



MEMORANDUM

To: Human Resources and Governance (HR&G) Committee
From: Jonathan Levine, Assistant General Counsel and Assistant Corporate Secretary
Date: February 20, 2023
Re: Item 7 – Annual Review of Form Ethics Agreements for Directors and Employees

Section IV(B)(1)(a)(v) of the HR&G Committee Charter requires annual Committee review of the forms for the Employee Ethics and Confidentiality Agreement (Employee Agreement) and Ethics Agreement for Directors (Director Agreement). The HR&G Committee is responsible for recommending any modifications to the forms for the Employee Agreement or Director Agreement to the Board for approval.

The Director Agreement was last modified on March 7, 2022. ERCOT Legal recommends modifications to eliminate language that is duplicative of Bylaws requirements and to align the introductory paragraph with changes made to the Certificate of Incorporation when it was amended effective January 31, 2019. The proposed changes are presented for the Committee's consideration under Agenda Item 7.1, Recommendation regarding Proposed Modifications to Ethics Agreement for Directors.

The Employee Agreement, which is attached as **Attachment A**, was last modified on June 12, 2018. ERCOT Legal does not recommend any modifications at this time. ERCOT provides annual ethics training around September of each year and requires that each employee sign the Employee Agreement as part of that training.

I look forward to discussing this matter with you at the February 27, 2023 meeting.

EMPLOYEE ETHICS AND CONFIDENTIALITY AGREEMENT

Employees of Electric Reliability Council of Texas, Inc. (“ERCOT”) must conduct ERCOT’s business with integrity and objectivity toward ERCOT, and all ERCOT Members and Market Participants. That is why ERCOT requires employees to annually affirm their commitment to the ethical standards that are essential to working at ERCOT. Before completing this Employee Ethics Agreement, you should review the ERCOT Code of Conduct and ERCOT Corporate Standard (CS) 7.6, *Information Protection Corporate Standard* and participate in any associated ethics training.

If you have questions or concerns about the requirements or prohibitions in the ERCOT Code of Conduct, please contact ERCOT Legal, or file an anonymous report through EthicsPoint (www.ethicspoint.com or 1-866-384-4277). For questions about the requirements in CS7.6, please contact ERCOT Legal.

Use and Return of Proprietary Information

I acknowledge that I may have access to ERCOT Confidential information (as defined in CS7.6, *Information Protection Corporate Standard*) in order to perform my job. To protect ERCOT Confidential information, I agree as follows:

- A. I shall hold ERCOT Confidential information in strict confidence and shall exercise reasonable care to prevent unauthorized disclosure to others.
- B. I shall not directly or indirectly disclose ERCOT Confidential information to others, except ERCOT directors, officers and other ERCOT employees who require access to such information in order to perform job functions, unless first authorized to do so in writing by ERCOT.
- C. I shall not reproduce ERCOT Confidential information or use it commercially or for any purpose other than the performance of my duties for ERCOT.
- D. I shall notify ERCOT immediately upon discovery of any unauthorized use or disclosure of ERCOT Confidential information and cooperate in any reasonable way to help ERCOT regain possession of the ERCOT Confidential information and prevent further unauthorized use or disclosure.
- E. Upon ERCOT’s request or upon termination of my employment at ERCOT, I shall deliver to ERCOT all drawings, notes, documents, equipment and materials received from ERCOT or originating from ERCOT operations, and shall permanently delete all electronic copies of such information from my personal computers, storage devices, external file transfer sites, personal e-mail and document sharing/storage accounts.

Notwithstanding the forgoing, my disclosure of ERCOT Confidential information in response to a subpoena, court order, law enforcement investigation, or civil investigative demand shall not be deemed a violation of this agreement. I shall promptly inform ERCOT Legal prior to any such disclosure, unless impracticable to do so.

ERCOT reserves the right to take disciplinary action, up to and including termination, for any violations of this agreement.

Disclosure of Trade Secret Information

Under the Defend Trade Secrets Act of 2016 (the “Act”), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret as

defined in the Act: (i) made in confidence to a government official or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a lawsuit filing made under seal. In addition, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

Disclosure of Potential Conflicts of Interest

ERCOT company policy requires all employees to disclose any employment or independent contracting services for a Market Participant that involve an employee’s child, spouse or domestic partner, parent, sibling, or any other individual who lives in the employee’s household. A listing of ERCOT Market Participants is available at: <http://www.ercot.com/mktparticipants>.

ERCOT also encourages employees to disclose other potential conflicts that may call into question an employee’s ability to conduct ERCOT’s business without the appearance of Conflicts of Interest with Market Participants or Vendors to ERCOT. Examples of potential conflicts are discussed in CS5.18, *ERCOT’s Conflict of Interest Corporate Standard*. Management evaluates employee disclosures to determine whether, based upon the employee’s job responsibilities, any Conflict of Interest exists (and whether to take any steps to address it).

(Please complete this Disclosure section even if you have no potential conflicts to disclose.)

Check this box if you have no Conflicts of Interest to report.

Potential Conflicts of Interest:

Name of Person or Entity: Relationship to Employee:

Description of Potential Conflict:

Potential Conflicts of Interest:

Name of Person or Entity: Relationship to Employee:

Description of Potential Conflict:

Employee Agreement

By checking the box below, I confirm that have read and understand the ERCOT Code of Conduct and CS7.6, *Information Protection Corporate Standard*, and have participated in any associated ethics training required by ERCOT. I agree to conduct myself in accordance with the principles and standards discussed in the ERCOT Code of Conduct and CS7.6, *Information Protection Corporate Standard*, and I have made any required disclosures below.

I agree to the foregoing terms.

Signature Date