

2008

THIRD - PARTY

Ethics AND  
Compliance

GUIDELINES

*CMS ENERGY*

## To all contractors, consultants and materials/services suppliers to CMS Energy:

**T**HESE GUIDELINES set forth the framework of acceptable conduct CMS Energy Corporation (“CMS Energy”) expects from its suppliers of goods and services and its vendors (“Suppliers”). The guidelines outline the key principles that demonstrate our commitment to conduct all business activities in accordance with high ethical standards and in compliance with all laws, rules and regulations. These guidelines are based largely on the CMS Energy Code of Conduct and Statement of Ethics Handbook.

All work performed for CMS Energy must be performed in full compliance with all applicable laws, rules, regulations and policies, as well as, in accordance with our commitment to high ethical standards. For suppliers who have employees contracted to work directly for CMS Energy, this includes reviewing these standards with all their employees and sub-contractors working on CMS Energy accounts.

We expect our employees and our contractors, consultants and agents to conduct themselves in a safe and professional manner, to refrain from any action that may be considered a conflict of interest, and to treat others with respect, fairness and dignity while working on behalf of CMS Energy.

Additional information on our compliance and ethics commitment, as well as the CMS Energy Code of Conduct and Statement of Ethics Handbook for our employees, is available on the CMS Energy Web site at [www.cmsenergy.com](http://www.cmsenergy.com).

If you have questions or concerns about compliance or ethics issues while working for CMS Energy or want to report illegal or unethical activities, you may call our toll-free compliance and ethics hotline at 1-800-CMS-5212 or e-mail [cmscompliance@cmsenergy.com](mailto:cmscompliance@cmsenergy.com). You also may anonymously call 1-800-ethicsp or visit the Web site [www.ethicspoint.com](http://www.ethicspoint.com).

We regard our supplier base as a critical and necessary extension of our operations and future success, and we thank you for continuing to make compliance and ethics a top priority as you work with CMS Energy.

## Safety, Environmental and Health

■ CMS Energy strives to have an injury- and illness-free work environment. To this end, CMS Energy expects its contractors, consultants and agents' suppliers (herein collectively "suppliers") to perform their work in a way that will protect themselves and others and comply with all appropriate safety and health laws, rules, regulations and procedures, including any site-specific safety requirements. You should look for and resolve unsafe situations and help and encourage others to work safely. When involved in CMS Energy-related work, you must report to work fit for duty and remain fit for duty during working hours.

CMS Energy is committed to conducting business in a manner that conserves and protects natural resources and the environment. Suppliers must comply with all applicable environmental laws and regulations and conduct operations on behalf of CMS Energy in an environmentally friendly manner.

CMS Energy is committed to a drug- and alcohol-free workplace. We expect you to avoid using or being under the influence of alcohol while performing work for CMS Energy or on CMS Energy property. Supplier employees shall not consume alcoholic beverages during a meal period if they are to return to work for CMS Energy after the meal. Supplier employees will not work for CMS Energy evidencing any effects of alcohol consumption.

CMS Energy is a drug-free workplace. We expect that you will not use, possess, sell, provide or be under the influence of illegal drugs or other controlled substances while engaged in CMS Energy-related work. You must not allow the use of prescription drugs or over-the-counter medications to affect your ability to work safely or efficiently. Your employees also must comply with applicable state and federal laws and regulations, including the Department of Transportation fitness for duty regulations.

## Weapons

■ Supplier employees may not possess any licensed or unlicensed weapon while on CMS Energy property, in personal vehicles parked on CMS Energy property, in CMS Energy vehicles or while conducting CMS Energy business unless otherwise specifically authorized by CMS Energy management. Weapons include, but are not limited to, firearms, explosives, ammunition, pellet guns, paintball guns, tasers, bows/arrows and swords.

## Relationships with Others

■ Suppliers must conduct all their operations with CMS Energy in a socially responsible, nondiscriminatory manner and in full compliance with all applicable laws, rules and regulations, including but not limited to equal opportunity, child labor, working hours and harassment-free work environment laws. CMS Energy expects its employees and suppliers to treat one another with respect and dignity and to demonstrate our commitment to being a good corporate citizen in the communities where our Company representatives work.

CMS Energy does not tolerate harassment or discrimination, including behavior, comments, e-mail messages or other conduct that contributes to an intimidating or offensive environment. Slurs based on race, gender or religion, or any other conduct, remarks, jokes or pictures that encourage or foster an offensive work environment are dealt with seriously. In addition, we expect you, in your business activities with CMS Energy, to comply with applicable federal, state and local statutes that prohibit discrimination or harassment based on race, color, religion, age, sex, national origin, ancestry, physical or mental disability, medical condition, veteran status, marital status, sexual orientation, height, weight or any other non-job-related factor.

CMS Energy is committed to providing a safe and secure work environment for its employees and suppliers. CMS Energy will not tolerate acts of violence committed by or against its employees or suppliers.

## Responsibility for Company Resources

■ Suppliers are expected to safeguard CMS Energy resources which include property, assets, intellectual property, company technology assets (network, phone, Internet, software applications and e-mail systems) and confidential or sensitive information while performing work for CMS Energy. Use of CMS Energy resources without proper approvals or for anything other than to perform CMS Energy work activities is strictly prohibited. Intellectual property rights of CMS Energy must be protected. CMS Energy confidential or sensitive information must be protected. Suppliers may only possess such information if they need to do so to perform work activities. Suppliers should not use this information for gain or advantage, and never share this information without appropriate CMS Energy approval. All confidential or sensitive information obtained by a supplier must have documented authorization in place. Inappropriate use of CMS Energy Internet or e-mail is strictly prohibited.

CMS Energy retains the right to monitor its assets and work environments in compliance with applicable federal, state and local law. We monitor to promote safety, prevent criminal activity, investigate alleged misconduct and security violations, manage information systems, and for other business reasons.

## Conflict of Interest

■ A conflict of interest exists when there is a choice between acting in a personal interest (financial or otherwise) or in the interest of CMS Energy. While engaged in CMS Energy-related work, you must exercise reasonable care and diligence to avoid any actions or situations that could result in a conflict of interest. This includes not accepting any employment or engaging in any work that creates a conflict of interest with CMS Energy or in any way compromises the work you are to perform for our Company. Supplier employees who also are CMS Energy employees must obtain the proper approvals from management and the chief compliance officer.

Suppliers should not give to or accept from any CMS Energy employee or his/her immediate family member any loans, trips, gifts or entertainment that could influence or be perceived to influence business decisions. A gift can be anything of value, including such items as a ticket to a sporting event or play, a nonbusiness meal, a bottle of wine, a special discount or an all-expense paid trip to a conference or event.

Occasionally suppliers may be solicited to donate to CMS Energy-sponsored charitable events. Suppliers who decide to contribute are limited to donating \$1,000 per sponsored event.

CMS Energy expects suppliers to prevent or immediately disclose a conflict of interest or the appearance of a conflict of interest as soon as possible to CMS Energy managers or the compliance department.

## Compliance with Laws, Rules and Regulations

■ Suppliers, while working on behalf of CMS Energy, are expected to abide by all regulations from all government agencies that apply to CMS Energy including, but not limited to, Federal Energy Regulatory Commission, North American Electric Reliability Corporation, Michigan Public Service Commission, U.S. Environmental Protection Agency, Department

of Homeland Security, Michigan Department of Environmental Quality, Occupational Safety and Health Administration, Michigan Department of Transportation, U.S. Department of Transportation, Michigan Occupational Safety and Health Administration and Department of Energy.

CMS Energy expects suppliers working on our behalf to abide by the legal requirements prohibiting bribes, kickbacks, corruption and requiring fair dealings and full disclosures. Compliance with all laws, including antitrust laws and the Foreign Corrupt Practices Act, is strictly required for work related to CMS Energy. In addition, suppliers working on our behalf are required to fully comply with any provisions regarding interactions between affiliates in the energy industry and should not share any customer, rates or market information between the affiliates Consumers Energy and CMS Enterprises. Suppliers should obtain proper approvals from CMS Energy managers before sharing information between the affiliates.

Accurate records and disclosures are critical to CMS Energy meeting its legal, financial, regulatory and management obligations. We expect that you will never misstate facts or omit material information related to CMS Energy-related business. You must ensure that all records, including disclosures, accounts, reports, bills, invoices, time-worked records, correspondence and public communications are full, fair, accurate, timely and understandable. You must never hide, alter, falsify or disguise the true nature of any transaction.

CMS Energy must comply with all Sarbanes-Oxley Act requirements regarding the accounting, contracting and payment for goods and services. CMS Energy's commitment to compliance requires that you accept orders only when accompanied by an approved CMS Energy contract, purchase order or charge card. Failure to comply with this requirement may impact our ability to reimburse you for goods or services in a timely manner.

Government officials shape the legal and regulatory environment in which CMS Energy operates. If you interact on CMS Energy's behalf with government officials or candidates for public office, you must understand and comply with the laws and CMS Energy policies that control CMS Energy's participation in the political process including, but not limited to, state and federal lobbying laws, limitations on gifts, the approval process for contributions, reporting of lobbying contacts and regulatory reporting requirements.

CMS Energy expects that you will never make investment decisions regarding any equity or debt securities based on information obtained in the course of your CMS Energy-related work if the information 1) has not been publicly disseminated and 2) could have a material effect on the value

of the investment. Examples of such information include expansion plans, major management changes, dividend rates, earnings, mergers and significant new contracts or projects. Using this information is against CMS Energy's policies and may violate laws or regulations.

Copyrighted works may include newsletters, magazine articles, newspapers, books, videotapes, drawings, musical recordings and software. Copyright law protects such works even if they do not include a copyright notice. If you wish to copy material for distribution related to CMS Energy work, we expect that you will obtain permission from the copyright holder before making copies.

Computer software typically is covered by licensing agreements that prohibit unauthorized use or copying. Do not make unauthorized copies of software that is licensed to CMS Energy. We expect that you will not load unlicensed software onto CMS Energy computer equipment or download unauthorized software from the Internet.

## Endorsements

■ CMS Energy does not endorse products/services or the firms or individuals who supply them. You may not use CMS Energy's name or corporate logo in any advertising materials or publicity without first obtaining the prior written consent of CMS Energy.

## Supplier Diversity

■ CMS Energy is committed to providing maximum practical business opportunities to women, minority and disabled veteran-owned business enterprises. However, we do not use set-asides, preferences or quotas in administering our supplier diversity program.

## Waivers or Exceptions

■ Suppliers seeking an exception to or waiver of a provision of these Guidelines should do so by contacting the appropriate CMS Energy contract administrator. The administrator will present a business case justification for the waiver or exception to the chief compliance officer. Only the CMS Energy chief compliance officer may grant an exception to or waiver of these Guidelines.

## Reporting Ethical Concerns

■ The standards of conduct described in these Guidelines are critical to the ongoing success of CMS Energy's relationship with its suppliers. If you have questions or concerns about compliance or ethics issues while working for CMS Energy or want to report illegal or unethical activities, you may call our toll-free compliance and ethics hotline at:

**1-800-CMS-5212**

or e-mail:

**[cmscompliance@cmsenergy.com](mailto:cmscompliance@cmsenergy.com)**

You also may anonymously call:

**1-800-ethicsp**

or visit the Web site:

**[www.ethicspoint.com](http://www.ethicspoint.com)**

The information provided and procedures set forth in these Guidelines do not confer contractual rights of any kind on any supplier or create contractual obligations of any kind for CMS Energy.