

GOVERNANCE

At ENMAX, we believe that the creation of meaningful value for our Shareholder and our customers comes from operating our business in a responsible and sustainable manner today and into the future. We are guided by the principle that how we conduct our business is equally as important as the profits we earn.

Our governance structure fosters ethical and responsible decision-making, and we seek to continually improve our understanding of the internal and external impact of our business practices on our customers, business partners and stakeholders.

For further information and to view the full report, you can access ENMAX's 2020 Environmental, Social and Governance report at enmax.com/esg



Corporate governance

We believe sound corporate governance contributes to Shareholder and public value, trust and confidence in our organization. Although ENMAX is not required to publicly file an annual information circular, we have released an annual disclosure document regarding our governance and executive compensation practices for over 10 years. Our [Annual Report on Governance and Compensation](#) is informed by the requirements applicable to Canadian public companies.

Shareholder relationship

ENMAX is a private corporation, incorporated under the Alberta Business Corporations Act, and our sole Shareholder is The City of Calgary. Calgary's City Council acts in the capacity of the Shareholder on behalf of Calgarians. Ongoing communication and engagement with The City of Calgary is an integral part of our philosophy of good governance. In 2019, we enhanced our governance framework by increasing the frequency of meetings with our Shareholder. Our Board of Directors and executive team meet with Calgary's City Council at least quarterly, including convening an annual public Shareholder meeting each spring and an annual meeting to review ENMAX's business plans each fall. We also meet annually with The City of Calgary's Audit Committee to review our financial, risk management and governance practices in detail.

Board independence

We recognize that having a majority of independent, highly qualified Board of Directors from diverse backgrounds is essential to effective decision-making. For the year ended December 31, 2020, nine out of 10 of our directors were independent, with our non-independent Board member being our President & CEO.

Board diversity

A diverse Board enhances ENMAX's decision-making abilities. Our [Board Diversity Policy](#) states that, when selecting director candidates, consideration will be given to the following diversity criteria: gender, age, residency, race, culture, ethnicity, people with disabilities (including invisible and episodic disabilities), members of the LGBTQ+ community and other factors that may enhance ENMAX's ability to deliver value to our Shareholder. The Board Diversity Policy also includes the following aspirational diversity targets: (i) an aspirational goal whereby at least 30 per cent of our directors are women; and (ii) an aspirational goal whereby at least one member of the Board is from an underrepresented group, relative to the communities served by ENMAX. As of December 31, 2020, 30 per cent of the Board of Directors are women.

Board evaluation and assessment

The Board undertakes an annual evaluation process to assess its performance and overall effectiveness, as well as that of the Board Chair, its committees, and individual directors. The Governance committee uses the results to identify actions for improvement and to determine education opportunities, as well as to ensure director expertise is leveraged to the fullest extent. This process also helps the Board build and maintain the collective set of skills, abilities and experiences required to effectively oversee ENMAX's long-term performance and strategy execution.

GOVERNANCE INFORMATION

Ethics

Code of conduct for directors, officers and employees	Yes
---	-----

Board composition and independence

Size of Board	10
Number of independent directors	9
Separate Chair and CEO	Yes
Independent Chair (required)	Yes
Comprehensive Board assessment process	Yes
Directors that are financially literate	100%
Board meetings held in 2020*	31
Average meeting attendance	98%

Board renewal and diversity

Annual election of directors	Yes
Average age of directors	64
Mandatory retirement age	No
Average director tenure	6 years
Women Board members	30%
Board Diversity Policy	Yes

All information as of December 31, 2020.

*Total number of regularly scheduled Board meetings during the 2020 year, which includes committee meetings, Shareholder meetings and director education sessions.

Ethics

At ENMAX, we are guided by strong principles of accountability, transparency and ethics in our decision making and behaviour. It is expected that all directors, officers and employees of ENMAX act with honesty, integrity and impartiality. This allows us to earn and maintain the trust of our Shareholder, employees, stakeholders, customers and the communities in which we operate.

Policies

Principles of Business Ethics Policy

This policy establishes the appropriate and expected behaviour for maintaining ENMAX's reputation for honesty and integrity, earned by maintaining the highest standards of business ethics and compliance with applicable laws. Our Board reviews and approves the policy at least once every three years and works closely with our executive team to promote a strong governance culture that influences ENMAX at every level. All employees acknowledge their responsibility to perform their duties at ENMAX in accordance with the policy.

Code of Conduct Regulation

This regulation must be followed by all owners of electricity distribution systems, their affiliated retailers and their regulated rate providers in Alberta. ENMAX Power is a distribution system owner, while ENMAX Energy is both an affiliated retailer and the regulated rate provider for ENMAX Power and others. Our compliance plan outlines how we will abide by the Code of Conduct Regulation.

Training

All employees, including our contractors as assigned, are required to complete annual training on the Principles of Business Ethics Policy, Safe and Respectful Workplace and Code of Conduct. In 2020, more than 2,150 individuals completed this suite of training.

Reporting concerns and conflicts of interest

ENMAX has a confidential ethics hotline where employees can anonymously express concerns about inappropriate business conduct through a confidential third party. Submissions to the ethics hotline are reported to ENMAX's Governance Committee. All reports are investigated with oversight of our Legal Counsel and Assistant Corporate Secretary. In accordance with the Business Ethics Policy, the directors and officers of ENMAX are also required to disclose conflicts of interest and declare outside business interests on an annual basis. This assists in ensuring that directors exercise independent judgment when considering transactions and agreements. The Board ensures that a director does not participate in discussions or vote on matters when he or she is conflicted.



Governance for ESG matters

ENMAX is dedicated to conducting our business responsibly and overseeing and managing our risks in a diligent manner. ENMAX's Board of Directors and the executive team are committed to setting the "tone from the top" to create a culture of high ethical standards and good corporate governance through our organization and business operations, which includes our ESG practices.

We have strong management systems in place, and we work to develop, monitor and progress our risk management strategies to ensure they are both representative of key impact areas of our business and address changing environmental and social matters.

Over the past year, we have advanced and enhanced a series of governance practices in the area of ESG objective setting, reporting and performance management. Responsibilities for advancing our sustainability commitments have been embedded across our organization.

Oversight for ESG matters

The Board of Directors retains the highest level of oversight for environmental, social and governance matters. Our Board of Directors sets the ethical tone for our company and is also responsible for providing leadership in support of ENMAX's commitment to sustainable business practices.

ENMAX's President and CEO holds direct accountability for the advancement of the organization's sustainability practices and ESG commitments. The executives responsible for overseeing ENMAX Power, ENMAX Energy and Versant Power hold direct accountability for the achievement of progress in their respective areas. ENMAX's Vice President, Public Affairs is accountable for the ongoing organization, management and reporting of ENMAX's overall sustainability and ESG progress on behalf of the organization.

Robust safety and environmental management systems

In order to support the execution of our policies and practices, we have mature management systems, clear data collection and reporting, and strong internal structures to effectively manage our safety and environmental risks. These policies and systems include:

- We follow the Alberta Safety Codes Act, which governs public safety, and we also report any instances of employee, contractor or public electrical contacts.
- All work carried out in Alberta is in accordance with Alberta's Occupational Health and Safety Code.
- Our safety management system is aligned with ISO 45001. We also maintain an Alberta Certificate of Recognition (CoR) to meet provincial safety standards. To maintain our CoR, we must subject our operations to a third-party audit that includes employee interviews at all levels, a review of documentation and observations of workplace conditions and practices every three years.
- Our environmental management system is modeled after the requirements of the Canadian Electricity Association's Sustainable Electricity™ program and ISO 14001, an international standard for environmental management.
- Versant Power has its own robust safety management system aligned with OSHA 45001. Each year Versant Power develops and receives executive approval for its Safety Management System Action Plan, which contains more than 35 separate actions and metrics within the 10 management system elements. The action plan includes all aspects of Versant Power's safety program and has strong accountabilities built into it. Versant Power is committed to completing a minimum of 90 per cent of those actions, and the results are verified by an ENMAX auditor.



Risk management

ENMAX uses an established Enterprise Risk Management (ERM) program to identify, analyze, evaluate, treat and communicate our risk exposures in a manner consistent with our business objectives and risk tolerance. Our ERM system helps us monitor and evaluate financial, reputational, regulatory, environmental and social risks.

To monitor and manage risks appropriately, we regularly conduct an enterprise risk assessment process and consolidated risk reporting. In 2019, we incorporated climate change risks into the most impacted areas of risk within our existing ERM system. We provide a quarterly ERM update to our executive team and Board of Directors with any new observations or issues related to any of our key risk areas and an overall assessment of our corporate-wide risk level and tolerance.

We have risk oversight and management at the Board, executive and management levels:

- Risk oversight is managed by the Governance Committee, as well as by the Board of Directors.
- We have two committees at the management level, the Risk Management Committee (RMC) and the Commodity Risk Management Committee (CRMC).

- Together, the RMC, CRMC and the Board oversee identified risk exposures and risk management programs, including the ERM program.
- At a management level, each accountability area is responsible for assessing its risk exposures and implementing risk management plans.

Commodity risk exposures are managed within levels approved by the Board and the President and CEO, and monitored by personnel in the business units, the risk department and the senior management team.

The ENMAX Group of Companies operates in two distinct geographical regions with different types and levels of climate-related physical risks. While both regions are exposed to winter storms and other severe weather events, based on their specific regional needs Calgary has a more targeted flood preparedness program, and Maine has a robust tree and vegetation management program. For more on weather-related climate risks, see page 61.

A SUSTAINABLE ELECTRICITY COMPANY

In 2019, ENMAX achieved the Canadian Electricity Association's (CEA) designation as a Sustainable Electricity Company™, which recognizes the importance member companies place on sustainability over and above standard compliance and performance.

Achieving the designation entailed a third-party verification exercise to confirm we have the policies and program frameworks in place to address material ESG issues of our operations in alignment with the ISO 26000 and ISO 14001:2015 standards.

ENMAX adheres to the CEA's Sustainable Development Corporate Responsibility Policy. As part of this commitment, we provide ESG data both to enable CEA in the sharing of industry-wide metrics and to allow us to benchmark our own performance.

Customer satisfaction

As a provider of essential energy products and services, ENMAX Energy serves more than 690,000 residential, commercial and industrial customers in Alberta, and Versant Power serves approximately 160,000 customers in Maine. We take the customer experience seriously and approach customer satisfaction with the philosophy that “every moment matters”. We aim to treat every customer with respect, kindness and empathy.

Dedicated customer care team in Alberta

To continue improving customer satisfaction, we have a dedicated, locally based team of 250 employees who work in our customer care center in Alberta. Our customer care agents receive more than 665,000 calls per year. We also have a Voice of the Customer ambassador, an employee who calls customers back proactively to resolve more complex issues and who is assisted in making these calls by a special support team.

Customer satisfaction in Maine

Versant Power has a customer contact centre staffed with local customer service representatives in two locations in Maine: Presque Isle and Bangor. To foster high-quality customer service, Versant Power provides a 10-week training program to onboard new representatives and offers continuing coaching and training for tenured representatives. The company also has an online user portal to view and pay bills, report and see status on outages and to view daily and hourly usage information. Customers who use online services also receive weekly usage reports by email and can sign up for high usage alerts by email or SMS. As a testament to its focus on customer satisfaction, in 2020, Versant Power exceeded its key targets with respect to customer satisfaction. These targets are established by the Maine Public Utilities Commission.

METRIC	TARGET	VERSANT POWER'S 2020 PERFORMANCE
Responsiveness to customer calls (calls answered in 30 seconds)	80%	84%
Call abandonment rate	7%	4%
Bill error rate	<0.40%	0.11%

As a retailer of electricity and energy services, we serve more than **849,000** residential, commercial and industrial customers in Alberta and Maine.



We have continually improved our customer satisfaction levels over the last four years. We take the customer experience seriously, and approach customer satisfaction with the philosophy that “every moment matters”. Note: This data excludes Versant Power.

Understanding our customers

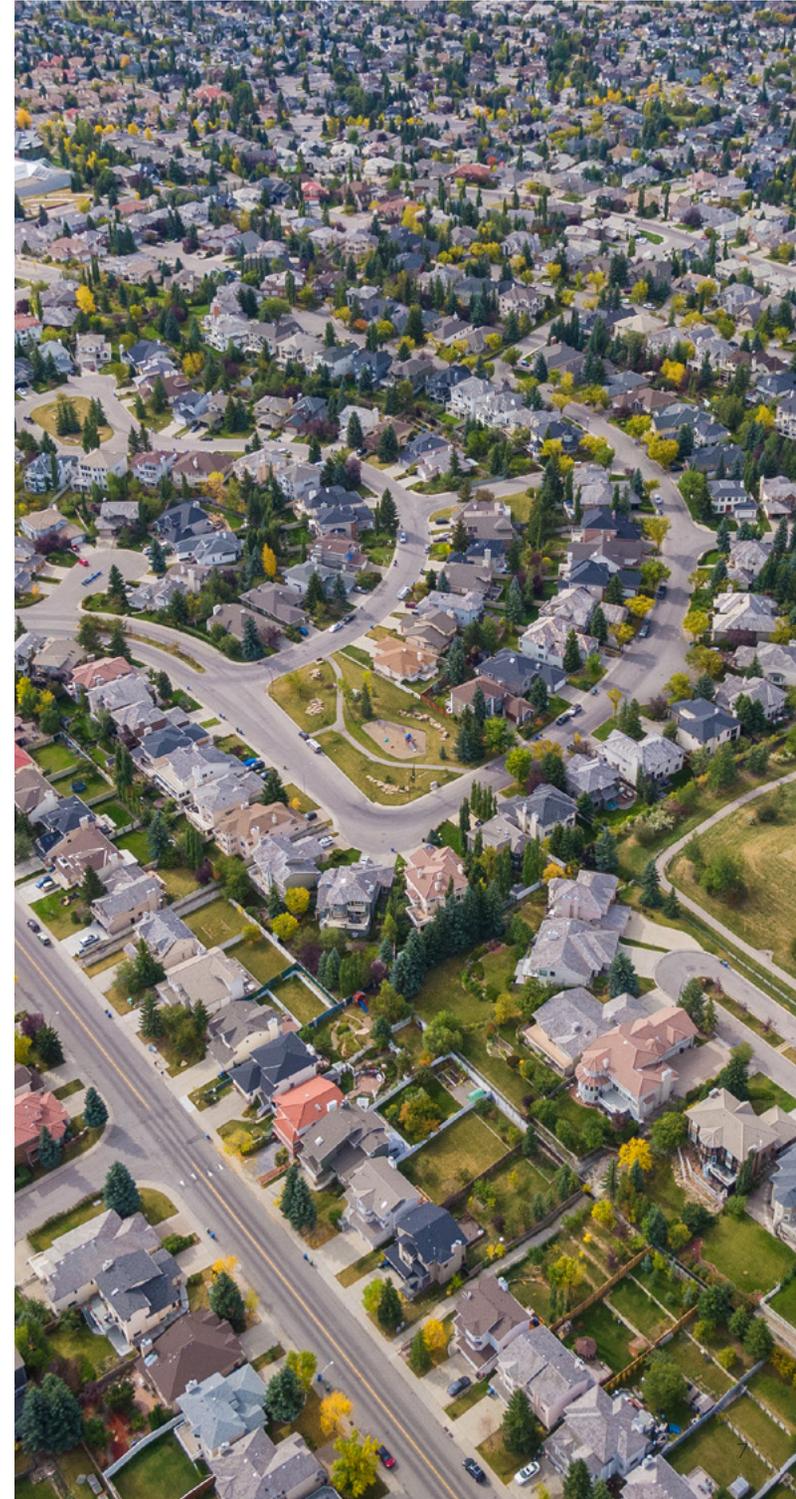
To help us better understand our customers in Alberta, we have been sending our Voice of the Customer survey since 2016. The survey is a set of email or phone surveys sent out after an outage event or a customer interaction. We receive approximately 34,000 responses each year (a 10 per cent response rate).

From these survey responses, we have learned that many issues are seasonal (for example, we receive additional calls during the winter because utility bills tend to be higher) and that customers place a high value on agents who listen, ask relevant questions, provide a viable solution and make them feel like a valued ENMAX customer. We analyze the data trends and look for opportunities to improve our processes and coach or reward our agents. Our High Five Program recognizes agents who receive five out of five in customer ratings. Based on survey learnings, we have:

- Developed a bill analysis tool to help our agents better explain utility bills to customers;
- Updated our payment page and other systems to make ENMAX easier to do business with; and
- Provided training to our customer care agents on empathy, handling customers with kindness, improving listening skills, asking relevant questions and reducing resolution time.

In 2021, we are conducting a more in-depth customer survey to explore customers' evolving expectations. We expect to share results in our next ESG report.

Versant Power and ENMAX subscribe to the JD Power Residential Electric Customer Satisfaction survey. This electronic survey reports overall customer satisfaction based on six main areas of assessment: Power Quality and Reliability, Price, Billing and Payment, Communications, Corporate Citizenship and Customer Service. Versant Power is grouped with peers in the East Midsize category, with results compared against similarly sized utilities in the Northeastern United States. Through this survey, Versant is able to understand key drivers of customer satisfaction and learn more about existing and emerging best practices among utilities.



Cybersecurity and data privacy

ENMAX works diligently to protect our systems, information, customer data and physical assets from growing cybersecurity risks. We mitigate these risks through a robust cybersecurity program.

Customer data privacy

As an essential services organization, our business requires the collection and management of customer data. We collect only the data we require to provide service to our customers, such as billing details. Additionally, we restrict data accessibility and all instances of access to data are logged and audited. Every customer service agent in our customer care team receives data privacy and protection training when hired. We also provide regular training updates and recognize National Privacy Day with speakers and hosted activities to communicate additional messaging about data protection.

Each year, we diligently alert customers to the importance of data protection and promote public awareness of potentially fraudulent activity by third parties as and when we become aware of such attempts by individuals or organizations misrepresenting themselves as ENMAX.



Enhancing our cybersecurity

Resilience to cyber threats is exceptionally important for organizations like ours that own and operate critical electricity infrastructure. At ENMAX Power, we place high attention on maintaining the cybersecurity of our operational technology systems as they directly impact physical systems and the delivery of power to our customers. Some of the frameworks that guide our cybersecurity practices are:

NIST Cybersecurity Framework

ENMAX Power has initiated and completed a National Institute of Standards and Technology (NIST) Cybersecurity Framework assessment. The NIST framework is considered a best practice in cybersecurity. Currently, we are undergoing a NIST cybersecurity maturity assessment prior to an intended implementation.

Critical Infrastructure Protection rules

We comply with the Alberta Reliability Standards, which requires following Critical Infrastructure Protection on the Bulk Electric System.

Center for Internet Security controls

We implement security controls based on recommendations from the Center for Internet Security and maintain an advanced suite of software for threat detection, log processing and monitoring. We conduct regular testing and retain external cybersecurity experts to provide audits.

CYBERSECURITY AWARENESS

Training our employees on cybersecurity empowers them to recognize potential threats and helps to prevent cyber-related incidents.

As employees join the company, our mandatory corporate training includes a module on cybersecurity and data protection. Refresher training and testing is conducted annually.

We offer regular cybersecurity awareness courses and hold an in-depth Cybersecurity Awareness Month in October during which we circulate relevant articles, share tips of the day and host virtual events with guest speakers such as the Calgary Police Service's Cyber Crime Unit.

We also have a comprehensive phishing performance management process, monthly phishing tests and supplemental training for employees.

In 2020, as a result of our workforce suddenly working from home, we increased restrictions on remote access to provide added system protection. We also increased our cybersecurity awareness communications, held a large online cyber-awareness meeting and conducted smaller virtual meetings with each business unit.

Responsible procurement

We are committed to fair competition in all dealings with suppliers and to making all our purchases honestly and objectively. We also want to make sure that our suppliers and contractors respect and uphold our ethical, safety and environmental practices.

Our contractor screening process is designed to verify that any contracted companies we work with have similar safety practices and systems to ENMAX. We are currently using [ISNetworld](#), an online data-driven contractor and supplier management platform. Through the platform, we can verify contracted companies have insurance and appropriate safety performance and practices. In 2021, we plan to support Versant Power's ISNetworld implementation. Read more about contractor safety on page 36.

Public policy

At ENMAX, we aim to act honestly and with integrity in all business relationships, including in our interactions with government officials.

Our public policy interactions include direct interactions with government officials and administrators. The [Alberta Lobbyists Act](#) regulates lobbying activities in Alberta. We have an internal lobbying policy and provide training for any executives and directors that are likely to interact with government officials. We track and report lobbying activities to the Office of the Ethics Commissioner of Alberta and to the Federal Office of the Commissioner of Lobbying to comply with the lobbying requirements that are directly focused on policies, programs and regulations.

To support industry positions and to stay informed of policy development, we are also members of industry associations such as the CEA, Independent Power Producers Society of Alberta, the Edison Electric Institute, and the Alberta Energy Retailers and Service Providers Association.

