CORPORATE POLICY
This policy applies to PNM Resources and all of its affiliates

PERSONAL CONDUCT

POLICY 104

POLICY CONSULTANT
Director, HR Services

POLICY CATEGORY
People

INCEPTION DATE
04/2005

REVIEW / REVISION DATE
March 2008

EFFECTIVE DATE
April 1, 2008

DESCRIPTION/BACKGROUND
Certain standards regarding employee behavior are necessary for the efficient operation of the Company and for the safety of all employees. The Company expects its employees to:

- Be honest.
- Abide by all Company policies and procedures, and comply with federal, state, and local laws.
- Abide by the Company’s Principles of Business Conduct, Do the Right Thing.
- Respect the authority of those responsible for supervision.
- Refrain from using language that is profane, boisterous, sexually offensive or explicit, or of a derogatory racial or ethnic nature. Specifically, racial or ethnic slurs are prohibited.
- Conduct themselves in a manner that promotes safety and is appropriate to the workplace at all times.
- Treat others with dignity and respect, and abide by our shared values of integrity, fairness, stewardship, and engagement.
- Refrain from reporting to work under the influence of alcoholic beverages and/or illegal drugs or narcotics or the use, sale, dispensing, or possession of alcoholic beverages, illegal drugs, or narcotics on Company premises.

Violations of this policy may result in disciplinary action, up to and including termination.

In the event there is a conflict between this policy and a collective bargaining agreement, the collective bargaining agreement takes precedence for those employees covered by it.

Prohibition Against Harassment, Discrimination, Hazing and Retaliation
The Company strictly prohibits unlawful discrimination, harassment, and hazing. Any form of retaliation, including actions affecting promotion, compensation, job status, threats or harassment directed toward any employee who in good faith brings forth complaints of legal or regulatory non-compliance, discrimination, harassment or hazing, is strictly prohibited. The Company strictly prohibits behavior that creates a hostile, intimidating, or offensive work environment. **Sanctions for this type of infraction are not**
subject to the disciplinary process.

Conflict Avoidance Procedure
Whenever employees feel that their safety is in jeopardy due to an encounter that might become a serious confrontation, they should immediately take steps to avoid the unsafe situation or confrontation. Employees should then follow the Conflict Avoidance Procedure, below:

1. At the first sign of physical confrontation, leave the area immediately.

2. If injured, follow the outlined procedure for medical treatment of job-related injuries.

3. Once out of the area, contact your supervisor or another member of management as soon as possible. Review the situation with the supervisor and follow the supervisor’s instructions.

PERSONAL APPEARANCE OF EMPLOYEES
Employees' personal appearance has a direct effect on the Company's reputation and its relationship with customers, as well as with other employees. Employees' grooming and dress should give an appearance consistent with commonly accepted standards of the business community and should be appropriate to the working conditions. Employees are expected to present an appropriate image to customers, prospects, co-workers, and the public.

Company-issued shirts or sweatshirts other than uniforms may be worn on casual Fridays or at other times as designated by the Company or department. Any tattoos that display nudity or profanity must be covered during work hours. Certain jobs require wearing uniforms, as outlined in applicable collective bargaining units and/or uniform policies.

Business casual is not a license to be careless in appearance or dress inappropriately. Clothes are not proper for work if the fabric, style or fit is too revealing or too casual. Business casual is the opportunity to dress less formally, but still keep a professional appearance. It is not an opportunity to wear clothing better suited to the beach, home, yard, or gym.

Examples of inappropriate attire are:

- Novelty t-shirts (those with inappropriate writing, slogans or numbers, including profanity), short-shorts, pants, shorts or skirts worn at a level that exposes the hip bones or underwear, crop tops, halter tops, and backless dresses or tops.
When in doubt, ask your supervisor. Generally, your supervisor can provide guidance for business casual, as well as what’s appropriate to wear on the job at various levels and for your particular function and work environment. Human Resources may be contacted for additional guidance.

**Personal Property**
The Company is not responsible for personal property damaged, lost or stolen on Company premises.

**Rest Periods/Breaks**
The Company allows a 15-minute rest period (break) for each four (4) hours of continuous work and considers it “time worked.” Two (2) such periods are permitted in each regular workday. Immediate supervisors may schedule rest periods to provide the least disruption to daily operations. If business needs dictate, the supervisor may reduce or eliminate these rest periods.

Rest periods/breaks cannot be used to reduce working hours or to extend lunch hours. No break time can be used outside of the half-day in which it accrues.

**Lunch Breaks**
All employees are encouraged to take lunch breaks. The standard lunch break is 60 minutes long. For non-exempt employees, lunch breaks are not considered “time worked.” However, if non-exempt employees are required to work through their lunch break, they must be paid for that time. If business needs dictate, supervisors may reduce or eliminate lunch breaks.

**Smoking**
Smoking is allowed in places not prohibited by Company rules or local ordinances, and should be limited to standard break and lunch periods.

**Attendance and Tardiness**
The Company expects all employees to be at their job and ready to work when their workday begins. Regular attendance and punctuality are essential functions of the job. Employees are required to contact their supervisor or his/her designate **15 minutes or more before the start of their scheduled shift** if they are going to be tardy or absent from work.
Personal Telephone Calls and Use of Company Computers and Equipment

Personal calls tie up telephone equipment intended for business purposes. Employees should:

- Keep personal telephone calls to a minimum.
- Make personal telephone calls as brief as possible. Whenever possible, restrict personal calls to rest periods/breaks and lunch breaks.
- Ensure personal long-distance calls are not charged to the company.

Similarly, computer equipment and Internet access are provided to employees as business tools. Personal use of Company computers and Internet access must be kept to a minimum. Inappropriate and/or excessive non-work-related use of Company equipment and systems is prohibited. Repeated or excessive personal and/or inappropriate use of business systems and property may result in disciplinary action, up to and including termination of employment.

In order to secure employee privacy and proprietary Company information, unless specifically authorized by your supervisor, employees are prohibited from taking pictures with any device, including cell phones, in the workplace.

The Company reserves the right to record meetings and presentations (such as through Interwise or other virtual meeting technology) for training or other purposes, and to record telephone calls for quality control or other business reasons. All other use of recording devices is strictly prohibited unless all parties are aware of and agree to the recording.

Bribery, Fraud, Theft and Misuse of Company Property or Equipment

Bribery, fraud, theft and misuse of Company equipment may lead to immediate termination of employment and possible notification of civil or law enforcement authorities. These examples are provided for illustration only. **Sanctions for this type of infraction are not subject to the disciplinary process.**

1. Knowingly defrauding or conspiring to defraud the Company by attempting to receive or receiving payment for a false or fictitious claim.

2. Asking for, offering, accepting or giving a bribe of any kind with the intent of influencing a decision on any official matter.

3. Tampering with or circumventing Company systems or data. Examples include, but are not limited to, the following:
   - Manipulating or diverting energy.
   - Aiding in energy manipulation or diversion.
   - Tampering with meter or service lines.
- Manipulating, altering or deleting consumption, billing, or payment records.
- Misusing Company meter seals.
- Tampering with, circumventing, or attempting to tamper with or circumvent the Company’s computer operating systems, data, or security measures.
- Tampering with or adjusting an employee’s or family member’s personal account or billing.
- Falsifying or altering any Company record or documents, such as an application for employment, a medical report, a production record, a time record, an expense account, an absentee report, shipping and receiving records, and other Company records or documents.

4. Theft of Company, customer, or another employee’s property or equipment. This includes unauthorized accessing and/or fraudulent use of personal information, such as home addresses, phone numbers, Social Security numbers, and utility or bank account numbers.

5. Misuse of Company property or funds including, but not limited to, expense accounts or Company credit or Purchase cards. The following are some examples:
   - Unauthorized use of tools, supplies, vehicles, parts, equipment, etc., for personal gain or non-Company use.
   - Authorizing use of Company property or funds, if it creates an actual or the appearance of a conflict of interest.
   - Failure to report and reimburse the Company for personal expenses on Company credit cards or expense reports.*

   *Note: Personal expenses normally should not be charged to Company credit or Purchase cards or accounts. However, reasonable personal expenses may be charged to the Company as long as they are connected with Company business (e.g., a business trip), are promptly reported to the supervisor, and prompt reimbursement is made to the Company.

6. Accessing, attempting to access, forwarding, and/or downloading or storing offensive or inappropriate material, including, but not limited to, pornography, adult material, sexual, sexually-explicit or erotic comments or images, full or partial nudity, gambling, profanity, racial slurs, or other offensive or inappropriate Internet sites or material. Refer to Policy 301 Internet and E-mail Use for further guidance.
Criminal Convictions or Civil Judgments
Any criminal arrest, indictment, charge, conviction, probationary terms or civil judgment which impairs job performance, the Company's business interests, or the safety of others may result in termination of employment. Final decisions must be documented in writing and approved by the appropriate Company officer.

Time spent in jail, in custody, or in court as a party to a criminal or civil proceeding may impair job performance, the Company's business interests, or the safety of co-employees. In such cases, the time off will be without pay (employees may use accrued vacation time, if available). Any arrest, period of incarceration, probationary terms or sentence requiring an employee to be absent from work may result in disciplinary action, termination or any other action the Company deems appropriate.

Loss of driver's license by employees whose normal job duties require driving a Company vehicle may result in termination of employment or any action the Company deems appropriate.

DEFINITIONS
Company - PNM Resources, Inc. and all of its affiliates.

APPROVAL/RESPONSIBILITY
Employees are responsible for understanding and complying with this policy.

Supervisors are responsible for providing guidance to their employees on complying with this policy.

People Services is responsible for administering, updating and communicating changes to this policy.

REFERENCES
Do the Right Thing
Policy 135, Conflict of Interest
Policy 301, Internet and E-mail Use
Policy 302, Information Security