

## PROFESSIONAL SERVICE PROVIDER REFERRAL POLICY

March 2023

The Indiana Center for Employee Ownership (“INCEO”) may sometimes receive inquiries about professionals that may assist companies or other stakeholders in establishing and maintaining Employee Stock Ownership Plans (ESOPs). INCEO may also choose to maintain a list of qualified Indiana ESOP service providers.

All requests for referrals of service providers made to INCEO directors, officers and staff acting in their capacity as such, shall be made by distributing a list of qualified service providers determined to be reasonably qualified by the INCEO Board of Directors (“Board”). The list shall be grouped according to the categories of services provided. It is understood that an inquiry for referral received from a company *outside Indiana* would be in no way encumbered by this Policy. Any firm or individual may apply to be included on the list. A firm or individual is eligible to apply based on the following qualifications:

- (1) The firm or individual maintains an office in the State of Indiana that includes professionals who provide ESOP-related professional services, or has a history of supporting Indiana ESOPs;
- (2) The firm or individual has demonstrated a commitment to Employee Ownership in Indiana through support of the INCEO through financial and/or volunteer contributions as determined by the INCEO Board;
- (3) The firm or individual is otherwise determined by the INCEO Board, in its discretion, to be of good character and reputation in the ESOP community.

The list of qualified service providers may highlight or otherwise promote founding or higher donation category sponsors.

The manner and process for referrals for non-ESOP employee ownership matters shall be determined by the INCEO.

The INCEO shall include this Policy with any distribution of the list of qualified service providers.

### **Summary of Process for Handling Referrals for State Centers**

The issue of referrals coming into a State Center is an important policy matter, particularly for State Centers reliant on service providers for funding. The perception of equitability is of paramount

importance. The reality is that the ESOP service provider community is a critically important partner in the movement to increase Employee Ownership throughout the U.S. Without certified, engaged, skilled subject matter experts carrying the flag for ESOP's and other forms of employee ownership, there would be few, if any, new ESOP's.

Many in the service provider community support grass roots State-level activities. But a principal concern is that opportunities which arise from contributed activities be handled fairly, so as not to benefit one or few providers at the expense of others.

As a result, it is important for the INCEO to develop an equitable and impartial Policy that enables the organization to fairly regulate referrals, and ensure the appearance and reality of fair play.

The INCEO recognizes that State Center Boards of Directors should preferably be comprised of employees of ESOP companies, retired service providers who remain active in the ESOP community and, to the extent available, members of the academic community who have demonstrated a professional interest in and commitment to employee ownership. The INCEO further recognizes that qualified service providers should play a role in the governance and activities of the Center and may thus be appointed to serve as non-voting Advisory Directors.

- All referrals or inquiries that come to INCEO directors or staff will be immediately forwarded to staff leadership with a summary of the interest from the party.
- Staff and Board members agree, for the period of their service, to provide interested parties an approved listing of Volunteers by service category. Staff and Directors agree, for the period of their service, to refrain from any editorial comment regarding preference of any individual or firm on the approved service provider list.
- The service provider list will include only firms or individuals that have met this Policy's requirements.
- There will be up to eleven categories of Service Providers, consisting of the following:
  - Feasibility Analysis
  - ESOP/ERISA Legal Counsel
  - Seller Financial Advisory and Raising Capital
  - ESOP Lenders
  - ESOP Accounting
  - Third Party Admin, Record Keeping
  - Valuation
  - D&O and ERISA Fiduciary Liability Insurance
  - ESOP Trustees
  - Leadership, Development and Succession Planning; Culture & Communication Services
  - ESOP Repurchase Liability
- There will be no more than seven service providers listed per category.
- The handling of referrals, and the determination of for a firm or individual being qualified to be placed on the list is the responsibility of the INCEO President/CEO, in furtherance of the efforts for fair play.