

## Corporate Ethics &amp; Compliance Code

Exhibit No. MBM-\_\_\_\_\_  
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**1. Code Summary**

The Company's ability to conduct business in an honest and ethical manner begins and ends with its employees. While the Company can establish policies, employees are the ones who every day execute the letter and spirit of these policies. Every person employed by the Company is expected to follow all applicable laws and Company policies that govern his or her work. However, your involvement with the Code goes beyond that. Employees are also the Company's eyes and ears. Asking questions and raising concerns when you are not sure that something is right is vital to maintaining a corporate culture we can all be proud of.

In this Code, you will find our corporate statement concerning the way Puget Sound Energy and its subsidiaries conduct business. You will also find references to other sources of information designed to help you. One example is the PSE Corporate Policy Manual, which provides additional information concerning compliance and ethical behavior.

However, does this Code provide information concerning every possible situation? Of course not. When you have questions, you should seek advice – from your supervisor, from the Compliance Officer, from the Legal Department or from Human Resources. There may also be other, more detailed company policies and guidelines you should review. To that end, this Code is more than a statement of Company policies concerning business conduct and ethical behavior. It provides you the necessary tools to help uphold this standard in a way that will make you feel comfortable reporting any Code violations and make you proud to be a part of the team.

**2. Statement of Principles**

Our Company conducts its business in an honest and ethical fashion. This requires the commitment and dedication of every single employee to follow Company policies and procedures and applicable federal, state, and local laws and regulations; and to maintain a standard of integrity, honesty, and fairness. We embrace the highest standards of conduct not only in our dealings with fellow employees, but with others we contact as part of our respective jobs. Ultimately this will preserve our culture of ownership, accountability, honesty, integrity and trust.

As an employee of this Company, you are expected to follow applicable laws, regulations, and policies that govern *our* business and *your* job. This means you are prohibited from doing anything as an employee that violates either the letter or the spirit of any such law, regulation, or policy.

Part of this responsibility includes helping support this Code. If you have a question about the Code, or believe there may be violation of the Code, you should promptly report it using the tools noted later in this document. If anonymity is important to you, the Company has created a toll-free help line you can use while also concealing your identity.

Violations of this Code will result in appropriate corrective action, which may mean discipline, up to and including termination.

**3. Applicability**

This Code applies to employees and the Board of Directors (including alternate directors, and persons with observer rights to the Board) of Puget Energy, Puget Sound Energy (to the extent it is applicable to Board-related duties and responsibilities) and all related subsidiaries. References to specific policies throughout the Code may or may not correspond to specific policies available through all Company subsidiaries. Therefore, employees of subsidiaries are encouraged to contact their Corporate Ethics and Compliance Manager for more information or to ascertain the availability of more detailed policies.

**4. People and Work Place**

The Company will not unlawfully discriminate against any employee or applicant for employment on the basis of race, religion, creed, color, national origin, age, sex, sexual orientation, marital status, veteran status or the presence of a disability.

**A. Mutual Respect**

Employees are expected to treat one another with mutual respect and dignity. We believe this approach, together with an attitude that honors diversity, ultimately enriches the workplace, encourages innovation and creativity, and advances our corporate goals. Therefore, harassment based on age, veteran status, religion, national origin, marital status, disability, sex, race, creed, color, sexual orientation, any other protected status, or any other unlawful reason is prohibited.

We fully comply with all federal, state, and local employment laws.

For more information, please refer to PE/PSE's Equal Employment Opportunity and Harassment Free Work Environment policies.

#### **B. Privacy**

Related to the standard of mutual respect is privacy. Each employee must respect the privacy of others. Likewise, the Company must respect the privacy of each employee within appropriate boundaries (e.g., you should only access personnel files when you are authorized to do so, and only for legitimate business purposes). However, the Company does have the right to access and inspect company property. The Company also has the right to access and review communications, records, email, or other data in any form or media created at Company offices or other locations where employees perform work for the Company.

For more information, please see the Limitations on Employee Right To Privacy Policy, the Email Policy, and the Internet Use policy.

#### **C. Safety and Health**

The safety of our employees and customers is the Company's highest concern. The Company is committed to providing each employee a safe and healthy work environment. In turn, each employee is responsible for maintaining a safe and healthy workplace by following safety and health rules, reporting any unsafe conditions encountered, and reporting accidents and injuries.

Employees shall not work under the influence of alcohol or drugs. Likewise, employees may not work while using over-the-counter or prescription drugs or other substances (even if used under the care of a physician) that affect the employees' ability to safely and effectively perform their duties.

The Company expressly prohibits the use, possession, distribution or manufacturing of any illegal drug or controlled substance at Company offices, in Company vehicles, at Company work sites, or while performing any work for the Company.

Employees are not permitted to drink or possess alcoholic beverages on Company property or during hours they are working for the Company. An exception exists when an employee is given a gift of alcohol (e.g., a bottle of wine) and it is delivered to the employee's workstation. However, the employee should remove the alcohol from Company premises within a reasonable time; if possible, within 48 hours of the time the employee takes possession. Another exception exists when there is a Company-sponsored or approved social event where the Company permits alcohol. However, even then, employees should drink responsibly and must avoid excessive consumption that could impair judgment or driving, or create an appearance of impropriety.

Any employee discovered on the job, on Company premises, in a Company vehicle or otherwise representing the Company while under the influence of drugs, controlled substances, or alcohol will be subject to immediate disciplinary action. The Company has the right to have an employee tested if there is any reason to believe that he or she is under the influence of any drug, controlled substance, or alcohol.

For more information, please see the Company's Substance Abuse Policy and Company Vehicle Usage Policy.

#### **D. Harassment and Work-Place Violence**

##### **D1. Harassment-Free Work Place**

The Company is committed to maintaining a work environment free of harassment or discrimination of any kind, including harassment based on race, color, gender, sex, sexual orientation, age, religion, creed, national origin, marital status, veteran status or disability. The Company recognizes and values its employees' right to work in an environment that fosters mutual respect and is free of harassment. Harassment includes but is not limited to verbal or physical conduct that shows hostility or aversion toward an individual with the purpose or effect of 1) creating an intimidating, hostile, or offensive environment; 2) unreasonably interfering with an individual's work performance; or 3) otherwise inappropriately affecting an individual's employment or employment opportunities.

For more information, please see the Company's Harassment-Free Work Environment policy.

##### **D2. Violence in the Work Place**

Violence and threatening behavior are not tolerated by the Company, and any employee found in violation of this standard will be subject to immediate discipline. This standard includes intimidation, brandishing weapons, or any similar behavior intended to harass, intimidate, or threaten another person. Further, weapons are prohibited in the

workplace, in Company vehicles, and may not be carried by employees while representing the Company.

For more information, please see the Company's Harassment-Free Work Environment and Workplace Behavior policies.

#### **E. Wage and Hour Rules**

The Company is committed to following all applicable minimum wage, overtime wage, child labor, and other wage and hour laws and regulations. To ensure proper compensation, it is essential that employees report all hours worked in a timely and accurate fashion. If you have any questions about any wage and hour issues or identify any problems with recordkeeping or inaccuracies with compensation, please contact your supervisor or the HR Department promptly.

### **5. Energy-Delivery Systems and Public Safety**

#### **A. Public Safety**

The Company will build, operate, and maintain its energy-delivery infrastructure in a manner that will provide a high level of public safety. The Company and its employees are committed to following all regulatory requirements governing the design and operations of our utility infrastructure. The Company will actively participate in public-awareness safety education and will respond quickly and prudently to emergency situations.

Employees should report any safety issues in the Company energy-delivery system. The Company will not take adverse employment action against an employee because that employee raised a concern about an issue affecting public safety related to the operation and maintenance of the energy delivery infrastructure.

For more information, please see the Company's Workplace Behavior policy.

#### **B. System Integrity**

The Company's energy-delivery infrastructure is designed and operated in such a manner as to protect the integrity of the system in the event of failures, natural disasters, terrorism or other external actions. The system is also designed to meet or exceed factors of safety and redundancy called for in applicable laws, regulations, and codes.

#### **C. Reporting Concerns**

Should you become aware of an issue concerning the safety or integrity of the Company's Energy Delivery Systems, you must report it immediately.

#### **D. Vehicles, Equipment, and Construction Practices**

The Company's vehicles, equipment, and construction practices will meet all applicable regulations and codes for worker and public safety.

### **6. General Business Conduct and Practices**

#### **A. Company Assets**

As an employee, you have the responsibility to maintain and protect Company equipment and supplies. Further, you are responsible for proper use of Company property such as Company time, office machines, Company phones (including cellular phones), and materials and should report any damage, vandalism, misuse or theft. Company property is intended to be used for business purposes. Use of Company property that negatively impacts Company productivity or cost may be grounds for disciplinary action, up to and including termination.

#### **B. Confidential Information**

Access to confidential Company information carries with it the responsibility to prevent that information from reaching unauthorized individuals. Each employee has a responsibility to guard against this by limiting discussions of confidential information to appropriate times and places, and refraining from the improper disclosure of confidential Company information in any form or in any media (e.g., don't discuss it in the elevator).

Confidential information is any non-public information that might be of use to competitors or harmful to the Company, its customers, or owners if disclosed.

Examples of confidential information include, but are not limited to:

- Projections of future earnings, dividends, or losses or changes in these projections;
- Significant sale of assets or disposition of a subsidiary;
- Changes in key management positions;
- Confidential personnel data of others;
- Confidential customer information; and
- Specific Company or departmental strategy plans that are not otherwise in the public domain.

Please refer to the Corporate Policy Manual for more information.

#### **C. Accuracy, Retention and Destruction of Records and Documents**

Company records should always be retained or destroyed according to our records-retention policies. More information concerning the retention policies can be found on the Company web site.

However, from time to time, the regular disposal of Company records may be suspended for reasons including governmental or Company investigations or legal proceedings. In those instances, affected employees will be advised to refrain from destruction of certain documents until otherwise notified. Do not alter, conceal or destroy any records subject to any such investigation or proceedings unless approved by the Company's Legal Department. Violations could subject you and the Company to civil and even criminal penalties.

Accurate and reliable records are of critical importance to the Company's ongoing operations and to adhere to legal, financial, and management obligations. To uphold this standard, each employee is responsible to accurately and honestly maintain Company records under his or her care. No false or misleading documentation is permitted. This obligation extends to internal records, correspondence, and all other information prepared for local, state, or federal agencies or governments. No one is authorized to make you alter or misstate information in Company records.

#### **D. Trade Secrets and Copyrights (Intellectual Property)**

Company information, data, or other materials may be protected by intellectual property rights. Reproducing, copying, altering, or otherwise misusing any such property without the permission of the intellectual-property-rights owner is prohibited.

The Company is the owner of several intellectual property rights covering items including, but not limited to, our name, our logo, inventions or other proprietary information. It is each employee's obligation to protect and preserve these intellectual property rights and to use appropriate symbols such as ®, ™ or SM when using any such information.

For more information regarding Items 6A through 6D, please see the Company's Confidentiality and Inventions and Information/Data Security Policies. The IT Security Policy can be found on the Company Intranet site.

#### **E. Public and Media Relations**

A necessary part of the Company's business involves interaction with government representatives at the local, state, and federal levels, and the media. Employees should not contact any of these entities to speak on behalf of the Company unless expressly authorized by the Company or one of the departments charged with managing these relationships.

Similarly, the Company respects and honors the diversity of opinions held by its employees. However, this does not authorize employees, Board members, or others to voice their personal or political opinions in a way that suggests they are speaking on behalf of the Company.

#### **F. Political Contributions and Activities**

The Company, as a corporate citizen, often takes specific positions on issues affecting our customers, owners, employees, or other Company interests. Support for Company positions may include the distribution of information or support for political issues beneficial to the Company's views. When expressing a public position on political issues, the Company is committed to obeying all laws regarding contributions and participation in the political process.

Political contribution laws prohibit or restrict the use of corporate funds in connection with political issues. For example, federal law prohibits a corporation from making a contribution or expenditure of money, products, services or any other resource in connection with any election for president, vice president, senator, or representative to Congress. In addition there are reporting requirements for lobbying activities and contributions that must be accounted for. Consequently, any corporate contributions to support a politician or political issue must first be approved in writing by the Company's Department of Governmental Affairs.

Federal law prohibits the Company from paying for meals, entertainment, gifts or travel reimbursements for any legislative or executive branch officials, including staff, with some narrow exceptions that are subject to prior written approval from the Company's Department of Government Affairs. In addition, PSE expense report forms require each employee to certify that no expenditure for which reimbursement is being sought constituted gifts to such federal government officials.

Any employee wishing to participate in a political campaign, event, or function in support of a politician or a political issue must do so on personal time and at personal expense if the event is not sponsored or authorized by the Company. Similarly, in these instances, the employee may not use his or her employee title or employment with the Company in a way that suggests that the Company supports or endorses a political candidate or issue without the express consent of the Company. An exception is when an employee is required to provide employer name and job title when making a personal political contribution. Employees will not be reimbursed for political contributions or expenditures (including gifts, travel and meals or other entertainment). Nothing contained in this section prohibits individual employees from making voluntary political contributions from their own personal funds to candidates, PACs or party committees.

**7. Conflicts of Interest**

Employees and Board members must avoid any conflict of interest with the Company. In its simplest form, a conflict of interest arises when a personal interest interferes with the best interest of the Company. While this may seem straightforward, conflicts of interest can arise in many different ways.

You should report any potential conflict of interest to your manager or supervisor and resolve the conflict before proceeding. Even if there is no actual conflict of interest, but there may be an appearance of a conflict, you should disclose it and discuss the matter with your manager or supervisor.

**A. Family Members, Friends, Significant Relationships and Other Related Persons**

Conflicts are likely if you are in a position to benefit from decisions you make on behalf of the Company or if a family member, relative, friend or other related person is involved or could benefit. If something is prohibited for employees, it cannot be performed on their behalf, directly or indirectly, by a family member or others with whom they have a personal relationship. Additionally, if a person or persons in this category have a business relationship with the Company, employees should not do anything that would result in, or could be perceived as, favoritism. For additional information, see CPM-29, Employment of Related Persons.

**B. Outside Employment and Other Activities**

Employees should not engage in outside business interests or other activities that result in a conflict of interest or even the appearance of a conflict of interest. This includes, but is not limited to, outside employment or other activities which imply that the Company is sponsoring or endorsing the activity, use of company time, equipment or materials to conduct the other employment or activity, seeking to do business with the Company, competing with the Company, misusing confidential information for personal gain, or acting on behalf of someone else engaged in a business dealing with the Company. In order to satisfy this criteria, appropriate other employment must meet the following standards:

- there must be no competition with Company business;
- outside employment activities cannot interfere with Company work and job responsibilities;
- employees cannot use the Company name, equipment, or customer information for personal gain;
- employees must not represent themselves as an employee or agent of the Company during the course of any outside employment; and
- employees should not sell, promote products or services from outside activities via Company mail, posting on bulletin boards, telephones, faxes, handheld devices, email and the intranet/internet.

An employee who has or is considering additional employment or business opportunity must notify his or her supervisor and discuss the specific circumstances so that the supervisor can determine whether the opportunity meets the standards described above.

**C. Giving / Accepting / Soliciting Gifts and Entertainment**

Employees should not give or offer to give personal gifts, services, or other items of value to employees of other organizations in order gain a favorable business decision. Employees should also be sure that any such gifts do not violate the rules of the recipient's employer. Likewise, employees should not accept personal gifts, services, entertainment or other items of value from a customer, vendor or potential vendor, or anyone else in exchange for special treatment by the Company. When considering giving or accepting gifts or entertainment, an employee should discuss the nature of the gift and any concerns about it with his or her supervisor.

Any gifts or entertainment provided by the Company to contractors or customers, or gifts or entertainment received by employees from contractors, or potential contractors or customers, should always be appropriate to the circumstances and should never create an appearance of impropriety.

For additional information, refer to the Company's Gifts, Travel and/or Accommodations Offered to or Paid by Vendors policy.

**D. Inside Information**

In the course of performing job responsibilities, employees may become aware of confidential information. Employees may not profit from this information by passing the information to others to enable them to profit from the information.

**8. Government Relations**

The Company is committed to being a good corporate citizen and cooperating with the government. The Company and its employees and contractors must cooperate with appropriate local, state and federal government requests and investigations. In such cases you must always be honest, and never attempt to conceal, alter or destroy records that may be requested. However, this commitment is not intended to undermine the Company's rights with respect to confidential information. Any notice of government investigation or requests and any matters related to litigation, especially subpoenas, should be promptly referred to the appropriate Company officer,

director, or Legal Department employee to first assess the full nature of the Company's obligations with respect to the request, investigation or litigation.

#### **9. Environmental Responsibilities**

The Company is committed to operating in a manner that promotes conservation, operating in an environmentally responsible and safe manner, and encouraging employees to take an active part in environmental stewardship efforts.

The Company is committed to complying with all applicable environmental laws and regulations, whether they cover natural resources, contamination, wildlife, endangered species, or the like. All employees are prohibited from undertaking any actions that violate any such law or regulation. Further, if employees become aware of any actions that violate environmental laws or regulations or that require corrective action by the Company, the employee should promptly report the matter. Types of environmental issues arising in the course of your work may come in many forms, ranging from transformer spills resulting from a windstorm to the proper disposal of products such as alkaline batteries. Because of the broad nature of environmental issues we face, all employees need to do their part to understand and fully adhere to applicable laws and regulations that may relate to their work.

For more information, please see the Company's Environmental Compliance policy. Also, there is a special help line telephone number for environmental issues listed on the PSE Web Site.

#### **10. Anti-Trust**

Anti-trust laws in the U.S. protect competition, and the Company believes in the spirit and letter of these laws. Punishment for violations of these laws can be very severe, resulting in heavy criminal and civil penalties for violations. The following provides a list of examples of situations that would be considered illegal and a violation of anti-trust laws. It is the Company's intent to comply fully with anti-trust laws, and all employees are required to adhere fully to these same standards.

Types of activities to avoid include the following:

- Never discuss prices, terms of sale, or other competitive information with competitors or attend meetings with competitors at which such topics are discussed.
- Never divide customers, markets or territories with competitors.
- Never rig a bid or agree with competitors as to who will win a bid award.
- Never restrict a dealer or other reseller from handling the products of a competitor or "tie" the purchase of one product as a condition to selling another product.
- Do not allow one dealer, reseller or customer to influence our dealings with another dealer, reseller or customer.
- Do not make a claim about a product or service without factual support.

If you are in a meeting and one of these subjects arises, please insist that the discussion immediately cease or dismiss yourself from the meeting.

Because PSE is a regulated utility within the State of Washington, the utility is afforded certain privileges (e.g., a fixed service territory within which we provide utility service) that many other companies do not realize. One purpose of the Washington Utilities and Transportation Commission is to provide a system of checks and balances to counter the effect of PSE's having certain privileges such as an established service territory. Consequently, if you encounter a situation where you think there maybe a potential issue that breaches PSE's legal obligation to adhere to anti-trust laws, contact a member of the PSE Legal Department before any action takes place so the matter can be fully discussed and evaluated. Please note that the laws covering this area are complex and the consequences for violation may be substantial, up to and including imprisonment. So when in doubt about the appropriateness of a situation or if you want to determine whether an exception applies, seek the advice of our Legal Department.

#### **11. Finance, Accounting, and Securities**

The Company must maintain accurate and reliable business records. Consequently, it is the obligation of each employee to prepare and maintain all Company records in their care, custody, and control honestly and accurately. Likewise, the Company expressly prohibits the use of any false or misleading entries by its employees in any books, records, reports or accounts of the Company, and Company funds may not be used for any other purpose than that described in these books, records, reports or accounts.

The Company is obligated to accurately and fairly prepare and file financial reports and statements that provide full, fair, timely, understandable and accurate disclosures concerning these documents. If you are directly or indirectly involved with accounting, finance, tax, or regulatory matters, you should exercise special care to ensure that your work is accurate, honest and timely to enable the Company to meet its finance, accounting, regulatory, and securities obligations.

Additionally, employees are prohibited from taking any action that would manipulate, defraud, mislead or improperly influence an internal or external auditor of the Company engaged in an audit or evaluation of our financial statements.

##### **A. Code of Ethics for Senior Financial Officers**

The Company has an additional Code of Ethics for Senior Financial Officers that sets more stringent requirements for its senior financial officers in the Company who hold uniquely important and elevated roles in the corporate governance of the Company; this code is designed to ensure that all stakeholder interests are appropriately protected.

**12. Customer, Vendor, and Other Business Relationships**

All employees are involved in business relationships with customers, vendors, and other external parties. Always remember that you represent the Company to the people with whom you are dealing.

Customer service is a cornerstone for our corporate existence. Customer needs should be met courteously, efficiently, and promptly. The Company provides an essential utility service for its customers, and they demand high quality service. This includes customer privacy. The information the Company maintains concerning its customers should be treated, at all times, as confidential, and any publishing or sharing of this information without proper prior consent or approval to persons other than those employees and agents of the Company that must have access to this information to service customers is prohibited.

With respect to Company relationships with vendors, those seeking to become vendors, and other business associates, Company policy is to select suppliers and business partners in an impartial manner on the basis of quality, price, and other fair terms and conditions the Company deems appropriate. If your job requires participation in the selection of a vendor or other business partner to assist the Company, you should do nothing that would imply the selection was made on any basis other than the Company's best interests. In addition, you should refrain from any action that gives or could give one supplier or contractor a competitive edge over another.

Employees who conduct business with foreign governments or companies inside or outside the United States must comply with federal, state and local laws of the United States and of the foreign country. This includes the Foreign Corrupt Practices Act ("FCPA"), a federal law that prohibits paying bribes or otherwise giving anything of value to a foreign official for the purpose of influencing that official. Promising, offering or authorizing another to pay a bribe or to give something of value to an official all may violate the FCPA. The law is not limited to payments of cash: it applies to all goods, services, rights, contracts and other benefits. Violation of the FCPA can result in criminal penalties, including prison terms for individuals, as well as monetary fines imposed on PSE.

To ensure compliance with the FCPA, employees may not make payments, give gifts or otherwise provide anything of value to any foreign official without the prior written authorization of the Vice President Controller and Chief Accounting Officer. For purposes of this section, a foreign official includes any foreign government representative, candidate for public office, representative of a political party, or any employee of a business owned by a governmental organization. Because the FCPA also prohibits making bribes or payments indirectly through third parties, no employee may retain a consultant or agent in connection with pursuing any business relationship with any foreign official, foreign government, or foreign governmental entity without the prior written authorization of the Vice President Controller and Chief Accounting Officer.

In addition, PSE expense report forms require each employee to certify that no expenditure for which reimbursement is being sought directly or indirectly violated the FCPA or constituted a bribe or gift of any value to any foreign official.

For more information, please refer to the Company's Purchasing Manual.

**13. Resources for Employees to Obtain Guidance and Report Violations**

If you believe there is a violation of the law or this Code, you should promptly report it to your supervisor, the Corporate Ethics and Compliance Program Manager, or other responsible department within the Company (e.g., the Legal Department, Compliance Department or Internal Audit Department). If for any reason you are not comfortable doing this, to further assist you in reporting concerns and violations or in obtaining information about the Corporate Ethics and Compliance Program, the Company has implemented a toll-free help line to provide you a round-the-clock resource contact: 1-866-236-4PSE (1-866-236-4773).

The intent of this help line is to ensure that you have a place to report violations or make inquiries concerning this Program. You may also make an anonymous phone call to the help line. Specially trained operators will receive your call and gather information to further assist any subsequent investigation of your concerns or to collect information to answer your questions. Information gathered by the operators will then be transmitted in a way that preserves your anonymity, while allowing the necessary and appropriate Company-specific investigation or collection of information. The help line operator will also provide you a confidential code so that you can check on the status of your call. Although the Company will make every effort to protect the confidentiality of employees who report violations, if your complaint requires investigation of a potential civil or criminal nature or the Company is required to cooperate with the Government, your anonymity cannot be absolutely guaranteed.

**14. Code Management and Discipline**

The Program Manager is responsible for management, investigation, and recommendations regarding appropriate corrective action under this Program. The Program Manager will advise the Company Ethics and Compliance Officer responsible for the Program and the Board of Directors. Any suggestions or proposals concerning this Code should be referred to the Program Manager or your supervisor. In this regard, your recommendations and feedback are always welcomed and encouraged.

If you believe an exception to the Code's requirements is warranted, you should contact your supervisor. If your supervisor agrees, the Program Manager and the Legal Department should be consulted for appropriate investigation. If the request involves an officer or director, then the

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Audit Committee of the Board of Directors must approve. If the request for an exception is ultimately approved, the Program Manager will also maintain a log of the exception and the circumstances justifying it.

Any issues concerning the Code's provisions or their interpretation, application, or intent will be the responsibility of the Program Manager and/or the Company's Legal Department.

It is the policy of PSE that no employee will be disciplined solely on the basis of a report that he or she made regarding suspected wrongdoing. However, the employee will be subject to disciplinary action if it is found after the investigation that he or she knowingly fabricated the situation to injure another employee or party.

To ensure consistency, any discipline undertaken as a result of a Code violation will be approved by the Program Manager with the advice of those charged with investigating the Code violation. Responsibility for corrective action to ensure compliance with this code lies with the management chain of command. For purposes of consistency, any action, including disciplinary action, undertaken to correct a Code violation will be coordinated with the Program Manager or other individual charged with investigating the Code violation.

#### **15. No Retaliation**

The Company will not tolerate or undertake any retaliatory action against any employee reporting in good faith an actual or suspected violation of the Code or the law. This includes employees who report in good faith actual or suspected violations to the Company or a government agency, or who initiate, testify in or assist in any investigation or judicial or administrative action by a government agency. Any actual or threatened retaliation is a serious violation of this Code and will subject the violator to appropriate disciplinary action, up to and including dismissal.

#### **16. Employee Responsibility Statement**

This Code ends where it began. Each employee has the responsibility to follow this code and the Code can be summarized with the simple statement: "Do what is right." While it establishes certain standards of conduct, the Code also provides a resource to help uphold the standards. Have you seen something that troubles you? Is someone pressuring you to do something that you believe is not right? If so, this Code can provide you the tools and opportunity to address your situation, as well as the security and protection to act on your concerns.

All Company employees are required to read and abide by the Program. In fact, abiding by its standards is a condition of your employment with the Company. Any actions that violate this Code may also violate various laws and could subject the Company and even individual employees to serious legal consequences. Consequently, any employee who does not adhere to the standards of the Company's Corporate Ethics and Compliance Program or who fails to abide by applicable laws or regulations will be subject to appropriate discipline, including but not limited to immediate dismissal.

During the course of an investigation, employees may be interviewed so that the company can understand all the facts. Refusing to participate in the process or failing to respond truthfully during the course of an investigation may subject the individual to disciplinary action.

Discipline also may be imposed for any supervisor who encourages or ignores violations or fails to detect a violation he or she should have detected, or for any employee who is aware of a violation of this Code or the law and fails to report it in a timely fashion.

Failure to read the standards in this Code does not exempt an employee from his or her responsibility to comply with the Code and the laws.

Thank you for taking the time to carefully review this Code. With your assistance, the Company will carry on the business of continuing to grow as one of the Northwest's oldest and most respected corporations.

*Approved as revised 7/9/14.*

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