



# CODE OF CONDUCT

STP NUCLEAR OPERATING COMPANY







# INTEGRITY IS A CORE VALUE AT STP

**DENNIS L. KOEHL**  
PRESIDENT/CEO

At STP Nuclear Operating Company, we are committed to conducting business with honesty, integrity and fairness. Our Core Values – Safety, Integrity, Teamwork and Excellence – are the standard we hold ourselves accountable to each and every day. Adherence to these values has earned us a high level of trust within our communities and among our owners and regulators. We never take that for granted.

This is a business and results count. But what matters most is how those results are achieved. At STP, we behave in a manner that is worthy of trust. Each day, we must answer for ourselves what's right and what's wrong. Our responsibility is to do what's right and report what seems wrong.

Fundamental to that commitment is our Code of Conduct, which outlines the specific behaviors that are expected of all employees. The Code of Conduct establishes clear expectations of what it means to work at STP. The Code of Conduct provides policies and procedures that govern ethical conduct and compliance issues. Use it as a guide whenever you face an ethical dilemma.

Let me encourage you to ask questions and report any concerns to your supervisor. If you see or suspect unethical conduct, you should promptly report it. We will investigate issues and take appropriate actions.

I am proud of our employees and our company's performance. But I am even prouder of how we conduct business and adhere to our Core Values and to this Code of Conduct.



*Dennis L. Koehl*







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# ETHICS & COMPLIANCE:

## OUR SOCIAL RESPONSIBILITY

# 1.1-2

### 1.1 ABOUT THIS CODE

*This code is intended to promote lawful and ethical behavior by all STPNOC employees\* and members of the Board of Directors. Its purpose is to ensure that the company, and those acting on its behalf, conduct business according to our Core Values and all applicable company policies and legal requirements.*

*\*If there are conflicts between this code and collective bargaining agreements that are in effect for bargaining unit employees, the collective bargaining agreement applies.*

STPNOC's reputation is a priceless asset. To preserve and protect this reputation, members of the company's Board of Directors, all STPNOC employees (both union

and non-union) and STPNOC's agents are expected to conduct company business in accordance with the highest level of ethical standards.

This Code provides an introduction to important policies and legal requirements that we must follow. You should use it for guidance to help understand the company's ethical standards and expectations. However, the Code is only a starting point. It is not intended to describe every policy, regulation, or law that may apply to you. Many of the company's written policies go into more detail on various topics. These policies are available to all employees and members of the Board of Directors.

### 1.2 OUR RESPONSIBILITIES FOR ETHICAL BEHAVIOR

*Each of us has a responsibility to comply with the laws, regulations, company policies and procedures that apply to our work.*

We are expected to behave with respect, honesty, and decency towards everyone affected by our business. A legal or regulatory violation could subject the company to liability, and in some cases also subject employees or board members to personal

liability. Even an allegation of a violation could seriously damage STPNOC's reputation.

STPNOC expects the highest standard of conduct of its employees. Any act by an employee which involves theft, fraud, embezzlement, misappropriation, diversion, deliberate destruction of property or destruction or alteration of STPNOC records in order to falsify, conceal or misrepresent information in such records is prohibited.

#### ANSWERS TO ETHICAL QUESTIONS ARE NOT ALWAYS CLEAR.

WHEN FACED WITH A DIFFICULT DECISION THAT MAY RAISE AN ETHICAL OR COMPLIANCE ISSUE, IT MIGHT HELP TO ASK YOURSELF THE FOLLOWING QUESTIONS:

- ✓ Is the action in compliance with company policy? Is it legal?
- ✓ If an action is against company policy or is illegal, do not do it.
- ✓ How will I feel if I do it? Will I be able to function with a clear conscience?
- ✓ Ask yourself if an action or decision is consistent with the company's values and your personal values.
- ✓ What will others think if they find out?
- ✓ Would you be ashamed and embarrassed if others find out about your decision?
- ✓ What if it is reported publicly in news reports?
- ✓ Could the reporting of your actions reflect badly on your reputation or the company's reputation?



# 1.2

## **TO REPORT A CONCERN CALL 1-888-802-2008**

You may call the STP Ethics & Compliance Helpline 24 hours a day, seven days a week. All calls are handled by personnel trained to respond to compliance-related calls. The person who answers your call will take detailed notes of your conversation, and then will read the notes back to you to ensure that the information you provided has been accurately documented.

## **OR GO ONLINE: WWW. STPHELP.ALERTLINE. COM**

If you report a concern electronically through STP's Ethics & Compliance Helpline, you will be directed through a series of screens where you will be asked to provide information about your concern.

Those who supervise others have the additional responsibility of setting an example with their own ethical conduct. Leaders are expected to keep lines of communication open so that employees feel comfortable asking questions and reporting concerns. Leaders also are expected to ensure that employees under their supervision complete assigned training and have adequate knowledge to follow the requirements and expectations established by STPNOC.

## **ASK QUESTIONS**

It is our responsibility to ask questions and immediately bring potential problems to the company's attention.

## **SEEK ADVICE**

If you are unsure about the proper course of action, seek guidance from management, a Human Resources representative or STPNOC's Chief Ethics and Compliance Officer.

Your supervisor is often the best person to go to for advice. He or she is probably most familiar with you, other members of your department, and the work that you do. In some situations, however, there may be other resources better suited to address your concerns or to provide guidance. For example, your supervisor might be the subject of the concern. In that case, there are numerous resources available to you, including the STP Ethics and Compliance Helpline, Human Resources representatives or STPNOC's Chief Ethics and Compliance Officer.

## **REPORT CONCERNS**

You have a duty to report any concern that is perceived as unethical or in violation of company policies or legal requirements. If you are aware of suspected misconduct, illegal activities, fraud, misuse of company assets, or violations of company policies, it is your responsibility to report the concern immediately.

Many issues can be addressed person to person by speaking with your supervisor, a Human Resources representative, General Counsel, the Employee Concerns Program (ECP) or a member of the STP Audit Group. If you are not sure where to go, or prefer to report a concern anonymously, you may call STP's Ethics and Compliance Helpline or report the concern electronically through the website. STPNOC has contracted with an independent company for Compliance Help Line services. This company does not record telephone calls, track caller ID, trace electronic communications, or otherwise attempt to determine your identity.

The Ethics and Compliance Program administrator will receive a report with the details of your concern within 24 hours of your call or website report. Reports that describe an emergency situation (imminent threats to life, health, property or the environment) will be reported immediately to the appropriate STPNOC official.

Nuclear safety issues should be reported to ECP by the following:

- Calling ECP at (361) 972-7100
- Emailing any ECP staff member
- Scheduling an interview with any ECP staff member
- Placing a concern in one of ECP's locked boxes located throughout the site (pre-stamped, pre-addressed envelopes are available to the ECP signs)
- Mailing a concern to:  
Employee Concerns Program  
P.O. Box 408  
Wadsworth, Texas 77483

## 1.3 PROTECTION FROM RETALIATION

# 1.2-3

After you describe your concern or question, you will be issued a report identification number. You can use this number to call back or to access the website at a later date to find out how your concern was handled, or to obtain the answer to your question.

### INVESTIGATIONS & CONSEQUENCES OF CODE VIOLATIONS

When you report a concern, the information is thoroughly reviewed. The Ethics and Compliance Program administrator will refer such concerns to the appropriate department for investigation.

Often, the investigation of a concern will indicate that additional training is the appropriate course of action. If the investigation of an ethics or compliance issue reveals that a violation has occurred, appropriate disciplinary action will be taken, up to and including termination of employment. Please refer to the company's Constructive Discipline Policy for more information. Depending on the nature of the violation, other consequences may include reimbursement to the company for any losses or damages resulting from the violation or referral for criminal prosecution.

### GOOD-FAITH REPORTING

Employees who report suspected misconduct or a compliance issue are expected to be truthful in their reporting. Making a false allegation knowingly is considered bad-faith reporting and is a violation of this Code. STPNOC will discipline any employee who makes a false accusation knowingly or provides false information to the company or others. Such discipline may include termination of employment.

*STPNOC values openness and respects the contributions of employees who help enforce this Code.*

STPNOC does not tolerate retaliation against any employee who in good faith reports suspected unethical conduct or violations of laws, rules, regulations, or company policies. If you believe that your honest reporting of a concern has subjected you to retaliatory action, contact your supervisor, another member of management, Human Resources, the Employee Concerns Program or other reporting avenues available to you as stated in STP's Reporting Policy. In addition, you can contact STP's Ethics and Compliance Helpline 24 hours a day, seven days a week.

**Q** I REPORTED MY CONCERN ANONYMOUSLY, SO WHY WAS I INTERVIEWED?

The person investigating your report is responsible for gathering facts pertaining to the reported concern. To do this, the investigator identifies individuals who may have knowledge of the concern and contacts them. If the investigator believes you might know relevant facts, you could be interviewed. However, that does not mean the investigator is aware that you are the anonymous caller.

**Q** I OBSERVED A CO-WORKER SHOWING SEXUALLY EXPLICIT PICTURES ON HIS COMPANY COMPUTER. I AM OFFENDED AND WANT TO REPORT THE CONCERN, BUT I DO NOT FEEL COMFORTABLE REPORTING IT TO MY SUPERVISOR. WHAT SHOULD I DO?

You can contact Human Resources or STP's Ethics and Compliance Helpline and speak directly to a trained specialist or you can report the concern electronically through the website. If you choose, you may report the concern anonymously.





# COMMITMENT TO OUR FELLOW EMPLOYEES

## 2.1 DIVERSITY & EQUAL EMPLOYMENT OPPORTUNITIES

*We expect employees to create and reinforce an inclusive, creative and productive work environment in which everyone feels accepted and respected.*

Fostering a diverse and inclusive workplace is everyone's responsibility. At STPNOC, "diversity" refers to who we are – the various characteristics that make us unique. It includes age, physical ability, education, religion, ethnic background, sexual orientation, socioeconomic status, as well as race and gender.

We are expected to treat each other fairly and with respect. You can help do this by displaying the following behaviors:

Inclusive behaviors

- Encourage an understanding of self and others

- Make it safe to talk
- Foster clear two-way communications
- Provide coaching and feedback
- Connect individual jobs to STPNOC's mission

Leaders are responsible and accountable for encouraging appropriate workplace behaviors and addressing inappropriate behaviors.

Under no circumstance should any employee, contractor or job applicant be treated less favorably because of age, race, color, religion, gender, marital status, national origin, veteran status, disability, sexual orientation or other status protected by federal, state, and/or local laws. It is your responsibility to report any action that you think is discriminatory.

## 2.2 FREEDOM FROM HARASSMENT

*We are committed to a workplace free from any form of harassment.*

Harassment undermines the integrity of the employment relationship and respect of human dignity. You have a responsibility to uphold the company's commitment and report any acts (verbal, physical, or visual) of harassment, intimidation or

coercion related to race, color, ancestry, sex, religion, national origin, age, disability, sexual orientation, gender identity or expression, among others.

Leaders are held to an even higher standard to ensure that the company is not creating an environment of distrust or unwillingness to report a concern.

## 2.1-2

**Q** I APPLIED FOR A SUPERVISORY POSITION. I WAS INTERVIEWED BUT DID NOT GET THE JOB. INSTEAD, THE POSITION WAS OFFERED TO SOMEONE WHO IS MUCH YOUNGER THAN I AM. IS THIS A VIOLATION OF THE COMPANY'S EQUAL EMPLOYMENT OPPORTUNITY POLICY?

Not necessarily. The fact that the individual who was offered the position is younger than you does not make the decision discriminatory. The company expects management to make good-faith decisions when hiring, placing and promoting employees. Although management is prohibited from making promotion decisions based on age or any other inappropriate factor, management could conclude in good faith that an employee who happens to be younger than you is best suited for the supervisory position. If you believe that a manager has discriminated against you or made a decision in bad faith, you should report your concern.



# 2.3

## 2.3 SAFETY IN THE WORKPLACE

**EVERYONE WINS WHEN  
SAFETY COMES FIRST**

REPORT SAFETY  
CONCERNS  
IMMEDIATELY - **ALWAYS**

*Safety is a core value at STPNOC. Every employee shares the responsibility for ensuring that we work in a safety-conscious environment.*

Our shared commitment to safety is simple. Everyone wins when safety comes first. Whether we work in an office, out in the plant, or any other place where STPNOC does business, safety is our top priority – in all that we do, every day.

We have a shared responsibility to resolve unsafe conditions and maintain a safe work environment for employees, customers, and the general public. We must be mindful of the importance of working in a safety-conscious environment and do our part to keep it that way. We must complete all safety training assigned to us as promptly as possible.

Each of us is responsible – without exception – for reporting any workplace condition that might be unsafe. If you become aware of any workplace injury, you must advise management immediately so that appropriate action can be taken, including documentation of OSHA recordable accidents.

In addition you are required to understand and follow the basic expectations and safe work practices described in any STPNOC safety-related policies and procedures that apply to your particular work location.

### **WORKPLACE ENVIRONMENT AND OFF DUTY MISCONDUCT**

One of the many ways the company ensures that we provide a safe and productive work environment is by

requiring all employees to be fit for duty. When issues arise regarding your physical, emotional, or mental health, ask yourself if you are equipped to work safely.

Unlawful conduct that occurs off STPNOC premises or outside of the normal course of STPNOC business may affect your employment at STPNOC. Examples: felony arrests or convictions for actions involving violence, theft or dishonesty.

If you believe that you or one of your co-workers is not able to work safely, you should immediately contact your supervisor, ECP, Human Resources or the STP Ethics & Compliance Helpline or website.

As part of our commitment to safety, we will not tolerate any form of workplace violence. Violence includes any verbal or physical conduct occurring in the workplace or affecting the workplace that causes someone to fear for their personal safety, the safety of co-workers, or the safety of company property.

If you have knowledge of any workplace violence issue that does not involve imminent danger, contact your supervisor, or report the issue through the STP Ethics & Compliance Helpline.

*If you know of actual or potential workplace violence, or if you believe someone is in danger, immediately contact Security at 361-972-7143, or call internal phone extension 911.*

## 2.4 PROTECTION OF EMPLOYEE INFORMATION

*We have an ethical and legal responsibility to preserve the privacy, confidentiality, and security of personal employee information.*

During the course of our employment, STPNOC collects and uses confidential personal information about us as part of its administration of the employment relationship. Examples of confidential personal information includes data related to compensation, benefit plan enrollment, disability and family medical leave, performance reviews, phone numbers, home addresses, social security numbers, and other personal information. At times, the company needs to disclose personal information to third parties, such as vendors that administer our retirement plans and other benefit programs. The company also may need to disclose personal information to comply with legal and regulatory requirements. Federal & state laws govern the disclosure of certain types of personal information.

We must be able to trust that anyone who has access to our personnel records or other personal information will treat the information confidentially and use it only for appropriate business reasons and in compliance with applicable privacy laws. If you are in a job with the authority to access confidential personal information, you must not provide this information to anyone inside or outside the company who does not have a business need to know it. In addition, you must be familiar with encryption procedures and other methods of securing personal information.

# 2.4

Q I WORK IN HUMAN RESOURCES ON BENEFITS ADMINISTRATION. I JUST LEARNED BY PROCESSING SOME COMPANY PAPERWORK THAT A FRIEND IN ANOTHER DEPARTMENT NEEDS TO TAKE A MEDICAL LEAVE OF ABSENCE. MY FRIEND HAS NOT TOLD ME ABOUT HER CONDITION, BUT I WANT TO CALL HER TO LET HER KNOW I AM CONCERNED AND TO OFFER MY HELP. IS IT OKAY TO CALL HER?

No, it is not okay to call her to inquire about her condition. At the present time, the only reason you have information about your friend's medical condition is because of your job. You can only use this information to the extent necessary to perform your benefit plan administration duties. In fact, calling your friend may be a violation of applicable laws that protect personal health information and could subject you to disciplinary action and the company to legal liability and penalties. You need to wait to call until either your friend tells you about her medical condition or you hear about it in a manner unrelated to any job responsibilities at STPNOC.





# COMMITMENT TO OUR BUSINESS PARTNERS

## 3.1

### 3.1 CONFLICTS OF INTEREST

*Conflicts of interest can undermine business judgment and threaten STPNOC's reputation in the business community. Even the perception of a conflict of interest can cause the intent of your actions to be questioned.*

Employees should avoid situations in which personal activities and financial affairs are, or may appear to be, in conflict with their responsibility to act in the best interest of the Company. Any employee having a concern or question regarding conflict of interest should seek advice from Human Resources or the General Counsel.

Under STPNOC's Business Code of Ethics, you must inform management before you:

- Accept or offer things of significant value from or to any vendor, supplier, customer, or competitor of the company;
- Have any personal financial interest in any business transaction in which the company is involved; or
- Engage in any business arrangement or other transaction that conflicts with the interests of the company.

If you are an employee, you should make your supervisor aware of a potential conflict of interest.

If you are an officer or a board member, you should notify the Chief Ethics and Compliance Officer or the

Chair of the Audit Committee, respectively.

The facts in each circumstance must be evaluated to determine if the activity is in keeping with our ethical standards. In reaching a determination, the guiding principle will be whether the activity is consistent with the spirit and intent of our Code. Whether an activity is an actual or perceived conflict of interest depends on several factors, such as value, frequency, business purpose, undue preference to a particular party, and whether the situation interferes or could appear to interfere with your independent judgment or objectivity in doing your job.

#### RECOGNIZING CONFLICTS OF INTEREST

In general, a conflict of interest occurs when a personal or family interest interferes with – or could be perceived to interfere with – our ability to make sound, objective business decisions on behalf of STPNOC. A conflict of interest or the appearance of a conflict of interest may arise even if you are not in a decision-making role for the company.

If you are not sure whether a conflict of interest may exist, you should ask your supervisor. The following sections provide guidance for some common situations.

Q MY TEAM JUST COMPLETED WORK ON A SIGNIFICANT PROJECT WITH AN OUTSIDE VENDOR. THE VENDOR HAS OFFERED TO GIVE ME AND MY COWORKERS TICKETS TO A MAJOR LEAGUE BASEBALL GAME. NONE OF THE VENDOR'S BUSINESS ASSOCIATES WILL BE GOING WITH US TO THE GAME SO THIS WILL NOT BE A BUSINESS ENTERTAINMENT EVENT. THE VALUE OF EACH TICKET IS \$75. CAN WE ACCEPT THIS GIFT OF TICKETS?

Yes. The tickets to the baseball game have a nominal value. If additional gifts are offered to any of you from this vendor, you should consult with management before accepting them.



# 3.1

I WAS INVITED TO AN INDUSTRY CONFERENCE SPONSORED AND PAID FOR BY ONE OF OUR MAJOR SUPPLIERS. IT WILL BE HELD AT A RESORT IN ARIZONA AND THE SUPPLIER WILL PAY ALL EXPENSES, INCLUDING TRAVEL. THE PURPOSE OF THE CONFERENCE IS TO DEMONSTRATE THE SUPPLIER'S NEW LINE OF PRODUCTS. MAY I ATTEND THIS CONFERENCE?

Consult your leader. If there is a business purpose and benefit to the company, attendance is permitted; however, the company should pay all expenses. If there is no business purpose or benefit to the company, you should not attend no matter who pays the expenses. You must avoid the appearance of or potential for a conflict of interest.

## BUSINESS COURTESIES

The giving and receiving of gifts, entertainment, meals and other business courtesies can be important and appropriate ways of building and maintaining proper business relationships. In certain instances, however, such exchanges can create a conflict of interest or the appearance of a conflict of interest. We should decline any business courtesy that is intended to or may appear to be intended to influence our business decisions. Similarly, we must not offer any business courtesy if our intent or the appearance of our intent may be to influence the recipient's business decisions.

## GIFTS

As a general rule, we must not accept or give gifts, services, discounts, or other things of value from or to a vendor, union official, government official or employee, or other third party doing business or seeking to do business with STPNOC. Gifts received from a third party must be returned to the donor. There are limited exceptions to this general rule. Gifts with a nominal value that are related to the maintenance of ongoing legitimate business relationships are allowed. Examples of appropriate gifts include gifts of promotional items, food or beverages during the holiday season, tickets to ordinary sports and entertainment events, and supplier discounts available to all employees. Gifts in the form of cash or anything that can be converted to cash, such as cash gift cards, are never permitted.

### USUALLY ACCEPTABLE

Some gifts and business entertainment we receive or give are small enough that they do not require pre-approval, such as:

- Tickets to ordinary sports, theater and other cultural events that have a nominal value
- Occasional meals with business associates
- Coffee mugs, pens, calendars and other promotional items

### ALWAYS ASK

Some gifts or forms of business entertainment may or may not be permissible. You should always ask your supervisor before you accept or give:

- A gift of more than nominal value
- Tickets to special events, such as a World Series or Bowl Game
- Overnight accommodations

## BUSINESS ENTERTAINMENT & MEALS

Meals and tickets to sports, theater, and other entertainment events that have more than a nominal value can be accepted provided there is a business relationship with the donor, the donor is present at the event or meal, and the cost of the entertainment is reasonable under the circumstances.

## TRAVEL & OVERNIGHT ACCOMMODATIONS

No employee shall accept from any current or prospective contractor, or supplier of business with STPNOC, any overnight expense-paid trip unless authorized by the President and Chief Executive Officer (CEO) for a business-related purpose. STPNOC's policy is to pay for commercial travel and accommodation expenses associated with functions that involve travel or overnight stays whenever such functions have a business purpose. There may be times when it is not practical or feasible for STPNOC to pay for overnight accommodations. For example, a vendor may own the accommodations being offered or there is otherwise no monetary cost to stay overnight. If a vendor doing business or seeking to do business with the company offers to pay for or otherwise provide your overnight accommodations, you may not accept the offer without prior approval from the Chief Ethics and Compliance Officer.

### NEVER ACCEPTABLE

Some gifts or forms of business entertainment are never permissible – there are absolutely no exceptions. We may not give or receive:

- Cash, securities, or anything convertible into cash (such as gift certificates that are convertible to cash)
- Commercial travel expenses
- Overnight accommodations (unless pre-approved)
- Anything that is tied to an agreement of any kind that calls for anything in return for the gift or entertainment
- Any entertainment that is sexually oriented, unsavory, or otherwise violates our ethical standards
- Any gift or form of entertainment that could be illegal

## GOVERNMENT EMPLOYEES

Various laws, rules, and reporting requirements may apply when we interact with government officials and employees. Violations of these requirements can result in significant civil and criminal penalties. If you interact with government employees as part of your job, you are expected to know and follow requirements and restrictions that apply to the exchange of meals, entertainment, and other business courtesies between the company and a government official or employee.

## CORPORATE OPPORTUNITIES AND FAIR DEALING

Employees and members of the Board of Directors have a duty to advance the legitimate interests of the company and to deal fairly with our vendors, suppliers, competitors and each other.

You should not accept business opportunities, commissions, or advantageous financial arrangements from a vendor or business partner. You also must not purchase for personal use goods or services provided by a company vendor on terms other than those available to the general public or established by STPNOC policy.

You may never take personal advantage of any business or investment opportunity that you may learn about through your work for STPNOC and that the company may want to pursue – unless and until the company has had an opportunity to evaluate it and has chosen not to pursue it. You must not compete with STPNOC.

You may not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any

other unfair-dealing practice.

## LOANS AND GUARANTEES

STPNOC will not make any guarantees or loans to executive officers, board members, or their family members.

## EMPLOYMENT AND COMPENSATION FROM OUTSIDE SOURCES

You may engage in outside business activities as long as they do not interfere with your duties and responsibilities at STPNOC. If you are planning to work for a business entity that is doing business or seeking to do business with STPNOC, you must inform your immediate supervisor, in writing, the nature and extent of the employment. Your supervisor will consult with Human Resources. There could be a conflict of interest or the appearance of a conflict of interest.

If you or an immediate family member owns a financial interest in any business entity that does business or is seeking to do business with STPNOC, or is in competition with STPNOC, you must notify your supervisor so the situation can be evaluated to determine if there is a conflict of interest. If you are a board member, you should notify the Chief Ethics and Compliance Officer. You also must refrain from engaging in business activities that could damage the company's reputation.

## EMPLOYMENT OF RELATIVES

To avoid the appearance of favoritism, you may not work directly for, supervise, or make employment decisions about a family member, per policy STP-106-Employment Relationships.

**Q** CAN MY BROTHER'S CLEANING COMPANY PROVIDE SERVICES TO STPNOC?

The answer depends on several factors, including the selection process, availability of other service providers, personal financial interest, etc. To find out if your brother's cleaning company is eligible for consideration, refer to Employment Relationships Policy.

**Q** I AM A MANAGEMENT-LEVEL EMPLOYEE, AND I WANT TO TAKE A PART-TIME JOB WITH A LOCAL ENERGY-CONSULTING FIRM. WHAT SHOULD I DO?

Because of the appearance of or potential for a conflict of interest, you need to discuss this with your leader.

Ultimately you must first obtain approval as described in the Business Code of Ethics Policy.



# 3.2

## 3.2 REGULATORY REQUIREMENTS

I AM CONSIDERING A TEMPORARY SECOND JOB TO EARN EXTRA MONEY DURING THE HOLIDAY SEASON. IS THIS OKAY?

Yes, but remember that your first and primary responsibility is to STPNOC. You must be able to fulfill all of your job responsibilities, including overtime, if that is a requirement. Also, if your second job is with a business entity that is doing business or seeking to do business with STPNOC, you must inform your supervisor to be sure there is no conflict of interest.



*Many aspects of STPNOC's business are subject to federal and state regulatory rules and laws. We are expected to know and comply with all regulatory requirements that apply to us.*

Our business is heavily regulated and reviewed by many federal, state and local governmental entities. Maintaining a high degree of compliance with the law is key to STPNOC's credibility and success.

It is your responsibility to ensure that you perform your job in accordance with the law. You should encourage others to comply with the law as well. Reference to "law" in this Code includes any applicable state or federal statute, regulation, order or standard.

STPNOC is regulated by many federal agencies, including the Environmental Protection Agency (EPA), Occupational Safety and Health Administration (OSHA), Office of Federal Contract Compliance Programs (OFCCP), and the Nuclear Regulatory Commission (NRC). In addition, state agencies, such as the Texas Commission on Environmental Quality (TCEQ) and the Texas Department of State Health Services (TDSHS), have regulatory oversight, and government-sponsored entities like the Electric Reliability Council of Texas (ERCOT) and the North American Electric Reliability Corporation (NERC) also have oversight responsibilities.

It is crucial to the successful operation of STPNOC that all reporting procedures be followed precisely and in a timely manner. Information contained in reports must be accurate, correct and complete.

### **ELECTRIC RELIABILITY STANDARDS – NERC COMPLIANCE**

STPNOC's electric business must adhere to regulatory requirements that are designed to ensure the safe, reliable operation of the nation's electric power grid. The Federal Energy Regulatory Commission (FERC) has established mandatory reliability standards that apply to owners and operators of electric power assets. The North American Electric Reliability Corporation (NERC) has been certified as the Electric Reliability Organization with primary responsibility for overseeing compliance with these standards. The system of compliance includes Regional Reliability Organizations (RROs) such as the Texas Reliability Entity, Inc. (TRE), which oversee compliance within eight geographical regions. The requirements include rigorous auditing and record-keeping, as well as regular and periodic (event specific) reporting requirements.

## 3.3 INTERNATIONAL BUSINESS CONDUCT

*When we conduct business outside of the U.S., we must be aware of the accounting standards & special legal requirements that apply to international business relationships.*

The U.S. Foreign Corrupt Practices Act (FCPA) makes it a crime for companies and their directors, officers, employees and agents to offer anything of value - including gifts, payments or bribes - to a foreign official, party official, or any candidate for foreign office, for the purpose of influencing such individuals in the performance of their duties. The accounting provisions of the FCPA restrict activities that could conceal the use of corporate funds for wrongful purposes. Violation of the FCPA could result in fines, penalties or imprisonment.

# 3.3

Q MY BUSINESS UNIT IS HOSTING A WORKSHOP AT WHICH REPRESENTATIVES FROM SEVERAL INTERNATIONAL ENERGY REGULATORY AGENCIES WILL SPEAK. WE WOULD LIKE TO TAKE THE SPEAKERS TO DINNER AND A FOOTBALL GAME TO THANK THEM FOR THEIR PARTICIPATION. IS THIS OKAY?

Possibly. The answer depends on the specific facts and circumstances. Contact the General Counsel to determine if this form of entertainment complies with the FCPA or other applicable laws.





# COMMITMENT TO THE COMPANY & ITS OWNERS

## 4.1

### 4.1 ACCOUNTING & FINANCIAL REPORTING

*We must report all financial transactions accurately, completely, fairly, and in a timely and understandable manner.*

#### RESPONSIBILITY IN REPORTING

The data we provide for the preparation of financial statements, regulatory reports and publicly filed documents must comply with generally accepted accounting principles and STPNOC's internal control procedures. Our owners rely on us to ensure that these statements reflect our company's operations and financial condition fairly and completely.

All steps leading to the creation of financial reports are important ones. These steps can include data entry, preparation of drafts, completion of records and reports. Any participation in the process, however small, must be truthful, accurate, legible, and timely.

If you are involved in our disclosure process, you are required to be familiar with and to comply with STPNOC's disclosure controls and procedures, as well

as any internal controls over financial reporting that are relevant to your area of responsibility.

STPNOC employees perform activities on a daily basis that affect internal controls tied to our financial statements. Examples of such activities include:

- Completing a timesheet accurately and on time
- Approving a timesheet
- Approving access to information systems
- Entering a goods receipt or service entry
- Approving payments for goods and services
- Ensuring proper accounting when obtaining a part from the warehouse
- Overseeing a budget each month
- Restricting access at your work location

The actions or inactions of employees related to these tasks can affect internal controls, and therefore, compliance with the Sarbanes-Oxley Act of 2002 (SOX). Employees should be familiar with internal control policies and procedures relevant to their work areas and should follow these policies when performing their duties.

THE FOLLOWING ARE EXAMPLES OF TASKS OR PROCESSES THAT COULD IMPACT SARBANES OXLEY ACT (SOX) COMPLIANCE IF THEY ARE NOT DONE CORRECTLY:

- ✓ Paying invoices without prior approvals
- ✓ Approving invoices without checking terms and conditions of the purchase order
- ✓ Making purchases not in compliance with the Credit Card or Procurement Procedure
- ✓ Improperly accessing financial systems
- ✓ Improper coding of project charges, expenses or budgets



# 4.2-3

## 4.2 RECORDS MANAGEMENT

**INEFFICIENT OR ILLEGAL USE OF COMPANY RESOURCES CAN HURT ALL OF US. STPNOC WILL DISCIPLINE ANYONE WHO KNOWINGLY MISUSES COMPANY RESOURCES. SUCH DISCIPLINE MAY INCLUDE TERMINATION OF EMPLOYMENT.**

I OVERHEARD A CO-WORKER SHARING COMPANY INFORMATION OVER THE PHONE WITH SOMEONE OUTSIDE THE COMPANY. WHAT SHOULD I DO?

Your co-worker may have shared confidential information inappropriately. You should report this information to your supervisor or to the Ethics and Compliance Helpline so an investigation can be conducted.

*Maintaining proper record-keeping is essential to meeting our obligations to employees, owners, regulators and the general public.*

Records are essential to running our business. STPNOC's Records Management Program incorporates legal and regulatory requirements into standard company practices, enumerates basic records management program guidelines, and sets forth responsibilities for records management. The program provides tools to assist employees with the management of all forms of recorded information. Good records management includes adherence to retention schedules in effect for business records within your area of responsibility. You are expected to

know and abide by the records management policies in effect for your business unit.

### LEGAL HOLDS

A "Legal Hold" is a mandatory directive issued by the General Counsel or designee to preserve certain business records until the directive is lifted. A Legal Hold operates as an important exception to any retention schedule that otherwise might be in effect for a business record. Even though a retention schedule may call for destruction of a document or group of documents, a Legal Hold means that specified documents must be preserved until the Legal Hold is lifted and expires. You are expected to adhere strictly to the requirements of any Legal Hold directive.

## 4.3 PROTECTION & PROPER USE OF STPNOC'S ASSETS

*All company assets must be used by employees and members of the Board of Directors only for legitimate business purposes.*

### CONFIDENTIAL INFORMATION

Confidential information is information about STPNOC that has not been disclosed to the general public and that might be useful to competitors or harmful to the company, our vendors, or our owners if disclosed. Confidential information includes information that has not been made public about financial data, contracts, strategic plans or legal proceedings.

You must not share confidential information about STPNOC with the media, competitors, your family, or any other third parties. If you have any doubt about whether information has been publicly released or if disclosure is legally mandated, you should contact Corporate Communications and/or General Counsel for guidance.

### USE OF COMPANY RESOURCES

You have a responsibility to use company property, facilities, and equipment properly. This responsibility includes protecting company property from loss, theft, abuse and unauthorized use. STPNOC resources are available to help you achieve legitimate business goals.

Company computers and other electronic equipment and communication systems must be used for company business purposes and in compliance with Information Technology policies and procedures. Limited, occasional personal use of computers, company cell phones and other electronic systems is permitted but must be kept to a minimum.

Keep in mind that your electronic communications using company equipment are not private. Records of your electronic communications may be made and used for a variety of reasons. Subject to applicable law,

## 4.3-4

your electronic communications may be monitored to verify that you are complying with company policies.

### SOCIAL MEDIA

If you use blogs, social networks or other forms of social media, you must not claim or imply that you are speaking on behalf of STPNOC unless you are authorized in writing to do so by Corporate Communications. If you post personal views on a

public policy issue in which the company may have an interest, you must clearly identify yourself as a STPNOC employee and include a disclaimer that the views are your own and not those of STPNOC. If you notice a potentially significant online conversation about STPNOC that could affect the company's reputation or image in the community, please report that information to the Communications Department.

## 4.4 COPYRIGHTS & INTELLECTUAL PROPERTY

*STPNOC has specific legal rights and protections with respect to our intellectual property.*

It is the policy of STPNOC that intellectual property rights in inventions, knowledge and employee work products ("Intellectual Property") be established and protected under applicable laws; that these rights be utilized for the benefit of STPNOC; and that valid property rights of others be respected. STPNOC owns all Intellectual Property made, developed or conceived by an employee during the employee's term of employment through the use of company resources, time or facilities, or which in any way relate to the

employee's employment or the nuclear industry.

Employees who develop or believe they have developed an invention, process or made a discovery are to notify their supervisor to secure information concerning procedures for protecting STPNOC's Intellectual Property rights. Employees are expected to support STPNOC in securing and protecting the company's interest in its Intellectual Property, including support in obtaining company patents and copyrights. Employees are to treat all Intellectual Property as confidential and not publish or disclose said property without the STPNOC's consent.

#### NEVER:

- ✓ Engage in electronic communications that might be considered offensive, harassing, insulting, or obscene.
- ✓ Transmit chain letters, advertisements or solicitations.
- ✓ Visit inappropriate internet sites.
- ✓ Install or download software.
- ✓ Install or download software to a company computer without obtaining permission from the Information Technology Department.



# 4.5

## 4.2 MANAGING BUSINESS EXPENSES

A POTENTIAL SUPPLIER TO STPNOC HAS OFFERED TO PAY ALL EXPENSES FOR MY SPOUSE AND ME TO FLY TO LONDON TO ATTEND THE TENNIS FINALS AT WIMBLEDON. IS THIS ACCEPTABLE?

No. The Gifts and Entertainment section of the Code of Conduct prohibits accepting such a trip because it is not in compliance with the policy. Furthermore, it could create a conflict of interest or the appearance of a conflict of interest. Specific questions should be directed to General Counsel or the Chief Ethics and Compliance Officer.

### EMPLOYEE TRAVEL EXPENSES

STPNOC pays for the reasonable costs of travel and related expenses when employees travel on company business. Our specific travel and reimbursement policies provide guidance on what kind of expenses are allowed, as well as proper procedure for documenting and obtaining reimbursement for those expenses. STPNOC must comply with all Internal Revenue Service requirements for documenting its business expenses. Therefore, it is important for employees to follow the strict requirements of these policies, obtain any necessary approvals for the expenses and submit proper documentation when preparing employee expense reports.

### BUSINESS ENTERTAINMENT EXPENSES

When employees incur reasonable costs for business entertainment, those costs will be reimbursed by STPNOC. When considering whether to incur business entertainment expenses, it is important to review the requirements in our Employee Travel and Expenses Policy. As with reimbursement for business-related travel expenses, there are strict documentation and approval processes in place for you to follow.

### PROCUREMENT AND CREDIT CARDS

STPNOC maintains an extensive process for procuring goods and services to obtain the most favorable terms for all transactions. All procurement activities must be carried out by individuals representing the interest of the company exclusively and in a manner consistent with the highest ethical, moral and legal standards. If you have procurement responsibilities and have reason to believe a conflict of interest may exist in relation to a specific procurement decision, you should report this without delay.

Special rules apply to the purchase of small dollar items for the company. When making these small dollar purchases, you will find important instructions in the Company Credit Card Program procedure and the Employee Travel and Expenses Policy. Following these policies/procedure helps the company maintain strong controls on its procurement of goods and services.

### COMPANY CREDIT CARD

If you are frequently required to travel on company business, you may be issued a company credit card. This card should be used only as specified in the Employee Travel and Expenses Policy and the Company Credit Card Program procedure.

A company credit card must never be used for personal purchases. A personal expense is any expense that is not considered business related by Internal Revenue Service guidelines. Regardless of which card is used, Internal Revenue Service regulations require documentation of the business purpose(s) for the expenses, including the names of all persons for whom the expenses were incurred. You should refer to the Company Credit Card Program procedure for examples of the types of allowable expenditures for each of these cards.

### TAX TREATMENT OF EMPLOYEE GIFTS & AWARDS

If you receive a gift or award from STPNOC, you will usually be required to pay taxes on it. This applies to gift cards, gifts awarded in a raffle or for United Way participation, safety awards and certain retirement awards. There are limited exceptions for gifts that have a small dollar value, as determined under Internal Revenue Service guidelines.

# 4.5

**Q** MY GROUP WANTS TO GIVE OUR BOSS A GIFT FOR BOSSES' DAY. IS THIS CONSIDERED A BUSINESS EXPENSE? CAN I USE MY COMPANY CREDIT CARD TO BUY THIS GIFT?

No. Gifts for events such as Bosses' Day, birthdays and weddings are personal expenses.

**Q** CAN I USE A COMPANY CREDIT CARD TO PAY HOTEL EXPENSES LIKE GYM USE, MOVIES OR CLEANING SERVICE?

Generally no. Please refer to the Employee Travel and Expense Policy for additional information.

*Questions about gifts can be directed to the Chief Ethics and Compliance Officer or Human Resources*

**Q** A SUPPLIER WITH WHOM STPNOC DOES BUSINESS SENDS YOU A TIN OF POPCORN – ABOUT \$50 IN VALUE – AS A HOLIDAY GIFT. CAN YOU KEEP THE GIFT OR SHOULD YOU SEND IT BACK?

In this case, if a signed contract is in place and no new negotiations are planned, it's probably OK to accept the popcorn, providing it does not constitute a conflict of interest and is not prohibited by other elements of the Code of Conduct.

IT'S LIKELY TO BE ACCEPTABLE IN THIS CASE BECAUSE:

- ✓ It's a business practice with good intentions;
- ✓ It's not extravagant and it is appropriate to time, place and kind;
- ✓ It probably wouldn't be embarrassing if known publicly; and
- ✓ The value is not likely to influence or give the appearance of influencing the company's behavior
- ✓ Sharing the tin of popcorn with all members of your work group is encouraged.





# COMMITMENT TO THE COMMUNITY

## 5.1 SERVING NONPROFIT & COMMUNITY ORGANIZATIONS

*STPNOC supports civic projects and community programs that contribute to the betterment of society, and we encourage employee participation in these activities.*

At STPNOC, we strive to be responsible citizens, exemplary environmental stewards, ethical business people and friendly neighbors. STPNOC's legacy as a

service corporation instills pride in our employees and an awareness of our special responsibility to be a good corporate neighbor and to enrich community life. You are encouraged to volunteer with nonprofit organizations and to participate in community activities, so long as your participation does not interfere with your job performance or create a conflict of interest with the company.

## 5.2 ENVIRONMENTAL STEWARDSHIP

*Environmental protection is the responsibility of every STPNOC employee.*

Environmental stewardship is embedded in STPNOC's culture and core values. Failure to meet our environmental commitments could result in damage to the environment and to the company's reputation. It

also could lead to criminal charges, fines and liabilities and imperil human health and safety.

If you become aware of a situation or practice that you suspect or know is harmful to the environment, or does not comply with the company's environmental policies or with governing laws, rules and regulations, you have a duty to report the matter to the company.

## 5.1-2

**Q** I AM NOT SURE, BUT I THINK I SAW SOMEONE DUMPING CHEMICAL WASTE ONTO THE GROUND AT OUR PLANT. WHAT SHOULD I DO?

Chemical waste that is not properly disposed of could pose significant environmental and compliance problems. Even if you are not sure, you must report the incident to your supervisor so that it can be investigated. If you prefer to remain anonymous, you should report the incident to the Ethics and Compliance Helpline.



# 5.3

## 5.3 POLITICAL ACTIVITIES

MY CO-WORKER ASKED ME DURING WORK HOURS IF I'D LIKE TO MAKE A DONATION TO HIS FRIEND'S CAMPAIGN FOR MAYOR. IS THIS APPROPRIATE?

No. Employees may not solicit contributions for personal political purposes on company time.



*We are committed to maintaining and enhancing strong and credible relationships with government officials through lawful participation in the political process.*

STPNOC respects and supports everyone's right to participate in political activities. Contributing your time, money or resources to personal political activities is entirely personal and voluntary.

STPNOC will not contribute any monies or other property, directly or indirectly to a political party or a person seeking or holding government office.

STPNOC works with local, state and federal officials ("government officials") on political activities important to our company, employees and customers. Interactions are to be clear, transparent and in full compliance with all laws, regulations and company policies.

An employee shall inform their STPNOC management

as soon as possible when considering running for or accepting a public position. The essential purpose of this requirement is to prevent a conflict between private employment or benefits and the officeholder's performance as a public servant.

STPNOC employees who run for public office act in an individual capacity and do not represent STPNOC in any way in campaigning or carrying out his/her public duties. Employees are responsible for ensuring compliance with such laws, regulations and company policies, including those that pertain to communicating with government officials. Contact the General Counsel if you have any questions in this area.

Employees are expected to cooperate fully and truthfully with regulatory and governmental investigations and proceedings, and not obstruct other employees from doing so. Furthermore, all discussions and interactions must comply with reporting requirements.

## ADMINISTRATION OF THE CODE ETHICS & COMPLIANCE PROGRAM OVERVIEW

*STPNOC's Ethics and Compliance Program applies to all levels of the company.*

### WAIVERS

Only members of STPNOC's Board of Directors may waive a provision of the Code of Conduct for members of STPNOC's Board of Directors or executive officers, and any such Waiver will be promptly made public in accordance with legal and regulatory requirements.

Waivers for all other employees should be submitted to the Chief Ethics and Compliance Officer within a reasonable period in advance of the proposed conduct. The Chief Ethics and Compliance Officer may approve the waiver upon the review and written recommendation of General Counsel and the affected area of management.

### CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT

Employees who violate the law, STPNOC's Code of Conduct or any other company policy will be subject to disciplinary action or termination. Additional actions may include reassignment of work duties and limitation in future job opportunities. Violations of law may be referred to law enforcement authorities for prosecution.





You may call the STP Ethics & Compliance Helpline 24 hours a day, seven days a week at **1-888-802-2008**. All calls are handled by personnel trained to respond to compliance-related calls. The person who answers your call will take detailed notes of your conversation, and then will read the notes back to you to ensure that the information you provided has been accurately documented. You may also go online **[www.stphelp.alertline.com](http://www.stphelp.alertline.com)** if you would like to report a concern electronically.

**STP Nuclear Operating Co.**

P.O. Box 289  
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