

# Kingston Midstream Limited

## **Affiliate Code of Conduct 2019 Compliance Plan**

April 1, 2019

### **1. Introduction**

Kingston Midstream Limited's ("Kingston") Affiliate Code of Conduct ("Code") requires the Compliance Officer to detail the policies, measures, procedures and monitoring mechanisms that Kingston will use to ensure compliance with the provision of the Code, which is the intent of this compliance plan (the "Compliance Plan").

This Compliance Plan is for planning between April 1, 2019 (date Code came into force) to 31 December 2019 (the "Reporting Period"). It is made as of April 1, 2019 and speaks prospectively for the Reporting Period.

Any questions, comments or concerns regarding this Compliance Plan should be directed to the Compliance Officer:

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### **2. Compliance Plan**

The Code came into force April 1, 2019. This Compliance Plan is organized and numbered to correspond with the Code and adopts the definitions as set out in the Code.

### **3. Corporate Governance of the Regulated Affiliates and Unregulated Affiliates**

#### **3.1 Separate Operations**

To ensure separate operations as between Kingston's Regulated Affiliates and its Unregulated Affiliates Marketing Activities, Kingston will reorganize its corporate structure to ensure the Unregulated Marketing Activities cannot corporately direct the business affairs of Kingston's Regulated Affiliates and that they maintain separate operations as set out in the Code.

#### **3.2 Common Directors**

Kingston's Compliance Officer shall:

- a) advise all Kingston directors of the need to ensure they do not act in a dual capacity which could reasonably be determined to be to the detriment of the Customers;
- b) monitor Kingston's directors' meetings to ensure a) is adhered to; and
- c) document any incidents, including remedial measures, related to a) and list any such incidents in the Compliance Report.

### **3.3 Separate Management**

Kingston will undergo a corporate reorganization as necessary to separate management as it relates to the operations of the Regulated Affiliate and the Unregulated Affiliates as required by the Code.

### **3.4 Exception to Separate Management**

The corporate reorganization will address the exceptions allowed under the Code.

### **3.5 Guiding Principle**

The corporate reorganization will be implemented to comply with the Guiding Principle of ensuring directors, officers and management team members of Regulated Affiliates do not act in a dual capacity to the detriment of Customers.

### **3.6 Accounting Separation**

Section 3.6 of the Code requires Kingston to maintain separate financial records and books of accounts for Kingston's Regulated and Unregulated Affiliates business. Kingston will advise its Chief Financial Officer (the "CFO") of this requirement, and the CFO shall ensure that there is the required accounting separation.

### **3.7 Physical Separation**

Kingston shall secure new office space which provides for secure physical separation of Regulated Affiliates and Unregulated Affiliates personnel to protect the Regulated Affiliates Confidential Information as required by the Code.

### **3.8 Separation of Information Services**

Section 3.11 of the Code requires Confidential Information to be protected from unauthorized use by Kingston Affiliates, and that access to Information Services that contain Confidential Information be restricted via use of data management and data access protocols. Kingston shall:

- a) advise the Information Technology Director of the section 3.11 Code requirement and request that such separation be confirmed or implemented;

- b) existing and new Kingston personnel shall be trained regarding the requirement of separate Information Services as set out in the Code;
- c) access to electronic directories shall be granted in compliance with this Code;
- d) Kingston will conduct a records management review and implement a new records management policy, procedure and process which shall include compliance with this Code; and
- e) the Information Technology Director shall be required to advise the Compliance Officer of any breach of section 3.8 of the Code as soon as reasonably practicable after learning of any such breach and recommend prevention measures to prevent a similar future breach.

### **3.10 Sharing of Assets**

The corporate reorganization shall include a review to ensure that the operational plant, assets and equipment of Regulated Affiliates are separate in ownership from that of its Unregulated Affiliates. Additionally, the Controller shall be trained in relation to compliance with the Code and shall be required to advise the Compliance Officer of any breach of section 3.10 of the Code as soon as reasonably practicable after learning of any such breach and recommend prevention measures to prevent a similar future breach.

### **3.11 Sharing Services**

Shared Services will be reviewed and allocated to Regulated Affiliates and Unregulated Affiliates in keeping with this Code. All employees affected by this Code will be provided with training on compliance with the Code including the protection and use of Confidential Information. This training will become an annual requirement for existing and new employees.

### **3.12 Sharing of Employees**

As part of the Corporate Reorganization and the plan of physical segregation to ensure compliance with this Code, Kingston will ensure its employees are only shared if they provide Shared Corporate Services or Shared Customer Services. The Shared Services will be reviewed and allocated to Regulated Affiliates and Unregulated Affiliates in keeping with this Code, which allocation shall occur annually going forward.

Shared Corporate Services or Shared Customer Services will be advised that they are required to notify the Compliance Officer in the event they find themselves in a position where they will be in contravention of section 3.12. When notification has been received, it will be treated as an investigation. To the extent that such investigation concludes a non-compliance has occurred, such non-compliance with this policy requirement:

- a) will be documented by Compliance Officer or his/her representative;
- b) a corrective action plan will be put in place to correct the non-

compliance(s); and

- c) any non-compliance(s) and corrective action plan will be described in the Compliance Report.

#### **4. Pricing**

##### **4.1 Supplies and Services Provided by Regulated Affiliate to Unregulated Affiliates**

Kingston's Finance Department will be advised it is required to record any exemptions to providing supplies and services by Regulated Affiliates to Unregulated Affiliates at non-Market Prices, that it must advise the Compliance Officer of such an incident, and that the incident will be documented by the Compliance officer in the Compliance Report.

##### **4.2 Supplies and Services Provided by an Unregulated Affiliate to a Regulated Affiliate**

The Code requires Regulated Affiliates shall procure supplies and services from Unregulated Affiliates, and vice versa, at no greater than Market Value, and such transactions shall be documented. To ensure compliance, Kingston shall:

- a) train Finance and Supply Chain employees shall be trained on this Code requirement;
- b) require Finance and Supply Chain employees to advise the Compliance Officer of any breach of this section 4.2; and
- c) any non-compliance(s) and corrective action plan will be described in the Compliance Report.

##### **4.3 Asset Transfers**

The Code requires asset transfers between Regulated Affiliates and Unregulated Affiliates to be transferred and recorded at Market Value. To ensure compliance, Kingston shall:

- a) train Finance employees shall be trained on this Code requirement;
- b) require Finance employees to advise the Compliance Officer of any breach of this section 4.3; and
- c) any non-compliance(s) and corrective action plan will be described in the Compliance Report.

## **5.0 Equal Access and Treatment**

### **5.1 Impartial Tariff an Equal Access**

The Code requires that Regulated Affiliates shall not provide preferential treatment to Unregulated Affiliates, nor shall they favour Unregulated Affiliates in relation to access to Confidential Information. To ensure compliance, Kingston shall:

- a) train all employees on this Code requirement;
- b) advise Regulated Affiliate employees that they are prohibited by the Code from giving preferential treatment to Unregulated Affiliates or from providing them with Confidential Information, including a warning that this may lead to disciplinary action; and
- c) to the extent that the Controller indicates that there are non-compliance(s) with this policy requirement:
  - (i) such non-compliance(s) will be documented by Compliance Officer or his/her representative;
  - (ii) a corrective action plan will be put in place to correct the non-compliance(s); and
  - (iii) the non-compliance(s) and corrective action plan will be described in the Compliance Report.

### **5.2 Compliance with Competition Law**

The Code requires Regulated Affiliates and their Affiliates shall conduct themselves in accordance with all applicable competition law in the jurisdictions in which they conduct business. The Compliance Officer review all transactions that may attract competition law issues and either internally or with external resources develop a plan to ensure compliance with the law as necessary.

### **5.3 Name and Logo**

The Code requires that Unregulated Affiliates that conduct Marketing Activities shall include in their name and correspondence with Regulated Affiliates' customers sufficient language to differentiate the Unregulated Affiliates from the Regulated Affiliates and to ensure that Customers are not misled into believing they are Representatives of the Regulated Affiliates. Kingston will develop a separate name and logo for Kingston Marketing Limited and different email addresses than Kingston personnel not involved with Marketing Activities. Kingston will require the Unregulated Affiliates conducting Marketing Activities utilize only these logos and email addresses when representing themselves as Kingston employees.

## **6. Confidentiality**

### **6.1 Use of Confidential Information**

Regulated Affiliates are prohibited from making use of Confidential Information for the purpose of pursuing non-regulated business development activities, without the prior consent of the relevant Customer. To ensure compliance, Kingston shall:

- a) train all employees on this Code requirement;
- b) have all employees who have access to Confidential Information confirm they are trained on an annual basis, or for new employees, when hired, in relation to section 6.1 of the Code;
- c) to the extent that written consent is received from a Customer to permit Kingston employees to disclose the Customer's Confidential Information to an Unregulated Affiliate, such written consent will be maintained as documentation by the Compliance Officer, as a record of the approval; and
- d) Shared Corporate Services or Shared Customer Services employees shall be advised that they must notify the Compliance Officer in the event they find themselves in a position where they are in contravention of section 6.1 and any such contravention shall be documented in the Compliance Report.

### **6.2 Disclosure of Confidential Information**

Regulated Affiliates are prohibited from making use of Confidential Information for the purpose of pursuing non-regulated business development activities, without the prior consent of the relevant Customer. To ensure compliance, Kingston shall:

- a) train all employees on this Code requirement;
- b) have all employees who have access to Confidential Information confirm they are trained on an annual basis, or for new employees, when hired, in relation to section 6.2 of the Code;
- c) to the extent that written consent is received from a Customer to permit Kingston employees to disclose the Customer's Confidential Information to an Unregulated Affiliate, such written consent will be maintained as documentation by the Compliance Officer, as a record of the approval; and
- d) Shared Corporate Services or Shared Customer Services employees shall be advised that they must notify the Compliance Officer in the event they find themselves in a position where they are in contravention of section 6.1 and any such contravention shall be documented in the Compliance Report.

## **7. Compliance**

### **7.1 Communication of the Code**

The Code requires Each Regulated Affiliate and Unregulated Affiliate will ensure that their Representatives are provided with training and are made aware of their obligation to comply with the contents of the Code. Both the Regulated Affiliates and Unregulated Affiliates shall: (i) regularly communicate the contents of the Code, and any modifications to it from time to time, to each of its Representatives; and (ii) make the Code available on the Regulated Affiliate's website.

Upon adoption of the Code, all staff will be provided a copy of the Code and advised that they are immediately required to comply with the Code. Additionally, training with knowledge testing will be developed and provided to all required staff during the Reporting Period, with re-training required annually. Additionally, the Code will be posted to the Kingston website.

### **7.2 Responsibility for Compliance**

All Kingston Regulated Affiliate staff will be trained during the Reporting Period. The training will specifically include the responsibilities of staff under the Code, including specifically the obligation to notify the Compliance Officer of any non-compliance with the Code.

### **7.3 Compliance Officer**

The Compliance Officer is a Kingston executive and has been identified to all Kingston staff. A resource review for Compliance Officer support will be conducted during the Reporting Period, and if any additional resources are identified they will be added as required to support the objectives and compliance of this Code.

### **7.4 Responsibilities of the Compliance Officer**

Within 120 days of the Reporting Period, the Compliance Officer shall confirm the following:

- a) The Compliance Officer has provided advice and information to Regulated Affiliates' Representatives for the purpose of ensuring compliance with the Code;
- b) The Compliance Officer has overseen compliance with the Code by Regulated Affiliates' Representatives;
- c) This Compliance Plan is made pursuant to section 7.5 as required by the Code;
- d) This Compliance Plan shall be served on Customers of record for the Reporting Period;
- e) The Compliance Officer confirms responsibility for receiving and investigating disputes, complaints and inquiries;
- f) The Compliance Officer confirms there were no events on non-compliance during the Reporting Period; and

- g) The Compliance Officer has and will maintain compliance records for at least seven years.

## **7.5 Compliance Review**

The Compliance Officer shall cause the following on or before filing the Compliance Report for the Reporting Period;

- a) That there is an annual meeting of the Regulated Affiliate's senior management to review all Affiliate transactions and agreements;
- b) A directive from senior management ensuring all Regulated Affiliates complete an electronic review of the Code and confirmation of compliance of the Code;
- c) The development of a Compliance Certificate is made pursuant to section 7.7 of the Code; and
- d) All records with respect to this Compliance Report are available for the CER upon request for audit purposes.