



## **Corrective Action Plan (CAP)**

# **Public Awareness Program**

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Submitted by TransCanada PipeLines Limited and  
its National Energy Board – Regulated Subsidiaries  
to address non-compliant findings in the  
National Energy Board’s  
*Final Audit Report – Public Awareness Program*

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## 1. AUDIT FINDINGS

The *National Energy Board Onshore Pipeline Regulations* Final Audit Report (March 31, 2014) on TransCanada PipeLines Limited's ("TransCanada") Public Awareness Program (PA) identified findings in the following various Management System sub-elements:

<b>Finding</b>	<b>NEB Element</b>	<b>NEB Sub-Element</b>
1	1.0 Policy and Commitment	1.2 Policy and Commitment Statements
2	2.0 Planning	2.1 Hazard Identification, Risk Assessment and Control
3		2.2 Legal Requirements
4		2.3 Goals, Objectives and Targets
5	3.0 Implementation	3.1 Operational Control – Normal Operations
6		3.3 Management of Change
7		3.4 Training, Competence and Evaluation
8	4.0 Checking and Corrective Action	4.2 Investigating and Reporting Incidents and Near-misses
9		4.3 Internal Audits
10	5.0 Management Review	5.1 Management Review

In addition to a number of improvement areas identified for the PA, there were also several positive observations including:

- Confirmation that the PA identifies, manages and controls the hazards associated with third parties mechanically excavating and constructing near company facilities;
- Acknowledgement that TransCanada's management ensures that the PA is properly resourced and has involved itself in the implementation and oversight of the Program; and
- The PA provides communication with and education to, third parties who live and work near pipelines.

## **2. CAP RESPONSE METHODOLOGY**

In developing this Corrective Action Plan (CAP), TransCanada considered the National Energy Board (NEB) findings, Onshore Pipeline Regulations (OPR), current practices, scope, resourcing requirements and implementation timelines. While preliminary milestones have been established to address all findings, the working teams formed will establish more detailed execution plans. The steps and timelines presented in this CAP are TransCanada's best estimate for the time to complete the work outlined, assuming approval of the CAP within 30 days from submission. TransCanada will notify the NEB in advance if, at any time during the implementation of these improvement activities outlined in the CAP, significant changes to the plans are required.

Where findings were common across all five of the protection programs audited by the NEB (Protection Program), TransCanada will consider implementing broader systemic processes to address the gaps identified. This cross-functional and organizational review is a significant undertaking that will require time to design, develop and implement. To accomplish this, TransCanada proposes the establishment of cross-functional working teams and governance committees to ensure organizational alignment and support. Intermediate deliverables have been established for these broader issues to measure progress on these CAPs. Once key corrective actions are implemented, an internal review will be undertaken to determine adherence and effectiveness of new processes and procedures. Therefore, some CAP milestones have been extended to allow for the review cycle.

Detailed below are brief summaries of the audit findings and TransCanada's proposed corrective action to address each finding.

## **3. SUB-ELEMENT 1.2: POLICY AND COMMITMENT STATEMENTS**

### **3.1 Finding**

TransCanada demonstrated that it has established and implemented a Health Safety & Environment ("HSE") Commitment Statement and Code of Business Ethics ("COBE") that include protection of the public, workers and the environment and immunity from disciplinary action for employees that report any actual or suspected violation of the law. The NEB determined that these documents do not demonstrate the existence of policies for the internal reporting of hazards, potential hazards, incidents and near-misses that include the conditions under which a person who makes a report will be granted immunity from retaliatory action for reporting. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

### **3.2 Corrective Action**

TransCanada has updated its HSE Commitment Statement to include language that clearly defines that employees are immune from retaliation resulting from reporting of hazards, potential hazards, incidents and near misses. TransCanada will revise the

language in the COBE and the Incident Management Program to more clearly state that immunity from retaliation for reporting is provided for those who report issues, incidents, hazards or near misses. TransCanada will deliver a focused communication and awareness campaign to ensure that employees and in-house contractors are aware of the changes made and processes to report.

### **3.2.1 CAP Schedule / Stage Gates for Implementation**

The documents will be updated by December 31, 2014 communicated to employees and in-house contractors by May 31, 2015.

### **3.2.2 Benchmarks for Determining Success**

The following measures will be used to benchmark the success of the corrective action:

- Updated HSE Commitment Statement;
- Updated Incident Management Program Document;
- Updated COBE; and
- Executed awareness campaign.

## **4. SUB-ELEMENT 2.1: HAZARD IDENTIFICATION, RISK ASSESSMENT AND CONTROL**

### **4.1 Finding**

TransCanada demonstrated that it has established and implemented a PA Program that incorporates the identification of hazards and introduces controls. However, TransCanada was not able to demonstrate that it has established an exhaustive inventory of hazards, a process to evaluate the risk or a systematic implementation of corresponding controls as required by the Board's expectations. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

### **4.2 Corrective Action**

TransCanada will formalize and implement a process for identifying, analyzing and consolidating an inventory of its hazards and potential hazards for its Protection Programs. TransCanada will also review, refine and implement a consolidated process for evaluating and managing the risks associated with the identified hazards, including risk related to unauthorized encroachments and third party damage.

TransCanada will further refine this process by first compiling a hazard inventory that incorporates hazards previously identified in existing processes then further refining the

hazard identification process and re-evaluating the inventory utilizing the modified process.

Following the documentation of these processes, TransCanada will develop and deliver the awareness training for protection program stakeholders that will enable them to carry out the processes outlined.

All processes noted above, including hazard identification and analysis, hazard inventories and risk assessment, will be documented and housed in a corporate document controlled repository that will provide:

- Accessibility by program owners and program staff;
- Review by dates specified;
- Reference to document/process owner;
- Revision control; and
- Version control.

#### **4.2.1 CAP Schedule / Stage Gates for Implementation**

The milestones for these corrective actions include:

- Compile existing Hazard Inventories – September 30, 2014;
- Finalized process for identifying, analyzing and creating an inventory of Hazards – December 31, 2014;
- Finalized process for assessing risk – December 31, 2014;
- Process Training completion – March 15, 2015;
- Refined Hazard Inventories based on updated process – April 15, 2015; and
- Document changes completed – May 15, 2015.

#### **4.2.2 Benchmarks for Determining Success**

The following measures will be used to benchmark the success of the corrective actions:

- Hazard Inventory populated using current processes for all protection programs;
- Hazard Identification and analysis process developed and documented;

- Hazard Inventory process developed and documented;
- Risk Assessment process developed and documented;
- Training on updated processes provided to Protection Program stakeholders;
- Updated Hazard Inventory based on new processes developed; and
- Existing TransCanada documents updated to reference new processes.

## **5. SUB-ELEMENT 2.2: LEGAL REQUIREMENTS**

### **5.1 Finding**

TransCanada demonstrated that it is tracking, listing and communicating some of its legal requirements. However, TransCanada did not demonstrate that it has an inventory of specific legal requirements or a process to ensure that regulatory changes trigger program changes or communication to all staff involved in the PA Program. Therefore, TransCanada did not demonstrate that it has an established, implemented and effective process for identifying and monitoring compliance with all legal requirements that are applicable to the company in matters of safety, security and protection of the environment. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

### **5.2 Corrective Action**

To address the NEB's findings for the Legal Requirements sub-element, TransCanada will review, update, populate and maintain a list of regulatory requirements for the PA for NEB regulated facilities and activities.

TransCanada will also implement a common process for identifying and managing changes to legal requirements applicable the PA for NEB regulated assets. The process will consolidate and improve upon existing legislative monitoring processes currently in use and will leverage the concordance table that will be developed.

Following the establishment of the processes and documents, TransCanada will develop and deliver awareness training to Protection Program stakeholders that will enable them to carry out the processes outlined. Once the training is complete, existing program documents will be modified using the new process.

#### **5.2.1 CAP Schedule / Stage Gates for Implementation**

The milestones for these corrective actions include:

- Compile a comprehensive list of legal requirements for NEB regulated facilities and associated activities – December 31, 2015;

- Develop a concordance table to align legal requirements with TransCanada’s facilities and associated activities – December 31, 2015;
- Develop a process for legislative monitoring – March 31, 2015;
- Process Training completion – September 30, 2015; and
- Relevant document changes completed – December 31, 2015.

### **5.2.2 Benchmarks for Determining Success**

The following measures will be used to benchmark the success of the corrective actions:

- Concordance table developed and aligned to NEB Regulations;
- Legislative monitoring process updated;
- Training on updated processes above provided to protection program stakeholders; and
- Existing TransCanada documents updated to reference new processes.

## **6. SUB-ELEMENT 2.3: GOALS, OBJECTIVES AND TARGETS (GOTs)**

### **6.1 Finding**

The NEB identified that TransCanada has developed and implemented an internal program for the establishment and management of corporate commitments and priorities with respect to the PA Program. The NEB also determined that TransCanada has implemented documented processes for communicating and monitoring the requirements derived from the commitments and priorities its PA Program establishes.

During interviews at the management level, TransCanada staff used multiple terms interchangeably in their description of these goals, objectives and targets. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

### **6.2 Corrective Action**

TransCanada will review and standardize its processes for setting GOTs for all of its Protection Programs. Following the establishment of the process, TransCanada will provide awareness training for Protection Program stakeholders that will enable them to carry out the processes outlined.

Once the training is complete, GOTs for the PA Program will be set using the updated process. The program level GOTs will be documented. This systematic approach will promote alignment of programs and corporate GOTs. Once all GOTs are developed,

remaining document updates will proceed to ensure appropriate linkages are made to the new GOTs and references within existing documentation are correct.

The GOTs setting process noted will be documented and housed in a corporate document controlled repository that will provide:

- Accessibility by program owners and program staff;
- Review by dates specified;
- Reference to document/process owner;
- Revision control; and
- Version control.

### **6.2.1 CAP Schedule / Stage Gates for Implementation**

The milestones for these corrective actions include:

- Finalize GOTs setting process – February 13, 2015;
- Process training completion – April 30, 2015;
- Finalize program level GOTs – May 15, 2015;
- Finalize sub-program level GOTs – September 15, 2015; and
- Complete document changes – October 31, 2015.

### **6.2.2 Benchmarks for Determining Success**

The following measures will be used to benchmark the success of the corrective actions:

- GOTs setting process for Protection Programs is reviewed, standardized and documented;
- Training on updated processes provided to Protection Program stakeholders;
- Program GOTs are incorporated into program documentation; and
- Program documentation is housed in a corporate document controlled repository.

## **7. SUB-ELEMENT 3.1: OPERATIONAL CONTROL – NORMAL OPERATIONS**

### **7.1 Finding**

TransCanada demonstrated the regional implementation of its PA Program. However, TransCanada did not demonstrate that it has implemented a process for the evaluation of

PA activities to ensure the effective control of the hazards. The absence of a consistent process is reflected in program implementation differences among TransCanada's operating regions, which differences were not supported by clear rationale. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

## **7.2 Corrective Action**

TransCanada will address this finding by centralizing the process for identification of potential hazards across all regions followed by analysis of region-specific risks that will be mitigated through selected Public Awareness program activities.

TransCanada will also improve documentation of the process for identifying hazards applicable to each region as well as the methodology used to define mitigating activities to reduce the risk related to each hazard. TransCanada will document the rationale for selection of specific activities by region, and will review the effectiveness of these activities annually.

### **7.2.1 CAP Schedule / Stage Gates for Implementation**

The milestones for these corrective actions include:

- Revise the program documentation to reflect the methodology for identifying hazards centrally and verifying the existence of hazards – July 31, 2014; and
- Rationale developed for specific program awareness activities – September 30, 2014.

### **7.2.2 Benchmarks for Determining Success**

The following measures will be used to benchmark the success of the corrective actions:

- Complete program revisions;
- Implement process for centralized hazard identification;
- Document rationale for specific public awareness activities tied to regional factors; and
- Annual review of trends to update hazard inventory and drive program decisions for the next program cycle.

## **8. SUB-ELEMENT 3.3: MANAGEMENT OF CHANGE**

### **8.1 Finding**

In the context of broader management of change processes that could affect the PA Program TransCanada did not demonstrate that it has an established and implemented a

process for identifying and managing change that could affect safety, security or protection of the environment, including new hazards or risks, changes in design, specifications, standards or procedures, and change in the company's organizational structure or the legal requirements. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

## **8.2 Corrective Action**

TransCanada is in the midst of implementing a revised MOC framework, which provides a consistent methodology for the management of change. This framework reflects a more comprehensive approach beyond the use of the Pipe Integrity MOC and the TransCanada's Operating Procedures ("TOPs") MOC processes as reviewed during the audit.

The revised MOC process manages technical and physical changes, document change procedure and variances and process changes for the Operations and Engineering (O&E) department.

A pilot program for this process was completed, and lessons learned were incorporated. It will now be implemented for the PA.

### **8.2.1 CAP Schedule / Stage Gates for Implementation**

The milestones for these corrective actions include:

- MOC rollout and training to the PA personnel for NEB-regulated facilities – October 31, 2014; and
- Internal audit of consistent use of process – April 30, 2015.

### **8.2.2 Benchmarks for Determining Success**

The following measures will be used to benchmark the success of the corrective actions:

- MOC rolled out on schedule;
- Training completed on updated processes provided to Protection Program stakeholders for NEB-regulated facilities; and
- Audit of consistent use of the process completed.

## **9. SUB-ELEMENT 3.4: TRAINING, COMPETENCE AND EVALUATION**

### **9.1 Finding**

TransCanada demonstrated that it has developed and implemented a process for identifying, tracking and managing training. However, the audit found that the company's suite of training is incomplete for staff and contractors involved in awareness activities.

The audit determined that the current training program does not include TransCanada's expectations for identification, reporting and conduct if its employees and contractors should they encounter hostility from third parties while conducting awareness activities. The training program does not include training for all potential hazards associated with the PA Program. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

## **9.2 Corrective Action**

TransCanada's corporate security training material was updated in the fall of 2013. The update included a section on workplace violence, which specifically outlined the process employees and contractors are to follow if they encountered a potentially hostile situation or experience workplace violence.

The training was rolled out across the Company in the later part of 2013. TransCanada's employees and contractors were given thirty days to review the training materials and complete the competency evaluation tasks. A third party administers the delivery of this training and has developed a tracking process. If an individual does not complete the training session on time then an e-mail reminder is sent to that individual. If the training is not completed in the second allotted time frame then e-mail reminders are escalated to their direct Manager until the training is completed.

To ensure training has been completed, TransCanada will review and track completion of the Corporate Security Training for personnel that support or are involved in the implementation of the PA Program.

In addition, TransCanada will identify individuals who have high levels of public contact and provide them targeted training specific to workplace violence to ensure they know the steps to take if they should encounter a hostile situation or workplace violence.

### **9.2.1 CAP Schedule / Stage Gates for Implementation**

The milestones for these corrective actions include:

- Update Corporate Security training to include Work Place Violence – Completed;
- Confirm completion of training by employees implementing the PA programs – May 30, 2014;
- Develop targeted Corporate Security Training – September 30, 2014;
- Roll out targeted Corporate Security Training – December 31, 2014;
- Update employee training profiles to include targeted training – January 31, 2015; and,
- Complete a competency evaluation for the targeted group for whom training was provided – December 31, 2015.

### 9.2.2 Benchmarks for Determining Success

The following measures will be used to benchmark the success of the corrective actions:

- Percentage of appropriate employees who completed the corporate security training; and
- Communication plan executed.

## 10. SUB-ELEMENT 4.2: INVESTIGATING AND REPORTING INCIDENTS AND NEAR-MISSES

### 10.1 Finding

TransCanada demonstrated that it has a process in place to identify, track, analyze and resolve issues and incidents through its Incident and Issue Management Program. However, TransCanada did not provide an adequate sample of Incident and Issue Tracking records for the Board to determine the effectiveness of the implementation of this program. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

### 10.2 Corrective Action

To address this finding, TransCanada will revise its recordkeeping procedures to better demonstrate compliance with Sub-Element 4.2. This will be accomplished by centralizing recordkeeping for the investigation and reporting of incidents and near misses related to unauthorized activities, and correlating public awareness activities intended to address these issues. As well, TransCanada will document the review of these incidents during the annual development of regional Public Awareness programs.

#### 10.2.1 CAP Schedule / Stage Gates for Implementation

The milestones for these corrective actions include:

- Review procedures for investigating and reporting of incidents and near misses related to unauthorized activities and define a standard for a “complete record” for each incident that includes any referral to the PA, and all PA activities taken in response by July 31, 2014.
- Revise relevant procedures including the Public Awareness Program Manual to include definition of “complete record” and document recordkeeping procedures by September 30, 2014.
- Document review of incidents and near misses related to unauthorized activities, during annual program development for each region – December 31, 2014
- Review implementation status and record completeness by December 31, 2014.

### **10.2.2 Benchmarks for Determining Success**

The following measures will be used to benchmark the success of the corrective actions:

- Procedures revised and standard for complete record defined.
- New recordkeeping procedures implemented.

## **11. SUB-ELEMENT 4.3: INTERNAL AUDITS**

### **11.1 Finding**

TransCanada demonstrated that its quality assurance program is implemented on a frequency that exceeds regulatory requirements. However, implementation of the program only measures performance relative to internal TransCanada requirements and does not include compliance relative to legal requirements. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

### **11.2 Corrective Action**

To address the NEB's findings for the Internal Audit sub-element, TransCanada will implement an internal audit process for the PA Program. In addition, TransCanada will review audit procedures and protocols for incorporation of records of verification to legal requirements. This CAP will be implemented in conjunction with the CAP for Sub-element 2.2, and will incorporate regulatory requirements into the audit protocols. Accordingly the timetable for completion of this CAP is linked to the milestones for the CAP for Sub-element 2.2.

Further development of the process whereby management evaluates and prioritizes audit findings for corrective and preventive action is addressed in the Management Review CAP.

#### **11.2.1 CAP Schedule / Stage Gates for Implementation**

The milestones for these corrective actions include:

- Develop a process for auditing compliance to legal requirements at the program level – January 31, 2015; and
- Implement changes to the audit process and plan to incorporate a subsection for legal requirements – July 31, 2015.

#### **11.2.2 Benchmarks for Determining Success**

The following measure will be used to benchmark the success of the corrective actions:

- Internal audit procedures and protocols revised to include assessment of compliance to legal requirements

## **12. SUB-ELEMENT 5.1: MANAGEMENT REVIEW**

### **12.1 Finding**

TransCanada demonstrated that it is undertaking a significant number of management review activities consistent with the descriptions included in its internal HSE Framework document. However, TransCanada did not demonstrate that it has a documented and comprehensive process for reviewing the PA Program that describes activities for adequately and effectively undertaking its management reviews to ensure continual improvement as described in the Board's expectations. As a result, the NEB found TransCanada to be Non-Compliant with this sub-element.

### **12.2 Corrective Action**

To address the NEB's remaining finding for the Management Review sub-element, TransCanada will review and consolidate its existing management review processes and incorporate them into an annual management review of its health, safety and environmental protection programs. The review will be consistent with management system elements to ensure continual improvement and will include a review of any decisions, actions and commitments, which relate to the improvement of the management system and protection programs, and the company's overall performance.

TransCanada's PA includes an annual review of program activities and effectiveness that is reported to senior management. TransCanada will improve management review of the public awareness program by increasing the level of substantive program review, and on a quarterly basis reporting results to senior management, including meaningful metrics tied to specific GOTs.

#### **12.2.1 CAP Schedule / Stage Gates for Implementation**

The milestones for these corrective actions include:

- Update reporting of PA metrics to reflect revised GOTs – December 31, 2014;
- Develop criteria for prioritizing management actions for audit findings – December 31, 2014;
- Finalize process for annual Management Review – February 28, 2015; and
- Complete proposed document changes – May 15, 2015.

### **12.2.2 Benchmarks for Determining Success**

The following measures will be used to benchmark the success of the corrective actions:

- Quarterly reporting of updated PA metrics in place;
- Audit findings criteria for prioritizing management actions in place;
- Process for conducting an annual management review of the management system and each Protection Program established;
- Training on updated processes provided to Protection Program stakeholders; and
- Existing TransCanada documents updated to reference new processes.

## **13. MANAGEMENT REVIEW OF CAP OUTCOMES**

Regular updates to management on the progress of the CAP will be provided through regular reporting and progress reviews.

### **Responsible Vice President and affected Directors and Managers**

The progress of the CAP will be reported in the applicable Business Review Report to the Manager, Director, and Vice President levels of the responsible departments. The Vice Presidents and their Directors complete a formal review of information, which may include scorecards and summaries quarterly to ensure timely line of sight to the progress of the CAP and to identify required actions to ensure GOTs are met.

### **Senior Management**

The progress of the CAP will be communicated to the O&E Senior Governance Committee (SGC) through the O&E Scorecard. The SGC provides the highest level of management governance. At the SGC level, formal monthly management reviews are held to discuss key items of concern, including any material deviations from the CAP objectives and required actions to ensure objectives can be met. The SGC is led by TransCanada's Executive Vice President of Operations and Engineering and includes the Vice Presidents of Pipeline Integrity, Engineering and Asset Reliability, Canadian & Mexico Pipeline Operations, Pipeline Safety and Compliance, and Community Safety & Environment ("CS&E").

The progress of the CAP will also be communicated to the Corporate HSE Committee. The Corporate HSE Committee is chaired by the Vice President of CS&E and comprised of Senior Leaders from O&E and Major Projects with advisors from CS&E Management.

This committee addresses health, safety and environment issues related to the development, design, construction and operation of TransCanada's business.

The findings and corrective actions along with interim dates and deadlines will be tracked and reported on as noted above. A summary is provided in **Table 1**.

As required by the PA Program, internal audits of the PA Program will be completed on a three-year cycle to further identify areas requiring management action.

TransCanada will also provide the NEB updates quarterly, or as otherwise agreed upon, on the progress of corrective actions until completion of the CAP.

**Table 1: Communication Summary**

<b>MANAGEMENT TEAM</b>	<b>INFORM</b>	<b>REVIEW for ACTION</b>	<b>ACTION</b>
Accountable Officer	Quarterly Reviews	Quarterly Reviews	Action Items
Responsible VP	Business Review Report	Monthly Meetings Monthly Scorecard Reviews Performance Review	Meeting Minutes
Responsible Director Manager CAP Lead	Business Review Report	Performance Review	Meeting Minutes