director, I will not be and will not have been an existing, or a Close Relative of an existing or former, Director, agent, or representative.
- While a Director and during the one (1) year immediately before becoming a Director, I will not be and will not have been employed by, materially affiliated with, or receive more than ten (10) percent of annual gross income from, an entity for which another Director controls, owns more than ten (10) percent, or is a director or officer.
- While a Director and during the one (1) year immediately before becoming a Director, I will not be and will not have been a director, officer, employee, or agent of a union or other entity representing, or seeking to represent, Cooperative employees regarding the terms and conditions of employment with the Cooperative.
- While a Director and during the one (1) year immediately before becoming a Director, neither I nor a Close Relative of mine will receive or will have received more than ten (10) percent of annual gross income, other than insurance, retirement income or Director Compensation, directly or indirectly from the Cooperative, a Cooperative Subsidiary, or an employee of the Cooperative or a Cooperative Subsidiary.
- While a Director and during the one (1) year immediately before becoming a Director, neither I nor a Close Relative of mine will advance or will have advanced my financial interest by providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary.
- While a Director and during the one (1) year immediately before becoming a Director, I will not be and will not have been employed by, controlled, owned more than ten (10) percent of, served as a director or officer of, or received more than ten (10) percent of annual gross income from an entity that:
 - (a) advances my financial interest by providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary;
 - (b) employs more than five (5) percent of Members; or

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(c) receives more than ten (10) percent of its annual gross income directly or indirectly from the Cooperative or a Cooperative Subsidiary.

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Desired Skills and Knowledge

Specific qualifications to be eligible to become and remain a Director, if I am elected, are set forth in the Cooperative Bylaws. In addition, Directors shall possess the following professional and personal qualifications, as defined in Board policy:

- I understand and value the cooperative business model.
- I am proficient in the use of electronic communications and will regularly check email and acknowledge receipt as requested.
- I understand it is desirable, but not required, that I possess experience in serving on a board or reporting directly to a board.
- I will continue to gain progressive knowledge and understanding of financial and electric cooperative matters as they pertain to SKRECC and the Electric Utility industry.
- I will strive to understand SKRECC's challenges and provide the judgment needed to reach decisions in constantly changing circumstances.
- I will conscientiously study the information contained in documents and reports submitted to the Board.
- I will objectively evaluate and consider the questions and problems faced by SKRECC.
- I will stay informed as to the goals and objectives of SKRECC and I will further study and analyze the policies, plans, and problems which result from efforts to achieve such goals and objectives.
- I will continue to possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the Members;

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- I will continue to have an inquisitive and objective perspective, practical wisdom and mature judgment.
- Through words and actions and by virtue of temperament, demeanor and character, I will promote the best interests of SKRECC and its Members.
- I will continue to remain current in my profession and industry associations and involved in the larger business community.
- I will remain committed to continual learning about industry issues, broad operational considerations, risk, business, financial and governance principles and willing to devote the time necessary to become a meaningful contributor on behalf of all the members served by SKRECC;
- I am willing to articulate points of view that may challenge Board and management thinking.

Initial: _____

Key Responsibilities and Functions of the Board

I understand the following functions of the Board of Directors and my role in helping the SKRECC Board fulfill these functions. Specifically, in collaboration with other SKRECC Board members, if elected, I will:

- Set the Cooperative's mission, purpose(s), and engage, on a regular basis, in strategic planning and on-going strategic discussions.
- Direct, control and guide the organization through the careful establishment of the broadest organizational values and perspectives through written policies.
- Provide oversight and support, including the adoption of policies and monitoring for compliance with legal, regulatory requirements as well as the adequacy of internal controls.
- Ensure effective short-term and long range planning and adequacy of resources.
- Establish the limits of the CEO's authority to budget, administer finances and compensation, establish programs, and otherwise manage SKRECC.

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- Select clear performance expectations of, regularly monitor and evaluate the performance of, and fix the compensation of the CEO and when necessary terminate and hire a CEO.
- Act as a trustee to the membership's interest.
- Review, monitor and report to the membership the critical operating and financial performance of SKRECC.
- Assess and monitor risks facing SKRECC and review options for their mitigation.
- Contract for and approve an annual independent financial audit.
- Select and appoint General Counsel.
- Ensure processes are in place for maintaining the integrity of SKRECC — the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with employees, members and suppliers, and the integrity of relationships with other stakeholders.

Initial: _____

Access to Cooperative Management and Information and the Duty to Maintain Confidentiality

As a Director, if elected, I understand that I will have unique access to Cooperative Management as well as confidential and/or proprietary Cooperative information and that it is my responsibility to maintain the integrity and confidentiality of this information. Specifically, I understand and agree to the following:

- I understand that Directors are entitled to reasonable access to SKRECC's management, data or other appropriate information necessary to perform their governance oversight responsibilities. As a Director I shall keep confidential all matters involving the company that have not been disclosed to the public.
- I understand that requests for access to information or staff should normally be made to and through the CEO. I further understand that in some instances however, as defined in policy, it may be appropriate for Directors to seek information directly from other employees or outside consultants or experts.

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- I understand that when a Director has sought access to information not generally available to the public, members or reported to the Board, that the CEO shall report on this at the next meeting of the Board to ensure that all Board members have equal access to the said information.
- I understand that information that I receive as a Director shall not be disclosed to any other persons unless I reasonably believe I must do so in order to fulfill my fiduciary duty. I further understand that I am encouraged to consult with my personal attorney in determining whether fiduciary duty obligates me to make such a disclosure.

Initial: _____

Conduct with Respect to Fellow Directors

As a member of the SKRECC Board of Directors, if elected, I understand that regardless of any personal differences, in dealing with fellow Directors I will conduct myself appropriately. Specifically, I agree to the following:

- I will demonstrate mutual respect.
- I will allow an opportunity for every other Director to be heard on any matter being considered by the Board.
- I will refrain from revealing to persons other than Directors, the CEO or the cooperative's General Counsel any differences of opinion among Directors on matters considered and acted upon by the Board.
- I will recognize that the Board Chairman has the responsibility and authority to enforce these standards of behavior, through reminders of the standard and expectations, and the issuance of a reprimand to the Director who has breached these standards.
- I will publicly support decisions of the Board except in extraordinary circumstances where I can demonstrate that a decision and/or action will bring harm to the corporation or threaten the cooperative's survival.

The Right to Rely on Others

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- I understand if elected, that in the discharge of my duties, I am entitled to rely on management and on Board committees of which I am not a member, to perform their respective responsibilities. As a Director, I am entitled to rely upon reports, opinions, information and statements presented by the cooperative's management, employees and outside advisors whom I reasonably believe to be competent and reliable in the matters being presented.

Board Self-Evaluation

- I understand that the Board shall engage in an annual self-evaluation of its performance and accomplishments in relation to the goals and mission of SKRECC. I further understand that the Board will also participate in an annual director peer assessment to provide feedback to individual Directors with regard to their performance in filling their duties, responsibilities, standards of conduct and professional growth commitments.

Board Orientation

- I understand that if elected to the Board, as a new Director, I will receive a thorough orientation into the responsibilities of his/her position, conducted by the Board Chairman, the CEO, General Counsel and designated management staff.

Board Training and Development

- I understand that training and educational programs in the areas of industry issues, broad operational considerations, risk, business, financial and governance principles are desirable and necessary for a Director to function most effectively in his/her responsibilities.
- I understand that in addition to formal board training programs, as a Director, if elected, I am encouraged to attend conferences and other activities designed to improve my skills and knowledge.
- I understand that the board training programs shall be conducted within the confines of an annual budget established by the Board for this purpose.

Director Disqualification

I understand and acknowledge that, to be eligible run for the SKRECC Board of Directors, I must comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications") as outlined above, and consistent with the By-Laws, Article IV, Section 4.03 Director Qualifications.

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I also understand that if I should be elected and I do not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications existing when I was elected, designated, or appointed, then, except as otherwise provided by the Board for good cause, the Board shall disqualify me and I am no longer a Director if:

- (1) the Board notifies me in writing or electronically of the basis for, and provides me an opportunity to comment regarding, the Board's proposed disqualification; and
- (2) within thirty (30) days after the Board notifies me of the proposed disqualification, I neither comply with nor meet the Director Qualification.

Initial: _____

South Kentucky Rural Electric Cooperative Corporation

Affirmation of Receipt, Understanding of and Support for the Director Qualifications, Duties, Responsibilities Standards of Conduct and Professional Development as outlined in the Candidate Applicant Self-Certification.

I, the undersigned, have received, read, understand and support the Director Qualifications, Duties, Responsibilities Standards of Conduct and Professional Development Requirements.

Signed: _____

Printed: _____

Date: _____

i The term "Close Relative" means an individual who:

- (1) **SECTION 4.04. "Close Relative" Defined.** As used in these Bylaws, "close relative" means a person who, by blood or marriage, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.