



# Canadian Gas Pipelines

## Compliance Plan

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## 1.0 GENERAL PROVISIONS

The Canadian Gas Pipelines (Pipelines) Code of Conduct (Code) requires the preparation of a Compliance Plan that is made available on internal and external websites. All references to the Code in this Compliance Plan shall mean the Code. All references to the Compliance Plan means this document prepared in accordance with the Code. All capitalized terms shall have the meaning described in the Code.

TC Energy's Corporate Compliance Department (Corporate Compliance) is accountable for governance of the Code, including the preparation and implementation of this Compliance Plan. Accordingly, the following measures have been developed to ensure compliance with specific sections of the Code.

## 2.0 COMPLIANCE MEASURES

The procedures for communication and training of Code requirements outlined at Section 3.0 of this Compliance Plan ensure that all TC Energy employees and contractors are aware of the Code requirements and the requirement to comply with the Code. In addition, the Pipelines have the following procedures in place to ensure compliance with Code requirements that necessitate measurable actions.

### 2.2 Separate Management

A Pipeline may share officers with another Pipeline or any Regulated Affiliate. A Pipeline must have separate officers from its Non-Regulated Affiliates, except that officers of a Pipeline may also be officers of any Affiliate in order to perform corporate governance, policy and strategic direction functions as provided for in Section 2.1 of the Code.

**Measure:** Corporate Compliance shall approve all officer appointments prior to any appointments being made. Corporate Compliance will ensure that for any such proposed appointments there are no conflicts pursuant to the Code, and will take additional steps as necessary to confirm compliance with this Section. On an annual basis, Corporate Compliance will prepare a summary report respecting compliance with Section 2.2 of the Code. The summary report will be provided to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the summary report within 30 days of March 1 of each calendar year.

### 2.3 Guiding Principle

Any individual acting as a director or officer of a Pipeline, whether or not such individual acts in a dual capacity with any other Affiliate, shall carry out his/her responsibilities at all times in a manner that preserves the form, spirit and intent of the Code.

**Measure:** All newly appointed directors and officers of any one of the Pipelines, who also act as directors or officers of an Affiliate, will execute a guiding principle certificate, in the form

attached as Schedule “A”, at the time of their appointment. The guiding principle certificates will be retained by Corporate Compliance on behalf of the Compliance Officer.

## 2.4 Accounting Separation

Each Pipeline shall ensure accounting separation from all Affiliates and shall maintain separately identifiable financial records and books of accounts.

**Measure:** The Vice-President and Controller will provide a signed certificate, in the form attached as Schedule “B”, attesting to the accounting separation. The certificate will be provided to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the certificate within 30 days of March 1 of each calendar year.

## 2.5 Physical Separation and Separation of Information Services

Where a Pipeline shares Information Services or facilities with a Non-Regulated Affiliate, all Confidential Information must be protected from unauthorized access by the Non-Regulated Affiliate. Appropriate measures shall include computer data management and data access protocols, as well as appropriate measures to restrict physical access by Non-Regulated Affiliates.

**Measure (a):** The Chief Information Officer will provide a signed certificate, in the form attached as Schedule “C”, respecting compliance with the Separation of Information Services requirement of Section 2.5 to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the certificate within 30 days of March 1 of each calendar year.

**Measure (b):** The Director, Corporate Compliance will provide a signed certificate, in the form attached as Schedule “C”, respecting compliance with the Physical Separation requirement of Section 2.5 to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the certificate within 30 days of March 1 of each calendar year.

## 2.6 Sharing of Employees

A Pipeline may share employees with an Affiliate on a Cost Recovery Basis.

However, a Pipeline may not share employees with a Non-Regulated Affiliate, if those employees:

- routinely participate in day-to-day delivery of Pipeline Services, or day-to-day decisions respecting the provision of Pipeline Services;
- routinely deal with or have direct contact with customers of the Pipeline; and
- are involved in day-to-day commercial decisions of a Pipeline.

**Measure:** Corporate Compliance shall take steps to confirm that the employees as described in this Section are not shared with Non-Regulated Affiliates in order to prevent any conflicts pursuant to the Code. The steps taken will include maintaining and updating a summary list

of Pipeline employees who satisfy the criteria in this Section, and conducting regular canvassing of the Pipelines to confirm this summary list is current and accurate. A summary list of all employees that may not be shared will be prepared by Corporate Compliance and will be provided to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the summary list within 30 days of March 1 of each calendar year.

## 2.7 Sharing of Assets

The operational plant, assets and equipment of a Pipeline shall be separately identifiable from the operational plant, assets and equipment of other Regulated Affiliates and separated in ownership from the operational plant, assets and equipment of Non-Regulated Affiliates.

**Measure:** The Vice-President and Controller will provide a signed certificate, in the form attached as Schedule “B”, attesting to the separation of assets, as applicable. The certificate will be provided to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the certificate within 30 days of March 1 of each calendar year.

## 2.8 Shared Services Permitted

Where a Pipeline determines it is prudent in operating its business, it may obtain Shared Services from, or provide Shared Services to, an Affiliate. The Pipeline shall periodically review the prudence of continuing Shared Services arrangements with a view to making any necessary adjustments to ensure the Pipeline and its Affiliates each bear its proportionate share of costs. Where services are shared, a Services Agreement must be entered into by the Pipeline and its Affiliate.

**Measure (a):** A Pipeline will ensure that Services Agreements for any shared services between the Pipeline and an Affiliate are in place. Corporate Compliance will maintain a list of all Shared Services which each of the Pipelines has obtained directly or indirectly from, or provided to, an Affiliate.

**Measure (b):** On an annual basis a prudency review of existing Shared Services agreements will be conducted. Any such Services Agreements which are deemed imprudent to continue will be revised or terminated as permitted under the terms of the Services Agreements. Corporate Compliance will provide the Compliance Plan Committee with the results of the prudency review within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the results within 30 days of March 1 of each calendar year.

## 2.9 Occasional and Emergency Services Permitted

Where a Pipeline has otherwise acted prudently, it may receive, or provide, Occasional or Emergency Services to, or from, an Affiliate on a Cost Recovery Basis without a Services Agreement. In the event that an Occasional Service becomes a regular occurrence, the Pipeline shall enter into a Services Agreement with the Affiliate for Shared Services.

**Measure:** On an annual basis, Corporate Compliance will request a list of all instances where Occasional and/or Emergency Services were provided to confirm they were on a Cost Recovery Basis. Corporate Compliance will assess the list and instances for appropriateness and frequency and will provide it to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the list within 30 days of March 1 of each calendar year.

## 2.10 For Profit Affiliate Services

Where a Pipeline determines it is prudent to do so, it may obtain For Profit Affiliate Services from an Affiliate or provide For Profit Affiliate Services to an Affiliate. For any For Profit Affiliate Services acquired by or provided to a Pipeline, the Pipeline must enter into a Services Agreement.

If a Pipeline intends to outsource to an Affiliate a service it presently conducts itself, the Pipeline shall undertake a cost-benefit analysis, acting prudently. The prudence of all For Profit Affiliate Services shall be reviewed annually by the Pipeline and reported to the Compliance Plan Committee.

When a Pipeline acquires For Profit Affiliate Services, it shall pay no more than the Fair Market Value of such services. When a Pipeline provides For Profit Affiliate Services, it shall not charge less than the Fair Market Value of such services

**Measure (a):** A Pipeline will ensure that Services Agreements for any For Profit Affiliate Services between the Pipeline and an Affiliate are in place. Corporate Compliance will maintain a list of all For Profit Affiliate Services which each Pipeline has obtained directly or indirectly from, or provided to, an Affiliate.

**Measure (b):** On an annual basis a prudency review of existing For Profit Affiliate Services agreements will be conducted. Any such Services Agreements which are deemed imprudent to continue will be revised or terminated as permitted under the terms of the Services Agreements. Corporate Compliance will provide the Compliance Plan Committee with the results of the prudency review within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the results within 30 days of March 1 of each calendar year.

## 2.11 Financial Transactions with Affiliates

A Pipeline must ensure that any loan, investment, or other financial support provided to a Non-Regulated Affiliate is provided on terms no more favorable than what that Non-Regulated Affiliate would be able to obtain as a stand-alone entity from the capital markets.

**Measure (a):** On an annual basis, Treasury will review all loans, investments or other financial support between the Pipelines and its Affiliates to ensure they are in accordance with Section 2.11.

**Measure (b):** The Vice-President, Finance and Treasurer will provide a certificate, in the form attached as Schedule "B", respecting compliance with Section 2.11 to the Compliance Plan

Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the certificate within 30 days of March 1 of each calendar year.

## 2.12 Asset Transfers

Assets transferred, mortgaged, leased or otherwise disposed of by a Pipeline to a Non-Regulated Affiliate shall be at Fair Market Value.

Where operational efficiencies between a Pipeline and a Regulated Affiliate can be obtained through the use of common facilities, combined purchasing power or through the use of other cost saving methods, individual assets or groups of assets used in the Pipeline's and Regulated Affiliate's operations may be transferred in the ordinary course of business at net book value or pursuant to another reasonable standard. All such transactions shall be properly accounted for in the Pipeline's and the Affiliate's respective accounting records.

**Measure (a):** The Vice-President and Controller will provide Corporate Compliance with a list of all transactions between a Pipeline and a Non-Regulated Affiliate detailing that the asset transfers were at Fair Market Value.

**Measure (b):** The Vice-President and Controller will provide Corporate Compliance with a list of all transactions between a Pipeline and a Regulated Affiliate detailing that the asset transfers were at net book value or other reasonable standard.

**Measure (c):** The list of transactions outlined in Measures (a) and (b) will be provided to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the list within 30 days of March 1 of each calendar year.

## 4.1 Pipeline Information

A Pipeline shall not provide any Non-Regulated Affiliate with Pipeline Information before such information is publicly available, except as required to fulfill corporate governance, policy, and strategic direction responsibilities of a corporate group of businesses as a whole, as provided in Sections 2.1 and 2.2 of the Code, but only to the extent necessary and not for any other purpose.

**Measure:** Corporate Compliance will canvass on a regular basis for any release of Pipeline Information to a Non-Regulated Affiliate that is not permitted by the Code, and a report will be provided to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the report within 30 days of March 1 of each calendar year.

## 4.4 Release of Confidential Information to Non-Regulated Affiliates

A Pipeline or Regulated Affiliate shall not release Confidential Information to a Non-Regulated Affiliate without receiving the prior written consent of the customer or prospective customer, except in connection with a required disclosure as described in Section 4.4 of the Code.

**Measure:** Corporate Compliance will canvass on a regular basis for any release of Confidential Information to a Non-Regulated Affiliate that is not permitted by the Code, and a report will be provided to the Compliance Plan Committee within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the report within 30 days of March 1 of each calendar year.

### 5.1 Responsibilities of the Compliance Officer

The Compliance Officer shall have adequate resources to fulfill his or her responsibilities, as described in Section 5.1 of the Code.

**Measure:** Corporate Compliance will provide a report to the Compliance Plan Committee detailing the manner in which the responsibilities in Section 5.1 of the Code were met within 60 days of the end of the previous calendar year, and the Compliance Plan Committee will review the report 30 days of March 1 of each calendar year.

### 5.2 Responsibilities of the Compliance Plan Committee

The Compliance Plan Committee will meet annually within 30 days of March 1 of each calendar year, or as required to address matters of non-compliance with the Code, and to discharge its responsibilities as set out in the Compliance Plan.

The Compliance Plan Committee will, where appropriate, make recommendations regarding the sufficiency of the documentation reviewed as required by the Compliance Plan.

**Measure (a):** The Compliance Plan Committee will review all summaries, reports and certificates provided attesting to compliance with the Code as outlined in this Compliance Plan, and will, where appropriate, make recommendations regarding the sufficiency of the summaries/reports/certificates as required by the Compliance Plan as well as recommendations for addressing matters of non-compliance with the Code.

**Measure (b):** Any matters of potential material non-compliance that could prevent the purpose and objectives of the Code from being met, including as a result of dispute, complaint or inquiry, will be brought to the attention of the Compliance Plan Committee by Corporate Compliance or the Compliance Officer for the purpose of holding a meeting of the Compliance Plan Committee for it to make recommendations addressing matters of non-compliance with the Code.

### 5.3 Annual Compliance Report

The Compliance Report shall be prepared annually and will include the information as set out in Section 5.3 of the Code.

**Measure (a):** The Compliance Report will meet the requirements of Section 5.3 of the Code, as amended from time to time, and will be filed with the NEB within 120 days of the previous calendar year end.



**Measure (b):** A quarterly exception report will be filed with the NEB within 60 days of each quarter-end. The quarterly exception report will include a description of any material non-compliance with the Code and an explanation of steps taken to correct such non-compliance.

## 6.0 Disputes, Complaints, Inquiries

Disputes, complaints or inquiries from external parties respecting the application of, or alleged non-compliance with, the Code shall be submitted in writing to the Compliance Officer and may be made confidentially. The identity of the party making the submission to the Compliance Officer shall be kept confidential by the Compliance Officer unless the party otherwise agrees.

TC Energy supports and encourages its personnel to report suspected instances of potential non-compliance with applicable laws, regulations, and authorizations. TC Energy takes every report seriously, investigates each report to identify facts, and effects improvements to our practices and procedures when warranted. All personnel making reports in good faith will be protected. Good faith reporting is intended to remove protection for personnel making intentionally false or malicious reports, or who seek to exempt their own negligence or willful misconduct by the act of making a report. TC Energy ensures immunity from disciplinary action or retaliation for personnel for the good faith reporting of such concerns. Reports can be made to management, the Compliance Officer, a Compliance Coordinator, or anonymously to the ethics helpline.

**Measure (a):** The Compliance Officer shall acknowledge all disputes, complaints or inquiries in writing within five working days of receipt.

**Measure (b):** The Compliance Officer shall respond to the dispute, complaint or inquiry within 21 working days of its receipt. The response shall include a description of the dispute, complaint or inquiry and the initial response from the Pipeline. The Pipeline's final disposition of the dispute, complaint or inquiry shall be completed as expeditiously as possible in the circumstances, and in any event within 60 days of receipt of the dispute, complaint or inquiry, except where the party making the submissions otherwise agrees. Subject to confidentiality requirements, and if deemed appropriate as part of addressing the dispute, complaint or inquiry, the Compliance Officer may bring the matter to the attention of the Compliance Plan Committee for it to make recommendations addressing matters of non-compliance with the Code.

**Measure (c):** Corporate Compliance will retain records of all written disputes, complaints or inquiries. Corporate Compliance will ensure that appropriate instructions for sending disputes, complaints or inquiries to the Compliance Officer are posted on TC Energy's website and contained in inter-affiliate training material.

## 3.0 PROCEDURES

### Communication of Code Requirements

The Code and Plan shall be made available on TC Energy's internal and external websites. Posting of the Code will ensure that directors, officers, employees, contractors and Affiliates

receive communication of the Code. Corporate Compliance will check internal and external websites quarterly to confirm that the Code remains posted.

### **Training on Code Requirements**

Employees and contractors will receive communication of the Code via inter-affiliate training both within 30 days of hire/engagement date, and annually. Training will be available online. In addition, Corporate Compliance will present in-person training to targeted groups throughout the calendar year as required.

**SCHEDULE A – GUIDING PRINCIPLE CERTIFICATE**

To: The Compliance Officer

I, \_\_\_\_\_ of the City of \_\_\_\_\_, in the Province of \_\_\_\_\_, acting in my position as a representative of a Pipeline, and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. I act for a Pipeline as a director or officer.
2. I also act for an Affiliate of a Pipeline as a director or officer.
3. I am aware of Section 2.3 of the Canadian Gas Pipelines Code of Conduct which requires that I carry out my responsibilities in a manner which preserves the form, spirit and intent of the Code.
4. Section 2.3 of the Canadian Gas Pipelines Compliance Plan requires me to provide this Certificate on the commencement of my duties in a dual capacity for a Pipeline and an Affiliate.
5. I agree to comply with the requirements of Section 2.3 of the Code, and shall abstain from engaging in any activity that I determine, acting reasonably, could be detrimental to the interests of customers of a Pipeline.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE B – COMPLIANCE CERTIFICATE**

To: The Compliance Officer and the Compliance Plan Committee

I, \_\_\_\_\_ of the City of \_\_\_\_\_, in the Province of \_\_\_\_\_, acting in my position as an officer of [appropriate entity] and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. Section \_\_\_\_\_ of the Canada Gas Pipelines Compliance Plan requires me to provide this Compliance Certificate on or before \_\_\_\_\_.
2. My position with [appropriate entity] is \_\_\_\_\_, and as such I have personal knowledge of, or have conducted due inquiry of individuals who have personal knowledge of the facts and matters herein stated.
3. For the period of \_\_\_\_\_ to \_\_\_\_\_, the [appropriate entity] has been in compliance with the requirements of Section \_\_\_\_\_ of the Code, with the exception (if any) of the items described on the attached sheet.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE C – COMPLIANCE CERTIFICATE**

To: The Compliance Officer and the Compliance Plan Committee

I, \_\_\_\_\_ of the City of \_\_\_\_\_, in the Province of \_\_\_\_\_, acting in my position as [appropriate role/title] and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. Section \_\_\_\_\_ of the Canada Gas Pipelines Compliance Plan requires me to provide this Compliance Certificate on or before \_\_\_\_\_.
2. My position with [appropriate entity] is \_\_\_\_\_, and as such I have personal knowledge of, or have conducted due inquiry of individuals who have personal knowledge of the facts and matters herein stated.
3. For the period of \_\_\_\_\_ to \_\_\_\_\_, the [appropriate entity] has been in compliance with the requirements of Section \_\_\_\_\_ of the Code, with the exception (if any) of the items described on the attached sheet.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_