

**SERC Standard of Business Conduct  
For  
Directors Who Serve on the Compliance  
Committee**

**Supplement  
to the  
Delegation Agreement  
Between NERC and SERC**



SERC Reliability Corporation  
Standard of Business Conduct  
For  
Directors Who Serve on the Compliance Committee

Directors are responsible for avoiding situations that present or create the appearance of a potential conflict between their interests, the interests of the Member they represent, and SERC.

SERC Directors must conduct SERC's Compliance Program with total objectivity and without any influence from any conflict of interest of such an extent or nature that the Director's decisions, recommendations or other actions on behalf of SERC might be affected.

Prohibited Conflicts of Interest relating to the SERC Compliance Program include, but are not limited to, situations where the Director member of the Compliance Committee, or a member of his immediate family (parent, child, sibling, or the spouse of a parent, child or sibling):

- Has a direct ownership interest, except for ownership of publicly-traded securities if the securities are held as an investment and the Director or related party (a) owns less than one percent (1%) of the outstanding securities of the entity, (b) does not have representation on the entity's board of directors (or equivalent managing entity), and (c) does not exercise influence over the entity's day-to-day management decisions, in any entity alleged to be in violation of, or non compliance with, a Reliability Standard;
- Is employed, or was formerly employed, by any entity that is alleged to be in violation of, or non compliance with, a Reliability Standard

In such situations, any Director that has an interest in the outcome of the proceeding shall not participate in the consideration of or decision concerning the alleged violation or non compliance.