

# **ERCOT CODE OF CONDUCT – THE WAY WE WORK**

## **Shared Responsibility**

This Code of Conduct establishes the framework for ethical behavior required of all ERCOT employees and contract workers (“ERCOT Representatives”) in dealing with our internal and external constituents. It guides us to make business decisions consistent with our Principles of Business Conduct and to behave in a manner reflecting high ethical standards. ERCOT expects all ERCOT Representatives to conduct ERCOT’s business in accordance with this Code of Conduct. Together, we are responsible for creating, preserving, and enhancing ERCOT’s reputation for honesty, integrity, and operational excellence.

## **Individual Responsibility**

Each ERCOT Representative is responsible for knowing, understanding, and complying with this Code of Conduct and the ERCOT policies, procedures, and Protocols applicable to his/her job functions. In addition, each ERCOT Representative must participate in required ethics training and must reaffirm compliance with this Code of Conduct on an annual basis. We also have an obligation to know when to ask for guidance when we encounter ethical questions and dilemmas. To assist you in making the right decision, consider the following:

- Are my actions legal?
- Am I being fair and honest?
- Would my action or failure to act make the situation worse or allow a “wrong” to continue?
- How would my actions look if they were reported on the front page of a newspaper?

No single document can deal with the many issues that will arise in a dynamic work environment. If you have questions about legal matters not covered in this Code of Conduct, you should consult with the Legal Department. If you have questions about conduct that does not involve laws, rules, or regulations, you should consult with your manager or Human Resources business partner.

## **Management Responsibilities**

ERCOT Representatives in management positions are expected to build and maintain a culture of compliance with applicable laws and regulations and with ERCOT standards, policies, procedures, and Protocols. Managers are expected to accomplish this by: ensuring that the applicable principles, policies, and standards are communicated in a timely and effective manner; ensuring that adequate internal controls are implemented in their areas of responsibility; monitoring compliance; investigating potential violations; and taking prompt corrective action to remedy any identified weaknesses.

## **Reporting Violations**

All ERCOT Representatives have an obligation to report suspected violations of this Code of Conduct. You may report your concerns to any ERCOT manager, director, or officer, or to ERCOT’s Legal Department, Human Resources, or Internal Audit staff. Your report will be kept confidential to the fullest extent possible, consistent with the need to conduct an appropriate investigation and take appropriate corrective action.

ERCOT has also implemented an ethics reporting tool to provide a means to address compliance and ethical issues for stakeholders and ERCOT Representatives who may not feel comfortable discussing the issue directly with their supervisor or another ERCOT employee. This reporting tool, operated by EthicsPoint, is available by phone or via the EthicsPoint website, 7 days a week, 365 days a year. You may call the EthicsPoint toll-free phone number, 1-866-384-4277, or visit [www.ethicspoint.com](http://www.ethicspoint.com) to make a confidential report or to request guidance about this Code of Conduct and other ERCOT policies.

Calls to EthicsPoint are not traced and callers can choose to remain anonymous. Information from such calls and from online reports is forwarded to ERCOT staff members who are not involved in the matter reported. All reports are investigated to the extent possible using the reported information, and a response to the report is available online to the individual filing the report.

### **Principles of Business Conduct**

- Doing what is right
- Respecting the rights of others
- Upholding the law
- Maintaining the integrity and confidentiality of information
- Avoiding Conflicts of Interest
- Conducting ourselves appropriately

### **Doing What is Right**

To be ethical is to recognize the difference between right and wrong and to do what is right. Asking this question and applying this Code of Conduct ensures that our actions are ethical and consistent with ERCOT's mission and values. Additionally, ERCOT standards, policies, procedures, and controls are created to guide us in our daily, business-specific activities as ERCOT Representatives.

### **Respecting the Rights of Others**

#### **Professional Conduct**

ERCOT Representatives shall treat each other in a respectful and professional manner and will not discriminate or harass others on the basis of age, sex, race, color, religion, creed, national origin, citizenship, veteran status, pregnancy, disability, or other basis protected by law. For more information, read "Working at ERCOT: An Employee Field Guide."

#### **Use of ERCOT Assets**

Company assets, subject to limited approved exceptions, are used only for ERCOT business purposes. ERCOT Representatives have a responsibility to ensure that ERCOT assets are put to good use in successfully achieving ERCOT's mission and goals. For more information, read CS7.1 Acceptable Use Corporate Standard.

#### **Stakeholder Interaction**

ERCOT Representatives must conduct themselves with fairness, courtesy, and in good faith during all stakeholder interactions. Texas law requires that access to the transmission and distribution systems for all buyers and sellers of electricity in the ERCOT Region is available on non-discriminatory terms. If you have any discretion in applying any Protocol, you must ensure that you apply the Protocol in substantially the same manner to all similarly-situated Market Participants.

#### **Vendor Relationships**

Relationships with Vendors and suppliers must always be conducted at arm's-length, consistent with accepted business practices and in accordance with applicable laws and the applicable ERCOT Ethics Agreement. In dealing with suppliers, all ERCOT Representatives will conduct themselves with fairness, courtesy, and good faith.

### **Upholding the Law**

ERCOT, like other businesses, must abide by laws and regulations of general application, addressing issues such as safety, employment discrimination, anticompetitive conduct, and taxes. In addition, ERCOT is subject to mandates from additional sources defining how it must

conduct its business: the North American Electric Reliability Corporation's (NERC) Reliability Standards and Rules of Procedure; the Public Utility Regulatory Act (PURA); rules and orders of the Public Utility Commission of Texas; and ERCOT's own operating Protocols and Other Binding Documents. All ERCOT Representatives must comply with and uphold both the spirit and letter of all applicable laws and regulations. Failure to comply with these laws can result in civil or criminal liabilities for ERCOT or individual employees.

## **Maintaining Integrity and Confidentiality of Information**

### **Company Records and Accounting Practices**

The integrity of ERCOT's records and financial reporting is critical to its on-going success. All assets, liabilities, and transactions must be accurately reported and supported by necessary documentation. No asset, liability, or transaction is to be concealed from management or from ERCOT's internal or external auditors.

All documents and transactions (e.g., contracts) must be authorized and executed in accordance with ERCOT policies, standards, and procedures. Appropriate accounting and financial policies, standards, procedures, controls, and audit processes must be maintained. Financial reports must be accurate and prepared in accordance with generally accepted accounting principles.

### **Confidential Information**

In order to support ERCOT's mission and functional requirements, ERCOT Representatives may receive confidential information from Market Participants, suppliers, or others. During the performance of their roles, ERCOT Representatives may also generate confidential information. ERCOT Representatives will respect and ensure the confidentiality of confidential information and will comply with all standards, policies, procedures, and controls for protecting information, unless disclosure is required by law or order of a regulatory agency or court, or otherwise authorized by ERCOT. Failure to ensure the protection of confidential information not only undermines public confidence in ERCOT's role, but, in certain circumstances, could also expose ERCOT and its employees to civil or criminal liability under state and federal laws, including antitrust laws.

"Confidential Information" means all information that is: (a) marked "Confidential" by the entity providing the information; (b) defined as "Confidential Information" in Section 1500 of the NERC Rules of Procedure; (c) defined as "Protected Information" in Section 1.3 of the ERCOT Protocols; or (d) labeled "ERCOT Confidential." Confidential Information specifically includes all documents, knowledge, and electronic, tangible, or intangible information provided directly or indirectly in writing, electronically, orally, by drawings, or through inspection, which is or includes any of the following:

- Information, technical data, or know-how that relates to the business, services, or products of 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, or any of their consultants or Vendors, that was developed or acquired by that business and that is proprietary, or competitively or commercially sensitive;
- Critical Energy Infrastructure Information (CEII);
- Personnel information that identifies or could be used to identify a specific individual or reveals 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.

No ERCOT Representative shall use any confidential information obtained in his/her capacity as an ERCOT Representative for personal gain or to ERCOT's detriment. ERCOT Representatives may not trade or assist others to trade in securities of third-parties (such as Suppliers) if, because of your position with ERCOT, you have access to material non-public information about that third-party.

### **Personal Information**

ERCOT Representatives may have access to sensitive or confidential personal information, such as personnel records, payroll records, protected health information, and financial information. In some cases, this information is subject to protection by applicable privacy laws. ERCOT Representatives must use extreme care when dealing with confidential, personal, or sensitive information. As a general rule, such information shall not be: (i) released to anyone inside or outside of ERCOT not authorized or legally entitled to receive it, or (ii) used or disclosed for any reason except legitimate business purposes or when otherwise required by law. For more information, read CS5.19 Protection of Employee Information Corporate Standard.

### **Avoiding Conflicts of Interest**

All ERCOT Representatives must conduct ERCOT's business with complete objectivity and avoid situations in which their personal interests may conflict (or appear to conflict) with ERCOT's interests or those of its Market Participants. Conflicts may be difficult to detect, and sometimes it is only a matter of degree between acceptable and unacceptable activity. Accordingly, ERCOT Representatives must comply with the letter and spirit of ERCOT's CS5.18 Conflict of Interest Corporate Standard.

Any circumstance that could cause even the appearance of self-interested action by an ERCOT Representative, or an undue benefit being provided to a Dependent Party, Related Party, Supplier, or Market Participant, should be disclosed so ERCOT management can evaluate the potential Conflict of Interest.

ERCOT Representatives must immediately inform ERCOT Legal if a Conflict of Interest or even the appearance of a Conflict of Interest might exist to allow ERCOT officers to evaluate the situation. After full disclosure by the ERCOT Representative, ERCOT officers may agree to conditions that appropriately limit any potential influence from a Conflict of Interest.

### **Conducting Ourselves Appropriately**

#### **Commitment to Community**

ERCOT has important responsibilities to support the Texas community: providing reliable electric service, customer choice, and well-functioning Ancillary Services markets. ERCOT's corporate citizenship is reflected in the way we fulfill our responsibilities and conduct our business. To that end, ERCOT Representatives should always remember the importance of maintaining high standards of ethical and professional conduct, both on the job and off.

#### **Fraud Prevention**

ERCOT is committed to maintaining the highest standards of business conduct and ethics in its accounting standards, disclosures, internal controls, audit practices, prevention of fraud, intentional misrepresentations, and deception. ERCOT Representatives must comply with all applicable legal and regulatory requirements relating to corporate reporting, compliance, and other matters pertaining to fraud prevention. Each ERCOT Representative has the responsibility to assist ERCOT in preventing fraud and meeting these requirements.

**Professional Standards**

ERCOT Representatives holding professional credentials, such as attorneys, accountants, and engineers, must comply with all relevant professional standards and rules of conduct when practicing their vocation in the service of ERCOT.

**Social Media**

ERCOT has designated the ERCOT CEO and External Affairs & Corporate Communications Division to address matters and inquiries related to ERCOT and ERCOT's operations. ERCOT Representatives need to be mindful of their communications as they relate to ERCOT and ERCOT's operations with regard to social media. For more information, ERCOT Representatives should refer to ERCOT's CS1.9 Communication Corporate Standard.

**Interpretations**

Interpretations of this Code of Conduct may be made only by the ERCOT General Counsel, or his or her delegate. No employee may authorize a violation of this Code of Conduct and no outside attorney has the authority to interpret the Code of Conduct.

Any ERCOT Representative with concerns or questions about these requirements and prohibitions should contact ERCOT Legal.