



## Compliance Program and Ethics and Compliance Desk Procedures

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Owner: Ethics and Compliance

### Program

This Compliance Program describes the procedures and organizational structure that the Ethics and Compliance group has established to implement the Business Ethics Policy, the Code of Conduct and other compliance related policies (the "Compliance Program") and describes its obligations and the procedures for investigating compliance related matters.

### Organization for Ethics and Compliance

#### I. Audit Committee of the Board of Directors

- A. The Audit Committee of the Company Board of Directors ("Audit Committee") oversees the Compliance Program and the activities of the Chief Compliance Officer ("CCO").
- B. The CCO provides the Audit Committee (and other members of the Company Board of Directors)<sup>1</sup> and the Chief Executive Officer ("CEO") a semi-annual report of major compliance activities, training and education efforts, Compliance Program initiatives and significant reported violations of the Compliance Program and other policy violations investigated by the CCO and any applicable disciplinary actions. For investigation related matters, the report includes sufficient information for the Audit Committee to have an understanding of the nature and results of investigations, steps taken to address and correct any problems, and sufficient information to indicate that the problems have been adequately addressed.
- C. The CCO reviews with the Audit Committee the efforts of the Company to ensure policy compliance and significant revisions to the Company's programs and policies related to the Company's expectations of ethical behavior.

#### II. Chief Compliance Officer

- A. The CCO has operational responsibility to oversee compliance with the Compliance Program and to ensure that employees are trained regarding their responsibilities and obligations under applicable laws, regulations and necessary tariffs.
- B. The CCO reports directly to the CEO of the Company and the Chairperson of the Audit Committee, and consults with other members of management as necessary and appropriate.
- C. The CCO is responsible for maintaining a compliance telephone "hotline" (managed by a third party) to encourage individuals to anonymously report any allegation of violation of law, regulation, tariff or the Compliance Program and/or to request information or guidance on any compliance issue. The CCO is also responsible for evaluating other methods of communication and implementing if practical.
- D. For all matters related to allegations of violations of laws, regulations, tariffs or violations of the Compliance Program under investigation, the CCO is advised on at least a quarterly basis of the status of any investigations. The CCO is responsible for ensuring that any violation of a compliance related policy is appropriately and consistently handled.
- E. The CCO may designate or engage individuals with expertise in a particular area to assist in running the Compliance Program.
- F. The CCO approves the Compliance Program education curriculum on an annual basis.
- G. The CCO reviews the Company's hiring procedures and promotion criteria practices to ensure that only persons of integrity are hired and promoted on an annual basis. The CCO recommends to the Senior Leadership Team changes in procedures and criteria as appropriate.
- H. The CCO will ensure compliance with the compliance related provisions of any applicable regulatory rule or order.

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<sup>1</sup> The Audit Committee Charter, available at [RRIEnergy.com](http://RRIEnergy.com) has additional governance principles relevant to the Audit Committee's role in the Compliance Program.



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### III. Senior Leadership Team (SLT)

- A. The SLT is responsible for assisting in promoting high ethical standards throughout the Company and ensuring the overall effectiveness of the Compliance Program.
- B. The Internal Audit VP will also participate in any SLT discussions regarding the Compliance Program.
- C. The CCO will meet with the SLT quarterly to (i) present a summary of compliance activities (e.g. training and outreach) in order for the SLT to assess and provide input into the overall effectiveness of the group and (ii) report on significant compliance-related concerns and issues.

### IV. Ethics and Compliance Team

The Ethics and Compliance Team ("E&C") has day-to-day responsibility to:

- A. Ensure the efficacy of the Compliance Program
- B. Monitor and respond to allegations of misconduct.
- C. Collaborate with other functional groups to determine whether the allegation should be investigated and who should investigate according to an "Issue Matrix" (Attachment A).
- D. Ensure prompt, practical, efficient and fair investigation of allegations raised.
- E. Maintain records of all matters reported to the CCO or E&C, including the status and ultimate resolution (including disciplinary action, if appropriate) of each issue.
- F. Prepare activity summary reports for the Audit Committee and the SLT.
- G. Provide knowledge, tools, advice and training in order to assist the Company in fulfilling its business goals in accordance with legal and regulatory requirements and consistent with Company Values and policies.
  - a. Design, administer, track and report on an annual basis ethics education curriculum that includes:
    - 1. a minimum of 2 ethics modules annually
    - 2. a module at least every two years for employees to retain familiarity with the Compliance Program
    - 3. other modules relevant to a group's area of responsibility.
  - b. Ensure that employees involved in the purchase or sale of electricity or natural gas are educated and trained annually on their obligations under the Federal Power Act and applicable laws, regulations and tariffs.
  - c. Ensure that employees involved in government contracting successfully complete all required ethics education modules before participating in government business.
- H. Monitor trading activity, including locating an employee who reports to the CCO on the trade floor.
- I. Conduct surveys to measure the effectiveness and to improve the Compliance Program. Survey results are reported to the Audit Committee and a summary of the survey results will be made available to employees.
- J. Collaborate with employees to understand evolving business needs and proactively and pragmatically address those needs.
- K. Maintain policy acknowledgement records confirming that:
  - Every director and employee of the Company acknowledges that he or she has reviewed, understands and will comply with the Business Ethics Policy.
  - Each employee hired and each new director has, within thirty days from the first date of employment or directorship with the Company, received the Business Ethics Policy and acknowledged that he or she has reviewed, understands and will comply with the Company's expectations of ethical behavior.
- L. Communicate to all the Company employees:
  - The Company is committed to the Compliance Program and expectations of ethical behavior.
  - No employee will suffer any penalty or retribution for good faith reporting of any suspected misconduct or impropriety.
  - Reports of suspected misconduct or impropriety may be made anonymously.



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- The Company investigates all reports and that any Company employee found to have engaged in misconduct will receive appropriate discipline, up to and including dismissal.
- The CCO and E&C is available for consultation on any question a Company employee may have concerning the application of any standard of conduct to the Company's business operations or any other matter relating to the Company's expectations of ethical behavior.

### **V. Special Provisions for allegations against Directors, Certain Officers and Ethics & Compliance and Legal Services**

These special provisions are established to ensure that investigations are conducted by an independent investigation team. Generally, the oversight of investigations for Directors, certain Officers, E&C and Legal Services is expected to be as follows:

<u>Compliance Investigation Oversight</u> <sup>(1)</sup>	<u>Subject of Compliance Investigation</u>					
	<u>Member of Board of Directors</u>	<u>CEO</u>	<u>CCO</u>	<u>Conflicts of Interest by Management (e.g. Officers involved in allegation)</u>	<u>E&amp;C or Legal Services Team Member</u>	<u>All Other</u>
Audit Committee	X <sup>(3)</sup>			X		
Chief Compliance Officer		X <sup>(2)</sup>				X
Chief Risk Officer			X		X	

<sup>(1)</sup> Investigation conducted by investigator independent of allegation as determined by over seer

<sup>(2)</sup> Promptly reported to Audit Committee Chairperson upon rapid assessment of viability

<sup>(3)</sup> Excluding subject of investigation, if applicable

**END**