

EfficiencyOne

**as Holder of the
Efficiency Nova Scotia Franchise**

Inter-Affiliate Code of Conduct 2024 Annual Compliance Report

FILED
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1. INTRODUCTION

The Annual Compliance Report provides reporting on compliance with EfficiencyOne's ("E1") Inter-Affiliate Code of Conduct (the "Code"). Introduced by E1 in 2017 and approved by the Nova Scotia Utility and Review Board ("NSUARB"),¹ E1's Inter-Affiliate Code of Conduct applies to the provision of demand-side management activities by E1 through its Efficiency Nova Scotia franchise. These franchise activities are regulated by the NSUARB through powers granted under the *Public Utilities Act* (the "Act"). The scope of franchise activities ("Regulated Activities") are set out in the Act², which provides *inter alia*:

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(b) demand-side management means activities, programs or plans relating to

- (i) the efficient use of electricity,
- (ii) the conservation of electricity,
- (iii) the alteration of the consumption pattern of an end user of electricity that has the effect of reducing demand during Nova Scotia Power Incorporated's periods of highest demand,
- (iv) strategic electrification of energy end uses currently powered by fossil fuels in a manner that reduces overall greenhouse gas emissions and electricity costs,
- (v) the delivery of a reduction in the amount of electrical energy or capacity that Nova Scotia Power Incorporated would otherwise be required to supply to its customers, or
- (vi) any other prescribed activities, plans or programs.

E1 also carries out various unregulated activities under the Efficiency Nova Scotia name in accordance with the Grant of Franchise which permits the use of the name under specified conditions, including where the licensee (E1) provides efficiency and conservation activities to

¹ M07390, NSUARB Amended Order, E1 Inter-Affiliate Code of Conduct, September 6, 2017.

² *Public Utilities Act*, RSNS 1989, c 380, s.79., amended.

the Province of Nova Scotia. These activities are not regulated under the Act and as such the Code does not apply to these unregulated activities.

The purpose of the Code is to set out and maintain standards and parameters for the interaction between the Utility and its Affiliates and prohibit conduct that may adversely affect the Utility. Section 8.3 of the Code identifies the requirements for annual reporting in an Annual Compliance Report. E1's 2024 Annual Compliance Report covers the time period of January 1, 2024 to December 31, 2024.

2. AFFILIATES

Table 1 provides details of E1's Affiliates.³

Table 1: E1 Affiliates

Affiliates	Officers	Description of Activities
EfficiencyOne Services, Inc. (EIS) <u>Address:</u> 230 Brownlow Ave., Suite 300 Dartmouth, Nova Scotia, Canada B3B 0G5	Sean O'Connor, Board Chair [REDACTED]	- helps governments, utilities, and other clients meet their energy and resource reduction goals. - services include developing policies, planning, designing, and executing programs.
	Stephen MacDonald, Chief Executive Officer [REDACTED]	
Halifax Climate Investment, Innovation and Impact Fund (HCI3) <u>Address:</u> 230 Brownlow Ave., Suite 300 Dartmouth, Nova Scotia, Canada B3B 0G5	Carol MacCulloch, Board Chair [REDACTED]	- seeks to invest in a net-zero Halifax as part of Canada's goal to significantly reduce greenhouse gas emissions by 2050. HCI3 works with partners to support meaningful climate solutions while also promoting equity, economic reconciliation and shared benefits for local communities. - member of the Low Carbon Cities Canada Network established by the Government of Canada and administers Low Carbon Cities Canada efforts in Halifax. - areas of support include an Accelerating to Zero (A2Z) Grant program and Impact Investing.
	Stephen MacDonald, Chief Executive Officer [REDACTED]	

³ Pursuant to subsection 8.3(i) of the Code, the list of affiliates includes the name and address of each Affiliate, a brief description of its activities, and the names, addresses, and telephone numbers of all its officers.

3. ASSETS, SERVICES AND PRODUCTS PROVIDED⁴

During 2024, E1 provided shared services to both Affiliates. No services were provided by either Affiliate to E1 during the 2024 reporting period.

3.1 E1S

- E1 and EfficiencyOne Services (“E1S”) entered into a Shared Services Agreement (“E1S Agreement”) on August 29, 2017, and remains in effect. There have been no amendments or updates to the Shared Services Agreement between E1 and E1S entered into on August 29, 2017. The E1S Agreement governs all services shared between the parties, including corporate services and stipulates that costs of such services are to be accounted for on a fully allocated cost basis.
- E1 and E1S have an employee specific service agreement with the Chief Executive Officer (now President and CEO) of E1 as a result of this position having responsibility for both E1 and E1S. Costs for these services are accounted for on a fully allocated cost basis.
- No employees of E1 were seconded to E1S during the 2024 year.
- Attachment A provides a detailed listing of all assets, services and products provided between E1 and E1S for January 1, 2024 to December 31, 2024.
- Attachment B provides details by employee for the E1S Affiliate.

3.2 HCl3

- E1 and Halifax Climate Investment, Innovation and Impact Fund (HCl3) entered into a Shared Services Agreement (“HCl3 Agreement”) on January 1, 2021, and remains in effect. There have been no amendments or updates to the Shared Services Agreement between E1 and HCl3 entered into on January 1, 2021. The HCl3 Agreement governs all services shared between the parties, including corporate services and stipulates that costs of such services are to be accounted for on a fully allocated cost basis.⁵

⁴ As per subsections 8.3(a), (b), (g), and (h) of the Code.

⁵ The Shared Services Agreement between E1 and HCl3 includes Schedule A, which outlines the specific services covered by the Agreement. A copy of Schedule A was provided by E1 to the NSUARB in 2023. Refer to M11678, E1 2023 Affiliate Code of Conduct Annual Compliance Report, E1 (NSUARB) IR-02, Attachment 1.

- E1 and HCl3 have an employee specific service agreement with the President and CEO of E1 as a result of this position having responsibility for both E1 and HCl3. Costs for these services are on a fully allocated cost basis.
- No employees of E1 were seconded to HCl3 during the 2024 year.
- Attachment C provides a detailed listing of all assets, services and products provided between E1 and HCl3 for January 1, 2024 to December 31, 2024.
- Attachment D provides details by employee for the HCl3 Affiliate.

4. COST ALLOCATORS AND METHODOLOGY⁶

The *EfficiencyOne Code of Conduct Governing Affiliate Transactions Internal Guidelines* filed on May 11, 2017,⁷ remains in effect, and is included as Attachment E.⁸ The Internal Guidelines provide definitions of “Shared Services”, “Fully Allocated Costs” and “Positive Time Reporting” and outline how E1 calculates these costs. For seconded employees, time is billed at 100 percent of salary and benefits. Overhead charges are calculated and billed separately as part of the Shared Services.

5. INTER-AFFILIATE COSTING PRICING PROCEDURES⁹

E1 has developed several internal procedures to manage Affiliate transactions. These procedures include Affiliate invoicing, Affiliate time reporting, and Affiliate fully allocated costing rates. An internal audit of the organization’s compliance with these procedures was completed by KPMG in January 2019. The KPMG report made specific recommendations all of which were implemented by E1.¹⁰

⁶ As per subsection 8.3(d) and (e) of the Code.

⁷ M07390, E1 (NSUARB), RIR-02, Attachment 1.

⁸ As per subsection 8.3 (j) of the Code.

⁹ As per subsection 8.3 (f) of the Code. Refer to Attachment E: Internal Guidelines.

¹⁰ M09174, EfficiencyOne Code of Conduct Governing Affiliate Transactions Annual Compliance Report, April 16, 2019, Attachment D.

6. OVERHEAD COSTS

As outlined in the Code “Sharing of Assets, Equipment, and Other Overhead Costs”, the “assets, equipment and other overhead costs of E1, used in relation to the Utility, shall be separated in ownership from the assets and equipment of other Affiliates. In relation to the Utility, E1 may share ownership and may physically share office space, equipment, rights-of-way, other assets and other overhead costs with an Affiliate on a cost recovery basis.”¹¹ Overhead charges are calculated and billed separately as part of the Shared Services.

E1 has provided additional information on 2024 overhead costs by category for E1S and HCl3 Affiliate transactions.

6.1 E1S

As provided in Attachment A (Summary of Affiliate Transactions – Services Provided by E1 to E1S), 2024 overhead costs for the E1S affiliate were \$383. Table 2 provides a breakdown of these 2024 overhead costs by category type for E1S Affiliate transactions including the total annual cost for each overhead cost category, and the salaries and benefits used to apply the overhead costs for E1 employees.

Affiliate overhead costs are also charged to the Affiliate based on the number of Affiliate full time equivalents involved in E1S Affiliate activities for the 2024 reporting period. In 2024, E1S had no Affiliate employees (as shown in Table 2); therefore, the only overhead costs charged to the Affiliate were for E1 employees. In this case, overhead categories were reviewed to determine whether they are applicable, for E1 employee costs only since there were no Affiliate employees for E1S.

¹¹ As per subsection 4.2.5 of the Code, Sharing of Assets, Equipment, and Other Overhead Costs.

Table 2: E1S Affiliate Transactions - 2024 Overhead Costs by Category

Affiliate Transaction Overhead Cost by Type	E1 Employee Cost for Affiliate Transactions	Affiliate Employee Costs for Affiliate Transactions	Total Overhead Costs for Affiliate Transactions
Information Technology	156	0	156
Office and Insurance	57	0	57
Rent	108	0	108
Training and Development	62	0	62
Total Overhead	\$ 383	0	\$ 383
Salaries and Benefits	\$ 3,412	0	-
Number of Employees	8	0	-
Number of Full Time Equivalent	0.02	0	-

Currency is expressed in nominal dollars.

6.2 HCl3

As provided in Attachment C (Summary of Affiliate Transactions – Services Provided by E1 to HCl3), 2024 total overhead costs for the HCl3 affiliate were \$39,186. Table 3 provides a breakdown of these 2024 overhead costs by category type for HCl3 Affiliate transactions including the total annual cost for each overhead cost category, and the salary and benefits used to apply the overhead costs for E1 employees.

Affiliate overhead costs are also charged to the Affiliate based on the number of Affiliate full time equivalents involved in HCl3 Affiliate activities. Table 3 also shows the number of employees for both E1 and the HCl3 Affiliate and the number of full time equivalent. In the case where an Affiliate employs an individual directly, as for HCl3, overhead categories are reviewed to determine whether they are applicable for both the E1 employee costs and Affiliate Employee costs. Only the applicable overhead costs are included in the calculation.

Table 3: HCl3 Affiliate Transactions - 2024 Overhead Costs by Category

Affiliate Transactions Overhead Cost by Type	E1 Employee Costs for Affiliate Transactions	Affiliate Employee Costs for Affiliate Transactions	Total Overhead Costs for Affiliate Transactions
Information Technology	4,779	13,510	18,289
Office and Insurance	1,422	4,019	5,440
Rent	3,684	10,413	14,097
Training and Development	355	1,005	1,360
Total Overhead	\$ 10,240	\$ 28,947	\$ 39,186
Salary and Benefits	\$ 91,266	-	-
Number of Employees	18	5	-
Number of Full Time Equivalent	0.5	4	-

Currency is expressed in nominal dollars.

7. EMPLOYEE COMPLIANCE

E1's Staff Internal Guidelines relating to the implementation of the Code are provided as Attachment F.¹²

E1 employees complete annual training on the Code in accordance with subsection 9.1 (a) of the Code (Communication of Code). In 2024, all employees have completed annual training on the Code.

Subsection 9.1 (b) of the Code requires annual certifications by all E1 employees having engagement in Affiliate activities to confirm understanding of, and compliance with, the requirements set out in the Code. Annual certifications have been completed by all employees engaged in Affiliate transactions in the current reporting period. Further, E1's President and CEO has certified for 2024, that all required employees have complied with this requirement.

Subsection 9.1 (c) of the Code requires that the Code be available on E1's website. The Code can be found on E1's website at this link: [EfficiencyOne-Affiliate-Code-of-Conduct.pdf](#).

8. EMPLOYMENT STRUCTURE

E1 reports on progress made in revising the employment structure to ensure that the business

¹² As per subsection 8.3(j) of the Code.

1 continues to minimize or eliminate the sharing of directors, officers, and management, in
2 accordance with the NSUARB Decision on August 29, 2017.¹³

3
4 During 2024, no organizational changes were implemented. E1 continues to monitor the level of
5 Affiliate transactions, and the business development as a whole, and implement employment
6 structure changes consistent with the projected level of business activity.

7
8 In response to E1's 2022 update, the NSUARB noted that it "recognizes E1's current efforts and
9 encourages the continuous analysis of E1 and its affiliates' organization structure and
10 operations."¹⁴

11
12 E1 has provided information on Employee Specific Service Agreements for its Affiliates for the
13 2024 reporting year below.

- 14
- 15 • E1S: The Employee Specific Service Agreement of the then Chief Executive Officer (now
16 President and CEO) dated August 29, 2017 remains in effect.
 - 17 • HCl3: The Employee Specific Service Agreement for the President and Chief Executive
18 Officer dated January 1, 2021 remains in effect.

19

20 **9. EXEMPTIONS¹⁵**

21 There have been no exemptions utilized or granted to this Code.

¹³ M07390, Inter-Affiliate Code of Conduct, NSUARB Decision, August 29, 2017, page 8, s.20.

¹⁴ M11095, NSUARB Letter to E1, 2022 Affiliate Code of Conduct Annual Compliance Report, September 5, 2023, page 2.

¹⁵ Subsection 8.3 (k) of the Code.

EfficiencyOne - Affiliate Code of Conduct - Annual Compliance Report
Summary of Affiliate Transactions
For the Period January 1, 2024 to December 31, 2024

Affiliate Transactions - Services Provided by EfficiencyOne to EfficiencyOne Services Inc.

Shared Services	Hours		Salary		Benefits		Overhead		Products		Total
Affiliate Business Activities	24.25	\$	2,193.51	\$	414.58	\$	292.63		\$		2,900.72
Corporate Services	11.00		675.92		127.75		90.17				893.84
Seconded Employees	-						-				-
Total Services Provided	35.25		2,869.43		542.33		382.80		-		3,794.56
Total Products Provided									-		-
Shared Services - Value of Affiliate Transactions for the year			2,869.43		542.33		382.80		-		3,794.56
Total 2024		\$	2,869.43	\$	542.33	\$	382.80	\$	-	\$	3,794.56

Affiliate Transactions -Services Provided by EfficiencyOne Services Inc. to EfficiencyOne

None

EfficiencyOne - Affiliate Code of Conduct - Annual Compliance Report
Summary of Affiliate Transactions - EfficiencyOne Services Inc.
EfficiencyOne Employees

Employee	Hours	% of Available FTE Time Spent	Fully Allocated Costing Rate	Salary	Benefits	Overhead	Total
							1,241.19
							1,098.43
							69.11
							316.91
							175.08
Total	24.25		\$	2,193.51	\$	414.58	\$ 292.63 \$ 2,900.72

EfficiencyOne - Affiliate Code of Conduct - Annual Compliance Report
Summary of Affiliate Transactions - EfficiencyOne Services Inc.
Corporate Services

Employee	Hours	% of Available FTE Time Spent	Fully Allocated Costing Rate	Salary	Benefits	Overhead	Total
							240.37
							314.74
							338.73
Total	11.0		\$	675.92	\$	127.75	\$ 90.17 \$ 893.84

EfficiencyOne - Affiliate Code of Conduct - Annual Compliance Report
Summary of Affiliate Transactions
For the Period January 1, 2024 to December 31, 2024

Affiliate Transactions - Services Provided by EfficiencyOne to Halifax Climate Investment, Innovation, and Impact Fund							
Shared Services	Hours		Salary		Benefits		Total
Affiliate Business Activities	265.50	\$	30,929.23	\$	5,845.63	\$	40,901.00
Corporate Services	508.50		45,829.12		8,661.70		60,604.69
Direct Overhead					28,946.05		28,946.05
Total Services Provided	774.00		76,758.35		14,507.33		130,451.74
Total Products Provided							-
Shared Services - Value of Affiliate Transactions for the year			76,758.35		14,507.33		130,451.74
Total 2024		\$	76,758.35	\$	14,507.33	\$	130,451.74

Affiliate Transactions -Services Provided by Halifax Climate Investment, Innovation, and Impact Fund to EfficiencyOne

None

EfficiencyOne - Affiliate Code of Conduct - Annual Compliance Report
Summary of Affiliate Transactions - Halifax Climate Investment, Innovation and Impact Fund
EfficiencyOne Employees

Employee	Hours	% of Available FTE Time Spent	Fully Allocated Costing Rate	Salary	Benefits	Overhead	Total
							102.58
							424.93
							203.53
							2,175.72
							3,900.95
							46.08
							29,197.96
							4,849.25
Total	265.50			\$ 30,929.23	\$ 5,845.63	\$ 4,126.14	\$ 40,901.00

EfficiencyOne - Affiliate Code of Conduct - Annual Compliance Report
Summary of Affiliate Transactions - Halifax Climate Investment, Innovation and Impact Fund
Corporate Services

Employee	Hours	% of Available FTE Time Spent	Fully Allocated Costing Rate	Salary	Benefits	Overhead	Total
							2,494.30
							1,367.67
							1,284.06
							4,630.42
							8,812.92
							2,955.06
							3,818.63
							1,109.37
							2,744.89
							369.06
							35.26
							677.44
							3,609.11
							7,299.49
							19,397.01
Total	508.50			45,829.12	8,661.70	6,113.87	60,604.69

These Internal Guidelines outline how EfficiencyOne will calculate Fully Allocated Costs when the Utility acquires Shared Services from, or provides Shared Services to, an Affiliate or when employees are shared between the Utility and its Affiliates.

1 SHARED SERVICES DEFINITION

In accordance with the EfficiencyOne Code of Conduct (the “Code”), Shared Services may include the following “corporate services”:

- (i) executive support and strategic activities related to the Affiliate;
- (ii) financial accounting, reporting and planning;
- (iii) financial, including tax, treasury, insurance and internal audit;
- (iv) regulatory;
- (v) human resources;
- (vi) information technology; and
- (vii) EfficiencyOne’s Board of Directors costs.

2 FULLY ALLOCATED COSTS

2.1 Definition

In the Code, Fully Allocated Costs are calculated as:

$$\text{Salary Costs} + \text{Benefits Costs} + \text{Overhead Costs}$$

Costs will be applied to all services, including employees providing corporate services, using positive time reporting, in accordance with section 3 of these Internal Guidelines.

2.2 Salary Costs

Salary Costs mean the actual employee salary that is in effect at the time the service is rendered.

2.3 Benefit Costs

Benefit Costs are applied as a percentage of Salary Costs. The Benefit Cost percentage will be adjusted on an annual basis. Benefit Costs may include:

- (i) Employer Share of CPP and EI;
- (ii) Employer Share of Employee Benefit Plan; and
- (iii) Employer Share of the Company Pension Plan.

2.4 Overhead Costs

Overhead Costs are calculated using the total Overhead Costs as a percentage of the Salary Costs and Benefit Costs. The percentage of Overhead Costs will be adjusted on an annual basis. Overhead Costs do not include any costs that are specific to the Utility or an Affiliate. Overhead Costs that are shared may include:

- (i) Rent;
- (ii) Office Supplies and Equipment;
- (iii) Telephone and Postage;
- (iv) Board of Directors;
- (v) Insurance and Audit;
- (vi) Corporate memberships; and
- (vii) General IT support and equipment.

3 POSITIVE TIME REPORTING

In accordance with section 6.7 of the Code of Conduct, the determination of the cost of personnel providing an Affiliate Service shall be based on positive time reporting. Positive time reporting for Affiliate Services will apply to all employees, including Executives. Hours will be reported on a monthly basis, by specific project or function of the Affiliate Service.

4 BILLABLE HOURS

The billable hours will consider the number of available hours per employee less any hours that are deemed non-billable.

The available hours will be based on the total hours paid per year to each employee.

The number of available hours will be reduced by the following components which are considered non-billable hours. These include hours related to the average employee vacation entitlement, statutory holidays, average employee absences such as sick time and an estimate for other non-billable time. Other non-billable time includes, but is not limited to, items such as team and staff meetings, staff training and breaks.

5 FULLY ALLOCATED COSTING RATE

Fully Allocated Costing Rate = Fully Allocated Costs / Billable Hours

Fully allocated costing rates will be developed for each employee. The fully allocated costing rate will be applied to the number of employee hours recorded using positive time reporting to calculate the amount billed to the Affiliate.



E1 CODE OF CONDUCT – STAFF INTERNAL GUIDELINES

Section:	Finance	Number:	TBD
Issue Date:	March 31, 2018	Effective Date:	
Revised:	February 18, 2021	Revised:	

Prepared by:

Gina Thompson,
Director, Finance & Regulatory Affairs

Approved by:

Stephen MacDonald,
President & CEO

BACKGROUND

On August 29, 2017, the Nova Scotia Utility and Review Board (the “UARB”) approved EfficiencyOne’s (E1) Code of Conduct Governing Affiliate Transactions (the “Code”). The Code applies to E1’s electricity efficiency and conservation activities as regulated by the UARB. The Code applies to all E1 transactions with any Affiliate. E1 currently has two Affiliates, EfficiencyOne Services (E1S) and Halifax Climate Investment, Innovation and Impact Fund (HCi3).

A copy of the Code is available for reference here ([SharePoint Link](#)).

Any changes to the Code will be communicated to staff upon approval from the UARB. Related internal documents including these Staff Internal Guidelines will be updated accordingly.

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

The E1 Code of Conduct governs interactions between the Utility and its Affiliates. The Code provides a clearly defined set of rules that are designed to protect the Utility and keep Nova Scotia’s electricity ratepayers unharmed by the interactions between the Utility and its Affiliates.

The E1 Executive Leadership Team fully endorses and adopts the principles, spirit, and intent of the Code and expects all employees of the Utility, and its Affiliates to the extent they interact with the Utility, to comply with all provisions of the Code.

(Utility refers to E1)



APPOINTMENT OF COMPLIANCE OFFICER

E1 is required under the Code to appoint a member of the Executive Leadership Team as Compliance Officer. The Compliance Officer is the Director, Finance and Regulatory Affairs.

The Compliance Officer's responsibilities include:

- a) Providing advice and information to ensure E1 complies with the Code;
- b) Monitoring and documenting compliance with the Code;
- c) Preparing the Annual Compliance Report;
- d) Receiving and investigating internal and external disputes, complaints and inquiries; and
- e) Maintaining adequate records of all Affiliate transactions.

PURPOSE OF STAFF INTERNAL GUIDELINES

The purpose of the Staff Internal Guidelines is:

- a) to ensure employees are aware of how the Code applies to any Affiliate work in which E1 staff are engaged;
- b) to outline what the expectations are of staff to ensure full compliance; and
- c) to provide direction to relevant documents that support the Code.

Affiliate transactions refer only to those interactions with E1S and HCl3.

PURPOSE OF CODE OF CONDUCT

The Code sets out standards and parameters for all Affiliate interactions to ensure that there are no adverse effects on E1. This means that:

- a) E1 cannot support an Affiliate through providing goods and services at no cost. All interactions, including staff time, must be tracked and billed to an Affiliate at fair market value;
- b) E1's management team must ensure that E1 continues to meet its organizational goals and objectives;
- c) E1 must protect its customer information, it cannot be shared with an Affiliate; and
- d) E1 must keep all financial records separate.



UNDERLYING PRINCIPLES OF THE CODE

It is important that all Affiliate transactions are transparent and that there are no associated risks to E1. This is accomplished through the following:

- a) Affiliate transactions requiring E1 staff support must be pre-approved using the Temporary Employee Assignment Form;
- b) E1 Staff should only work on Affiliate transactions that have been approved by their manager in advance; and
- c) E1 Staff must track all time spent on Affiliate activities. Specific directions are provided in the document 'Affiliate Time Tracking – Instructions' on the SharePoint site. ([SharePoint Link](#))

EXPECTATIONS OF EMPLOYEES

In compliance with the Code, E1 staff must:

- a) Track hours for all Affiliate activities accurately and record on a timely basis;
- b) Only work on Affiliate activities that have their manager's approval;
- c) Complete an Affiliate Temporary Assignment Form;
- d) Explain any variances for time reporting as requested by Finance;
- e) Ensure that E1's customer information is not shared with an Affiliate;
- f) Participate in annual Code training and provide confirmation that they have read the Code and agree to abide by it; and
- g) Familiarize themselves with these Staff Internal Guidelines.

EXPECTATIONS OF MANAGERS

In compliance with the Code and in addition to above, E1 Management must:

- a) Upon receipt of a Temporary Assignment Form, the manager should ensure the employee requested is aware of the request and has capacity to provide the services;
- b) If not, ensure E1 work is backfilled with other staff and is documented as such on the form; and
- c) When requested by Finance, provide confirmation that Affiliate time entries of direct reports are accurate.



CORPORATE STRUCTURE & DEGREE OF SEPARATION

Separate Financial Reporting and Planning

Compliance with the Code requires E1 and Affiliates to maintain separate financial reporting structures. E1's financial team may provide accounting services to Affiliates. These services are included in the Service Agreements as Corporate Services. Within Accounting there are separate records maintained for Accounts Payable, Accounts Receivable and Financial Statement preparation.

E1's financial system accommodates the creation of separate companies for all Affiliates. The process for this is included in the Statement of Practice and Procedure (SPP) – Creation of Affiliate Companies ([SharePoint Link](#)).

Each Affiliate requires the creation of a separate budget. The SPP – Affiliate Budgets ([SharePoint Link](#)) establishes the process for this.

Affiliate Invoicing

Where services are provided by E1 to an Affiliate or vice versa, there must be a customer invoice created with the same payment terms as other E1 suppliers. SPP – Affiliate Invoicing documents this process. ([SharePoint Link](#))

All third-party contractors that perform services directly for an Affiliate must invoice that Affiliate directly rather than E1. Where service providers are shared, separate billing accounts should be established for E1 and Affiliates, wherever possible.

SHARING OF RESOURCES

The Code allows for sharing of resources, providing that all the following conditions are met:

- a) the organization continues to provide a management team capable of maintaining superior level of performance;
- b) A Shared Service Agreement has been executed;
- c) Shared employees track time spent on Affiliate projects; and
- d) Shared employees are billed at fully allocated costs.



Management Team

The Executive Leadership Team (ELT) for E1 is not necessarily the leadership team for an Affiliate. ELT members may work in a dual capacity. In this case, a separate Shared Service Agreement is required.

Shared Services (Affiliate Business Activities)

The ability to share employees is documented through a Shared Service Agreement and requires the completion of a Temporary Assignment form ([Sharepoint Link](#)). Staff should not engage in Affiliate work unless a Temporary Assignment form has been completed and the sharing of the staff time has been approved by the employee's manager.

The Temporary Assignment form is required for all E1 staff who directly work on Affiliate business activities. As part of the request, the Affiliate must provide the estimated staff time required to determine whether E1 will need to back fill for the employee. Unless the time is approved by a manager, staff should not be engaged in Affiliate work.

The employee's manager must sign off on the request from an Affiliate. Formal approvals are documented on the Temporary Assignment Form. Forms are submitted to Finance.

Finance reconciles the number of staff hours requested in a Temporary Assignment form to the actual hours worked. Any variances will be investigated by Finance and explanations will be documented in the reconciliation.

If there are any questions, regarding whether a Temporary Assignment Form is required, please contact the Compliance Officer.

Shared Services (Corporate Services)

The Shared Service Agreement also includes Corporate Services. Corporate Services such as Finance and Procurement; Human Resources and Infrastructure; Information Technology and Corporate Administrative Support can be provided without a Temporary Assignment Form.



Time Tracking

Staff must track all time spent on Affiliate work. Time is recorded into Payworks, E1's payroll system, in 15-minute increments, and must include a brief description of the activity.

Staff log in to their employee self-service portal at Payworks.ca as described below:

The image shows the Payworks login interface. It features the Payworks logo at the top. Below the logo are four input fields: 'Customer ID' with the value 'N00434', 'Username' with the value '0173', and 'Password' with masked characters. A 'LOGIN' button is positioned below the password field. At the bottom right, there is a link that says 'Forgot Your Password?'.

Click on the Timesheet link, either on the Dashboard or in the Time Management drop down menu.

The image is a screenshot of the Payworks dashboard for user AMY CARR. The top navigation bar includes links for PROFILE, PAY INFORMATION, COMMUNICATION, ABSENCE MANAGEMENT, and TIME MANAGEMENT. The TIME MANAGEMENT dropdown menu is open, showing options for AVAILABILITY, SCHEDULE, TIMESHEET, and WEB TIME. The main dashboard area displays a greeting 'Hello, AMY CARR' and a profile icon. Below this, there are two summary cards: 'Last Pay: Mar 29, 2018' and 'Timesheet: Apr 3, 2018'.

Enter the Position/Task performed and the Project, as well as the time and click SUBMIT.

The image shows the timesheet entry form for Monday, March 26, 2018. It includes a dropdown menu for 'E1S - Accounting Support', another dropdown for 'E1S006 - E1S - Corporate Service', and a text field for 'Regular Salary'. To the right, there are two time input fields: '3:00 pm' and '3:15 pm', followed by a '0.25' value field. A 'SUBMIT' button is located at the bottom right of the form.



Enter a comment by clicking the three dots, choosing details and recording a note

For further information on time tracking, please refer to SPP – Affiliate Time Reporting ([SharePoint Link](#)).

Fully Allocated Costs

All hours inputted into Payworks are billed bi-weekly to an Affiliate at fully allocated costing rates. Fully allocated costing rates are calculated by Finance at the first of each new year. Finance is responsible for ensuring costing rates are accurate and up to date.

For further information on fully allocated costing rates, please refer to SPP – Affiliate Fully Allocated Costing Rates ([SharePoint Link](#)).

CONFIDENTIAL INFORMATION

Employees are expected to keep information regarding E1 separate from Affiliate information. E1 information should not be used for Affiliate work.

The protection and use of confidential information is included in E1's Privacy Policy and Program ([SharePoint Link](#)) which is reviewed and signed off annually by employees.



EMPLOYEE EDUCATION AND COMPLIANCE

Employees must comply with the Code at all times. The Staff Internal Guidelines help apply the Code and operationalize it. Staff are expected to familiarize themselves with the Code.

All staff must participate in annual training on the Code and provide confirmation that they have read and agree to abide by it.

Code of Conduct training will be provided as part of New Employee Orientation.

All information and documents related to the Code can be found here ([SharePoint Link](#)).

Any changes to the Code's supporting documents and/or UARB approved changes to the Code will be provided to Staff through email.

If an employee has any questions regarding the Code, please contact the Compliance Officer.

DISPUTES, COMPLAINTS & INQUIRIES

If an employee or customer has an issue or question regarding the application of the Code, or suspects potential non-compliance, the following resolution process has been established.

- a) Submit the dispute, complaint or inquiry in writing to the Compliance Officer. The identity of the person using this process will be kept confidential by the Compliance Officer unless they agree otherwise.
- b) The Compliance Officer must:
 - a) Acknowledge receipt of the inquiry within 5 working days;
 - b) Respond to the inquiry within 21 working days of its receipt; and
 - c) Complete final dispositions as soon as possible, but no later than 60 days after receipt, unless otherwise agreed upon with the party who made the submission.
- c) Matters may be referred to the UARB for consideration in the following circumstances:
 - a) The Utility does not follow the above process;
 - b) The party is unsatisfied with the result; or
 - c) The matter is significant and urgent.



Additionally, E1's Board approved policy, Code of Business Conduct and Ethics Policy covers any issues that employee's themselves may encounter ([SharePoint Link](#)).

ANNUAL COMPLIANCE REPORTING

E1 has an obligation to file an Annual Compliance Report with the UARB. The report includes all Affiliate transactions and is subject to an external audit.

E1 may conduct internal audits as well. Both audits, whether external or internal, will review each Affiliate transaction to ensure that all transactions comply with the Code.