

Governance

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For further information and to view the full report, you can access ENMAX's 2021 Environmental, Social and Governance report at enmax.com/esg

Corporate governance

WHY IT MATTERS TO ENMAX

We believe sound corporate governance contributes to shareholder and public value, trust and confidence in our organization.

OUR APPROACH

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. Our Board of Directors and executive team meet with Calgary's City Council quarterly, including convening a public shareholder meeting annually and a meeting with City Council 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 Directors from diverse backgrounds is essential to effective decision making. For the year ended December 31, 2021, 10 out of 11 of our directors were considered "independent" for the purposes of applicable Canadian securities law policies.

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: 1) an aspirational goal whereby at least 30 per cent of our directors are women; and 2) 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, 2021, 36 per cent of the members of the Board of Directors are women and nine per cent of the members of the Board of Directors self-identify as a member of an underrepresented group.

OUR PERFORMANCE

GOVERNANCE INFORMATION

ETHICS

Code of Conduct for directors, officers and employees	Yes
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BOARD COMPOSITION AND INDEPENDENCE

Size of Board	11
Number of independent directors	10
Separate Chair and CEO	Yes
Independent Chair	Yes
Comprehensive Board assessment process	Yes
Directors that are financially literate	91%
Board meetings held in 2021*	27
Average meeting attendance	100%

BOARD RENEWAL AND DIVERSITY

Annual election of directors	Yes
Average age of directors	64
Mandatory retirement age	No
Average director tenure	5 years
Women Board members	36%
Board members that identified as members of underrepresented groups	9%
Board Diversity Policy	Yes

All chart information as of December 31, 2021.

* Total number of regularly scheduled Board meetings during 2021, which includes Committee meetings, Shareholder meetings and Director education sessions.

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 fully leveraged.

Ethics

WHY IT MATTERS TO 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.

OUR APPROACH

Policies

PRINCIPLES OF BUSINESS ETHICS POLICY

This policy establishes the appropriate and expected behaviour for maintaining ENMAX's reputation for honesty and integrity. 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 [Principles of Business Ethics 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 2021, 1,653 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 service. Submissions to the ethics hotline are reported to ENMAX's Governance Committee. All reports are investigated with oversight of legal counsel. In accordance with our Principles of 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 helps ensure directors exercise independent judgment when considering transactions and agreements. The Board ensures our directors do not participate in discussions or vote on matters when they are conflicted.

We are guided by strong principles of accountability, transparency and ethics in our decision making and behaviour.



Governance for ESG matters

WHY IT MATTERS TO ENMAX

We are dedicated to conducting our business responsibly and overseeing and managing our risks in a diligent manner.

OUR APPROACH

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. Additionally, we have strong management systems that formalize the management of environmental and safety topics.

Board oversight of ESG matters

The Board of Directors has the highest level of oversight for ESG matters. The Board's role is to oversee ENMAX's strategy, the development of its ESG targets, and to ensure alignment between ESG efforts and business strategy. The Board is also responsible for the company's risk profile.

Our Board of Directors has three standing committees. In addition to their mandates, each of the committees oversees and provides guidance on different ESG-related topics:

BOARD / BOARD COMMITTEE	ESG TOPICS
Board of Directors	<ul style="list-style-type: none"> - Corporate strategy - ESG targets - Enterprise risk management - COVID-19 pandemic - Shareholder relations - Compliance - Disclosure
Governance Committee	<ul style="list-style-type: none"> - Business ethics and integrity - Board diversity - IT / cybersecurity - Board education
Safety and HR Committee	<ul style="list-style-type: none"> - Safety and health - Environment - Talent and culture - Diversity and inclusion - ESG compensation link
Audit Committee	<ul style="list-style-type: none"> - Financial reporting - Internal controls and procedures - Tax strategy

In 2021, the Board approved the involvement of the Governance Committee in ESG-related matters as an enhancement to our ESG framework. The Governance Committee supports the Board in fulfilling its role by approving the publication of our annual ESG report, reviewing our progress and performance against our ESG targets, and reviewing periodic reports related to developments, trends, best practices, risks and issues related to our ESG targets and reporting.

ESG GOVERNANCE





Management's role

To support the implementation of our plans and the achievement of our targets, our executive team and subject matter experts are involved in the management of ESG issues in the following ways:

EXECUTIVE TEAM'S ROLE

ENMAX's executive team is responsible for the management of our ESG commitments. The executive team regularly reports to both the Governance Committee and Board on ESG and climate-related matters. Read more in the Task Force on Climate-related Financial Disclosures (TCFD) section of this report. For 2022, we have embedded several performance measures related to our ESG targets into our Long-Term Incentive Plan (LTIP), a three-year plan for ENMAX's senior leaders. We have integrated key ESG factors into our executive compensation strategies as success in these areas is critical to ENMAX's long-term success and sustainability.

ESG WORKING GROUP

In 2020, we formed an ESG Working Group with people from across the organization. The role of the group is to advance and communicate progress towards our ESG targets. It is chaired by ENMAX's Director of ESG Performance and Reporting and discusses and drives organizational progress on our ESG targets.

For 2022, we have embedded several performance measures related to our ESG targets into our Long-Term Incentive Plan for leaders (directors and above).

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, including that:

- 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 Act](#), Regulation and Code, and our fleet safety program is in compliance with [Alberta Transportation](#) rules and regulations.
- We continue to align our safety management system to [ISO 45001](#). We also maintain an Alberta Certificate of Recognition (CoR) to meet provincial safety standards. To maintain our CoR, we must subject our safety management system 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 Electricity Canada's Sustainable Electricity™ program and aligned with [ISO 14001:2015](#), an international standard for environmental management systems.
- Versant Power has its own robust safety management system aligned with ISO 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.

Customer satisfaction

WHY IT MATTERS TO ENMAX

As a provider of essential energy products and services, ENMAX Energy serves approximately 700,000 residential, commercial and industrial customers in Alberta, and Versant Power serves approximately 160,000 customers in Maine.

OUR APPROACH

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.

Customer satisfaction in Alberta

To continue improving customer satisfaction, we have a dedicated, locally based team of 250 employees who work in our customer care centre in Alberta. Our customer care agents receive more than 665,000 calls per year. Additionally, we receive approximately 44,000 responses to our Voice of the Customer survey (a 12 per cent response rate) each year. 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.

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 text.

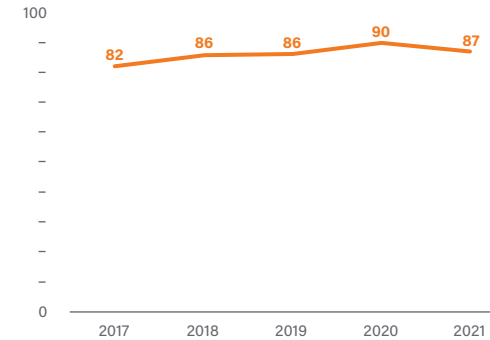


As a retailer of electricity and energy services, we serve more than 850,000 residential, commercial and industrial customers in Alberta and Maine.

OUR PERFORMANCE

CUSTOMER SATISFACTION IN ALBERTA

per cent



While customer satisfaction was slightly lower in 2021 compared to 2020, overall, customer satisfaction has increased by six per cent over the past five years. We continue to invest time and resources in understanding our customers’ needs.

Note: Chart data excludes Versant Power.

CUSTOMER SATISFACTION IN MAINE (VERSANT POWER)

METRIC	TARGET*	2021 PERFORMANCE
Responsiveness to customer calls (calls answered in 30 seconds)	80%	76.5%
Call abandonment rate	7%	7%
Bill error rate	<0.40%	0.31%

We met our targets for bill error and call abandonment rates but fell short of our target to answer 80% of calls in 30 seconds. We continue to work to improve our responsiveness to customer calls.

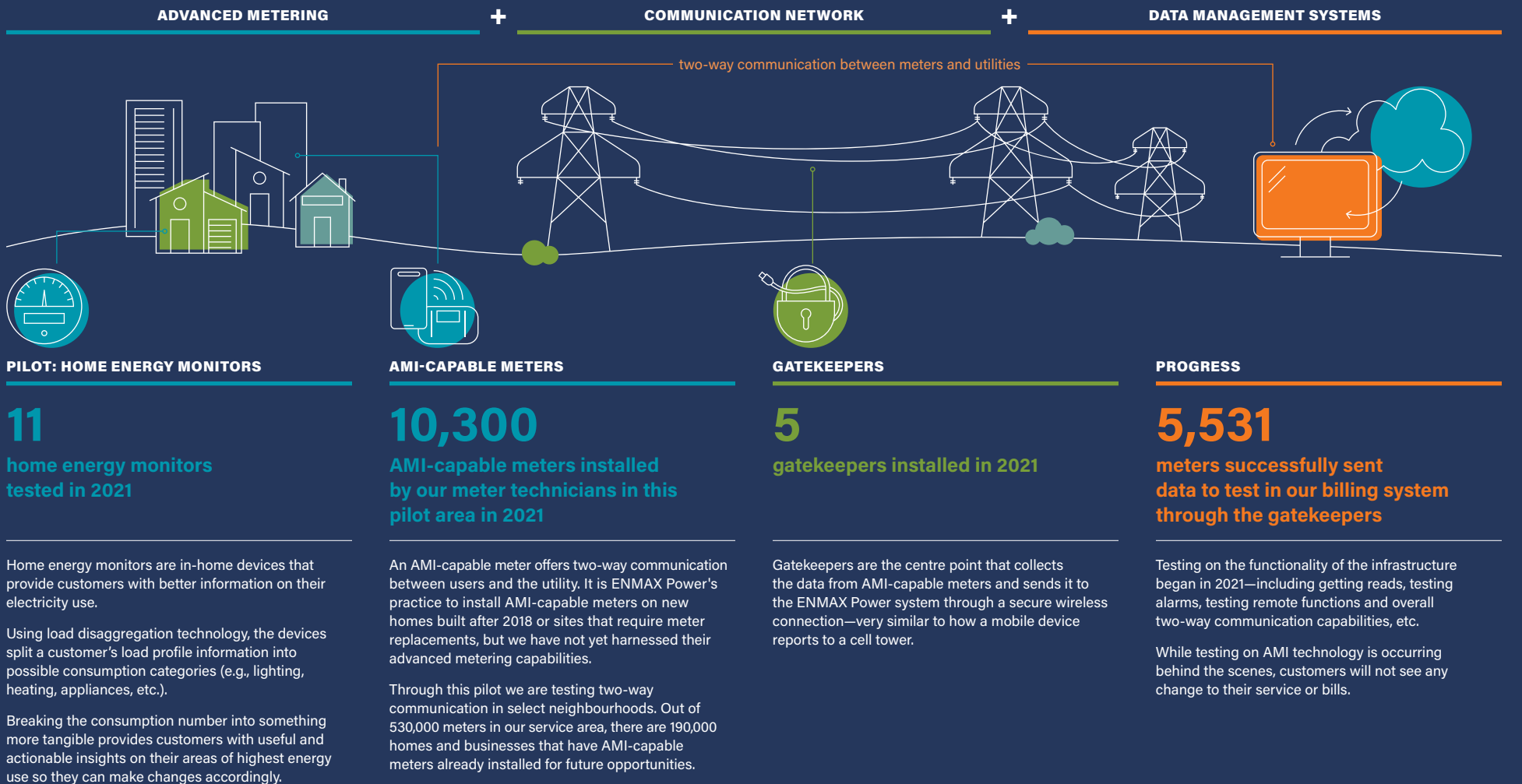
* These targets are established by the Maine Public Utilities Commission.

SPOTLIGHT

The next step in modernizing the grid

ENMAX Power is running a pilot project to test Advanced Metering Infrastructure (AMI) in a few Calgary communities to improve metering capability and provide customers with actionable insights on their energy consumption. AMI is an integrated system made up of advanced electricity meters, a wireless communications network, and the data management systems necessary to enable remote two-way communication between utilities and meters.

The ENMAX Power pilot is currently testing AMI technology on a small scale as we believe this is the next step in servicing a modernized grid. The area included in the pilot was chosen for its good mix of residential, small, medium and large commercial customers, its sites with distributed energy resources, and its already high saturation of existing AMI-capable meters.



Cybersecurity and data privacy

2021 HIGHLIGHTS



- Advanced our incident response planning and tabletop exercises.
- Enhanced our privacy training to be rolled out in 2022.

WHY IT MATTERS TO ENMAX

Resilience to cyber threats is exceptionally important for organizations like ours that own and operate critical electricity infrastructure. 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. Further, the trust placed in ENMAX by customers and stakeholders requires that we uphold the personal information standards set out in Alberta's *Personal Information Protection Act* in connection with the proper collection, use, disclosure and storage of personal information.

OUR APPROACH

We align to the following frameworks that guide our cybersecurity practices:

NIST CYBERSECURITY FRAMEWORK

The [National Institute of Standards and Technology \(NIST\)](#) framework is considered a best practice in cybersecurity for utilities. ENMAX regularly completes NIST cybersecurity maturity assessments to continually advance the maturity of our alignment with the framework.



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 in line with the [Center for Internet Security \(CIS\)](#) security controls standard 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.

PRIVACY COMPLIANCE

ENMAX regularly reviews and updates policies and procedures governing the proper collection, use and disclosure of personal information of our customers, employees and other individuals whose information is in our custody or control. Our employees receive annual training in this regard as well as regular privacy updates and communications to keep this important risk area top of mind.



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. 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.

PROGRESS IN 2021

We have been refining and maturing our response to cybersecurity-related events through improved incident response planning and tabletop exercises. As an organization, we use the Incident Command System (ICS) to manage our incident response. In 2021, we improved the integration of our cyber incident response plan with our existing ICS incident response process, allowing for a more rapid and coordinated resolution to incidents. We also completed several cybersecurity assessments including security evaluations of our most critical business services and conducted exercises where we simulated attacks and monitored how our controls responded to them to assess and strengthen our cybersecurity posture.

STORY



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 customer data is logged and auditable. 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 Cyber Security Awareness Month with speakers and hosted activities to communicate additional messaging about data protection.

Each year, we diligently educate employees on the importance of data protection and promote 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.

Responsible procurement

WHY IT MATTERS TO ENMAX

We are committed to fair competition in all dealings with suppliers and to making 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 APPROACH

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. Read more about contractor safety on [page 35](#). In 2021:

- Versant Power began implementing ISNetworld with support from ENMAX in early 2021. For the first phase of implementation, Versant Power concentrated on high-risk vendors and completed onboarding of more than 90 vendors by December 2021. In 2022, the company plans to develop an action plan to further leverage the ISNetworld platform and to expand capabilities.

2021 HIGHLIGHTS



- Reinstated our Environmental Responsibilities Document with contractors.
- Improved the hydrovac slurry management requirements for our contractors.

- ENMAX reinstated our Environmental Responsibilities Document (ERD) with our contractors to reflect new hydrovac slurry management and soil disposal requirements, as well as providing a refresh to the document. To have a Master Service Agreement (MSA) or other working agreement, contractors must first sign the document and return it to ENMAX to acknowledge their responsibilities. The document now contains a link to the Contractor Access Portal where all relevant ENMAX environmental procedures are stored, so contractors can ensure they meet or exceed our practices.

Supply chain resiliency

In 2021, the COVID-19 pandemic continued to affect global supply chains with delays to materials and products, increases in lead time and costs, and skilled labour shortages. We have worked proactively to navigate the ongoing situation by strengthening our supplier relationship management, placing orders ahead of time, monitoring changes in the market, and working with our own business units to advance materials planning.

Public policy

WHY IT MATTERS TO 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.

OUR APPROACH

We comply with all provincial, state and federal lobbying legislation in Canada and the United States, as applicable. We have an internal lobbying policy and provide training for any executives and directors that 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 Electricity Canada, Independent Power Producers Society of Alberta, the Edison Electric Institute, and the Alberta Energy Retailers and Service Providers Association.