



# CENTRAL VERMONT PUBLIC SERVICE CORPORATION

## CORPORATE INFORMATION

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**Section:** 1  
**Number:** 1-11 (formerly 1-8A)

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**Effective Date:** 11/4/05

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**TITLE:** CORPORATE ETHICS AND CONFLICT OF INTEREST

**ISSUED BY:** CORPORATE SECRETARIAL DEPARTMENT

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Original \_\_\_\_\_ Revision XXX Reviewed 11/2008

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**APPROVED BY:**

/s/ Dale A. Rocheleau  
(Senior Vice President, General Counsel and Corporate Secretary)

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### Statement of Policy

The policy of Central Vermont Public Service Corporation ("the Company") is (a) to conduct its business in accordance with high moral and ethical standards and in observance of all applicable laws and regulations, and (b) to maintain high standards in its accounting and financial procedures and statements.

Each director, officer, and employee of the Company is expected to adhere to high standards of personal and professional integrity and avoid, where possible and reasonable to do so, situations that place the interest of such individual in conflict with that of the Company or which could jeopardize its reputation for integrity. All directors, officers, and employees should have a general knowledge of applicable laws and regulations and corporate procedures concerning their areas. This policy is intended to meet the obligations under the Code of Ethics for Senior Financial Officers of the Sarbanes-Oxley Act of 2002.

All individuals dealing with suppliers, customers, and other persons doing or seeking to do business with the Company shall conduct business in compliance with all laws and regulations and in a manner consistent with the Company's best interests.

### Guide to Activities Possibly Conflicting with Policy

Conflicts are not always immediately identifiable and sometimes may be unavoidable. Individuals should remain alert for potential conflicts and when in doubt seek guidance. The following items are indicative of the types of activities that should be reported to your superior:

I. Investments.

If a Director, corporate officer or employee has a significant interest in any enterprises conducting business with the Company, other than as a customer, they should disclose such interest when they complete the annual Certificate of Compliance. A significant interest is considered to be more than:

- A. 1% of any class of outstanding securities or obligations of a firm or corporation;
- B. 10% interest in a partnership or association.

Disclosure shall also be made by such persons for members of their immediate families.

## II. Outside Activities and Interests.

Individuals must avoid any relationship interfering with the exercise of independent judgement or the performance of their duties. This includes engaging in any business venture or owning an interest in any enterprise placing them in competition with the Company or giving rise to a material conflict of interest with the Company or requiring they spend time during hours when they are expected to be conducting Company business. No director, officer or employee shall serve as director, officer, partner or consultant with any organization doing business with the Company (other than as a customer) if that organization is significant to the Company, ***without full disclosure to and clearance from the Board of Directors***. Individuals shall not compete with or benefit from, directly or indirectly, the Company in the purchase or sale of property or property rights, interest, or services ***without full disclosure to and clearance from the Board of Directors***. See [Personnel Policy #1971 - Guidelines to Outside Employment](#) for additional information relative to outside employment.

The Company will promptly disclose any changes in or waiver of this policy as required by applicable rules and regulations.

## III. Gifts, Gratuities, and Entertainment.

Individuals and their immediate families shall not solicit, give or accept gifts, entertainment or other special favors to or from any outside concern or individual that does, or is seeking to do, business with the Company or any subsidiary (whether from their own or Company funds) under circumstances from which it might be inferred that such action was intended to influence or possibly would influence the individual in the performance of his duties.

However, this does not preclude the giving or accepting of normal business courtesies such as a dinner, tickets to entertainment or sports events, or other comparable courtesies, providing they are not intended to influence the judgment of any person in a position to commit or recommend to others to commit the Company or any subsidiary for future obligations. Notwithstanding the foregoing, any gift or gratuity or any series or gifts or gratuities from any person/entity within any three (3) month period having a value of \$50 or more must be reported in writing to the individual's immediate supervisor with a copy to the Assistant Secretary. In addition, cash or its equivalents in any amount must be reported in the same fashion. In the event you are being offered a gratuity outside the normal course of business, you have an obligation to disclose it to your supervisor prior to acceptance. [See Appendix A.](#)

## IV. Confidential Information.

In order to protect and preserve business opportunities available to the Company, no director, officer or employee may use confidential or proprietary information for their own benefit or the benefit of others. Nor may a director, officer or employee disclose such information to any other person, even other employees, regardless of whether the other person can profit from the information. Any information that has not been disclosed to the general public shall be considered to be confidential and/or proprietary.

As a condition of employment, all directors, officers, and employees who leave the Company's employment agree to not disclose any confidential or proprietary information acquired during the course of their employment.

## V. Company Property.

Individuals may not use Company property, staff or services for their personal benefit unless they have been properly approved for general or public use. The use of Company owned land, materials, equipment, etc., under any other circumstances is prohibited, except as approved in advance by the person to whom such approval authority has been delegated. Company property should not be sold,

loaned, given away or otherwise disposed of, regardless of condition or value, except with proper authorization.

VI. Political Contributions.

No political contributions are to be made, directly or indirectly to public officials, candidates for political office or political organizations using funds or assets of the Company or any subsidiary. Employees may contribute personally to the candidate or party of their choice, but no employee shall be compensated or reimbursed for any such personal contribution.

VII. Other Prohibited Transactions.

Each director, officer and employee, while acting on behalf of the Company or a subsidiary, shall comply with all applicable governmental laws and regulations. For example:

- A. The results of operations of our Company must be recorded in accordance with the requirements of law and generally accepted accounting principles. It is Company policy, as well as a requirement of law, to maintain books, records and accounts which, in reasonable detail, accurately and fairly reflect the business transactions and disposition of assets of the Company.
- B. Activities prohibited by the securities laws are not to be engaged in. Examples include:
  1. Providing false, misleading or deceptive statements in connection with the purchase or sale of any security or in any report filed with the Securities and Exchange Commission, or distributed to any financial analyst or stockholder; and
  2. Trading in the Company's securities based upon knowledge of material events affecting the Company that have not been made public. (See [Corporate Policy 1-12.](#))
  3. Personnel-related laws are not to be violated. Review all Personnel policies with specific attention to those related to Equal Employment Opportunity, [#1001](#) and [#1001-A.](#)

While it is impossible to know and understand all aspects of all laws, employees are expected to exercise common-sense precautions. The above list is not all inclusive and is merely offered as an illustration of the type of activities that fall within the scope of this policy. When in doubt as to the legality of a situation, contact the Legal Department for assistance.

VIII. Reporting of Concerns.

Anyone who has a concern about the Company's accounting, internal accounting controls or auditing matters, may communicate that concern directly to the Chair of the non-management executive session, to non-employee directors, or to the Audit Committee. Such communication may be confidentially or [anonymously reported by telephone](#) by calling the special number posted on the Company's web site. Such concerns will be forwarded to the appropriate directors for their review and will simultaneously be reviewed by the Risk Oversight and Compliance Committee the same way that other concerns are addressed by the Company. The status of all outstanding concerns addressed to the presiding director, the non-employee directors, or to the Audit Committee will be reported to the directors on a quarterly basis, or as appropriate. The Chair of the Board, non-employee directors, or the Audit Committee may retain outside advisors or counsel, for any concern addressed to them.

### **Whistleblower Protection**

Employees who either file or assist in proceedings related to alleged violations of SEC rules or violations of federal laws regarding fraud against shareholders are protected against retaliation.

An employee who provides information or assistance for investigations into corporate conduct that the employee reasonably believes are a violation of SEC rules or federal laws pertaining to fraud against shareholders may not be discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against. Under this provision, employees are protected when they provide information or assistance to:

- A federal regulatory or law enforcement agency
- Any member or committee of Congress
- A person who holds supervisory authority over the employee or the authority to investigate, discover or terminate misconduct.

### **Records Retention**

Documents potentially relevant to an investigation in accordance with this policy will be retained for the duration of the investigation.

### **Directors' Obligations**

All directors have a duty to be aware of, and comply with, those provisions of Vermont's business law that regulate directors' conduct including those dealing with conflicts of interest. These standards are codified at 11A V.S.A. Chapter 8, Section 8.01 *et seq.* In the event there is a conflict between Vermont business law and this policy, including the standards of conduct and procedures set forth herein, Vermont law will govern.

### **Policy Compliance**

To foster a strong ethical climate, the Company intends to be in strict compliance with this policy. Each director, officer and employee has the responsibility for maintaining full compliance with it. Individuals have the responsibility for taking appropriate action to correct any situations that are deemed to be real or potential infractions.

Certain provisions in the corporate conflicts policy make exceptions for directors, officers and employees who are Company customers. These are limited exceptions necessitated by the size and population density of the Company's service area. All directors, officers and employees, regardless of their status as a customer, remain subject to the policy's other provisions and the spirit of the policy as a whole.

Directors, officers and employees are asked to annually sign statements indicating their understanding of this policy and reporting either no potential conflict of interest or those which they consider possible areas of concern.

Violations of this policy shall be grounds for dismissal and also may result in civil liability.

### **Policy Administration**

The Chief Executive Officer or his delegee shall have responsibility for administering this policy and annually sending a questionnaire to be completed, signed and returned by all directors, officers and employees.

When employees have questions or concerns related to any portion of this policy, they should seek clarification from their superiors. Matters unable to be resolved at that level should be referred to the Risk Oversight and Compliance Committee made up of the following: Vice President - Power Planning and Regulatory Affairs; Vice President - Strategic Change and Business Services; Vice President, Government and Public Affairs; Vice President, Chief Financial Officer, and Treasurer; Senior Vice President - Operations, Engineering and Customer Service; Senior Vice President, General Counsel and Corporate Secretary; and, Director - Internal Audit.

Senior Vice President, General Counsel and Corporate Secretary and the Assistant Secretary will have the responsibility for reviewing the completed questionnaires and will forward an appropriate report to the Chief Executive Officer and Audit Committee of the Board of Directors concerning any interests so disclosed. The Assistant Secretary will bring any questionable issues before the advisory group.

#### **Addendum to Section 1, Policy Number 1-11**

Vice President - Power Planning and Regulatory Affairs:	William J. Deehan	<a href="mailto:bdeehan@cvps.com">bdeehan@cvps.com</a> 77 Grove Street Rutland, VT 05701 (802) 747-5550
Vice President - Strategic Change and Business Services:	Joan F. Gamble	<a href="mailto:jgamble@cvps.com">jgamble@cvps.com</a> 77 Grove Street Rutland, VT 05701 (802) 747-5730
Vice President, Government & Public Affairs	Brian P. Keefe	<a href="mailto:bkeefe@cvps.com">bkeefe@cvps.com</a> 77 Grove Street Rutland, VT 05701 (802) 747-5222
Vice President, Chief Financial Officer, and Treasurer	Pamela J. Keefe	<a href="mailto:pkeefe@cvps.com">pkeefe@cvps.com</a> 77 Grove Street Rutland, VT 05701 (802) 747-5435
Senior Vice President - Operations, Engineering and Customer Service:	Joseph M. Kraus	<a href="mailto:jkraus@cvps.com">jkraus@cvps.com</a> 77 Grove Street Rutland, VT 05701 (802) 747-5429
Senior Vice President for Legal and Public Affairs, and Corporate Secretary:	Dale A. Rocheleau	<a href="mailto:drochel@cvps.com">drochel@cvps.com</a> 77 Grove Street Rutland, VT 05701 (802) 747-5355
Internal Audit:	Stacey Panoushek	<a href="mailto:spanous@cvps.com">spanous@cvps.com</a> 77 Grove Street Rutland, VT 05701 (802) 747-5874