



**TEXAS CITY TERMINAL RAILWAY COMPANY
PORT OF TEXAS CITY
HOUSTON BELT & TERMINAL RAILWAY COMPANY**

**STATEMENT OF POLICY ON ETHICS AND BUSINESS CONDUCT
2017**

I. Purpose and Introduction

Purpose

The purpose of this Policy is to convey the basic principles of business conduct expected of all employees for situations in which ethical issues arise. The Policy is general in nature and not intended to be all inclusive. The fact that a certain action or activity is not mentioned as improper does not imply that it is permissible. When used in this Policy, "Terminal" means Texas City Terminal Railway Company DBA Port of Texas City. All policies, rules, and guidelines apply to Terminal employees equally when performing work for or as Houston Belt and Terminal Railway Company.

A high standard of ethical business conduct is the responsibility of each employee. The good name of the Terminal depends on the way it conducts its business and the way the public perceives that conduct. All employees are, and will be held responsible for the observance of the Policy. Unethical actions, or the appearance of unethical actions, are not acceptable.

Employees are expected to apply the following principles of behavior in carrying out their business duties:

Compliance with Applicable Laws – The Terminal and its employees are expected to comply with all applicable laws, rules and regulations applicable to the Terminal's activities.

Observance of Ethical Standards – In the conduct of business, each employee must adhere to high ethical standards. These include honesty (i.e., truthful dealing with everyone, including customers, suppliers, shareholders and fellow employees) fairness (i.e., treating another in the same manner as one would expect to be treated), integrity and respect. No employee should take advantage of any party through manipulation, concealment, abuse of confidential information, misrepresentation of material facts or any other unfair dealing practice.

Loyalty – No employee should be, or appear to be, subject to influences, interests or relationships that conflict with the best interests of the Terminal.

Interpretations, Reporting and Enforcement – If any employee has questions about any section of this Policy, he or she should direct all questions to his or her immediate supervisor, or to the President.

If an employee becomes aware that another employee has violated the Policy, he or she is obligated to report it in accordance with the procedures set forth in Section III. No one has authority to unlawfully retaliate against an employee who reports a possible violation.

Failure to comply with any of the provisions of the Policy subjects the employee to disciplinary measures, up to and including termination of employment.

II. Terminal Policies

A. Workplace Behavior

1. Safety Policy

A safe operation of Texas City Terminal Railway/Port of Texas City is a primary goal. All Terminal officers and employees are responsible for compliance with all applicable rules and regulations related to the safety of our employees, our customers and the communities we serve. All operating officers and employees are expected to regularly assess Terminal's safety rules, practices and operations and should report to the appropriate supervisor any perceived problems or areas for improvement.

2. Employee Privacy

The Terminal is committed to complying with all applicable laws regarding the collection, protection and dissemination of personal identification information collected from employees. The Terminal will limit the personal information it requires employees to provide to that which is required for employment, benefits or the Terminal's business and provide access to such personal information only to those persons and entities that need the information for the Terminal to carry out its business.

Employee use of Terminal electronic mail, internet or the use of any other Terminal asset is not private. The Terminal has the right to access and review usage and contents of any computer system or message going across the Terminal's network or on any Terminal computing device.

3. Equal Employment Opportunity

The Terminal, through its policy and practice, provides equal opportunity to all employees and applicants for employment without regard to race, color, gender, national origin, age, disability, religion, veteran status, sexual orientation, or any other ground prohibited by law. This policy applies to all terms and conditions of employment, including hiring, placement, promotion, demotion, termination, transfer, leave of absence, compensation and training.

4. Respectful Work Environment

The Terminal is committed to ensuring work environments free from all forms of discrimination, including harassment/sexual harassment. All employees should be treated with dignity and respect. The Terminal is committed to providing a work environment free from offensive behavior or statements directed at a person's race, gender or any other protected status. In addition, the Terminal requires its employees to refrain from threats or harm and violent behavior directed against other employees and those outside the Terminal with whom they have dealings.

Violence or harassment in the workplace will not be tolerated.

5. Employee Time

Employees are responsible for the appropriate use of time that should be allocated to the Terminal and the Terminal's resources. Limited personal use of internet, electronic mail and phones (as discussed previously in Section II), is permitted. Employees may not use other Terminal assets, or labor or information for personal use, unless prior appropriate management approval is given for other limited purposes (such as charitable contributions and activities).

6. Retaliation

There will be no unlawful retaliation against any employee for making a good faith report of alleged violations of our policies against discrimination, harassment or offensive behavior, opposing any practice believed in good faith to be unlawfully discriminatory; or participating in an internal or government investigation of possible discrimination.

B. Protection of Terminal Assets

1. Confidentiality

Employees are expected to maintain the confidentiality of information entrusted to them by the Terminal and any other confidential, proprietary (i.e. trade secrets) or other nonpublic information that comes to them, from whatever source, in the course of their work for the Terminal, except when disclosure is authorized or legally mandated. Confidential information includes:

- a. Information about the Terminal, including information concerning pricing, products, and services and information about contracts, finances, operations, customers, business or transportation plans, strategies, measures, metrics, legal proceedings, unreported or anticipated earnings, or acquisitions; and
- b. Information received from or relating to third parties with whom the Terminal has or is contemplating a relationship, such as customers or suppliers.
- c. Information given to or received from attorneys representing the Terminal. Attorney – client privilege.

Employees may not use confidential information for the benefit of anyone other than the Terminal.

Reasonable prudence and care should be exercised in dealing with confidential information in order to avoid inadvertent inappropriate disclosure.

2. Dealing with the Media

The President is the spokesperson for the Texas City Terminal Railway Company DBA Port of Texas City, and as such will answer all media inquiries. The President may appoint one of his or her direct reports to handle this as necessary. All inquiries for information, comments, or interview from any media source must be directed to the President. Employees are prohibited from giving information, statements, or interviews that involve the Terminal.

3. Integrity of Records and Financial Reporting

Accurate and reliable preparation and maintenance of all Terminal records is of critical importance to proper management decisions and fulfillment of the Terminal's financial, legal and reporting obligations. Diligence in accurately preparing and maintaining the Terminal's financial records allows the Terminal to fulfill its financial reporting obligations and to provide shareholders with information that is complete, accurate and understandable. All transactions must be properly documented and accounted for on the books and records of the Terminal. No off-book funds or transactions are allowed. All reports, vouchers, bills, invoices, payroll and service records, business measurement and performance records, and other essential data are to be prepared and maintained with care and honesty. Such data must not be falsified or altered to conceal or distort assets, liabilities, revenues, expenses or performance measures. Employees are responsible for safeguarding Terminal assets and properties under their control and for providing an auditable record of transactions relating to the use or disposition of such assets and properties.

4. Record Retention

The Terminal is committed to efficient and economical management of its business records to comply with all legal and business requirements. Business records are retained in accordance with the guidelines listed in Exhibit 1 and should be retained for the designated times listed. Records relevant or related to an ongoing or anticipated legal proceeding, government investigation or tax audit should not be destroyed, even if scheduled for destruction, until the President or Vice President advises such destruction is permissible. Department heads are responsible for seeing that record retention and maintenance is handled according to this policy.

5. Data and Information Security

All business information the Terminal acquires and produces, in any form, constitutes a corporate asset. The ownership, usage, dissemination, storage, or formulation of information, as well as all physical corporate systems used to process, transmit, or store this data, belong exclusively to the Terminal. It is the responsibility of every user to guard against unauthorized use or disclosure of these assets. Every user of the Terminal's computer systems is responsible for reasonable protection of the Corporation's data and the systems used to produce the data and information.

6. Software Compliance

Software is generally the property of the software vendor and duplication of copyrighted software, except for backup purposes, is a violation of the federal copyright law. Under this law, software that is loaded on your hard disk or a file server may not be duplicated for use on any other computer and the making or distributing of copyrighted material without authorization (except for backup purposes) is illegal. In addition, employees shall not load any software, including software owned by employees, onto the Terminal's computers without prior appropriate management approval.

7. Terminal Property

Any employee found to be engaging in or attempting theft of Terminal property, facilities or physical resources including documents, equipment, intellectual property, personal property of other employees, cash or any other items of value will be subject to dismissal and possible criminal prosecution. All employees have an obligation to report any theft or attempted theft to the Terminal.

An employee may not divert to his or her personal benefit any invention, know-how, technology or computer program which the employee has developed or learned of in the course of his or her employment and which the employee has reason to know may be useful to the Terminal in its ongoing business.

8. Internet, Electronic Mail and Phone Services

Employees should use the Terminal's Internet, Electronic Mail and phone services primarily for business-related purposes. Limited personal use of these services is authorized.

Employees should be careful that the use of internet, electronic mail and phone services does not violate local, state or federal laws, adversely affect Terminal operations, violate Terminal policies, promote personal financial gain, or otherwise detract from productivity or work responsibilities. The viewing or distribution of pornographic or inappropriate images, jokes, photographs, or any similar materials will be considered to be in violation of ethical standards and EEOC policies. These images and materials can also be violations of state and federal laws.

Employees should not have the expectation of privacy in relation to Internet or Electronic Mail services. Usage and contents of all computer systems and messages going across the Terminal's network and computing devices are audited for compliance. Phone usage is also audited for compliance.

Specific examples of unauthorized use include: committing a crime, gambling, viewing pornographic material, defamation of any person or entity, activities and transactions for profit unrelated to the Terminal, dissemination of the Terminal's confidential, proprietary or non-public information, excessive use of social networking and other similar activities such as "tweeting" etc., or use that detracts from employee productivity.

Specific examples of authorized use include: communication with personal service providers (e.g. doctors, teachers, day care, and bank), purchase of goods and services (e.g. mail order prescriptions), use of Electronic Mail and Internet while traveling on Terminal business as tools to assist with work/life balance.

9. Social Media Policy

Use of social media must be consistent with the Terminal's rules and policies (for example, not using cell phone to access Facebook during safety sensitive work), and should not interfere with employee's safety, productivity, or work responsibilities. Employees who communicate about the Terminal in social media as employees should identify themselves clearly as speaking for themselves and not on behalf of the Terminal. Sharing photos or information about the Terminal's customers or other employees that put the safety or security of employees or others at risk is prohibited.

C. Conflict of Interest

A conflict of interest is the conflict between the private interests of an employee and his or her responsibilities as an employee for the Terminal. All such conflicts should be avoided. No employee shall place himself or herself in a position that would have the appearance of being, or be construed to be, in conflict with the interests of the Terminal. Full disclosure of all facts must be made to the Terminal in advance and a determination made to protect the Terminal's interests.

A conflict of interest includes, but is not limited to the following:

1. Interests in other Businesses

Employees and their families must avoid acquiring any direct or indirect interest in:

- a. Any transaction where the Terminal is or may become a party;
- b. Any property that the Terminal may acquire; or
- c. Any entity with which the Terminal is or may be dealing,

An employee interest may be stock, a note or other equity or creditor interest, employment or other affiliation, or other relationship providing remuneration. This paragraph is not intended to apply to ownership of a security of any Corporation which is publicly traded in a nationally quoted market.

2. Outside Activities

- a. An employee may not acquire any direct or indirect interest in land or other property in which, to the knowledge of the employee, the Terminal has an interest or may wish to acquire an interest, whether as purchaser, lessee or otherwise.
- b. An employee may not acquire any interest, with a value which is significant to the employee, in a competitor of the Terminal. Among the factors used to determine what is "significant" are (1) the dollar amount of the interest, and (2) the percentage of the employee's total net worth that the interest represents. "Significant" would be defined as being one (1) percent of stock. The amount and significance of the portion of the competitor's business that is competitive with the Terminal should also be considered.
- c. Involvement in an outside business enterprise that may require attention during business hours and prevent full-time devotion to duty is prohibited. Even if the outside involvement does not affect full-time performance of duties, there are legal considerations which relate to service by employees of the Terminal as directors or officers of another corporation. The matter must be first disclosed to and approved by the Terminal prior to acceptance of an invitation to serve as a director or officer of any other corporation. Outside engagements of a non-business nature that are reasonable commitments to social welfare, health, education or religious organizations need not receive prior approval.
- d. Employees may not take advantage of or divert to others any business or financial opportunity in which they could reasonably anticipate the Terminal might be interested.

3. Gifts and Entertainment

- a. Employees should not accept gifts or entertainment (1) if it will influence the employee's decision on whether or how much to use a particular vendor; or (2) if the acceptance of the gift gives the appearance of improper influence in dealing fairly with customers, contractors, suppliers or others.
- b. Employees may not provide gifts or entertainment to government officials, including House of Representative and Senate members and their staffs and immediate family members, and federal agency, military, state and local government personnel. This ban is based on laws that restrict the Terminal, through its employees, from making gifts to government officials. It does not restrict any employee's rights to participate, as a private citizen, in the political process.

4. Employee Relationships

Employees may not do indirectly that which is prohibited explicitly by this policy. In addition, an employee will be considered to have a conflict of interest in a matter if an individual related by blood or marriage to such employee has an interest in the matter.

An employee may not acquire any direct or indirect interest in, or have material dealings with, any person or entity which, to the knowledge of the employee, supplies or is likely to supply the Terminal with property, materials or services, or is otherwise contracting or is likely to contract with the Terminal. Borrowings by an employee from a commercial bank or savings and loan institution are not covered by this policy.

D. Working with the Government

1. Regulatory Compliance

Texas City Terminal Railway / Port of Texas City operations are subject to regulation by various regulatory authorities, and all officers and employees will seek to comply with all applicable regulations. Employees are expected to consult with their supervisors with respect to compliance questions, and officers are expected to consult with the Terminal's contracted legal specialist on a case by case basis where appropriate concerning such matters.

2. Political Activity and Contributions

It is the policy of the Terminal to encourage its employees to participate actively in community, civic and political affairs. It is also the policy of the Terminal to make its position known, within lawful limitations, on issues affecting the Terminal, its employees and its shareholders, and the communities in which the Terminal operates. The Terminal does not contribute directly or indirectly in support of political candidates for elective office and does not provide gifts or support to union officials who's members include employees. No direct or indirect use of Terminal funds shall be made for any illegal political purpose, no matter how small the amount and regardless of whether the payment is thought necessary to promote a legitimate Terminal activity.

3. Obstruction of Justice

Employees may not testify falsely under oath or obstruct justice by refusing to testify, making false statements (for example, in interviews or in responding to subpoenas or interrogatories) or destroying, altering or falsifying documents or evidence related to legal proceedings (for example, in litigation and regulatory hearings) and government investigations.

E. Fair Trade

1. Antitrust Compliance

Compliance with the antitrust laws is the policy of the Terminal. Employees are expected to maintain a basic familiarity with the principles and purposes of the antitrust laws as they may be applied to the Terminal's business, and to abstain from any activity that violates such laws. Such activities include, among other things, any understanding or agreement between competitors regarding prices, terms of sale, division of markets, or any other activity that restrains competition.

2. Bribery

The Terminal will not tolerate its employees engaging in the offering, promising or payment of anything of value, intended to influence illegally any governmental official or any other person in the United States or a foreign country.

III. Compliance, Guidance and Reporting

A. Compliance Responsibility

Communicating this policy and overseeing compliance is the responsibility of the President and Vice President of the Terminal. Every employee shall disclose promptly, any situation which is or may be in conflict with this policy whether or not the employee is involved in the situation or transaction. Employees are encouraged to report issues to their managers. If, however, an employee believes that the manager cannot or will not resolve the issues, the employee should call the Ethics Hotline at 855-271-2825. In addition, employees will be required to review this policy periodically.

B. Reporting Questionable Accounting Activity

Employees with concerns about questionable accounting or auditing matters should call the President, Vice President or the Ethics Hotline at 855-271-2825. Employee complaints may be reported either anonymously or non-anonymously. The complainants will be encouraged to provide their names to facilitate the investigation of complaints and follow-up, but anonymous complaints will be accepted.

C. Retaliation

The Terminal does not permit unlawful retaliation of any kind for good faith reports of possible misconduct. Any employee who engages in prohibited retaliation will receive appropriate discipline, up to and including termination.

D. Waivers

Waivers of this policy will only be granted in exceptional circumstances. Any waivers of this policy for executive officers may only be granted by the President after disclosure of all material facts by the officer seeking the waiver and will be disclosed promptly to the Terminal Board.

E. Employee Questions and Reporting Misconduct

Questions of interpretation may arise from time to time with respect to a particular situation. Employees are encouraged to contact the President or Vice President with questions about particular conduct or the interpretation of this policy. Employees may also contact the Ethics Hotline at 855-271-2825, the President or the Vice President concerning interpretation with respect to integrity of records and potential financial irregularities. Compliance with this policy will be audited periodically.

F. Enforcement

Failure to comply with this policy or any interpretations can have severe consequences for an employee. The Terminal will impose appropriate discipline for violations up to and including summary dismissal and loss of benefits or rights. In addition, violations of law may subject employees and the Terminal to civil and criminal penalties.

G. Non-agreement Employees – Employees-at-Will

For employees who are not governed by a collective bargaining agreement, employment with the Terminal is voluntary and "at will." Nothing contained in this policy, express or implied, is intended to create a contract or assurance of continued employment. Just as the employee is free to leave the employ of the Terminal at any time and for any reason, the Terminal has the right to terminate employment any time, with or without notice, for any reason or no reason.

Exhibit 1 – Terminal Record Retention Policy

Accounting / Customer Service Records

Auditors report and annual financial statements	Permanently
Bank statements and deposit slips	7 years
Cancelled checks	7 years
Cash disbursements journal	Permanently
Cash receipts journal	Permanently
Chart of accounts	Permanently
Deeds, mortgages, bills of sale	7 years
Electronic payment records	7 years
Employee expense reports	Permanently
Freight bills and bills of lading	7 years
Demurrage / Car records	7 years
General journal	Permanently
General ledger	Permanently
Inventory listings and tags	7 years
Invoices: sales to customers / credit memos	7 years
Payroll journal	Permanently
Purchases	7 years
Purchase journal	Permanently
Purchase orders	7 years
Work orders - switch lists	7 years
Wharf reports	7 years
Subsidiary ledgers (accounts receivable, accounts payable, equipment)	7 years
Daily time reports	7 years
Training manuals / Rule books	Permanently
Trial balance – year end	Permanently

Legal Documents

Articles of incorporation and bylaws & amendments	Permanently
Buy – sell agreements	Permanently
Contracts and leases (after expiration)	7 years
Employment agreements	7 years
Legal correspondence	Permanently
Minutes	Permanently
Partnership agreements	Permanently

Tax Records

IRS or FTB adjustments	Permanently
Payroll tax returns	Permanently
Property basis records	Permanently
Sales and use tax returns	Permanently
Tax returns	Permanently

Employee Records

Employment application (from date of termination)	Permanently
Employment eligibility verification I-9 report (from date of termination)	Permanently
Help wanted ads – Job opening notices	2 years
Personnel files (from date of termination)	Permanently
Records of job injures	5 years
Accident reports and settled claims (after settlement)	6 years
Fire inspection and safety reports	7 years
Safety: chemical and toxic exposure records	40 years
Union agreements (from date of termination)	Permanently

Pension / 401 K Records

Actuarial reports	Permanently
Associated ledgers and journals	Permanently
Financial statements	Permanently
IRS approval letter	Permanently
Plan and trust agreement	Permanently