



**Title:** Compliance Management System Policy

**Program Area:** Compliance Management System (CMS)

**Number:** EMA-CMS-POL-01-2

**Adopted by:** Emera Inc, and its subsidiaries (the “Emera Company”)

**Owner:** Corporate Compliance

**Effective:** 04/01/2023

**Last Reviewed:** Q1 2023

**Supersedes:** EMA/TECO/GBP/BLP-CMS-POL-01-1 (01/01/2020)

## 1. Purpose and Objective:

The Emera Company is committed to conducting business with high regard for the spirit and letter of the law by ensuring compliance with all federal, state, provincial, and local laws, rules, and regulations.

To meet this commitment and reduce the risk of non-compliance, this Policy establishes the Company’s use of a standardized, systematic, risk-based approach, referred to as Emera’s Compliance Management System (CMS) framework. The CMS framework will effectively and efficiently manage the Company’s Compliance Obligations.

## 2. Scope:

Compliance with this Policy is mandatory for all employees, officers, or directors in all business units across the Emera Company.

This Policy has specific applicability to all Compliance Programs as identified on the Emera Company’s Compliance Program Register.

## 3. Defined Terms:

**Compliance Program:** An organization of compliance obligations, risks, and controls for purposes of assigning ownership and accountability in business operations.

**Compliance Program Register:** An Emera Company’s inventory of all applicable compliance programs managed under the Emera Company’s Management Plan.

**Corporate Compliance Assurance Plan (“Assurance Plan”):** The Assurance Plan is an Emera Inc. level plan

consisting of accountability controls, which together systematically scopes an Emera Company's compliance program under the CMS, screens the programs' compliance risks, controls the risk through a Compliance Program Management Plan, verifies performance through monitoring and auditing, and provides compliance assurance through quarterly certification and reporting to senior management and Emera's Board of Directors' Audit Committee.

**Emera Company Compliance Program Management Plan ("Management Plan"):** The Management Plan is a governance document, which describes the management of the Emera Company's applicable Compliance Programs in adherence with the principles of this Policy.

#### 4. Policy:

Emera has established a CMS framework, which is comprised of the Assurance Plan and Management Plan.

The Assurance Plan focuses on enterprise compliance program risk management and performance measurement and reporting to the Audit Committee of the Emera Inc. Board of Directors. The risk management process outlined in the Assurance Plan identifies compliance programs that are subject to this Policy.

The Management Plan focuses on the management of the Emera Company's Compliance Programs and addresses the following five principles to ensure meeting the purpose and objectives of this Policy.

1. **Culture of Compliance:** The Management Plan reinforces Emera's culture of compliance consistent with the principles established in Emera's Code of Conduct, including the Company's commitment to ethical and compliant behaviour, general management accountabilities, and Emera's speak-up culture.
2. **Leadership Commitment & Support:** The Management Plan reinforces the Company's leadership commitment and support for compliance, which is paramount to its long-term success. This commitment will include the allocation of appropriate resources to support the Management Plan as well as active and visible engagement by leadership.
3. **Governance & Accountability:** The Management Plan defines the Company's governance and accountability structure, which includes the periodic engagement of senior leadership and the Company's Board of Directors. This structure will include defined roles and responsibilities for key compliance positions consistent with the Three Lines of Defense Model, and a Compliance Committee that meets regularly to discuss program performance, incidents, and continuous improvement.
4. **Effective Program Design:** The Company's Management Plan utilizes the following effective and efficient program management technical processes:
  - Compliance Obligation Management
  - Compliance Risk Management
  - Compliance Controls Management
    - Policies
    - Processes & Procedures
    - Deliverables

- Training & Communication
- Compliance Incident Management
- Change Management

**5. Program Performance:** The Management Plan defines the methods and metrics to measure, analyze, and report on the effectiveness of the Company's compliance program management. The metrics are clear, meaningful, and actionable, foster continuous improvement, with the metrics data provided periodically to the Emera Company's Board of Directors, Compliance Officer, and Accountable Executives in support of their oversight accountabilities.

## **Responsibilities:**

**All employees** are responsible for speaking up about actual or potential compliance concerns and for overall adherence to this Policy.

**Accountable Executives** are responsible for overall execution of this Policy within their area of responsibility, supporting the Assurance Plan, and ensuring proper execution of the Management Plan by overseeing the performance of their programs through on-going engagement with their Compliance Program Managers.

**Audit Services** are responsible for performing a complete or focused audit of a compliance program in support of the Assurance Plan's monitoring process when applicable.

**Compliance Program Contributors** are accountable to the Program Manager and are responsible for the completion of assigned compliance management tasks and the identification and prompt reporting of any instances of Potential Non-Compliance, deficiencies, and defective or ineffective control(s) within their respective programs.

**Compliance Program Managers** are responsible for the management of their applicable compliance programs in accordance with this Policy and their Emera Company's Management Plan, including informing their Accountable Executive of their program's performance through on-going engagements.

**Compliance Management System Administrators** are responsible for working with Compliance Program Managers and Corporate Compliance in the administration of the AuditBoard GRC software including supporting the business in day-to-day use of the software, tracking compliance deliverables, managing users and access, and implementing system configuration changes.

**Compliance Officers** are responsible for the oversight of the Management Plan, coordination of the Company's participation in the Assurance Plan, leading investigations of non-compliance, and overall compliance leadership.

**Legal, Compliance & Regulatory** are responsible for providing their expertise in support of the Compliance Officer's oversight and investigation responsibilities, as well as providing guidance to the Program Managers and Accountable Executives in support of their program management duties.

## **5. Exceptions & Consequences:**

Failure to follow this Policy or the applicable Emera Company's Compliance Program Management Plan may result in violations of a law, rule or regulation, which may jeopardize the reputation and business interests of the Company and can result in personal and corporate liability.

## **6. Inquiries:**

Questions, concerns, or inquiries related to this Policy should be directed to Emera's Corporate Compliance team: [Corporate.Compliance@emera.com](mailto:Corporate.Compliance@emera.com).