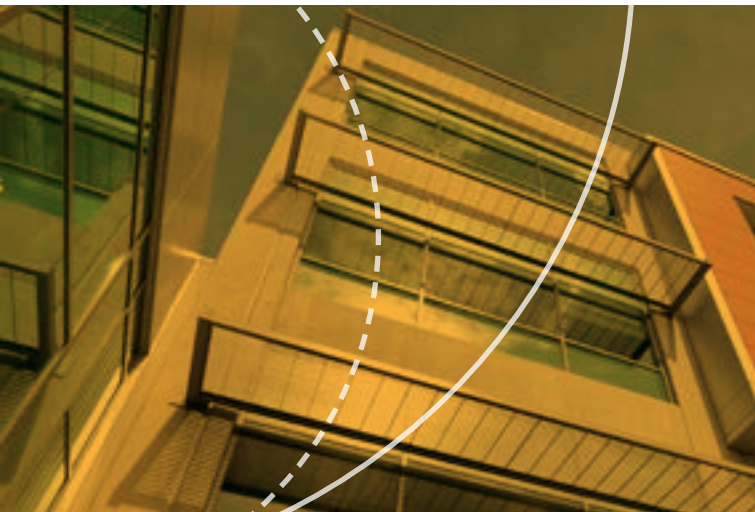


CODE OF CONDUCT & ETHICAL PRINCIPLES



**STRIVING
FOR ONE
COMMON
VISION**

A MESSAGE FROM THE PRESIDENT & CEO



The California ISO relies on its employees to maintain professionalism, both internally and externally, and to demonstrate at all times the ISO Cultural Values — resilience, accountability, integrity, service and humility. Adhering to these values, in everything we do, is foundational to our success and enables us to fulfill our mission, maintain our reputation of excellence and create an atmosphere of respect and caring. It also enables us to work together on important issues and enjoy what we do every day at the ISO.

Integrity is the most important cultural value, and a component of each of the other ISO Cultural Values. Maintaining integrity requires all of us to represent the organization, collaborate with our peers, and work as a team, in accordance with the Code of Conduct and Ethical Principles. This means we must be professional and transparent in our interactions, follow through on our commitments, respectfully engage our peers at the ISO and in our industry and always do what's right. It's that simple.

Every employee is responsible for following the established rules of conduct. We must comply with federal, state and industry laws and regulations that require us to conduct our business openly, honestly and transparently. That is why we devote so much time and effort to compliance, including the work that goes into fostering your understanding and ability to comply with our Code of Conduct. The executive team has a vital responsibility for maintaining a culture that not only complies with all applicable laws and regulations, but also ensures that employees conduct themselves with integrity and in a manner consistent with the principles, policies and standards of the California ISO. As President and CEO, I consider this responsibility my highest priority. Working together as a team we can maintain our reputation for excellence going forward.

To adhere to the Code of Conduct, it is critical that you have the right tools. The most effective tool we all have for this purpose is our ability to communicate. If you are unsure of what to do in a particular circumstance, or have a concern about a potential violation of the Code of Conduct, our corporate policies, or other applicable laws and regulations, it is your duty and responsibility to speak up. As we know, identifying a problem is the first step to resolution. Therefore, if at any time you have such a concern, you are fully empowered to raise it to your manager, Human Resources, or the Legal department. If you have any concerns about compliance with corporate policies, applicable laws, or regulations, you should contact the Compliance team. Another important tool for your use is the EthicsPoint reporting service, found on eCurrent, which allows you to report any concern anonymously. By doing your part, you are critical in maintaining the integrity of the ISO.

Our mission, to operate a reliable grid and a fair and transparent energy market for the benefit of our market participants and the customers they serve, is extremely important. To continue to succeed, we need to stay focused on fulfilling that mission within the rules and guidance of the Code of Conduct. If we all do this together, I am confident that we will continue to accomplish great things for California and the West.

Respectfully yours,

A handwritten signature in black ink that reads "Elliot Mainzer". The signature is fluid and cursive, written in a professional style.

Elliot Mainzer
President and CEO

ISO CULTURAL VALUES

These Cultural Values define the culture of teamwork we strive for at the ISO. The ISO's success depends on our individual commitment to these Cultural Values, to our fellow employees and to our market participants.

RESILIENCE

- We adapt quickly and effectively to internal and external pressures for change.
- We embrace expected and unexpected change and adopt those changes in a thoughtful and smooth way.
- We weather difficulties, changing conditions and unforeseen circumstances to achieve success.
- We understand that resilience is built by strengthening self-awareness, self-care, positive relationships and purpose.

ACCOUNTABILITY

- We are personally committed to results and take initiative to do the right thing to achieve them.
- We know what's expected of us, meet our deadlines, accomplish our goals and proactively follow up on the status of our commitments.
- We build trust among team members and freely give and receive feedback in order to best accomplish our goals and develop ourselves and our colleagues.

INTEGRITY

- We are honest. We are truthful in all of our dealings and keep our word and our commitments to our customers, our stakeholders and our colleagues.
- We are respectful. Even when we disagree, we speak openly and respectfully and consider each other's ideas and thoughts.
- We work diligently, ethically and legally and have the professional courage to speak up when we observe variances.

SERVICE

- We understand that in serving our corporate purpose, we strive to serve our customers and our community in furtherance of that purpose.
- We prioritize customer service in all goals, decisions, actions and everyday operations.
- We practice leadership by putting the needs of others first and help our people develop and perform as highly as possible.
- We create value for our colleagues by remaining relevant with our skills and doing our best work.
- We value each other for our differences and unique contributions.

HUMILITY

- We are transparent in our dealings, truthfully communicate challenges and put in the work to address those challenges.
- We listen to the opinions and reasoning of others.
- We admit mistakes freely and apologize for them.
- We ask for help when we need it.

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OUR CODE AND YOUR RESPONSIBILITIES

LIVING OUR CULTURAL VALUES IN A COMPLEX BUSINESS AND LEGAL ENVIRONMENT

The strength of the ISO is measured by more than operational success. It is also measured by our Cultural Values, which represent the commitments and principles that we share.

Our Cultural Values: Resilience, Accountability, Integrity, Service and Humility

Integrity is a fundamental Cultural Value, and it's the foundation of our success. As individuals, our personal integrity means that others can trust and respect us, and know that we will be honest, fair and forthright. As a company, integrity means that we will always honor our commitments to our stakeholders and be a reliable business partner. Integrity protects our reputation and enables us to thrive, even in today's complex business environment.

words depends on each of us using our best judgment and asking for help when we need it. As always, our goal remains to provide excellent and reliable service while protecting and enhancing the ISO's reputation as a world class organization.

APPLICATION OF THE CODE

Our Code provides the ethical guidelines and expectations for conducting business on behalf of the ISO. The Code applies to all ISO personnel including the ISO Board of Governors, Western Energy Imbalance Market Governing Body and all ISO employees.

The Code provides a summary of certain key company policies as well as laws applicable to the company.

In today's complex business environment it is vital to have a clear vision and strong principles to guide our actions. Our Cultural Values convey our strengths and create a solid foundation for ethical business behavior. Throughout the Code you will find references to the Cultural Values, as well as questions and answers that are designed to help you apply our policies and our values to address concerns that commonly arise.

This Code is designed to help when we have questions about what to do in specific situations. It is a summary of how we will do business in accordance with our Cultural Values. By following this Code, we will ensure that our business activities and decisions are consistent, not only with laws and regulations, but also with the highest ethical business standards.

As you use this Code, remember that on its own it consists only of words. Giving meaning to these

While the Code cannot address every issue that we may encounter, it does provide guidance and resources for those times when the right choice may not be clear.

In addition to serving as a policy summary, there are several elements of the Code that describe our standard of higher ethical conduct. The Code, supported by our underlying policies and Cultural Values, reinforces the company's commitment to integrity and sets expectations of behavior for all personnel.

APPLICATION OF THE CODE TO THIRD PARTIES

Certain ISO business partners such as vendors, consultants, and employment agency personnel, serve as an extension of the ISO and they are expected to adhere to the Code, and to any applicable contractual provisions, when working on behalf of the ISO.

Certain consultants and contractors who work 30 hours or more per week for at least six months are considered substantially full-time contractors, and generally must comply with all requirements of the Code of Conduct, including the conflicts of interest disclosure requirement. Management has the discretion to exempt certain contractors for whom it determines there is limited risk of a conflict affecting the ISO's independence. When determining whether the conflicts disclosure requirement applies to a contractor, the ISO will consider: (1) the nature of services provided by the contractor, (2) the length of the engagement, and (3) whether consultant or contractor will have access to confidential or market information. The ISO may exempt from the Code's conflicts of interest disclosure requirement those consultants or contractors it determines present no risk to the ISO's independence from market participants.

Managers who supervise our external business partners are responsible for ensuring that they understand their compliance obligations. If an external business partner fails to comply with our ethics and compliance expectations and their related contractual obligations, it may result in the termination of the contract with the ISO.

Q: *I am a manager who oversees contractors working for the ISO. Are there ethics and compliance requirements that I need to be aware of?*

A: Yes. All consultants and contractors are required to comply with the Contractors Code of Conduct, which is similar to this Code, as well as other applicable company policies and standards. Compliance with these policies requires that they enter into a confidentiality agreement and other contractual obligations, depending on their business. As a manager who oversees the work of consultants and contractors, you should become familiar with the Contractors Code of Conduct, located on eCurrent.

COMPLIANCE WITH LAWS AND REGULATIONS

It is important that each of us is aware of relevant laws and regulations that apply to our work, and that we never engage in conduct that violates applicable laws and regulations. Not only should we be vigilant in our compliance with all applicable laws and regulations, we should also be alert to changes in the law or new requirements that may affect our business.

The ISO's core responsibilities are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC) under the Federal Power Act and other federal laws. The company has adopted this Code and additional policies, including those relating to non-discrimination in the operation of transmission facilities and a power market, in compliance with applicable laws.

INDIVIDUAL RESPONSIBILITIES

All personnel have a responsibility to do their part to act in accordance with our Cultural Values and maintain the highest ethical standards. In particular, all personnel must:

- Be familiar with the information contained in this Code and ISO policies, paying particular attention to the policies that pertain to your job responsibilities, workplace behavior and conduct.
- Promptly report concerns about possible violations of laws, regulations, policies, or this Code to your manager or any member of the ISO Legal Department, Human Resources or the ISO Compliance Committee. You can also report anonymously through the ISO EthicsPoint

hotline at (866) 384-4277 or online at www.ethicspoint.com. Employees should consult the "Code of Conduct & Reporting" page on eCurrent for more information.

- Complete all required training in a timely manner and keep up-to-date on all applicable laws, regulations, policies, standards and expectations.
- Cooperate in investigations, auditing and monitoring procedures and, if required, provide all requested documentation.

Q: *I am a manager of an hourly, non-exempt employee who works an alternate workweek schedule (AWS). The employee wants to adjust his daily schedule occasionally by working extra hours the following day, in order to allow time to attend to personal matters. I don't want to say no because I believe in being flexible with scheduling as long as the employee's work gets done on time. Can I allow this practice?*

A: No. AWS rules require that the employee complete a certain amount of work hours on each "workday," which for AWS starts at either 12:00 p.m., 1:00 p.m. or 2:00 p.m. every calendar day. If an employee fails to work the number of hours before the start of one "workday" and shifts those hours to the next "workday," the ISO will incur daily overtime costs for the adjusted hours. Moreover, it would be unfair to the employee to require the employee to adjust his time reporting to avoid incurring overtime costs, not to mention contrary to the law, internal timekeeping requirements, and the Code of Conduct.

- Complete an annual Code of Conduct certification confirming your knowledge of, and adherence to, the rules and principles in this Code.
- Submit a Conflicts of Interest Disclosure Form at least annually and when circumstances arise that require disclosure as described on the form.

No reason, including the desire to meet business or personal goals, should ever be an excuse for violating laws, regulations or policies.

ETHICAL LEADERSHIP

Management has the added responsibility of demonstrating, through their actions, the importance of our Cultural Values and high ethical standards. If you are in a leadership position at the ISO, you are also expected to meet the following additional responsibilities:

- Help create a work environment that recognizes effort, encourages responsibility, appreciates teamwork, and values the free and honest exchange of ideas and concerns.
- Ensure that your business unit complies with its responsibility to understand and adhere to all laws, including the tariff, that govern its business activities.



Q: *I'm a manager and I'm not clear what my obligations are if someone comes to me with an accusation – and what if it involves an officer or director?*

A: No matter who the allegation involves, you must report it without exception. The ISO provides several avenues for reporting concerns. If for any reason you are uncomfortable making a report to a particular person, you may talk to any of the other resources listed in this Code or another member of management. If the complaint involves Human Resources or the President and CEO of the company, the matter can be brought to the Vice President, General Counsel, or as always, the complaint may be reported via EthicsPoint, which is found on eCurrent and www.ethicspoint.com

- Never ask or permit an employee to do what you would be prohibited from doing yourself.
- Be a resource for others. Know the Code and communicate to employees about how it applies to their daily work.
- Serve as a role model for the highest ethical standards and work to create and sustain a culture that demonstrates compliance and concern for your colleagues.
- Be proactive. Take reasonable actions to prevent and identify misconduct and report situations that might impact the ability of personnel to act ethically on behalf of the company.
- Take prompt action to correct business conduct that is inconsistent with the Code, policies, applicable laws and regulations, or our Cultural Values.
- Seek assistance from other managers or officers whenever you are unsure of the best response to any given situation.
- If you supervise external business partners, including suppliers, vendors, contractors and consultants, ensure that they understand and meet their compliance obligations to the ISO, including their compliance with the Code of Conduct or the Contractors Code of Conduct, as appropriate.

Managers should not consider ethics concerns as threats or challenges to their authority – we want an open, honest and trustful dialogue to become a natural part of daily work.



Q: *I'm a manager. If I observe misconduct in an area not under my authority, am I still required to report the issue?*

A: Yes. You are chiefly responsible for personnel under your management, but all ISO personnel are required to report any misconduct they become aware of, and you as a leader are especially obliged to act as a steward of the ISO Cultural Values. The best approach is to talk first with the manager who oversees the area where the problem is occurring, but if this isn't feasible, you should use other resources listed in the Code.

TAKING ACTION – REPORTING OPTIONS FOR POSSIBLE VIOLATIONS

You have the obligation to report possible ethical or legal violations, or other conduct inconsistent with the Code, by using any of the following methods – but most importantly, you are encouraged to report your concerns to the following personnel or by using the EthicsPoint reporting option, whichever you deem most appropriate:

- Vice President and General Counsel
- Vice President, Human Resources
- Any attorney in the Legal Department
- Anonymous reports may be made to the ISO EthicsPoint hotline at (866) 384-4277 or online at www.ethicspoint.com. Employees should consult the “Code of Conduct & Reporting” page on eCurrent for more information.

The ISO has an opportunity to improve every time you ask a question or raise a concern. When you speak up to clarify a policy or report questionable conduct you are protecting your colleagues and the reputation of the ISO. Remember, an issue cannot be addressed unless it is brought to someone's attention. Also, failure to report ethical or legal violations is a violation of the Code.

If you have a concern or observe a possible violation, the first place to turn is your manager. If you are uncomfortable reporting your concern to your manager or it involves your manager, use any of the resources listed above or contact the ISO EthicsPoint hotline at (866) 384-4277 or online at www.ethicspoint.com.

WHAT TO EXPECT WHEN YOU CALL THE ISO ETHICSPPOINT HOTLINE

The ISO EthicsPoint hotline and online reporting tool are available 24 hours a day, seven days a week. Calls to the hotline and online reports may be made anonymously.

Calls will be answered by EthicsPoint, a third party professional that the ISO has contracted for this purpose. The interviewer will work with you to document the situation in detail. You do not have to give your name, and your call will not be recorded. The information from all reports will be relayed to the appropriate ISO personnel who will review the situation and investigate your concern.

If you call anonymously, you can call back to the third party using the hotline or website by providing a reference code that will be given to you when you make the initial report. This will allow you to conduct two-way communication without compromising your anonymity.

Confidentiality for those who report concerns will be maintained to the fullest extent possible.

Seek guidance from your manager, Human Resources or Legal if you are still unsure what to do. Don't hesitate to ask questions and get the advice you need.

Q: *What if someone misuses the EthicsPoint hotline, makes an anonymous call, and falsely accuses someone of wrongdoing?*

A: Experience has shown that the EthicsPoint hotline is rarely used for malicious purposes. However, we will investigate all reports of wrongdoing, and anyone who is found to have used the ethics and compliance program in bad faith, including to spread falsehoods, threaten others, or with the intent to unjustly damage another person's reputation, will be subject to disciplinary action.

PROTECTION FROM RETALIATION

Regardless of the type of misconduct reported, or the method of reporting, the ISO will not tolerate any retaliation or retribution against anyone who makes a good faith report of an alleged violation of the Code, policies, or other applicable laws and regulations.

We take claims of retaliation seriously. All such claims will be thoroughly investigated and, if substantiated, retaliators will be disciplined up to and including termination. If you believe you have been retaliated against, you should report such action using any of the methods described in this Code.

ACCOUNTABILITY AND DISCIPLINE

Violating relevant laws and regulations, including the ISO Tariff, or this Code, or encouraging others to do so, exposes the company to liability and puts the ISO's reputation at risk, and, therefore may result in disciplinary actions. Whenever a potential situation regarding questionable business conduct or ethics is raised, the ISO will thoroughly investigate, intervene and take corrective action if necessary.

If an ethics or compliance problem does occur, your manager or representative from Human Resources or Legal may, if appropriate, counsel you to help develop an effective solution. If, however, you fail to respond to coaching or counseling, or further

incidents occur, or if the problem is serious enough, further discipline may be necessary. In accordance with the ISO Disciplinary Guidelines policy, discipline for a violation of this policy will be the responsibility of the management of the employee and Human Resources, who should seek legal advice from the office of the General Counsel.

You should also understand that violations of laws or regulations may result in legal proceedings and penalties including, in some circumstances, criminal prosecution.

Accountability

BEING RESPONSIBLE FOR MY ACTIONS AND THEIR OUTCOMES

Being accountable means:

- Being familiar with the Code and all policies, standards and other applicable laws and regulations that apply to my area of work
- Meeting agreed-upon standards and obligations
- Admitting mistakes and sharing lessons learned
- Taking responsibility for actions as an individual and as a member of a team

Q: *Our manager typically does nothing when concerns about potential misconduct are brought to her attention and I believe she has made things difficult for co-workers who have raised issues. Now a co-worker is doing something that I believe to be ethically wrong. What should I do?*

A: Speak up. You are required to report misconduct. While starting with your manager is often the best way to efficiently address concerns, if you do not believe that it is appropriate or do not feel comfortable doing so, you should talk to another member of management, Human Resources, or another resource listed in the Code. Also, if you wish to report your concern anonymously, you may do so on the EthicsPoint hotline at (866) 384-4277 or online at www.ethicspoint.com.

AMENDMENTS AND ENFORCEMENT

The Lead Counsel-Corporate will assist personnel in understanding the Code and will provide guidance concerning application of its requirements to specific situations. The Compliance Committee shall, at least annually, review this Code of Conduct to help determine if revisions or amendments are required or appropriate. The Chief Compliance Officer shall provide the results of such review to the Executive Team and the Board of Governors. Any procedural revisions to the Code of Conduct shall be presented to, and approved by the President and CEO; provided, however, any proposed substantive revisions to the Code of Conduct shall be presented to, and approved by, the Board of Governors.

The Compliance Committee shall:

- 1) Maintain a copy of this Code of Conduct and keep it available for public inspection on the ISO public website
- 2) Ensure that all Board of Governors members, Western EIM Governing Body members, officers and employees are informed and trained annually with regard to these standards of conduct

- 3) Provide electronic access to this Code of Conduct for each Board of Governors member, Western EIM Governing Body member, officer and employee
- 4) Require that each such Board of Governors member, Western EIM Governing Body member, officer and employee execute an annual compliance statement
- 5) Monitor compliance with this Code of Conduct and notify the President and CEO and periodically report to the Audit Committee of the Board of Governors at least annually on compliance efforts and results

Any ISO Board of Governors member, Western EIM Governing Body member, officer or employee failing to comply with this Code of Conduct may be subject to disciplinary action. Discipline shall be in the discretion of the ISO, and may take the form of reprimand, suspension without pay, limitation in the scope of responsibilities, or termination. For Board of Governors members and Western EIM Governing Body members, discipline may also include monetary fines or removal as the other board members shall determine.



ACTING WITH INDEPENDENCE AND IN THE BEST INTEREST OF OUR MARKET PARTICIPANTS

CONFLICTS OF INTEREST

Our Standard

A conflict of interest occurs when your actions or your private interest interferes in any way with the interests of the ISO. Conflicts of interest can arise in almost any business setting, and can expose our personal judgment and that of the ISO to increased scrutiny and criticism, and can undermine our credibility and the trust that others place in us.

By its very nature, a conflict of interest – or even the appearance of a conflict of interest – casts doubt on one’s ability to act in an objective, independent and impartial manner. When in doubt as to the propriety of any course of action, personnel should promptly discuss the matter with their managers, Legal or the Chief Compliance Officer.

We have a fundamental obligation to make sound business decisions in the best interests of the company, independent of our personal interests. We must not use our position at the ISO improperly for personal gain or to advantage any market participant, ourselves, our friends, or members of our families. Subject to very limited exceptions, you, your spouse and any dependent children may not have an ownership or other financial interest in any ISO market participant; or stand to be financially benefited by any transaction with any ISO market participant or any ISO vendor. The Prohibited Investments List, located on eCurrent, provides guidance as to this rule. The definition of market participant, for purposes of determining a prohibited investment, is provided in the Prohibited Investments List, based upon pertinent FERC authority.

Conflict of Interest: a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.

Conflicts of interest can also arise through:

- Outside employment interests
- Familial relationships, such as when a family member works for a market participant or vendor
- Financial participation in an outside business related to our market or vendors
- Customer and supplier relations
- Excessive or inappropriate entertainment, gifts or favors from ISO business partners

Moreover, conflicts of interest may arise in situations involving entities that generate, transmit, distribute, develop, purchase, or sell electricity (or contract to perform those activities) in, to or through the ISO market. Because it is impossible to describe every potential conflict, each of us must exercise sound judgment, seek advice when needed, and adhere to our Cultural Values and the highest standards of ethics and integrity.

Q: *A few months ago, I completed the annual Conflicts of Interest Disclosure Form indicating that I do not own any prohibited investments. Last week, based on a tip from my investment advisor, I invested \$1,000 in a mutual fund that is concentrated in electric utility companies. Today I conducted additional research about the fund and recognize several of its top holdings as ISO market participants. What do I need to do?*

A: As an initial matter, you need to notify Human Resources by submitting an updated Conflicts of Interest Disclosure Form. Human Resources and Legal will review the facts and advise as to the steps you will need to take, which may include promptly divesting from the investment. It is important to remember that the Prohibited Investments List is available as a reference before making investment decisions.

Individual Responsibilities

If you become aware of an actual or potential conflict of interest, or a circumstance that could be perceived as a conflict of interest, you must immediately disclose all relevant facts to your manager or Legal and, if a conflict exists, you must submit an updated Conflict of Interest Disclosure Form to Human Resources to inform the company so that it may review the circumstances and address any issues with you. In addition, keep in mind the following:

- Avoid being compromised and avoid even the appearance of a conflict of interest.
- Never give preference – or appear to give preference – to any market participant.
- Never give preferential access to ISO information to any third party.
- Divest of any prohibited stock or other financial interest in any ISO market participant following disclosure on a conflicts of interest form, in a timely manner, generally within six months of employment with the ISO or any other passive receipt of such interest (marriage, bequest, etc.) or upon the addition of the investment to the Prohibited Investments List.

Note: *While employed at the ISO, you should check the Prohibited Investments List before making any investment decision. Exceptions to this rule exist in limited circumstances, for example: if an interest in a ISO market participant is included in any diversified mutual fund you may hold that is not targeted at, or principally comprised of, ISO market participants; you own the interest as a part of participation in an ISO market participant's pension plan or fund where the benefits paid under the plan do not depend on the financial performance of the market participant; or if your spouse is required to maintain ownership of such interest as a condition of continued employment. In such instances, the nature and conditions of your interest must be disclosed to the ISO. You should discuss any questions regarding this restriction with the Lead Counsel-Corporate or the Chief Compliance Officer.*

Excellence

STRIVING TO ACHIEVE EXCEPTIONAL PERFORMANCE AND PROVIDE OUTSTANDING SERVICE.

We exhibit excellence when we:

- Help others to maximize their abilities
- Work effectively with others for the good of all

- Employees, Board of Governors members and Western EIM Governing Body members must avoid working or consulting for any entity engaged in the generation, transmission, marketing or distribution of electricity within the geographic area of the Western Electricity Coordinating Council without obtaining prior written approval from the Board of Governors. Additionally, a Board of Governors member or Western EIM Governing Body member may not be affiliated with any actual or potential participant in any market administered by the ISO.
- Never use your position at the ISO, or any confidential information you have gained through your work, for personal gain.

Remember – all personnel as well as anyone acting on behalf of the company must make business decisions based only on the best interest of the ISO.

ENTERTAINMENT, GIFTS AND FAVORS

Our Standard

Strong relationships with our business partners are vital to our success, but receiving gifts from any market participant, contractor, supplier or vendor can potentially affect the independence of our judgment and may create the appearance of favoritism.

For the purposes of our Code and policies, the term "Entertainment, Gifts and Favors" includes gifts and favors of all kinds including: trips, services, meals, discounted or free tickets to events or conferences, and any other gratuitous item, benefit, or thing of value.

You must avoid even the perception that receiving entertainment, gifts or favors is connected in any way with access or favorable treatment. Even if there is no

Q: *During the holidays, I sometimes receive gift baskets of dried fruit, nuts, chocolates, or cheese from suppliers. Is it OK to accept the baskets?*

A: Accepting gifts of more than nominal value from suppliers is usually inappropriate. However, the holiday food basket has become a common business courtesy. Often the best idea is to notify your manager of the gift, accept the basket and set it out for everyone in your work group or area to enjoy. If you do this and the gift is not personal to you, then it likely would be acceptable and not reportable.

intent to gain inappropriate influence or advantage, inappropriate entertainment, gifts, or favors may cause embarrassment to the company and damage our reputation.

Individual Responsibilities

We recognize there will be times when a current or potential business associate (e.g., market participant or vendor) may extend an invitation to attend a social event or provide a modest gift of nominal value (e.g. pens, calendars, items of clothing) in order to further develop your business relationship.

As a general rule, entertainment, gifts and favors must never be accepted if they are intended to, or may appear to, influence your decision or judgment, and they may never exceed a value of \$100 per business associate over a rolling 12-month period. Also, all gifts exceeding \$50 must be recorded on an Employee Gift Log or Board of Governors/Western EIM Governing Body member Gratuity Log at the time of receipt. The ISO collects Gift Logs and Board of Governors and Western EIM Governing Body Gratuity Logs annually, but may ask to review them at any time.

However, personnel may accept meals, beverages and other entertainment from a current or potential business associate, regardless of value, if all of the following conditions are met:

- 1) The meals, beverages and other entertainment are of modest value and are provided in connection with a business related event (e.g., business meeting, conference or social event to celebrate a business accomplishment)
- 2) You are not provided preference based on your status as ISO personnel
- 3) The business associate does not have a contract approval or Request for Proposal pending with the ISO where you are part of the decision process

In the limited circumstances when the above-listed conditions are met, such offers may be accepted, but in these cases, they must never influence, or appear to influence, your decision about the entity, and they must also meet the following criteria:

Q: *I have been offered transportation, lodging, meals and an honorarium in exchange for my participation on a panel of experts at a conference out of state? May I accept these items? What if a vendor invited me just to attend a conference at the vendor's expense?*

A: ISO personnel may never accept an honorarium for any reason, even if the honorarium is donated to a charity. However, with management approval, ISO personnel may accept reasonable transportation, lodging and meals associated with presenting at a conference or on a panel. If a vendor invites you to a conference that would normally be reimbursed by the ISO, you may also accept conference fees as well as conference meals and entertainment, so long as the gift rule requirements are satisfied (e.g., no extravagant meals or entertainment).

- Be in accordance with applicable law and acceptable good business practices
- Be modest and infrequent

If you receive an unsolicited gift with a value that exceeds the \$100 gift limit, you should return it with a note explaining the ISO policy. If the value of the gift is unstated or not easily determined, you must request an estimate of the value from the business associate that provided the gift and include that information when reporting the gift. If you are in doubt as to whether the gift or entertainment is acceptable, seek guidance and approval from your manager or the Chief Compliance Officer.

Discounts or reimbursement for transportation, meals, lodging, tuition, or incidental expenses related to business events – e.g., the attendance of a course or conference, facility tour, or other business gathering, can be considered gifts. However, they are often acceptable if they are consistent with and further the purposes of the ISO. You must obtain the approval of the ISO, through your manager, before accepting. The nature and an estimated value of any such discounts or reimbursements should be approved by your manager.

Some examples of gifts and entertainment that are generally prohibited are:

- Loans or payments of cash or cash equivalent (gift cards) of any amount
- Invitations to lavish dinners or other forms of extravagant entertainment
- Extravagant forms of hospitality, for example luxury resorts or expensive trips

- Paying travel expenses or lodging if the trips have no direct connection to a business purpose
- Gifts or entertainment for spouses or family members, other than meals where spouses are invited
- Anything which, if publicly disclosed, would reflect poorly on the ISO

SUPPLIER RELATIONS

Our Standard

We will only do business with third parties that conduct business ethically and do not subject the ISO to liability (civil or criminal) or cause the ISO reputational harm. Conducting due diligence on third parties will minimize risk to the ISO and its reputation by helping to avoid relationships which may implicate the ISO through the misconduct of its business partners.

All vendors to the ISO must agree to comply with business practices reflected in our Contractors Code of Conduct and applicable policies. Vendors must disclose all financial affiliations and conflicts of interest with the ISO's market participants. The ISO's executive management shall have the discretion to determine if the contents of such disclosure warrant disqualification of such consultant, contractor or subcontractor. Notice of any such disqualification shall be provided to the Chief Compliance Officer and the Internal Audit Director. The ISO's procurement and vendor manager shall also ensure that consultants, contractors or subcontractors do not cause any disclosure of information in violation of the Contractors Code of Conduct, including, where deemed appropriate by the ISO, requiring prior execution of a confidentiality agreement.

Q: *A vendor that provides services to the ISO recently invited me to a San Francisco 49ers game in its corporate suite the following month. After receiving the offer, I recalled that the vendor's contract is up for renewal next month, and I have been asked by my manager to provide significant input on the value of the vendor's service as part of an RFP. Can I accept this gift?*

A: No. You have an obligation to the ISO to perform the duties of your position, which includes providing advice regarding the vendor's services. Accordingly, a gift from this vendor of any value, since it has a pending RFP, may be perceived as a conflict of interest and must be refused. Also, even if the vendor did not have a pending RFP, the gift likely exceeds the \$100 gift limit. Finally, you should always advise your manager of the circumstances before accepting any gift from a business associate so that you may proactively address any concerns together.

Employee Responsibilities

- Board of Governors, Western EIM Governing Body members, officers or employees must direct or conduct the procurement of goods or services from any vendor consistent with the ISO's procurement policy.
- Never contractually bind the ISO to another party until such party has been through the appropriate due diligence and approval procedures.
- Ensure that the other party understands the ISO's standards and expectations prior to entering into any contractual relationship.
- Never do anything through another party acting on behalf of the ISO that we are not allowed to do ourselves.

When engaging in procurement activities:

- Involve and include the ISO Procurement and Vendor Management department early in the procurement process.
- Create and maintain all records accurately to document the procurement process and to substantiate procurement decisions.
- Comply with all ISO policies and procedures in making procurement decisions. Be careful to avoid conflicts of interest between the company and any third parties.
- Do not divulge procurement information to anyone outside the company or to persons inside the company who do not have a "need to know."

COMMUNICATING WITH THE PUBLIC

Our Standard

In the ISO business environment, it is important that only authorized persons speak to the public on behalf of the ISO. The ISO needs a clear consistent voice when providing information to the public and the media. Any employee who receives a request to provide information to a reporter on behalf of the ISO must refer that request to the ISO Communications and Public Relations department. For all other external inquiries, employees should consult the One Voice page on eCurrent.

Unless you are authorized by the CEO or the Communications and Public Relations department, or authorized as part of your work at the ISO (e.g. Legal, HR), never give the impression that you are

speaking on behalf of the ISO in any communication that may become public, including email and phone conversations. If you participate in online forums, blogs, newsgroups, chat rooms, bulletin boards or other forms of on-line communications or social media, never give the impression that you are speaking on behalf of the ISO. Always think carefully, and re-read your communications before you hit the "send" button. Never send e-mails or material that could be perceived as being a statement made by the company. Never post any type of confidential information.

Employee Responsibilities

- Never respond to media inquiries or initiate contact with the media on behalf of the ISO, unless specifically authorized to do so by the CEO or the ISO Communications and Public Relations department.
- No messages may be sent without proper authorization where the sender may be perceived as a company spokesperson.
- Be alert to situations in which you may be perceived to be representing or speaking on behalf of the company. You should make it clear in presentations and speeches that you are not representing the ISO, unless you are specifically authorized to do so by your manager.
- Refer all regulatory or governmental inquiries to the ISO Legal department.

Communication

FREELY EXCHANGING INFORMATION, THOUGHTS AND CONCERNS IN A SINCERE, TIMELY MANNER.

We communicate effectively when we:

- Distribute information promptly to all ISO personnel who are affected
- Share information and ideas openly and accurately
- Use professional language and exhibit respect in all business communications, both internally and externally, including written and telephone communications

PROTECTING CONFIDENTIALITY, SENSITIVE INFORMATION AND OUR ASSETS

PROTECTION OF COMPANY ASSETS

Our Standard

ISO assets – both physical and intellectual – are highly valuable and are intended for use only to advance corporate business purposes and goals.

All physical property including facilities, equipment, and supplies must be protected from misuse, damage, theft, or other improper handling and only used for their intended purpose. Equipment security and protection is the responsibility of the employee to which the equipment has been assigned. We are personally responsible for safeguarding company assets and for using all assets and resources appropriately.

ISO assets and facilities generally must be used only for the company's benefit and purposes, and not for the benefit of individuals, except as otherwise provided in the Acceptable Use of Systems policy.

These requirements also apply to market sensitive information, proprietary information and trade secrets, and they apply not only during your employment or Board service with the ISO, but also for a reasonable period thereafter, which is at least a year, and often longer depending on the nature of the information or your position with the ISO.

Q: *I sometimes use my e-mail account for personal correspondence. Is this OK, and are my e-mails private?*

A: While incidental use of ISO information systems is acceptable – as long as the content or attachments don't violate any of our other policies – there should be no expectation of personal privacy when using your company-issued computer or electronic device. In order to protect the interests of the ISO network and your colleagues, we reserve the right to monitor, access, search, block, copy, disclose and review e-mails sent, received or stored on the company e-mail systems.

Individual Responsibilities

- All personnel should protect the company's assets and ensure their efficient use for legitimate company business purposes.
- Personnel and those who represent the ISO are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for the resources assigned to their departments and are empowered to resolve issues concerning their proper use.
- Be vigilant regarding access to the ISO's assets by others. Access to company intellectual or physical assets (including offices, equipment and information) by any third party must be limited to and directly associated with services provided by the third party to the company. Employees should be aware at all times of all relevant North American Electric Reliability Corporation-Critical Infrastructure Protection (NERC-CIP) requirements, and should consult the Information Security policies located on eCurrent for more information.
- Notify the Vice President, General Counsel of any inventions made during or as a result of your employment at the ISO.
- Under no circumstances should a person risk his or her personal safety to protect company assets. You should surrender your equipment if you are threatened, and report the loss immediately to the appropriate authority (police, security, etc.).



Q: *Can I check CNN.com on my work computer at lunch?*

A: Yes, that would be an acceptable use of your ISO computer. Incidental use is allowed as long as the sites you visit are appropriate and it does not interfere with your work or the work of others.

PROPER USE OF INFORMATION SYSTEMS

Our Standard

Our computers, e-mail, networks and personal messaging systems are company property and are intended to enhance the efficiency and effectiveness of company work production.

Occasional, incidental, appropriate personal use of our systems, e-mail and phones is permitted if it does not interfere with the performance of your work or conflict with company policies and procedures.

Individual Responsibilities

- You should not use company equipment to conduct outside or personal business or in support of any religious, political or other outside activity, except as otherwise allowed in the Acceptable Use of Systems Policy.
- Don't send unsolicited bulk email, chain letters or joke emails from company email accounts.
- Never send e-mails from company email accounts that include statements or attachments that contain material that could be considered offensive to others or could be discriminatory. Remember,

email can be a business record and subject to public availability under the Records Availability Policy, or may be relevant to a legal claim and therefore discoverable.

- When receiving or using any protected file or content, always be aware of, and never violate, copyright laws.
- No email or other electronic communication may be sent which hides the identity of the sender or represents the sender as someone else.

CONFIDENTIAL INFORMATION

Our Standard

Unauthorized disclosure of confidential information may be a violation of the ISO Tariff and undermines the ISO's independence and existence.

Not only must you avoid unauthorized disclosure, but you must also take reasonable steps to prevent others from illegally obtaining company confidential information within your control.

Market sensitive information is information that is not publicly available, and is: (i) developed by the ISO; (ii) provided to the ISO on a confidential basis by a market participant; or (iii) is otherwise required by agreements to which the ISO is a party, to be held confidential. Examples include: information with respect to prices and other terms and conditions upon which electric power is purchased, sold, dispatched, traded, and/or transmitted.

Proprietary information is information that is privileged or of value to the ISO. Examples include: the materials, products, designs, plans, ideas, concepts, technology, know-how, and data developed and maintained by the ISO. Other examples include private or sensitive data pertaining to personnel, such as employee evaluations, employee health information, and budgetary or planning information.

Trade secrets include any information or data that derives independent economic value, actual or potential, whether or not protected by patents or trademarks.

Board of Governors members, Western EIM Governing Body members, officers, and employees must treat all information supplied by a current or potential ISO market participant as confidential.

The protection of the personal information of our co-workers is also vital to our continued success and the maintenance of our reputation. Information, such as addresses, home phone numbers, salary, medical records, and performance appraisals is private.

We also respect the confidential and proprietary information of third parties, and we do not engage in unethical or illegal means to obtain confidential information or proprietary data belonging to others.

Individual Responsibilities

- Know what constitutes market sensitive information, proprietary information and trade secrets, especially as such information relates to your job responsibilities.
- Never use confidential information for personal gain.
- Do not post confidential information on internet message boards or social networking sites.
- Private information about our co-workers should not be shared with anyone inside or outside the company who does not have an appropriate business reason for receiving the information.

To help protect our sensitive and confidential information:

- Never send confidential information to unattended fax machines or printers.
- Never discuss confidential information loudly or openly or in public places where others might be able to overhear.
- Never share confidential information with third parties without proper prior approval.

Q: *During the course of my work, I sometimes learn about confidential information concerning market participants. I know that I can't trade their stock, but am I allowed to pass the information on to others so that they can trade?*

A: No you may not. What you are describing is called "tipping" and may be a violation of insider trading laws. All personnel have a strict duty to protect confidential, non-public information that is learned in the course of their employment. Insider trading laws prohibit the buying or selling of securities while in possession of material non-public information. You must never share non-public information with any third parties who don't have a business-related need for such information, including your spouse, family, and friends. Information is considered to be public only when it has been released through appropriate channels such as press releases and enough time has elapsed to permit the investment market to absorb and evaluate the information.

Q: *I just received an email that was sent company-wide. One of the attachments contains what I think is market sensitive information, and neither the email nor attachment contained any indication it was sensitive. Is this appropriate?*

A: No, it is not. Information that is considered confidential or restricted may not be sent as email without the use of appropriate and approved information security measures. Internal email containing sensitive or confidential information should be labeled as confidential. Any possible disclosure of confidential information should be promptly reported to the Senior Counsel-Corporate.



INTEGRITY OF RECORDS AND ACCOUNTING PROCEDURES

Our Standard

We create documents and records in the normal course of business and to document our compliance with laws, regulations, and company policies and procedures. All entries in the company's books, records and accounts must be complete, accurate and fairly reflect our business transactions conforming to applicable accounting standards and legal requirements.

Whatever your part in this process, you are required to meet our Cultural Values and the letter and spirit of the law. This policy pertains to all books, records and information in any medium, including hard copies, electronic records, emails, video, backup tapes and other media. Essential information used for reporting, auditing and other critical purposes must be retained in a recoverable format and it must be managed securely throughout the information's life cycle.

No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records. It is never acceptable to create false or misleading records or otherwise conceal the truth from the ISO's management, auditors or regulators.

Accountability BEING RESPONSIBLE FOR THE OUTCOME OF MY ACTIONS

Being accountable means:

- Performing and completing tasks accurately and on time
- Effectively managing company resources

Q: *I just heard that there might be a lawsuit over a matter I worked on. My files contain drafts, personal notes, and other information about the matter. What should I do?*

A: You should immediately contact the Legal department to discuss what you know about a possible lawsuit, and to seek advice about the handling of your files if there is a potential claim or lawsuit. Thereafter, you should follow Legal's advice, which may require that you retain all related files, including your personal notes, which may be considered business records that could be relevant to the claim or lawsuit. Destroying or hiding documents relevant to pending or threatened litigation is a serious offense.

Individual Responsibilities

- Disclose and record all ISO-related business transactions in a timely manner, whether the transaction is small (e.g., a time sheet or an expense report) or large (e.g., posting a market transaction or documenting capital expenditures).
- Secret or unrecorded funds or records are never permitted.
- Always properly label sensitive records.
- Classify, store and preserve records so that they are safe and protected.
- If you change jobs or leave the ISO, be sure to transfer custody of all relevant books and records prior to your departure.
- If you approve reports or accounting documents created by others, read them carefully and satisfy yourself that they are complete and accurate before approving them.

- If you become aware of litigation, investigations or audits relevant to your job duties immediately consult with Legal regarding the suspension of record destruction, and comply with all legal holds.
- If you are asked by any outside person, group, or agency to provide access to records or documents maintained by the company, you must first discuss the request with Legal.

We must not improperly influence, manipulate or mislead any audit, nor interfere with any auditor engaged to perform an internal or independent audit of ISO books, records, processes, or internal controls.



FOLLOWING THE LETTER AND THE SPIRIT OF LAWS AND REGULATIONS

COMMUNICATING AND OPERATING WITH REGULATORS

Our Standard

Given the highly regulated environment in which the ISO operates, we must be vigilant in meeting our responsibilities to comply with relevant laws and regulations. We must always cooperate with regulators and government officials as appropriate.

In the course of business, you may receive inquiries from regulators or government officials. In all cases, you are expected to respond to requests for information in an honest and timely manner. If you become aware of any significant regulatory concerns, always bring it to the attention of your manager, the Vice President and General Counsel, or any executive team member.

We expect all personnel to cooperate with lawful investigations into allegations that our Code, policies, laws or other applicable regulations and standards have not been followed. The company will fully cooperate with all lawful government investigations. When we are notified of an external investigation, we will take prompt action to preserve documents that may be relevant.

Individual Responsibilities

- During an inspection or examination, retain all pertinent records. Never conceal, destroy or alter documents, or mislead regulators. Your reply to regulators must be responsive, factual and accurate.
- Notify your manager, the Vice President and General Counsel and Chief Compliance Officer if regulators express concern about any market or operational matters.

- Keep informed about changes in the laws, regulations and standards, or any new requirements that may affect your business unit.
- Always be aware that the ISO may be subject to special legal and/or regulatory requirements.
- Always report inquiries from regulators to your manager, regardless of how the inquiry is made (telephone, mail, e-mail, personal visit, etc.).

Integrity

BEHAVING IN AN OPEN, HONEST, AND TRUSTFUL MANNER, BOTH PROFESSIONALLY AND PERSONALLY.

We act with integrity when we:

- Behave professionally, displaying good character and high ethical principles

INDEPENDENCE

Our Standard

The ISO can only exist by being independent of all of its market participants and treating all market participants equally. The ISO's independence is regulated by FERC, and our market and transmission operations are governed by the ISO tariff, which is filed with FERC. Under its tariff, the ISO provides open, nondiscriminatory access to the transmission system and operates markets for wholesale electricity and energy related services and products. Failure to

Q: *I will be attending a fundraiser for a candidate for local office. Is it okay to list the ISO as my employer on my name tag as long as I don't use any company funds or resources?*

A: You may not associate the company in any way with your personal political activities while attending the fundraiser. However, election law may require that you provide information about your employer and your occupation at the time of registration, which is acceptable for that purpose.

Q: *Is it OK to invite an elected official, such as a congresswoman or a state legislator, to speak at a company event?*

A: You must get approval from the CEO before inviting an elected official or other governmental officer to attend a company event. If the invitee is in the midst of a re-election campaign, the company event could be viewed as support for the campaign. Any food, drink, or transportation provided to the invitee could be considered a gift. In either case, there would be limits and reporting obligations.

comply with the tariff and failure to administer the tariff in a manner that treats all market participants without preference or undue discrimination can result in FERC-imposed penalties and create litigation risk for the company.

Individual Responsibilities

- Strictly enforce any tariff provision that does not, by its terms, provide for the exercise of discretion.
- To the extent the ISO grants a waiver of a non-material rule that provides for a discretionary waiver, take all necessary steps to document the waiver and the reasons for granting it.
- If you believe that a tariff violation has occurred or that the tariff has been administered in a manner inconsistent with the obligation to treat all participants without preference or undue discrimination, you must report the conduct to your manager, the Legal department, or any executive team member. Failure to report known illegal or improper conduct is contrary to the Code.

POLITICAL AND CHARITABLE ACTIVITIES

Our Standard

We encourage personnel to participate in the political process, and to support charitable causes, always keeping in mind that your political and charitable activities are a personal matter. Employees and officers must not engage in political activities during work time, use ISO facilities for such purposes, or participate in political activities while wearing the ISO logo on their clothing.

If you wish to make contributions to political parties, candidates or campaigns for public office or make donations to charities you must do so in your own name, and not as a representative of the company.

We are opposed to any political donation or charitable contribution made with the intent to exert improper influence.

Individual Responsibilities

- Never pressure a colleague to participate in a political cause or to make a charitable contribution. If you experience such pressure, especially from a manager, report it to Human Resources or any of the resources listed in this Code.
- Do not solicit contributions or distribute non-work related materials in a manner that disrupts the workplace or interferes with operating the business, and keep any such materials in your own workspace.
- You must never make a political or charitable contribution with the intent to improperly influence someone.

Q: *I would like to sell Girl Scout cookies to my colleagues once a year. Can I do that at the ISO, and if so, what are the limitations?*

A: Yes, but there are several restrictions when engaging in charitable activities on campus due to the fact that the ISO is a 501(c)(3) tax exempt organization. You may engage in occasional personal charitable activities, such as selling Girl Scout cookies or conducting a charitable toy drive, if you do so occasionally, on your own time, do not use company resources (including office supplies, copiers), do not use public or common areas to advertise or solicit donations or purchases, and comply with all company policies, such as the Acceptable Use of Systems policy which allows only limited personal use of phones and company email. Email blasts to the entire company or a division are prohibited. If a charitable activity disrupts the workplace or impacts your performance, it will be terminated, and multiple disruptions likely will mean the ISO will not allow any employee to engage in such activity on the ISO campus.





LIVING OUR VALUES IN THE WORKPLACE

FAIR EMPLOYMENT PRACTICES

Our Standard

The ISO offers equal employment opportunities to qualified individuals, regardless of sex, pregnancy, age, race, color, creed, religion, sexual orientation, genetic information, HIV or AIDS condition, marital status, national origin, ancestry, citizenship, military status, veteran status, handicap or disability – or any other factor protected by law or company policy.

This policy applies not only to hiring decisions, but also to all employment decisions. If you are a manager, every employment decision you make, from compensation and benefits to transfers and training, must conform to applicable federal, state or local laws, and company policy.

If you have fair employment practices questions, consult with your Human Resources liaison.

Individual Responsibilities

- If you are hiring an employee, choose from individuals based only on their qualifications to perform the job.
- Managers have a special responsibility to consistently meet the ISO's Cultural Values and policies regarding equal employment opportunities, and must be able to show non-discriminatory reasons for taking personnel actions.

- Review your own decisions to ensure that objective merit and business considerations drive your actions.

Discrimination questions or concerns should be addressed when possible with the employee's manager. Additional company resources available to the employee are: Human Resources and the ISO EthicsPoint hotline.

Respect

**TREATING OTHERS FAIRLY AND WITH COURTESY,
VALUING WHAT EACH HAS TO CONTRIBUTE.**

We show respect when we:

- Show respect and consideration for others
- Allow others to express their thoughts and ideas without fear of being unfairly judged

RESPECT FOR DIVERSITY

Our Standard

The diversity of ISO personnel is a key asset and we are committed to providing a professional atmosphere that promotes productivity and encourages creativity and innovation.

Our Cultural Values require us to treat others fairly and with courtesy, valuing what each has to contribute.

Q: *One of my co-workers sends e-mails containing jokes and comments that make fun of certain nationalities. They make me uncomfortable, but no one else has spoken up about them. What should I do?*

A: If you feel comfortable doing so, you should first advise the co-worker that you find the communications to be inappropriate or offensive and ask that the employee refrain from further similar actions. You should also notify Human Resources immediately. Sending such jokes violates company policies about the use of e-mail and our standards on diversity, harassment and discrimination. Alternatively, by doing nothing you are condoning discrimination and tolerating beliefs that can seriously erode the team environment that we have all worked to create, and you may be in violation of this Code of Conduct.

Excellence

STRIVING TO ACHIEVE EXCEPTIONAL PERFORMANCE AND PROVIDE OUTSTANDING SERVICE.

We exhibit excellence when we:

- Consistently deliver quality in a timely manner
- Appreciate risk and accept change
- Take pride in our work and continually seek to improve

We will work to maintain a diverse workforce where personnel are hired, retained, compensated, disciplined and promoted based on their contribution to the company and their performance.

Individual Responsibilities

- Treat all colleagues, business partners, customers and visitors with respect.
- Embrace the perspectives of others and leverage that information to create a winning outcome.
- If you manage others, judge them on performance; avoid introducing unrelated considerations into your decisions. Use objective, quantifiable standards.

HARASSMENT

Our Standards

Harassment in the workplace, whether by a man or a woman, is behavior that is unwelcome and offensive to specific individuals or groups, or that unreasonably disrupts their work. The ISO will not tolerate actions, comments, inappropriate physical contact, sexual advances, or any other conduct that is intimidating or otherwise offensive or hostile.

The most common form of harassment is sexual harassment, which in general occurs when:

- A request for a date, a sexual favor, or other verbal or physical conduct of a sexual nature that is unwelcome, is made a condition of employment or used as the basis for employment decisions;
- An intimidating, offensive, or hostile work environment is created by unwelcome sexual advances, insulting jokes, or other offensive verbal or physical behavior of a sexual nature.

Harassment can take other forms as well. Examples include calling individuals derogatory, crude or insulting names; performing threatening, intimidating, or hostile acts; and placing written or graphic material in the work place that denigrates or shows hostility or aversion toward an individual or group.

Q: *While on a business trip a colleague repeatedly asked me out for drinks and commented several times on my appearance in a way that made me uncomfortable. Is it harassment, since we weren't in the office when it happened?*

A: This type of conduct is not tolerated in any work-related settings, off-site meetings, business trips or business-related social functions. Tell your colleague such actions are inappropriate and unwelcome. If the conduct continues you should report the problem to Human Resources.

Q: *I've noticed some practices that we do in my area that don't seem safe. Who can I speak to? I'm new here, and don't want to be considered a troublemaker.*

A: Discuss your concerns with your manager. There may be very good reasons for the practices. On the other hand, sometimes new eyes see things that more experienced eyes have missed. Raising a concern about safety is not making trouble, it is being responsible. The ISO maintains and enforces a strict non-retaliation policy for raising issues like this.

Individual Responsibilities

- Maintain a work environment that is professional and free from harassment.
- If possible, be direct, speak up and tell a person if you are upset by his or her actions or language, explain why and ask him or her to stop. Make a formal complaint if the matter is serious or if you are uncomfortable taking a direct approach.
- Even if you believe your acts or words are innocent, if someone says you are offending them and asks you to stop, do so at once.
- Don't distribute or display offensive material.

WARNING SIGNS — HARASSMENT AND DISCRIMINATION

These behaviors may be harassment or discrimination:

- Unwelcome remarks, gestures or physical contact
- The display of sexually explicit or offensive pictures or other materials
- Sexual or offensive jokes or comments (explicit or by innuendo)
- Verbal abuse, threats or taunting
- Loss of promotion or development opportunities based on protected characteristics

HEALTH, SAFETY AND SECURITY

Our Standard

We aim to provide a safe, secure and healthy work environment where zero injuries, no lost time incidents, protection of assets and safe and efficient business practices are the norm.

It is important for each of us to help maintain safe working conditions for ourselves, our co-workers and visitors to our facilities. Situations that may pose a health, safety or environmental hazard must be reported immediately.

We strive to continuously improve our environment through resource conservation and efficient practices.

All personnel must work together to maintain a safety-first culture, be alert, promote proper work habits, use good judgment, and comply with all applicable health, safety and security rules and regulations.

Individual Responsibilities

We can only achieve our goal of a safe and secure workplace through the active participation and support of everyone. We expect all personnel to follow all company health, safety and security policies and procedures. It is your responsibility to:

- Always be aware of your surroundings and any potential hazards, for yourself and others.

- Never tamper with safety equipment or systems.
- Maintain a neat, safe working environment by keeping work stations, aisles and other work spaces free from obstacles, wires and other potential hazards.
- Safely handle, transport and arrange for the disposal of raw materials, products and wastes in an environmentally responsible manner.
- Take personal responsibility to ensure that our office practices meet applicable environmental standards and make every effort to recycle whenever feasible.
- Notify your manager, Human Resources or Facilities immediately about any unsafe equipment, or any situation that could pose a threat to health or safety or damage the environment. All personnel have the right and responsibility to stop any work they feel may be unsafe.
- Participate in company provided health, safety and security training or other safety meetings.
- Always display and swipe your personal identification badge when entering and exiting all secure areas and do not allow others to enter without properly swiping their personal identification badges.

At the ISO we do not tolerate:

- Threatening remarks, obscene phone calls, stalking or any other form of harassment.
- Causing physical injury to another.
- Intentionally damaging someone else’s property, or acting aggressively in a manner that causes someone else to fear injury.
- Threatening, intimidating or coercing fellow personnel on or off the premises – at any time, for any purpose.
- Weapons are not permitted in the workplace. This includes not only our facilities, but also parking lots and alternate work locations.

All injuries, accidents or workplace illnesses incurred by personnel, contractors, or visitors or witnessed by an employee must be immediately reported to the employee’s manager and Human Resources.

ABUSE OF DRUGS AND ALCOHOL-FITNESS FOR DUTY

Our Standards

The ISO is committed to providing a safe and productive work environment and dependable and economic services to its market participants and other stakeholders. An important part of our effort is to ensure that all personnel are fit for duty and our workplace is free from the use of illegal drugs, the misuse of legal drugs, and the use of alcohol.

Q: *Are subcontractors expected to follow the same health, safety and security policies and procedures as employees?*

A: Yes. Managers are responsible for ensuring that subcontractors and vendors at work on company premises understand and comply with all applicable laws, statutes and regulations governing the particular worksite, as well as with additional requirements the company may impose.

Q: *A colleague that works near me seems to be under the influence of alcohol, but I am not sure. What should I do?*

A: This can be a safety issue. The best thing that you can do for everyone, including your co-worker, is to immediately report your concern to your manager or Human Resources. Also, since you aren’t sure of the facts, you should avoid telling other personnel who do not need to know this information.

The use, possession, manufacture, sale, dispensation or distribution of illegal drugs or drug paraphernalia in the workplace will not be tolerated and will result in immediate discharge. Anyone who is under the influence of illegal drugs or alcohol while conducting ISO business could create an unsafe work environment and may be subject to discipline, up to and including termination.

The only exception to these prohibitions is the consumption of alcoholic beverages at company sponsored events. In these cases, personnel are required to conduct themselves in such a manner that they do not violate any laws or pose a danger to themselves or others or to the company’s reputation.

Individual Responsibilities

- While at work or on company business, you should be alert, never impaired, and always ready to carry out your work duties.
- Possession and use of legally prescribed drugs is allowed, but you are responsible to ensure that while in the workplace their use will not affect your productivity or your ability to safely perform your job function. If you have any questions, contact Human Resources.
- If you have a problem with substance abuse, be aware that assistance is available. Seek professional help before it adversely affects you personally or professionally.

Integrity

BEHAVING IN AN OPEN, HONEST AND TRUSTFUL MANNER, BOTH PROFESSIONALLY AND PERSONALLY.

We act with integrity when we:

- Stand up for what we believe is right
- Follow through on what we have committed to do



CONTACT INFORMATION

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Lead Counsel – Corporate	Greg Fisher	(916) 608-7206	gfisher@caiso.com
Director – Audit and Advisory Services	Tina Kilgore-Goodwin	(916) 608-1299	tkilgoregoodwin@caiso.com

ISO EthicsPoint Hotline (866) 384-4277 or visit online at www.ethicspoint.com