

# FINAL REPORT

## ENMAX 2012 CR Report Review

### Stakeholder Workshop Summary Report

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## 1.0 INTRODUCTION

At ENMAX, corporate responsibility (CR) is based on clear linkages between its environmental, social and economic impacts, and its plans and actions. For the past six years (2007 – 2012), ENMAX has produced a CR Report in order to provide information to various stakeholders on ENMAX's annual performance, as well as plans for improvement in each of these areas.

As part of ENMAX's commitment to continuous improvement and stakeholder engagement, ENMAX has sought the input of stakeholders to review and provide feedback on the content and characteristics of its previous CR reports, including the most recent 2012 CR report. Through this engagement, ENMAX has sought to identify topics or issues that are of primary significance to stakeholder groups. ENMAX's goal is to incorporate feedback wherever appropriate, such that future reports are reflective of stakeholders' interests. The result has been a CR report that is responsive to and reflective of ENMAX's commitment to corporate responsibility.

### 1.1 ANNUAL REVIEW

Following completion of the 2012 CR Report, a panel of individuals representing 10 different stakeholder groups was invited to participate in a review of ENMAX's sixth annual (2012) CR report. Eight stakeholder groups were in attendance (**in bold**), including:

- Aboriginal groups.
- **Academia.**
- **Raters/Lenders Group.**
- **Community associations.**
- **Employees.**
- **Environmental non-government organizations.**
- **Residential customers.**
- Rural municipal districts.
- **Social impact organizations.**
- **Urban municipal districts.**

The online report was sent to each participant for review, along with guidance documents including a Terms of Reference, Guidelines for Review, and a covering letter. Participants were asked to submit in advance an updated materiality assessment of their interest and perceptions of ENMAX's performance in 43 key issue areas.

## 1.2 STAKEHOLDER WORKSHOP

Representatives of stakeholders groups participated in a half-day workshop on October 28, 2013, at ENMAX's corporate headquarters in Calgary, Alberta. A list of participants and the groups they represent is included in **Appendix A**. The workshop included:

- An overview of CR at ENMAX and an update from ENMAX about the online delivery of future CR reports.
- An assessment of the 2012 report compared to the GRI reporting principles.
- A general discussion of the strengths and weaknesses of each section of the report.
- A review of the materiality assessment.
- Recommendations for improvements to future reports.
- A panel discussion with the ENMAX executives, including:
  - Gianna Manes, President and Chief Executive Officer.
  - Rob Hemstock, Executive Vice President Regulatory and Legal Services.
  - Patty McLeod, Vice President Corporate Responsibility.
  - Tamera Van Brunt, Vice President, Communications & Public Relations.
  - Dennis Elias, Director, Stakeholder & Aboriginal Affairs.

Outcomes of the workshop, as well as written comments offered by the stakeholder panel are summarized in this report. **Section 2** begins with a discussion of the Global Reporting Initiative (GRI) Reporting Principles Assessment, followed by a section review of the 2012 CR report (**Section 3**), a presentation of the Materiality Assessment results (**Section 4**), and finishing with recommendations for moving forward (**Section 5**).

## **2.0 GRI REPORTING PRINCIPLES ASSESSMENT**

The panel was asked to assign a score on a five point scale, with 1 being low and 5 being high, to indicate the quality of the 2012 ENMAX CR report in terms of each of the 10 Global Reporting Initiative (GRI) Reporting Principles. This exercise has been repeated during the review of each report (2008 – 2012), in order to determine where, from a stakeholder perspective, progress has been made and where improvement is still recommended.

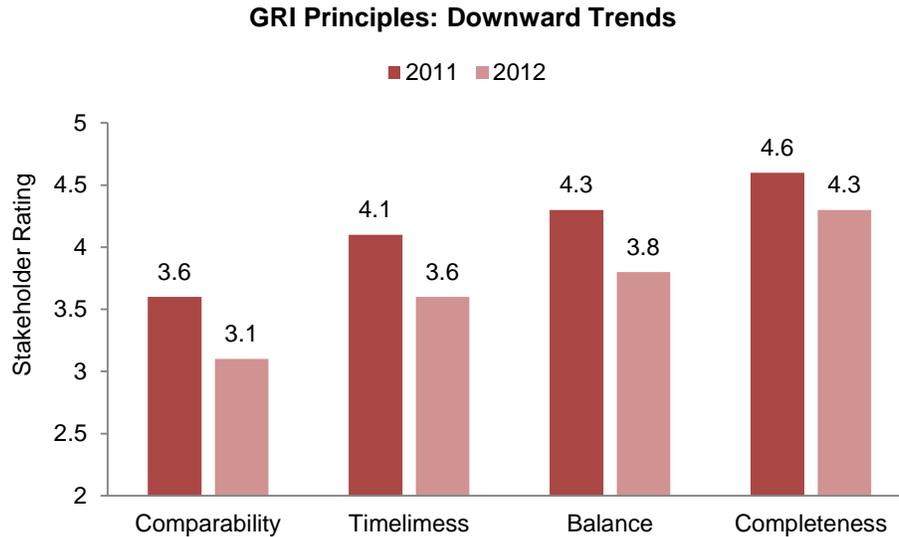
The ten GRI Reporting Principles are:

1. Materiality
2. Stakeholder Inclusiveness
3. Sustainability Context
4. Completeness
5. Balance
6. Comparability
7. Accuracy
8. Timeliness
9. Clarity
10. Reliability

In the sections below, the 10 GRI reporting principles are grouped according to whether they demonstrated an downwards or upwards trend. ENMAX's performance in each individual area is then discussed and stakeholder comments are presented.

## 2.1 2011 – 2012 DOWNWARD TRENDS

As a whole, the 2012 CR Report scored fairly high on most principles; however, stakeholders gave four of the 10 GRI reporting principles lower scores than their previous assessment. These include: Comparability (3.1); Timeliness (3.6); Balance (3.8); and, Completeness (4.3).



### 2.1.1 Comparability

**Comparability (3.1):** *Issues and information are selected, compiled, and reported consistently. Information is presented such that stakeholders can analyze changes in the organizations performance over time, and could compare to other organizations.*

Stakeholder rating of comparability was lower than the rating in the 2011 CR Report. Panel participants noted that in some areas there is comparability but in others there is not. For example, it was noted that data seems rough and there is no narrative or cross referencing within the body of the report to the data tables that appear in the margins. Panel members also remarked that the audience would benefit from having more context around the data, allowing for easier comparison of ENMAX's performance with other organizations, and that improvement is required in the provision of footnotes or other cross-references directing the reader where to find specific statistics (i.e. the data contained in the appendix).

### 2.1.2 Timeliness

**Timeliness (3.6):** *Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.*

Timeliness was the most improved in the 2011 assessment, moving up from a rating of 2.6 to 4.1; however, the rating slipped to 3.6 in this year's assessment. The late release of the 2012 CR Report (June 2013) was the primary factor that impacted the stakeholder rating of this principle. Participants

acknowledged the high level of effort required to accurately compile data and report findings. However, there was concern raised over the late release of the report and its potential to impact decision-making. Timeliness should continue to be a priority for ENMAX.

### **2.1.3 Balance**

**Balance (3.8):** *The report reflects the positive and negative aspects of the organization's performance.*

Scores for balance have been improving steadily since 2008; however, they decreased to 3.8 in this year's assessment. Stakeholders noted that the report is heavy on rhetoric and there is little discussion on areas for improvement or lessons learned.

### **2.1.4 Completeness**

**Completeness (4.3):** *Coverage of topics and indicators, and definition of the report boundary, is sufficient to reflect significant economic, environmental and social impacts.*

The score for completeness in the 2012 CR Report moved down the rating scale from 4.6 to 4.3. Stakeholders noted that in comparison to other organizations the level of completeness in the report is greater; but there is still room for improvement. For example, ENMAX should strive for the inclusion of longitudinal data that shows trends over the long-term and clearly articulate where they expect to realize positive impacts in the future. It was noted that stakeholders and shareholders want to know about long-term business decisions, including what generation assets are likely to be added to the company's portfolio and the possible GHG impacts associated with these acquisitions. Further, ENMAX should strive to report not only on its community investment activities, but the impact those investment dollars are making.

## 2.2 2011 – 2012 UPWARD TRENDS

For six of the ten principles, stakeholders indicated the 2012 CR report showed a marked improvement over the previous year’s report. GRI principles rated highly by stakeholders include: Reliability (4.8); Stakeholder Inclusiveness (4.4); Sustainability Context (4.4); Accuracy (4.3); Clarity (4.3); and, Materiality (4.3).



### 2.2.1 Reliability

**Reliability (4.8):** *Information and processes used in the preparation of the report are gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.*

The 2012 CR report received its highest mark for reliability both over the years and in comparison to all other GRI principles. Similar to last year’s assessment, stakeholders suggested that clarification on how information is gathered and processed would add value to the report and lend a higher level of transparency. It was noted that each indicator should include the business unit or individual responsible for data collection and statistical analysis.

### 2.2.2 Stakeholder Inclusiveness

**Stakeholder Inclusiveness (4.4):** *ENMAX’s stakeholders are identified, and the report explains how ENMAX has responded to their reasonable expectations and interests.*

The score for stakeholder inclusiveness was significantly higher in this year’s assessment. Stakeholders remarked that there is noticeable improvement in this area over last year’s report and that ENMAX’s is on

the leading edge of stakeholder engagement in the province of Alberta. The group also acknowledged that ENMAX's sphere of influence is largely urban and therefore they understand why there is limited engagement with Aboriginal communities; however, ENMAX may want to consider improving Aboriginal engagement in the future.

### **2.2.3 Sustainability Context**

**Sustainability Context (4.4):** *The report presents the organization's performance in the wider context of sustainability.*

The scores for sustainability context have steadily increased since 2008, with the principle earning its highest score in the 2012 CR report. Panel members observed that the 2012 report does a better job of capturing the sustainability context than over previous years; however, the report continues to be short-term in its orientation. Moving forward, stakeholders would like to see more long-term thinking incorporated into the CR report to reflect the very nature of sustainability as it is defined by the 1987 Bruntland Commission.

### **2.2.4 Accuracy**

**Accuracy (4.3):** *Information is sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.*

Scores for accuracy have fluctuated over the last five assessments. In the 2012 CR Report panel members awarded this principle a score 4.3 and stakeholders were impressed that ENMAX openly reported on the GHG emissions of the PPA coal assets as well as their contribution to overall portfolio. Concern was expressed over the lack of references and where information was sourced from. Stakeholders also remarked that the change in the external assessment of ENMAX's GHG profile would have benefited from more discussion within the report.

### **2.2.5 Clarity**

**Clarity (4.3):** *Information is made available in a manner that is understandable and accessible to stakeholders using the report.*

The principle of clarity made the biggest gains over last year's assessment, moving from a score of 3.2 to 4.3. This is a marked improvement given that clarity was the lowest rated principle in the 2011 CR report. Panel members noted that despite improved clarity in some areas, the style and tone used throughout the report remained a concern. For example, the writing style is often rhetorical and ambiguous and stakeholders stated that they often had to use supplementary information to fully understand some areas of the report. The group recommended that future authors should strive to use plain language, which will lend greatly to the report's levels of literacy and accessibility.

## 2.2.6 Materiality

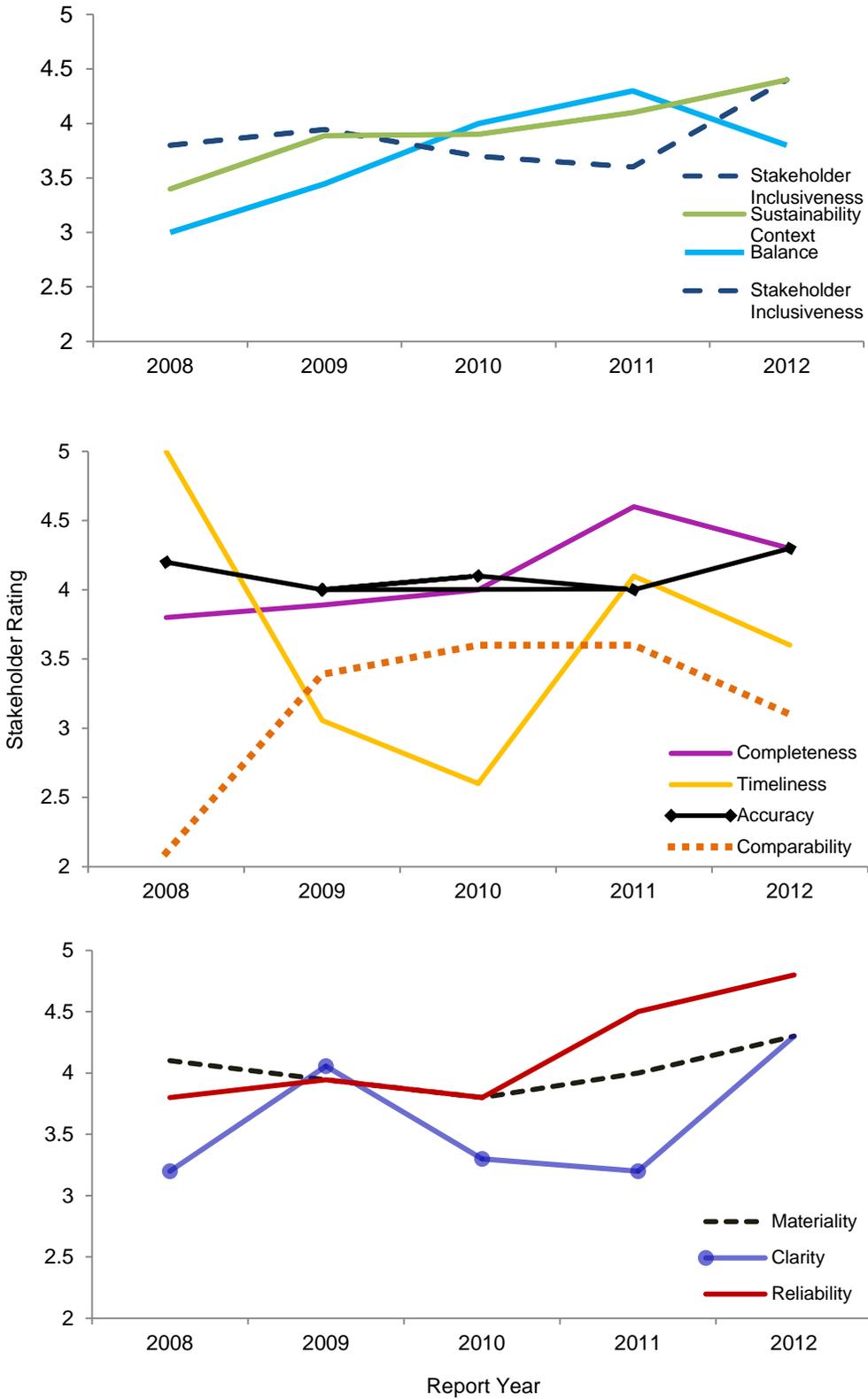
**Materiality (4.3):** *The report covers topics and indicators that reflect the organization's significant economic, environmental, and social impacts.*

The materiality rating has steadily improved over the years, receiving a score of 4.3 in the 2012 CR report. Panel participants acknowledged the importance of including the social perspective in ENMAX's reporting activities and its expanding profile over the years was commended. During the discussion on materiality, the group did question the value and relevance of including an economic chapter and contemplated if it is better suited for inclusion in another report or as a standalone product.

## 2.3 FIVE YEAR TRENDS

**Figure 1** illustrates stakeholder ratings by report year for all of the GRI Reporting Principles over the last five report years. Of interest is the confluence in trends for principles that are closely associated. For example, the rating scores of ENMAX's performance in stakeholder inclusiveness and sustainability context have both increased over the last five years.

**Figure 1: Comparison of Stakeholder Ratings by Report Year (2008-2012)**



### **3.0 2012 CR REPORT REVIEW BY SECTION**

The panel was asked to comment on the strengths and weaknesses of the 2012 CR report in terms of content as well as design, layout, and readability. The following sections provide a summary of the 2013 stakeholder panel's assessment of the 2012 report.

#### **3.1 INTRODUCTION**

The introductory sections of the report were considered to include:

- Highlights and Opportunities.
- Message from the President and CEO
- About this Report.
- Making, Moving and Marketing Electricity
- Corporate Responsibility Framework
- Corporate Responsibility Objectives: Areas for Action
- Materiality
- Governance

##### **3.1.1 Highlights and Opportunities**

Overall, the stakeholder panel appreciated the highlights and opportunities section but felt that it could be improved upon. Participants thought that the use of the term 'opportunities' versus 'challenges' was corporate speak and came across as disingenuous. The panel members cited that they would like to see ENMAX reinstate the use of the word 'challenges', which is considered more honest and forthcoming.

##### **3.1.2 Message from the President and CEO**

The stakeholder panel observed that the CEO letter is lacking in substance. If ENMAX is facing issues, they should be discussed in the CEO letter so that stakeholders understand that the CEO "gets it." Stakeholders commented that the CEO letter should be similar to the CEO letter in the financial statements, discussing major accomplishments and challenges and how ENMAX will continue the accomplishments and address the challenges in the future: as it stands the message reads more like a greeting.

##### **3.1.3 About this Report**

The stakeholder panel initially expressed caution regarding the declaration on page 5, whereby ENMAX awarded the corporation an A+ based on the criteria for GRI Application Levels, which leaves little room for improvement. However, it came to light in the discussion that this grade reflects the level of indicators ENMAX reported on versus the company's performance. In the future the panel would also like to see reference to who authored the report.

### **3.1.4 Making, Moving and Marketing Electricity**

Stakeholders like the graphic on page seven and the inclusion of pie chart for quick visual communication. The pie chart illustrates that coal accounts for 84% of energy generation, but this statistic is not mentioned in the text and it appears to be disregarded. Panel members understand that coal is a reality in Alberta, but would like to see more content on the issue.

### **3.1.5 Shareholder Relationship: The City of Calgary**

There were two comments raised about this section. The first was in regards to the governing documents referenced on page 11 (corporate bylaws, Unanimous Shareholder Agreement and Memorandum of Understanding) and the need to include a link directing readers to where they can find more information. The second comment was in relation to the GHG emission reduction goals that are broadly referred to, but are lacking in details.

### **3.1.6 Corporate Responsibility Roadmap**

The Corporate Responsibility Road Map was cited as a ‘fantastic’ addition to this year’s report. Stakeholders were interested in seeing more detail on the transformational phase and what it means for the future. It was also suggested that the transformation phase be married with a set of priority actions to enable the measuring of progress. Further, stakeholders wanted to know to what degree ENMAX reaches out to the oil and gas sector to influence extraction decisions to support goals around supply chain integration?

### **3.1.7 Corporate Responsibility Objectives: Areas for Action**

Comments were raised regarding the metrics used in the performance framework on page 12. For example, under Safety, the total reportable injury metric is “Less than one on a sustained basis”, but panel members wanted to see the inclusion of a metric to qualify the target (i.e. one what?). Readers should not have to refer to the back of the report to search for this information.

### **3.1.8 Materiality**

Stakeholders reiterated their comments from last year regarding the Stakeholder Materiality Assessment graph on page 15. Comments included that the graph is very difficult to read, the colour scheme confusing and few could decipher what message it was actually communicating. It was also noted that the narrative and plotting of the data is incorrect. For example, subjects with the strongest materiality alignment are the ones sitting on the forty-five degree line; however the report states that issues closest to the top right corner have the strongest materiality alignment. Further, the graph correctly highlights #2, Climate Change/GHG as one of the five highly ranked issues, but the list in the narrative identifies spills and releases instead. Spills and releases were important for stakeholders, but not ENMAX staff.

### **3.1.9 Governance**

Panel members appreciated the organizational chart on page 17; however, they would like to see a more explicit distinction made between ENMAX Power and ENMAX Energy. This discussion could include a clarification of roles, including a second organizational chart to effectively communicate to the public ENMAX's corporate structure (i.e. there is a regulated and non-regulated side of the business). The question was also raised as to whether or not ENMAX has a formal ISO management system in place.

## **3.2 ENVIRONMENTAL PERFORMANCE**

### **3.2.1 Environment Report**

Stakeholders stated that they were impressed with ENMAX's 'up front and centre' discussion around coal and the inclusion of a policy statement. They also liked mention of customers being part of the solution; however, the tone of the discussion suggests that the transition from coal will be seamless, which may be misleading.

In terms of data, the report should translate some of the environmental impact data from the GRI tables into graphic form and incorporate it into the body of the "Environmental Report". While it is useful to have data presented in tabular form for scrutiny, graphic representation of data enriches the discussion to create a complete narrative.

There was a lot of discussion amongst panel members on the Environment Report section and other observations included:

- The need for more information on government relations, contacts made, subject matter, and ENMAX's lobbying activities.
- Report goes, perhaps, too far in characterizing singular focus on growing natural gas generation assets as a GHG solution.
- Discussion needed on how the move to natural gas will impact the customer (i.e. will it result in higher prices?).
- There is not sufficient detail on the GHG emissions strategy and the replacement of coal facilities.
- More disclosure on Mercury and SO<sub>x</sub> data.
- More description of the GHG offset purchases under SGER would be of value; a graph would be useful to demonstrate the trend discussed.
- Carbon credit discussion is not well articulated; include more clarity on GHG regulations with payment into the tech fund (CCEMF) and transparency on relationship and reporting.
- Include data in the report versus in the appendix; the data is important and tells a story.
- On page 19 and the Delphi Group, a gap analysis should be discussed and how ENMAX plans to improve areas of low performance.
- The Environment Report doesn't cover all of the environmental issues, only those related to GHGs or climate change.
- The use and content of graphs is inconsistent making it difficult to follow or compare.

### **3.3 SOCIAL PERFORMANCE**

This part of the discussion includes the Customer Report, the Employee Report and the Community Report.

#### **3.3.1 Customer Report**

The only comment received on the Customer Report was in regards to the overall formatting of the report. Many of the panel members did not realize that the 'Customer Report' page was the beginning of a new chapter, observing that the font size of the chapter title is too small and there needs to be more clarity that the reader is moving on to a new section of the report. An introductory paragraph was suggested. Panel members also noted that the use of colour needs to be more consistent and strategic. For example, there was confusion over the use of green text boxes when the customer report title page is orange.

#### **3.3.2 Employee Report**

Overall it was observed that the focus in this section was on the positive and it was missing the detail included in previous years' reports. For example, the data in the appendix reports a turnover rate of 14%; however, this is not reflected in the discussion. Why was the employee turnover number higher in 2012 if you also won an employer award? Readers want to know more about the contributing factors to the turnover rate and whether it is attributed to retirement, layoffs, new opportunities or dismissal? It was also thought that this discussion should include mention of succession planning. Employment opportunities are mentioned on page 45 and stakeholders would like to know how many direct and indirect jobs this included each year. Finally, panel members were very interested in the employee engagement survey and stated that they would like to see more information on the type of questions asked and the impacts of the results to date.

#### **3.3.3 Community Report**

Panel members liked that the Community report followed the Employee report. There is a strong correlation between these two areas as community investment can impact employee retention. Comments were raised in regards to the stakeholder map on page 43 and the level of utility in its current format. For example, Area #10 has 65 stakeholders, but there is no detail on who they are, where they come from and why they were engaged. There was also discussion on where the Corporate Responsibility stakeholder group comes in and whether a discussion of their role should be included in future reports. Other comments included:

- Why does ENMAX invest the money versus giving it back to the City of Calgary to reinvest?
- What is the impact of ENMAX's community investment? There is too much focus on activities and inputs, when more content on outcome indicators regarding community involvement would be helpful.
- Why is ENMAX investing in the areas that they are? For example, does ENMAX support WE day to bring children together or to encourage them to engage on a particular issue?

### **3.4 FINANCIAL PERFORMANCE**

#### **3.4.1 Economic Report**

The first observation made by panel members was that they don't see the relevance of including an Economic Report in a CR report. If ENMAX decides to retain the economic section in future CR reports, it should tell a story about shareholder value, opportunities for future investment and better explanation of why they are investing in certain things. For example, ENMAX donates 1% of their profit, but they are not highlighting this effectively. Other comments included:

- The independent assurance report is not referred to in the narrative.
- There is no narrative around the bar graphs.
- The section is very messy and confusing.
- Why is there a gap between profit and the money returned to the city? Explain to readers where the money goes.
- Raise profile of the money that flows back to the City and how it benefits Calgary residents (see p 11, but not really highlighted, draw attention to this).

### **3.5 CONCLUSIONS**

The concluding sections of the report were considered to include:

- Assurance Report.
- GRI Report.
- Glossary of Terms.
- Corporate Information.

#### **3.5.1 Assurance Report**

The assurance report is important for the stakeholders to see and adds to the reliability and accuracy of the GRI Principles. The current placement of the report is ad hoc and there is no introductory paragraph to improve flow between the different pieces of information.

#### **3.5.2 GRI Report**

Panel members commented that there was too much information here and that presentation of the data could be improved to make it more user-friendly. For example, the size of the graphs should be consistent and time horizons should be standardized across all metrics (i.e. the last graph has a four year time horizon whereas all others use three years). Also, there is reference made to footnotes, however there are no footnotes within the report.

### **3.5.3 Glossary of Terms**

It was observed that the report is lacking a clear definition of diversity. No other comments were made on this section.

### **3.6 GENERAL COMMENTS**

Stakeholders stated that the report layout is consistent with the objectives listed in the front of the report. Each section provides additional information regarding those objectives, which is a definite strength; however, the layout is not obvious. The titles to the different sections elaborating on the objectives are not major headings and it was very difficult to discern when you had moved from one chapter to another. Other comments on the 2012 report include the following:

- Format the report on 8.5' x 11' paper; this is the most common paper size and makes for easy printing.
- The white text on green is very challenging to read; Streamline and simplify graphic presentation, including the use of fonts and colour.
- Online reading of the report was very challenging and there was difficulty scrolling back and forth; also, online browsing of the report is not compatible with iPads.
- Maintain search functions with online report.
- A road map at the beginning, to explain the purposes of all the different sections, would be very useful.
- The numbers in the tables are not consistently displaced with number of decimal places, leaving the tables difficult to read at times.
- Change the format of the Stakeholder Materiality Assessment graph; for example, a radar graph might be a more effective communication tool.
- Insert a conclusion at the end of the report; the reader is left hanging.

ENMAX informed the panel members that future CR reports will be online only, with no option to print the report. The group expressed concern over this move as the option to print the report improves accessibility and usability. Further, many people, including some panel members, find reading online reports challenging and prefer to print their materials.

## 4.0 MATERIALITY ASSESSMENT

ENMAX modified this year’s materiality assessment to reflect stakeholder feedback from last year. Within the issues ranking table, stakeholders were asked to identify their level of interest in an issue, as well as to rate ENMAX’s perceived performance in those issue areas.

A slightly modified list of issues was sent to participants for pre-ranking in advance of the workshop. This list included four new issues that were added to reflect feedback from last year’s participants. New issues included in the 2012 CR Report review include: Distributed Generation (DG); Innovation / Technology; Investments in Public Infrastructure & Services; and, Operating Reliability and Availability.

In the first exercise, stakeholders were asked to rank their level of interest for each issue, with 1 indicating low interest and 5 indicating high interest. In the second exercise, stakeholders were asked to rank ENMAX's current level of performance in each issue area, based upon available information. In this case, a rating of 1 indicates “Does not meet expectations/ needs improvement” and 5 indicates “Meets or exceeds expectations/ no improvement necessary”.

Scores that were submitted in advance of the October 28<sup>th</sup> workshop were averaged together and reviewed during the workshop. Outstanding feedback was then incorporated and the average scores are reported below. **Table 1** shows the issues ranking for stakeholder interest and **Table 2** reports on perceived level of performance.

### 4.1 STAKEHOLDER INTEREST

The five top issues identified by stakeholders include Employee Learning and Development, Land Management, Water Quality impacts by ENMAX Operations, Employee Health and Safety and Water Use by ENMAX facilities.

**Table 1 Issues Ranking: Stakeholder Interest**

|                      | Rank | Issue                                     | Averaged Score |
|----------------------|------|---|----------------|
| <b>High Interest</b> | 1    | Employee Learning and Development         | 4.71           |
|                      | 2    | Land Management                           | 4.57           |
|                      | 3    | Water Quality impacts by ENMAX Operations | 4.43           |
|                      | 4    | Employee Health and Safety                | 4.43           |
|                      | 5    | Water Use by ENMAX Facilities             | 4.29           |
|                      | 6    | Human Rights and the Supply Chain         | 4.29           |
|                      | 7    | Spills / Releases to the Environment      | 4.14           |
|                      | 8    | Energy Use                                | 4.14           |
|                      | 9    | Avian and wildlife management             | 4.14           |
|                      | 10   | Materials Use                             | 4.14           |
|                      | 11   | Operating Reliability and Availability    | 4.14           |

|                          | Rank | Issue   | Averaged Score |
|--------------------------|------|---|----------------|
| <b>Interested</b>        | 12   | Public Health and Safety                        | 4.00           |
|                          | 13   | Aboriginal Relations                            | 4.00           |
|                          | 14   | Management of GHG Emissions / Climate Change    | 3.86           |
|                          | 15   | Investments in Public Infrastructure & Services | 3.86           |
|                          | 16   | Community Investment                            | 3.75           |
| <b>Moderate Interest</b> | 17   | Biodiversity Protection                         | 3.71           |
|                          | 18   | Alternative / Renewable Energy                  | 3.71           |
|                          | 19   | Operating Efficiency                            | 3.71           |
|                          | 20   | Business Ethics / Corruption                    | 3.50           |
|                          | 21   | Public Policy Participation                     | 3.50           |
|                          | 22   | Hazardous waste management                      | 3.43           |
|                          | 23   | Environmental Protection Expenditures           | 3.43           |
|                          | 24   | Demand-Side Management                          | 3.43           |
|                          | 25   | Distributed Generation                          | 3.43           |
|                          | 26   | Innovation / Technology                         | 3.43           |
|                          | 27   | Employee Volunteerism in Communities            | 3.38           |
|                          | 28   | Customer Privacy                                | 3.29           |
|                          | 29   | Employee Turnover / Retention                   | 3.25           |
|                          | 30   | Unionization / Freedom of Association           | 3.25           |
|                          | 31   | Discrimination                                  | 3.25           |
|                          | 32   | Economic Value Generated and Distributed        | 3.25           |
|                          | 33   | Stakeholder Relations                           | 3.14           |
|                          | 34   | Access to Electricity Services                  | 3.13           |
| <b>Low Interest</b>      | 35   | Non-hazardous waste management                  | 3.00           |
|                          | 36   | Environmental Compliance                        | 3.00           |
|                          | 37   | Equity  | 3.00           |
|                          | 38   | Employee Wages and Benefits                     | 3.00           |
|                          | 39   | Local Hiring                                    | 2.88           |
|                          | 40   | Alberta / Canada Purchases                      | 2.86           |
|                          | 41   | Diversity                                       | 2.63           |
|                          | 42   | Customer Satisfaction                           | 2.63           |
|                          | 43   | Air Emissions excluding GHGs                    | 2.57           |

## 4.2 RATING ENMAX'S PERFORMANCE

On average, stakeholders rated ENMAX's performance favourably and there were no specific areas that received a low performance rating (see **Table 2**). There were, however, some low individual scores and a snapshot is presented below. A full list of issues where ENMAX received a low rating can be found in **Appendix B**.

- **GHG Emissions and Climate Change (Score 1)** – Comment: *With a Specified Gas Emitters Regulation target of 12 percent each year, the ENMAX target is inadequate.*
- **Public Policy Performance (Score 2)** – Comment: *Did not see a lot of public policy engagement. There is a lot of opportunity for the company to participate in public policy, particularly around some of their Community Investment areas. A clear distinction between ENMAX and its links to the City of Calgary in relation to public policy would also be helpful.*
- **Biodiversity Protection (Score 2)** – Comment: *I do not believe that in the case of Biodiversity Protection ENMAX has addressed any real issues or impacts that are being made by the projects that they are involved. This report should involve both negative & positive results and I think the report is under par when it comes to reporting on the negative impacts that ENMAX has made to the environment and how they are planning on making them better.*
- **Employee Volunteerism in Communities (Score 1)** – Comment: *ENMAX does not currently have an Employee Volunteerism program, but is working to move forward on this. This would present the opportunity to discuss movement and highlight flood response in coming reports.*

**Table 2 Issues Ranking: Perceived Performance**

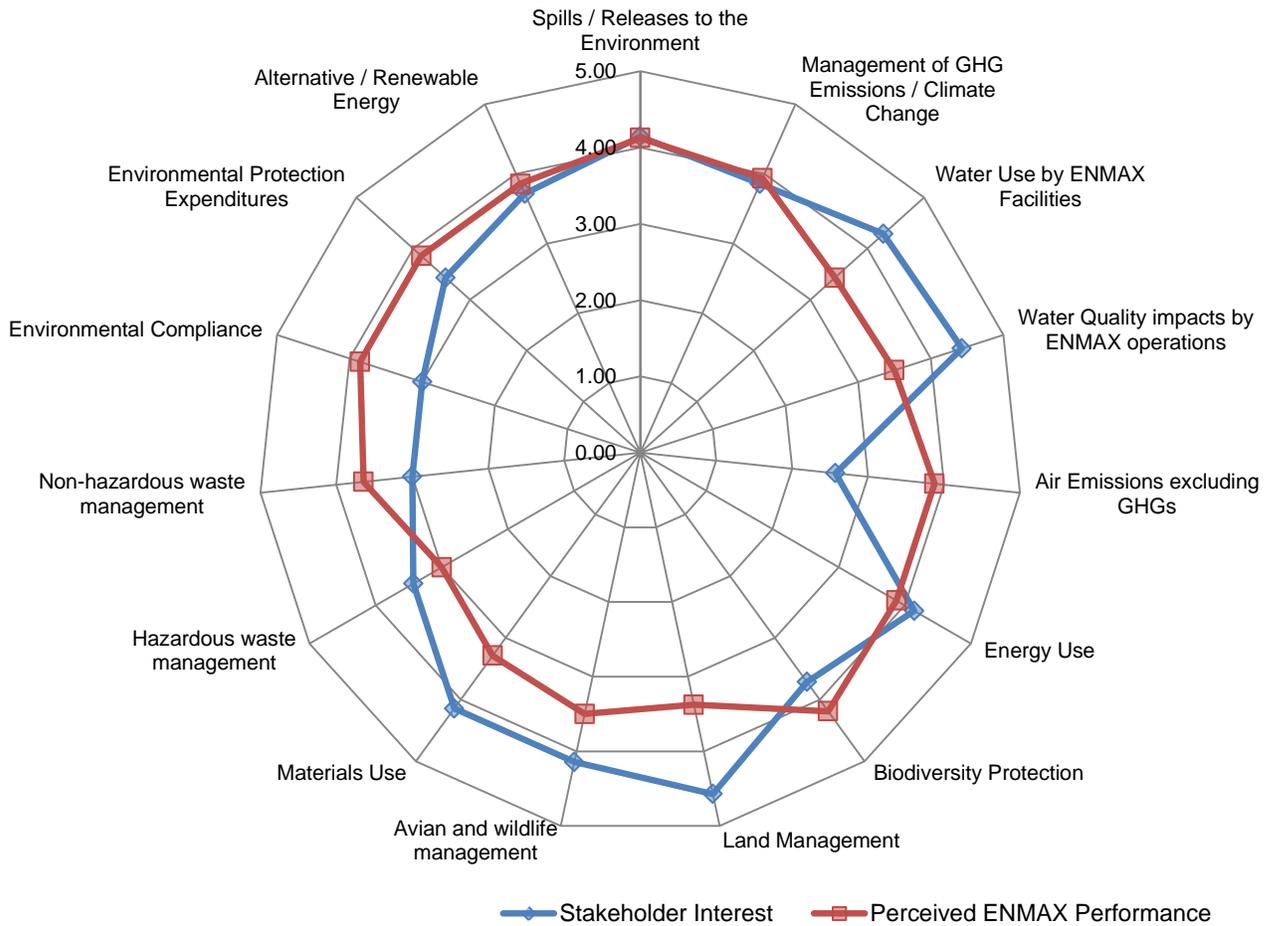
|                         | Rank | Issue   | Averaged Score |
|-------------------------|------|---|----------------|
| <b>High Performance</b> | 1    | Alberta / Canada Purchases                      | 4.71           |
|                         | 2    | Public Health and Safety                        | 4.63           |
|                         | 3    | Human Rights and the Supply Chain               | 4.50           |
|                         | 4    | Business Ethics / Corruption                    | 4.43           |
|                         | 5    | Stakeholder Relations                           | 4.43           |
|                         | 6    | Diversity                                       | 4.38           |
|                         | 7    | Employee Volunteerism in Communities            | 4.38           |
|                         | 8    | Operating Reliability and Availability          | 4.38           |
|                         | 9    | Equity  | 4.36           |
|                         | 10   | Investments in Public Infrastructure & Services | 4.33           |
|                         | 11   | Employee Learning and Development               | 4.31           |
|                         | 12   | Local Hiring                                    | 4.25           |
|                         | 13   | Employee Health and Safety                      | 4.25           |
|                         | 14   | Community Investment                            | 4.25           |
|                         | 15   | Customer Privacy                                | 4.25           |
|                         | 16   | Biodiversity Protection                         | 4.19           |
|                         | 17   | Public Policy Participation                     | 4.14           |
|                         | 18   | Operating Efficiency                            | 4.14           |
|                         | 19   | Spills / Releases to the Environment            | 4.13           |
|                         | 20   | Discrimination                                  | 4.13           |

|                            | Rank                       | Issue  | Averaged Score |
|----------------------------|----------------------------|--|----------------|
| <b>Average Performance</b> | 21                         | Customer Satisfaction                        | 4.00           |
|                            | 22                         | Employee Wages and Benefits                  | 4.00           |
|                            | 23                         | Demand-Side Management                       | 4.00           |
|                            | 24                         | Management of GHG Emissions / Climate Change | 3.94           |
|                            | 25                         | Aboriginal Relations                         | 3.94           |
|                            | 26                         | Air Emissions excluding GHGs                 | 3.88           |
|                            | 27                         | Energy Use                                   | 3.88           |
|                            | 28                         | Employee Turnover / Retention                | 3.88           |
|                            | 29                         | Environmental Compliance                     | 3.86           |
|                            | 30                         | Environmental Protection Expenditures        | 3.86           |
|                            | 31                         | Alternative / Renewable Energy               | 3.86           |
|                            | 32                         | Access to Electricity Services               | 3.79           |
|                            | 33                         | Economic Value Generated and Distributed     | 3.75           |
|                            | 34                         | Unionization / Freedom of Association        | 3.69           |
|                            | 35                         | Non-hazardous waste management               | 3.64           |
|                            | 36                         | Distributed Generation                       | 3.63           |
|                            | 37                         | Water Quality impacts by ENMAX operations    | 3.50           |
|                            | 38                         | Avian and wildlife management                | 3.50           |
|                            | 39                         | Water Use by ENMAX Facilities                | 3.43           |
|                            | 40                         | Land Management                              | 3.38           |
| 41                         | Materials Use              | 3.29   |                |
| 42                         | Innovation / Technology    | 3.14   |                |
| 43                         | Hazardous waste management | 3.00   |                |

#### 4.3 MAPPING STAKEHOLDER INTEREST AGAINST PERFORMANCE

In this year's materiality assessment stakeholders were asked to identify their level of interest in an issue, as well as to rate ENMAX's perceived performance in those issue areas. These results were then mapped against each other in the spider graph below.

**Figure 2 Issues Interest and Performance**



As noted at the beginning of **Section 4**, a rating scale of one to five was used in the issues rating exercise. Stakeholder interest in each issue was given a score of 1 to demonstrate low interest and a score of 5 to demonstrate high interest. In terms of rating ENMAX’s perceived performance, a rating of 1 indicates “does not meet expectations or needs improvement” and a score of 5 indicates “meets or exceeds expectations or no improvement necessary”.

In the spider graph, the rating scale is plotted on the axis lines that begin in the middle of the graph and extend out to the periphery (i.e. the 12 o’clock position). Stakeholder rating of their interest in an issue area is illustrated by the blue line. The red line shows how well stakeholders believe ENMAX is performing in those issue areas. Of particular interest are the issues where there is a divergence between the level of stakeholder interest and how well ENMAX is performing. For example, for the issue of land management there is a divergence between the level of stakeholder interest (high) and perceived performance (lower). It is at these junctures where ENMAX has the opportunity to communicate better

about its performance in an issue area or address shortcomings as stakeholders have an invested interest in the particular issue area.

It is recommended that the prioritization of stakeholder interests and perceptions of performance be mapped against the interests of ENMAX's executive once results become available.

#### **4.4 FOLLOW-UP**

The next step is for the ENMAX leadership to go through the same issues ranking exercise to develop the scores for the 'Business Interest' assessment. This is carried out by senior executive and team leads in each business unit. It is recommended that the stakeholder panel be engaged in a follow-up communications following the 'Business Interest' issues ranking portion of the materiality assessment.

#### **4.5 PANEL DISCUSSION**

As noted in the Introduction, this year's workshop involved a panel discussion with the ENMAX executives, including:

- Gianna Manes, President and Chief Executive Officer.
- Rob Hemstock, Executive Vice President Regulatory and Legal Services.
- Patty McLeod, Vice President Corporate Responsibility.
- Tamera Van Brunt, Vice President, Communications & Public Relations.
- Dennis Elias, Director, Stakeholder & Aboriginal Affairs.

In preparation for the discussion, stakeholders created a list of questions to pose to ENMAX executives, shown below. These questions were prioritized accordingly and the questions in bold below were discussed with the group. The outstanding questions are included below for future consideration.

- **What is ENMAX's strategy for reducing reliance on coal? (How long are planning timeframes? What facilities would be affected? What's the GHG reduction that will be realized? What will the economic impact be?)**
- **What is ENMAX's strategy for measuring community investment impact (rather than inputs)?**
- **What is ENMAX's retention and succession planning strategy, in light of upcoming wave of retirement?**
- Is ENMAX going to set targets for operating reliability?
- How important is diversity to ENMAX?
- What is ENMAX's strategy for workplace equity, specifically parity of salaries?

## 5.0 CONCLUSIONS AND RECOMMENDATIONS

It is clear from the trends observed in the GRI Reporting Principles Assessment in **Section 2** that ENMAX has made significant improvements in its CR reporting over the last six years. Stakeholders recognized this improvement and congratulate ENMAX on its efforts to distinguish themselves from the competition. Stakeholders are also grateful for the opportunity to support ENMAX as it works to further embed corporate responsibility across the organization through the provision of constructive feedback at the annual workshop.

ENMAX communicated to panel members that it is moving away from a discrete CR report to a broader online reporting platform, which will allow for greater flexibility and the provision of real time information. Key recommendations moving forward are listed below. These are relevant to both traditional annual reporting, as well as online reporting tools.

### 5.1 KEY RECOMMENDATIONS

- **Select your audience.** Trying to communicate to too many groups dilutes your message and your impact. An effective report targets a specific group or demographic, which enables ENMAX to communicate on CR with purpose.
- **Power in numbers.** Improve integration between the narrative and statistics/data tables; label figures and cross reference accordingly throughout your messaging. Data is powerful and should be used to support findings.
- **Develop a robust planning and reporting framework.** Up-front reporting on CR will help build integrity, credibility and transparency. Planning frameworks can be presented as a dashboard in a highlights page and elaborated on in each of the individual reports.
- **Focus more on future goals, less on past successes.** Shift the focus of future reports from storytelling to demonstrating progress with supporting metrics; clear and consistent metrics allows ENMAX to demonstrate transparency, accountability and progress in its reporting.
- **A picture is worth a thousand words.** Integrate more infographics into ENMAX's communications. Infographics are a visually compelling communication medium that done well can support ENMAX in quickly communicating complex data to a wider audience.
- **Be strategic.** Information in the current report is presented in an ad hoc manner and there is little to no linkage between text box features. Consideration should also be given to focusing on issues that reflect ENMAX's most significant sustainability impacts and opportunities.

**APPENDIX A**  
**2013 Panel Participants**

## APPENDIX A – 2013 PANEL PARTICIPANTS

| Name             | Organization                  | Stakeholder Group                          | Present at Workshop |
|------------------|-------------------------------|--|---------------------|
| Irene Herremans  | University of Calgary         | Academia                                   | Yes                 |
| Mike Jones       | NA                            | Residential Customers                      | Yes                 |
| Todd Kosek       | Prairie Schooner Estates Ltd. | Community Associations                     | Yes                 |
| Ming Huang       | ENMAX                         | Employees                                  | Yes                 |
| Katy Doucette    | SiMPACT Strategies Group      | Community Investment                       | Yes                 |
| Ben Thibault     | Pembina Institute             | Environmental Non-government Organizations | Yes                 |
| Jack Dunsmore    | Municipal District of Taber   | Rural Municipal District                   | No                  |
| Roxanne Pettipas | Conoco Phillips               | Commercial customers                       | No                  |
| Tanya Laing      | City of Calgary               | Urban municipal district                   | Yes                 |
| Debra Giles      | RBC Capital Markets           | Raters/Lenders Group                       | Yes                 |
| Steve Zutter     | ENMAX                         | Employees/Union Representative             | Yes                 |

**APPENDIX B**  
**Comments on Perceived Performance Ratings**

## APPENDIX B – Comments on Perceived Performance Ratings

Stakeholders were asked to rank ENMAX's current level of performance in each area, based on available information. Stakeholder comments on issues where ENMAX's perceived performance does not meet expectations or needs improvement are detailed in the table below.

| Issue                                    | Rating | Comment  |
|--|--------|--|
| Renewable Energy Use                     | 1      | Renewables are only 5 % of the total and there was no discussion of increasing that in the future, except for Generate Choice which still seems to be in an early stage and not very affordable.   |
| Renewable Energy Generation              | 1      | Renewables are only 5 % of the total and there was no discussion of increasing that in the future, except for Generate Choice which still seems to be in an early stage and not very affordable.   |
| GHG emissions / Climate Change           | 1      | With a Specified Gas Emitter Regulations target of 12 percent each year, the ENMAX target is inadequate.   |
| Employee Volunteerism in Communities     | 1      | ENMAX does not currently have an Employee Volunteerism program, but is working to move forward on this. Potential to discuss movement and highlight flood response in coming reports.  |
| Water Quality impact by ENMAX operations | 2      | Limited information. As an external audience, would appreciate more context around water, hazardous waste, air, and non-hazardous waste in relation to the environment and how the company is going above basic requirements.  |
| Hazardous Waste Management               | 2      | Limited information. As an external audience, would appreciate more context around water, hazardous waste, air, and non-hazardous waste in relation to the environment and how the company is going above basic requirements.  |
| Non-hazardous Waste Management           | 2      | Limited information. As an external audience, would appreciate more context around water, hazardous waste, air, and non-hazardous waste in relation to the environment and how the company is going above basic requirements.  |
|  |        | Although the absolute amounts have gone up for recycled and less is going to landfill, it is hard to determine the relative amounts for each method. For example, what % of total waste is recycled?   |
| Public Policy Participation              | 2      | Did not see a lot of public policy engagement. There is a lot of opportunity for the company to participate in public policy, particularly around some of their Community Investment areas. A clear distinction between ENMAX and its links to the City of Calgary in relation to public policy would also be helpful. |
| Employee Wages and Benefits              | 2      | Would like to reassess this ranking based on Low Income Cut Offs.  |
| Innovation / Technology                  | 2      | Not sure if this is supposed to be integrated in all sections throughout the report or on its own. Unsure of its role within ENMAX reporting.  |

| Issue                             | Rating | Comment   |
|-----------------------------------|--------|---|
| Biodiversity Protection           | 2      | <p>Not enough information on this subject. For an example, on pg. 54 - EN12 "Description of significant Impacts on Biodiversity": I recall reading about a problem with Bats being killed due to the wind turbines that ENMAX has constructed. I like to hear about all of the fluffy talk on Pg 68 &amp; 69 about the cameras set up to watch the nesting Osprey, but what about the real issues?</p> <p>I do not believe that in the case of Biodiversity Protection ENMAX has addressed any real issues or impacts that are being made by the projects that they are involved. This report should involve both negative &amp; positive results and I think the report is under par when it comes to reporting on the negative impacts that ENMAX has on the environment and how they are planning on making them better (i.e pg. 56 - EU13 "information currently not measured"). Reporting on only the positive indicates that they can't do anything else to improve what they are doing as of this point. I believe there is always room for improvement and as such a much greater emphasis needs to be put on what went wrong and how we are going to fix the problem(s).</p> |
| Renewable Energy Use              | 2      | With only 5% from ENMAX is renewable, ENMAX can generate more renewable energy.   |
| Renewable Energy Generation       | 2      | With only 5% from ENMAX is renewable, ENMAX can generate more renewable energy.   |
| Non-hazardous Waste Management    | 2      | I couldn't find too much information on this in the report and I believe it is important.   |
| Employee Learning and Development | 2      | Employee learning and development is not systematic.  |
| Employee Turnover/Retention       | 2      | Employee turnover trended higher over the past three years and it is almost 14%.  |
| Innovation / Technology           | 2      | ENMAX has not monitored the latest and greatest over the past few years. We need to be on the leading edge.   |
| Demand-Side Management (DSM)      | 2      | The information in the report indicates that discussions are going on but there is nothing substantial here, except for Generate Choice. Demand for electricity could be decreased in so many other ways. (i.e. BC Hydro)   |