



**COST ALLOCATION MANUAL
FOR CORPORATE COSTS**

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Revision History

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1.0	Corix Executive Leadership Team (via email)	December 6, 2024
2.0	Corix Executive Leadership Team (via email)	April 20, 2026

1. INTRODUCTION

Corix District Energy Holdings Limited Partnership, with its general partner Corix District Energy Holdings GP Inc. (together “Corix”) is a leader in the implementation of district energy utility infrastructure solutions for small to medium-sized communities across North America. Corix is a privately held company that is wholly owned by affiliates of the British Columbia Investment Management Corporation (BCI). Corix owns utilities and has investments (together “businesses”) that operate in Canada and the United States.

Corix, through its Board of Directors and the Executive Leadership Team (ELT), is responsible for providing strategic direction, business oversight, and corporate governance for the business activities of the operating subsidiaries directly and indirectly owned by Corix.

The ELT consists of the following seven (7) positions.

- i. Chief Executive Officer (CEO)
- ii. Chief Financial Officer (CFO)
- iii. Chief Operating Officer – East (COO East)
- iv. Chief Operating Officer – West (COO West)
- v. Chief Legal Officer (CLO)
- vi. Chief Growth Officer (CGO) & Vice President, Administration
- vii. Chief Development Officer (CDO)

The Board of Directors comprise employees of Corix’s owner, BCI, and Corix’s CEO. The Board of Directors ultimately is responsible for governing the business and affairs of Corix and its operating subsidiaries. The Board of Director’s oversight responsibilities include:

- Reviewing and approving corporate strategy;
- Measuring progress towards achieving corporate strategic goals;
- Reviewing, approving, and monitoring all major capital projects;
- Monitoring actual spending in comparison to budgeted expenditures; and
- Monitoring and ensuring that Corix and its operating subsidiaries deliver high quality service in compliance with all applicable laws, rules, and regulations.¹

Each ELT member is accountable for an organization with employees who are aligned to deliver operational services and support services necessary to provide district energy utility services to the communities served by Corix’s operating subsidiaries.

Corporate support services are necessary for the operation of any business, including the safe and efficient operation of district energy utilities. Corix uses a centralized corporate support service organization to provide these services to the businesses, as well as regional support services in the East and West regions. The services and the costs of the COO East and COO West are not included in the corporate support services as they are included in the regional support services for which they oversee. This manual does not address regional support services or the allocation of regional costs.

The corporate Cost Allocation Methodology (CAM) has been designed to facilitate equitable cost sharing among businesses and to ensure that there is no subsidization of non-regulated services by regulated entities. In a manner consistent with the NARUC Guidelines for Cost Allocations and Affiliate Transactions² (NARUC Guidelines), Corix maintains this Corporate CAM Manual (Manual) that includes:

¹ At this time Corix does not incur costs pertaining to Board of Directors fees. However, in the future there may be external Board Members, whose costs would be allocated to the relevant Corix businesses using the methodology in this manual.

² NARUC Guidelines for Cost Allocations and Affiliate Transactions, <https://pubs.naruc.org/pub/539BF2CD-2354-D714-51C4-0D70A5A95C65>, accessed October 15, 2024.

- a chart showing the corporate support services cost flows to all Corix businesses (Appendix A);
- a description of the corporate cost allocation methodology and allocators used to allocate corporate support services costs to the Corix operating businesses (Section 4); and
- a description of the corporate support services provided to Corix businesses (Section 6 and Appendix B).

In addition to the above, this manual includes a hypothetical example of the corporate cost allocation methodology (Appendix C).

This manual is reviewed periodically and updated to reflect organizational changes, if any. Updates to this manual are finalized through approval by the ELT.

2. DEFINITIONS

- **Corix District Energy Holdings Limited Partnership, with its general partner Corix District Energy Holdings GP Inc.** (together “Corix”) is the corporate parent of Corix subsidiaries. As a pure play utility business, Corix enjoys a wide spectrum of technical and industry expertise in all facets of district energy utilities, including innovative technologies, operating tools, and regulatory resources required to develop sustainable utility services.
- **Corporate CAM Manual** (Manual) is this corporate cost allocation methodology manual, as updated from time to time and approved by the ELT.
- **Corporate Support Services** refer to the administrative and general support services and functions provided to the whole organization. Corix’s corporate support services include corporate governance; management control; strategic planning and execution; legal mandates, and risk mitigation; technical safety and compliance; health, safety and environment leadership; corporate finance and accounting, treasury, taxes and insurance services; people and culture and payroll; information technology and cybersecurity; and communications, all of which are necessary for the operation of a utility business of this size. In this Manual, Section 6 (Scope of Corporate Support Services) and Appendix B (Description of Corporate Support Services) provide details regarding the corporate support services provided to the whole organization.
- **Investments** refers to businesses in which Corix has a non-majority interest, which includes Doyon Utilities LLC, Oakridge Energy Limited Partnership and Entegrus Inc. These investments do not receive the complete suite of corporate support services .

3. CORPORATE SUPPORT SERVICES COSTS

Corporate Support Services costs (also referred to as “corporate costs”) are identified, budgeted and tracked using homogenous corporate cost categories. The various corporate support services, corporate cost categories and the responsible ELT member are listed in the first three columns of Table 3 in Section 6 of this Manual.

The ELT members are accountable for expenses incurred within their budget. The importance of controlling costs is key, with targets being set for the company, and a portion of executive compensation is linked to responsible cost management. Headcount planning is conducted in the annual budgeting process; any headcount addition must be supported with a demonstration of need. The process takes several months with budgets undergoing rigorous analysis by the budget owners and multiple levels of review. Budgets are presented and subject to questions and answer sessions to test proposed costs including headcount addition requests. After thorough review by the relevant corporate support service teams, the budgets are then carefully reviewed by the ELT and the Board of Directors. At each level, costs are heavily scrutinized to evaluate efficiency of operations, including when appropriate, benchmarking exercises to compare costs, including labour costs, to members of relevant peer groups.

3.1 DIRECTLY ASSIGNABLE COSTS AND INDIRECT COSTS

Costs within the homogenous categories are either: (i) Directly Assignable Costs; or (ii) Indirect Costs.

Directly Assignable Costs

Directly Assignable Costs are costs incurred by one company for the exclusive benefit of, or specifically identified with, one or more companies, and which are directly charged to the company or companies that specifically benefited. This is consistent with the NARUC Guidelines, which on page 2 defines “Direct Costs” as “costs which can be specifically identified with a particular service or product.”

Direct Costs can be incurred on a shared basis. For example, Corix incurs “Shared Operating Costs”, which are costs that are managed centrally for administrative efficiency, cost savings and have vendor management by dedicated resources. These Shared Operating Costs are directly charged to the respective businesses before the corporate cost allocation process. Examples of this include business insurance, and the vendor costs associated with customer billing.

Direct Costs are not subject to the discussion of this corporate CAM as they are readily and clearly identified with a specific service and are directly assigned to the appropriate businesses.

Indirect Costs

Indirect Costs are costs incurred by one company that are for the benefit of either: (i) all; or (ii) some of the Corix companies, and which are charged to the benefited companies using a methodology and allocation factors that link cost causation and cost recovery. Under the NARUC Guidelines, “Indirect Costs” are defined on page 2 as “costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.”

Indirect Costs are incurred on a shared basis for the benefit of several businesses. After assignment of direct costs, the indirect costs are the subject of discussion of this corporate CAM. Indirect costs are allocated to the companies that benefit from the indirect costs using the methodology for allocating corporate support services costs that is outlined in Section 4 of this manual.

Figure 1 in Appendix A outlines the cost flows from corporate support services to the various affiliate groups and entities.

4. CORPORATE COST ALLOCATION METHODOLOGY

The following steps are used for allocating the indirect costs within corporate support services costs.

1. The basis of variability of each category of indirect cost is assessed by reviewing what causes the costs in each category to change.
2. Indirect costs are then allocated either:
 - o Using a functional allocator on the basis of variability in instances where this method is clearly applicable; or
 - o Using a composite allocator for all other instances.

4.1 FUNCTIONAL ALLOCATOR

Functional allocators are used where the costs can be allocated using an identified cost causation driver. One example of this is using headcount to allocate indirect costs that are directly correlated to the number of employees.

4.2 COMPOSITE ALLOCATOR

Corix’s indirect corporate support services costs that do not have a direct correlation with any one particular cost causation driver are allocated using a composite allocator. A composite allocator was chosen to represent the size, scope and complexity of each of the operating businesses with a goal of fairly putting businesses on a level standing for comparison purposes.

Corix’s composite allocators comprise of three equally weighted factors as shown in Table 1 below. The equal weighting reflects that cost allocations are inherently an estimating exercise to fairly allocate costs and therefore no factor is over-weighted compared to another relevant factor. These weightings are kept constant in order to avoid introducing unnecessary complexity and administrative burden into the cost allocation methodology.

Table 1: Composite Allocator, Factors and Weighting

<u>Factor</u>	<u>Weight</u>
Gross Property, Plant & Equipment	33.33%
Gross Revenue	33.33%
Headcount	33.33%
Total	100%

The composite allocator based on the factors and weighting shown in Table 1 allows for a just and reasonable allocation of costs in a transparent, sustainable and cost-effective manner that reflects cost causality for shared costs which do not exhibit direct correlation with any one particular cost causation driver.

4.3 UPDATING ALLOCATOR INPUTS

Corix uses a point-in-time approach to calculate the forecast allocation percentages for the following year. This provides stability for budget preparations and actual allocations as well as a reference point for year-over-year comparisons. Allocation percentages are updated annually as outlined in Table 2 below.

Table 2: Allocator Input Reference Time Periods

Inputs	Reference
Gross Property, Plant & Equipment (Gross PPE) ³	As of June 30th of prior year
Gross Revenue ⁴	Trailing Twelve Months as of June 30th of prior year
Headcount	As of June 30th of prior year

For example, the 2026 budget and actual allocations would be based on a Composite Allocator that's calculated based on:

- Gross PPE at June 30, 2025;
- Gross Revenue from July 1, 2024 to June 30, 2025; and
- Headcount at June 30, 2025.

June 30th was chosen as the most appropriate point-in-time to allow for the allocation percentages to be determined, and the forecast corporate support service costs to be allocated to each operating utility/business prior to the completion of the annual budgets. A date earlier than June 30th would result in the unnecessary use of outdated information. A date after June 30th would yield more current information but would cause delays to the annual budget process for Corix.

4.3.1 Adjustments for Specific Unique Circumstances and Known and Measurable Changes

In unique circumstances, adjustments to the inputs (Gross PPE; Gross Revenue; Headcount) are to be made for known and measurable changes that would otherwise result in a cost allocation that does not appropriately reflect cost causality. The Known and Measurable Changes accounted for are:

- 1) Bargain Acquisition Adjustment;
- 2) Asset Impairment Adjustment; and
- 3) Approved Major Capital Projects

(1) Bargain Acquisition Adjustment

In some situations, utility assets are acquired for one dollar (\$1), or purchased for an amount significantly below the net book value of the assets. For the purpose of allocating Corporate Support Services Costs, these purchases will be considered as though the utility assets were acquired at cost (for new assets) or fair market value (for assets previously in use). The fair market value may be equal to the net book value of the assets just prior to acquisition.

This adjustment recognizes the fact that utilities require continuous ongoing management oversight and stewardship as they provide service to customers, even in instances where the assets were acquired at a bargain price.

³ Gross Property, Plant & Equipment is defined as gross property, plant, and equipment independent of the way it has been financed.

⁴ Gross Revenue is defined as recorded gross revenue.

(2) Asset Impairment Adjustment

In instances where assets have been written down for accounting impairment purposes, the assets would continue to be recognized at their historical Gross PPE input value for the calculation of each composite allocator, provided that such assets continue to be used and are useful in the provision of service to customers.

This adjustment accounts for the situation where assets that have been written down for accounting impairment purposes continue to require ongoing management oversight and stewardship as the utility continues to provide service to customers.

(3) Approved Major Capital Projects

This is an adjustment to include approved major capital projects that are about to go into service after the June 30th cut-off date for inputs that year. It recognizes that the June 30th cut-off in the year for actual inputs to calculate the following year's corporate cost allocation may omit impending known and measurable changes that were previously approved by regulators. This is because the six-month period from July 1st to December 31st does not get reflected in the following year's cost allocations. As the corporate cost allocation is inherently an estimate to calculate a reasonable allocation of costs any minor changes or activity is immaterial. However, in some cases an approved major capital project that is to be placed in service during the July 1st to December 31st period may have a material impact on the revenue requirement for several utilities. This adjustment, with regard to allocation of corporate costs, recognizes that conceptually a project placed in service in the latter half of the year is treated the same as if a project is placed in service on June 30th of that same year.

This adjustment will be made using the latest available projected figures, if all three of the following apply to the situation:

- (1) Corix has previously received regulatory approval for the execution of a major capital project, such as a Certificate of Public Convenience and Necessity ("CPCN");
- (2) there is reasonable certainty that the major capital project will be completed, and the associated assets will be placed in service between July 1st and December 31st, after the June 30th cut-off date of the same year; and
- (3) there is a material impact and change to the allocation of corporate costs to the utility and other utilities absent such an adjustment.

4.4 CHANGES TO THE CORPORATE COST ALLOCATION METHODOLOGY

In some jurisdictions, external regulatory agencies review and approve the Corporate CAM (as described in Section 4 of this Manual), for allocating indirect corporate costs to regulated utilities in Corix's portfolio. Please consult with a member of Corix's regulatory team if contemplating changes to Section 4 of this Manual, since external regulatory approvals may be required in advance of implementation.

5. ADDITION OF NEW UTILITIES

From time to time, new utilities may be added to Corix's portfolio through greenfield development or acquisition. Whenever this occurs, the new utilities will be added to the pool of businesses in the cost allocation model, that receive corporate cost allocations in the year that the new utility operations are reasonably expected to begin. Note that this does not impact the cost allocation methodology as described in Section 4 of this manual. The timing of the addition facilitates fair and reasonable cost allocations since the new utility would receive a portion of the allocated costs.

The allocator inputs (Gross PPE, Gross Revenue and Headcount) for each new utility addition will be determined based on information from the latest financial model for the new utility, until the new utility has twelve (12) consecutive months of historical data from July 1st of the prior year to inform the allocator inputs.

6. SCOPE OF CORPORATE SUPPORT SERVICES

Corix is responsible for providing strategic direction, business oversight, and corporate governance for the business activities of the directly and indirectly owned operating businesses. Corporate support services maintain enterprise-wide standards and support for many functions as described in detail in Appendix B (Description of Corporate Support Services). These services are necessary for all the businesses to have access to capital for projects and operations providing efficiencies and expertise across the businesses. The use of shared expertise provides each of the businesses with benefits it could not economically achieve on a stand-alone basis.

The following are some of the benefits of consolidating executive, professional and operational support services into a centralized support service organization.

- **Governance** – centralized support service departments provide direct oversight and management control that improves operations and processes; for instance, monthly financial reporting and analysis comparing actual expenditures to budgeted expenditures ensures accountability and can improve operational efficiency.
- **Compliance** – support services departments help improve compliance with legal, financial, technical safety and other obligations of each individual operating company and holding companies.
- **Economies** – one of the primary benefits of the centralized support service model is that it helps the customers of smaller companies realize the benefits of scale enjoyed by much larger companies; among other things, the centralized service model allows Corix to leverage the buying power of the combined group of companies and more efficiently utilize staff through workload balancing and specialization.
- **Continuity of Service** – centralized support organizations mitigate the risk of disruptions in service caused by absences and departures.
- **Enterprise Standards** – centralized support service models play an important role in improving the quality of service by ensuring that standard policies, procedures, and practices are established and followed; in addition, centralized support service models also facilitate the sharing and adoption of best practices.

Table 3 that follows designates the benefits each corporate support service team provides, which demonstrates that support services are necessary for the safe and efficient delivery of utility operations and businesses.

Table 3: Support Service with corresponding benefits, listed by Corporate Cost Category and responsible ELT Member⁵

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
ELT Member	Corporate Cost Category	Support Service Provided	Governance	Compliance	Economies	Continuity of Service	Enterprise Standards
CEO	Executive Management	Executive Management	X	X	X	X	X
CFO	Finance	Finance	X	X	X	X	X
		Corporate Accounting	X	X	X		X
		Treasury	X	X	X		X
		Taxes	X	X	X	X	X
		Insurance	X	X	X	X	X
CLO	Legal and Risk Management	Legal	X	X	X		X
		Technical Safety & Compliance and HSE ⁶ Leadership	X	X	X		X
		Risk Management	X	X	X	X	X
		Internal Audit	X	X	X	X	X
CGO & VP Administration	People & Culture	People & Culture	X	X	X		X
	IT, OT & Cybersecurity	Information Technology	X	X	X	X	X
		Cybersecurity	X	X	X	X	X
		Operational Technology	X	X	X	X	X
CDO ⁷	Communications	Communications	X	X	X	X	X

⁵ This table excludes COOs since their costs are addressed through the Regional Cost Allocation Methodology.

⁶ Health, Safety and Environment.

⁷ The CDO oversees the Development team and the Communications team. However, only Communications' costs are included in regulated utility cost recovery. Indirect costs associated with the CDO and the Development team are excluded from regulated utility cost recovery.

Appendix B provides a detailed description of the scope of corporate support services provided, grouped by ELT member. Table 4 below summarizes the scope of corporate support services and shows the allocator applied to each category of cost. The allocator may be a functional allocator or a composite allocator. The functions and categories are as of approval date of this Manual⁸ and are subject to change based on potential changes in the needs of the operating businesses. If organizational restructuring or realignments are implemented, any allocations of new or modified categories would be completed in a manner consistent with the cost allocation methodology described in Section 4 of this document.

Table 4: Summary of Corporate Support Services, Functions and Allocators⁹

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>
ELT Member	Corporate Cost Category¹⁰	Allocator	Functions
CEO	Executive Management	Composite Allocator ¹¹	Set overall direction and enterprise strategy; provide guidance to operational leadership; ensure the organization is acting with honesty, integrity, transparency, and accountability to customers.
CFO	Finance	Composite Allocator	Ensure financial integrity and secure debt and equity financing; perform all corporate accounting activities, prepare external and internal financial reports; oversee the preparation of the budget and analysis of planned versus actual spending; perform tax accounting and compliance.
CLO	Legal and Risk Management	Composite Allocator	Provide legal advice and services; ensure compliance with technical safety requirements and oversee the HSE programs within Corix. Identify, report on and develop plans for managing/mitigating significant risks to the enterprise; and conduct audits to identify compliance with corporate policies and procedures.
CGO & VP Administration ¹²	People & Culture ("P&C")	Headcount	Provides support services including people and culture management such as payroll administration, wage and salary design, benefit and medical plan design and administration, pension plan administration; and information technology, operational technology and cybersecurity services.
	IT, OT & Cybersecurity	Composite Allocator	
CDO ¹³	Communications ¹⁴	Composite Allocator	Provides support services for enterprise-wide internal and external communications.

⁸ See Revision History on page 1 of this document.

⁹ A detailed description of the corporate support services is included in Appendix B.

¹⁰ Refer to Table 3 for a breakdown of the components of each corporate cost category.

¹¹ The Composite Allocator is discussed in Section 4.2 of this document.

¹² The CGO is also the VP Administration and spends approximately 50% of their time on business development and 50% of their time leading administrative support services for Corix. As a result, 50% of the cost associated with the CGO and VP Administration is excluded from regulated utility cost recovery.

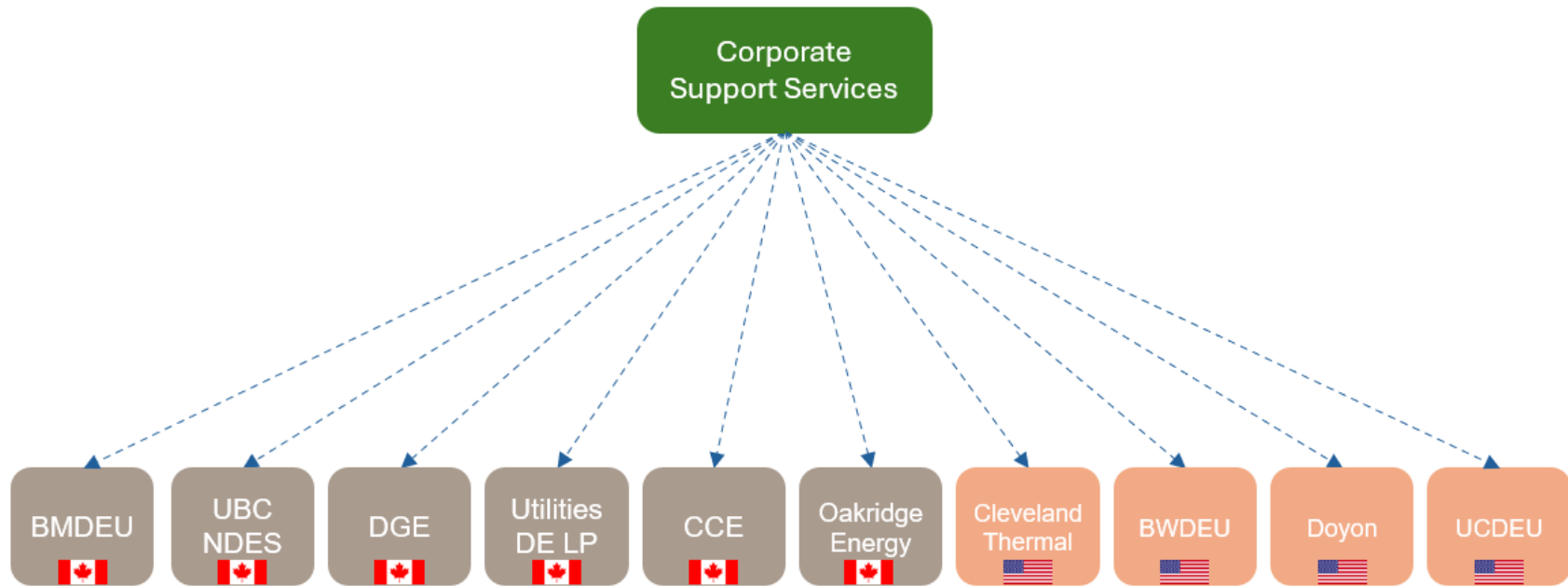
¹³ Indirect costs associated with the CDO and the Development team are excluded from regulated utility cost recovery. As a result, this table excludes the Development corporate cost category that falls under the CDO.

¹⁴ Indirect costs associated with Communications are included in regulated utility cost recovery. Refer to Appendix B for a description of the support services provided by Communications.

APPENDICES

APPENDIX A – CORPORATE SUPPORT SERVICES COST FLOWS DIAGRAM

Figure 1: Corporate Support Services Cost Flows



Notes

- 1) This structure reflects the corporate services cost distribution and does not indicate the corporate structure. Corporate holding intermediaries are not shown on this diagram.
- 2) Doyon is direct charged for all of the services provided by Corix to Doyon. Oakridge Energy is direct charged for all of the corporate services provided by Corix to Oakridge Energy based on the Services Agreement between Corix and Oakridge Energy. The direct charges to Doyon and Oakridge Energy reduce the total remaining shared corporate costs to be allocated to the remaining utilities (excluding Doyon and Oakridge Energy) based on the methodology outlined in Section 4 of this document.

APPENDIX B – DESCRIPTION OF CORPORATE SUPPORT SERVICES

This appendix describes the services and functions provided by Corix's centralized corporate support service team and explains the nature of the costs for each corporate support service.

1) CEO Office

The CEO Office includes direct employee labour and non-labour costs, as well as rent and associated costs for the Corix headquarters, in addition to third-party consulting services.

This area represents the Executive Management function. The CEO Office sets overall direction and enterprise strategy; provides guidance to operational leadership to optimize Corix's lines of business; identifies complementary aspects of Corix's businesses to achieve synergies where possible for the benefit of multiple stakeholders including the customers of the operating companies; interacts with shareholders to source capital; and at a high-level works with other members of the ELT and the debt holders to secure appropriate financing and rates. The CEO reviews Corix's and its subsidiaries' activities to foster an enterprise-wide culture of honesty, integrity, transparency and accountability to customers, regulators, and Corix's shareholder. The CEO is the main conduit to shareholders on all matters of governance and ensures an appropriate governance structure exists throughout Corix.

2) CFO Office

The CFO Office costs include direct employee labour and non-labour costs, as well as other costs such as third-party services related to audit, insurance administration and tax services, external financial compliance costs, and bank service fees.

This area represents the Finance function provided by the CFO's organization, which includes corporate accounting, capital market engagement, corporate financial planning and analysis, insurance, taxation, and treasury services. Specifically, these services include the following.

- Securing debt and equity financing for Corix and all of its operating subsidiaries
- Management of the capital structure
- Managing liquidity
- Monitoring the financial markets that impact Corix and its operating subsidiaries
- Supervising the preparation and consolidation of financial statements
- Supervising the preparation and consolidation of Corix's annual business plan, which includes annual operation and maintenance and capital budgets for a multi-year forecast period
- Consolidating and reporting periodic financial statements, analyzing and reporting on actual to budget variances
- Supervising the corporate income tax provision and compliance work
- Ensuring compliance with affirmative, negative and financial covenants contained in short- and long-term debt securities when issued by Corix and its operating subsidiaries

The corporate financial planning and analysis staff provide oversight of the financial affairs of all Corix subsidiaries including long-term strategic planning and financial analysis. This also includes full scope management reporting to the Board of Directors, Corix's shareholder and lenders to Corix. This team oversees the consolidated insurance program, insurance renewals and claims management with the support of third-party insurance administration services.

Corporate accounting support includes compliance with ASPE, US GAAP, reconciliations, ERP support and transactional support. Corporate consolidation and controllership provide review and preparation of reports to achieve the "full picture" lens required to access debt and equity financing. In addition, this group

oversees all corporate holding companies, accounting for reorganizations and tax planning initiatives, and presents results and budgets to the Board of Directors. Financial reporting policy and technical research originates from this function.

Tax support includes the coordination of the tax planning activities for all Corix businesses and either undertakes tax compliance activities, directs tax compliance activities taking place in businesses or oversees outside tax professionals who provides services to Corix or individual businesses. Staff providing the tax support function also works with external auditors for annual audit tax provision and audits of Corix's consolidated financial statements and tax returns.

Treasury services include long- and short-term capital needs planning for both debt and equity. Staff providing the treasury services support function interact with the shareholder and the capital markets to arrange, extend, or change terms of financing. The team also monitors the use of revolvers and monitors covenant coverage and help to ensure interest spreads relative to coverage ratios are optimized to minimize interest costs.

In summary, the CFO's organization plays a key role in ensuring that Corix and its subsidiaries have access to debt and equity capital, meet financial obligations and operate in an efficient and cost-effective manner to the benefit of our stakeholders.

3) CLO Office

The CLO Office costs include direct employee labor and non-labor costs, as well as other costs such as third-party services related to the internal audit function and external legal services.

The CLO Office provides a comprehensive suite of risk management services, which includes: enterprise risk management; technical safety and compliance, and health, safety, and environmental (HSE) leadership; internal audit services, and legal services.

The risk management service function includes consolidating risk reports and providing the Corix Board of Directors and executive leadership team with a comprehensive view of inherent and residual risks faced by Corix and its operating subsidiaries.

Corix cultivates an enterprise-wide culture that supports the safe delivery of essential services to the communities served by Corix's operating subsidiaries. The technical safety and compliance function provides strategic and technical regulatory leadership regarding code and standards compliance for the safe and efficient operation of all thermal energy plants, distribution systems, infrastructure, and technical equipment. In addition, this staff provides oversight for the development and execution of company HSE programs and processes for new and existing activities within Corix. More specifically, this staff has regulatory responsibility for all boiler and pressure vessel regulated equipment and ensures code compliance to NBIC, CSA and ASHRAE standards as well as all legal, regulatory, environmental, and organizational HSE standards both in Canada and the US. Also captured in this category are costs for safety incentive programs, software licenses costs for HSE programs, and third-party services for safety assessments, surveys, training, reviews, and audits at the enterprise level. It should be noted that while the HSE leadership resides at the corporate level, there are specific HSE staff dedicated to each of the West and East regions and the costs associated with these staff are recorded at the regional level.

Legal support provides a variety of legal services and advice to Corix and its operating subsidiaries. These matters span a broad spectrum of legal issues, including labor relations and employment matters, internal investigations, litigation, administrative proceedings, and contract review. Where necessary, external third-party legal consulting services may also be commissioned to support internal staff. Internal staff communicate with and manage outside legal counsel to ensure the effective and efficient management of these legal matters. The legal team also provides advice on corporate matters, including governance and

compliance. In addition, the legal team supports the finance organization by providing legal advice and counsel related to debt and equity financing.

Finally, the CLO Office provides internal audit services to Corix and its operating subsidiaries. Internal audit evaluates a company's internal controls, including its governance and accounting processes to ensure compliance with laws and regulations, accurate and timely financial reporting, and data collection. This group provides internal audit services based on annual risk analyses of key areas and based on requests from Corix businesses who may require assessments of processes, fraud investigations or IT control assessments. Their assessment findings are generally available to all businesses unless there is some issue of confidentiality or litigation.

4) CGO and VP, Administration Office

The CGO and VP, Administration Office provides a dual role for Corix given the responsibility for targeted growth of the enterprise as well as providing a range of administrative support services necessary to support the delivery of district energy services to customers.

Growing the overall business results in increasing economies of scale for the entire organization, with the benefit being that fixed costs are shared over a broader base of assets resulting in lower costs for each business compared to what they would otherwise have to incur if they were stand-alone businesses. CGO costs include direct employee labour and non-labour costs for growth oversight and associated third-party services to support the evaluation and execution of potential acquisitions. The CGO Office's mandate is to generate corporate growth consistent with the goals and objectives of the company. Seeking and executing large and/or complex acquisitions, the growth team facilitates the economies of scale required to share costs across the organization in a meaningful way. The growth team helps on strategy, evaluating complex issues that arise, will lend resources and expertise to execute a transaction and provide general oversight. Because of the number of opportunities to grow the business with small or large opportunities, the growth team is a group of mobile resources with the ability to engage prospective sellers. These opportunities will ultimately create a bigger customer base over which to spread the costs more efficiently (thus mitigating the impact of rising costs). However, costs associated with the Corporate Growth team and 50% of the CGO's costs are allocated to holding companies and these costs are not allocated to operating utilities.

The Administration Support Office provides support services including people and culture management, information technology (IT), operational technology (OT), and cybersecurity services.

After isolating Corporate Growth costs and 50% of the CGO and VP, Administration's costs, the remaining costs in this category include direct employee labour and non-labour costs, as well as third-party services costs associated with:

- the administration of the day-to-day people and culture programs and services, recruitment expenses, surveys, training, payroll functions and compensation studies; and
- the provision and maintenance of IT and OT infrastructure, applications, cybersecurity programs, and related support services for the organization.

Some notable elements of these services are described in the subsection below.

i. People and Culture

The People and Culture team supports the entire organization through a range of services that ensure effective workforce management, operational efficiency, and regulatory compliance. Services provided by People and Culture include:

- **Policy and Practice Development** – developing, updating and managing company-wide policies and practices for all aspects of human resources. This ensures that the organization remains

compliant with legal standards, follows best practices, and operates consistently across all departments.

- **People Programs and Services Administration** – managing the day-to-day administration of people-related programs, providing overall guidance and direction to employees at all levels. This includes offering support for both general human resource (HR) inquiries and strategic guidance and ensuring that the workforce management aligns with organizational goals.
- **Payroll Administration** – overseeing payroll processing for all employees, ensuring timely and accurate compensation. This function supports all departments and is fundamental to maintaining employee satisfaction and operational stability.
- **Wage and Salary Design and Administration** – designing and administering wage and salary structures across the organization, ensuring competitive and equitable compensation. These efforts are crucial for talent retention and alignment with market standards.
- **Benefits and Medical Plan Administration** – managing the design and administration of the company's benefit and medical plans, which are available to all employees. By sourcing company-wide benefits programs, the team achieves significant economies of scale, providing cost efficiencies and risk-sharing benefits across the organization.
- **Group Pension Plan and 401k Administration** – managing the administration of group pension plans and 401k services, ensuring compliance and providing retirement planning options for employees. This planning service supports employee retention and satisfaction, with broad benefits across departments.
- **Performance Management** – facilitating performance management processes, ensuring that employee performance is regularly evaluated and aligned with organizational objectives. This function drives productivity and helps identify areas for employee development, ultimately benefiting all teams.
- **Recruitment and Onboarding Support** – providing recruitment and onboarding support, ensuring that new employees are hired, integrated, and trained effectively. Additionally, P&C team manages resignation and termination processes, ensuring smooth transitions and minimizing operational disruptions.
- **Vendor Management for Economies of Scale** – optimizing operational efficiency by sourcing company-wide vendors for services related to Total Rewards, Talent Management, and Human Capital Management (HCM) systems. By consolidating these services, the organization achieves economies of scale.
- **Executive Recruitment and Administration** – managing the recruitment and HR administration of executive positions, working closely with senior leadership and reporting to the Board of Directors. This ensures that the organization's leadership structure remains strong and aligned with strategic objectives.
- **Compensation Reviews** – managing comprehensive compensation reviews, which are conducted by third party vendors to ensure fair and market-competitive pay structures.
- **Employee Relations and DEI** – fostering a positive organizational culture through employee relations support and initiatives focused on Diversity, Equity, and Inclusion (DEI). These efforts help create a healthy, inclusive work environment by promoting collaboration and a sense of belonging.

ii. **Information Technology, Operational Technology & Cybersecurity**

This team is responsible for:

- **Network and Cloud Infrastructure Management:** The IT team is responsible for the development, implementation, and maintenance of stable, consistent, and secure network and cloud infrastructures across Canada and the US, ensuring seamless productivity and collaboration for end users.

- **IT Hardware Provisioning and Implementation:** The IT team is responsible for provisioning, preparing and implementing hardware, software, peripherals and accessories to users and sites. By providing the end users with the tools they need will enable the users to work efficiently.
- **Standard Applications:** The IT team is responsible for providing and maintaining standard applications. Standardizing applications allows for quick deployment to end users, cost savings for licensing and consistent support.
- **Uniform IT Security and Cybersecurity Protocols:**
 - **IT Security Platform, Policies, Procedures:** The IT team is responsible for upholding a uniform IT security platform to maintain company security, providing support to enhance IT security protocols.
 - **Security Operations, Response, and Monitoring (SOC):** The IT team is responsible for 24/7 Cybersecurity threat monitoring and escalations via the SOC, with active monitoring and response to protect systems and users.
 - **Cybersecurity Training and Awareness:** The IT team is responsible for developing and implementing a comprehensive Cybersecurity Training Program for all users. Metrics collected from the training sessions help identify areas where employees may need additional support to strengthen overall cybersecurity practices. Regular security awareness training is also provided to all employees, promoting a robust cybersecurity culture and reducing organizational vulnerabilities.
 - **Legislative Monitoring and Compliance:** IT continuously monitors data privacy legislation and security requirements across contracts, ensuring compliance and adapting protocols as regulations evolve.
- **An Enterprise-Wide Help Center:** The team provides an enterprise-wide help center through the corporate ticketing system as well as a 24/7 call support line. The support will reduce operational disruptions and will aid in keeping business continuity.
- **Operational Technology (OT) Systems and Site Implementations:** Planning, design, installation, monitoring and maintenance of OT systems and site-specific implementation in collaborations with OT vendors and integrators.
- **Technology Optimization and Support:** Providing and maintaining a set of technologies to optimize the operation of assets safely, securely, and efficiently. Key technologies include: SCADA (Secure Control and Data Acquisition); EAMS (Enterprise Asset Management Software); and AMI (Automated Meter Infrastructure), among others.
- **Enterprise Support and Strategic Functions:** Supporting frontline operations and the broader business in areas such as:
- **Governance and Solution Standards** – Establishing and enforcing governance and standards across solutions.
- **Technology Consistency and Vendor Management** – Ensuring consistency in technology selection and vendor management.
- **Scalable Solution Design** – Designing OT solutions that are scalable from site-specific to enterprise-wide levels.
- **Best-Practices Delivery and Operationalization:** Implementing best practices and supporting operationalization across the business.
- **Business and Capital Support** – Assisting businesses with project needs and capital deployments.
- **Mergers, Acquisitions, and Divestments** – Providing OT support for business growth initiatives.

- **Customer-Centric Cybersecurity and Data Protection:** All IT security and compliance functions support robust cybersecurity and data protection practices, which contribute directly to customer confidence and data protection.

5) CDO

The CDO's team is responsible for pursuing organic growth opportunities through greenfield development as well as bolt-on acquisitions at a local level consistent with the goals and objectives of the company. In addition, the Communications team that manages internal and external communications for all utilities reports to the CDO.

Growing the overall business results in increasing economies of scale for the entire organization, with the benefit being that fixed costs are shared over a broader base of assets resulting in lower costs for each business compared to what they would otherwise have to incur if they were stand-alone businesses. The CDO team's costs include direct employee labour and non-labour costs for overall business development oversight and associated third-party services to support the evaluation and execution of potential greenfield projects and bolt-on acquisitions. Indirect Development costs and CDO costs are allocated to holding companies and these costs are not allocated to operating utilities.

After isolating Development and CDO costs, the remaining costs include direct employee labour and non-labour costs, as well as third-party services costs associated with the provision of corporate communications services, including but not limited to external and internal communications, management of Corix's website, content creation, customer education, media monitoring, as well as associated license costs. Additional details regarding the support services provided by the Communications team are provided below.

i. Communications

The Communications team is responsible for developing and executing effective communication strategies that reach internal and external target audiences and help to build relationships. The Communications teams works collaboratively with all areas of the business to ensure cohesive brand messaging and spearheads initiatives that enhance stakeholder and customer engagement, and drive growth. Below is a summary of the major accountabilities of the Communications team:

- **Strategic Planning and Execution:** The team leads, develops and implements comprehensive communication and marketing strategies that align with business goals and support growth objectives.
- **External Communications:** The team manages Corix's public image and media relations, including press releases and media outreach. The team is responsible for ensuring effective external communication across various channels, including Corix's website and social media, while meeting the unique needs of the local stakeholders across Corix's geographically diverse footprint.
- **Internal Communications:** The team is responsible for developing and maintaining all content on Corix's intranet, to connect employees and enhance culture across the organization.
- **Content Creation and Thought Leadership:** The team is responsible for the creation of high-quality written and visual content for various channels, including website, social media, marketing collateral and business proposals. This involves maintaining a current knowledge of trends, research, and best practices.
- **Research and Analytics:** The team leverages research and data analytics to scan external market conditions, optimize visibility and reach, and identify marketing opportunities that align with business goals.

- **Brand Management:** The team ensures all marketing and communication materials are consistent with the brand guidelines, overseeing the development and maintenance of the company's brand identity, including messaging, visual identity and voice.
- **Event Planning and Execution:** The team plans and executes various business-related events, including but not limited to community outreach, employee events, and Corix's attendance in industry trade shows.

APPENDIX C – HYPOTHETICAL EXAMPLE SHOWING CORPORATE COST ALLOCATION METHODOLOGY

This appendix provides a hypothetical example of the corporate cost allocation methodology using Composite and Functional Allocators for a business called “UtilityCo”. In this example, businesses are equivalent to separate identifiable utilities.

UtilityCo receives corporate support services that are necessary for either: (i) all businesses within Corix’s portfolio; or (ii) only some businesses within Corix’s portfolio. This distinction impacts the totals for the pool of businesses to be allocated the specific cost.

This simplified example assumes that there are only three (3) corporate cost categories and three (3) corporate cost allocators.

Table 5: Hypothetical Corporate Cost Allocation Example – Step 1 – Determining the Allocators

Line No.	Description	Total for pool of Businesses to be Allocated Corporate Costs (\$ millions)	UtilityCo (\$ millions)	Factor Ratio	Weighting	Weighted Factor
	(a)	(b)	(c)	(d) = (c) / (b)	(e)	(f) = (d) x (e)
1	<u>Allocator #1: Composite Allocator</u>					
2	Gross Property, Plant, and Equipment	\$650	\$60	9.2308%	0.3333	3.077%
3	Gross Revenue	\$120	\$8	6.6667%	0.3333	2.222%
4	Headcount	170	20	11.7647%	0.3333	3.922%
5						
6	Allocator #1 for UtilityCo					9.22%
7						
8						
9	<u>Allocator #2: Composite Allocator</u>					
10	Gross Property, Plant, and Equipment	\$400	\$60	15.0000%	0.3333	5.000%
11	Gross Revenue	\$75	\$8	10.6667%	0.3333	3.556%
12	Headcount	100	20	20.0000%	0.3333	6.667%
13						
14	Allocator #2 for UtilityCo					15.22%
15						
16						
17	<u>Allocator #3: Functional Allocator</u>					
18	Headcount	170	20	11.7647%	1.0000	11.765%
19						
20	Allocator #3 for UtilityCo					11.76%

Table 5 above shows Step 1 of the Corporate Cost Allocation Example. Allocator #1 and Allocator #2 are calculated using the composite allocator method and Allocator #3 is calculated using the functional allocator method. For each particular allocator to be calculated, the totals for the relevant pool of businesses are identified (column b) based on the corporate support services and benefits received.

- Allocator #1 is associated with the corporate support services that are necessary and beneficial for all businesses within Corix’s portfolio. One example of a corporate cost category that would use Allocator #1 is Executive Management.
- Allocator #2 is associated with the corporate support services that are necessary and beneficial for only some businesses within Corix’s portfolio. Therefore, the pool of businesses receiving services for Allocator #2 is a subset of the pool of businesses receiving services for Allocator #1. One

example of a corporate cost category that would use Allocator #2 is Legal and Risk Management in the case where an investment entity performs this function inhouse or with their own third-party legal counsel.

- Allocator #3 is associated with the corporate support services that are necessary and beneficial for all businesses within Corix’s portfolio. One example of a corporate cost category that would use Allocator #3 is People & Culture.

Figures are obtained for the three input factors (gross PPE, gross revenue, and headcount) for the respective pool of businesses and for UtilityCo. UtilityCo is one of the many businesses in the pool. The Functional Allocator is dependent on one factor only since a specific cost causation driver is identified. For each of the Composite Allocators, the three factors are equally weighted at 1/3rd each (column e). The weighted factors (column f) are then summed to arrive at the Composite Allocator percentage for each allocator for UtilityCo (line 6 for Allocator #1 and line 14 for Allocator #2).

Allocator #1 is a percentage of 9.22%, which would result in UtilityCo receiving 9.22% of the specific corporate support service cost incurred for all businesses within Corix’s portfolio. In contrast, Allocator #2 has a smaller pool of businesses receiving services. Allocator #2 is a percentage of 15.22%, which would result in UtilityCo receiving 15.22% of the specific corporate support service costs incurred for the service and benefit received by that subset of businesses only. Allocator #3 is a percentage of 11.76%, which would result in UtilityCo receiving 11.76% of that specific corporate support service cost incurred for all businesses within Corix’s portfolio.

The Allocator #1 percentages when summed for all businesses in the pool equals 100%. This is the same for Allocators #2 and #3. This means when the corporate costs are allocated to the businesses in the pool all the costs are allocated out. UtilityCo would receive a portion of the corporate costs based on the calculated percentages for each of the three allocators.

Table 6: Hypothetical Corporate Cost Allocation Example – Step 2 – Allocating Corporate Costs

Line No.	Description	Businesses to receive allocation	Total Corporate Costs to be Allocated	Allocator to use	UtilityCo Percentage Allocator	Corporate Costs Allocated to UtilityCo
	(a)	(b)	(c)	(d)	(e)	(f) = (c) x (e)
1	<u>Corporate Cost Categories</u>					
2	Corporate Cost A	All	\$1,500,000	Allocator #1	9.22%	\$138,311
3	Corporate Cost B	Relevant Businesses only	\$600,000	Allocator #2	15.22%	\$91,333
4	Corporate Cost C	All	\$900,000	Allocator #3	11.76%	\$105,882
5	Total		\$3,000,000			\$335,526

Table 6 above shows Step 2 of the Corporate Cost Allocation Example. After the allocator percentages are calculated in Step 1, the allocators are applied to the related corporate cost categories. In the example for UtilityCo:

- Corporate Cost A is allocated to all businesses using Allocator #1 (a Composite Allocator) at 9.22%;
- Corporate Cost B is allocated to only the relevant businesses using Allocator #2 (a Composite Allocator) at 15.22%; and

- Corporate Cost C is allocated to all businesses using Allocator #3 (a Functional Allocator) at 11.76%.

In the above example UtilityCo is allocated a total of \$335,526 from corporate costs totaling \$3.0 million, representing 11.18% of the total corporate costs. Therefore, based on the allocators used, it is estimated that \$335,526 of the total corporate costs were incurred to provide these corporate support services to UtilityCo.

The above process provides a simplified example of how the corporate cost allocation methodology at Corix is applied using different allocators for different categories of corporate costs. This example with hypothetical figures for the allocator percentages and allocated cost amounts are not indicative of the Corix allocations and is intended solely for the purpose of explaining how the allocators in Corix's cost allocation model are calculated and applied to each corporate cost category.