

**ENMAX Corporation Report to  
Audit Committee  
2023 July 19**

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AC2023-0700  
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## **ENMAX Corporation 2022 Annual Report**

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### **RECOMMENDATION:**

That Audit Committee:

1. Receive this report and presentation for the Corporate Record; and
2. Keep Attachments 4, 5, 7, 10, 11, 17, 18, 19 and the Closed Meeting discussions confidential pursuant to Sections 24 (Advice from officials) and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*; to be reviewed 2037 July 19.

### **HIGHLIGHTS**

- This report is in response to the Audit Committee's request for a presentation on ENMAX Corporation board governance, financial performance and reporting, environmental, social and governance practices, risk management, talent and culture insights and implementation status of the Shareholder Alignment Review of Wholly-Owned Subsidiaries.
- What does this mean to Calgarians? Citizens are provided assurance that the Audit Committee has oversight of the City of Calgary's civic partners.
- Why does it matter? Investment in civic partners is significant and ensuring these entities have good governance, financial and performance reporting, risk management and talent and culture practices aligns with Council's citizen priorities.
- The Audit Committee 2023 Work Plan includes a presentation from six civic partners on their 2022 annual report and Enmax Corporation was one of the partners selected to present this year.
- The Audit Committee Bylaw 33M2020 provides that Audit Committee oversees its governance responsibility with audit committees of The City's major autonomous civic entities, as determined by the Audit Committee.

### **DISCUSSION**

The Audit Committee requested that information on the ENMAX Corporation Board governance, financial performance and reporting, environmental, social and governance practices, risk management, talent and culture insights and implementation status of the Shareholder Alignment Review of Wholly-Owned Subsidiaries be provided. The following is the outline of the information the Audit Committee wishes the ENMAX Corporation to provide:

#### **Financial Performance and Reporting**

1. Please provide a brief summary of the following information for your organization:
  - (a) Key strategy initiatives and financial highlights for 2022;
  - (b) Disclosure controls and procedures; and
  - (c) Internal control over financial reporting.
2. Please provide the most recent management letter including management responses as appropriate.

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3. Please provide the current status of any major transaction(s) your organization has undertaken including a post-transaction analysis of the original rationale and anticipated outcome.
4. Specifically provide us with an annual report on the performance of the Versant acquisition.
5. Please provide an update on your current debt rating and your organization's plans for improvement.

### **Environmental, Social & Governance Practices**

6. How has the board integrated environmental, social factors and metrics into its 2023 planning, and beyond?
7. City Council declared a climate emergency in 2021 November. Please indicate the status of your target setting and net-zero emissions by 2050.
8. What initiatives are currently in progress to improve the efficiency of your processes (e.g., sustainable operations, key performance indicators and relevance of the organization in the future)?
9. Are there any regulatory or market changes that impacted the business approach in 2022 and would they be relevant to share publicly with the Audit Committee?
10. Please provide an update on your organization's risks and opportunities for privacy and information security?

### **Board Governance**

11. A brief outline of your organization's governance structure including board committees, term lengths and limits, skills matrix detailing financial expertise and experience required, evaluation, succession, and recruitment planning for all positions.
12. Specific to your organization's board committees:
  - (a) What is the frequency of review of the compositions and terms of reference, and are there any recent changes to the committee(s) charter(s) or terms of reference?
  - (b) What frequency does the board's governance committee regularly assess board composition to ensure the board has the requisite skills, competencies, diversity, and independence to provide oversight required by the organization (e.g., financial, legal and risk oversight)?
  - (c) Specific to your organization's Audit Committee, what is the current composition of the including relevant financial experience? What is your Audit Committee's 2023 Work Plan?

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### **Enterprise Risk Management**

13. What are your organization's principal risks?
14. What risk management policies and procedures are in place to manage these risks, including internal controls that are in place to manage risk such as information technology and other systems?
15. How are the principal risks oversight assigned, tracked, and monitored by the board including the method(s) and frequency used by the board to continually review the risks, controls, risk response strategies and disclosure?
16. Are there any results of regulatory or internal/external business assessments that provide assurance on the effective management of the principal risks as addressed in your presentation?

### **Talent and Culture**

17. Have there been any significant changes to your organization's executive leadership?
18. How are the board's diversity goals included in your organization's corporate governance framework to ensure diversity is promoted for the board, executive and organization?
19. Is there regular reporting on your organizations' ethics and compliance of corporate policies to the Board?
20. What mechanisms are in place to support concerns of management and employees?
21. Describe the board's compensation strategy including retention and morale; pay ratios; transparency; views of the shareholder and stakeholders; and long-term pay strategy and objectives.

### **Shareholder Alignment Review of Wholly-Owned Subsidiaries Implementation Status**

22. Please provide an update on the implementation of the recommendations for your organization following the Wholly-Owned Subsidiary Alignment Review (AC2021-0557). As this review remains confidential a closed meeting (in camera) will be provided. Any documents included with respect to the Shareholder Alignment Review should be marked confidential.

Attachments to this report have been provided by ENMAX Corporation to address Audit Committee's request.

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### **ATTACHMENTS**

1. Letter from Chair ENMAX Audit Committee
2. ENMAX Corporation Presentation to the City of Calgary Audit Committee
3. 2022 Financial Report
4. ENMAX Financial Objectives (CONFIDENTIAL)
5. Versant Power Update (CONFIDENTIAL)
6. Disclosure and Confidentiality Policy
7. ICFR Enhancement vs. CSOx Compliance (CONFIDENTIAL)
8. 2022 Environmental Social and Governance (ESG) Report
9. Audit Committee Mandate
10. Audit Committee Workplan (CONFIDENTIAL)
11. 2022 Year End External Auditor Report (CONFIDENTIAL)
12. 2022 Annual Report on Governance and Compensation
13. Principles of Business Ethics Policy
14. Board Diversity Policy
15. ENMAX Executive Team Member Profiles
16. ENMAX Board of Director Member Profiles
17. Commodity Risk Management Policy (CONFIDENTIAL)
18. Enterprise Risk Management Policy (CONFIDENTIAL)
19. 2022 Q4 Enterprise Risk Management Report (CONFIDENTIAL)
20. Safety and Ethics Helpline Standard
21. Safe and Respectful Standard