

# **Contractor, Consultant and Supplier Code of Conduct**





## INTRODUCTION

TO ALL CONTRACTORS, CONSULTANTS, AND SUPPLIERS:

At PG&E Corporation and Pacific Gas and Electric Company (together, PG&E), we understand that a strong commitment to compliance and ethics is the foundation of a successful business. We strive to ensure that every business decision is guided by our commitment to operate with high ethical standards. We're committed to ethical business conduct and compliance with applicable laws, regulations and policies, and we appreciate and expect your equal commitment as you provide goods and services to PG&E. Our expectation also extends to your subcontractors and sub-suppliers.

**Any work done for PG&E must be performed in full compliance with all applicable laws, regulations, and policies (e.g., environmental, safety, antitrust, and employment), and in accordance with high standards of ethical business conduct.**

**PG&E must comply with all Sarbanes-Oxley requirements regarding the accounting, contracting and payment for goods and services. PG&E's commitment to compliance requires that our contractors, consultants and suppliers accept orders only when accompanied by an approved PG&E purchase order or charge card. Failure to comply with this requirement may impact our ability to reimburse you for goods or services in a timely manner.**

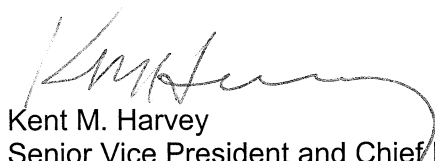
**We expect our employees and our contractors, consultants and suppliers to conduct themselves in a professional manner, to refrain from any action that may be considered a conflict of interest, and to treat others with respect, fairness and dignity. PG&E does not tolerate harassment or discrimination.**

Additional information on our compliance and ethics commitment, as well as the Code of Conduct Handbook for our employees is available on the PG&E Corporation website at [http://www.pge-corp.com/aboutus/ethics\\_compliance/](http://www.pge-corp.com/aboutus/ethics_compliance/).

If you have questions or concerns about compliance or ethics issues while working for PG&E, please discuss them with your PG&E business contact. You also may call our toll-free Compliance and Ethics Helpline at 1-888-231-2310 with questions on compliance or ethics issues or to report illegal or unethical activities. The Helpline should be used to raise complaints regarding accounting, auditing matters or internal controls, and for reports about questionable accounting and auditing matters. It is available 24 hours a day, 7 days a week, and you may call anonymously.

We regard our supplier base as a critical and necessary extension of our mission, operations and future success, and we thank you for continuing to make compliance and ethics a top priority as you work with PG&E.

Sincerely,



Kent M. Harvey  
Senior Vice President and Chief Risk and Audit Officer  
PG&E Corporation

## **PRINCIPLES AND STANDARDS OF ETHICAL SUPPLY MANAGEMENT CONDUCT**

PG&E supports the **Principles and Standards of Ethical Supply Management Conduct** as promoted by the Institute for Supply Management:<sup>1</sup>

1. Avoid the intent and appearance of unethical or compromising practice in relationships, actions and communications.
2. Demonstrate loyalty to the employer by diligently following the lawful instructions of the employer, using reasonable care and granted authority.
3. Avoid any personal business or professional activity that would create a conflict between personal interests and the interests of the employer.
4. Avoid soliciting or accepting money, loans, credits or preferential discounts and the acceptance of gifts, entertainment, favors or services from present or potential suppliers that might influence, or appear to influence, supply management decisions.
5. Handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations.
6. Promote positive supplier relationships through courtesy and impartiality.
7. Avoid improper reciprocal agreements.
8. Know and obey the letter and spirit of laws applicable to supply management.
9. Encourage support for socially diverse practices.
10. Conduct supply management activities in accordance with national and international laws, customs and practices, your organization's policies and these ethical principles and standards of conduct.
11. Develop and maintain professional competence.
12. Enhance the stature of the supply management profession.

### **CONDUCT STANDARDS**

#### **Safety and Health**

PG&E aims to have an injury and illness-free work environment. To this end, PG&E expects you to perform your work in a way that will protect yourself and others, complying with all safety and health rules and procedures. You should look for and resolve unsafe situations and help and encourage others to work safely. When involved in PG&E-related work, you must report to work fit for duty and remain fit for duty during working hours.

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<sup>1</sup> Internet website: [www.ism.ws](http://www.ism.ws) (Social Responsibility, Ethics, Principles and Standards of Ethical Supply Management Conduct)

## **Use of Alcohol, Illegal Drugs or Medication**

PG&E is committed to a drug and alcohol-free workplace. We expect you to avoid using or being under the influence of alcohol while performing work for PG&E or on PG&E property. (Exception: While engaged in PG&E-related work, you may consume alcohol during non-business hours at PG&E-sponsored special occasions or business meetings, if authorized by a PG&E officer or the next level of management below officer, if such consumption is limited, and if doing so does not otherwise violate applicable legal requirements, such as those of the Nuclear Regulatory Commission or the Department of Transportation.)

We expect that you won't use, possess, sell, provide, or be under the influence of illegal drugs or other controlled substances while engaged in PG&E-related business. Do not allow the use of prescription drugs or over-the-counter medications to affect your ability to work safely or efficiently.

## **Harassment and Discrimination**

PG&E expects you to conduct yourself in a professional manner and to treat others with respect, fairness and dignity. PG&E does not tolerate harassment or discrimination, including behavior, comments, e-mail messages or other conduct that contributes to an intimidating or offensive environment. Slurs based on race, gender, or religion, or any other conduct, remarks, jokes or pictures that encourage or foster an offensive work environment are dealt with seriously. In addition, we expect you to comply with applicable federal, state, and local statutes that prohibit discrimination or harassment based on race, color, religion, age, sex, national origin, ancestry, physical or mental disability, medical condition, veteran status, marital status, sexual orientation, gender identity or any other non-job-related factor.

## **PG&E Assets**

You are responsible for the proper acquisition, use, maintenance and disposal of PG&E assets (e.g., materials, equipment, tools, real property, information, funds, etc.).

- Acquire assets in compliance with procurement policies and procedures, avoiding any real or apparent conflict of interest.
- Use PG&E assets only for legal and ethical activities.
- Protect PG&E assets from damage, waste, loss, misuse or theft, using assets only after appropriate training.
- Dispose of PG&E assets only with appropriate written approval. PG&E's goal is to obtain fair market value for all assets that no longer are needed, unless they are donated with appropriate approval.
- Don't destroy or take intangible assets, including information about PG&E or others obtained in the course of PG&E-related work. This responsibility extends to safeguarding such information after completion of the PG&E-related work.

PG&E assets such as computers, telephones and cell phones, fax machines, copy machines and vehicles are intended primarily for PG&E business. PG&E allows limited personal use of these and similar assets as long as such use is occasional, doesn't result in excessive costs, doesn't interfere with work responsibilities, and is in compliance with laws, regulations, and any business line or local restrictions. Personal use of a vehicle must be incidental to business use.

Other PG&E assets, including such things as construction equipment, tools and similar assets, may be used only for PG&E business; they are not available for non-PG&E use. Exceptions are permitted in emergency situations or with PG&E officer approval.

## **Privacy**

PG&E retains the right to monitor its assets and work environments in compliance with applicable federal, state and local law. It monitors to promote safety, prevent criminal activity, investigate alleged misconduct and security violations, manage information systems, or for other business reasons.

Even though limited personal use is permitted, you should have no expectation of privacy if you use PG&E computer or voicemail systems to create, access, transmit, or store information. Such information is accessible to PG&E even if it is password-protected or deleted by the user.

## **Endorsements**

PG&E does not endorse products or services, nor the firms or individuals who supply them. Favoritism must not be implied by testimonials or endorsements of PG&E's use of any materials, supplies, equipment or service, or by the use of PG&E's name or logo in advertising, publicity or catalogues.

## **Supplier Diversity**

PG&E is committed to providing maximum practical business opportunities to women, minority and disabled veteran-owned business enterprises. However, we do not use set-asides, preferences, or quotas in administering our Supplier Diversity program.

## **Proprietary Information**

You may have access to PG&E proprietary non-public information as you perform your PG&E-related work. Don't use this information for gain or advantage, and never share this information without appropriate PG&E approval.

There are restrictions on the flow of non-public information between Pacific Gas and Electric Company and its affiliated companies, although non-public information may be shared freely with the holding company, PG&E Corporation. You may not act as a conduit for the flow of non-public Pacific Gas and Electric Company information to an affiliate other than PG&E Corporation.

## **Corporate Records and Disclosures**

Accurate records and disclosures are critical to PG&E meeting its legal, financial, regulatory, and management obligations. We expect that you will never misstate facts or omit material information related to PG&E-related business. You must ensure that all records, including disclosures, accounts, reports, bills, invoices, time-worked records, correspondence and public communications are full, fair, accurate, timely and understandable. You must never hide, alter, falsify or disguise the true nature of any transaction.

## **CONFLICT OF INTEREST STANDARDS**

### **Conflicts with PG&E's Interests**

PG&E expects you to exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with PG&E's interests. While engaged in PG&E-related work, you must not accept any employment or engage in any work that creates a conflict of interest with PG&E or in any way compromises the work you are to perform.

### **Gifts to PG&E Employees**

Accepting a gift in a business setting can create a sense of obligation or the appearance of obligation. A gift can be anything of value, including such items as a ticket to a sporting event or play, a non-business meal, a bottle of wine, a coffee cup, a free service, a special discount or an all-expense paid trip to a conference or trade show.

PG&E forbids its employees, as well as members of their immediate families, from accepting gifts from contractors, consultants, suppliers or similar business contacts doing business with or seeking to do business with PG&E, unless all six of the following conditions are met:

- The value of the item must be less than \$100, and the value of all gifts from one business contact during a 12-month period must not exceed \$250. A gift that exceeds either value must be approved by a PG&E officer. Any such gift to an officer must be approved by the officer's supervisor.
- The item is customary and does not create any appearance of impropriety.
- The item imposes no sense of obligation on the receiver.
- The item results in no special or favored treatment.
- The item could not be considered extravagant, excessive, or too frequent considering all of the circumstances, including the employee's ability to reciprocate at company expense.
- The item is not concealed in any way.

PG&E employees may not accept gratuities of cash, or gift cards redeemable for cash, from past, current, or potential contractors, consultants or suppliers.

"Customary business meals" are not considered gifts. These are routine meals, similar in cost to PG&E employees' meals when they entertain clients.

In addition to the restrictions on gifts, employees and members of their families must never accept a loan or payment from a contractor, consultant, supplier or similar business contact under terms that aren't available to the general public.

## **KEY COMPLIANCE AREAS**

### **Environmental Laws and Regulations**

PG&E is committed to being an environmental leader and demonstrating this through its actions. PG&E pledges to think creatively, work cooperatively and be results-oriented in its environmental stewardship efforts. We expect that your PG&E-related decisions will reflect this commitment. PG&E's Environmental Framework is available at [http://www.pge-corp.com/corp\\_responsibility/environmental/](http://www.pge-corp.com/corp_responsibility/environmental/).

In some cases, PG&E may have special permits or programs in place that affect you. Communication with the PG&E contract manager is extremely important to understand any special environmental requirements that may apply to you.

### **Sarbanes-Oxley**

PG&E must comply with all Sarbanes-Oxley requirements regarding the accounting, contracting and payment for goods and services. PG&E's commitment to compliance requires that you accept orders only when accompanied by an approved PG&E purchase order or charge card. Failure to comply with this requirement may impact our ability to reimburse you for goods or services in a timely manner.

### **Political Laws**

Government officials shape the legal and regulatory environment in which PG&E operates. If you interact on PG&E's behalf with government officials or candidates for public office, you must understand and comply with the laws and PG&E policies that control PG&E's participation in the political process including, but not limited to, limitations on gifts, the approval process for contributions, and regulatory reporting requirements.

### **Insider Trading**

PG&E expects that you will never make investment decisions regarding any equity or debt securities based on information obtained in the course of your PG&E-related work if the information 1) has not been publicly disseminated and 2) could have a material effect on the value of the investment. Examples of such information include expansion plans, major management changes, dividend rates, earnings, mergers and significant new contracts or projects. Using this information is against PG&E's policy and may violate laws or regulations.

## **Copyright Laws**

Copyrighted works may include newsletters, magazine articles, newspapers, books, videotapes, drawings, musical recordings and software. Copyright law protects such works even if they do not include a copyright notice. If you wish to copy material for distribution related to PG&E work, we expect that you will obtain permission from the copyright holder before making copies.

Computer software typically is covered by licensing agreements that prohibit unauthorized use or copying. Do not make unauthorized copies of software that is licensed to PG&E. We expect that you will not load unlicensed software onto PG&E computer equipment or download unauthorized software from the Internet.

## **HOW TO REPORT QUESTIONABLE ACTIVITIES**

The standards of conduct described in this code are critical to the ongoing success of PG&E's relationship with its contractors, consultants and suppliers. If you encounter questionable activities, we encourage you to immediately bring them to our attention through your PG&E business contact or PG&E's Compliance and Ethics Helpline at 1-888-231-2310. You also can contact the Compliance and Ethics Helpline if you have concerns about questionable accounting or auditing matters or internal controls (collectively, "accounting complaints").

The Helpline is available 24 hours a day, 7 days a week. It's a multilingual service that provides a safe place to ask compliance and ethics questions or to communicate concerns. Helpline calls are handled confidentially, to the extent permitted by the law, and can be submitted anonymously, without fear of retribution. PG&E prohibits retaliation against anyone raising complaints or involved in investigations.

*The information provided and procedures set forth in this code of conduct do not confer contractual rights of any kind on any contractor, consultant or supplier or create contractual obligations of any kind for PG&E.*