

TEXAS REGIONAL ENTITY

ERCOT EMPLOYEE ETHICS AGREEMENT

Employees of the Texas Regional Entity Division of Electric Reliability Council of Texas, Inc. ("Texas RE") ("ERCOT") must conduct all Texas RE/ERCOT's business legally, with integrity and total objectivity and in compliance with all laws, rules, regulations, Protocols and the ERCOT standards, policies and procedures of Electric Reliability Council of Texas, Inc. ("ERCOT"), North American Electric Reliability Corporation ("NERC") and this Employee Ethics Agreement. Texas RE/ERCOT will not tolerate fraud, misconduct or abuse of the Ethics Agreement or Code of Conduct.

Confidential Information

Texas RE/ERCOT employees must maintain the confidentiality of all Confidential Information disclosed to the employee because of his or her employment with Texas RE and must take reasonable actions and precautions to prevent unauthorized disclosure of Confidential Information. "Confidential Information" means all information defined as "Confidential Information" in Section 1500 of the NERC Rules of Procedure and all information defined as "Protected Information" in Section 1.3 of the ERCOT Protocols, and specifically includes all documents, knowledge, electronic, tangible or intangible information provided which is or includes any of the following: technical data or know-how which relates to the business, services or products of ERCOT, its members or Market Participants (as listed on ERCOT's public web site), or its consultants or vendors which is disclosed to an employee because of his or her employment with ERCOT.

- Information, technical data or know-how which relates to the business, services or products of Texas RE, ERCOT, owners, operators and users of the bulk power system (including Registered Entities on NERC's Compliance Registry and ERCOT's members and market participants, as listed on ERCOT's public web site), or any of their consultants or vendors, which was developed or acquired by that business and which is proprietary or competitively or commercially sensitive;
- Critical Energy Infrastructure information;
- Personnel information that identifies or could be used to identify a specific individual or reveals personnel, financial, medical, or other personal information;
- Work papers, including any records produced for or created in the course of an evaluation or audit;
- Investigative files, including any records produced for or created during the course of an investigation; or
- Cyber Security Incident information.

Any owner, operator, or user of the bulk power system or any other party ("Submitting Party") may mark as confidential, in accordance with Section 1500 of the NERC Rules of Procedure, any document or other information that it submits to NERC, ERCOT, or Texas RE that it reasonably believes contains Confidential Information. Except as provided by the NERC Rules of Procedure or otherwise by law, Texas RE employees shall keep in confidence and shall not copy, disclose, or distribute any Confidential Information or any part thereof without the permission of the Submitting Entity.

Conflicts of Interest

Texas RE/ERCOT employees must conduct Texas RE's/ERCOT's business with total objectivity and without any influence from any Conflict of Interest and must avoid situations in which their personal or financial interests conflict or appear to conflict with the interests of Texas RE, ERCOT or an ERCOT market participant. "Conflicts of Interest" include, but are not limited to, situations where an employee or his/her spouse, dependent or a member of his/her household or immediate family (*i.e.* father, mother, children and siblings):

1. Stands to gain or lose personally from a [Texas RE or](#) ERCOT business decision; or
2. Is employed by any [other division of ERCOT, a](#) Market Participant, [any Texas RE or](#) ERCOT supplier or vendor, or any other entity dealing with [Texas RE](#) ERCOT, directly or indirectly, in a position which may affect the [Texas RE](#) ERCOT employee's objectivity in making decisions, recommendations or taking other actions on behalf of [Texas RE](#) ERCOT.

Other potential conflicts of interest include situations where a [Texas RE](#) ERCOT employee is aware of the fact that his/her spouse, dependent, a member of his/her household or immediate family:

- ~~1.3.~~ Has ownership [of](#) or a controlling interest in any [Registered Entity](#), ERCOT Market Participant, [Texas RE or](#) ERCOT supplier or vendor or any other entity doing business, directly or indirectly, with [Texas RE or](#) ERCOT; or
- ~~2.4.~~ Serves in an advisory, consulting, technical or management capacity for any business organization that, directly or indirectly, does business with [Texas RE or](#) ERCOT or is an ERCOT Market Participant (unless such activity is for no compensation and is approved by the employee's supervisor).

An employee must immediately inform [Texas RE](#) the Legal ~~Department~~ if a Conflict of Interest or even the appearance of a Conflict of Interest might exist, to allow [Texas RE](#) management to evaluate the situation. After full disclosure by the employee, [Texas RE](#) ERCOT management may agree to conditions that appropriately limit any potential influence from a Conflict of Interest.

Employees must disclose [any potential](#) conflicts of interest but need not disclose ownership of publicly-traded equity securities of a [Texas RE or ERCOT](#) vendor or supplier [\(so long as the vendor or supplier is not a Registered Entity or an ERCOT Market Participant\)](#) if the securities are held as an investment and the employee or related party: (a) owns less than one percent (1%) of the outstanding securities of the entity, (b) does not have representation on the entity's board of directors (or equivalent managing entity), and (c) does not exercise influence over the entity's day-to-day management decisions. Additionally, an employee need not disclose ownership of mutual funds having holdings of such entities or Market Participants.

[Texas RE employees](#) ~~ERCOT Representatives~~ may not trade in securities of third-parties [\(including, but not limited to, such as vendors, suppliers, ERCOT Market Participants or Registered Entities\)](#) ~~vendors~~ if, because of their position with [Texas RE](#) ERCOT, they have material non-public information about that third-party.

Non-Solicitation

In consideration for receiving [Texas RE](#) ERCOT's Confidential Information, employees shall not, while employed by [Texas RE](#) ERCOT and for a period of one year from the date of separation of employment with [Texas RE](#) ERCOT, either directly or indirectly solicit, induce or encourage any [Texas RE or](#) ERCOT employee or consultant to either terminate employment or contract with [Texas RE or](#) ERCOT or accept employment with any other entity. The term "solicit, induce or encourage" includes, but is not limited to, initiating communications with a [Texas RE or](#) ERCOT employee relating to possible employment, offering bonuses or additional compensation or referring [Texas RE or](#) ERCOT employees to personnel, recruiters or other agents.

Notice

Any [Texas RE](#) ERCOT employee with concerns or questions about these requirements and prohibitions should contact [Texas RE](#) the Legal [or the Texas RE Chief Compliance Officer](#) ~~Department~~ or file an anonymous report through EthicsPoint (www.ethicspoint.com or 1-866-384-4277) or other available ERCOT anonymous reporting tool, if any.

Employee Agreement

By signing below, I confirm and acknowledge that: (i) I have read and understand the requirements of the [NERC Rules of Procedure, the](#) ERCOT Code of Conduct, this Employee Ethics Agreement, all ERCOT Corporate Standards including, but not limited to, the *Antitrust Compliance Corporate Standard* (CS 1.10), the *Acceptable Use Corporate Standard* (CS 7.1), and the ERCOT Employee Corporate Standard Manual; (ii) I agree to be bound by and comply with all requirements and the intent of these requirements; and (iii) I will be subject to disciplinary action, termination, injunction and/or all other available legal or equitable remedies if I violate the [NERC Rules of Procedure, the](#) Code of Conduct, this Ethics Agreement, or the intent behind either, whether my violation is intentional or careless. If I have signed any previous [Texas RE or](#) ERCOT Ethics Agreement, I further confirm that I have complied with those requirements since the date of such previous Ethics Agreement(s). If my situation or any information I disclosed changes between the dates on which I sign affirmations of the Ethics Agreement, I must notify the [Texas RE](#) Legal ~~Department~~ in writing and obtain proper approvals.

Employee Signature: _____

Date: _____

Printed Name: _____

Disclosures of Information

Complete this Form and send to Texas RE Legal ~~the Human Resources Dept.~~

After reviewing the ERCOT Code of Conduct and Texas RE Employee Ethics Agreement, I wish to disclose the following potential conflict(s) of interest:

Person: _____ Relationship: _____

Description of Potential Conflict: _____

Person: _____ Relationship: _____

Description of Potential Conflict: _____

Other Disclosure(s) [Please include any disclosures relating to CS 5.14.7, *Driving on Company Business Corporate Standard*]:

Signature: _____

Signature: _____

Printed Name: _____

_____ Date: _____

Legal ~~Dept.~~ Review By: _____

_____ Date: _____

NOTE: The signed form will be maintained in your Human Resources file

[Add more pages, if necessary]