



# Ethics & Compliance



Do the Right Thing

# Table of Contents

A Statement of Ethics .....	1
Values, Principles and Standards.....	1
Ethics & Compliance Program.....	2
Program Overview .....	2
Assistance .....	2
Reporting Violations .....	2
Retaliation Prohibited.....	3
EthicsPoint .....	4
Principles of Business Conduct .....	5
Commitment to Employees.....	5
Culture of Inclusion .....	5
Equal Employment Opportunity.....	5
Employee Safety and Health .....	6
Harassment-Free Workplace .....	6
- Sexual Harassment.....	6
Americans with Disabilities Act.....	7
Workplace Free of Drugs and Alcohol.....	7
Violence-Free Workplace .....	8
Human Rights and Freedom of Association .....	8
Relationships with Customers, Suppliers and Competitors .....	9
Conflicts of Interest .....	9
Reporting a Conflict of Interest.....	9
Gifts, Gratuities and Other Favors .....	10
Outside Employment .....	11
Political, Community and Professional Activities.....	11
Antitrust / Fair Competition.....	12
Stewardship of Corporate Assets.....	13
Insider Trading.....	13
Company Property .....	14
Integrity of Company Data and Records, Accounting and Disclosures .....	15
Company Data and Records Management.....	15
Confidential Information .....	16
- Customer, Supplier, and Employee Information.....	16
- Competitive Intelligence.....	16
- Intellectual Property.....	16
- Disclosures Required by Law.....	17
- Federal and State Rules Governing Confidential Information.....	17
Copyright Protection.....	17
- Computer Software .....	17
- Publications.....	18
Electronic Communications & Information Security.....	18
Responsibilities to the Public .....	20
Environment.....	20
Regulatory Agencies .....	21
Ex Parte Communications .....	21
Anti-Corruption.....	22
Sarbanes-Oxley Act of 2002 .....	23
Foreign Corrupt Practices Act.....	24
Interactions with Government Officials .....	24
Doing Business with the Government .....	25
Communications with Shareholders.....	25
Media Relations.....	26
Contacts.....	27

Glossary of Terms  
 Visit the Ethics & Compliance  
 iConnect site to access a  
 Glossary of Terms used  
 throughout this code of  
 conduct.

# A Statement of Ethics



Do the Right Thing

## Values, Principles and Standards

**TXNM Energy\*** is committed to ethical conduct and legal compliance. Employees, officers, members of our TXNM Energy Board of Directors and all other Company agents and representatives are expected to uphold our Standards by observing both the letter and spirit of the law and applicable Company policies in every transaction.

Each of us must demonstrate a personal commitment to ethical behavior and follow the Company's Core Values. We must ensure that all our dealings are above reproach—with customers, co-workers, shareholders, our colleagues and in the communities we serve. At all times, we must treat others with respect, communicating openly and honestly while respecting the need for confidentiality whenever appropriate.

This DO THE RIGHT THING code of conduct (or "guidebook") is designed to help us better understand what this commitment means regarding our own responsibilities. It explains the Principles and expected behaviors that will help our Company meet its commitment to our high ethical Standards.

DO THE RIGHT THING applies to employees, officers, TXNM Energy Board of Directors and Company affiliates. Every person working within our Company is expected to act in conformity with the Principles expressed in this guidebook.

The Company prohibits any act that violates the law, applicable regulations, Company policies, procedures or these Principles. Violations are serious matters because they can put the Company and you at risk.

Therefore, violations can subject employees to disciplinary action and possible termination of employment. Certain violations may be referred to legal authorities for investigation and civil or criminal prosecution.

Every supervisor and manager is responsible for helping employees understand and comply with these Principles. In addition, those who work with us, such as contractors, suppliers, consultants, agents and other representatives, are also expected to adhere to standards no less stringent than those of TXNM Energy.

You play an important role in making sure the Company operates in a highly ethical manner. Do the Right Thing cannot address every conceivable circumstance you may encounter in your work life that might present an ethical challenge. Our Core Values, along with these guiding Principles, give you a framework for ethical decision-making.

It's your responsibility to familiarize yourself with all applicable laws, regulations, Company policies and procedures that may affect your work. It is also your responsibility to ask for guidance when you are unsure. As noted throughout this guidebook, there are many resources available to answer your questions and listen to your concerns.

**TXNM Energy Values** The Principles of Business Conduct outlined in DO THE RIGHT THING are grounded in our Core Values. The Company Core Values can be found on iConnect.

These **Principles** are not an express or implied contract and are not intended to be interpreted as a contract. To the contrary, they present guidelines and constitute a statement of principles to which all of us are held accountable.

This code of conduct is posted in its entirety on TXNM Energy.com and on iConnect.

\*TXNM Energy and Company are used interchangeably in this guidebook.



# Ethics & Compliance (E&C) Program

## Program Overview

**The Company's commitment** to business ethics and legal compliance is not new; we've had a corporate compliance program since 1994 which includes:

**You should seek assistance** before acting if you are ever uncertain of how to handle a specific legal or ethical situation. Initially, you should refer to this guidebook and talk to your supervisor.

However, if you feel your supervisor's response is inadequate, the situation is sensitive or you prefer to talk to someone else, you should contact the next higher level of management or other internal resources, including those listed at the end of this guidebook.

## Reporting Violations

**If you suspect or know** that an employee (or other business partner or Company representative) has violated the law or these Principles, you are obligated to report it to your supervisor, through EthicsPoint (see page 4) or to one of the resources listed in this guidebook. Once a violation is reported, the matter will be investigated for any necessary corrective or remedial action.

You can report violations without giving your name, but it is important that your report be made in good faith and that enough information be provided so that a reasonable inquiry can be conducted. Employees must cooperate in any investigation of violations and must provide truthful information.

To the extent permissible, the Company will keep confidential the identity of the employees about whom allegations are brought and the identity of anyone reporting possible violations. Some laws, however, require the Company to disclose criminal acts or violations of the law to regulatory agencies or other authorities.

TXNM Energy Board of Directors has adopted procedures for the submission of complaints or concerns regarding financial matters, including accounting and auditing issues or other matters which might involve violations of law. These procedures can be found on TXNM Energy.com.

**Q.** Am I required to report suspected violations of the law or **Principles of Business Conduct**?

**A.** Yes. If you suspect or know that an employee (or other business partner or Company representative) has violated the law or these **Principles**, you are obligated to report it to your supervisor, through EthicsPoint or to one of the other resources listed in this guidebook.

Should you have the need to make an anonymous report through EthicsPoint, please follow up as requested. Doing so will allow for dialogue while preserving your anonymity.

## Reporting Violations (continued)

The following are examples of ethics and compliance issues or improper practices that employees would need to report:

- accounting or audit irregularities
- insider trading
- antitrust or securities law violations
- fraud
- conflicts of interest
- falsification or unapproved destruction of Company data and records
- misuse of Company resources (proprietary information, time, goods, services, cash)
- kickbacks, bribes, unauthorized discounts or inappropriate gifts
- harassing or discriminatory behavior
- retaliation
- substance abuse
- wage/hour issues
- product quality concerns
- workplace safety (violence, threats, environmental hazards)
- compliance concerns involving Federal Energy Regulatory Commission (FERC) Code of Conduct and Standards of Conduct, the Texas Code of Conduct, or other affiliate or merchant rules and regulations
- other compliance issues relating to federal, state or local laws and regulations, including ex parte communications
- accessing inappropriate Internet sites

## Retaliation Prohibited

**TXNM Energy** does not tolerate retaliation against anyone who, in good faith, reports an actual or suspected violation of law or these Principles. Employees who do retaliate will be subject to disciplinary action, including the possibility of discharge from employment. Similarly, employees who provide false information in bad faith, with an intent to harm the Company or another person, will be subject to disciplinary action, including the possibility of discharge from employment. If you believe you are experiencing retaliation after having made a good faith report, immediately contact Ethics & Compliance Program Staff (E&C Program Staff) or report it through EthicsPoint (see next page).

**Retaliation definition:** Any action taken to “get even” with or punish an individual for engaging in a protected activity. Examples of protected activities would include reporting an incident of harassment or discrimination, reporting fraudulent business practices or participating in a workplace investigation of a claim. Retaliation includes verbal and non-verbal behaviors, threats, intimidation and manipulation of employment status, job duties or benefits.

**Q.** If I report a violation, will the information be kept confidential?

**A.** Yes. To the extent permissible under law, the Company will keep confidential all information provided, the identity of any employees about whom allegations are brought and the identity of anyone reporting possible violations.

**Q.** What do I do if I feel I am experiencing retaliation after making a report?

**A.** Retaliation is strictly prohibited and will not be tolerated. If you believe you are experiencing retaliation after making a good faith report, report it through EthicsPoint or E&C Program Staff. Contact information is available on the E&C iConnect site.



# E&C Program

## EthicsPoint

**EthicsPoint** is an anonymous reporting option available to employees 24 hours a day, seven days a week. It is operated by an independent company that provides similar services to hundreds of companies nationwide, including our Company.

### When questions or issues arise, consider consulting:

- Your supervisor
- Other members of management
- An Ethics & Compliance Representative (ECR)
- The Company's conflict resolution processes

If you feel uncomfortable using the internal processes above, EthicsPoint is an option for anonymously or confidentially asking questions or reporting a suspected violation.

You can call the Integrity Line to speak with a trained interview specialist or you can use the online reporting feature. If you call the Integrity Line, your phone number is not displayed and your call is not recorded. With either the phone or online reporting avenue, you may give your name or remain anonymous. If you give your name, a company representative will contact you.

Your concern will be relayed to and addressed by the E&C Program Staff. Outside counsel or other designated personnel in Audit Services, Human Resources, Safety, the Law Department or the Board's Audit and Ethics Committee may be called upon to assist in investigations.

***If you choose to remain anonymous, follow-up on your report is essential*** to successful issue resolution. To ensure confidentiality, you will be asked to select a password and will be assigned a unique report key to use when following up on a report. Both the phone line and online options are available to relay additional information, ask questions or to confirm the matter is being addressed.

Bear in mind that personnel actions may be involved in addressing ethics or compliance issues. As these details must be kept confidential, you will likely not be advised of specific investigatory outcomes or of any resulting disciplinary actions taken.

**Q.** I overheard a supervisor who works outside my department making inappropriate comments about a co-worker's religious beliefs during a meeting. I know that was wrong, but what should I do?

**A.** You should raise your concerns to your supervisor. If that is not an option, speak with a representative from the Law Department or Human Resources. You could also consult with an Ethics & Compliance Representative (ECR), E&C Program Staff or report through EthicsPoint.

**Q.** If I make an anonymous report through the Integrity Line, how will I know that something is being done?

**A.** When you place your call, the Integrity Line interview specialist will give you a code number and a date to call back. While you are not required to make a follow-up call, doing so provides a unique opportunity.

While maintaining your anonymity, any additional information that might be needed to complete an inquiry or investigation can be gathered in this follow-up call. Also, the Integrity Line interview specialist will advise you on the progress of the investigation.

When you make an online report, you can easily check status by using the unique report key received when you submitted the report.

When you call the Integrity Line at 1-888-840-4158 or use the website to ask questions or relay concerns, please follow-up as requested. Continued communication through the Integrity Line is essential to resolving issues. Visit the Ethics & Compliance site on iConnect for more information on reporting actual or suspected violations. See inside back cover for the online reporting link.

# Commitment to Employees



Do the Right Thing

## Culture of Inclusion

The Company is committed to fostering, cultivating and preserving a culture of inclusion.

Our employees are the most valuable resource we have - the collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of our culture, contributing to the Company's reputation and achievements.

We strive to attract and retain a diverse workforce and to create an environment that encourages collaboration, flexibility, and fairness where everyone has the opportunity for growth and development. We are proud to employ individuals from all segments of our society and recognize the tremendous value that our employees' backgrounds and perspectives bring to our organization. Achieving our Company goals depends not only on utilizing our unique skills and abilities, but also on how we get the job done. We have established workplace and employment principles to help support a culture of inclusion where employees are treated fairly and with dignity and respect. By following our Principles of Business Conduct and using our Core Values to guide the way, we will have a great place to work.

For additional information, refer to TXNM Energy Policy 102.

## Equal Employment Opportunity

We are committed to being an Equal Employment Opportunity employer. We recruit, hire, train and promote into all job levels qualified employees and applicants for employment without regard to race, color, religion, age, sex, national origin, pregnancy, sexual orientation, gender identity, physical or mental disability, genetic information, military or veteran status or any characteristic protected by federal or state law. All employment decisions are based on individual merit, qualifications, and competence as they relate to the particular position.

The Company is committed to increasing opportunities for the advancement and training of all employees. As a federal contractor, the Company will take affirmative action in the recruitment and employment of individuals with disabilities and protected veterans.

For additional information, refer to TXNM Energy Policy 102.

**Q.** I know we are supposed to report injuries, job-related illnesses, and accidents, but our work group's performance award depends on our incident rate going down. What does the Company really want?

**A.** You should always report job-related injuries, illnesses and accidents. Business or personal goals are not designed to compromise employee safety, which is one of the Company's **Core Values**. The safety goal is to eliminate injuries and accidents, and employee reporting can help determine the steps necessary to prevent future problems or accidents.

All employees are expected to:

- comply with safe work practices, processes and rules
- identify and coordinate training needs
- avail yourself of health and safety training opportunities and meet all training requirements
- comply with all applicable federal and state safety laws and regulations
- report unsafe conditions
- take measures to protect yourself and others from unsafe conditions



# Commitment to Employees

## Employee Safety and Health

**The Company is committed** to the continuous improvement of its safety program and the continual pursuit of zero personal injuries. Our ultimate objective is a safety culture and world-class safety performance that ensures the health and well being of all TXNM Energy employees, contractors, and the communities we serve.

For more information on compliance with health and safety requirements, contact your supervisor, Human Resources Consultant or your safety consultant. For more information, see Page 20 on our commitment to environmental health and safety, and consult our TXNM Energy Safety Policy 402.

## Harassment-Free Workplace

**We do not tolerate any form of harassment**, whether based on sex, race, color, religion, age, pregnancy, gender identity, sexual orientation, national origin, physical or mental disability, veteran status or any other protected status as specified under local, state or federal law. Harassment also includes “hazing” or other inappropriate activities directed toward co-workers or retaliation against an employee who has made a charge of discrimination or testified, assisted or participated in an investigation or an inquiry into alleged misconduct.

In addition, we do not tolerate any form of aggressive act that deprives an employee of the right to work in an environment free from discriminatory intimidation, ridicule, insult or violence.

For more information, refer to TXNM Energy Policy 103. To get help with issues involving harassment in the workplace, contact your supervisor, E&C Program Staff, Human Resources Consultant or your Law Department representative. A listing of contacts is on the back inside cover of this guidebook and on iConnect.

**Sexual Harassment.** Harassment on the basis of sex is against the law.

Examples of this inappropriate behavior include:

- unwelcome sexual advances
- requests for sexual favors
- other verbal or physical conduct of a sexual nature

We are committed to providing a work environment free of sexual harassment and expect all employees to do their part to make sure we reach that goal. You must report complaints of sexual harassment to your supervisor, Human Resources or your Law Department representative.

Managers and supervisors are responsible for:

- implementing all aspects of Company policy prohibiting sexual harassment
- taking all steps necessary to prevent sexual harassment from occurring
- promptly reporting and correcting any such behavior
- contacting Human Resources or their Law Department representative for help with correcting sexual harassment, determining appropriate procedures to be followed and issuing discipline

**Q.** Can sexual harassment occur between members of the same sex?

**A.** Yes. For example, verbal or physical conduct of a sexual nature need not be directed at a member of the opposite sex in order for it to be offensive and prohibited.

**Q.** I told a sexually suggestive joke in a meeting and everyone laughed, both men and women. Isn't that okay?

**A.** Any joke of a sexual or racial nature is improper. Sometimes people laugh to cover up embarrassment or discomfort. You can't assume a joke is acceptable just because nobody objects at the time.

**Q.** One of my team members is always insulting another team member. This person makes everyone else in our work group feel uncomfortable. What can I do?

**A.** Every member of your team deserves respect. Your co-worker is not acting in a manner consistent with our **Core Values**. The co-worker should be made aware that his or her actions are affecting others. If you feel comfortable and safe doing so, you can talk to this person yourself. If not, you should alert your supervisor about the situation immediately.

# Commitment to Employees



Do the Right Thing

## The Americans With Disabilities Act

**The Americans with Disabilities Act (ADA)** and its amendments are federal laws that prohibit employers with 15 or more employees from discriminating against qualified individuals with disabilities and, when needed, employers must provide reasonable accommodations to applicants and employees who are qualified for a job, with or without reasonable accommodation, so that they may perform the essential job duties of the position held or desired. The ADA also prohibits discrimination against individuals because of their known relationship or association with a person with a known disability.

It is the policy of TXNM Energy to comply with all federal and state laws concerning the employment of persons with disabilities and to act in accordance with regulations and guidance issued by the Equal Employment Opportunity Commission (EEOC). Furthermore, it is the Company's policy not to discriminate against qualified individuals with disabilities with regard to application procedures, hiring, advancement, discipline, discharge, compensation, training or other terms, conditions and privileges of employment.

The Company reasonably accommodates qualified individuals with a disability so that they can perform the essential functions of the job unless doing so causes an "undue hardship" to the Company (i.e., too costly or disruptive to the business or its employees). Employees who pose a direct threat to the health or safety of themselves or others which cannot be reasonably accommodated to eliminate or sufficiently reduce the threat, will not be allowed to work in that particular position.

For additional information, refer to TXNM Energy Policy 139.

## Workplace Free of Drugs and Alcohol

**We are committed** to a drug- and alcohol-free workplace. The trust and confidence of our customers and shareholders, as well as the safety of our employees and the energy systems we operate, depend on a workplace free from the effects of substance abuse. Illegal use of controlled substances or the abuse of alcohol negatively affects productivity, attendance and on-the-job safety.

We are forbidden from selling, distributing, possessing, transferring, using or being under the influence of alcohol or illegal drugs during the work day, on Company time, in private vehicles when conducting Company business or at any time while on Company property or in Company vehicles. Illegal drug use is forbidden at any time, whether on or off the job.

For more information about the Company drug and alcohol policy and random drug testing, refer to TXNM Energy Policy 404, or contact your supervisor or Human Resources.

**Q.** During the holidays, an inexpensive bottle of wine was delivered to me at the office as a small thank you from a business associate. Is it against Company policy to receive a gift like this, especially on Company premises?

**A.** No, the gift is probably OK. Since it does not appear to be a pricey item, it would not seem to violate our gift policy, which requires that excessive gifts from vendors be refused. It would, however, be important that the **unopened** gift be taken home promptly and only be consumed after-hours—not on Company property or while on Company time. Recognizing that holiday gifts of this kind are fairly common, our drug and alcohol policy allows this sort of brief alcohol "possession."

**Q.** What should I do if I see a potentially violent situation developing between two of my co-workers?

**A.** If you witness a life-threatening event, immediately call 911.

Also take immediate action if you see or hear any situation that carries the potential for violence.

- In those facilities with Security staff, notify Security first then your supervisor and your group's Human Resources Consultant.
- In those facilities without Security staff, contact your supervisor and your group's Human Resources Consultant. The supervisor or Consultant should notify Human Resources Corporate Security after the appropriate action has been taken.

# Commitment to Employees

## Violence-Free Workplace

**We stress the importance** of safety and security in our workplace and strive to provide safe and secure working conditions for all employees. We do not tolerate violence in any form by any person. Violence includes, but is not limited to, any form of the following:

- written, verbal or nonverbal threats or gestures that cause another person to fear for his or her safety or the safety of others
- physical confrontation or aggression toward any person(s)
- threatening, injuring or attempting to injure someone

For more information on policies and procedures regarding workplace violence, contact your supervisor, Human Resources, an ECR or refer to TXNM Energy Policy 403.

## Human Rights and Freedom of Association

**TXNM Energy is committed** to supporting and promoting human rights that benefit all our stakeholders, including our customers, employees, shareholders, investors, and the communities in which we live and operate.

We support and encourage inclusion within our business and the organizations with which we do business by maintaining workplaces that are free from discrimination, harassment and retaliation. We are committed to providing equal opportunities for all employees, eliminating all illegal discriminatory practices and promoting a work environment that is free from harassment, violence and intimidation.

We are committed to preventing and prohibiting forced labor of any kind, including all forms of modern-day slavery or human trafficking.

We do not engage in or condone the unlawful employment or exploitation of children.

We recognize and respect the right of employees and the principles of freedom of association and collective bargaining. Employees have the right to join or form unions of their own choosing and to bargain collectively. Employee representatives are not discriminated against and have access to carry out their representative functions in the workplace.

# Relationships with Customers, Suppliers and Competitors



Do the Right Thing

## Conflicts of Interest

A **conflict of interest** can occur when our positions or responsibilities at the Company present an opportunity for personal gain. Conflicts can also arise when our personal or financial interests are inconsistent with Company interests.

All employees have the responsibility to avoid any situation or relationship that can cause a conflict of interest or create the appearance of a conflict of interest. The Company does not regulate or interfere with employees' personal activities unless they adversely affect Company interests, the workplace or work performance.

## Reporting a Conflict of Interest

**All employees and job applicants** must disclose any actual or potential conflicts of interest. We are expected to discuss our particular situations with our supervisor to ensure appropriate steps are in place to avoid a conflict of interest, including impact on our job performance.

We have a tool to monitor compliance with Do the Right Thing and to promptly resolve actual or potential conflicts.

For more information regarding this tool and conflicts of interest, refer to TXNM Energy Policies 105 and 135.

Upon hire, employees are required to complete an Ethics and Compliance Affirmation designed to surface potential conflicts so they can be addressed in a reasonable and timely manner. Additionally, employees are required to submit an updated Ethics and Compliance Affirmation:

- whenever their circumstances change in a way that could present a conflict of interest
- periodically as notified by the Company

**Q.** I have a personal business and have catalogs that advertise my products. Is it OK for me to give out catalogs to my co-workers?

**A.** While it is OK to let your co-workers know that you have a personal business, you should not use Company time and resources to conduct your business.



# Relationships with Customers, Suppliers and Competitors

## Gifts, Gratuities and Other Favors

**Building relationships with** customers, suppliers, vendors or contractors is an integral part of doing business. When receiving or giving gifts, gratuities and other favors, we must be careful to avoid any potential or actual conflict of interest, improper influence, or the appearance of improper influence. Common sense and good judgment must be used when deciding to accept or give gifts, gratuities, invitations or other favors.

In general, gifts, gratuities and invitations of appropriate and not excessive value may be accepted or given. These can include items such as sales promotion items, occasional meals or entertainment that are:

- appropriate to the business relationship
- of reasonable value
- extended in the ordinary course of business
- reciprocated
- not to improperly influence
- open and transparent

### **Specific prohibitions include:**

- cash, cash equivalents (for example anything that is redeemable for cash or credit)
- gifts or invitations that would place you in a position (or creates the appearance you are in a position) of being obligated to a person or company with whom the Company does business
- favors, gifts, or anything of value, including meals, transportation or entertainment offered to an agency or government employee, agent or representative that violates agency or governmental rules or restrictions
- any favors or gifts that will result in an appearance of impropriety

Transportation, travel and hotel expenses can be paid by a supplier, vendor or contractor so long as the expenses are in line with the provisions stated above and are for legitimate business or projects.

We must avoid accepting or extending gifts, gratuities or invitations that can create or appear to create a sense of obligation or appearance of favoritism of one employee, vendor or customer over another.

If you are unsure if accepting a gift is acceptable or prohibited, check with your supervisor, an ECR or E&C Program Staff.

# Relationships with Customers, Suppliers and Competitors



Do the Right Thing

## Outside Employment

**The Company discourages**, but does not prohibit, employees from working in self-employment or for another employer. Working elsewhere on one's own time or accepting outside employment is subject to certain conditions.

We may not engage in outside employment, consulting or contracting that:

- interferes with effective performance of Company business
- creates or appears to create a conflict of interest
- biases or appears to bias independence and objectivity in using judgment on the Company's behalf
- is detrimental to the Company's interests
- reveals confidential or proprietary information about the Company

Employees working outside the Company may be ineligible to receive all or part of the Company's medical, dental or other benefits and Workers' Compensation payments if injured or disabled during, or resulting from, such outside employment. Employees may not use any Company-owned vehicles, equipment, supplies, tools or wear clothing with Company insignia, while performing outside employment.

Supervisors are responsible for assisting employees and should seek guidance from E&C Program Staff when questions arise regarding conflicts of interest to assure compliance with TXNM Energy Conflict of Interest Policy 135 and these Principles of Business Conduct.

## Political, Community and Professional Activities

**The Company is proud of its record** as a good corporate citizen and encourages employees to participate in community activities, civic or charitable projects and business or professional associations. We also encourage our employees, as individuals, to take an active interest in local, state and national government.

Employees must be careful, however, to avoid participation that could adversely affect job performance, cause a conflict of interest or harm the reputation of the Company. For more information on potential conflicts of interest, please refer to TXNM Energy Conflict of Interest Policy 135, talk with your supervisor or contact E&C Program Staff.

**Q.** I've been working at a TXNM Energy plant for 20 years and one of the Company's vendors has asked me to help them with a project at a non-TXNM Energy power plant. Is it okay for me to do this job during my off hours?

**A.** You need to discuss this matter with your supervisor to determine if it presents a direct conflict with Company interests. You may also need to discuss with an ECR. Some of the factors that should be considered are:

- the actual work you would be doing
- how the job will affect your work at TXNM Energy
- the relationship between TXNM Energy and the vendor

If no conflict exists and you take the job, you should fill out an Ethics and Compliance Affirmation.

---

**Q.** To support my family, I really need to have a second job. I've been offered a position at a local greeting card store. Do I need to tell my supervisor and fill out an Ethics and Compliance Affirmation?

**A.** Talk with your supervisor to make sure no conflicts will be presented by you taking a second job. Although this particular position does not seem to be a direct conflict with Company interests, you should fill out an Ethics and Compliance Affirmation if you accept the position. Please refer to TXNM Energy Conflict of Interest Policy 135 for more detail on this subject.



# Relationships with Customers, Suppliers and Competitors

## Antitrust / Fair Competition

**Antitrust laws promote and protect** free competition among businesses. Activities that restrict free competition or allow a company or group of companies to dominate a market may violate federal or state antitrust laws.

For example, antitrust laws generally prohibit anti-competitive conduct, including agreements among companies to restrain free trade. These laws also generally prohibit efforts by companies to monopolize the marketplace, fix and control prices, boycott certain customers or suppliers, or allocate markets or customers.

If you interact with competitors, customers or suppliers, you must take care to avoid antitrust violations, especially if you have pricing authority or knowledge. You also must be aware of any circumstances that could invoke the antitrust laws or other laws governing fair competition and business practices. Violations can expose the Company and individuals to criminal penalties, large fines and civil lawsuits that could limit the Company's ability to carry on its business.

This summary of the principles of antitrust law is intended to assist us in determining when we should ask questions and seek legal advice. Antitrust laws are complex.

If doubts arise about whether an activity or transaction may violate antitrust laws, refer to the Company's *Antitrust and Fair Competition Compliance Guide*. This Guide is available from the Law Department or the E&C Program office.

**Q.** We're always being encouraged to look to "best practices" in the industry. Is there a danger in talking to representatives from other companies about what we're doing?

**A.** It is possible. Particular risk areas include product pricing, allocating service territories, etc. When in doubt, talk to Company counsel before discussing competitive Company practices or processes with others.

**Q.** Can I agree with a competitor not to buy power from another third company if it goes above a certain dollar limit?

**A.** Absolutely not. Any agreement between competitors relating to boycotting a particular company is against antitrust laws and regulations, regardless of whether or not various competitors believe the price is not appropriate. TXNM Energy makes its own decisions regarding who it will work with, not in consultation with any competitor.

### Fair Competition Guidelines – At all times we must:

- be accurate and truthful in all dealings with competitors, customers and suppliers
- accurately represent products and services
- use care not to engage in conduct that may be prohibited under the antitrust laws or other laws governing fair competition and business practices in attending industry or trade meetings and in dealing with competitors, customers and suppliers

# Stewardship of Corporate Assets



Do the Right Thing

## Insider Trading

Each of us must serve as good stewards of the Company assets provided for our use and of the information we gain in our respective roles. We must protect the equipment entrusted to us, appropriately manage and use data and records, and avoid insider trading.

**Insider trading** is the use of “inside information” (material information obtained about a company before it becomes known publicly) to decide whether to purchase or sell the Company’s securities (e.g., stocks, bonds, options, etc.). Inside information can include:

- financial results
- financial forecasts
- changes in dividends
- proposed mergers or acquisitions
- information concerning changes in management
- the gain or loss of a significant customer or supplier

It is illegal as well as unethical for any officer, director or employee to trade using inside information or give that information to anyone else so that they can trade before the general public is aware of the information. Company policy, therefore, prohibits the use or disclosure—either intentionally or by mistake—of inside information about TXNM Energy for the purpose of buying or selling securities. Securities laws violations are taken very seriously and can result in large civil and criminal penalties against companies and individuals.

### Before trading, ask yourself these questions:

- Does the information make me want to buy (or sell) the Company’s stock?
- Has an official public announcement been reported and absorbed by the market (usually two trading days following the date of the public disclosure)?
- If the newspaper published what I know, would it make the Company’s stock rise (or fall)?
- How would the trade I’m considering look to government prosecutors if it became the subject of an investigation?

For more information on insider trading rules, consult our TXNM Energy Policy 601 and contact your Law Department representative.

**Q.** I am not an officer or director requiring pre-clearance under Company policy prior to trading. Does the Company insider trading policy apply to me?

**A.** Yes. Even though you may not be required to obtain pre-clearance from the Company’s General Counsel before trading, you still must comply with the Insider Trading Policy. If you have access to internal financial information of TXNM Energy and its affiliates, you should not buy or sell the Company’s securities during the established black-out periods. All employees, even those not having access to internal financial information, must avoid trading at any time they are in the possession of any material, non-public information.

**Q.** I have access to our earnings information before it is released and know that giving out the exact information before it’s filed with the SEC would be insider trading. What if someone asks me about the results before the filing? Can I give them a vague idea of the results?

**A.** No. Disclosures of non-public information of any type—even gestures or hints—are strictly prohibited. Non-public information should only be discussed among employees who have a business reason to know.



# Stewardship of Corporate Assets

## Company Property

**Each of us is responsible** for safeguarding against theft, loss and misuse of the Company property we use to do our job. Company property includes:

- physical assets such as buildings, vehicles, office equipment, telephones, tools, materials, supplies, computers and similar assets
- intangible assets such as computer programs and data, Company records, proprietary information and intellectual property, such as patents, copyrights and trademarks
- the property of others for which the Company is responsible, such as equipment, proprietary information and reports, computing resources or computer programs that are leased or loaned to the Company

While Company property is to be used for business purposes, your supervisor can authorize occasional personal use, including:

- local telephone calls
- voice mail messaging
- emails
- fax machines
- computer software
- certain Internet access

Use of the property, however, must not violate the Principles expressed in this document, licensing or other agreements, or other Company policies and procedures.

**Q.** Can I use my Company computer for my community volunteer activities?

**A.** The answer here is “generally, yes.” You should always check with your supervisor before using your computer for personal use.

Here are additional guidelines to keep in mind when using Company property:

- Company property, equipment, resources or services cannot be used for personal gain – this is prohibited.
- Get your supervisor’s approval before using Company resources for community or charitable activities.
- Safeguard your computer hardware, software and data stored electronically against damage, loss, unauthorized alteration, theft or unauthorized access.
- Protect and keep confidential your computer passwords and other personal computer systems and network access information.

For more information, refer to the Electronic Communications and Information Security section on Page 18 of this guidebook or call Business Technology Services Information Security personnel. Also, see our Information Management Policies: Information Security Policy 302 and the Information Security Manual 302.2.

# Stewardship of Corporate Assets



Do the Right Thing

## Integrity of Company Data and Records, Accounting and Disclosures

**The law requires** that all business records be accurate and reliable. Accurate records also are critical to the Company's decision-making process and efficient management. That is why the Company requires that all expense reports, vouchers, bills, payrolls, time sheets, medical claim forms, reports of customer contacts and other records and reports be completed with care and honesty.

In addition, shareholders, regulators, investors, lending institutions and others depend on the truthfulness of our Company information. Therefore, all disclosures in Company filings and reports must be full, fair, accurate and timely and written in clear and understandable language.

To help make sure its financial records and reports are accurate, the Company maintains internal controls over financial reporting and accounting. The internal controls require that you record and report all business and financial transactions in accordance with Company policies and procedures, applicable laws and accounting standards.

You must never create any false or misleading financial record or report, even if you believe the effect would be harmless. In all the Company's operations, it is against policy for any employee, officer or member of TXNM Energy Board of Directors to cause the Company's data, records or reports to be inaccurate in any way.

## Company Data and Records Management

**A key feature** of our Company data and records management program involves use of the Records & Information Management Services (RIMS). RIMS keeps and protects official records as well as confidential and vital information so that we will have the ability to respond to internal and external inquiries in a timely manner. Effective Company data and records management also means retaining only information that is required and properly disposing of records and copies that no longer meet any compliance or business requirements.

To ensure that the data and records management and disposal process is consistent across the Company, a record retention schedule has been established. This schedule lists the retention requirements for all official records produced within the Company. Make sure the Company data and records for which you have responsibility are kept in compliance with the record retention schedule. Remember that when the Company becomes aware of an imminent government investigation, audit or litigation, the destruction of documents related to the investigation, audit or litigation is prohibited. For additional guidance, contact your supervisor or a representative from the Law Department, Audit Services or RIMS. Refer to our TXNM Energy Policy 219 for more information.

**Q.** If I have a concern about the maintenance of Company data, books or records, what should I do?

**A.** You should report the matter immediately to your supervisor, RIMS, the Law Department, E&C Program Staff or the Audit and Ethics Committee of the TXNM Energy Board of Directors.

You also can report the concern through EthicsPoint

**Q.** What is my responsibility for Company records?

**A.** You are responsible for the integrity, maintenance and proper disposal of all Company data and records in your possession. You should contact RIMS before destroying records or if you have any questions.

**Q.** I don't have time to check all the invoices that come across my desk. Isn't it the responsibility of the person who prepared it and the employee who submitted it to make sure an invoice is correct?

**A.** Each of us is responsible for making sure all invoices and reports are filled out correctly. If you are approving an invoice, you are responsible for its accuracy.



# Stewardship of Corporate Assets

## Confidential Information

**Our information and business data** – and the security of that information and data – is crucial to our success. Company information (or information that the Company maintains on behalf of its employees, customers, suppliers, agents or other representatives) that hasn't been publicly disclosed should be treated as confidential.

Such information, whether verbal, written or stored on electronic media, includes non-public information on products, services, methods, systems, internal reports, analyses, financial data, business plans and marketing methods.

You have a critical role in protecting confidential information against misuse, improper disclosure or unauthorized destruction. You must hold confidential information you acquire through your employment in the strictest confidence and, except for a business reason or where legally required, must not disclose it to anyone, not even family members. The information is never to be used for personal gain or to compete with the Company. Your obligation to protect confidential information is in effect while you're employed by the Company and even after your employment ends. In addition, if you received confidential information or trade secrets from a previous employer, you have an obligation to avoid disclosing it to the Company or Company personnel.

**Customer, Supplier and Employee Information.** We must take great care in handling information that has been entrusted to us by our customers, suppliers, agents and co-workers. Only those who have a business need to know should have access to the information unless the customer, supplier, agent or employee authorizes the release or the law requires disclosure. If doubts arise about releasing such information, contact your supervisor, ECR or Law Department representative before releasing the information.

**Competitive Intelligence.** It is a legitimate business practice for the Company to be interested in information concerning competitors, including competitive prices. Where such information has been acquired from public sources and in the proper manner, it's acceptable to disseminate it within the Company for use in making business decisions. While we may seek competitive information and record certain unsolicited information, we will not seek, with the aid of misrepresentation, coercion or other improper means, the confidential information of another company. We will not engage in industrial espionage or theft of proprietary information.

**Intellectual Property.** Company trade secrets and other intellectual property often result from a significant investment of Company resources. Such intellectual property is an important Company asset that helps with our competitive advantage in increasingly competitive business environments and therefore must be protected. We should take measures to protect the Company's intellectual property and to avoid infringing on the intellectual property rights of others.

**Q.** As a Company employee, what are some common examples of "intellectual property" that I would need to protect?

**A.** Examples of "intellectual property" include Company business or marketing plans, new technologies, products, patents, services, applications or systems.

# Stewardship of Corporate Assets



Do the Right Thing

## Confidential Information (continued)

**Disclosures Required by Law.** We must cooperate with reasonable requests for information from government agencies and regulators. Before disclosing the information, consult with your Law Department representative to determine what disclosure is required. All information provided must be truthful and accurate.

**Federal and State Rules Governing Confidential Information.** There are rules at the Federal level that govern the sharing of confidential information. The FERC Code of Conduct restricts the exchange of non-public marketing and trading information between marketing affiliates. The FERC Standards of Conduct restricts non-public transmission information from being communicated to any marketing group. The Texas Code of Conduct applies to activities within the State of Texas and applies to TXNM Energy Shared Services and TNMP employees. These Federal and State rules should be adhered to at all times. If questions arise, contact our FERC and Texas Code of Conduct compliance officers in Regulatory Policy.

## Copyright Protection

**Copyrighted material** for use inside or outside the Company may not be reproduced without proper approval. This includes use of material in print, video, electronic format or any other form.

Examples of violations that may subject you and the Company to civil and criminal penalties, including fines and imprisonment:

- unauthorized photocopying
- unauthorized email distribution
- copying, distributing or storing copyright-protected files or programs (from sources such as the Internet or other electronic database services)

Even if the materials have no copyright notice, you should assume that someone has copyright ownership of those materials, and you should not copy them. Seek approval from the copyright owner or contact your Law Department representative.

**Computer Software.** We regularly license computer software from a variety of outside companies. We do not own this software or its related documentation and do not have the right to reproduce it unless authorized by the owner of the software. Your responsibilities in this area are to:

- use licensed software, including “off-the-shelf” software, strictly in accordance with the terms of the underlying license agreement
- not copy the software or documentation for personal or home use or on more than one PC or local area network unless expressly authorized under the license agreement and by your supervisor
- review with your Law Department representative the rights available under the license agreement and how to obtain authorization to make multiple copies of software for business use

**Q.** What are some examples of copyrighted material?

**A.** Examples include:

- computer programs
- professional journals
- newspapers
- magazines
- books
- advertisements
- cartoons
- artwork
- musical recordings
- website content
- seminar materials
- presentations
- photography
- motion pictures
- music videos



# Stewardship of Corporate Assets

**Q.** May I make personal use of the Internet before, during or after normal working hours?

**A.** Company policy states that computers, Internet access and e-mail are provided for business purposes, even outside work hours. However, incidental personal use is allowed with your supervisor's approval.

Keep the following in mind regarding personal use of your computer and other electronic tools:

- We must have supervisory approval.
- Our use should not be excessive or overburden Company systems.
- We must not use Company computers, e-mail or the Internet to run a personal business.
- We must not use our Company tools to take part in an illegal activity.
- Our use of the Internet must not interfere with our own job performance or our coworkers' job performance.
- We must not access pornographic, offensive or inappropriate websites.
- Internet usage is monitored.

## Copyright Protection (continued)

**Publications.** We have purchased the right to make copies of certain published materials for internal business purposes. That right is set out in a licensing agreement with the Copyright Clearance Center (CCC). To find out if a particular publication is covered by this agreement, contact your Law Department representative. Copying from other publications is prohibited, except with the prior authorization of the copyright owner or upon advice of legal counsel.

For more copying guidelines, contact your Law Department representative.

## Electronic Communications & Information Security

**TXNM Energy information and information systems** are critical and very valuable Company assets. Employees are responsible for the proper use and protection of those assets.

The purpose of information security is to protect information assets from all types of threats, whether internal, external, deliberate or accidental. Information security also assures the confidentiality, integrity and availability of information and information systems to authorized users. Employees using Company information assets must take appropriate actions necessary to protect the information and information systems from accidental or unauthorized access, modifications, destruction, disclosures, inappropriate use or loss.

We have access to various electronic and telephone communication systems to help us perform our job. These systems include:

- e-mail
- voice mail
- pager
- telephone/cell phone
- fax machine
- Internet and iConnect access
- personal digital assistant and other electronic devices

These electronic information and communication systems are provided for business purposes. While it's possible that your supervisor may authorize occasional personal use, your use must be appropriate for a business environment. Your use also must fully comply with these Principles of Business Conduct, Company policies, procedures, and applicable laws and regulations.

Information that we create or disseminate via the Company's communications systems and electronic media is not private. In conformance with applicable state or federal laws, authorized Company representatives may periodically access and monitor the use of the Company's electronic communication systems or electronically created or stored data. They also may access information as necessary for business operations or when there is reason to believe that inappropriate use has taken place.

# Stewardship of Corporate Assets



Do the Right Thing

## Electronic Communications & Information Security (continued)

### Examples of inappropriate use of systems:

- viewing pornography, offensive or inappropriate content
- behavior that is wasteful of Company time or resources
- activities that are unlawful, malicious, hostile, abusive, objectionable or misrepresentative of oneself or the Company
- use that could harm or disrupt networks and systems
- communications that include confidential, proprietary or derogatory information about the Company

For more information, please review Information Security Policy 302, including the Information Security Manual 302.2. You may also contact your supervisor, Human Resources or Business Technology Services Information Security personnel.

**Q.** Some Internet sites have non-descriptive names. What happens if I accidentally access an inappropriate site?

**A.** Immediately leave the website, don't browse around and don't display any of the pictures on your screen. It is fairly easy to tell that you are in an inappropriate site as soon as you get there. Let your supervisor know that you accidentally accessed the site and how it happened.

---

**Q.** What if someone sends me something that is inappropriate or even pornographic? Can I be disciplined or fired even though I did not request such emails?

**A.** Immediately report receipt of pornographic, offensive or inappropriate emails to your supervisor.

If you receive junk e-mail or spam, do not respond to the 'unsubscribe' link – just delete the e-mail.

If you receive numerous unsolicited or inappropriate messages or spam, talk to your supervisor and then contact the Service Desk.

The Company will not discipline you for others' indiscretions as long as you take these reasonable steps.



# Responsibilities to the Public

## Environment

**As members of the communities** we serve, we share a common interest in ensuring the quality of our environment today and for future generations. Our Corporate Environmental Policy 501 calls on us to grow our business and improve shareholder value while protecting, preserving and wisely using natural resources. We must be sure that our business decisions balance environmental, social and economic considerations.

The Company is committed to excellence and continuous improvement in environmental performance. The Company is fully committed to implementing the Corporate Environmental Policy throughout all its operations, activities and services.

The Environmental Management System (EMS) provides employees with a plan of action for executing and demonstrating environmental stewardship. All employees will use natural resources and energy efficiently to reduce or eliminate waste. We will minimize and responsibly manage the environmental impacts and risks of operations. We will make environmental protection and stewardship integral to facility design, construction, operation and maintenance, as well as business planning and employee and management training.

In this effort, it is important to remember that the Company's facilities and operations are subject to regulation by federal, state, Native American and local governmental agencies charged with preservation of cultural and historic resources, the conservation of wildlife and protection of the natural environment.

We must familiarize ourselves and comply with all applicable environmental laws, regulations and internal Company environmental policies and procedures. We must be aware of the Company's EMS for our facility or operational area and the performance metrics to which each area subscribes. Supervisors and managers have the additional responsibility to effectively communicate roles and responsibilities and ensure appropriate training for employees within the EMS and the applicable laws and obligations governing employee work activities.

The Company is committed to providing the resources, training and incentives to carry out our environmental commitment. We encourage all employees to use energy, water and other resources wisely and to conduct their personal and business lives to preserve the earth's environment for future generations.

For more information on environmental issues, contact your supervisor, Law Department representative or Environmental Services personnel.

**Q.** What does "sustainability" mean to TXNM Energy environmental efforts?

**A.** Sustainability is a business philosophy that balances economic, social and environmental objectives. Viewing our decisions through this lens allows TXNM Energy to better understand the trade-offs required to balance economic, social and environmental considerations.

# Responsibilities to the Public



Do the Right Thing

## Regulatory Agencies

We are subject to various types of regulatory requirements, depending on the particular businesses within which we are engaged. Our utility operations, in particular, are subject to the rules and regulations of multiple state and federal regulatory agencies regarding our customer rates, terms and conditions for service, system integrity and safety, etc. We also are subject to various laws and regulations pertaining to securities, standards of conduct, environmental protection, fair business practices, Company data and records, equal employment opportunities and numerous other areas of compliance.

### Codes of Conduct and Standards of Conduct

Do the Right Thing is our corporate code of conduct for employees, officers, TXNM Energy Board of Directors and Company affiliates. Some state and federal agencies have adopted codes of conduct or standards of conduct which establish rules governing relationships among our affiliates. Depending on the work you do, it may also be necessary for you to be knowledgeable about these rules. Contact your supervisor or Law Department representative to learn more.

## Ex Parte Communications

One of the Company's key values is personal integrity and honest communications. In keeping with this value, it is important that we understand and adhere to the laws and regulations governing ex parte communications. The Company authorizes only designated employees to communicate with regulatory agencies (e.g., the New Mexico Public Regulation Commission (NMPRC), the Public Utility Commission of Texas (PUCT), or FERC). If you are not sure whether you are one of these designated employees, please ask your supervisor. As employees, we should be aware of what constitutes an ex parte communication and what to do if an inadvertent ex parte communication occurs.

An ex parte communication is a direct or indirect communication with commissioners, their advisors and hearing examiners (agency staff) that deals with substantive matters or issues on the merits of a pending proceeding outside the presence and without the knowledge of all parties involved in the matter. Whether the communication is initiated by a party or by agency staff is unimportant. The purpose of not allowing an ex parte communication is to ensure that no party in a proceeding gains an unfair advantage.

The content of ex parte communication must be disclosed to allow the other parties to respond. Failure to do so could result in the Company being penalized, including having its application dismissed or denied. If you believe an ex parte communication with agency staff has occurred, immediately report the communication to your supervisor and your Law or Regulatory Department representative. If you have questions about communicating with agency staff or ex parte communications in general, consult with your Law or Regulatory Department representative.

**Q.** Where can I find additional information about ex parte communications?

**A.** Additional information about ex parte communications can be found at:

NMPRC – New Mexico Administrative Code, Title 1, Chapter 2, Part 3; NMSA 1978 Section 8-8-17.

PUCT – PUC Procedural Rule 22.3(b)(2); Tex. Gov't Code §2001.061; 2016 Administrative Law Handbook ([www.texasattorneygeneral.gov/og/open-government-related-publications](http://www.texasattorneygeneral.gov/og/open-government-related-publications)).

FERC – Legal Resources – Major Orders & Regulations – Off-the-Record Communications ([www.ferc.gov/legal/maj-ord-reg/land-docs/exparte.asp](http://www.ferc.gov/legal/maj-ord-reg/land-docs/exparte.asp))



# Responsibilities to the Public

## Ex Parte Communications (continued)

Discussed below are some examples of regulatory agencies treatment of ex parte communications. There are variations in interpretations by the different regulatory agencies, so it is important to exercise care when the potential for a prohibited communication arises and consult with your Law or Regulatory Department representative.

**New Mexico:** NMPRC rules prohibit ex parte communications in general, but communications with the advocacy staff (NMPRC personnel who present staff positions in Commission proceedings) are not prohibited. However, NMPRC requires the content of the communications to be disclosed immediately to all other parties. The NMPRC also prohibits ex parte communications about the substance of an adjudicatory proceeding that has not yet been filed but is expected to be filed in the near future. NMPRC rules prohibiting ex parte communication do not apply to uncontested proceedings.

**Texas:** PUCT Conduct Standards apply to all parties and their representatives regulated by the PUCT, as well as PUCT commissioners, staff and administrative law judges (ALJ). Except where specifically authorized, parties cannot communicate with a commissioner or ALJ assigned to render a decision in a contested case regarding that case, without notifying all other parties and allowing them to participate.

**FERC:** FERC rules govern “off-the-record” communications and prohibit ex parte communications in all contested on-the-record- proceedings in which there is a right to intervene and in which an intervenor disputes a material issue. This prohibition does not apply to “notice and comment” rulemakings or to uncontested proceedings.

## Anti-Corruption

**We are committed** to complying with all applicable laws, rules and/or regulations prohibiting fraud and corruption. The Company prohibits the influencing of or attempts to influence others by offering gifts or promises of reward or benefit.

TXNM Energy strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities, whether involving government officials or other commercial enterprises. A bribe or other improper payment to secure a business advantage is never acceptable and can expose individuals and the Company to possible criminal prosecution, reputational harm, or other serious consequences. This Policy applies to everyone at the Company including all directors, officers, employees and agents or other intermediaries acting on the Company’s behalf. Each director, officer and employee has a personal responsibility and obligation to conduct the Company’s business activities ethically and in compliance with all applicable laws. Failure to do so may result in disciplinary action, up to and including termination. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. These payments should not be confused with reasonable and limited expenditures for gifts, business entertainment and other legitimate activities directly related to the conduct of the Company’s business.

# Responsibilities to the Public



Do the Right Thing

## Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act (SOX) was passed by Congress in 2002 and imposes sweeping corporate governance and financial disclosure requirements on companies such as TXNM Energy. While our Company has had a strong compliance program in place for many years, we adopted processes and procedures and revised some existing ones to comply with SOX. These processes affect the work of some Company departments and many individual employees. SOX requires, for example, that public companies establish and maintain internal controls over financial reporting that mitigate the risk of fraudulent accounting. SOX also requires companies to disclose all relevant financial performance information publicly in a consistent, clear manner. Companies also must implement anonymous systems for employees to report allegations of wrongdoing. At TXNM Energy, our system for this anonymous reporting is EthicsPoint (see Page 4). In addition, SOX establishes auditor and director independence requirements and prohibits insider trades of Company securities during any blackout periods.

It is the Company's policy to comply with all aspects of SOX. Violation of SOX may subject the Company and employees, officers or directors to criminal and civil penalties. For more information on the requirements of this law and how it may affect you and your work, talk to your supervisor or a representative from SOX Compliance, Audit Services or the Law Department. For more information, please review TXNM Energy Policy 206.

**Q.** What is the Sarbanes-Oxley Act of 2002? What does it require?

**A.** In response to a series of U.S. corporate scandals the Sarbanes-Oxley Act of 2002 (sometimes called "SOX") was enacted to restore investor confidence.

Its purpose is to promote corporate responsibility, increase public disclosure and improve the quality and transparency of financial reporting and auditing.



# Responsibilities to the Public

**Q.** What's an example of prohibited dealings with government officials?

**A.** Employees may not offer, give or transfer anything of value to, or accept anything of value from, any official, employee or agent of any governmental entity with which the Company does business. The prohibition also applies to any governmental entity with which the Company is seeking to do business or has a regulatory relationship. Insignificant or inexpensive items may be provided only if allowed by law.

**Q.** What is meant by "items of value"?

**A.** Items of value include things like money, goods, services, entertainment or favors and are impermissible when they are given or offered as an inducement to obtain a particular outcome.

## Foreign Corrupt Practices Act

**The U.S. Foreign Corrupt Practices Act (FCPA)** makes certain conduct illegal by or on behalf of U.S. companies abroad. It is important to understand and comply with FCPA in all business dealings with foreign officials.

FCPA includes anti-bribery provisions that make it illegal to give anything of value directly or indirectly to foreign officials to obtain or keep business. FCPA also contains accounting provisions that require public companies to keep accurate data, books and records and an adequate system of internal accounting controls.

Violation of FCPA may subject the Company and employees, officers or directors to criminal and civil penalties. If your job involves dealings with foreign officials, you must make sure you understand your responsibilities under this law. Always contact your Law Department representative if you have any questions about doing business with foreign officials.

For more information on the many regulatory requirements affecting our business and the way we perform our jobs, contact your supervisor or a representative from Regulatory Policy or the Law Department.

## Interactions with Government Officials

**As a good corporate citizen**, we engage in the processes of our government. We also encourage our employees, as individuals, to take an active interest in local, state and national government. We may not, however, use Company funds, time, equipment, supplies or facilities when making personal contributions in support of candidates or political organizations.

The Company's dealings with regulators and other elected or appointed governmental officials are subject to various legal requirements. Giving gifts to officials, making political contributions and engaging in activities designed to influence government action (especially lobbying) are all regulated.

If you, as a part of your job responsibilities, interact with elected officials, candidates for public office, agency officials or other government employees, contact your supervisor, or a representative from Governmental Affairs or the Law Department for more information about dealing with government officials.

# Responsibilities to the Public



Do the Right Thing

## Doing Business with the Government

**Federal, state, Native American and local governments** are our customers. Doing business with these governments is subject to a number of laws, the violation of which can result in criminal and civil penalties for individuals and the Company. Companies that break government contracting laws can be banned for many years from the right to further contract with the government.

Examples of violations include:

- incorrect or unauthorized charges to government contracts
- making false or misleading reports
- conflicts of interest with present or former government employees
- offering gifts, bribes or other kickbacks to government employees

If your work involves transactions with government customers, contact your supervisor or Law Department representative to discuss any special requirements.

## Communications with Shareholders

**The Company's Fair Disclosure Policy 606** and associated guidelines designate authorized spokespersons who provide timely, factual and accurate disclosure of all material information in order to keep shareholders and other financial stakeholders informed about the Company's activities and business.

Through these authorized spokespersons, the Company communicates with its shareholders, investors and the financial community on a regular basis by distribution of quarterly reports, annual reports and press releases. Unauthorized disclosures by other employees could subject the Company to severe federal penalties and may constitute grounds for termination of employment.

The Company also has a process in place for shareholders to communicate with the TXNM Energy Board of Directors, as described on the Company's website and in the annual proxy statement.

Any shareholder information requests relating to the Company should be forwarded to an Investor Relations representative for proper action. Contact information is available on iConnect.

**Q.** Does the Company post public filings on TXNM Energy.com?

**A.** Yes. All of the Company's filings with the Securities and Exchange Commission and corporate governance documents can be viewed on our Internet site, TXNM Energy.com.

**Q.** My neighbor, a Company shareholder, knows that I work in Treasury at TXNM. He's always asking me about the Company's financials. How can I politely and firmly help him understand that I cannot discuss this information?

**A.** It's important to reply in an appropriate manner. You could tell your neighbor that the information he seeks can only be released by authorized Company spokespersons at certain times. Adding that you could lose your job if you make unauthorized disclosures should get the point across.



# Responsibilities to the Public

## Media Relations

The company values its reputation among customers, community leaders and other stakeholders. Accurate, consistent communications—particularly with the news media—are critical to building and maintaining this reputation.

It is the responsibility of TXNM Energy’s Corporate Communications Department to manage all contacts with news media on company-related matters. If an employee receives a media inquiry on a company matter, the inquiry should be referred to Corporate Communications as quickly as possible, and the department will coordinate an appropriate response.

In addition, if an employee becomes aware that a company vendor or business partner is preparing an external communication (such as press release, product publicity or marketing brochure) that mentions TXNM Energy or any of its subsidiaries, the employee should contact Corporate Communications so that the company can review and approve the proposed communication. For additional information on our media relations policy, please refer to TXNM Energy Policy 303.

The company’s media policy also serves as a guideline for social media. As with news media, employees should not try to speak on behalf of the company through social media channels. However, on the company-sponsored Facebook pages and other social media channels, employees are free to post their own personal views.

# Contacts



Do the Right Thing

## List of Important Contacts

Please consult iConnect for specific names and numbers for the following:

Audit Services (including SOX Compliance)

Business Technology Services

Ethics & Compliance Program: [ethics@TXNM Energy.com](mailto:ethics@TXNM Energy.com)

Ethics & Compliance Representatives

Environmental Services

Governmental Affairs

Investor Relations

Law Department

Human Resources

Records and Information Management Services

Regulatory

Safety

Security

Use EthicsPoint reporting options (see Page 4) to confidentially report violations or ethics and compliance concerns that cannot be addressed through normal reporting channels. EthicsPoint is available 24 hours a day, seven days a week. With either avenue, please follow up as requested so that we may fully answer questions and thoroughly investigate all concerns.

Visit the Ethics & Compliance iConnect site for more information on reporting actual or suspected violations. When you call the Integrity Line or use the website option, please follow-up as requested.

The online reporting option may be found at:  
[https://secure.ethicspoint.com/domain/en/report\\_custom.asp?clientid=12868](https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=12868)

**Q.** OK, think you've made a good decision? What if your decision made the front page of the newspaper? Would you be proud of your decision, or, would you hide the article from your family and friends?

**A.** If you feel like you would need to hide the article, seek help. There are many resources available to help you when you have questions or need to make a difficult decision.

Our dealings with all stakeholders should be fair and honorable, whether or not our behavior will become widely known. The personal behavior of each of us—good and bad—reflects on all of us and on our company.

# Notes

# Notes



Do the Right Thing

# Do the Right Thing

## Principles of Business Conduct

REVISED: December 1, 2025  
(Amended to address Culture of Inclusion and reflect Human Rights Update.)

Previously revised: 1997, 2002, 2005, 2006, 2010, 2012, 2016, 2017, 2021, 2022 2024 (Amended to change company name to TXNM Energy, Inc.)

Originally adopted: 1994

