



April 27, 2018

BALANCING POOL
CODE OF CONDUCT
FOR DIRECTORS AND OFFICERS

I. PREAMBLE AND INTERPRETATION

A. Preamble

The people of Alberta have the right to a public agency which is conducted with impartiality and integrity. They must be confident that the Balancing Pool is trustworthy and focused on the public interest and there not be, nor seem to be, any conflict between the private interests of directors and officers and their duty to the public. For the Balancing Pool's excellent reputation to be maintained, all business interactions on the Balancing Pool's behalf must reflect high standards of ethical behavior. In particular, the specific guidelines of the Balancing Pool's Code of Conduct must be adhered to. The Code of Conduct reflects a commitment to the Balancing Pool's values of accountability, integrity, and respect and provides a framework to guide ethical conduct in a way that upholds the integrity and reputation of the Balancing Pool.

The range and complexity of the Balancing Pool's activities are such that it is not possible to produce an exhaustive list of prohibitions which covers all situations and directors and officers understand that the Code of Conduct does not cover every specific scenario. Therefore, they use the spirit and intent behind the Code of Conduct to guide their conduct, and exercise care and diligence in the course of their work with the Balancing Pool.

The Balancing Pool is committed to providing a safe, fair, and ethical workplace for all directors and officers. It is critical for all directors and officers within the organization to display and promote professional conduct and be held accountable for behavior or decisions which violate the Code of Conduct.

The Balancing Pool requires that all of the Balancing Pool's directors and officers annually complete a Certificate of Compliance regarding the Code of Conduct. To demonstrate a commitment to transparency and accountability, this Code of Conduct is available to the public on the Balancing Pool's website.

B. Definitions

In this Code of Conduct:

- a. **“Associated”** means:
 - i. any person with one of the following relationships with a Member:
 1. the Member’s spouse or adult interdependent partner;
 2. a corporation having share capital and carrying on business or activities for profit or gain and the Member is a director or senior officer of the corporation;
 3. a private corporation carrying on business or activities for profit or gain and the Member owns or is the beneficial owner of shares of the corporation;
 4. a partnership of which the Member is a partner or of which one of the partners is a corporation associated with the Member by reason of subsection 2. or 3.; or
 5. a person or group of persons acting with the express or implied consent of the Member; or
 - ii. a transaction or connection such that the transaction or connection:
 1. has the potential to affect or give the appearance of affecting the ability of a Member to act impartially on behalf of the Balancing Pool; or
 2. between the Balancing Pool and the person would, or would be seen to, confer a direct or indirect benefit upon a Member;
- b. **“Blacklist”** has the meaning set forth in subsection IV.J.;
- c. **“Board”** means the Board of Directors of the Balancing Pool;
- d. **“CEO”** means the Chief Executive Officer of the Balancing Pool;
- e. **“Chair”** means the Chair of the Board;
- f. **“Code”** means this Code of Conduct;
- g. **“Code Administrator”** has the meaning set forth in subsection II.B.;
- h. **“Director”** means a member of the Board of the Balancing Pool;
- i. **“Employee”** means a person employed by the Balancing Pool or any consultant or contractor acting on behalf of the Balancing Pool;

- j. **“Gift”** means a direct or indirect pecuniary or non-pecuniary advantage and includes the avoidance of a detriment, but does not include the prestige associated with the position of Director nor participation in activities or programs of the Balancing Pool in which the public has an opportunity to participate;
- k. **“Health and Safety”** includes physical, psychological and social well-being;
- l. **“Member”** means any Director or Officer of the Balancing Pool and **“Members”** means all of them;
- m. **“Minister”** means the Minister responsible for the *Electric Utilities Act*;
- n. **“Offence”** means an offence created under the *Criminal Code of Canada* and/or the *Controlled Drugs and Substances Act*;
- o. **“Officer”** means a Director who is appointed as an officer of the Balancing Pool and includes, without limitation the Chair and the Vice-chair;
- p. **“Private Interest”** refers to an individual’s self-interest (e.g. to achieve financial profit or avoid loss, or to gain another special advantage or avoid a disadvantage), the interests of the individual’s immediate family or business partners, or the interests of another organization in which the individual holds a position (voluntary or paid);
- q. **“Related Person”** means a person or party who is Associated with a Member;
- r. **“Transaction”** means an arrangement, other than a Gift, under which:
 - i. the Balancing Pool and another person agree to exchange value or services;
 - ii. the Balancing Pool confers a benefit on another person; or
 - iii. the Balancing Pool receives a benefit from another person; and
- s. **“Vice-Chair”** means the Vice-Chair of the Board.

II. APPLICATION AND ADMINISTRATION

A. Application of the Code

The Code applies to all Members, except for any individuals that have been expressly exempt by the Code Administrator from one or more provisions of the Code. The Code is in addition to any statute governing Members. Members are expected to behave in a way that aligns with the Code. Members understand that the Code does not cover every specific scenario; therefore, they use the principles and intent behind this Code to guide their conduct and exercise care and diligence in the course of their work with the Balancing Pool.

B. Code Administrator

The Code Administrator for:

- a. Directors is the Chair; and
- b. the Chair is the Governance and Human Resources Committee of the Board, which receives disclosures from the Chair and responds to an allegation that the Chair has breached the Code.

III. ETHICS

The Balancing Pool follows the highest standard of ethical conduct at all times. Every Member is expected to behave on and off the job in a manner consistent with this philosophy and in a way that never reflects poorly on the Balancing Pool. Members shall protect the Balancing Pool's good name, the privacy of their clients, Directors, and colleagues and the value of the Balancing Pool's intellectual and physical property at all times. Members shall deal with others professionally and honestly. This applies to dealings with any individual or group of individuals or organization within or outside the Balancing Pool.

A. Reporting Obligations – Wrongdoings

The Balancing Pool is required to comply with the *Public Interest Disclosure (Whistleblower Protection) Act* (Alberta) (PIDA) and has procedures in place that allow employees to report specific wrongdoings such as violations of law, mismanagement of public funds, and danger to human safety, life, or the environment.

Reprisal or retaliation of any kind against an Employee for reporting a potential “wrongdoing” in good faith or assisting in an investigation of a complaint is itself a violation of PIDA and is prohibited.

Reprisal or retaliation includes threatening or actual termination, harassment, suspension, demotion, withholding compensation, negative impacts to employment terms and conditions, discriminatory behaviour, or any other kind of behaviour that a reasonable person would view as a retaliatory action.

Acts of retaliation will be investigated and dealt with appropriately through disciplinary action up to and including termination. Employees who believe they are subject to reprisal may submit a “Complaint of Reprisal” form directly to the PIC. The “Complaint of Reprisal” form is available on the PIC's website.

IV. GENERAL DUTIES

A. Respect in the Workplace

The Balancing Pool recognizes a shared responsibility on behalf of all Members and Employees to exercise the basic principles of respect and dignity in all working relationships. The Balancing Pool enforces a policy of zero tolerance for demeaning, offensive, harassing, or discriminatory behavior. The Balancing Pool complies with the applicable human rights legislation in the places where it carries on business. All Members are responsible for ensuring a safe, respectful, and secure working environment for all.

The workplace is not confined to the office building of the Balancing Pool. It also includes any other location where the business of the Balancing Pool is being conducted or where the Balancing Pool is being represented. Workplace harassment which occurs outside the workplace (including the internet and email) will also be in violation of the Code.

B. Health and Safety

The Balancing Pool is committed to providing a safe workplace and to protecting the public interest with standards and programs that meet or exceed industry standards and applicable government codes, standards, and regulations in Alberta. Management is committed to preventing injuries and maintaining a healthy work environment.

All supervisors are responsible for ensuring that their employees are trained in approved work procedures and to ensure that employees follow safe work practices. All workers are required to support the health and safety program, not only looking out for their own safety but for other workers as well. Safe work methods and relevant regulations must be followed. All employees are responsible for working safely and for following the Balancing Pool's policies.

C. Privacy

The Balancing Pool holds personal information about Members and other individuals and in doing so, recognizes the need to balance the rights of individuals to have their personal information kept confidential and the need of an organization to collect, use, and disclose information for purposes authorized under the applicable privacy legislation. Members must handle confidential information with the utmost care and integrity and shall not disclose, release, or transmit confidential information except as specifically authorized. The responsibility for maintaining the confidentiality of information includes the responsibility of ensuring that the information is not directly or indirectly made available to unauthorized persons and that the information is not used for personal gain. Members must comply with protocols that guide the collection, storage, use, transmission and disclosure of confidential information and must adhere to the requirements of the *Freedom of Information and Protection of Privacy Act*.

D. Compliance with Laws

- a. Members must comply with all applicable laws, rules, and regulations of the areas in which the Balancing Pool operates and must comply with the requirements of regulatory authorities.
- b. Members who are in doubt as to the legality of a proposed course of action or an action already taken should discuss the activity with their Code Administrator.
- c. Members should not conduct business with contractors who subscribe to unlawful or unethical business practices.
- d. Business partners and suppliers of the Balancing Pool are expected to conduct their business with the Balancing Pool in accordance with applicable laws, rules, and regulations.
- e. Violations or potential violations of laws, rules, and regulations must be reported to the Code Administrator. The Balancing Pool will not allow any retaliation against any party for making such a report in good faith.

E. Standards of Conduct

- a. Members in exercising their powers and discharging their duties shall:
 - i. act honestly, impartially, in good faith, and with a view to the best interests of the Balancing Pool above their own Private Interests;
 - ii. demonstrate respect, integrity, and accountability;
 - iii. exercise powers properly for the purposes for which they were conferred;
 - iv. exercise care and diligence; and
 - v. facilitate the Balancing Pool's proper maintenance of all records and reports as required.
- b. Members understand that when they become aware of a real or apparent conflict of interest, they must at the first opportunity disclose this conflict to the Code Administrator.
- c. Members understand that disclosure itself does not remove a conflict of interest.
- d. Members encourage their colleagues to act fairly and ethically and know that they are able to raise concerns about a suspected breach by another to the Code Administrator without fear of reprisal.
- e. Members know that breaches of this Code may result in disciplinary action, up to and including removal of the Member.

- f. Members must avoid dealing with Related Persons if the relationship between them might bring into question the impartiality of the Member.

F. Gifts

- a. Members must not accept or receive Gifts that are connected directly or indirectly with the performance of their duties with the Balancing Pool, from any individual, organization, or corporation.
- b. Subsection a. does not apply to Gifts that are accepted by Members as an incident of protocol or the normal presentation of Gifts to people participating in public functions.
- c. The total value of Gifts given from the same source in any calendar year cannot exceed \$500.00 per Director or Officer and must not include cash, cheques, gift cards or equivalents.
- d. If there is any doubt in specific cases, written approval from the Code Administrator should be requested.

G. Questionable or Improper Payments

No Member may, in the context of their engagement as a Member, receive any payment that is not for the direct and exclusive benefit of the Balancing Pool.

H. Compliance

- a. All Transactions that a Member participates in must be properly authorized, recorded, and supported by accurate documentation in reasonable detail.
- b. No information may be concealed from the Balancing Pool's external auditors, the CEO, or the Directors. Fraudulently influencing, coercing, manipulating, or misleading an external auditor who is auditing the Balancing Pool is prohibited.

I. Disclosure of Criminal Charges

- a. If a Member is charged with an Offence arising from their conduct while on duty and/or off duty, the Member shall immediately report such charge to the Code Administrator.
- b. The Code Administrator may issue supplementary instructions which modify but do not detract from matters dealt with in this Code, provided that the supplemental instructions are not more permissive than this Code.
- c. Any subsequent use and disclosure of information provided to the Balancing Pool pursuant to this Code will be subject to the privacy provisions of Part 2 of the *Freedom of Information and Protection of Privacy Act*.

J. Insider Trading

- a. It is illegal under Canadian securities and criminal laws for any person to buy or sell securities of a publicly traded company if they are aware of any material information concerning the company that has not been generally disclosed. This is commonly referred to as insider trading.
- b. It is also illegal under Canadian securities and criminal laws for any person who is aware of any material information concerning a public company that has not been generally disclosed to inform any other person of the information (unless it is necessary to do so in the course of the business) or recommend that any other person buy or sell any securities of the company. This is commonly referred to as tipping.
- c. Information is material if it could be expected to have a significant effect on the market price or value of any of the securities of the company in question. Both positive and negative information may be material. Information will only be considered to have been generally disclosed if a press release containing all of the information has been issued by the company and the shares of the company have traded on the applicable stock exchange for one full business day after the press release was issued.
- d. From time to time the Balancing Pool will be involved in commercial matters with companies that have the potential to represent material undisclosed information for those companies.
- e. The CEO will maintain an up-to-date list of companies where the Balancing Pool has knowledge of material undisclosed information on the Blacklist. Buying or selling of securities in any company on the Blacklist or making a recommendation to any other person to buy or sell such securities, is expressly forbidden by Members. The current Blacklist is attached as Appendix A to the Code.
- f. In the event that a new company is added to the blacklist, and a Member currently holds and/or controls \$10,000.00 or more in securities in that company, that party shall promptly disclose these holdings to their Code Administrator. Trading of securities on the Blacklist is prohibited without prior authorization by the Code Administrator.
- g. Insider trading and tipping are serious offences and Members must always comply with the laws against these activities. Regardless of whether or not the securities of a company are on the Blacklist, a Member that is in possession of material undisclosed information concerning any company is expressly prohibited from buying or selling securities of that company, advising others to buy or sell securities of that company, or advising to others of the undisclosed material information (unless it is necessary to do so in the course of business).

K. Outside Activities

- a. There must not be a conflict between the Private Interests of Members and their responsibility to the Balancing Pool. A conflict of interest is any situation in which a Member, either for themselves or some other person or organization, attempts to promote a Private Interest which results, or appears to result, in an:
 - i. interference with the objective exercise of the Member's responsibilities; or
 - ii. opportunity or advantage by virtue of the Member's position with the Balancing Pool.
- b. Members are expected in all regards to conduct their duties with impartiality.
- c. With respect to the Board, the affected Director must declare a conflict, fully disclose their interest in the Transaction to the Code Administrator, and refrain from voting upon the matter. Whether the Transaction shall be approved shall be a matter for the Board to determine
- d. Self-declaration of conflicts of interest helps ensure transparency. Measures to mitigate or eliminate a conflict of interest will depend on what is appropriate and reasonable in the situation.

L. Concurrent Employment or Appointment to Other Offices

- a. Members may take supplementary employment, including self-employment, or accept an appointment to a position outside the Balancing Pool while with the Balancing Pool, unless such pursuits:
 - i. cause an actual or perceived conflict of interest;
 - ii. are performed in such a way as to appear to be an official act or to represent an Balancing Pool opinion or policy; or
 - iii. interfere with carrying out of their duties with the Balancing Pool.
- b. Members cannot accept additional compensation for duties performed in the course of their responsibilities for the Balancing Pool.
- c. Members must not allow the performance of their official duties to be influenced by offers of future employment or the anticipation of offers of employment nor may they use their position or the Balancing Pool's premises, equipment, or supplies to solicit services as a private consultant.

M. Protecting Assets

- a. Members have a responsibility to protect the Balancing Pool's assets from fraud and theft and ensure records are accurate, timely, and complete. Transactions

with third parties are to be recorded in writing. Information is a key asset of the Balancing Pool, so Members are required to safeguard proprietary and confidential information as well as proprietary information that has been entrusted to the Balancing Pool by others.

- b. Members may have limited use of the Balancing Pool's premises, equipment, and supplies for authorized incidental purposes providing such use involves minimal additional expense to the Balancing Pool, must not be performed on the Member's work time, must not interfere with the mandate of the Balancing Pool, and must not support a personal or private business.

N. Communication Devices

Balancing Pool communication resources (phone systems, faxes, computer and computer devices) are to be used for business purposes with incidental personal use permitted provided such use does not negatively impact productivity, compromise system capacity, or contravene applicable law or any Balancing Pool policy. Such resources are not to be used for improper or illegal activities such as the communication of defamatory, obscene, or demeaning material, hate literature, inappropriate blogging, texting, or obtaining illegal software or files. All of the communication resources owned by Balancing Pool are monitored and audited for proper usage.

O. Administrative Processes

Administrative processes help Members manage ethical dilemmas, including any real or apparent conflict of interest concerns.

- a. Administration

The Code Administrator receives and ensures the confidentiality of all disclosures and ensures that any real or apparent conflict of interest is avoided or effectively managed. As well, the Code Administrator is responsible for providing advice and managing concerns and complaints concerning potential breaches of the Code, including conflicts of interest within the Balancing Pool. Regardless of the process of for responding to and managing conflict of interest concerns, the Code Administrator is responsible for ensuring procedural fairness.

- b. Disclosure

- i. It is the responsibility of each Member to declare in writing to the Code Administrator those Private Interests and relationships that they think could be seen to impact the decisions or actions they take on behalf of the Balancing Pool. When there is a change in their responsibilities within the Balancing Pool or in their personal circumstance, Members shall disclose in writing any relevant new or additional information about those interests as soon as possible. Where a real or apparent conflict of interest cannot be avoided, Members must take the appropriate steps to manage the conflict.

- ii. Members disclose these real or apparent conflicts of interest so that the Code Administrator is aware of situations that could be seen as influencing the decisions or actions they are making on behalf of the Balancing Pool. This provides Members, following a review by the Code Administrator, an opportunity to take action to minimize or remove the conflict. To actively manage a conflict of interest, options include:
 - 1. removing themselves from matters in which the conflict exists or is perceived to exist;
 - 2. giving up the particular Private Interest causing the conflict; and
 - 3. in rare circumstances, resigning from their position with the Balancing Pool.
- iii. Any understanding or agreement reached as a result of discussions with the Code Administrator following their review will be put in writing in an acknowledgement letter to the disclosing Member, together with a copy of the original written disclosure report.

c. Reporting a Potential Breach by Another

Members are encouraged to report in writing a potential breach of the Code by another to the Code Administrator. When reporting a potential breach in good faith and with reasonable grounds, Members are protected from retaliation for such reporting.

d. Responding to Potential Breach

Once a potential breach has been reported, the Balancing Pool's procedures for responding to and managing a potential breach will be promptly initiated. The Code Administrator will review the circumstance and details of the potential breach and will notify the alleged Member. The alleged Member has the right to complete information and the right to respond fully to the potential breach. The identity of the reporter will not be disclosed unless required by law or in a legal proceeding. The Code Administrator makes a decision and completes a report in a timely manner. The decision may range from finding no potential breach to one that reveals suspected criminal conduct.

e. Consequences of a Breach

Members who do not comply with the standards of behaviour identified in the Code, including taking part in a decision or action that furthers their Private Interests, may be subject to disciplinary action up to and including removal of the Member.

f. Review of a Decision

A Member can request in writing that the Minister review the decision made by the Code Administrator that they have breached the Code.

P. Observance of the Code Guidelines

- a. Members are personally accountable for learning, endorsing, and promoting the Code and applying it to their own conduct and field of work. Members will be asked to review the Code and confirm on a regular basis, through written or electronic declaration, that they understand their individual responsibilities and will conform to the requirements of the Code.
- b. Members with questions about the Code or specific situations are encouraged to refer the matter to their supervisor or the Code Administrator, as applicable.

Q. Waivers and Amendments

Waivers of the Code for Members may be granted only by the Code Administrator.

V. The Chair

Without limiting any other section of this Code, the Chair is subject to the following provisions:

A. Decisions Furthering Private Interest

- a. The Chair must not take part in a decision in the course of carrying out their office or powers knowing that the decision might further a Private Interest of themselves, a person Associated with them, or their minor or adult child.
- b. The Chair must not use their office or powers to influence or to seek to influence a decision to be made by or on behalf of the Crown in right of Alberta, the Balancing Pool, or another public agency to further a Private Interest of the Chair, a person Associated with the Chair, or the Chair's minor child or to improperly further any other person's Private Interest.
- c. The Chair must not use or communicate information not available to the general public that was gained by the Chair in the course of carrying out their office or powers to further or seek to further a Private Interest of the Chair or any other person's Private Interest.
- d. The Chair must appropriately or adequately disclose all real or apparent conflicts of interest.

VI. MISCELLANEOUS**A. Notice**

Unless otherwise provided herein, this Code comes into effect April 30, 2018.

B. Regulations

This Code may be modified to conform to any requirement and include any matter specified in the regulations to the *Conflicts of Interest Act*.

Acknowledged this _____ day of _____ 20__.

Signature

Appendix A

Blacklist as of May 28, 2014

[NTD: This Blacklist is currently under review by Balancing Pool Management]

- TransAlta Corporation