



NPL CONSTRUCTION CO.



**CODE
OF
BUSINESS CONDUCT AND ETHICS**

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CODE OF BUSINESS CONDUCT & ETHICS

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NPL

CODE OF BUSINESS CONDUCT & ETHICS

POLICY STATEMENT

NPL Construction Company (“NPL”) has earned and maintains a strong reputation for honesty and integrity. This outstanding reputation can continue if NPL’s directors, officers, and employees are committed individually to honesty and integrity in all business relationships with all groups and individuals with whom we interact, whether our coworkers, customers, shareholder representatives, suppliers, or contractors.¹ This means conducting business in a manner that is in accord not only with all applicable laws and regulations of the United States and the states and counties in which we operate, but also with the highest ethical standards.

NPL has adopted this Code of Business Conduct & Ethics (“Code”) to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in the reports and documents NPL files with, or submits to, its owner, Southwest Gas Corporation;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of suspected violations of this Code; and
- accountability for adherence to this Code.

Each director and employee of NPL is, and will be held, responsible for observance of this Code. Except where this Code distinguishes employees from officers, all references to employees shall include officers.

NPL promotes ethical behavior and encourages employees to talk to supervisors, managers, officers, Human Resources, NPL Counsel, or other appropriate personnel when in doubt about the best course of action in a particular situation. Additionally, employees and directors should report to appropriate personnel any suspected violation of law, rule, regulation or this Code. Employees reporting such allegations in good faith will not be subject to retaliation. Any employee in or aware of a situation that he or she believes may violate or lead to a violation of this Code should follow the below guidelines under **“Compliance and Reporting.”**

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but sets out basic principles to guide all employees and

¹ As used in this Code, the terms “supplier” and “contractor” are to be given their broadest meaning; the term “supplier” includes vendor; the term “contractor” includes subcontractor.



directors of NPL. These principles are in addition to, and not in lieu of, NPL policies and procedures set forth in NPL's:

- Policy Manual,
- Accounting Manual,
- Employee Services Manual, and
- Safety Reference Manual,

all of which – while not incorporated into this Code – nonetheless govern NPL employees and are to be read in support of the Code. If there arises any conflict or inconsistency between this Code and any policy, the stricter provision shall prevail.

Those responsible for the content of the above-listed manuals shall provide updates to the policies and procedures set forth therein, if and to the extent necessary to reflect then-current requirements of applicable law, regulation or standards.

Although there can be no better course of action than to apply common sense and sound judgment, no employee should hesitate to contact NPL management or supervision whenever necessary to seek clarification of any matter covered by this Code and/or NPL policy.

WAIVERS

No exceptions or waivers of this Code are anticipated. If, however, a waiver is warranted, it may only be made by the Board of Directors for executive officers or directors, and by the Chief Executive Officer for all other officers and employees. The Chief Executive Officer will report any waiver for officers or employees to the Board.

CONFLICTS OF INTEREST

All employees are required to avoid any situation that involves a conflict of interest between their personal interests and the interests of NPL. A conflict of interest arises any time an employee's personal interests or activities interfere with his or her ability to act in the best interests of NPL. All employees must discharge their responsibilities solely on the basis of what is in the best interest of NPL and independent of personal consideration or relationships. Non-employee directors must discharge their fiduciary duties as directors of NPL.

All employees must disclose potential conflicts of interest involving the employee's family or household members. If there is any doubt about whether or not a potential course of action could be considered to involve a conflict of interest with NPL, the non-officer employee is to discuss the matter fully with his or her supervisor or with NPL Counsel, and directors and officers are to have such discussions with NPL's General Counsel before taking action.



❖ **Activities Outside NPL**

NPL does not intend to infringe on an employee's right to engage in outside business or other lawful activities not conflicting or interfering with the employee's obligations to NPL. The following are examples of situations, however, that would be in conflict with an employee's duties and contrary to NPL policy:

- Serving as an officer, director, employee, contractor, supplier or agent of another company or firm that is a present or prospective competitor, customer, supplier or contractor of NPL without the prior, written approval of the Chief Executive Officer.
- Except as may occur through participation in a 401(K) or in a mutual fund or similar arrangement, holding any **stock or other financial interest** in any competitor, supplier or contractor of NPL without the prior, written approval of an NPL officer or, in the case of an officer or director seeking approval, NPL's Chief Executive Officer or the Chief Executive Officer of NPL's parent company, respectively, provided, however, that in the case of an employee not directly involved in, or positioned to influence, whether (and, if so, from whom) NPL buys goods or services, the prohibition on holding any interest in any such supplier shall not apply if the employee's interest consists of less than five percent of the total equity of that supplier.
- Using proprietary or confidential NPL information for personal gain or to NPL's detriment.
- Borrowing, soliciting or accepting a loan, a cash payment or goods or services of any kind other than a de minimis amount in the ordinary and normal course of business, by the employee and/or his or her immediate family from any present or prospective competitor, customer, supplier, or contractor of NPL, excepting dividends paid on stock held by, or held for the benefit of, the employee and/or his or her immediate family, as long as the stock ownership complies with NPL policy.
- Using NPL assets or labor for personal use, except for incidental use not interfering with the employee's job and with approvals by the employee's supervisor.

❖ **Community Activities**

NPL encourages all employees to be actively involved in their communities through volunteer service to charitable, civic and public service organizations, and through participation in the political process and trade associations.

All employees must make sure, however, that their service is consistent with their employment with NPL and does not pose a conflict of interest. This is particularly



important before accepting any leadership position (such as membership on the board of a charitable or civic organization), before seeking or accepting political office, and before advocating a charitable contribution.

❖ ***Corporate Opportunities & Resources***

Employees are prohibited from taking for themselves any business opportunity that is discovered through use of NPL information or position without the prior, written approval of an NPL officer, or in the case of an officer or director seeking approval, NPL's Chief Executive Officer or the Chief Executive Officer of NPL's parent company, respectively. Without such approval, no employee may use NPL property, information or position for personal gain and no employee may compete with NPL, directly or indirectly.

❖ ***Indirect Interests and Relationships***

A conflict of interest can also arise because of the business activities of an employee's close relations. For example, an employee may have a potential conflict of interest wherever a close relative has a relationship with, or has a financial interest in, any supplier, contractor, customer or competitor of NPL.

An employee may not make or influence any decision that could directly or indirectly benefit his or her close relative and, in order to protect the employee and NPL from the appearance of a conflict of interest, he or she is to make appropriate disclosure.

BUSINESS RELATIONSHIPS

NPL seeks to outperform its competition fairly and honestly. NPL seeks competitive advantages through superior performance, not unethical or illegal business practices. Each employee and director is to endeavor to deal fairly with NPL's customers, suppliers, contractors, competitors and other employees when conducting NPL business. No employee or director is to take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material fact, or any other unfair-dealing practice.

❖ ***Customer, Supplier, and Competitor Relationships***

Customers, suppliers, contractors, and competitors should always be treated with the highest standards of business conduct. NPL's policy is to sell services on merit and to avoid making disparaging comments about products and services of competitors. Employees should be careful in this regard in commenting upon the character, financial condition, or potential legal or regulatory problems of competitors. Employees should never intentionally interfere with any contract or business relation between any of NPL's competitors and their suppliers, contractors or vendors.



❖ ***Supplier Pricing***

NPL is committed to getting best-value pricing from its suppliers, but not by taking non-public pricing and terms from one or more suppliers and divulging such information to others seeking to supply the Company. This Code provision is to be followed without regard to whether the supplier from whom pricing information is received has labeled its submittal as “confidential” or “proprietary” or has used similar wording. Besides being bad business, there can be legal ramifications to sharing such information.

❖ ***Contracts and Commitments***

No employee may enter into any agreement binding NPL without appropriate authorization. NPL has instituted contract and signature approval policies, which identify those individuals who have the authority to approve and sign certain contracts binding NPL and its subsidiaries. If there are any questions about which employees have signature authority for a given contract, contact NPL Counsel.

FAIR COMPETITION

Fair competition laws, including the U.S. antitrust rules, limit what NPL can do with one or more other companies and what NPL can do on its own. Generally, the laws are designed to prohibit agreements or actions that reduce competition and harm consumers. Employees and directors may not enter into agreements or discussions with competitors that have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers, contractors, or customers.

GIFTS, GRATUITIES, ENTERTAINMENT AND OTHER CONSIDERATIONS

Use of NPL funds or other NPL property for illegal, unethical or otherwise improper purposes is prohibited. The purpose of business entertainment and gifts in a commercial setting is to create goodwill and a sound working relationship, not to gain advantage with customers, suppliers, or contractors.

❖ ***Gifts, Meals, Entertainment, and Travel***

NPL prohibits employees and directors from soliciting or accepting from present or prospective competitors, customers, contractors, or suppliers: gifts, meals, entertainment, travel, transportation, lodging or other favors for employees, directors, or members of an employee’s or director’s immediate family if the business-related gifts go beyond the common courtesies usually associated with ethical business practices. There should always be a business benefit or purpose for accepting any gift or participating in a supplier- or contractor-sponsored activity, and any benefits received should not influence, or appear to influence, selection and purchasing decisions. It is never appropriate or permissible to accept or give cash or a cash equivalent in violation of NPL policy.



The following are examples of acceptable business-related gifts:

- Home entertainment on a reciprocal basis;
- Other entertainment before or after working hours where an employee and his or her family pay their fair share of the costs in relative proportion to the amount of their participation;
- Meals, travel, lodging and entertainment, including attendance at sporting or cultural events, as long as it is associated with an occasion at which business is discussed and is provided as a normal part of business. The value of the activity must be reasonable, regardless of whether or not NPL is paying for the activity. Each employee and director should express care to ensure that such activities are necessary and that their value and frequency are not excessive under all applicable circumstances;
- Unsolicited advertising, promotional items or gifts (excluding cash or cash equivalents) which cost one hundred dollars (\$100) or less;
- Cash equivalent gifts (meaning redeemable tokens or the like, but not including tickets to sporting or cultural events, which are covered above) not exceeding fifty dollars (\$50), if given in such context as to neither influence nor appear to influence a selection or purchasing decision;
- Socially entertain friends or relatives doing business with NPL, provided the entertainment is clearly not related to NPL business (no expenses of such entertainment are reimbursable by NPL);
- A personal discount by a customer, contractor, or supplier of NPL that is generally available to the similar public or is approved and available to all NPL employees; and
- To the extent not covered above, business courtesies that are neither lavish nor frequent and are authorized by an officer of NPL in order to maintain good business relations.

❖ **Loans**

As stated in the “Conflicts of Interest” section, employees may not accept loans from any person or entities having or seeking business with NPL. Additionally, executive officers and directors may not receive loans from NPL, nor may NPL arrange for any loan other than from a financial institution or other business in the ordinary course at normal interest rates prevailing at the time of borrowing.



❖ ***Bribes and Kickbacks***

The use of NPL funds, facilities or property for any illegal or unethical purpose is strictly prohibited.

- No NPL employee, director or agent is permitted to offer, give or cause others to give, any payments or anything of value for the purpose of influencing the recipient's business judgment or conduct.
- Employees and directors may not solicit or accept a kickback or bribe, in any form, for any reason.

❖ ***Suppliers and Contractors***

NPL reasonably expects and requires of each supplier and contractor that no gift, meal, entertainment, travel, or other consideration will be offered to or otherwise conferred upon an NPL employee if, should the employee accept, he or she would be in violation of any of the foregoing provisions. Nor shall any supplier or contractor offer or make any loan, kickback or bribe in any form to an NPL employee or to the employee's relative(s).

POLITICAL CONTRIBUTIONS AND LOBBYING

No NPL employee or director may make a political contribution on behalf of NPL or its subsidiaries, or with the appearance that such contribution is being made on behalf of NPL or its subsidiaries, unless expressly authorized in writing by NPL's General Counsel. A "contribution" is any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, services or anything of value in connection with an election, or to an organization or group formed to support or defend a referendum or ballot issue.

Nothing in this Code is intended to discourage employees or directors from making contributions of their own time or funds to political parties or candidates of their choice. Employees and directors will not be compensated or reimbursed by NPL for any such personal contributions, however. Political activities should not interfere with job responsibilities.

Employees and directors must obtain the prior, written approval of the Chief Executive Officer to hire outside counsel or a public affairs firm to contact government officials regarding legislation, regulatory policy, or rule making. This includes grassroots lobbying contacts.

ACCURACY OF REPORTS, RECORDS AND ACCOUNTS

All NPL employees and directors are responsible for the accuracy of their respective records, time sheets and reports. Accurate information is essential to NPL's ability to meet legal and regulatory obligations and to compete effectively. The records and



books of account of NPL shall meet the highest standards and accurately reflect the true nature of the transactions they record.

NPL employees and directors shall not create false or misleading documents or accounting, financial or electronic records for any purpose and no one may direct an employee to do so. For example, expense reports must accurately document expenses actually incurred in accordance with NPL policies. NPL employees and directors must not obtain or create “false” invoices or other misleading documentation or invent or use fictitious entities, sales, purchases, services, loans or other financial arrangements for any purpose. Employees are also responsible for accurately reporting time worked.

No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in NPL’s books or records for any reason. No disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation or for any purpose other than as described in the documents. All employees shall comply with generally accepted accounting principles and NPL’s internal controls at all times.

GOVERNMENT INVESTIGATIONS

Employees and directors must promptly notify NPL’s General Counsel of any government investigation or inquiries from government agencies that are not in the normal course of business.

Employees and directors must not obstruct the collection of information, data or records. NPL provides information to which the government is entitled during an inspection, investigation, or request for information. Employees and directors must not lie to government investigators or make misleading statements. Employees and directors must not attempt to cause another employee to fail to provide accurate information to government investigators.

REGULATORY COMPLIANCE

NPL operates in a regulated environment, and must comply with certain federal, state and local rules on occupational safety and health and (by way of contract with customers) with certain rules of the U.S. Department of Transportation. Employees must take an active role in NPL’s compliance, and are thus expected to be knowledgeable of applicable laws and regulations; to avail themselves of all pertinent training and information made accessible by or through NPL; to abide by all regulatory requirements; and, to report immediately any occurrence or suspicion of a regulatory violation, or any potentially harmful or dangerous condition, to a supervisor or through the NPL Communications Line (“CommLine”) or, if the situation involves a matter in the field, to a Safety Director or NPL’s Chief Officer of Safety, Quality & Regulatory Affairs.

CONFIDENTIAL INFORMATION

NPL’s confidential, trade secret and proprietary information is one of its most important assets, having independent economic value and representing a tremendous investment



of time, effort, and money. Protection of this information is vital to maintaining NPL's competitive edge and to safeguarding our future and our jobs. Its protection requires active cooperation and participation of each employee.

Employees and directors are to maintain the confidentiality of information entrusted to them by NPL and its customers, except when disclosure is authorized or legally mandated.

Confidential information includes all non-public information, including information that might be of use to competitors, or harmful to NPL or its customers if disclosed.

Protected information includes but is not limited to the following:

- Technical information and know-how on all NPL products, equipment, processes, services, and systems;
- NPL business planning information, such as new services, customer strategy, expansion plans, relocation, downsizing, acquisition and mergers;
- Financial information on costs, investments, profit, margins and forecasts;
- Problems in any area of NPL's business;
- NPL production information, progress reports and other productivity information;
- Marketing strategies, pricing, supplier/contractor information, bid information and NPL developed bid programs;
- Quality and improvement program results; and
- NPL employee information, including changes in staffing, relocation, wages and salaries, and bonus program results.

INSIDER TRADING

Employees and directors who have access to confidential information of NPL's parent company, Southwest Gas Corporation, are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of NPL's business. Nor may any employee or director engage or assist in any "insider trading," irrespective of whose shares are traded, given potential harm to NPL's reputation should any employee or director be so involved.

"Inside" information is material information about a publicly traded company that is not known by the public. Information is deemed "material" if it could affect the market price of a security or if a reasonable investor would attach importance to the information in deciding whether to buy, sell or hold a security. Inside information typically relates to



financial conditions, such as progress towards achieving revenue and earnings targets or projections of future earnings or losses of a company. Inside information also includes changes in strategy regarding a proposed merger, acquisition or tender offer, new products or services, contract awards and other similar information.

Insider trading is prohibited by law. It occurs when an individual with material, nonpublic information (the “Insider”) trades securities or communicates such information to others who trade. The person who trades or “tips” information violates the law if he or she has a duty or relationship of trust and confidence not to use the information.

Trading or helping others trade while aware of inside information has serious legal consequences, even if the Insider does not receive any personal financial benefit. Insiders may also have an obligation to take appropriate steps to prevent insider trading by others.

COMMUNICATIONS WITH THIRD PARTIES

NPL communicates with media and responds to inquiries by third parties through its officers and NPL Counsel, to whom any and all such inquiries are to be referred.

TECHNOLOGY USE AND PRIVACY

NPL provides various technology resources including computers, telephones, software, copying machines, Internet access, and voice mail to authorized employees to assist them in performing their job duties for NPL. Each employee has the responsibility to use NPL’s technology resources in a manner that complies with applicable laws and NPL policies (including licensing and reproduction laws), increases productivity, enhances NPL’s public image and is respectful of other employees.

❖ *Authorization*

Access to NPL’s technology resources is within the sole discretion of NPL and subject to NPL policies. Generally, employees are given access to NPL’s various technologies consistent with their job functions. NPL reserves the right to limit any such access by any available means, including the revocation of access altogether.

❖ *Prohibition Against Violating Copyright Laws*

Employees and directors may not use NPL’s technology resources to copy, retrieve, forward or send copyrighted materials unless the employee or director has the author’s permission or is accessing a single copy only for the employee’s or director’s reference.

Violation of copyright laws is a potential financial and legal liability for both NPL and the offending employee.

❖ *Other Prohibited Uses*



Employees and directors may not use any of NPL's technology resources for any illegal purpose, in violation of any NPL policy, in a manner contrary to the best interests of NPL, in any way that discloses confidential or proprietary information of NPL or third parties on an unauthorized basis, or for personal gain.

OUR WORK ENVIRONMENT

The diversity of NPL employees is a tremendous asset. NPL is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any discrimination or harassment violative of law. In addition, NPL strives to provide each employee with a safe and healthful work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following health and safety rules and practices, and by reporting accidents, injuries and unsafe equipment, practices or conditions.

ENVIRONMENTAL

NPL must fully comply with all state and federal laws relating to the protection of the environment in the conduct of its business. Employees must use, store and dispose of all hazardous materials properly and in accordance with applicable regulations. Employees must report, in accordance with NPL policies, all circumstances under which hazardous materials or waste come in contact with the environment, are improperly handled or disposed of, or when a potential violation of law may exist.

COMPLIANCE AND REPORTING

❖ *Compliance*

Any employee who violates the provisions of this Code will be subject to disciplinary action, up to and including termination. Willful disregard of criminal statutes underlying this Code may require NPL to refer such violation for criminal prosecution or civil action or both.

❖ *Procedures for Reporting and for Other Inquiries*

Questions regarding the policies in this Code may be directed to NPL Counsel. Managers and supervisors shall provide timely advice and guidance to employees on ethics and compliance concerns and are expected to take a leadership role in promoting ethical business conduct.

Any employee having knowledge of, or questions or concerns about, an actual or possible violation of the provisions of this Code is obligated to promptly report the matter to supervisors, managers, officers, Human Resources, NPL Counsel, or other appropriate personnel. **Employees reporting such allegations in good faith will not be subject to retaliation.**



In situations where an employee prefers to place an anonymous report in confidence, he or she is encouraged to use the hotline, Ethicspoint, which is hosted by a third-party hotline provider. All information provided via EthicsPoint is on a totally confidential and anonymous basis, should the reporting employee so choose. All comments will be heard.

ETHICSPOINT CONTACT INFORMATION:

**CALL
623.879.4663**

**Or file online at
www.mynpl.ethicspoint.com**

All conversations, calls and reports made in good faith will be taken seriously. When reporting a violation, employees need to provide the time, location, names of the people involved, and other details so that NPL can fully investigate.

NPL prohibits retaliation or retribution against any person for good faith reports of an ethical concern. Anyone who misuses the reporting process, however, to spread falsehood, threaten others, or damage another person's reputation will be subject to disciplinary action, up to and including termination.

NPL Counsel may be contacted at 623.879.4614. Mailing address is: 2355 W Utopia Road, Phoenix, AZ 85027

NO EMPLOYMENT CONTRACT

This document is not an employment contract between NPL and its employees, nor does it modify their employment relationship with NPL.

This Code is intended to clarify each employee's existing obligation for proper conduct. Its standards and supporting policies and procedures may change from time to time in NPL's sole discretion. Each employee is responsible for knowing and complying with the current laws, regulations, standards, policies and procedures that apply to NPL's work. The most current version of this document can be found at www.gonpl.com.

