

## Human Resources Policies & Procedures Manual

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### 1. GENERAL

Policy 3 - Code of Ethics  
Applies To TOTAL COMPANY  
CODE OF ETHICS

Approved By: Steve Long  
Original Effective Date: 12/01/1994  
Effective Date: 05/01/2002  
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### PRINCIPLE:

Western Resources, Inc. d/b/a Westar Energy ("Westar Energy"), its operating divisions and its wholly owned subsidiaries are committed to the highest legal, ethical, and moral standards in the conduct of the Company's business. Every director, officer, employee and representative of Westar Energy is expected to maintain and foster such standards. (As a director, officer, employee or representative of Westar Energy, you are referred to in this document as an "Associate".)

Westar Energy expects its Associates, when conducting its business, to deal with others with honesty, integrity, fairness, confidentiality and consideration for the rights and feelings of others, whether customers, suppliers, shareholders, fellow Associates, or the general public. No set of rules can cover all situations, and no system of policing can detect all violations. Ultimately, Westar Energy, like any organization, must depend on the commitment of each Associate.

It is the firm policy of Westar Energy that its Associates shall comply with all federal, state and municipal laws, regulations, rules and ordinances in the discharge of their duties for Westar Energy and shall avoid any conflicts between the individual's personal interests - financial or otherwise - and those of Westar Energy.

This booklet contains examples of some of the actions and activities which would violate this policy. THIS LIST IS NOT ALL INCLUSIVE, BUT SHOULD BE USED AS A GUIDE. It is expected that each Associate will be guided by the spirit of this Policy.

### I. UNLAWFUL ACTIVITIES

- A. **Unlawful Acts or Omissions:** Associates shall not engage in any unlawful act or omission or engage in any activity which has the appearance of being an unlawful act or omission. It is the responsibility of each Associate to determine, with the assistance of Company counsel when necessary, if an act or omission is unlawful.
- B. **Unlawful or Unauthorized Use of Company Property:** No funds, vehicles, printing facilities, information technology, communication devices or other assets of the Company shall be used for any unlawful or unauthorized purpose.

**C. Improper Payments and Receipts:** The Company will not permit the following types of receipts or disbursements:

1. Receipts from or payments to governmental officials or employees;
2. Commercial bribes or kickbacks;
3. Indirect procurement of unlawful receipts or payments, such as:
  - a. Amounts received with an understanding that unlawful rebates or refunds will be made in contravention of the laws of any jurisdiction, either directly or through a third party.
  - b. Payments or commitments in any form (whether cast as commissions, payments or fees for goods or services received or otherwise) made with the understanding or under circumstances that would indicate that all or part thereof is to be paid by the recipient to governmental officials or employees, or as a commercial bribe, influence payment, or kickback.

**D. Unrecorded Cash or Funds; False Documentation:** The Company will not allow any unrecorded cash or non-cash funds or property, paid by the Company or paid to the Company or to the benefit of the Company. Accordingly, the following rules will be strictly observed.

1. No undisclosed or unrecorded fund or asset of the Company shall be established for any purpose.
2. No false or artificial entry shall be made in the books and records of the Company for any reason.
3. No payment on behalf of the Company shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the necessary documents supporting the payment.

**E. Foreign Transactions:** All Associates are required to comply with the provisions of the Foreign Corrupt Practices Act.

## **II. CONFLICT OF INTEREST**

- A. Close Relatives:** It is improper to do business on behalf of Westar Energy with a close relative, unless disclosed to and authorized by the Chief Executive Officer of Westar Energy. "Close relative" includes immediate family members, their spouses and children.
- B. Accepting Money or Favors:** Associates and members of their immediate families shall not seek or accept, directly or indirectly, any money, favor loan, service, payment, privilege, or commission from any representative of any business doing or seeking to do business with Westar Energy.
- C. Gifts or Entertainment:** Associates shall not accept from anyone, with whom Westar Energy does business, a gift in the form of merchandise of more than nominal value, excessive entertainment, the use of others' property

or facilities, or participation in expense-paid trips unless specifically authorized in advance by the person to whom the Associate reports. Such authorization may follow a determination that it is in the best interest of Westar Energy. This prohibition is not intended to preclude acceptance of token personal mementos or of reasonable courtesies commonly accorded in the business world or incidental to authorized attendance at conventions, such as moderate business meals, tickets for sporting events, etc. But even such courtesies should be declined if acceptance would give the appearance of being subjected to undue influence, or prejudicing the impartial discharge of one's responsibility to Westar Energy.

- D. **Misuse of Company Information:** Associates shall not derive any personal gain or benefit, financial or otherwise, from the use of confidential or internal information about Westar Energy, nor divulge such information to another person except as required by the ordinary discharge of their duties on behalf of Westar Energy. This prohibition includes, among other things, trading in stock of Westar Energy, or its affiliates, on inside information or enabling anyone else to do so.
- E. **Interference with Your Responsibilities to Westar Energy:** Associates shall not serve as partner, director, officer, or employee of, or consultant to, any other business organization, with or without remuneration, if such service interferes with the proper discharge of their responsibilities to Westar Energy or conflict with the Company's interests.
- F. **Misappropriation of Business Opportunities:** Associates shall not purchase, trade, or have any interest in any real estate or personal property in anticipation of its sale to or use by the Company, nor shall Associates divert to their gain any business opportunity which they have reason to believe Westar Energy desires or intends to acquire.
- G. **Company Property and Employees:** Associates of the Company shall not take or use property of the Company for personal use except as authorized by Company policy or secure the services of Company employees for personal benefit during their normal working hours.

### III. INVOLVEMENT IN PUBLIC AFFAIRS

- A. **Representing Westar Energy:** Associates may speak for Westar Energy on issues before governmental bodies only when authorized to do so by the Chief Executive Officer.
- B. **Political Activities:** Because good government depends on citizens taking an active interest in public affairs, supporting and electing good candidates, and even serving in elected and appointed public offices, Associates are encouraged as individuals to work for good government according to their own beliefs, but to do so in such manner as not to interfere with the proper performance of their work for the Company.

### IV. CONFIDENTIAL AND INTERNAL INFORMATION

The Company's information resources are provided for benefit of the Company and for use in the pursuit of Company business, and are to be reviewed, monitored, and used only in that pursuit, except as otherwise provided in this policy. Unauthorized review, duplication, dissemination, removal, installation,

damage, or alteration of files, passwords, computer systems or programs, or other property of the Company, misappropriation, unauthorized access, unauthorized disclosure, or improper use of confidential and internal information, at any time, is prohibited. The Company does not consider conduct in violation of this policy to be within the course and scope of employment or the direct consequence of the discharge of one's duties. Accordingly, to the extent permitted by law, the Company reserves the right to not provide a defense or pay damages assessed against Associates for conduct in violation of this policy.

**A. Information Classification Definition:**

**Confidential Information** is information that is sensitive in nature and unauthorized disclosure of such information would be a violation of law or would result in business interruption or negatively impact operations. Examples include social security numbers, customer information, proprietary information, employee personal and medical information, operation capacities, sales information, etc. Also included is information designated by a contracting party as confidential.

**Internal Information** is information that may be disclosed to any Company Associate. Examples include employee updates, Synergy, computer system specifications, vendor information, policies, employee photos, names and phone numbers, email addresses, tariffs, etc.

**Public Information** is information that may be disclosed to anyone, either inside or outside the Company. Examples include published annual report, published financial reports, news releases, etc.

**B. Default Classification:**

Information which does not have either a PUBLIC or INTERNAL or CONFIDENTIAL designation must be treated as though it were CONFIDENTIAL until a fitting classification is dedicated. In addition, information belonging to third parties – that has been entrusted to the Company – must be treated as though it were CONFIDENTIAL unless contracted otherwise.

**C. Authorized Access:**

Information access authorization is granted by the information's Owner consistent with the need-to-know and required to perform ordinary job duties, or to complete a special project which has been authorized by management.

**V. ELECTRONIC and INFORMATION TECHNOLOGY**

The purpose of this policy is to ensure the proper use and protection of Company electronic and information technology assets. Electronic Communications are any form of electronically generated, stored or transferable information including but not limited to e-mail, voice mail, facsimile ("fax"), computer usage, computer software, and Internet / Intranet access. These services are provided by the Company for business purposes and are to be used for Company-related business. Associates who know of any violation of this policy have an affirmative obligation to report the violation to their supervisor or Executive Director of Human Resources. Violation of this policy, including failure to report violations, may result in disciplinary action up to and including discharge. Each Associate has the responsibility to use electronic and information technology resources in an efficient, effective, ethical and lawful manner.

**General:**

- A. The creation or exchange of messages, images, or any computer files that are illegal, offensive, harassing, obscene, or threatening is strictly prohibited.
- B. The misappropriation or unauthorized disclosure of proprietary information, trade secrets or other confidential or internal information to Company Associates who do not otherwise have access to or need to know such information or to non-Company Associates is strictly prohibited.
- C. Associates must not compromise the privacy of their password by giving it to others or exposing it to public view. Passwords should be difficult-to-guess and updated on a regular basis.
- D. Associates must not test, or attempt to compromise computer or communication system security measures unless specifically approved in advance and in writing by the Vice President of Information Technology (IT). Incidents involving unapproved system cracking (hacking), password cracking (guessing), file decryption, illegal software copying, or similar unauthorized attempts to compromise security measures may be unlawful, and will be considered serious violations of Company policy. Likewise, short-cuts bypassing systems security measures, as well as pranks and practical jokes involving the compromise of systems security measures are absolutely prohibited.
- E. All information created by, stored on, or transmitted by the Company computer and communications systems is Company property.
- F. The Company has the right to monitor, disclose, delete, and review any Associate's electronic communications for compliance with this policy and general job performance, with or without notice.
- G. Associates must not use their personally owned computers, computer peripherals, or computer software at Company owned facilities or link to the Company network without prior authorization from executive management and in compliance with IT guidelines. This includes personal notebooks, laptops, palmtop devices, and other such equipment.
- H. Associates waive any right to privacy with regard to E-mail, Voice mail, facsimile, computer, computer software, and Internet/Intranet access and use.

**E-Mail:**

- A. Incidental personal use of the corporate E-mail system is acceptable as long as the E-mail message does not violate other restrictions in this policy, and does not impede the performance of normal job duties.
- B. E-mail created or stored on or transmitted by Company computer and information systems is the Company's property, not the Associate's.
- C. Associates must ensure that messages are addressed to the appropriate recipient; it is easy to inadvertently address E-mail messages incorrectly. Confidential E-mail messages must include a warning regarding accidental transmission to unintended third parties. Suggested wording for this warning is:

**This message is CONFIDENTIAL and may contain Westar Energy proprietary information. If you are not the intended recipient of this message, please reply to: postmaster@wr.com and the sender, and delete this message immediately. Contents copyright 2002.**

- D. The creation, exchange or forwarding of advertisements, solicitations, chain letters and other unsolicited E-mail and/or attachments is strictly prohibited.
- E. E-mail messages should not be read or sent from another Associate's account without that Associate's express knowledge and consent.
- F. E-mail messages will be retained only if relevant to the business or anticipated litigation. Otherwise, messages will be retained by the E-mail system for not more than 30 days.
- G. E-mail should not be used for personal gain (i.e., selling goods and services such as furniture, vehicles, game tickets, etc.). Such solicitations should be listed on the appropriate Company Electronic Bulletin Board.
- H. E-mail may not be used for any illegal activity or to propagate foul or offensive messages, including but not limited to sexual or racial remarks or images, slurs, obscenities, etc.

**Voice Mail:**

- A. Voice Mail created, stored or transmitted with Company telephones is the Company's property, not that of the Associates.
- B. Voice Mail use is for Company business only. Incidental personal use of Voice Mail is acceptable as long as no other policy restrictions are violated, and that there is no negative impact to the performance of normal job duties.
- C. Voice Mail may not be used for any illegal activity or to propagate foul or offensive messages, including but not limited to racial or sexual remarks, slurs, obscenities, etc.
- D. By leaving an incoming or outgoing message on Voice Mail, Associates accept the responsibilities and expectations as defined by this policy.
- E. Associates should retain Voice Mail messages only if relevant to the business or anticipated litigation.

**Facsimile ("Fax")**

- A. Incidental personal use of the Company facsimile machines is acceptable as long as the message does not violate other restrictions in this policy, and does not impede the performance of normal job duties.
- B. Facsimiles created or stored on or transmitted by Company equipment is the Company's property, not the Associate's.
- C. Associates must ensure that messages are addressed to the appropriate recipient; it is easy to inadvertently address facsimile communications incorrectly. Confidential information sent by facsimile must include a warning regarding accidental transmission to unintended third parties. Suggested

wording for this warning is:

**This message is CONFIDENTIAL and may contain Westar Energy proprietary information. If you are not the intended recipient of this message, please reply to: postmaster@wr.com and the sender, and delete this message immediately. Contents copyright 2002.**

- D. The creation, exchange or forwarding of advertisements, solicitations, chain letters and other unsolicited facsimile communications and/or attachments is strictly prohibited.
- E. Company facsimile machines may not be used for any illegal activity or to propagate foul or offensive messages, including but not limited to sexual or racial remarks or images, slurs, obscenities, etc.

**Company Internet and Intranet Access**

- A. Company Internet and Intranet access is provided by the Company for business related purposes.
- B. Internet access is to be used for activities that support the Company's business. Associates may use Company Internet Access as appropriate to support other Associates and contractors in their job duties, to pursue educational, public service or volunteer activities sponsored or supported by the Company, and to perform other business-related activities.
- C. Occasional, incidental use of the Internet for personal use is acceptable as long as no other policy restrictions are violated, and such activity does not impede the performance of normal job duties.
- D. Company Internet or Intranet access may not be used to access or transmit illegal, offensive, harassing, racial, obscene, sexual, or threatening content, or any other content that could be perceived to be inappropriate.
- E. Associates may not use Internet or Intranet access assigned to another individual to either send or receive messages or access Internet content.
- F. Unless otherwise permitted by law or license Associates are prohibited from disseminating, sending, receiving, or printing copyrighted materials, including but not limited to articles and software. Associates are prohibited from unauthorized sending, receiving, or printing confidential and internal Company information.
- G. By using Company Internet or Intranet, Associates accept the responsibilities and expectations as defined by this policy.
- H. All information posted on the Internet representing the Company or its subsidiaries (affiliates) must be approved by the appropriate Company legal and communication entities, consistent with the Company's policy for communicating information to the public.
- I. Associates are prohibited from creating unauthorized Web pages, information sites, or posting unapproved statements representing the Company on the Internet or Intranet.
- J. Associates are responsible for personal compliance with privacy policies and

terms of use on the Company website and any other Internet website they may access.

**Computer Use:**

- A. Company computers and software are considered the Company's property, not the Associates.
- B. Company computer use is for Company business. Company computers are not intended for solicitation of outside business ventures or other non-Company purposes.
- C. Associates may, with management approval, use Company computer equipment for occasional, incidental personal use outside of working hours, provided that no other policy restrictions are violated, and that there is no negative impact to the intended business use and technical configuration of the computer system. Associates should review sections entitled "E-mail", "Company Internet/Intranet Access", and "Software Use" for specific policy regarding Company computer use for electronic communications.
- D. Company computers may not be used for any illegal activity, including but not limited to "chain letters", the storage or transmission of foul or offensive messages, racial or sexual remarks, slurs, obscenities, etc.
- E. By using a Company computer, Associates accept the responsibilities and expectations as defined by this policy.
- F. Associates who are assigned portable, laptop, notebook, palmtop, and other transportable computers containing CONFIDENTIAL or INTERNAL information must exercise reasonable theft prevention practices. Equipment of this nature should not be left unsecured and should be restricted from unapproved access.

**Software Use:**

All Company owned computer software must be used only in accordance with copyright laws and vendor license agreement; noncompliance is contrary to the Company's standards of conduct. Proprietary software cannot be duplicated, modified, or used on more than one computer except as expressly stated in the manufacturer's license agreement. The following points are to be followed to comply with software license agreements and procurement policy.

- A. Associates acknowledge that they do not own Company owned and licensed software or associated documentation, and unless expressly authorized by the software publisher, may not make additional copies except for archival purposes.
- B. Unless otherwise provided in the license agreement, any unauthorized use or duplication of copyrighted software is a violation of copyright law. The Company will not tolerate the use of any unauthorized copies of software. Any person illegally reproducing software may be subject to civil and criminal penalties including fines and imprisonment.
- C. Software may not be shared with non-Company affiliates including but not limited to clients, customers, vendors, and suppliers.

- D. All software used on Company owned equipment must be obtained and administered through approved Company software procurement processes.
- E. Under no circumstances will software be used within the Company that has been obtained through unauthorized procurement practices including, but not limited to, the Internet, the home, colleagues, vendors and suppliers.

## **VI. RULES FOR CONDUCTING BUSINESS AMONG AFFILIATES OF WESTAR ENERGY**

- A. **Independent Operations:** To the maximum extent practicable, the Associates of Westar Energy and Associates of each of Westar Energy affiliates which engage in wholesale merchant functions shall each operate independently.
- B. **Preferential Treatment:** Associates of Westar Energy or any of its affiliates shall not, through policies or procedures or otherwise, provide a preference for affiliates which engage in wholesale merchant functions over nonaffiliated marketers or brokers.
- C. **Sharing Marketing Information:** Associates of Westar Energy or any of its affiliates shall not provide affiliates, which engage in wholesale merchant functions, market information, including but not limited to, transaction specific data unless such data or information is made available generally to nonaffiliated marketers or brokers on a comparable basis or is otherwise available from public sources. Restrictions on intercompany transactions, including exchange of information, imposed by regulatory authorities, shall be strictly observed.
- D. **Separate Books and Records:** Books and records shall be separately maintained for Westar Energy and for each affiliate which engages in wholesale merchant functions.

## **VII. MONITORING COMPLIANCE**

- A. **Annual Affirmation:** Associates shall be provided a copy of this Policy and are annually required to sign a form (attached) indicating that they have read the Policy and are making the stated affirmation. Supervisors shall review this Policy with employees annually.
- B. **Questions on Application of this Policy:** If an Associate is in doubt as to the proper application of this Policy to a specific conduct, the Associate should promptly make all the facts known to a supervisor, and avoid any conduct which reasonably might be considered to be contrary to Company policy. The supervisor (or a higher level of management as may be required) shall advise the Associate as to the matter in question.
- C. **Periodic Audits:** The Director of Internal Audit shall, as a part of his or her regular auditing procedures, periodically audit the Company's records and activities to determine compliance with this Policy. The results of such audits shall be reported in writing to the Audit Committee of the Board of Directors and to the Executive Vice President, General Counsel and Corporate Secretary of the Company.

- D. **Compliance Reporting:** A report of any unlawful activity committed in violation of the Policy and corrective action taken shall be made in writing by the Associate taking such corrective action to Westar Energy' Compliance Officer.

#### **VIII. BUSINESS MAIL - Physical Mail (including U.S. Mail, overnight services, parcel deliveries and inter-departmental mail)**

- A. Incidental personal use of the Company mail systems (including U.S. Mail, overnight services, parcel deliveries and inter-departmental mail) is acceptable as long as the mail message does not violate other restrictions in this policy, and does not impede the performance of normal job duties.
- B. Physical mail delivered to the Company, whether addressed to the Company, a business unit, division, department or individual Associate, is the Company's property, not the Associate's.
- C. By maintaining employment at the Company, each Associate implicitly grants the Company authorization to open physical mail delivered to Company locations.
- D. The creation and exchange of messages or images that are illegal, offensive, harassing, obscene, or threatening through the Company mail systems is strictly prohibited.
- E. The misappropriation or unauthorized disclosure of proprietary information, trade secrets or other sensitive information to Company Associates who do not otherwise have access to or need to know such information or to non-Company Associates is strictly prohibited. Caution should be taken to ensure that messages are addressed to the appropriate party. Confidential mail messages should include a warning regarding accidental delivery to unintended third parties. Suggested wording for this warning is:

**This message is CONFIDENTIAL and may contain Westar Energy' proprietary information. If you are not the intended recipient, please notify the sender, and destroy this message immediately. Contents copyright 2002.**

- F. The creation, exchange or forwarding of advertisements, solicitations, chain letters and other unsolicited mail and/or attachments is strictly prohibited.
- G. Mail messages addressed to or from a particular Associate should not be read or sent by another Associate without that Associate's express knowledge and consent. However, at the discretion of management, mail may be opened for inspection by Associates authorized by the Company.
- H. Mail should not be used for personal gain (i.e., selling goods and services such as furniture, vehicles, game tickets, etc.). Such solicitations should be listed on the appropriate Company Electronic Bulletin Board.

#### **IX. VIOLATIONS OF THE ETHICS POLICY; CORRECTIVE ACTION**

Violation of the policy is grounds for disciplinary action up to and including suspension or dismissal. It may result in referral for criminal prosecution or in a civil lawsuit against the violator. In the event an Associate finds he or she has

violated this Policy and reports the violation, such reporting may be a mitigating factor in determining the disciplinary or legal action to be taken.