

Code of Ethics
Pedernales Electric Cooperative, Inc.
Board Adopted: May 21, 2012

I. Introduction

This Code of Ethics identifies the values of Pedernales Electric Cooperative, Inc. (PEC) and is intended to be a constant reminder of how directors and employees of PEC are expected to conduct themselves on a daily basis while carrying out PEC business. This Code of Ethics is intended to be an overview of PEC's guiding principles and not a restatement of PEC policies and procedures. All directors and employees are expected to know and understand the standards and expectations that this Code of Ethics expresses.

II. Key Principles

The following five key principles should guide the directors and employees of PEC in the performance of their duties for PEC:

- **Safety**
- **Trust**
- **Accountability and Integrity**
- **Respect**
- **Service**

A. Safety

We will work safely, watch out for each other, and immediately report unsafe equipment, practices, or other conditions. No job is so important and no service is so urgent that we cannot take the time to perform our work safely.

B. Trust

We will continue to build trust among employees, directors, and our members through a commitment to member service, communication, and openness and transparency in our business dealings.

C. Accountability and Integrity

All directors and employees will assume personal accountability for acting in the best interests of PEC and its members and maintaining a successful organization. All directors and employees are expected to uphold the highest ethical standards and, in doing so, are expected to act with honesty and integrity, avoid any conflict of interest or appearance of self-dealing, refrain from

disclosing PEC confidential information, comply with applicable laws, regulations, and PEC governing documents, and maintain appropriate internal financial controls that allow for accurate reporting of financial information.

D. Respect

All directors and employees will treat each other, our members, and our business partners with fairness and respect. PEC values different backgrounds and beliefs and encourages the open dialogue that comes with that diversity.

E. Service

All directors and employees have a responsibility toward each other, our members, and the communities we serve to uphold the values of PEC in the provision of safe, reliable, and low-cost electric energy to our members. We also have a responsibility to protect PEC's assets and reputation for the benefit of our members and the communities we serve.

III. Enforcement

Every director and employee will receive a copy of this Code of Ethics and is responsible for understanding the provisions of this Code of Ethics and ensuring his or her compliance with it. The CEO is responsible for enforcement of this Code of Ethics, except in instances where the CEO or a director is alleged to have violated this Code of Ethics. In such instances, the Board of Directors shall be responsible for the enforcement of this Code of Ethics.

Every director and employee is responsible for reporting suspected violations of this Code of Ethics in a timely manner in accordance with PEC's Whistleblower Policy. Any director or employee who reports a suspected violation in good faith and based on a reasonable belief may do so without fear of harassment, retaliation, or retribution in accordance with PEC's Whistleblower Policy. Directors and employees who violate any laws, rules, regulations, PEC governing documents, or this Code of Ethics may face appropriate disciplinary action in accordance with PEC's governing documents and policies.