

Code of Conduct of the BKW Group

1 Introduction

Corporate responsibility towards society and the environment is a basic premise for the sustainable success of the BKW Group¹. If BKW conducts itself in a way expected by our target audience, customers², shareholders, business partners, public bodies and also Group employees will place their trust in us. This trust is of major importance for BKW's image and long-term success.

BKW ensures that the trust placed in the Group is not compromised by the incorrect behaviour of individual employees. This goal is supported by this present Code of Conduct and by all BKW employees acting in a responsible, honest and upright manner. The following corporate values form the basis for this:

- a customer-centric approach
- an attitude of mutual trust and cooperation
- an orientation towards future success

These fundamental values provide the Code of Conduct with reference points and mandatory rules for the conduct of BKW employees, thus making it easier for them to make their contribution to maintaining and consolidating trust and confidence in BKW. Those with managerial responsibilities at all levels have a particular responsibility in this respect.

The Supervisory Board and the Executive Board consider that this present Code of Conduct contains the most important principles for trustworthy behaviour. It is based on internationally recognised standards (i.e. the Global Compact of the United Nations). Where necessary, these principles are supplemented by special directives.

The implementation of this Code of Conduct is essentially the responsibility of each and every BKW employee. Employees who act in contravention of the regulations enshrined in this Code of Conduct disregard important interests of BKW and must expect the consequences.

In the event of contravention, the consequences can range from disciplinary measures to the notification of the appropriate authorities, depending on the severity of the incident and the degree of blame.

However, BKW employees who perform their duties and make decisions within their area of responsibility to the best of their knowledge and belief in accordance with these principles

¹ The use of the abbreviation "BKW" hereafter designates the entire BKW Group.

² The data refer on member of both sexes; for reasons of the legibility in the text the male form was selected.

can count on the support of their supervisors and colleagues, even if their actions or decisions subsequently prove to have been wrong.

This Code of Conduct applies to all employees and to all members of BKW governing bodies and institutions.

2 Rules of conduct of BKW

2.1 Adhering to applicable standards

Basic principle

The respect for applicable standards (legal statutes, provisions, regulations governing responsibilities within BKW, code of conduct, corporate policy, directives, etc.) is taken for granted by BKW and its employees and is considered to be indispensable.

Employees are required to make themselves familiar with the standards applicable to their professional activity. Claimed or actual ignorance of the relevant standards does not act as an excuse.

Uncertainty about conduct

In cases where this Code of Conduct or the instructions resulting from it leave questions unanswered, the following guideline applies to everyday work:

- personal responsibility
- truthfulness
- consideration for people and the environment

If during the course of everyday work an employee is uncertain about the correct way to behave, the following questions may be of help:

- Do my actions or decisions infringe a standard of which I am aware (legal statute, provision, regulations governing responsibilities within BKW, corporate policy, directive)?
- Does my conduct contravene BKW's core corporate values?
- Am I in some way unhappy with my actions or decisions?

If one or more of these questions is answered in the affirmative, then the actions or decisions are not in compliance with the Code of Conduct. If employees are unsure about correct behaviour, they should contact their line manager. In all matters concerning this Code of Conduct, BKW's Compliance Management is available to help at all times.

2.2 Protecting people and the environment, sustainability

Protecting people and the environment

During the performance of their tasks BKW and its employees act considerately towards people and the environment and support sustainable development. They are committed to the efficient use of energy and the use of environmentally friendly technology.

BKW and its employees are aware that their decisions and the performance of their tasks can have harmful effects on people and the environment. To reduce unavoidable negative effects to a minimum, they strictly observe legal provisions and technical standards. They promote a responsible interaction with the environment and when faced with a number of reasonable courses of action they select the solution which best assures the protection of man and the environment.

Sustainability

When making decisions, BKW and its employees include the justified interests of environmental protection, the economy and society in their deliberations.

BKW and its employees strive for sustainable corporate success. This calls for integrated management taking into account the essential interests of the target groups such as customers, shareholders, business partners, public bodies and BKW's employees.

2.3 Ensuring integrity and trustworthiness

Offering and accepting gifts

The employees of BKW are not corruptible and do not derive any unlawful benefit from their activity, neither do they offer third-parties any unlawful benefits.

The acceptance of unlawful benefits, inappropriate gifts or other entertainment that might influence behaviour or decisions in a business relationship whether existing or aspired to, is forbidden. Gifts and entertainment of minimal commercial value offered within the scope which is normal for business at the given location form an exception to this rule.

Accordingly, the offering of unlawful benefits, inappropriate entertainment and gifts to third-parties is not allowed if to do so would result in an unjustified advantage. Particular restraint is required from members of supervisory and licensing bodies.

Insider trading

BKW employees do not trade securities of BKW nor of other companies if they have access to confidential insider information as a result of their activity for BKW.

Confidential insider information is taken to be facts which are not in the public domain and which are liable to significantly affect the share price. This includes (e.g.) confidential information on expected financial results, planned mergers and acquisitions. As well as making use of confidential insider information, the transfer of such information to third parties is also not allowed. In this context, “third parties” are also taken to mean family members or employees of BKW which have no knowledge of the confidential information in question.

These prohibitions remain valid until the confidential information enters the public domain.

Equal rights and discrimination

BKW and its employees treat all employees, customers, shareholders and business partners of BKW with respect, without discrimination and in an open and fair manner.

No employee, customer, shareholder or business partner of BKW may be discriminated against because of his or her gender, sexual identity, religion, religious denomination, ethnic origin, skin colour or any other personal characteristic.

2.4 Sexual harassment, bullying and violence at work

BKW and its employees oppose all types of sexual harassment, bullying and violence at work.

Inconsiderate behaviour among employees is forbidden at BKW and will not be tolerated by supervisors or colleagues. This applies in particular if behaviour contravenes common decency, morality or legal provisions, and includes behaviour such as sexual harassment, indecent suggestions, spreading derogatory rumours, ridicule, deliberately withholding important information required by the victim, etc.

2.5 Occupational health and safety

BKW and its employees attribute great importance to health and safety at work.

Healthy, motivated and effective employees are the basic requirement for sustainable corporate success. Occupational health and safety are therefore of great importance. All BKW employees ensure that their ability to work and personal and material safety during work is guaranteed.

BKW and its employees take the necessary steps to ensure the prevention of occupational accidents and diseases.

2.6 Corporate secrets and data protection

BKW and its employees treat data concerning business, customers, BKW employees and third parties conscientiously and with care. The unjustified procurement, processing, use, dissemination, keeping or destruction of such data is forbidden.

All data concerning business, customers and individuals is the property of BKW and may not be made available to third parties nor misused in any way for personal ends. This requirement applies for the duration of the employment contract and continues to remain valid after the employment contract has been terminated. This data must be protected from unauthorised access by means of the appropriate technical and organisational measures.

Particular protection is required for all BKW's corporate secrets. These include strategies, planned mergers and acquisitions, forthcoming transactions, price calculations, tenders, forthcoming changes to personnel in key positions within the company, etc. This protection applies for as long as and to the extent that the information has not been made public.

2.7 Working with information and communication technology and data

Information and communication technology

BKW employees adhere to the ICT security guidelines when using BKW information and communication technology.

When using information and communication technology the necessary security measures must be observed. For software for which a licence is required, valid licences must be in place.

Data

BKW employees take the necessary technical and organisational measures to ensure data security.

When transmitting, storing and archiving data and information, BKW employees may only use instruments and channels that provide adequate protection against unauthorised access and changes. Passwords, badges and keys must not be made available to unauthorised third parties.

2.8 Representing BKW to persons outside the company

Information

BKW informs its employees, customers, shareholders and the general public in good time and in an open manner regarding important and relevant events from its business activities.

Internal and external statements made by BKW may only be issued by persons specifically authorised for this purpose. This applies in particular to dealings with the media, analysts and investors. Other BKW employees only communicate to persons outside the company after prior arrangement with the communication officers responsible.

Conduct when dealing with public authorities

BKW employees conduct themselves in an open, cooperative and respectful manner when dealing with public authorities, while at the same time ensuring BKW's rights are upheld.

Justified queries and requests made by public authorities are carefully examined and answered or dealt with within the time requested.

2.9 Conduct in competition

BKW and its employees pledge themselves to fair and performance-related competition. They respect competition law and oppose unfair competition practices.

Behaviour which is likely to be detrimental to competition, such as price fixing, agreements on conditions, market division schemes, collusive agreements among competitors or within associations, etc., which might constitute an infringement of cartel law, is forbidden.

2.10 Electricity market liberalisation and unbundling

Electricity market liberalisation

BKW and its employees are committed to an open, fair and non-discriminating energy market in Switzerland.

In an open, fair and non-discriminating energy market all customers are free to choose their electricity supplier. As leading electricity supplier, this gives BKW the opportunity to further develop its strengths in end-customer business and to expand its market position in a sustainable manner.

Unbundling

BKW and its employees oppose all forms of abuse of legal monopoly where networks are concerned.

BKW has a legal monopoly regarding networks. The abuse of this position would result in distortions of competition and would be harmful to BKW's customers. The use of sensitive business information or of revenue from the operation of electricity networks in favour of other areas of activity is forbidden. Sensitive business information derived from the operation of networks must be handled confidentially and must not be used for other areas of activity. Matters related to network accounting are dealt with separately from the other areas of business activity.

3 Implementation

3.1 Information and training

All BKW employees are given a copy of this Code of Conduct.

By providing appropriate training and information BKW ensures that all employees are familiar with and understand the aims and rules of conduct contained in this Code of Conduct.

3.2 Everyday practice

The application of this Code of Conduct in everyday practice forms part of the management duties of all supervisors.

Supervisors on all hierarchy levels act as role models in this respect and ensure this Code of Conduct is adhered to in their respective areas of responsibility.

3.3 Notification in the event of incorrect conduct

The implementation of this Code of Conduct and the elimination of infringements are in the interests of BKW and its employees.

BKW employees notify their supervisory of significant infringements of this Code of Conduct. The supervisor then takes appropriate steps in his or her area of responsibility. Employees can also feel free to notify Compliance Management in complete confidence.

Employees who have notified of infringements can rest assured that there will be no personal disadvantages for them as a result, with the exception of measures resulting from obviously incorrect or improper allegations.

3.4 Notification regarding investigations or processes by public authorities

Official legal proceedings against BKW employees concerning their professional activity can have serious consequences for BKW and for this reason Compliance Management must be notified immediately.

Notification must be made if there is a threat of civil, administrative or criminal proceedings in connection with professional activity or if such proceedings have already begun.

4 Final provision

This Code of Conduct was approved by the Supervisory Board on December 5, 2008 and enters into force on January 1, 2009.

Berne, December 5, 2008

BKW FMB Energy Ltd
Chairman of the Supervisory Board
Dr. Fritz Kilchenmann

General Secretary of the Supervisory Board
Matthias Kaufmann