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Code of Conduct and Business Ethics Handbook



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Vision

Our vision is to build a strong economic future for successive generations of Newfoundlanders and Labradorians.

Values

At Nalcor Energy, our employees share a set of values that shape how we do business every day. Our core values set common direction on how to make decisions with a sense of pride and leadership. We recognize that it is not only what we achieve, but how we achieve it that truly makes us proud of our accomplishments.

Open Communication – Fostering an environment where information moves freely in a timely manner.

Accountability – Holding ourselves responsible for our actions and performance.

Safety – Relentless commitment to protecting ourselves, our colleagues and our community.

Honest and Trust – Being sincere in everything we say and do.

Teamwork – Sharing our ideas in an open and supportive manner to achieve excellence.

Respect and Dignity – Appreciating the individuality of others by our words and actions.

Leadership – Empowering individuals to help guide and inspire others.

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As President and CEO of Nalcor Energy, one of my most important duties is to ensure a work environment based on trust and respect, which enables employees to work without fear of intimidation, discrimination and retaliation. Enjoying our jobs is the first step. However, all of us should also have the comfort of knowing we work in a safe, secure and ethical workplace. Only then can we all feel proud to work here, feel good about our jobs, and work productively. Every person, regardless of position, shares in the responsibility for promoting a positive work environment.

To support this type of workplace, the Board of Directors adopted the *Code of Business Conduct and Ethics* (Code) for employees of all Nalcor Energy companies to reinforce the company's commitment to professional and ethical business practices. Nalcor Energy is growing and employees are increasingly dealing with more sensitive information. This Code provides general guidance and principles for the more complex business reality. The purpose of this policy is to provide guidelines on conflict of interest and ethical business practices and conduct and to promote expected standards of conduct. It also provides general guidance on how to avoid and report potential conflicts of interest and unethical business conduct.

This code links together many existing policies and legislation like our harassment policy, conflict of interest and Occupational Health and Safety legislation. It also addresses Nalcor's safety programs like the Internal Responsibility System. The content of the Code should be familiar to you. You'll also notice, the Code is supported by our values: accountability, respect and dignity, safety, leadership, teamwork, open communications and honesty and trust.



Nalcor is committed to professional and ethical business practices. As you review the Code, if you have any questions or concerns, please take the opportunity to discuss these with your manager or feel free to contact me as well. Your cooperation is essential to ensure that we maintain a positive, productive workplace.

Regards,

Ed Martin
President and CEO

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1. What the Code Means to Nalcor Employees

Our organizational goals are what define Nalcor Energy as a company dedicated to safety, the environment, business excellence, our people and our community. To ensure all Nalcor Energy companies meet our goals, we must practice the highest standards of business conduct and ethics.

This handbook should be used as a guide to practice responsible and ethical behaviour. The complete Code outlines Nalcor's commitment to professional and ethical business practices, and can be found in the policies and procedures section of the GRID. The Code defines the standards of conduct expected of our employees at all Nalcor Energy companies – including any contractors, suppliers, agents, officers or directors and anyone else who may represent the views or interests of our company.

Everyday, in everything we do, we must behave ethically, honestly and with credibility. When we apply this Code to the work we do, we become an organization that is a corporate leader not only in Newfoundland and Labrador, but around the world.

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Employees

2. Purpose and Responsibilities

The Code identifies a standard for all our employees to follow when confronted with a situation that may cause us to question our ethics and principles at work. The Code defines what Nalcor considers conflicts of interest and potential conflicts of interest, as well as unethical business practices and conduct. Guidance is also provided through the Code to handle, and avoid, these situations all together.

When we follow the values and spirit of this Code, we ensure Nalcor is an organization with a reputation of integrity and sound business practices and conduct.

We all carry an individual responsibility to apply the principles of the Code to our work. The Code explains what accountabilities exist for Nalcor employees, Supervisors and Managers.

The first responsibility for Nalcor employees is to ensure we read and understand the Code. Following that, as employees, we must always conduct ourselves in a manner that reflects the principles of ethical behaviour, and avoid situations which may present a conflict of interest.

To protect the reputation of our company, employees have a responsibility to ensure everyone we work with complies with the standards and requirements of the Code. To respect our colleagues, customers, and Shareholder, we have a duty to immediately disclose any situation that may go against the principles or spirit of the Code.

Supervisors and Managers

Supervisors and Managers should always demonstrate the principles of the Code. Our Supervisors and Managers must be aware of any conduct that contradicts the Code and follow proper procedure to manage any issue. You also have a responsibility to provide guidance to employees about the Code, and address any concerns employees may raise about ethics and conduct in the workplace. Supervisors and Managers must also ensure that all Nalcor employees are provided with a copy of the Code and understand its requirements.

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3. Key Principles

Four key principles guide how we should apply the Code in our day-to-day work. By understanding and following these principles, we can ensure respectable and consistent behaviour across the company.

- The commercial, reputational and other interests of Nalcor Energy must always take precedence over personal interests and those of third parties.
- We must always avoid any act or conduct – intentional or not – that may support the private interests of a third party or an individual over those of Nalcor Energy.
- Any conflict of interest – real or perceived – has the potential to impair the company's credibility, reputation and commercial interests.
- We have an obligation to perform our duties and responsibilities in a conscientious manner, and never allow our personal interests to conflict with Nalcor's.



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All parties with whom we conduct business have the right to expect the highest standards of respect, professionalism and business ethics in their dealings with us.

We must demonstrate our commitment to business conduct and ethics in every interaction with our external stakeholders. Customers, suppliers, partners, competitors, shareholder representatives and regulators are among the external stakeholders with whom we regularly carry out business.

We are guided by our organizational values in the things we do and the decisions we make.

We must consider Nalcor's organizational values, standards and principles whenever we represent the company. Nalcor is committed to being an ethical and honest organization, this commitment should be considered in all Nalcor's strategies, plans and decisions.



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4. Standards of Business Conduct

The Standards of Business Conduct is the corporate commitment to comply with applicable laws and established sound corporate business standards and practices. When our company fails to meet these standards, we risk damaging our reputation.

Compliance with Laws

In addition to following the Code and other corporate policy and procedures, all Nalcor Energy employees must comply with the applicable laws and regulations of the provinces and countries where we operate. Nalcor employees must never engage in, condone, or encourage any behaviour that is illegal or is not compliant with the Code. We all have an individual responsibility to understand the laws that apply to our work, recognize potential noncompliance and know when to ask for help to report on activity that is illegal or is contrary to the Code.

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Safety and Health

Nalcor is committed to being a safety leader. This means ensuring we implement effective safety policies and procedures. To be a safety leader, we must also ensure organization-wide compliance with all applicable laws and standards to protect the health, safety and well being of our employees, contractors, customers and the public.

Employees must take all steps required to work safely. We all have a duty to support a working environment without injury and to foster a culture where everyone is committed to safety.

When working with each other or external parties, we must observe and actively promote Nalcor's core safety rules, which are central to our safety credo.

1. I always follow safety requirements and best practices.
2. I always take the time to complete my work safely.
3. I always take action when I see unsafe acts or conditions.



Environmental Protection

Being an environmental leader is an important goal for Nalcor Energy. Our *Environmental Policy and Guiding Principles* ensures the company sustains a diverse and healthy environment now and in the future. Nalcor's environmental principles maintain a high standard of environmental responsibility and performance. To ensure our environment is sustainable, we should all take time to understand our environmental policy and our commitment to meet and exceed environmental laws and regulations. Nalcor is working to prevent pollution and continually improve our own environmental performance. The goal of environmental protection cannot be achieved without the support and dedication of our employees and contractors.

If you observe someone endangering the environment, your legal and ethical responsibility is to report the situation to a Supervisor. When we take time to work in an environmentally-responsible manner and report environmental non-compliance, we ensure Nalcor builds its reputation as a company with sound environmental principles and actions.

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5. Respecting Each Other

Each and every Nalcor employee contributes to the success of our company. We must respect one another and value each other for the different perspectives and experiences we all bring to the company. Mutual respect across divisions and lines of business will result in collaboration and new ideas to ensure Nalcor not only grows, but flourishes into the future and we achieve our vision.

Respect and Dignity

Nalcor employees deserve to work in an environment where they are treated fairly and with respect. We must all take steps to ensure we are respectful of others, supportive of the dignity and self-esteem of every person and promote an environment that is free of harassment. The importance of treating each other with respect applies to all Nalcor employees, regardless of their role or position.



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Behaviours considered disrespectful and not supported by Nalcor include:

Harassment – Any behaviour directed at a person that is unwelcome and/or offensive will not be tolerated. Examples of behaviour that is considered harassment includes:

- threats
- unwelcome remarks
- derogatory comments or innuendo which may humiliate, insult or intimidate a person
- personal or sexual harassment
- abuse of authority
- any other conduct which denies a person their dignity and respect in any other way

Discrimination – We all deserve, and should expect, a workplace free of discrimination. Discrimination can be based on an individual's race, religion, religious creed, political opinion, color or ethic, national or social origin, sex, sexual orientation, marital or family status, physical or mental disability or age. The Newfoundland and Labrador Human Rights Code and the Canadian Charter of Rights and Freedoms provide basic protections against discrimination. We are all expected to apply those same standards in all our interactions as Nalcor employees.

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Personal dignity and mutual respect – We are all responsible to encourage a work environment where a diversity of views, opinions and backgrounds is valued. The diversity of views and opinions of employees is a key factor in Nalcor's vitality and success. Any behaviour which denies individuals their dignity and respect is out-of-line with the Code, and the company's organizational values and principles, and will not be tolerated.

Offensive material – The posting or use of offensive, sexist, sexually explicit, racist or other discriminatory material in the work environment is never acceptable. At Nalcor, the work environment is considered the physical location where an employee performs their duties. Offensive material is prohibited on all Nalcor equipment and property, including its e-mail and intranet/internet systems and any other location that offends others.

The importance of treating each other with respect applies to all Nalcor employees, regardless of their role or position.

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6. Protecting Our Business

Nalcor Energy's vision is to build a strong economic future for successive generations of Newfoundlanders and Labradorians. We are all responsible to contribute to the company's mandate to lead the development of the province's energy resources. To be successful, elements of Nalcor's business must be valued and protected. To protect the company and our stakeholders, we must ensure the effective management of our corporate assets, financial information and respect confidentiality and privacy requirements.

Protection of Corporate Assets

Nalcor Energy has an internal system of controls, policies and procedures designed to prevent fraud, misappropriation and other financial irregularities. To ensure the system is effective, we must all make an effort to protect Nalcor's assets against loss, damage, unauthorized use, theft and disposal. Assets may be tangible, including facilities, equipment, supplies, vehicles and property, or intangible, such as intellectual property, trade secrets and customer, business and confidential data and information.

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Unless information has been produced specifically for external consumption, all Nalcor information – including records, data, project specifications and plans and processes, policies and procedures – are considered proprietary corporate information and must not be shared without proper authorization.

When circumstances arise where it is advisable or required for employees to share confidential information with external parties, we must work with management to ensure all parties must agree to, and sign, a Non-Disclosure Agreement. At any time that a contract or employment with Nalcor ends, any information or documents related to the company must also be returned.

Privacy and Confidentiality

Protecting the privacy and confidentiality of personal, business, employee, customer and contractor information is critical to maintaining Nalcor's credibility. We must all be diligent about protecting the privacy and confidentiality of our colleagues, our Shareholder, partners and customers. As a general rule, confidential information should never be released to external parties unless required by law or authorized by the affected party. To ensure we comply with privacy requirements, we should always appropriately secure any information considered confidential.

Nalcor employees who utilize the company's electronic databases or mail systems should familiarize themselves with the corporate policies and procedures regarding the storage, use and transmission of all confidential information.

Financial Information

Nalcor is dedicated to maintaining a reputation of being a financially accountable organization. All of the company's financial information, data and records are accurate, reliable, factual and complete, and are retained to meet the requirements of applicable laws and standards. Nalcor discloses its financial information in compliance with Canadian generally accepted accounting principles and all applicable laws. The company also makes full, accurate and plain disclosure in any report provided to regulatory authorities.

Security and Emergency Measures

The protection of life and property at Nalcor is committed through the development and implementation of corporate security and emergency measures, policies and processes. An example of security measures at Nalcor is the requirement for visitors to be made aware of facility safety policies and procedures.

Intellectual Property

In the performance of their duties and responsibilities, Nalcor Energy representatives may develop an innovative product that is tangible or intangible – known as intellectual property. All employees must understand that any intellectual property created while an individual is employed by, or on contract with Nalcor, belongs to the company. Because intellectual property is owned by Nalcor, the company has the rights to the intellectual property, unless otherwise authorized.

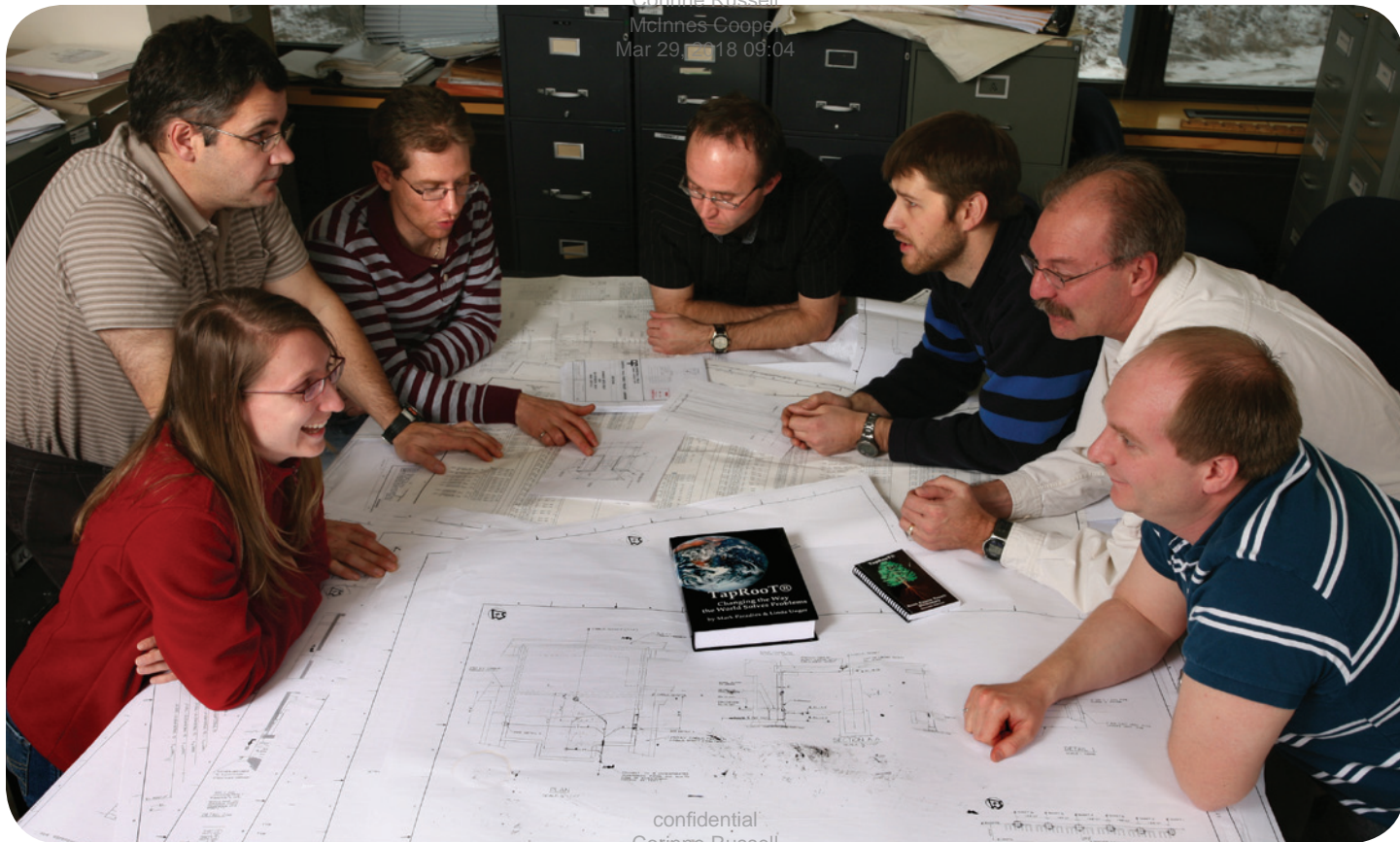
Competitors

Nalcor Energy will never support any information gathering on a competitor that is illegal or unethical. Anytime a Nalcor employee gathers information about a competitor, it must be done in a manner that is both legal and ethical. Employees should never directly or indirectly solicit proprietary or confidential information about competitors. Information that may be considered proprietary or confidential must never be solicited from any colleague who may have once worked for, or who is currently employed by, a competitor.



“Nalcor Energy will never support any information gathering on a competitor that is illegal or unethical.”

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7. Conflict of Interest

At all times, employees must avoid any conflict of interest – potential or real. Agents of the Province of Newfoundland and Labrador, including Nalcor and Newfoundland and Labrador Hydro, are governed by the Conflict of Interest Act (Act). Although not all Nalcor Energy lines of business are considered Crown corporations, this Code requires that all employees comply with the spirit and intent of the Act. The Act outlines responsibilities and behaviours we should always practice to avoid any potential conflict of interest. Any employee of an outside organization or contractor working with Nalcor must also follow the spirit and intent of the Act.

We should consider the implications of an activity that adversely affects, or could affect, our performance as a Nalcor employee to be a potential conflict of interest. Employees should refrain from any activity that could offer a personal advantage because of their employment at Nalcor.

Avoiding Conflict of Interest

To avoid any potential conflict of interest, we should exercise best personal judgment at all times. If there is any question if a situation could be a conflict, it is recommended to disclose the matter to a Supervisor or Manager. Guidelines are offered in the Code to help avoid conflict of interest.

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Tips to avoid conflict of interest

- Do not participate in making a decision where there may be an opportunity to improperly benefit an individual or family member – directly or indirectly.
- We are not to use our positions to influence decisions that could result in a personal benefit for ourselves or family members.
- Confidential information that is not available to the general public cannot be used for personal gain, or the benefit of family members or anyone else.
- Other than compensation provided by Nalcor, we must never accept a fee, gift or personal benefit, unless a gift is given as a matter of business custom. Cash gifts are never acceptable.
- Employees must not let offers of future employment influence their duties or decisions as a Nalcor representative.
- Insider trading is the buying and selling of securities on the basis of insider knowledge – this means knowledge that is not available to the public. Any Nalcor employee who violates provincial or Canadian insider trading laws will be subject to both legal penalties and termination of employment.
- Price-fixing, bid-rigging, kickbacks or any other similar activity related to competitions are never acceptable. Any employee who engages in these sort of activities will be subject to immediate termination and any applicable legal recourse.
- Nalcor Employees cannot personally enter a contract with an outside company or vendor, except under the following circumstances:
 - the contract existed before the individual became a Nalcor employee
 - the contract was awarded by public tender
 - the contract was made in an emergency
 - the contract is for goods and services which cannot be provided by any other vendor
 - the individual is an employee of Churchill Falls (Labrador) Corporation Limited, and the circumstances of the contract fall under the provisions of Site Administration Regulation No. 5.6

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Entertainment, Gifts and Favours

When we accept any sort of invitation, gift or other benefit, we must be mindful to avoid any situation that could be perceived as a conflict of interest. Gifts may only be accepted as a gesture of appreciation, hospitality or civility and be part of routine business relationships. Gifts and benefits should never be accepted if preferential treatment could be perceived.

Business meals and entertainment are acceptable when they are consistent with accepted business practices. They should only be accepted to further normal business relations, and should never be extravagant. All business meals or entertainment, received or provided, must be approved by a Supervisor or Manager.

“Employees are always expected to exercise good judgement in evaluating a donor’s reason or reasons for offering a gift.”

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Gifts must never be accepted when the offering party is in a Request for Proposal or contractor selection process with Nalcor, or if the party has a relationship with a bid or another company making a bid.

Nominal Value

When accepting any gift, entertainment or other favour, the value of the gift must not exceed \$150 CDN. If a gift is offered above this value, the gift must be disclosed to a Supervisor or Manager.

A Supervisor or Manager may approve the acceptance of any such offer when circumstances justify it as an appropriate gesture of appreciation, hospitality or civility. When receiving an offer above the acceptable nominal value, alternatives such as donating the gift to a charitable organization or sharing the benefit with the department rather than an individual should be considered.

Employee Judgement

Employees are always expected to exercise good judgement in evaluating a donor’s reason or reasons for offering a gift. Prior to accepting a gift, we should always consider the effect a gift may have on our actions and how others may perceive the gift. If there are any questions or doubts about whether a gift, entertainment or other benefit should be accepted, the gift should be politely refused.

Outside Business Interests

Any outside business interest should never interfere with our employment at Nalcor. To ensure we always influence our best judgement as Nalcor employees, employees cannot be employed by an outside business during the employee's regular working hours for Nalcor. The company's real property, intellectual property, equipment or supplies must also never be used for outside business purposes.

To avoid any perception of conflict of interest, employees cannot promote or advertise outside business interests to co-workers during work hours. Employees should not be contacted at Nalcor offices by customers or partners outside of the employee's role at Nalcor.

Outside companies in which a Nalcor employee has an interest cannot enter into a contract with Nalcor unless the following provisions are met:

- a) the shareholding or interest of the employee is 10 per cent or less; or,
- b) Nalcor's Chief Executive Officer (CEO) agrees the employee is not in a position to influence the awarding of the contract, and that there is no conflict with the individual's public duties; or,

- c) the CEO decides the employee's shareholding or interest in the outside company will not interfere with the individual's duties and responsibilities as a Nalcor representative; or
- d) the CEO is satisfied that the employee's shareholding or interest has been placed in a trust which will prevent the individual from exercising authority or control over the affairs of the outside corporation or partnership.

Disclosure

Whenever we find ourselves in a situation we reasonably believe is, or could be, a potential conflict of interest, we must disclose the nature of the conflict to our Supervisor, Manager or Vice President. After a conflict has been disclosed, we must immediately remove ourselves from the situation.

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8. References Related to the Code

- The **Code of Conduct and Business Ethics** provides additional information on Nalcor's standards of business conduct and ethics.
- For more information on Nalcor's **Safety and Health** policies, consult the *General Policy Statement – Health and Safety* and *Safety and Health Program* documents.
- Nalcor Energy's *Environmental Policy and Guiding Principles* provides additional direction about the company's **environmental protection guidelines**.
- Additional corporate policies provide requirements and guidelines about **respect and dignity** of others at Nalcor Energy.
 - Corporate policy EMR 14 *Respectful Workplace*
 - Corporate policy COR 16 *Internet Access*
 - Corporate policy COR 17 *Electronic Mail System Usage*
- The *Dishonest or Fraudulent Activities Policy* (Corporate standard EMR-18) provides additional requirements and guidelines about the protection of Nalcor assets.
- The corporate policy *EMR 8: Conflict of Interest* provides additional requirements and guidelines on **conflicts of interest** that apply to Nalcor employees.

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