




California ISO
Your Link to Power

Employees Code of Conduct and Ethical Principles

	<p>Board Policy</p>	<p>Revision Date</p> <p>Version No.</p>	<p>3/26/2010 for an effective date of 5/1/2010</p> <p>3.0</p>
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A Message from the President and Chief Executive Officer

The California ISO relies on integrity for support in all of our activities and for this reason integrity is number one on our list of core values. Any action inconsistent with this core value undermines the California ISO's ability to fulfill its mission, damages the reputation of the California ISO, and increases the California ISO's risk of exposure to liability for non-compliance with applicable laws and regulations.

We all should be proud of the California ISO's integrity, but vigilance is required in order to assure that we can meet the challenges of maintaining it. The principles, policies and standards adopted by the California ISO support integrity and facilitate compliance with applicable legal and regulatory obligations. Integrity must never be sacrificed in the face of increasing workplace pressures, and none of us should ever allow such pressures to be an excuse to violate the letter or spirit of any principle, policy or standard of the California ISO, including first and foremost our Employees Code of Conduct and Ethical Principles.

Every employee at every level is responsible for making sure this does not happen; however, the Executive Team has a special responsibility for maintaining a culture which not only complies with all applicable laws and regulations, but where each person conducts themselves consistent with integrity and the principles, policies and standards of the California ISO. I share in this responsibility and give it the highest priority.

If you ever have any question or concern about this Employees Code of Conduct and Ethical Principles, do not hesitate to raise it immediately. Please talk with your manager, the Chief Compliance Officer, any member of the Compliance Committee, or refer to the information provided in the Guide to the Employees Code of Conduct and Ethical Principles for other options, including a service that allows anonymous reports. Again, I cannot emphasize enough my commitment to our integrity, but I can't do this alone; I need your help, and I appreciate your cooperation in this endeavor.

Very truly yours,

Yakout Mansour
President and Chief Executive Officer



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~~ATTACHMENT A – EMPLOYEES CODE OF CONDUCT~~

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1. OVERVIEW

1.1 Purpose

The California ISO (“ISO”) is committed to integrity in all business dealings. The purpose of this Employees Code of Conduct and Ethical Principles (“Code”) is to support the California ISO’s core values of integrity, teamwork, excellence, people-focus, and open communication and facilitate compliance with applicable laws and regulations. This Code is supported by a Guide to the Employees Code of Conduct and Ethical Principles, which explains the rules contained in this Code. ~~While it may seem that most issues can be resolved with the simple exercise of good judgment and common sense, there may be circumstances where reference to a common set of principles, policies and standards will assist in making decisions consistent with the California ISO’s core values. This Employees Code of Conduct and Ethical Principles will help you make informed and ethical choices in all of your business dealings and comply with applicable laws and regulations. Attachment A is the existing Employees Code of Conduct, as approved by FERC, which remains in force for both ISO Employees and as substantially full-time contractors and consultants.[†] The following sections provide additional guidance regarding the responsibilities of ISO Employees.~~

1.2 Areas Affected


This ~~Employees Code of Conduct and Ethical Principles~~ applies to ~~officers and~~ employees of the California-ISO (collectively “you” “Employees”). This ~~Employees Code of Conduct and Ethical Principles~~ and the principles, policies and standards described or referenced in it are not an employment contract. The California-ISO does not create any contractual right by issuing this ~~Employees Code of Conduct and Ethical Principles~~ or any principle, policy or standard, or by requiring written certification of compliance. Employment by the California-ISO is on an “at-will” basis, which means that the California-ISO can terminate the relationship at will, with or without cause, at any time and without notice, so long as there is no violation of applicable laws or regulations.

2. RESPONSIBILITIES

2.1 Individual Responsibilities

~~Employees-You must~~ ~~should learn be familiar with and understand the essential elements of~~ this Employees Code of Conduct and Ethical Principles; ~~and as well as~~ all principles, policies and

[†] ~~Application to substantially full time consultants, contractors, subcontractors or vendors of the California ISO is addressed in Section 3.1 of this document.~~

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standards ~~dealing directly with~~ that apply to your areas of responsibility ~~their work~~. ~~Employees should also have a basic understanding of the issues covered by every other principle, policy and standard.~~ When you have questions about application of this ~~Employees Code of Conduct and Ethical Principles~~ or any other ~~California~~ ISO principle, policy or standard, you should consult the Guide to the Employees Code of Conduct and Ethical Principles, or seek assistance from your direct supervisor ~~or~~, the Legal Department. ~~, or use the Code of Conduct Reporting link on eCurrent to find other California ISO resources.~~

2.2 Management Responsibilities


The responsibilities of ~~Employee~~ employees in a management position go beyond those required of ~~other individuals~~ employees. Management ~~is~~ is expected to ~~also~~ build and maintain a culture of compliance with applicable laws and regulations and ~~California~~ ISO principles, policies and standards. Management is expected to accomplish this by personally leading compliance efforts through frequent meetings with direct reports, monitoring of compliance matters and programs, and encouraging employees to raise integrity issues, to lead by example, and to never allow business results to become more important than compliance. Compliance problems should be prevented by ensuring that the principles, policies and standards tailored to a particular activity are issued and communicated in a timely and effective manner, that possible violations are detected by implementing appropriate control mechanisms and conducting periodic compliance reviews, and that potential violations are investigated and prompt corrective action is taken to remedy any identified weakness.

2.3 Reporting Violations

If you become aware of any illegal or improper conduct on the part of an employee, or other conduct inconsistent with this Code, you must promptly report such conduct to your supervisor, the Legal Department or other persons designated by management, as described in the Guide to the Employees Code of Conduct and Ethical Principles.

2.3.4 Consequences for Violations

Any ~~Employee~~ employee who violates the letter or spirit of this ~~Employees Code~~ Code of ~~Conduct and Ethical Principles~~ or the principles, policies and standards referenced herein or ~~who~~ fails to comply with applicable laws or regulations will be subject to disciplinary action, up to and including termination of employment ~~or termination of the contractual relationship~~ with the

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~~California ISO in the case of substantially full time consultants, contractors, subcontractors or vendors (see Section 3.1).~~

3. INTEGRITY AND CONFLICTS OF INTEREST


~~“We are honest, ethical and trustworthy with each other and stakeholders in all business dealings, reflecting the highest professional standards.”~~

~~A conflict of interest is any activity that is inconsistent with or opposed to the legitimate best interests of the California ISO. Conflicts of interest focus on individual people in specific circumstances that present dual loyalties, and they can be both real and factual or apparent and perceived. Conflicts of interest can arise in almost every business setting and there is a well accepted way to address and resolve conflicts of interest.~~

~~The basic conflict of interest rule is that Employees You must should avoid any activity, investment or interest that might reflect unfavorably upon their your own integrity and reputation or the California ISO’s, whether in fact or simply in appearance. Employees should You must not use their your position with the California ISO improperly to benefit themselves yourself, your relatives, friends or other businesses. Employees You have a duty to perform their your job or other responsibilities in the best interests of the California ISO. Employees should You must avoid situations and relationships which compete with their your loyalty to the California ISO and which might affect or appear to affect their your judgment in performing their your duties. An Employee who conducts corporate business with an organization that employs a relative, for example, should take appropriate precautions to avoid a potential conflict of interest or the appearance of preferential treatment.~~

You must also avoid any activity that is inconsistent with or opposed to the legitimate best interests of the ISO. Conflicts of interest may arise when individuals become involved in specific circumstances that present dual loyalties. They can be real and factual or apparent and perceived. Conflicts of interest can arise in almost every business setting and there is a well accepted way to address and resolve conflicts of interest.

Many questions relating to conflict of interest issues can be avoided by timely and adequate disclosure of facts. When the facts are known and reviewed, the California ISO may consent to involvement by an employee in a situation that otherwise might appear to create a conflict of interest. The intent is not to have a policy that infringes on the personal lives of Employees; however, it must be recognized that an Employee employees assumes certain responsibilities of loyalty and trust when accepting employment with the California ISO or likewise when an entity or individual is working as a substantially full time consultant, contractor, subcontractor or

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~~vendor for the California ISO.~~ Disclosure is the key to addressing conflicts of interest issues and all ~~Employeee~~employees will be required to complete a disclosure form.

The ~~California~~ ISO has identified ~~the foregoing principles rules~~ with respect to conflicts of interest to address an area of particular concern; however, it is possible to be in compliance with the specific requirements contained in the ~~Employees Code Code of Conduct~~ and still have a conflict of interest as described in the general principles above. Accordingly, it is important to keep in mind the spirit of these requirements and to [consult the Guide to the Employees Code of Conduct and Ethical Principles](#) or contact the Legal Department if you have any questions or require assistance in evaluating a potential conflict of interest.

~~3.1 — CONTRACTORS, SUBCONTRACTORS AND CONSULTANTS~~

3.1 Integrity of the Market

~~The California ISO, its Employees and Contractors shall~~ You may not (i) act as a broker in connection with any power ~~or energy~~ sale or purchase, (ii) ~~or purchase or sell electricity, except for ordinary personal uses or to the extent necessary to carry out the ISO's functions.~~


~~No Employee or Contractor may~~ Employees may not ~~beserve as an~~ employees, directors, ~~or attorney or consultants for, or a substantially full-time consultant or contractor to,~~ any entity engaged in the generation, transmission, marketing or distribution of electricity within the geographic area of the Western Electricity Coordinating Council unless prior written approval has been granted by the Governing Board in response to a written request supported by specific reasons.

You may not ~~acquire~~have, directly or indirectly ~~(e.g., through a family trust, self directed pension or profit sharing plan, or employee benefit plan)~~ a “financial interest~~[]~~ in any market participant” that would be prohibited by 18 C.F.R. 35.34(j)(1)(i) or any successor provision.

~~No~~ person shall become an employee unless such person has agreed in writing to dispose of any such financial interests within six months after the time such person is to commence providing services to the ISO.

~~The California ISO will require any substantially full time consultant, contractor, subcontractor or vendor² of the California ISO to comply with the attached CodeCode of Conduct as appropriate~~

² ~~A “substantially full time” consultant, contractor or subcontractor is any individual or entity who is expected to provide an average of thirty hours of service or more to the California ISO per week for six months or more. A vendor will be subject to the requirements of Section 3.1 if they provide goods that are required for the California ISO to maintain critical operations, systems or services.~~

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~~and to disclose to the California ISO all financial affiliations or other potential conflicts of interest with any Market Participant. The California ISO shall apply reasonable and objective criteria for applying the CodeCode of Conduct and determining conflicts of interest, including factors such as the nature of services to be provided, the length of the engagement, whether the contractor, subcontractor, or substantially full time consultant may already be required to comply with their own code of conduct, ethics or professional standards, and whether the substantially full time consultant, contractor or subcontractor will have access to confidential information. The California ISO shall have the discretion to determine if the contents of such disclosure warrant disqualification or termination of any substantially full time consultant, contractor or subcontractor.~~


~~The California ISO shall also ensure that any substantially full time consultant, contractor, subcontractor, or vendor does not cause any disclosure of information in violation of the Employees CodeCode of Conduct and Ethical Principles as applicable, including, where deemed appropriate by the California ISO, requiring prior execution of a confidentiality agreement.~~

~~3.2 — CODE OF CONDUCT~~

~~IN ADDITION TO THE PRINCIPLES GOVERNING CONFLICTS OF INTEREST IDENTIFIED ABOVE, THERE ARE SEVERAL ADDITIONAL SPECIFIC REQUIREMENTS RELATED TO CONFLICTS OF INTEREST AND THE PROVISION OF OPEN ACCESS TRANSMISSION SERVICE THAT THE CALIFORNIA ISO, ALTHOUGH NOT REQUIRED TO COMPLY WITH THE FEDERAL ENERGY REGULATORY COMMISSION ("FERC") STANDARDS OF CONDUCT SET FORTH IN PART 358 OF THE FERC REGULATIONS (SEE FERC ORDER 2004), HAS ADOPTED TO FURTHER ASSURE THAT UNDULY PREFERENTIAL PRACTICES ARE ELIMINATED WITH RESPECT TO THE SERVICES IT PROVIDES. ALL OF THESE REQUIREMENTS ARE CONTAINED IN THE EMPLOYEES CODE OF CONDUCT INCLUDED AS ATTACHMENT A.~~

3.32 Treatment of Non-Public Information

The California ISO is the custodian of a significant amount of non-public third party information, primarily from Market Participants and vendors. In addition, the California ISO has information of its own that is non-public. Employees You are required to treat all non-public information in accordance with the CAISO Tariff, contractual commitments, and the Information Security Policy Standards and Classification, Information Availability Policy and other ISO policies and standards as applicable. In addition, the California ISO has adopted Information Classification and Protection Standards to facilitate proper classification of California ISO information and so the information can thereafter be managed accordingly.

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3.34 COMMUNICATIONS

~~3.4.2~~ ~~3.4.1~~ **REPORTING**

~~ANY CALIFORNIA ISO EMPLOYEE WHO BECOMES AWARE OF ANY ILLEGAL OR IMPROPER CONDUCT ON THE PART OF ANOTHER EMPLOYEE, OR CONDUCT INCONSISTENT WITH THIS EMPLOYEES CODECODE OF CONDUCT AND ETHICAL PRINCIPLES, MUST PROMPTLY REPORT SUCH CONDUCT TO THEIR SUPERVISOR OR OTHERS AS PROVIDED IN THE CODE OF CONDUCT REPORTING TAB ON ECURRENT. PLEASE ALSO SEE THE GUIDE TO REPORTING ILLEGAL AND OR IMPROPER CONDUCT POSTED ON ECURRENT FOR ADDITIONAL INFORMATION.~~

Disclosure

~~3.4.3~~

~~California ISO Employees~~ You may ~~shall~~ not withhold information, except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, nor give false information to, or attempt to mislead anyone conducting duly authorized investigations or audits of or relating to the ~~California~~-ISO or its business.


3.4 Integrity of Business Records

The ISO is committed to maintaining the integrity of its business records and requires that honest and accurate business records be maintained. Employees with responsibility to maintain the ISO's business, accounting and financial records shall perform such duties in accordance with management's directions and in conformance with the ISO's policies and procedures.

3.5 Other Conflicts

3.5.1 Political Advocacy

You may not use funds or resources of the ISO in support of any political party or candidate for elected office. You may not use your position, authority, or influence with the ISO for the purpose of affecting the result of a political election. You may not directly or indirectly coerce, attempt to coerce, command or advise any employee or contractor, to pay, lend, or contribute anything of value or to contribute personal services to a party, committee, organization, agency or person for political purposes.

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3.5.2 Unauthorized Use of Corporate Assets

You may not use any ISO property or services for personal gain and shall not remove or dispose of the materials, supplies or equipment of the ISO without the authorization of the ISO.

3.5.3 Gifts and Gratuities

You shall not accept directly or indirectly, any gift, favor, meal, transportation, discount, or service (“Gift”) that would tend to affect, or give the appearance of affecting, your judgment in the performance of your corporate duties.


The following Gifts (“Exempt Gifts”) will be generally presumed to not affect that judgment and thus may be accepted:

- (a) Gifts not from a “business related source” as defined below;
- (b) meals, and beverages, provided in connection or conjunction with a business related events, including social events and celebrations to the extent they are in conjunction with a business related event;
- (c) inexpensive non-cash Gifts such as pens, calendars, items of clothing provided as promotional items for a special occasion;
- (d) Gifts from immediate family members; and
- (e) Gifts from other relatives and personal friends that are traditionally exchanged on a personal basis.

A “business related source” means:

- (a) A market participant;
- (b) An existing vendor or contractor or a vendor or contractor seeking the business of the ISO;
- (c) Any entity in the business of the distribution, marketing or development of electric energy;
- (d) Any company that is a service provider or supplier to a market participant.

A Gift is deemed to be indirectly received from a business-related source if it is from one or more of its directors, officers, employees or agents, its subsidiary or parent company, or from

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any company, trade group or non-profit organization owned, controlled by or that receives a substantial amount of its revenues or funding from one or more business-related sources.

In addition to Exempt Gifts listed above, and subject to the limitations in this paragraph, you may receive a Gift from a business-related source so long as its receipt would not tend to affect, or give the appearance of affecting, your judgment in the performance of your corporate duties. You shall keep a record of every such Gift with a market value exceeding fifty dollars. The record must include the donor, the Gift value, and receipt date. A current, cumulative record shall be available upon request of the ISO. You shall not knowingly accept Gifts, other than Exempt Gifts, totaling more than two-hundred and fifty dollars from any single business-related source in a twelve-month period. -You shall not accept cash gifts from any business-related source other than an immediate family member.

You shall not accept compensation or expense reimbursement for any action taken in your corporate capacity from a source other than the ISO, except that you may accept, or be reimbursed for, tuition, meals, transportation, lodging, and incidental expenses related to the attendance of a course or conference, facility tour, or other business gathering if the acceptance is consistent with and furthers the purposes of the ISO. The nature and an estimated of value of this compensation shall be reported to the Corporate Secretary in advance of attendance and shall be limited to the reasonable value of business expense reimbursement for such an event. You must obtain the approval of the ISO before accepting this compensation. The actual value of the compensation shall be reported to the Corporate Secretary within ten days after its receipt.

4. CORPORATE COMPLIANCE

The ISO is a Public Utility as defined by the Federal Power Act and is therefore subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”). As such, all rates, terms and conditions of FERC jurisdictional service provided by the ISO must be on file with FERC in the form of a tariff. Pursuant to its FERC-filed tariff, the ISO provides open, nondiscriminatory access to the transmission system and operates markets for wholesale electric energy and energy related services and products. Failure to comply with the tariff and failure to administer the tariff in a manner that treats all participants without preference or undue discrimination can result in FERC imposed penalties and create litigation risk for the corporation. Failure to comply with the tariff and failure to administer the tariff in a manner that treats all participants without preference or undue discrimination is also a violation of the Code. You must strictly enforce any tariff provision relating to transmission service that does not, by its terms, provide for the exercise of discretion. To the extent that the ISO grants a waiver of a non-material rule which

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provides for discretionary waiver, a written log of each waiver of a rule must be maintained including the circumstances involved, the person authorizing such waiver and the sources of authority for such waiver.

If you believe that a tariff violation has occurred or that the tariff has been administered in a manner that is inconsistent with the obligation to treat all participants without preference or undue discrimination, you must report the conduct to your supervisor, the Legal Department, or to one of the designated persons described in the Guide to the Employees Code of Conduct and Ethical Principles. Any employee who fails to report illegal or improper conduct has violated the Code.

In addition, ~~the California ISO and the activities it engages in are subject to legal requirements arising under federal, state and local laws, regulations and ordinances. California ISO You must~~ Employees will comply with all laws and regulations applicable to the conduct of the business of the California ISO and this ~~Employees Code Code of Conduct and Ethical Principles. Some of the most important areas for compliance are identified below; however, this list does not constitute all laws and regulations that may be applicable to the California ISO and its activities. Employees with~~ Questions about the applicability of any law or regulation to their activities should be addressed promptly ~~seek advice from the~~ to your immediate supervisor, the Legal Department, or the Chief Compliance Officer. ~~You must c~~ Consultation with the Legal Department ~~is required~~ prior to making ~~appropriate~~ disclosures to regulators or law enforcement authorities related to compliance.

~~4.1~~ **TARIFF COMPLIANCE**

~~4.1~~
The California ISO is a Public Utility as defined by the Federal Power Act and is therefore subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”). As such, all rates, terms and conditions of FERC jurisdictional service provided by the California ISO must be on file with FERC in the form of a tariff. Pursuant to its FERC filed tariff, the CAISO provides open, nondiscriminatory access to the transmission system and operates markets for wholesale electric energy and energy related services and products. Failure to comply with the tariff and failure to administer the tariff in a manner that treats all participants without preference or undue discrimination can result in FERC imposed penalties and create litigation risk for the corporation. Failure to comply with the tariff and failure to administer the tariff in a manner that treats all participants without preference or undue discrimination is also a violation of the ~~Employees Code Code of Conduct and Ethical Principles. Any employee that believes that a tariff violation may have occurred or believes that the tariff has been administered in a manner that is inconsistent with the obligation to treat all participants without preference or undue discrimination has an affirmative duty to report through one of the authorized reporting channels. Failure to report illegal or improper conduct is also a violation of the Employees Code Code of Conduct and Ethical Principles.~~

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4.2 — 2 — Information Security


~~The California ISO is committed to protecting the security and privacy of information, regardless of media type, in accordance with applicable laws and regulations. Information is a critical and valuable asset for the California ISO and our mMarket pParticipants. Information security is the protection of information from a wide range of threats in order to ensure business continuity, minimize business risk, and maximize return on investments and business opportunities. The objective of information security is to reduce the risk to the California ISO and Market Participants by protecting information, information systems and communications that deliver the information, from failures of integrity, confidentiality, and availability, whether information is in storage, processing, or transmission. Information security is seen as an enabler to achieve California ISO business strategy and objectives and to avoid or reduce relevant risks.~~

~~The California ISO is subject to a number of information security and privacy requirements based on applicable laws and regulations, and has developed comprehensive standards related to information security. These requirements are summarized in the various Information Security policies that apply to all Employees' specific activities.~~

4.3 — Intellectual Property

~~Intellectual property is essentially any idea reduced to tangible form that has some commercial value, including copyright, trademarks, trade secrets, and patents. All intellectual property created during the performance of Employees' duties belongs to the California ISO under the "work for hire" doctrine. The California ISO engages in significant information technology related activities and as such either produces or uses a significant amount of intellectual property. Employees are prohibited from selling, giving away or using for personal gain any California ISO intellectual property without prior authorization. All California ISO intellectual property must be created and maintained in accordance with applicable policies and standards, including the Information Availability Policy.~~

~~The California ISO also engages numerous vendors to provide goods and services related to their intellectual property pursuant to terms and conditions that establish the parties' respective rights with respect to the intellectual property. It is important in these circumstances to take care to protect the third party intellectual property consistent with the California ISO's rights to use such information. This generally includes maintaining in confidence materials provided by third party vendors that are marked confidential, only making authorized copies of such materials, and complying with other contractual commitments made to these third parties. The Legal Department is available to discuss any questions you may have with regard to protection of third party intellectual property in accordance with our agreements.~~

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4.4—Tax Exempt Status


~~The California ISO qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 and is exempt from federal income tax in respect of its charitable activities, qualifies for federal tax-exempt financing, and is a candidate to receive other important financial benefits, including exemption from State income tax, franchise tax and property tax. In general, a non-profit organization is entitled to Section 501(c)(3) status provided (i) it is organized and operated exclusively for charitable or other specified purposes, (ii) no part of its net earnings inures to the benefit of any private person, and (iii) it does not carry on substantial lobbying activities or participate in political campaigns. As described in the California ISO’s application to the IRS for tax-exempt status, the California ISO was created pursuant to Assembly Bill 1890 to act as the system operator of an integrated statewide transmission grid. The IRS determined that the activities of the California ISO described in the Application would “lessen the burdens of government”, which is considered a charitable purpose under the Treasury Regulations. Accordingly, any corporate activity fundamentally different from the application should be brought to the attention of the Legal Department for consideration prior to engaging in the activity so that any risks can be assessed and appropriately mitigated.~~

4.5—Safety, Security, Environmental Protection and Health

~~The California ISO maintains a safe, secure and healthy working environment and has programs in place to address safety efforts and prevent injury or illness. Employees You are expected to comply with California ISO policies and standards and applicable laws and regulations concerning the environment, health and safety. Any accident or unsafe condition should be reported to your supervisor.~~

4.6—ANTITRUST LAWS

~~The antitrust laws apply to the California ISO, even as a not-for-profit corporation, and Employees should be familiar with the limitations on business conduct imposed by antitrust laws so that circumstances that may implicate these laws will be recognized. Antitrust laws carry severe penalties and generally include strict limitations against price fixing, output restrictions, market allocation, group boycotts or refusals to deal, certain tying arrangements (e.g., conditioning one transaction on another), and resale price restrictions. Employees You should be sensitive to any circumstance that involves discussions or agreements among competitors concerning the foregoing activities. If any such conduct is observed or if you have a question at~~

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~~all about whether conduct may raise an antitrust issue, please contact the Legal Department immediately.~~

~~4.7~~ — **Export Control Laws**

~~On occasion the California ISO may have the need to deliver technical information and in some cases software or other technology to other countries. These exports are regulated by the Department of Commerce through what are known as “export control laws”. Any transfer of technology, materials, data or schematics, preliminary results, betas or first drafts of software codes to another country or foreign nationals can be an export. A transfer can occur in any variety of ways, including by hand electronically, through the mail, in a telephone call, fax, or conversation and even on a hard drive in a laptop taken abroad. It is not required that the technology be of any value or indeed particularly sensitive for the export control laws to apply. Any technology to be exported must be prescreened by the Legal Department. Employees are responsible for understanding and complying with this procedure and the export control laws. Any questions regarding the export control laws should be directed to the Legal Department.~~


5. EMPLOYMENT PRACTICES

5.1 Equal Opportunity Employment

~~5.1 California ISO Employees~~ You shall not discriminate against anyone on any unlawful basis, including sex, race, religion, color, national origin, sexual orientation, age, medical condition, physical or mental disability, HIV or AIDS condition, marital status, veteran status, or family leave status.

~~5.2~~ **5.2 Harassment**

~~The California ISO prohibits any employee from~~ You may not ~~the~~ harassment of any individual on any of the bases listed in the paragraph above. For information about the types of conduct that constitute impermissible harassment and the ~~California ISO's~~ internal procedure for addressing complaints of harassment, please refer to the Employee Handbook.

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~~5.3~~ **5.3 Workplace Violence Prevention Policy**

~~California ISO Employees must be aware that~~ Engaging in behaviors identified in the Workplace Violence Prevention Policy, or other behaviors deemed inappropriate in the discretion of ~~California~~ ISO management, may result in disciplinary action, up to and including immediate termination of employment. For further information and questions please consult the Workplace Violence Prevention Policy, ~~-~~ or contact Human Resources, the Legal Department, or Physical Security, or refer to the [Guide to the Employees Code of Conduct](#) ~~Reporting link on eCurrent~~ and Ethical Principles.

~~5.4~~ **5.4 Fitness for Duty Substance Abuse Prevention Policy**

To further the ISO's interest in avoiding accidents, to promote and maintain safe and efficient working conditions for its employees, and to protect its employees, business, property, equipment, and operations, the ISO has established a Substance Abuse Prevention Policy concerning the use of alcohol and drugs. ~~California ISO eYou Employees~~ shall not possess, use or be under the influence³ of alcohol or ~~illegal drugs while on the job, on any California ISO premises or during work hours, including meal and other breaks, as detailed in in a manner inconsistent with the~~ Substance Abuse Prevention Policy ~~Fitness for Duty Policy~~.

6. IMPLEMENTATION


6.1 Training

~~6.1~~ The ~~California~~ ISO will inform and train its employees ~~in~~on applicable provisions of federal and state law related to this ~~Employees Code Code of Conduct and Ethical Principals~~, and will direct all of its ~~Employee employees~~ to comply with applicable provisions of federal and state law. ~~The California ISO will monitor all Employees and will conduct periodic reviews to ensure continued compliance with this Employees Code of Conduct and Ethical Principles. The California ISO will instruct its Employees to contact their supervisor, the Chief Compliance Officer, or the Legal Department if they have any questions regarding applicable federal or state law or this Employees Code Code of Conduct and Ethical Principles.~~

6.2 Communications

~~6.2~~ The ~~California~~ ISO will distribute copies of this ~~Employees Code Code of Conduct and Ethical Principles~~ to all of its ~~Employee employees~~. Copies of this ~~Employees Code Code of Conduct~~

³ ~~The California ISO considers an employee with alcohol or other prohibited substance at a detectible level as determined by an acceptable test to be "under the influence".~~

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~~and Ethical Principles~~ will be provided to any new ~~California ISO Employee~~employee as part of an orientation process. The ~~California ISO~~ will direct all of its ~~Employee~~employees to comply with this ~~Employees Code Code of Conduct and Ethical Principles~~. All ~~California ISO Employee~~employees will be required to complete an annual disclosure questionnaire regarding compliance with this ~~Employees Code Code of Conduct and Ethical Principles~~.

6.3 Evaluation

~~6.3~~

The Compliance Committee, with the advice and approval of the ~~ADR/Audit Committee~~ as appropriate, will evaluate the ~~California ISO's~~ experience and refine the relevant procedures, if necessary, to ensure continued compliance with this ~~Employees Code Code of Conduct and Ethical Principles~~.

~~6.4~~

6.4 Monitoring

The ~~Chief Compliance Officer Committee~~ will monitor ~~Employee~~employee compliance with this ~~Employees Code Code of Conduct and Ethical Principles~~ and ~~the Chief Compliance Officer will~~ periodically report to the ~~ADR/Audit Committee~~, but in no circumstance less frequently than annually. The ~~ADR/Audit Committee~~ will in turn report to the Board of Governors as required by its charter.

7. CONTACTS

There are a number of places in this ~~Employees Code of Conduct and Ethical Principles~~ where ~~Employee~~employees are advised to contact various departments for guidance or advice. The contact information for appropriate individuals in each department is included ~~for Employees' information under in~~ the ~~Guide to the Employees Code of Conduct and Ethical Principles~~ ~~Reporting tab on eCurrent~~.

8. ACKNOWLEDGMENT AND DISCLOSURE FORMS

There are two forms every ~~Employee~~employee must complete in order to comply with this ~~Employees Code of Conduct and Ethical Principles~~. The first form is an ~~simple~~ acknowledgment form that is generally completed as part of the hiring process. The second form is a disclosure and acknowledgment form that every ~~Employee~~employee must complete annually. Each year the ~~corporation ISO~~ will establish a deadline, ~~usually in the fall~~, for completion of the disclosure form. If you have any questions about either of the forms provided, please contact the Legal Department.



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Attachment A:

~~EMPLOYEES CODE OF CONDUCT~~

~~The Code of Conduct for officers, employees and substantially full-time consultants and contractors of the California Independent System Operator Corporation (the "Corporation") shall be as follows:~~

~~(a) STANDARDS~~

~~Non-Participation in Energy Transactions~~

- ~~1.— Neither the Corporation, its officers, its employees or its substantially full-time consultants or contractors will act as a broker in connection with any power or energy sale or purchase.~~
- ~~2.— Neither the Corporation, its officers, its employees or its substantially full-time consultants or contractors will purchase electricity, except for ordinary personal uses, or sell electricity except to the extent necessary to carry out the Corporation's functions.~~
- ~~3.— Unless a request has been made in writing, supported by specific reasons, and unless prior written approval has been granted by the Governing Board, no officer or employee of the Corporation, and no substantially full-time consultant or contractor to the Corporation, may be an employee, director or attorney for, or a substantially full-time consultant or contractor to, any entity engaged in the generation, transmission, marketing or distribution of electricity (a "Market Entity"). Any such request shall be noticed on the agenda of the meeting of the Governing Board at which action on the request is scheduled to be taken and shall be deemed approved by the Governing Board if at least a majority of the Governors then in office vote in favor of granting such request.~~
- ~~4.— No person shall become an officer or full-time or part-time employee of the Corporation, and no person shall be hired as a substantially full-time consultant or contractor to the Corporation, unless such person has agreed in writing to dispose of securities owned by such person which were issued by a Market Entity or any affiliate thereof within six (6) months after the time such person is to commence providing services to the Corporation (no later than April 30, 1998, for persons employed by the Corporation on October 30, 1997) in order to assure that such person will not directly or indirectly (e.g., through a family trust, self directed pension or profit sharing plan, or employee benefit plan) own securities issued by a Market Entity or any affiliate thereof. Any question regarding whether particular securities are subject to this divestiture requirement, including shares of mutual funds or other collective investment vehicles owning securities issued by a Market Entity or any affiliate thereof, should be directed to the Corporation's Legal Department.~~
- ~~5.— No officer or employee of the Corporation, and no substantially full-time consultant or contractor to the Corporation, shall acquire, directly or indirectly (e.g., through a family trust, self directed pension or profit sharing plan, or employee benefit plan) securities issued by a Market Entity or any affiliate thereof. Any questions regarding whether particular securities are subject to this limitation, including shares of mutual funds or other collective investment vehicles owning securities issued by Market Entity or any affiliate thereof, should be directed to the Corporation's Legal Department.~~

~~Administration of Tariffs~~



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~~6.— It is the policy of the Corporation to offer open-access transmission service on a non-discriminatory basis.~~

~~7.— If there is discretion in the application of any tariff provision relating to the transmission of electricity, including, but not limited to, cost, available transmission capacity, scheduling, dispatching, ancillary services or transmission curtailment priority, the Corporation, its officers, employees and substantially full-time consultants and contractors will apply the tariff provision in substantially the same manner to the same or similarly situated persons.~~

~~8.— The Corporation, its officers, employees and substantially full-time consultants and contractors will strictly enforce any tariff provision relating to transmission service which does not, by its terms, provide for the exercise of discretion.~~

~~9.— The Corporation, its officers, employees and substantially full-time consultants and contractors will process all similar requests for transmission in a non-discriminatory manner and without undue delay. The Corporation will maintain for public inspection records of all requests for transmission, when each request was received, and the determination of each request.~~

~~10.— To the extent that the Corporation may grant a waiver of a non-material rule which provides for discretionary waiver, the Corporation will maintain a written log of each waiver of a rule, the circumstances involved, the person authorizing such waiver and the source of authority for such waiver and provide the log for review and copying at the request of any interested person at such person's expense during regular business hours at the Corporation's offices.~~

~~Non-disclosure of Transactional Information~~

~~11.— The Corporation, its employees, and its substantially full-time consultants and contractors will abide by the Standards of Conduct for Public Utilities set forth in FERC Order 889 and 889A, as those standards are codified in 18 C.F.R. Section 37.1-37.4, as amended, or any successor law.~~

~~Use of Information~~

~~12.— No employee shall use any non-public information obtained in his or her capacity as an employee for his or her own personal gain or to the detriment of the Corporation except to the extent authorized by the Corporation's bylaws, any law or any court order.~~

~~General~~

~~13.— Corporation officers, employees and substantially full-time consultants and contractors shall comply with all laws and regulations applicable to the conduct of the business of the Corporation and this Code of Conduct. Officers, employees or substantially full-time consultants or contractors who become aware of any illegal or improper conduct on the part of another officer, employee or substantially full-time consultant or contractor, or conduct inconsistent with this Code of Conduct, shall promptly report such conduct to their supervisor or the General Counsel of the Corporation.~~

~~14.— Corporation officers, employees and substantially full-time consultants and contractors shall not put themselves in a position in which their personal interests and those of the Corporation might be in conflict or which might interfere with the officer's, employee's, consultant's or contractor's ability to perform his or her job as well as possible.~~



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~~15. Corporation officers, employees and substantially full-time consultants and contractors shall not use any Corporation property or services for personal gain and shall not remove or dispose of the materials, supplies or equipment of the Corporation without proper authority.~~

~~16. Corporation officers, employees and substantially full-time consultants and contractors shall not accept any form of gratuity which would tend to affect, or give the appearance of affecting, their judgment in the performance of their duties. Food, refreshments and entertainment in the course of a luncheon, dinner, other meeting or corporate event, and non-cash gifts, such as pens, pencils, note pads, calendars, clothing or gifts received as a promotional matter or for a special occasion, are examples of acceptable gratuities. Cash in any form or amount is not considered an acceptable gift and is explicitly forbidden. Such individuals shall keep a personal written record of all forms of gratuities with an individual value of \$50 or more ("Recordable Gratuities") they do accept. In no event may an officer, employee or substantially full-time consultant or contractor accept Recordable Gratuities with an aggregate value in excess of \$250 per source per year.~~

~~17. Corporation officers, employees and substantially full-time consultants and contractors shall not give or offer to give gratuities in any form to anyone for the purpose of influencing their judgment in the performance of their duties.~~


~~18. Corporation officers, employees and substantially full-time consultants and contractors shall not use funds or resources of the Corporation in support of any political party or candidate for elected office. A Corporation officer, employee or substantially full-time consultant or contractor may not use his or her position, authority, or influence with the Corporation for the purpose of affecting the result of an election or a nomination or a party or public office. An officer, employee or substantially full-time consultant or contractor shall not directly or indirectly coerce, attempt to coerce, command or advise another officer, employee or substantially full-time consultant or contractor, to pay, lend, or contribute anything of value or to contribute personal services to a party, committee, organization, agency or person for political purposes.~~

~~19. Corporation officers, employees and substantially full-time consultants and contractors with responsibility to initiate or modify entries in the Corporation's accounting records shall perform such duties in accordance with management's directions and in conformance with the Corporation's accounting policies and procedures.~~

~~20. Corporation officers, employees and substantially full-time consultants and contractors shall not, except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, withhold information from or give false or misleading information to anyone conducting duly authorized investigations or audits of or relating to the Corporation or its business.~~

~~21. Corporation officers, employees and substantially full-time consultants and contractors shall not discriminate against anyone on any unlawful basis, including sex, race, religion, color, national origin, sexual orientation, age, medical condition, physical or mental disability, HIV or AIDS condition, marital status, veteran status, or family leave status.~~

~~22. Corporation officers, employees and substantially full-time consultants and contractors shall not be under the influence of alcohol, or possess, use or be under the influence of illegal drugs while on the job or during work hours, including meal breaks.~~

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(b) IMPLEMENTATION

- ~~1.—The Corporation will inform and train its officers, employees and substantially full-time consultants and contractors in appropriate provisions of federal and state law. The Corporation will direct all of its officers, employees, and substantially full-time consultants and contractors to comply with appropriate provisions of federal and state law. The Corporation will monitor its officers, employees and substantially full-time consultants and contractors, and will conduct periodic reviews to ensure continued compliance. The Corporation will instruct its officers, employees and substantially full-time consultants and contractors to contact their supervisors or the General Counsel of the Corporation if they have any questions regarding applicable federal or state law or this Code of Conduct.~~
- ~~2.—The Corporation will distribute copies of this Code of Conduct to all of its officers, employees and substantially full-time consultants and contractors. Copies of this Code of Conduct will be provided to any new officer, employee and substantially full-time consultant and contractor as part of an orientation process. The Corporation will direct all of its officers, employees and substantially full-time consultants and contractors to comply with this Code of Conduct. All officers, employees and substantially full-time consultants and contractors shall be required to complete an annual disclosure questionnaire regarding compliance with this Code of Conduct and investments in Market Entities; provided, however, that the Governing Board may determine that certain categories of non-management employees, consultants and contractors of the Corporation shall not be required to complete such questionnaire or may complete an abbreviated questionnaire.~~
- ~~3.—The Governing Board of the Corporation will evaluate the Corporation's experience and refine these procedures, if necessary, to ensure continued compliance with this Code of Conduct.~~
- ~~4.—The Audit Committee shall monitor compliance with this Code of Conduct and shall make a compliance report to the full Governing Board at least annually.~~
- ~~5.—Any officer, employee or substantially full-time contractor or consultant of the Corporation shall be subject to discipline for failure to comply with all applicable federal and state laws or for failure to comply with this Code of Conduct. Discipline may take the form of reprimand, suspension without pay, limitation in the scope of responsibilities, monetary fines, or termination, in accordance with policies approved by the Governing Board. The Governing Board shall adopt guidelines and policies for granting waivers of compliance with paragraph (a)(3) of this Code of Conduct.~~

REVISION HISTORY

VERSION NO.	DATE	DESCRIPTION
1.0	5/6/97	Code of Conduct adopted by Board of Governors
2.0	1/25/2007	Code of Conduct and Ethical Principles adopted by Board of Governors
3.0	3/16/2010	Code of Conduct and Ethical Principles amended by Board of Governors