AGENDA

AUDIT COMMITTEE

April 18, 2024, 9:30 AM
ENGINEERING TRADITIONS COMMITTEE ROOM

Members

Councillor E. Spencer, Chair
Councillor R. Pootmans, Vice-Chair
Councillor C. Walcott
Councillor J. Wyness
Public Member K. Kim
Public Member C. McGillivray
Public Member J. Naicker
Mayor J. Gondek, Ex-Officio

SPECIAL NOTES:
Public are encouraged to follow Council and Committee Meetings using the live stream: www.calgary.ca/watchlive
Members may be participating remotely.

1. CALL TO ORDER

2. OPENING REMARKS

3. CONFIRMATION OF AGENDA

4. CONFIRMATION OF MINUTES

   4.1 Minutes of the Regular Meeting of the Audit Committee, 2024 March 14

5. CONSENT AGENDA

   5.1 DEFERRALS AND PROCEDURAL REQUESTS
   None

6. POSTPONED REPORTS
   (including related/supplemental reports)
   None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 The City of Calgary 2023 Annual Investment Report, AC2024-0460

7.2 The City of Calgary 2023 Annual Financial Report, AC2024-0438

7.3 External Auditor 2023 Year-End Report, AC2024-0479
Attachment 2 held 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*.

Review By: 2029 April 18

7.4 2023 Whistle-blower Program Internal Benchmark Report, AC2024-0511

7.5 Safety Management Audit, AC2024-0488

7.6 City Auditor’s Office 1st Quarter 2024 Report - AC2024-0489
Attachment 2 held confidential pursuant to Sections 20 (Disclosure harmful to law enforcement) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

Review By: 2039 April 18

7.7 ENMAX Corporation 2023 Annual Report, AC2024-0413
Attachments 5, 8, 9, 15, 16, and 17 held 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*.

Review By: 2039 April 18

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS
None

8.2 NOTICE(S) OF MOTION
None

9. URGENT BUSINESS

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 External Auditor (Verbal), AC2024-0481
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.1.2 Audit Forum (Verbal), AC2024-0480
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.1.3 City Auditor (Verbal), AC2024-0482
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.2 URGENT BUSINESS

11. BRIEFINGS
None

12. ADJOURNMENT

MINUTES

AUDIT COMMITTEE

March 14, 2024, 9:30 AM
ENGINEERING TRADITIONS COMMITTEE ROOM

PRESENT:	Councillor E. Spencer, Chair Councillor C. Walcott, Acting Vice-Chair Public Member K. Kim Public Member C. McGillivray Public Member J. Naicker
ABSENT:	Councillor R. Pootmans, Vice-Chair (Council Business) Councillor J. Wyness (Council Business)
ALSO PRESENT:	Chief Operating Officer S. Dalgleish Chief Financial Officer C. Male General Manager M. Thompson City Auditor L. Ormsby External Auditor H. Gill Executive Advisor C. Smillie A/City Clerk S. Lancashire Legislative Advisor J. Phillips

1. CALL TO ORDER

Councillor Spencer called the meeting to order at 9:31 a.m.

ROLL CALL

Councillor Walcott, Public Member Kim, Public Member McGillivray, Public Member Naicker, and Councillor Spencer

Absent from Roll Call: Councillor Pootmans and Councillor Wyness

2. OPENING REMARKS

Councillor Spencer provided opening remarks and a traditional land acknowledgement.

Following nomination procedures, Councillor Walcott was elected Acting Vice-Chair of the Audit Committee, by acclamation.

3. CONFIRMATION OF AGENDA

Moved by Public Member McGillivray

That the Agenda for the 2024 March 14 Regular Meeting of the Audit Committee be confirmed.

MOTION CARRIED

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Audit Committee, 2024 February 15

A clerical correction was noted on the Minutes, in the footer, by deleting the date "2024 January 18" and substituting with the date "2024 February 15".

Moved by Public Member Kim

That the Minutes of the 2024 February 15 Regular Meeting of the Audit Committee be confirmed**, as corrected**.

MOTION CARRIED

5. CONSENT AGENDA

5.1 DEFERRALS AND PROCEDURAL REQUESTS

None

6. POSTPONED REPORTS

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Annual Law Audit Report, AC2024-0236

Moved by Public Member McGillivray

That with respect to Report AC2024-0236, the following be approved:

That the Audit Committee recommends that Council:

1. Receive this report for information; and
2. Direct Law to:
   a. Stop providing annual reports through Audit Committee to Council; and
   b. Incorporate into the semi-annual Principal Corporate Risk report: information about the structures and systems in place within The City to support an appropriate level of legal compliance regarding the various activities carried out within the organization.

For: (5): Councillor Spencer, Councillor Walcott, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

7.2 Administration Code of Conduct Annual Update, AC2024-0292

Committee recessed at 10:18 a.m. due to technical difficulties and reconvened at 10:22 a.m. with Councillor Spencer in the Chair.

Moved by Councillor Walcott

That with respect to Report AC2024-0292, the following be approved:

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

For: (5): Councillor Spencer, Councillor Walcott, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS

None

8.2 NOTICE(S) OF MOTION

None

9. URGENT BUSINESS

None

10. CONFIDENTIAL ITEMS

Moved by Councillor Walcott

That pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, Committee now move into Closed Meeting, at 10:33 a.m. in the Engineering Traditions Committee Room, to discuss confidential matters with respect to the following Items:

- 10.1.1 External Auditor – Approval of Additional Services and Fees for 2023 Audit, AC2024-0359
- 10.1.2 External Auditor (Verbal), AC2024-0284
- 10.1.3 Confidential Progress Update on the 2023 Annual Financial Report (Verbal), AC2024-0336
- 10.1.4 Audit Forum (Verbal), AC2024-0283
- 10.1.5 City Auditor (Verbal), AC2024-0285

And further, that the following be authorized to attend the Closed Meeting with respect to Items 10.1.1, 10.1.2, 10.1.3, and 10.1.4: Harman Gill, Nicole Torgrimson, Sanjeev Rajani, and Simona Milojevik, External Auditors (Deloitte LLP).

And further, pursuant to Section 6(1) of Procedure Bylaw 35M2017, Audit Committee suspend Section 78(2)(a) to forego the lunch recess to complete the Agenda.

For: (5): Councillor Spencer, Councillor Walcott, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

Committee reconvened in public meeting at 11:28 a.m. with Councillor Spencer in the Chair.

ROLL CALL

Councillor Walcott, Public Member Kim, Public Member McGillivray, Public Member Naicker, and Councillor Spencer

Absent from Roll Call: Councillor Pootmans and Councillor Wyness

Moved by Public Member Naicker

That Committee rise and report.

MOTION CARRIED

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 External Auditor – Approval of Additional Services and Fees for 2023 Audit, AC2024-0359

People in attendance during the Closed Meeting discussions with respect to Confidential Report AC2024-0359:

Clerks: S. Lancashire, J. Booth, and J. Phillips. Advice: S. Dalgleish, C. Male, M. Thompson, L. Tochor, L. Ormsby, and C. Smillie. External: H. Gill, N. Torgrimson, S. Milojevik, and S. Rajani.

Moved by Public Member Kim

That with respect to Confidential Report AC2024-0359, the following be approved:

That Audit Committee:

1. Approve Recommendation 1 as contained in Confidential Report AC2024-0359;
2. Forward this report to Council for information and the Corporate Record; and
3. Recommend this report, Recommendation 1, the attachment, and the Closed Meeting discussions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2024 April 30.

For: (5): Councillor Spencer, Councillor Walcott, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

10.1.2 External Auditor (Verbal), AC2024-0284

People in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2024-0284:

Clerks: S. Lancashire, J. Booth, and J. Phillips. Advice: S. Dalgleish, C. Male, M. Thompson, L. Tochor, L. Ormsby, and C. Smillie. External: H. Gill, N. Torgrimson, S. Milojevik, and S. Rajani.

Moved by Public Member McGillivray

That with respect to Confidential Verbal Report AC2024-0284, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

For: (5): Councillor Spencer, Councillor Walcott, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

10.1.3 Confidential Progress Update on 2023 Annual Financial Report (Verbal), AC2024-0336

Administration in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2024-0336:

Clerks: S. Lancashire, J. Booth, and J. Phillips. Advice: C. Male, L. Tochor, L. Ormsby, and C. Smillie.

Moved by Public Member Naicker

That with respect to Confidential Verbal Report AC2024-0336, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

For: (5): Councillor Spencer, Councillor Walcott, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

10.1.4 Audit Forum (Verbal), AC2024-0283

Administration in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2024-0283:

Clerks: S. Lancashire, J. Booth, and J. Phillips. Advice: C. Male, L. Tochor, L. Ormsby, and C. Smillie.

Moved by Councillor Walcott

That with respect to Confidential Verbal Report AC2024-0283, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

For: (5): Councillor Spencer, Councillor Walcott, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

10.1.5 City Auditor (Verbal), AC2024-0285

Administration in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2024-0285:

Clerks: S. Lancashire, J. Booth, and J. Phillips. Advice: L. Ormsby and C. Smillie.

Moved by Public Member Kim

That with respect to Confidential Verbal Report AC2024-0285, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

For: (5): Councillor Spencer, Councillor Walcott, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

10.2 URGENT BUSINESS

None

11. BRIEFINGS

None

12. ADJOURNMENT

Moved by Councillor Walcott

That this meeting adjourn at 11:31 a.m.

MOTION CARRIED

The following Items have been forwarded to the 2024 April 30 Regular Meeting of Council:

CONSENT AGENDA

- Annual Law Audit Report, AC2024-0236
- Administration Code of Conduct Annual Update, AC2024-0292
- External Auditor – Approval of Additional Services and Fees for 2023 Audit, AC2024-0359

The next Regular Meeting of the Audit Committee is scheduled to be held on 2024 April 18 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

CHAIR	CITY CLERK

Chief Financial Officer's Report to Audit Committee 2024 April 18

ISC: UNRESTRICTED AC2024-0460

The City of Calgary 2023 Annual Investment Report

PURPOSE

The Annual Investment Report is an integral component of The City's investment governance structure and risk oversight to ensure investments are optimally managed. This report provides a summary of 2023 investment activity, asset mix, asset class and investment manager performance, as well as compliance information for Audit Committee.

The City of Calgary has allocated money to provide benefits for a variety of different purposes. While the monies are waiting to be disbursed the assets are invested to provide a rate of return to protect the funds from variety of different risks including but not limited to liability growth, cost inflation and preservation of principle. The City of Calgary Investment and Governance Policy CP2020-02 governs the investments of The City. City funds are invested in a diversified portfolio of financial assets consisting of money market securities, short- and long-term government and corporate bonds, global and Canadian equity investments, and real asset investments, to meet the investment objectives of City funds. This includes return and liquidity requirements as well, to match funds with longer-term time horizons.

PREVIOUS COUNCIL DIRECTION

Pursuant to The City of Calgary Investment and Governance Policy CP2020-02, Administration reports to Council annually, through the Audit Committee, regarding the investments of The City during the year.

RECOMMENDATION(S):

That the Audit Committee:

1. Recommends Council approval of The City of Calgary 2023 Annual Investment Report

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

The investments in financial markets provide an important source of revenue for The City of Calgary. The results presented in the Annual Investment Report highlight The City's commitment to a well diversified and risk conscious approach to its investment portfolio. The governance and oversight provided by the Investment Advisory Committee ensures the preservation of capital, the income generation, and capital growth of the portfolio are done in a prudent manner. The income and capital growth provide necessary contributions to the overall goal of a Well-Run City.

HIGHLIGHTS

- As part of a sound governance practice, the Annual Investment Report provides the Audit Committee and Council with the reporting of The City's investment activity, asset class holdings, and performance during 2023 to meet investment objectives.

**Chief Financial Officer's Report to Audit Committee
2024 April 18**

**ISC: UNRESTRICTED
AC2024-0460**

The City of Calgary 2023 Annual Investment Report

- In 2023, The City of Calgary's total investment portfolio (including internally and externally managed portfolios), returned 7.61 per cent after fees on a market value basis.
- The 2023 net portfolio return outperformed the benchmark return of 7.51 percent by 35 basis points, as well as inflation in 2023, which was 3.9 per cent in Canada.
- On a three-year annualized basis, the total portfolio returns of 1.02 per cent exceeded the benchmark return of 0.46 per cent.
- Gross income generated by the investment program was $255.8 million, with a net income to the operating budget of $98.4 million after distributions to reserves, capital deposits, self-supported business units, and investment expenses.
- Investment related expenses were $21.7 million.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

- The City of Calgary Investment and Governance Policy CP2020-02 directs the investment of The City's assets, which at 2023 December 31, the market value of The City's total investment portfolio was $6.82 billion.
- The funds are managed in a series of asset classes which include short-term liquidity, short-term fixed income, long-term fixed income, equities, and real assets (infrastructure).
- The funds are managed to meet the investment objectives of City funds. This includes return, liquidity, and capital preservation requirements, as well as longer term growth to match funds with longer-term time horizons.
- The management of The City's investment portfolios follows industry best practice and aligns with prudent stewardship of financial resources and sustainability of The City.

EXTERNAL ENGAGEMENT AND COMMUNICATION

☐ Public engagement was undertaken

☐ Public/interested parties were informed

☐ Dialogue with interested parties was undertaken

☒ Public communication or engagement was not required

Chief Financial Officer's Report to Audit Committee
2024 April 18

ISC: UNRESTRICTED
AC2024-0460

The City of Calgary 2023 Annual Investment Report

IMPLICATIONS

Social

Prudent investment in companies and governments that follow environmental and social principles supports sustainable risk/return performance of City investments to meet City goals and objectives.

Environmental

Prudent investment in companies and governments that follow environmental and social principles supports sustainable risk/return performance of City investments to meet City goals and objectives.

Economic

Financial and economic market conditions impact both investment income earned, as well as the market valuation of The City's investment portfolios.

Service and Financial Implications

Other: Multiple

Investment Income earned is part of the budgeted amounts for General Revenues as well the projected balances for reserves and business units that have funds being invested. Investment income can help offset cost escalations for projects and other developments thus reducing possibility of project funding shortfalls. A shortfall of investment income could increase the burden on taxpayers, while a surplus could reduce that burden.

RISK

The City of Calgary mitigates risk within its investment portfolios through a sound governance structure, adherence to government regulations, and The City's Investment Policy. Investment managers retained by The City, manage risk by investing in quality investments and ensuring sufficient diversification among holdings in their portfolios. The Investment Advisory Committee oversees investment strategy and regularly reviews the investment activity, compliance, and risk mitigation practices of both internal and external managers to meet City's investment objectives. Prudent investment in companies and governments that follow environmental and social principles supports sustainable risk/return performance of City investments to meet City goals and objectives.

ATTACHMENT(S)

1. Attachment 1 - Previous Council Direction, Background
2. Attachment 2 – The City of Calgary 2023 Annual Investment Report
3. Attachment 3 – Presentation – 2023 Annual Investment Report

Chief Financial Officer's Report to Audit Committee
2024 April 18

ISC: UNRESTRICTED
AC2024-0460

The City of Calgary 2023 Annual Investment Report

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Corporate Planning and Financial Services	Approve

Author: Rodney Babineau, Treasury

Background

The City of Calgary has allocated money to provide benefits for a variety of different purposes. While the monies are waiting to be disbursed the assets are invested to provide a rate of return in order to protect the funds from variety of different risks including but not limited to liability growth, cost inflation and preservation of principle. The City of Calgary Investment and Governance Policy CP2020-02 governs the investments of The City.

Context

City funds are invested in a diversified portfolio of financial assets consisting of money market securities, short- and long-term government and corporate bonds, global and Canadian equity investments, and real asset investments, to meet the investment objectives of City funds. This includes return and liquidity requirements as well, to match funds with longer-term time horizons.

The Annual Investment Report is an integral component of The City's investment governance structure and risk oversight to ensure investments are optimally managed. This report provides a summary of 2023 investment activity, asset mix, asset class and investment manager performance, as well as compliance information for Audit Committee.

Previous Council Direction

Pursuant to The City of Calgary Investment and Governance Policy CP2020-02, Administration reports to Council annually, through the Audit Committee, regarding the investments of The City during the year.

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2023 April 19	AC2023-0363	Chief Financial Officer's Report to Audit Committee 2022 Annual Investment Report

Bylaws, Regulations, Council Policies

City of Calgary Investment and Governance Policy CP2020-02

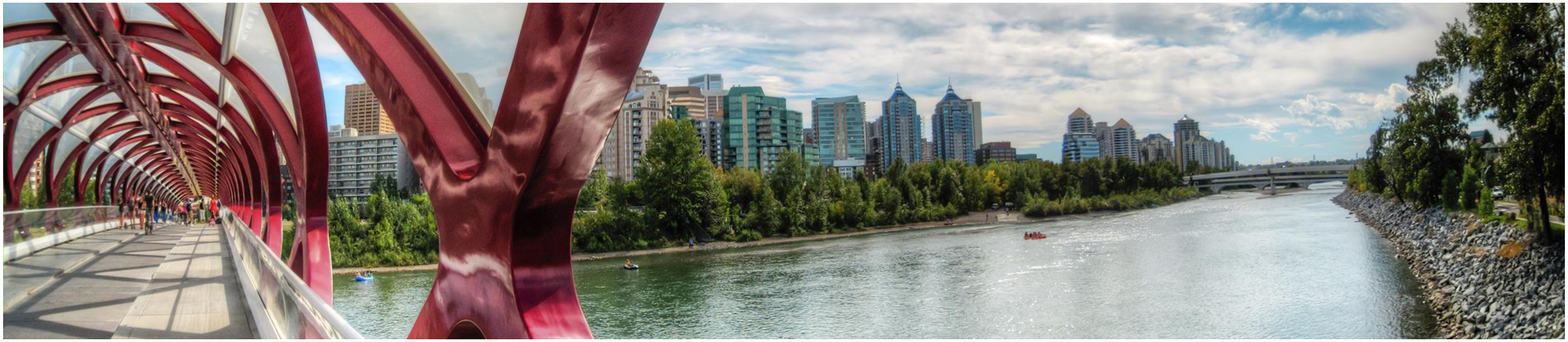
City of Calgary Investment and Governance Policy CP2020-02

AC2024-0460
ATTACHMENT 2

2023 Annual Investment Report

Corporate Planning & Financial Services

All figures and returns are stated in Canadian dollars unless otherwise noted



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Capital Markets Review

2023 began with caution, following the first year on record that saw double-digit negative returns for both fixed income investments and equities, and was marked by significant volatility as investors navigated the changing economic environment. Despite potential headwinds from geopolitical instability, especially in the Middle East, the year closed strongly, with positive returns across almost all asset classes as confidence in an economic soft landing increased.

Hawkish monetary policy continued into mid-2023, with the Bank of Canada and US Federal Reserve raising target interest rates by 75 and 100 basis points, respectively, before indicating an end to the hikes as inflation showed signs of normalization; in Canada, the inflation rate declined from 6.8% in 2022 to 3.9% in 2023.

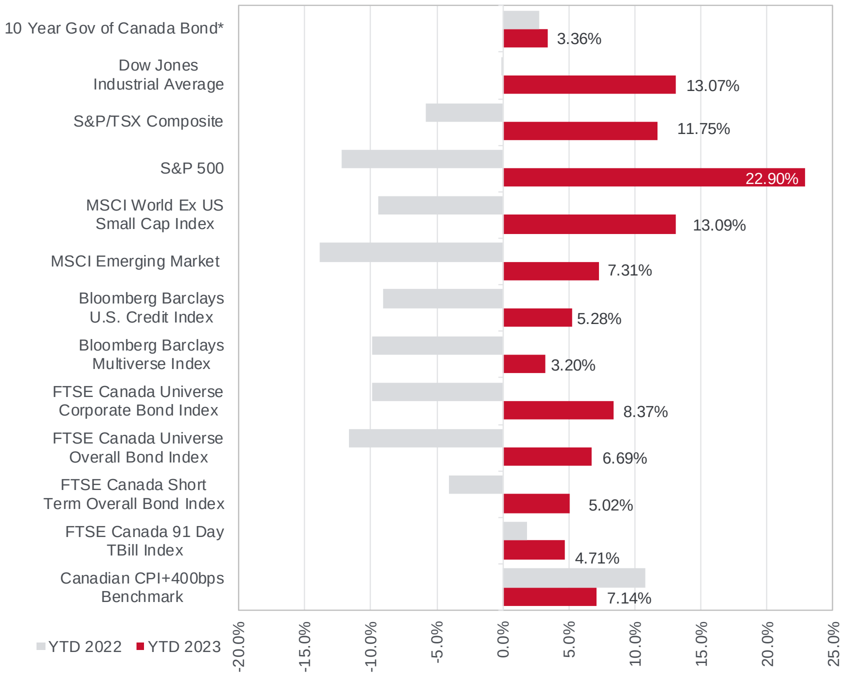
Equity returns in 2023 were strong, with the MSCI All Country World Index returning 18.9%. Equity returns were themselves dominated by American 'mega-cap stocks', particularly in the information technology sector, leading the S&P 500 to a return of 22.9%. The year was marked by the outperformance of large-caps over small-caps, the US over the world, and the developed world over emerging markets, reflected in relatively stronger returns for The City of Calgary (The City)'s core equity mandates.

Canadian bond returns were positive in 2023, driven by declines of 10 to 25 basis points in Canadian longer-term bond yields year-over-year. The FTSE Canada Universe Bond Index returned 6.7% for the year, while short-term bond returns were slightly lower, with the FTSE Canada Short Term Bond Index returning 5.0%, as higher yields were offset by unfavourable moves on the short side of the yield curve. Investment income earned by The City's investment portfolio was able to offset realized capital losses.

Crude oil was rangebound for most of 2023 with a moderate spike in price in September and subsequently falling to close the year 10.7% lower. The Canadian dollar strengthened against the US dollar (USD) by 2.4%, driven largely by broad USD weakness in anticipation of dovish monetary policy, and showed strength relative to most major global currencies except the Euro, pound sterling, and Swiss franc.

Sources: CC&L, Refinitiv, BNP, Government of Canada

2023 Capital Market Returns



**Yield as at December 31, 2023*
Source: CIBC Mellon, eVestment, Government of Canada, Refinitiv

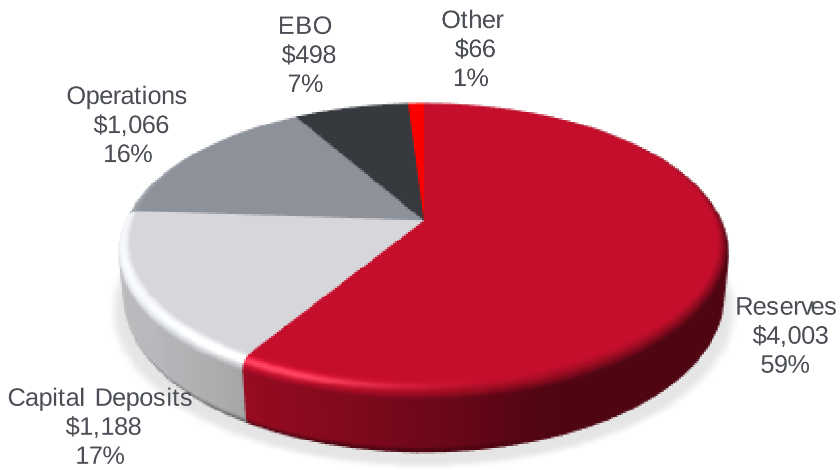
Investment Objectives

The City of Calgary has three core investment objectives that drive all strategic investment decisions:

1. **Preservation of Capital**
    a. Primary objective for total investment portfolio
2. **Risk Mitigation**
    a. Diversification of asset classes and security holdings by sector, geography, and style
    b. Policy constraints and limits
3. **Investment Returns**
    a. Maximization of returns, relative to risk
    b. Key considerations related to liquidity and investment time horizon requirements

Portfolio Composition

As at December 31, 2023 ($ millions)



Sources of Investments

The City of Calgary invests funds from the following sources:

- Reserves: operating, capital and sustainment
- Capital Deposits: off-site levies and government grants
- Funded Employee Benefit Obligations (EBO)
- General Operations
- Other: trusts and affiliated entities

Each source of funds has its own objectives, constraints, target asset mix, and income allocation rules for that fund. The composition of the full portfolio is determined by the aggregation of these individual policies according to the proportion that each source contributes.

 ISC: UNRESTRICTED

Summary of Investments

Total Assets Under Management

As at December 31, 2023, the market value of The City's total investment portfolio was $6.82 billion, an increase of $588 million from $6.23 billion in the previous year, predominantly due to strong returns in both the equity and fixed income sectors.

Market value and cost – last five quarters

$ millions

Market value	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Internal Management					
Short Term Liquidity	1,237	1,679	1,693	1,117	1,448
External Management					
Short Term Fixed Income	1,921	2,011	2,038	1,902	1,819
Universe Fixed Income	2,394	1,887	1,898	1,904	1,836
Equities	751	695	704	684	643
Real Assets	475	491	478	480	451
Currency Overlay	43	36	42	36	35
Total	**6,820**	**6,799**	**6,853**	**6,121**	**6,232**

Cost	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Internal Management					
Short Term Liquidity	1,237	1,679	1,693	1,117	1,448
External Management					
Short Term Fixed Income	1,944	2,105	2,107	1,950	1,900
Universe Fixed Income	2,458	2,091	2,032	2,013	1,994
Equities	697	689	689	686	692
Real Assets	474	467	462	432	416
Currency Overlay	29	35	38	37	43
Total	**6,839**	**7,066**	**7,021**	**6,234**	**6,492**

Totals may not add due to rounding.

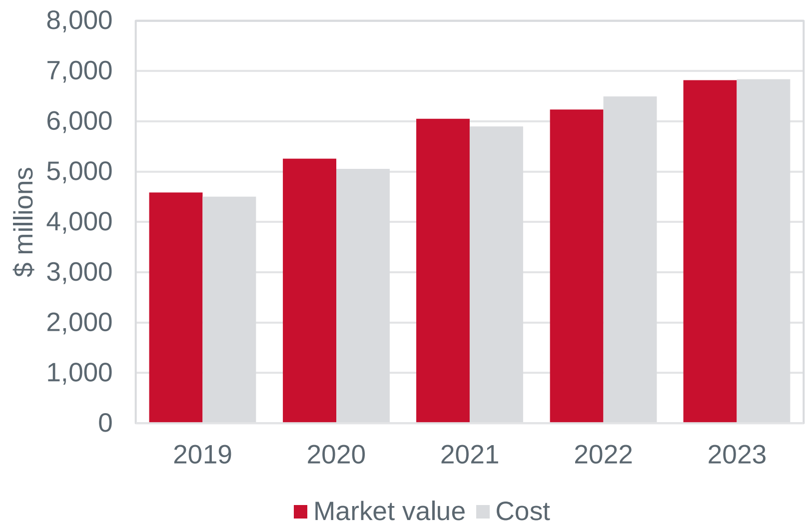
Growth in Investments

The City's investment portfolio has grown by $2.24 billion since year end 2019. Approximately 70 per cent of this increase was driven by additions to sources of capital, with the remainder deriving from investment returns.

Going forward, the rate of asset growth will depend on contributions to and withdrawals from reserves, investment returns, and major capital projects.

Due to the strong returns from equities and fixed income, unrealized losses decreased from $260 million at year end 2022 to $19 million at year end 2023.

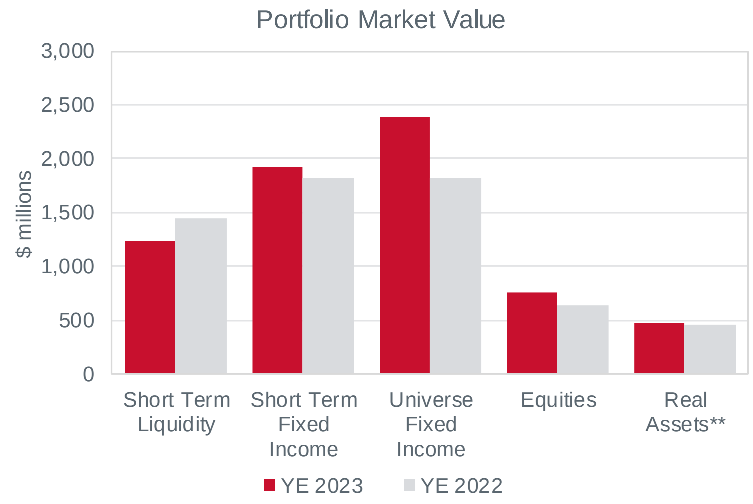
Year-End AUM

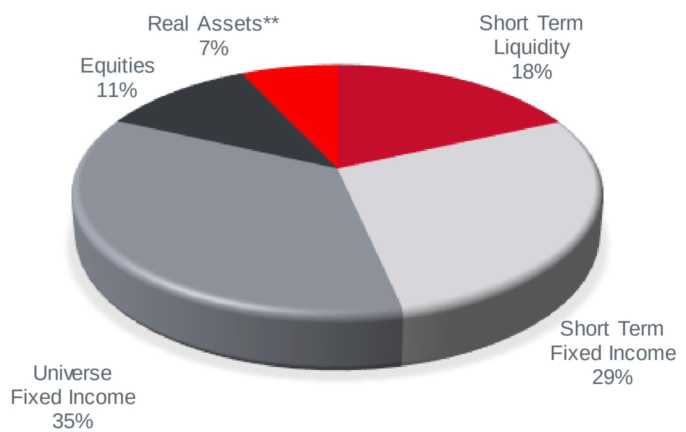


ISC: UNRESTRICTED

Investment Allocation

Portfolio Manager/mandate	Market Value ($ millions)	Allocation %
Short Term Liquidity	**1,236.9**	**18.3%**
Short Term Liquidity	1,236.9	18.3%
Short Term Fixed Income	**1,921.0**	**28.3%**
Short Term Universe Bonds	**1,297.6**	**19.1%**
PH&N Short Term	454.1	6.7%
CC&L Short Term	359.0	5.3%
Short-Term Bonds (Internal)	484.5	7.1%
Canadian Commercial Mortgages	**623.4**	**9.2%**
PH&N Mortgage	374.2	5.5%
Addenda Mortgage	132.2	2.0%
Sun Life Mortgage	117.1	1.7%
Universe Fixed Income	**2,393.8**	**35.3%**
Universe Bonds	**1,071.8**	**15.8%**
PH&N Universe	454.1	6.7%
CC&L Universe	456.6	6.7%
BlackRock Universe	161.0	2.4%
Global Bonds	**944.7**	**13.9%**
Pimco	391.6	5.8%
Manulife	355.3	5.2%
BlackRock FIGO	197.8	2.9%
Private Credit*	**377.3**	**5.6%**
Sun Life PFIP	176.5	2.6%
Bridgepoint BDL II	61.1	0.9%
Crestline SLF II	28.2	0.4%
Crestline SLF III	37.1	0.5%
Brookfield BID III	36.6	0.5%
Bridgepoint BDL III	37.8	0.6%
Equities	**750.8**	**11.1%**
Vanguard US ETF	328.4	4.8%
CC&L - International	208.0	3.1%
Wasatch Small Cap	118.1	1.7%
Ashmore Emerging Market	96.3	1.4%
Real Assets**	**474.7**	**7.0%**
Northleaf NICP II & NSIP	138.1	2.0%
CBRE GIF	152.7	2.3%
Brookfield IM	74.7	1.1%
Northleaf NICP III	51.1	0.8%
BlackRock GRP III	58.2	0.9%





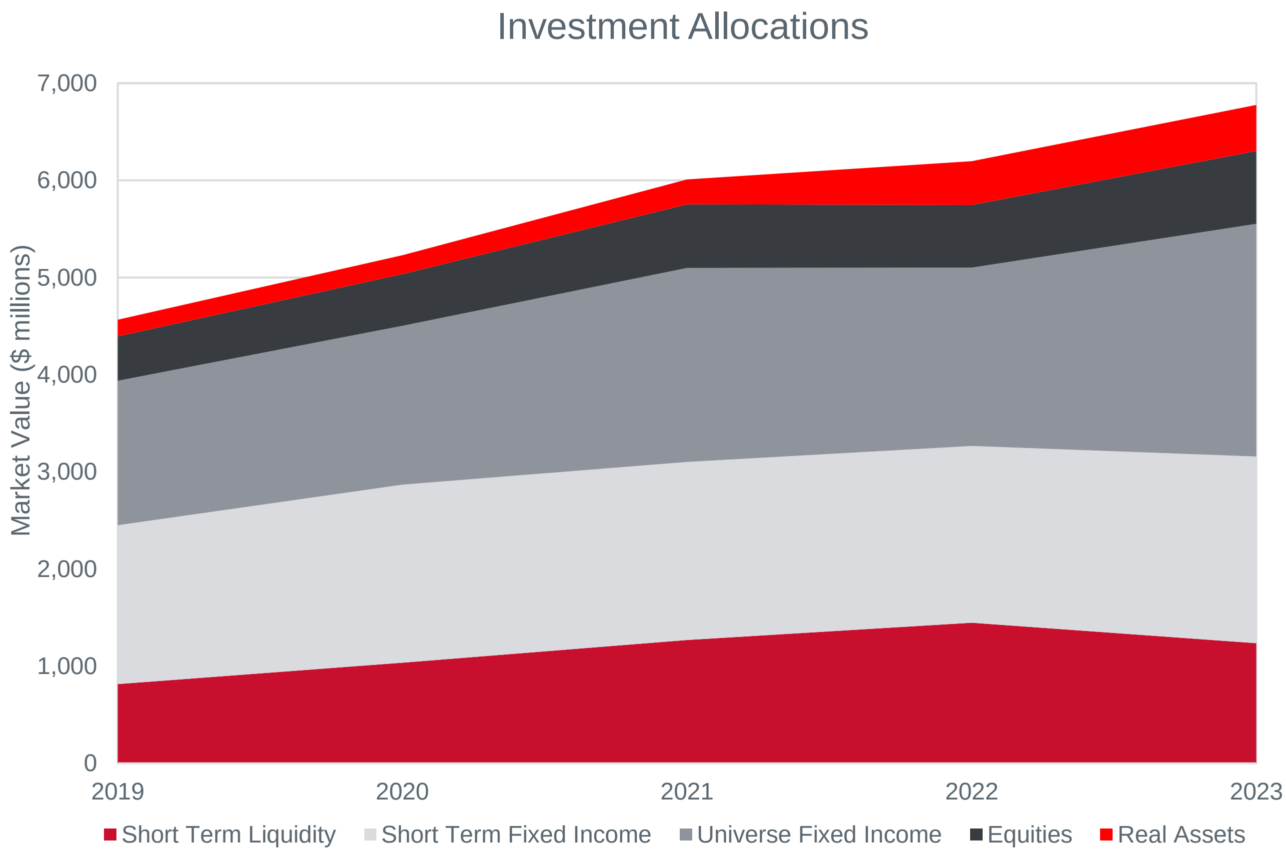
As at December 31, 2023, Source: The City of Calgary, State Street, CIBC Mellon
**Private Credit AUM does not include committed capital not yet deployed ($86 million)*
***Real Assets AUM does not include committed capital not yet deployed ($200 million)*

Investment Allocation (cont.)

The City of Calgary's investment policy was updated in 2020 to revise the aggregate asset mix to help mitigate investment risks and increase risk-adjusted returns. The market value of The City of Calgary's consolidated investment portfolio has increased from $4,584 million at year end 2019 to $6,820 million at December 31, 2023.

The strategic direction over this period has been to increase allocations to longer-term asset classes, which grew from 56 per cent of the total portfolio to 63 per cent of the total portfolio (excluding the Short Term Liquidty Portfolio). The largest of these is the Universe Fixed Income portfolio, which has increased from a market value of $1,456 million to $2,394 million. Private Credit allocations within the Universe Fixed Income portfolio have risen from $209 million to $337 million (excluding $86 million of committed capital not yet deployed). Further, the Real Assets portfolio has grown from $171 million to $475 million (excluding $200 million of committed capital not yet deployed).

Looking forward, The City will continue to grow its exposure to longer-term asset classes through new and existing commitments, while continuing to maintain sufficient liquity to fund operations, and ongoing and near-term projects.



Investment Performance (%, net of fees)

Historical Performance

	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2023	2022	2021	2020	2019
The City of Calgary Consolidated*	**7.61**	**1.02**	**3.17**	**2.71**	**7.61**	**-6.14**	**2.06**	**6.53**	**6.46**
Benchmark	7.35	0.56	2.73	2.34	7.35	-6.46	1.28	6.65	5.55
Value Added	**0.26**	**0.46**	**0.44**	**0.37**	**0.26**	**0.32**	**0.79**	**-0.12**	**0.91**
Short Term Liquidity*	**5.19**	**2.85**	**2.54**	**1.94**	**5.19**	**2.54**	**0.85**	**1.79**	**2.38**
Benchmark	4.71	2.22	1.83	1.31	4.71	1.82	0.17	0.86	1.65
Value Added	**0.48**	**0.63**	**0.71**	**0.63**	**0.48**	**0.73**	**0.68**	**0.93**	**0.73**
Short Term Fixed Income	**5.63**	**0.54**	**2.08**	**2.19**	**5.63**	**-3.78**	**0.00**	**5.93**	**2.95**
Benchmark	5.02	-0.06	1.56	1.78	5.02	-4.05	-0.93	5.19	2.89
Value Added	**0.61**	**0.60**	**0.52**	**0.41**	**0.61**	**0.26**	**0.94**	**0.75**	**0.06**
Universe Fixed Income	**6.98**	**-0.94**	**2.54**	**2.72**	**6.98**	**-8.55**	**-0.63**	**8.53**	**7.43**
Benchmark	6.69	-2.13	1.55	2.21	6.69	-9.77	-2.59	8.23	6.45
Value Added	**0.29**	**1.19**	**0.99**	**0.51**	**0.29**	**1.23**	**1.96**	**0.30**	**0.98**
Equities	**17.23**	**3.30**	**7.69**	**7.79**	**17.23**	**-16.09**	**12.07**	**5.98**	**23.99**
Benchmark	18.92	6.97	12.08	9.45	18.92	-12.43	17.53	14.80	25.88
Value Added	**-1.69**	**-3.67**	**-4.39**	**-1.66**	**-1.69**	**-3.66**	**-5.46**	**-8.82**	**-1.89**
Real Assets	**7.90**	**10.06**	**11.11**	**8.60**	**7.90**	**12.41**	**9.92**	**6.41**	**19.39**
Benchmark	5.05	7.81	7.58	7.07	5.05	8.37	10.43	1.28	14.19
Value Added	**2.85**	**2.25**	**3.53**	**1.53**	**2.85**	**4.04**	**-0.51**	**5.13**	**5.19**
Currency Hedge Overlay	**0.45**	**0.30**	**0.64**	**0.19**	**0.45**	**-0.58**	**1.02**	**0.73**	**1.62**
Benchmark	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Value Added	**0.45**	**0.30**	**0.64**	**0.19**	**0.45**	**-0.58**	**1.02**	**0.73**	**1.62**

** The City of Calgary's Consolidated and Short Term Liquidity performance excludes High Interest Savings Accounts (HISA). The estimated returns, including HISA, for The City of Calgary Consolidated and Short Term Liquidity portfolios for 2023 are 7.29% and 5.36%, respectively.*
Source: State Street, The City of Calgary

Performance Measurement Benchmarks

The investment performance of all funds is reported to the Investment Advisory Committee on a quarterly basis and presented annually to The City's Audit Committee. Investment benchmarks* are used for comparison purposes to assess the actual performance of The City's investment managers versus their respective performance benchmarks. Active investment managers are expected to generate higher returns (net of fees) than the benchmark measure over a business cycle.

Short Term Fixed Income Portfolio

- FTSE Canada Short Term Bond Index (Addenda, Connor, Clark & Lunn (CC&L), Phillips, Hager & North (PH&N), Internal Short Term Bonds, Sun Life)

Universe Fixed Income Portfolio

- FTSE Canada Universe Bond Index (BlackRock, PH&N, CC&L)
- Bloomberg US Credit Index (PIMCO)
- Bloomberg Capital Multiverse Index Unhedged ($ CAD) (Manulife)
- Bloomberg Global Aggregate Bond Index (BlackRock)
- FTSE Canada Universe Corporate Bond Index (Sun Life)
- MorningStar US Leveraged Loan Index + 200 bps (Crestline, Brookfield)
- MorningStar European Leveraged Loan Index + 200 bps (Bridgepoint)

Equity Portfolio

- MSCI All Country World Index (ACWI) ex-US Index (CC&L)
- S&P 500 Total Return Index (Vanguard US)
- MSCI Emerging Market (EM) Index (Ashmore)
- MSCI World Small Cap Index (Wasatch)

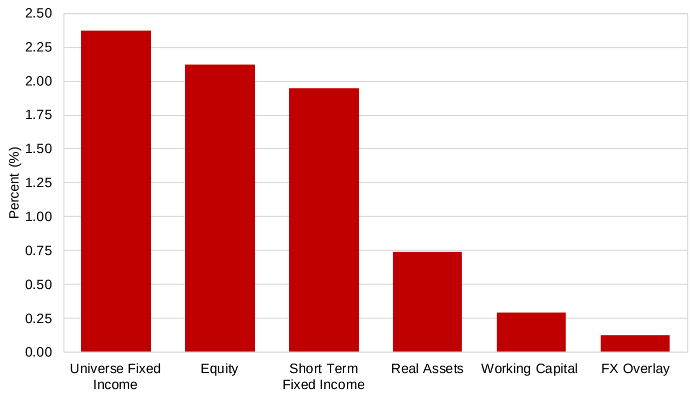
Real Assets

- Consumer Price Index (CPI) + 400 bps (Northleaf, Northleaf US, BlackRock GRP, CBRE CGIF)
- FTSE Global Core Infrastructure 50-50 Index (Brookfield)

** Please refer to Appendix 2 for the disclaimer of the benchmarks*

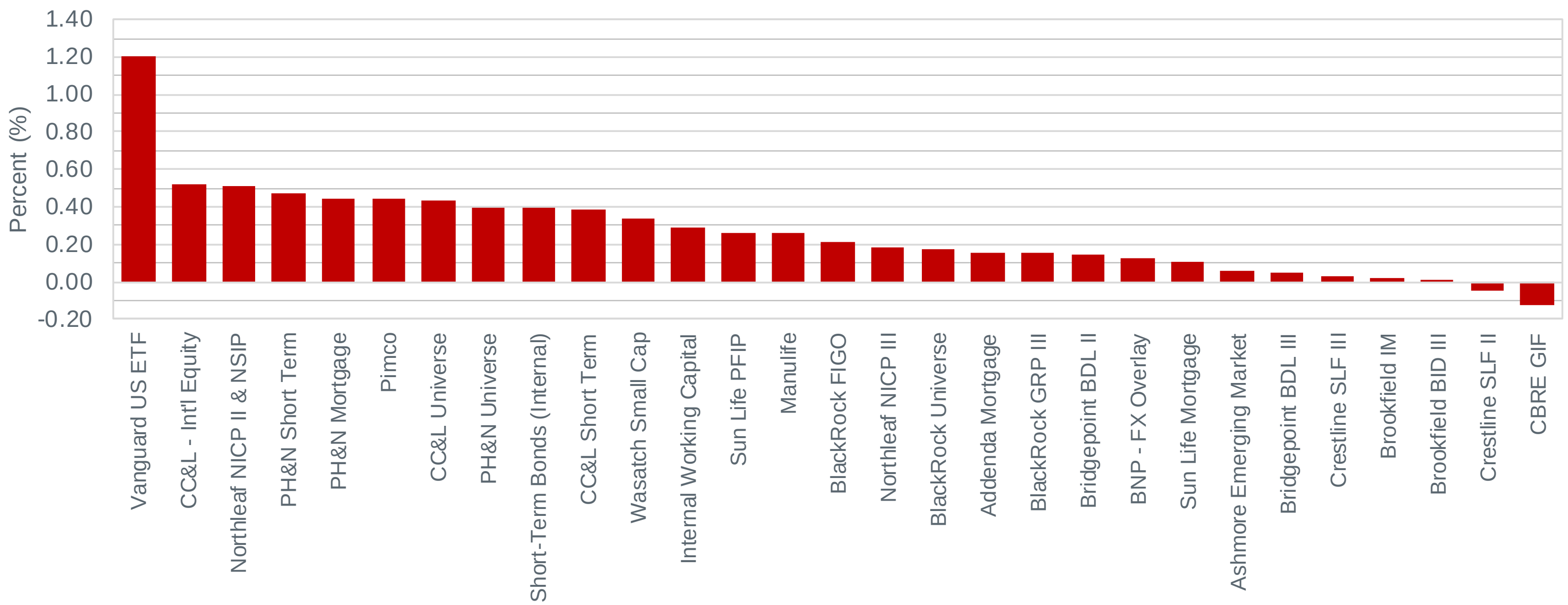
Contribution to Return

Portfolio Contribution to Return – 2023



- The City of Calgary's consolidated portfolio return in 2023 was 7.61%
- The combination of higher yields and a decrease in interest rates led to higher returns in both Short- and Universe Fixed Income, which were significant contributors to the portfolio's total return
- Relative to its weight, equity was the greatest contributor to the returns of The City's portfolio

Mandate Contribution to Return – 2023



 ISC: UNRESTRICTED

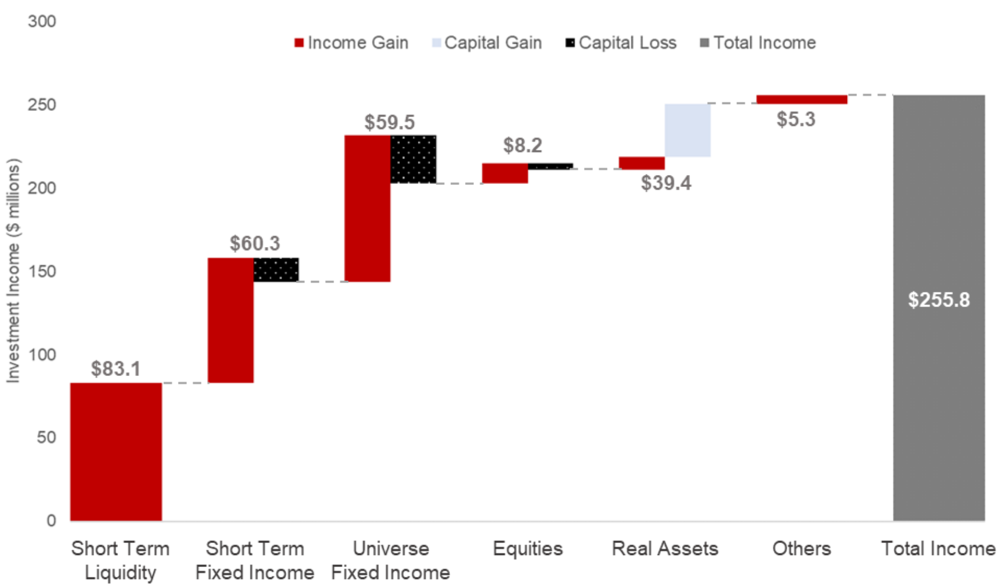
Investment Income

In 2023, The City of Calgary's total portfolio generated $255.8 million of investment income before expenditures and allocations. Investment income varies from investment return because it is calculated based on interest, dividends, and realized capital gains and losses. This excludes unrealized gains and losses, which constituted approximately half of the portfolio's return in 2023. Corporate Total Investment Income was primarily attributable to high yields in fixed income portfolios. As The City's investments have grown, expenditures, including investment management fees paid to external investment managers and interest expenses for the commercial paper program, have increased.

Investment Income ($ millions) for the years ended December 31	2017	2018	2019	2020*	2021	2022	2023
Corporate Total Investment Income	**125.6**	**73.6**	**211.5**	**167.7**	**168.1**	**160.2**	**255.8**
Expenditures (net of receivables)	7.0	2.4	7.0	11.2	17.0	19.5	33.8
Available Income for Allocation	**118.6**	**71.2**	**204.5**	**156.6**	**151.1**	**140.7**	**222.0**
Allocations to Self-Supporting Business Units and Capital Deposits	40.2	22.0	43.1	52.0	48.5	34.6	64.3
Transfers to Reserves from Operations	27.2	19.0	41.0	47.0	43.1	31.3	59.3
General Investment Income	**51.2**	**30.2**	**120.4**	**57.6**	**59.4**	**74.7**	**98.4**

**In 2020, the overall investment portfolio generated a general investment income of $57.6 million versus the budgeted income target of $36 million, and an excess income of $21.6 million was allocated to the Established Area Growth Change Strategy Reserve. Prior to 2022, expenditures did not include embedded management fees for externally managed strategies. See "Expense Management" on p.28 for details.*

Investment Income – 2023



Short Term Liquidity

Investment Objective

To generate investment income while preserving capital and providing liquidity for the cash flow requirements of all The City's funds.

Performance (% net of fees)

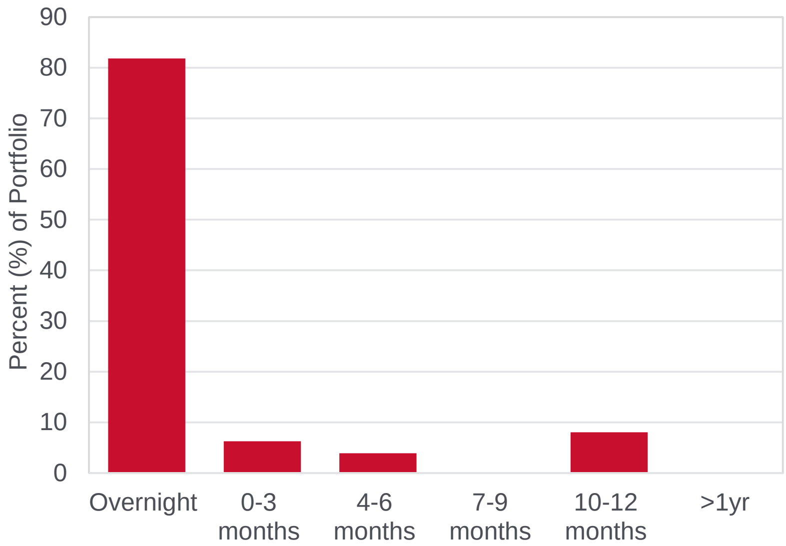
For the year ended December 31, 2023

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
Short Term Liquidity	**5.19**	**2.85**	**2.54**	**1.94**
Benchmark	4.71	2.22	1.83	1.31
Value Added	**0.48**	**0.63**	**0.71**	**0.63**

Benchmark: FTSE Canada 91 Day Treasury Bill Index
**Returns are Term Deposits only. The estimated return, including returns from HISA, for 2023 is 5.36%.*

Portfolio Maturities

As at December 31, 2023



Assets Under Management

	$ millions
Term Deposits	305.0
High Interest Savings & High Interest Notice Accounts	931.9
Closing Net Asset Value - Dec 31, 2023	1,236.9

This portfolio was partially funded by up to $300.0 million of outstanding commercial paper issued by The City.

Positioning

The Short Term Liquidity Portfolio invests in a combination of corporate and bank paper, term deposits, and short-term government and corporate bonds. All investments in the Short Term Liquidity Portfolio mature in one year or less. In 2023, cash balances declined as the longer-term fixed income investments became relatively more attractive, leading to reallocation from the Short Term Liquidity Portfolio to other fixed income portfolios. Nonetheless, The City continued to receive high rates for holding cash.

Investment Highlights

The internally managed Short Term Liquidity Portfolio returned 5.2% in 2023, exceeding the benchmark return of 4.7%.

 ISC: UNRESTRICTED

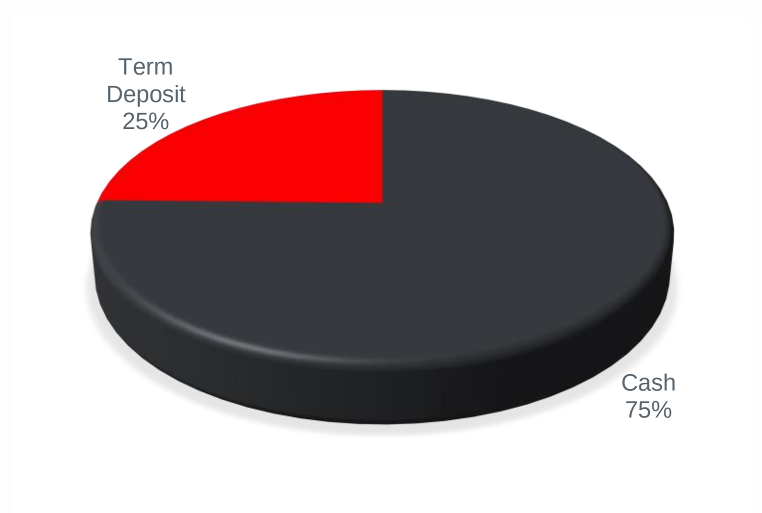
Short Term Liquidity (cont.)

Forward Looking Strategy

The bias for the Short Term Liquidity portfolio continues to favour liquid high interest savings accounts, as The City receives high rates from its bank account providers. Nonetheless, as 2023 progressed and the yield curve started to “normalize”, there was an opportunity to lock in GIC rates that were above liquid cash deposit rates and given the increasing probability the Bank of Canada may start to cut rates in the later half of 2024, the portfolio may continue to add to its GIC holdings when rates make it attractive to do so.

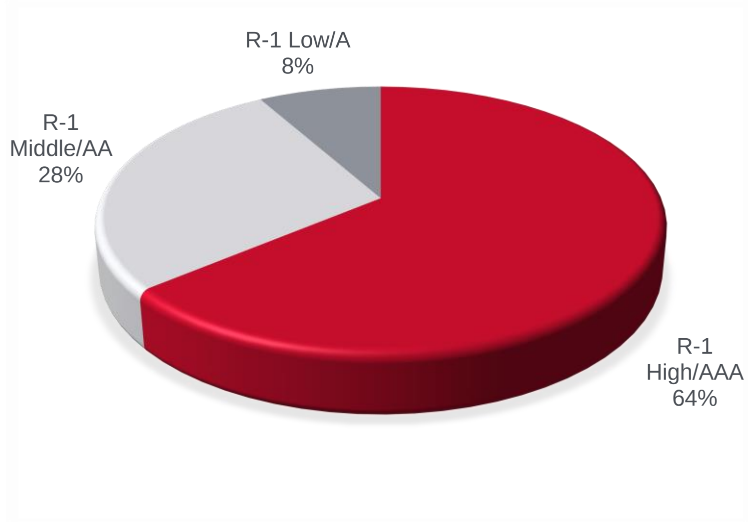
Asset Type

As at December 31, 2023



Credit Quality*

As at December 31, 2023



**Term deposits only*

Commercial Paper Program

To supplement The City’s liquidity requirements, The City has a $300 million Commercial Paper program which was 100% utilized throughout Q4 2023. The high utilization rate reflects The City’s ability to issue Commercial Paper at rates lower than rates that The City receives in liquid high interest rate accounts.

Short Term Fixed Income

Investment Objective

To provide exposure to short-term Canadian fixed income securities and commercial mortgages, with an emphasis on capital preservation and income generation.

Performance (% net of fees)

For the year ended December 31, 2023

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
Short Term Fixed Income	**5.63**	**0.54**	**2.08**	**2.19**
Benchmark	5.02	-0.06	1.56	1.78
Value Added	**0.61**	**0.60**	**0.52**	**0.41**

Benchmark: FTSE Canada Short Term Bond Index

Composition

As at December 31, 2023

Mandate	AUM ($ millions)	% of portfolio	Current Yield (%)	Duration (years)
PH&N Short Term	454.1	24%	4.26%	2.6
Short Term Bonds (Internal)	484.5	25%	4.94%	2.7
CC&L Short Term	359.0	19%	4.20%	2.4
PH&N Mortgage	374.2	19%	5.27%	2.8
Addenda Mortgage	132.2	7%	6.13%	1.9
Sun Life Mortgage	117.1	6%	5.55%	3.2
Short Term Fixed Income	**1,921.0**		**4.82%**	**2.6**

Assets Under Management

	$ millions
Opening Net Asset Value - January 1, 2023	**1,819.0**
Cash Flows	-15.4
Portfolio Gains & Losses*	117.5
Closing Net Asset Value - Dec 31, 2023	1,921.0

**Includes realized/unrealized capital gains and losses, dividends, and interest income*

Positioning

Over 2023, The City reallocated a portion of non-mortgage fixed income investments from the Short Term Fixed Income portfolio to the Universe Fixed Income portfolio in an effort to lengthen the duration of the consolidated portfolio.

Investment Highlights

The Short Term Fixed Income portfolio returned 5.6% in 2023 versus the benchmark return of 5.0%. Current yields within the portfolio remain in the 4-6% range, which is a slight decline since year-end 2022.

Canadian commercial mortgages moderately outperformed short-term public bonds over the course of 2023.

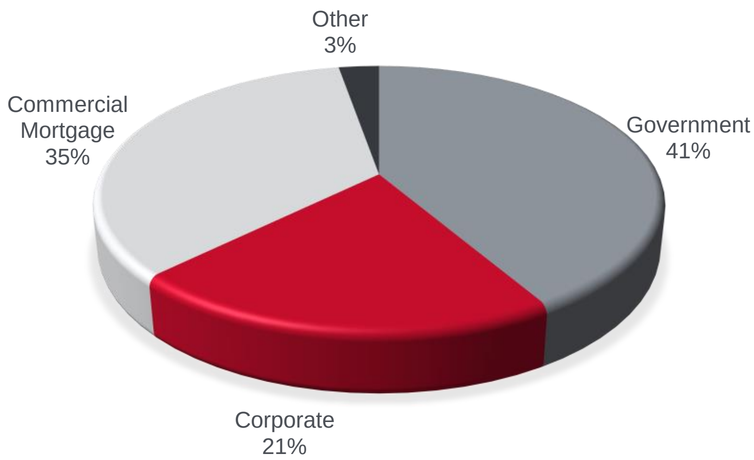
Forward Looking Strategy

The City plans to further reduce the Short Term Fixed Income portfolio in 2024 to fund commitments in the Real Assets portfolio and continue to rebalance into other asset classes.

Short Term Fixed Income (cont.)

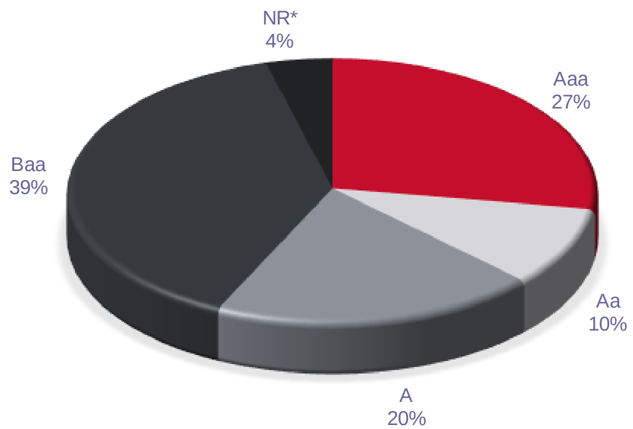
Sector Allocation

As at December 31, 2023



Credit Quality

As at December 31, 2023



NR – not rated

**The credit rating for commercial mortgages was estimated at 'Baa'*

Geographic Allocation

As at December 31, 2023, the Short Term Fixed Income portfolio was 98.7% allocated to Canada, with 1.1% allocated to the United States and the remainder to the United Kingdom.

Responsible Investing

Manager	PRI Signatory	PRI Rating	Other Ratings
Addenda	✓	★★★☆☆	
CC&L	✓	★★★☆☆	
PH&N	✓	★★★★★	AA (MSCI)
Sun Life	✓	★★★★☆	AAA (MSCI)

**PRI – the United Nations Principles for Responsible Investing*

- Addenda was among 25 signatories of an open letter calling for the joint adoption of the new non-financial disclosure standards of the International Sustainability Standards Board (ISSB).
- CC&L believes that many ESG factors have a material impact on investment risk and return across time horizons and asset classes. CC&L is a member of various domestic and global industry organizations that promote ESG best practices.
- The PH&N investment teams meet with the management teams and boards of investee companies on an ongoing basis, often discussing ESG-related risks and opportunities that are material to investments. In Q4 2023, the team engaged with a regional development bank to gain a better understanding of the company's ESG-labelled bond program.
- Sun Life joined the Partnership for Carbon Accounting Financials (PCAF) to work with peers on emerging practices for quantifying and disclosing financed emissions.

Universe Fixed Income

Investment Objective

To provide exposure to longer term Canadian and global fixed income securities and Private Credit investments, with an emphasis on capital preservation and income generation.

Performance (% net of fees)

For the year ended December 31, 2023

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
Universe Fixed Income	**6.98**	**-0.94**	**2.54**	**2.72**
Benchmark	6.69	-2.13	1.55	2.21
Value Added	**0.29**	**1.19**	**0.99**	**0.51**

Benchmark: FTSE Canada Universe Bond Index

Composition

As at December 31, 2023

Mandate	AUM ($ millions)*	% of portfolio	Current Yield (%)	Duration (years)**
PH&N Universe	454.1	19%	4.05%	7.3
CC&L Universe	456.6	19%	4.10%	7.2
BlackRock Universe	161.0	7%	3.94%	7.3
Canadian Universe	**1,071.8**	**45%**	**4.05%**	**7.3**
Pimco US IG	391.6	16%	5.32%	6.5
Manulife Strategic Income	355.3	15%	4.54%	4.4
BlackRock FIGO	197.8	8%	6.41%	3.3
Global Fixed Income	**944.7**	**39%**	**5.15%**	**5.1**
Sun Life PFIP	176.5	7%	5.92%	5.9
Bridgepoint BDL II	61.1	3%	10.30%	2.2
Crestline SLF II	28.2	1%	8.00%	3.0
Crestline SLF III	37.1	2%	11.70%	3.0
Brookfield BID III	36.6	2%	10.10%	4.3
Bridgepoint BDL III	37.8	2%	10.90%	4.6
Private Credit	**377.3**	**16%**	**8.26%**	**4.5**
Universe Fixed Income	**2,393.8**		**5.19%**	**6.0**

** Private credit AUM does not include committed capital not yet deployed ($2 million to Crestline SLF III; $3 million to Bridgepoint BDL II; $44 million to Brookfield BID III; $37 million to Bridgepoint BDL III)*

*** An average life of loans was used for Private Credit mandates*

Assets Under Management

	$ millions
Opening Net Asset Value - January 1, 2023	**1,835.9**
Cash Flows	371.5
Portfolio Gains & Losses*	186.3
Closing Net Asset Value - Dec 31, 2023	2,393.8

**Includes realized/unrealized capital gains and losses, dividends, and interest income.*

Positioning

The City contributed significant capital to this portfolio over the course of 2023, increasing its exposure to longer duration fixed income. Exposure to private credit has been maintained through new investments and deployment of committed capital even as existing investment returns are distributed as older vintage funds enter their harvest period.

Investment Highlights

The Universe Fixed Income portfolio returned 7.0% in 2023 versus the benchmark return of 6.7%. The City's public fixed income outperformed its benchmarks, especially on the global side. Strong returns were driven by the year-over-year decline in yields toward the long end of the yield curve.

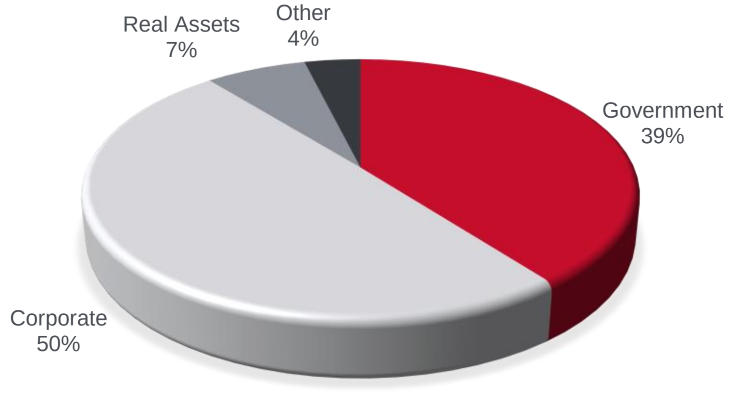
Forward Looking Strategy

The City will continue to allocate to private credit markets through existing commitments to Crestline SLF III, Bridgepoint BDL III and Brookfield BID III, and will look to make further commitments to private credit investments in an effort to diversify current holdings.

Universe Fixed Income (cont.)

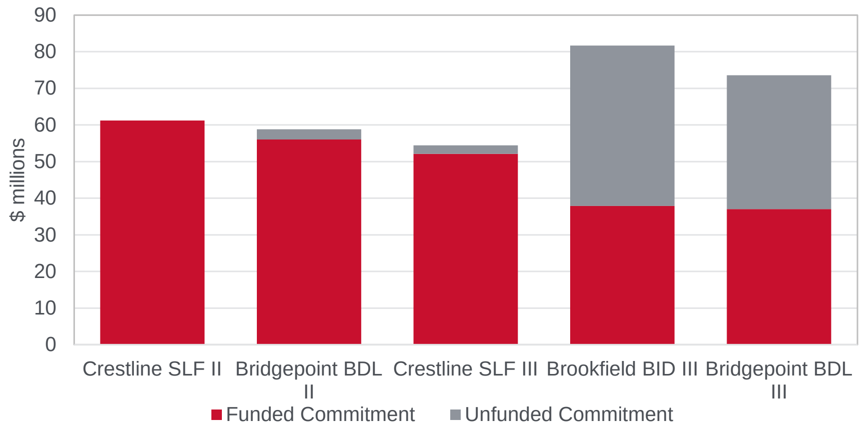
Sector Allocation

As at December 31, 2023



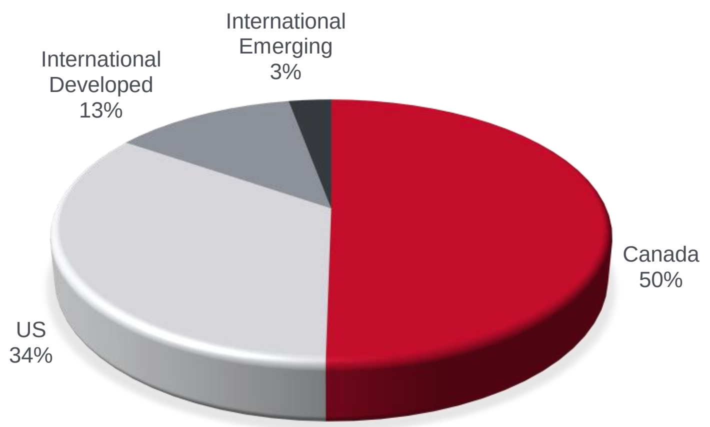
Committed Capital

As at December 31, 2023



Geographic Allocation

As at December 31, 2023



Responsible Investing

Manager	PRI Signatory	PRI Rating	Other Ratings
BlackRock	✓	★★★★☆	AA (MSCI)
Bridgepoint	✓	★★★★★	
Brookfield	✓	n.a.*	AA (MSCI)
Crestline	✓	n.a.*	
Manulife	✓	★★★★☆	AA (MSCI)
Pimco	✓	★★★★★	

**has not gone through official ratings process at time of report publication*

- BlackRock was included in the 2023 Bloomberg Gender Equality Index among 485 global companies.
- Crestline became a signatory to PRI in October 2021 and believes in implementing policies incorporating ESG as complementary to its traditional financial analysis and portfolio construction.

ISC: UNRESTRICTED

Equities

Investment Objective

Investment in a diversified portfolio of global equities located in developed and emerging markets to achieve long-term capital appreciation, dividend income and to help mitigate the effects of inflation.

Performance (% net of fees)

For the year ended December 31, 2023

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
Equities	**17.23**	**3.30**	**7.69**	**7.79**
Benchmark	18.92	6.97	12.08	9.45
Value Added	**-1.69**	**-3.67**	**-4.39**	**-1.66**

Benchmark: MSCI All Country World Index

Composition

As at December 31, 2023

Mandate	AUM ($ millions)	% of portfolio	Strategy	Current Yield (%)
Vanguard US ETF	328.4	44%	Index	1.42%
CC&L International	208.0	28%	Quantitative	3.15%
Wasatch Small Cap	118.1	16%	Active	0.52%
Ashmore Emerging Markets	96.3	13%	Active	1.99%
Equities	**750.8**			**1.83%**

Assets Under Management

	$ millions
Opening Net Asset Value - January 1, 2023	**643.4**
Cash Flows	-2.8
Portfolio Gains & Losses*	110.3
Closing Net Asset Value - Dec 31, 2023	750.9

**Includes realized/unrealized capital gains and losses, dividends, and interest income*

Positioning

The equity portfolio is a mix of index replication, quantitative and actively managed strategies. The portfolio is overweight small/mid cap and emerging market equities compared to the benchmark.

Investment Highlights

The equity portfolio returned 17.2% in 2023 versus the benchmark return of 18.9%. The US market has shown resiliency despite the outlook of ‘higher for longer’ with respect to interest rates and has outpaced both developed and emerging markets. The City’s equity portfolio continues to underperform relative to its MSCI ACWI benchmark. The underperformance in the equity portfolio is largely due to The City’s overweight position to emerging markets and the relative underperformance of the emerging markets strategy itself.

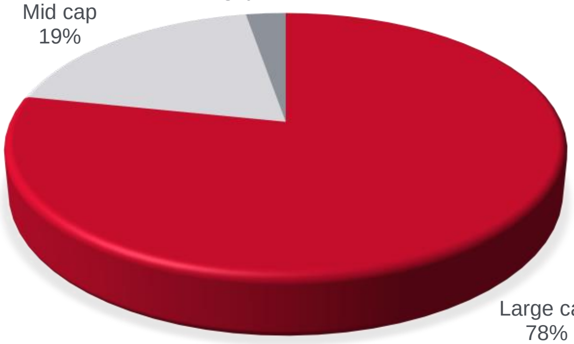
Forward Looking Strategy

The City will look to optimize its investment strategy to better navigate the anticipated dynamics of the 2024 equity landscape. This includes reassessing our selection criteria and allocations, laying the groundwork to outperform the MSCI ACWI benchmark in the long term.

Equities (cont.)

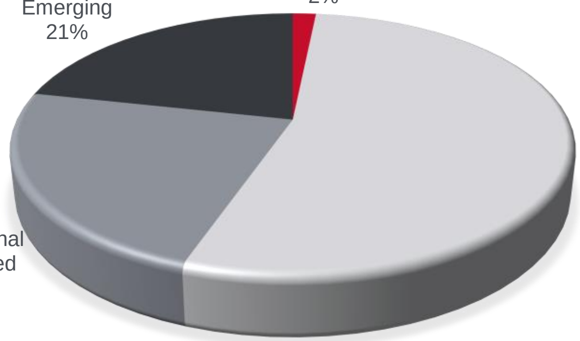
Sector Allocation

As at December 31, 2023



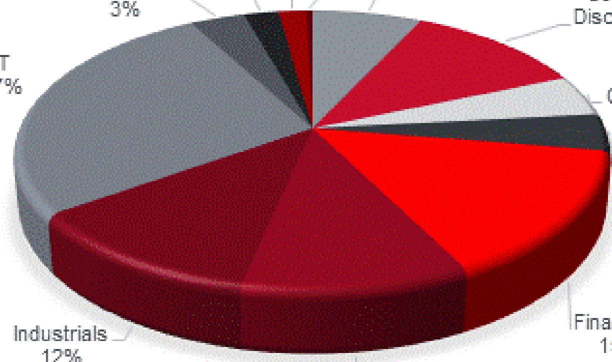
Geographic Allocation

As at December 31, 2023



Sector Allocation

As at December 31, 2023



Responsible Investing

Manager	PRI Signatory	PRI Rating	Other Ratings
Ashmore	✓	★★★★☆	
Vanguard	✓	★★★★☆	
Wasatch	✓	★★★★☆	

- Ashmore has been considering ESG factors in its investment approach since 1992. The firm believes explicit ESG scoring and integration of ESG into the investment process enhances its ability to deliver superior risk-adjusted returns.
- Wasatch adopted OECD ESG guidelines in 2022. The firm hosts ESG training for team members quarterly.

Real Assets

Investment Objective

Investment in infrastructure and real estate assets to help mitigate the effects of inflation and provide diversification in risk-seeking assets.

Performance (% net of fees)

For the year ended December 31, 2023

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
Real Assets	**7.90**	**10.06**	**11.11**	**8.60**
Benchmark	5.05	7.81	7.58	7.07
Value Added	**2.85**	**2.25**	**3.53**	**1.53**

Benchmark: Canadian CPI +4.0%

Composition

As at December 31, 2023

Mandate	AUM ($ millions)**	% of portfolio	Current Yield (%)	Inception Date*
Northleaf NICP II & NSIP	138.1	29%	16.20%	Jan-17
CBRE GIF	152.7	32%	4.00%	May-22
Brookfield Global Listed Infra	74.7	16%	3.00%	Mar-15
Northleaf NICP III	51.1	11%	3.40%	Mar-21
BlackRock GRP III	58.2	12%	5.40%	Jun-21
Real Assets	**474.7**		**7.50%**	

** The City of Calgary engagement date*
*** Real assets AUM does not include committed capital not yet deployed ($14 million to Northleaf NICP II & NSIP; $21 million to Northleaf NICP III; $29 million to BlackRock GRP III; and $136 million to CBRE Global Alpha)*

Assets Under Management

	$ millions
Opening Net Asset Value - January 1, 2023	**451.1**
Cash Flows	16.8
Portfolio Gains & Losses*	6.7
Closing Net Asset Value - Dec 31, 2023	474.7

**Includes realized/unrealized capital gains and losses, dividends, and interest income*

Positioning

The Real Assets portfolio consists of public and private infrastructure investments across four main sectors: Utilities & Renewables, Transports, Energy Infrastructure and Communications.

Investment Highlights

The Real Assets portfolio returned 7.9% in 2023 versus the benchmark return of 5.1%.

During the year, The City made a $100 million USD commitment to its first real estate investment, which will provide exposure to real estate assets on a global scale and offer The City's investment portfolio another diversifiying source of investment return.

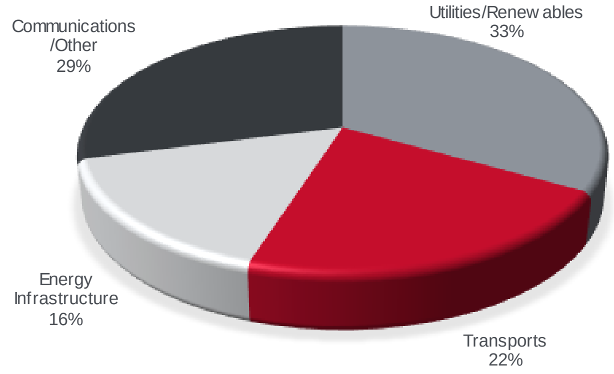
Forward Looking Strategy

The City will continue to allocate to existing infrastructure mandates through existing commitments to BlackRock GRP III, and Northleaf NICP III and will explore additional commitments in infrastructure and real estate assets. With respect to the real estate commitment made in 2023, it is expected that the entire $100 million USD capital amount will be deployed in the second half of 2024.

Real Assets (cont.)

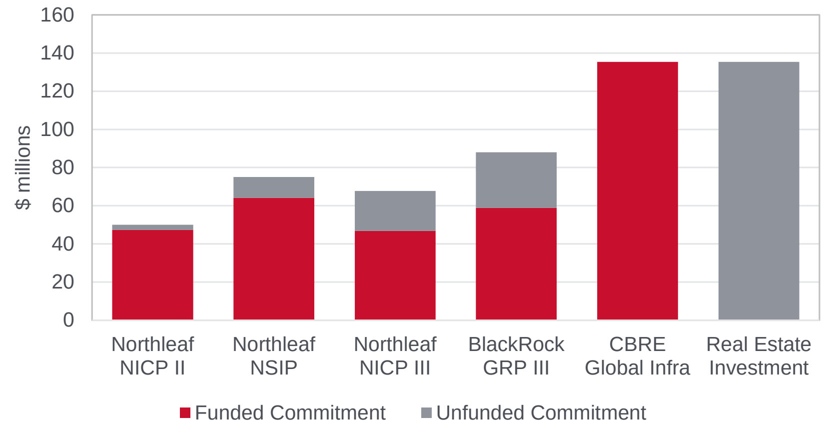
Sector Allocation

As at December 31, 2023



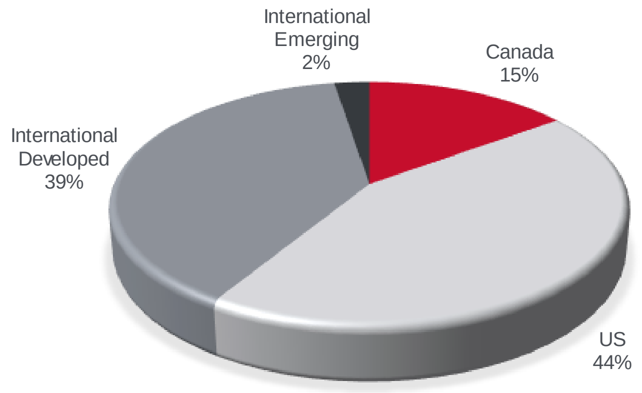
Committed Capital

As at December 31, 2023



Geographic Allocation

As at December 31, 2023



Responsible Investing

Manager	PRI Signatory	PRI Rating	Other Ratings
BlackRock	✓	★★★★★	AA (MSCI)
Brookfield	✓	n.a.*	AA (MSCI)
CBRE	✓	★★★★★	
Northleaf	✓	★★★★★	

**has not gone through official ratings process*

- Brookfield has announced its commitment to achieve net-zero carbon emissions by 2050 across the assets it manages.
- CBRE strives to lead the transition to a sustainable future and became a signatory to the UK Stewardship Code in 2023.
- Northleaf's investment team undertakes an analysis of each investment opportunity to ascertain all material potential ESG considerations, risks and opportunities.

Currency Overlay

Investment Objective

To reduce the negative impact on returns due to foreign currency exposure in externally managed accounts.

The notional value to which BNP Paribas manages the portfolio is based on the foreign currency exposures of The City's underlying portfolio, excluding all non-CAD exposures that represent less than 1% of the portfolio NAV.

Performance (% net of fees)

For the year ended December 31, 2023

	Annualized Returns			
	1 Year	3 Years	5 Years	ITD
Currency Overlay	**0.45**	**0.30**	**0.64**	**0.19**
Benchmark	0.00	0.00	0.00	0.00
Value Added	**0.45**	**0.30**	**0.64**	**0.19**

Benchmark: Zero Benchmark (passive)

Assets Under Management

	$ millions
Opening Net Asset Value - January 1, 2023	**35.3**
Cash Flows	0.8
Portfolio Gains & Losses*	7.0
Closing Net Asset Value - Dec 31, 2023	43.1

**Includes realized/unrealized capital gains and losses, dividends, and interest income*

Positioning

BNP Paribas reviews net foreign currency exposures for The City's portfolio, and at their discretion, implements a hedge between 0% and 100% for each underlying currency exposure.

Investment Highlights

Foreign currency exposure was $1.6 billion at the end of Q4 2023. This exposure was mainly influenced by additional capital calls made in foreign currency, increasing the value of foreign assets. After a volatile 2023, the Canadian dollar closed out the year with an appreciation of 2.4% against the USD. The portfolio strategy helped mitigate volatility while outperforming the zero benchmark by 0.5%.

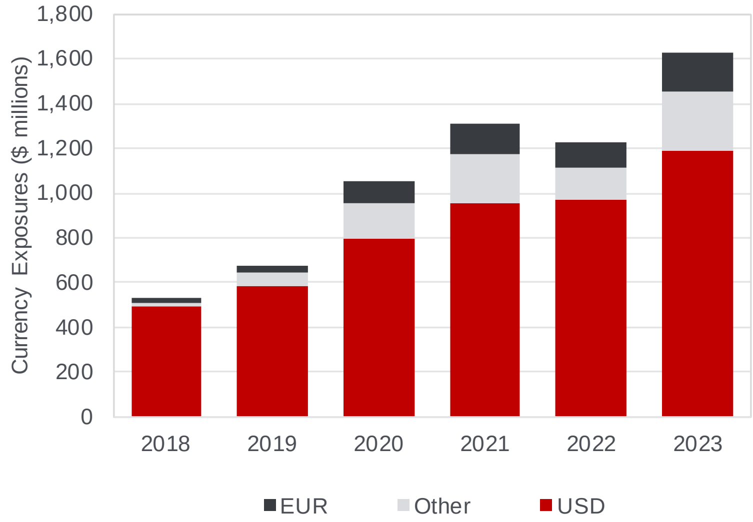
Forward Looking Strategy

The active foreign exchange hedging policy aims to manage risk in periods of volatility. BNP expects USDCAD to remain rangebound but has a slight bias towards USD strength given the resilience of the US Economy, and the strategy will run a relatively small core hedging position to take advantage. Volatility in foreign exchange markets may increase as global monetary policies begin to ease, and BNP will continue to trade tactically when opportunities arise.

Currency Overlay (cont.)

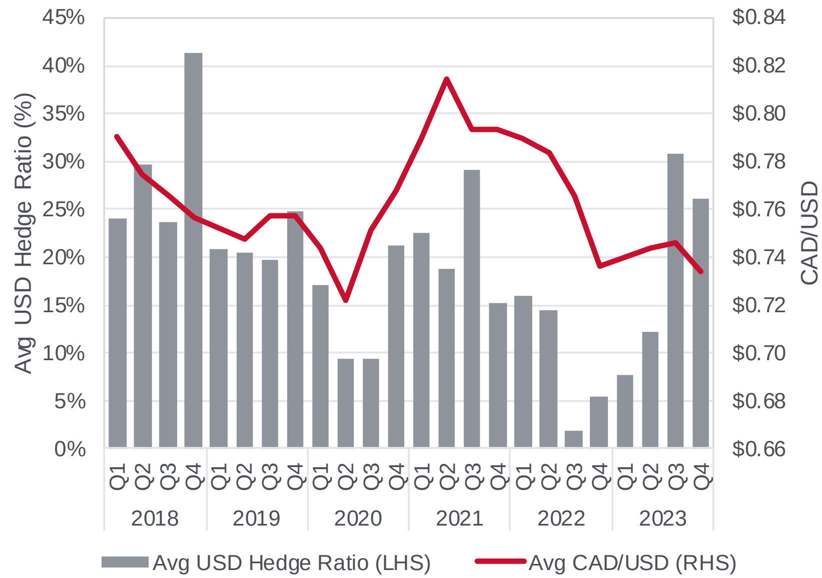
Benchmark Exposures

As at year end, since inception (February 2018)



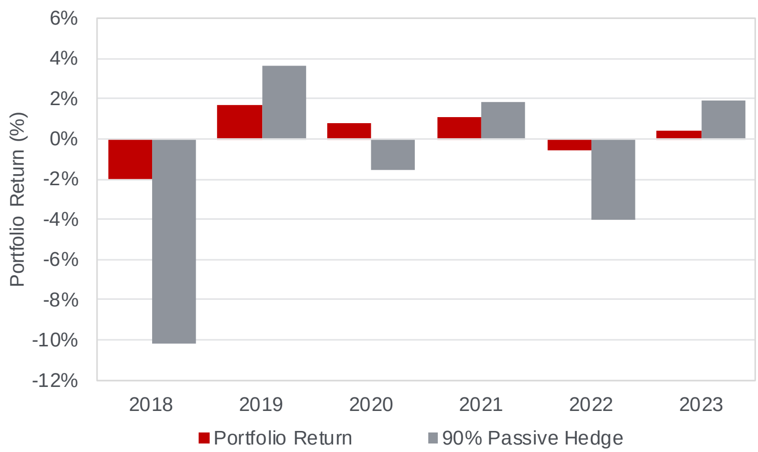
Average USD Hedge Ratio

For each quarter, since inception (February 2018)



Historical Performance

For the years ended December 31, since inception (February 2018)



Responsible Investing

Manager	PRI Signatory	PRI Rating	Other Ratings
BNP Paribas	✓	★★★★★	AA (MSCI)

- BNP Paribas was a founding signatory of the PRI in 2006 and has strived to implement ESG principles effectively and continued to develop the approach, regularly reporting on our achievements in terms of meeting our PRI goals.
- In 2023, the firm announced the launch of Nature Action 100 as a founding member, a collaborative initiative with the objective of reversing nature loss.

2024 Economic & Capital Market Outlook

The International Monetary Fund (IMF) projects that the global economy will maintain a growth rate of 3.1% in 2024, consistent with the estimated growth rate of 3.1% in 2023. There are several key themes in 2024 which could support the continued growth of the global economy:

- Resilient growth in major economies;
- Inflation subsiding faster than expected;
- High borrowing costs cooling demand;
- Fiscal policy amplifying economic divergence

With disinflation and steady growth, the likelihood of a hard landing has receded. Risks to global growth are broadly balanced, opening the path to a soft landing. While the forecasted growth rate for 2024 is below the historical average of 3.8% (2000-2019), it still reflects resilience amid challenges such as elevated central bank policy rates and a withdrawal of fiscal support. Inflation is falling faster than expected in most regions, signaling progress in addressing supply-side issues and monetary policy effectiveness. Global headline inflation is expected to continue its decline to 5.8 percent in 2024, supporting economic stability and recovery efforts.

According to the Bank of Canada, Canadian economic growth is anticipated to remain close to zero through the first quarter of 2024. It is then expected to pick up gradually as the effects of past interest rate increases on growth begin to fade and the recent easing in financial conditions supports demand. Inflation is expected to remain close to 3% over the first half of 2024 before easing gradually and returning to the 2% target in 2025.

The City’s diversified investments across sectors and asset classes should help enhance resilience and offer the potential for sustained growth and stability of the investment program.

(% Change, YoY)		2022	2023 (E)	2024 (P)	2025 (P)
GDP	Global	3.5	3.1	**3.1**	3.2
	Euro Area	3.4	0.5	**0.9**	1.7
	Emerging Economies	4.1	4.1	**4.1**	4.2
	Canada	3.8	1.1	**1.4**	2.3
	United States	1.9	2.5	**2.1**	1.7
	China	3.0	5.2	**4.6**	4.1
CPI	Global	8.7	6.8	**5.8**	4.4
	Canada*	6.8	3.9	**2.8**	2.2
	Advanced Economies	7.3	4.6	**2.6**	2.0
	Emerging Economies	9.8	8.4	**8.1**	6.0

(E) : Estimate (P): Projections, Source: IMF, * Bank of Canada

Compliance

Portfolio Manager/mandate	Market Value ($ millions)	In Compliance?	Exceptions
Short Term Fixed Income			
Short Term Universe Bonds			
PH&N Short Term	454.1	Yes	
CC&L Short Term	359.0	Yes	
Canadian Commercial Mortgages			
PH&N Mortgage	374.2	Yes	
Addenda Mortgage	132.2	Yes	
Sun Life Mortgage	117.1	Yes	
Long Term Fixed Income			
Universe Bonds			
PH&N Universe	454.1	Yes	
CC&L Universe	456.6	Yes	
BlackRock Universe	161.0	Yes	
Global Bonds			
Pimco	391.6	Yes	
Manulife	355.3	Yes	
BlackRock FIGO	197.8	Yes	
Private Credit			
Sun Life PFIP	176.5	Yes	
Bridgepoint BDL II	61.1	Yes	
Crestline SLF II	28.2	Yes	
Crestline SLF III	37.1	Yes	
Brookfield BID III	36.6	Yes	
Bridgepoint BDL III	37.8	Yes	
Equities			
Vanguard S&P 500 ETF	328.4	n/a	
CC&L International	208.0	Yes	
Wasatch	118.1	Yes	
Ashmore	96.3	Yes	
Real Assets			
Northleaf Capital	138.1	Yes	
CBRE CGIF	152.7	Yes	
Brookfield IM	74.7	Yes	
Northleaf US	51.1	Yes	
BlackRock GRP III	58.2	Yes	
FX Overlay			
BNP Mellon	43.1	Yes	

Investment Governance

The City's Investment & Governance Policy (CP2020-02) articulates the governance framework for the management of City investments. It sets out the accountability, reporting, and disclosure requirements for all investment activity. This policy establishes the roles and responsibilities of Council, the Investment Advisory Committee (IAC), Administration, and external investment managers regarding the management of portfolio investments.

Council approves The City's Investment & Governance Policy, receives the Annual Investment Report through Audit Committee, and delegates authority to manage investment-related policies to Administration. The IAC oversees The City's investment program to ensure that investments are effectively managed in accordance with legislation, Council-approved policies, and industry best practices.

In 2020, The City completed a comprehensive investment strategy review which resulted in a new Investment & Governance Policy, approved by Council in June 2020. The review entailed a major examination of City funds and obligations including operating and capital requirements, capital deposits, and short-term liquidity to fully understand the characteristics, including risk tolerance, time horizon, and liquidity requirements of these funds. A new internal Funds Policy established objectives and asset mixes for each source of funds under management. The internal Investment Portfolios Policy provides detail on how each asset class portfolio is managed. The revised aggregate asset mix has the potential to increase sector and geographic diversification of assets to mitigate investment risks and increase risk-adjusted returns.

In Q4 2023, The City of Calgary engaged an external consultant to perform an investment governance review and identify any areas where any changes or improvements could be made. The final report was published by the consultant in Q1 2024, and The City of Calgary will consider the recommendations for implementation as a form of continuous improvement across all aspects of the investment portfolio.

Responsible Investing (RI) Considerations

Responsible Investing (RI) has been referred to as sustainable investment and can potentially lead to better financial returns while having positive impacts both socially and environmentally. Three key pillars of RI include:

- ESG Integration
- Value alignment
- Overall impact of investments

The City's Investment Team plans to integrate a Responsible Investing framework into the investment process. This initiative may include, although are not limited to, the integration of RI in asset allocation and manager selection processes, developing a Manager ESG scorecard, and developing an RI section to be added to existing investment policies.

Environmental, Social, and Governance (ESG) Considerations

ESG refers to three key factors in the investment process that can impact the financial value and sustainability of an investment. These factors are environmental, social, and corporate governance.

Factoring good governance and sustainable business practices into the investment process is becoming common practice in the institutional investment industry. Studies of stock returns indicate a positive correlation between stock price performance and a company's rating on an ESG index. More recent studies show that as ESG factor screens become more prevalent in the industry, companies with poor governance do not attract wide-scale investment and returns may suffer as a result.

Good governance takes many forms. It includes following local environmental regulations, labour and safety standards, as well as sound corporate board and executive management structures. An important component of ESG and sustainable investing is engagement with company management. Institutional investors can exercise influence over companies by engaging in dialogue with them and taking an active role in proxy voting. Shareholders can use their influence and voting authority to modify a company's ESG practices to enhance long-term value.

When The City of Calgary is selecting or reviewing an external investment manager, The City monitors how ESG is implemented not only in the execution of investment management decisions but also how the investment manager implements ESG in its own operations. Most of The City's investment mandates include fundamental analysis where The City's managers meet directly with external investment managers to gain a thorough understanding of their structure and business practices. By partnering with like-minded investment managers, The City can ensure its corporate values are reflected in its investment holdings.

Risk Management and Compliance

The City manages investment risk through a sound governance framework and comprehensive investment policies. These policies define investment objectives, appropriate diversification requirements, eligible asset classes and security instruments, investment strategies, and quality and quantity constraints.

The City's primary risk management tool is effective governance of funds with strategic implementation and diversification at both the security and portfolio level. Investment managers apply rigorous investment analysis and practices to select securities and construct portfolios that are diversified among security types, maturity dates, issuers, industry sectors, and geographically by country and region. Additionally, The City constructs a total portfolio of diverse strategies, asset classes, and investment manager styles. A prudently diversified portfolio should reduce the overall impact if performance from any one security, asset class, or investment manager underperforms.

When investing in the capital markets, some risk is inevitable. This includes liquidity, market, credit, and interest rate risk from inflation and rising interest rates. The key is to identify and understand the risks being accepted. The City monitors advanced risk metrics at both the manager and total portfolio level to ensure that the level of risk taken is in line with The City's risk tolerance and that The City is meeting its investment objectives.

The City's investments are held electronically at a securities custodian. One control the custodian provides is independent, third-party settling and reporting of all trades which protects The City's investable assets. The custodian provides independent verification of all accounting information and security holdings. The City also receives third-party performance measurement and reporting. Return performance reported by The City's investment managers is verified and compared against both market benchmarks and peers which allows The City to effectively evaluate manager performance.

Compliance statements from investment managers are received quarterly. Compliance statements are verified and maintained by Treasury. During the year, all investments complied with the Municipal Government Act, the Major Cities Investment Regulation and The City of Calgary's investment policies.

Expense Management

The City uses external investment managers to manage much of its investments. These managers are carefully selected and monitored by its own team of internal portfolio managers. External managers can provide expertise in more specialized asset classes and have a great deal of resources in terms of investment personnel, other professionals, and systems. The size of The City's portfolio and allocations is such that it can receive very favourable pricing when investing in these funds. In 2023, expenditures were approximately $22.5 million compared to $19.6 million in 2022. This increase is largely due to an increase in the size of The City's investment portfolio, and a continued increased allocation to private assets which generally have higher fees than investments in public assets.

As part of the governance framework, cost effectiveness is assessed through annual participation in surveys conducted by CEM Benchmarking and Municipal Benchmarking Network Canada. Participation in cost benchmarking services provides The City with a comparison of investment management costs against other municipalities.

In 2022, total externally managed investment costs were 39.1bps, which was 13bps lower than the Canadian median of funds that participated in the CEM benchmarking survey. The City has a significantly different asset mix than other cities.

CEM Benchmarking data for 2023 will become available in Q4 of 2024.

Definitions/Glossary

Benchmark	A standard against which the performance of an investment manager can be measured. Generally, broad market stock and bond indexes are used for this purpose.
Diversification	A risk-management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio of different kinds of investments will, on average, yield higher returns and result in lower price volatility than individual investments found within the portfolio. Diversification strives to smooth unsystematic risk events in a portfolio so that the positive performance of some investments will neutralize the negative performance of others. Therefore, the benefits of diversification will hold if the securities in the portfolio are not perfectly correlated
Duration	Measures the sensitivity of the full price of a bond (including accrued interest) to a change in interest rates.
Infrastructure Investments	Investments in Canadian and global businesses that focus on a variety of public sponsored and private quality infrastructure assets such as toll roads, utilities, renewable energy, communications, and transportation and healthcare facilities.
Investment Managers	Those firms or individuals appointed by the Chief Financial Officer for the investment of each Fund’s assets. Includes both internal and external managers.
Market Value	The price at which a security is trading in the open market.
Portfolio	Collection of assets held by an investor.
PRI	The Principles for Responsible Investment is an independent organization advocating on behalf of responsible investment. They seek to understand the investment implications of ESG factors, and work to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.
Rate of Return	The gain or loss of an investment over a specified period, expressed as a percentage increase over the initial investment cost. Gains on investments include any income received from the security, plus realized and unrealized capital gains.
Risk-Adjusted Return	A standardized measure of investment return based on an adjustment for the level of risk involved in generating that return.

Appendix 1 – Mandate Level Returns

Short Term Fixed Income

(%)	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2023	2022	2021	2020	2019
PH&N Short Term	**5.17**	**0.32**	**2.06**	**2.06**	**5.17**	**-3.37**	**-0.63**	**6.39**	**3.06**
Benchmark *	5.02	-0.06	1.62	1.67	5.02	-4.05	-0.93	5.29	3.09
Value Added	**0.15**	**0.38**	**0.44**	**0.39**	**0.15**	**0.67**	**0.30**	**1.10**	**-0.04**
CC&L Short Term	**5.16**	**0.09**	**1.83**	**1.92**	**5.16**	**-3.87**	**-0.82**	**5.98**	**3.06**
Benchmark *	5.02	-0.06	1.62	1.67	5.02	-4.05	-0.93	5.29	3.09
Value Added	**0.14**	**0.15**	**0.21**	**0.25**	**0.14**	**0.18**	**0.11**	**0.69**	**-0.04**
Short Term Bonds (internal)	**4.97**	**n.a.**	**n.a.**	**0.92**	**4.97**	**-2.02**	**n.a.**	**n.a.**	**n.a.**
Benchmark *	5.02	n.a.	n.a.	0.15	5.02	-4.05	n.a.	n.a.	n.a.
Value Added	**-0.05**	**n.a.**	**n.a.**	**0.77**	**-0.05**	**2.03**	**n.a.**	**n.a.**	**n.a.**
PH&N Mortgage	**7.05**	**0.96**	**2.28**	**2.72**	**7.05**	**-5.30**	**1.50**	**5.57**	**3.04**
Benchmark *	5.02	-0.06	1.62	1.57	5.02	-4.05	-0.93	5.29	3.09
Value Added	**2.03**	**1.02**	**0.66**	**1.15**	**2.03**	**-1.25**	**2.43**	**0.28**	**-0.05**
Addenda Mortgage	**6.86**	**2.44**	**3.32**	**3.37**	**6.86**	**-1.27**	**1.90**	**5.75**	**3.56**
Benchmark *	5.02	-0.06	1.62	1.57	5.02	-4.05	-0.93	5.29	3.09
Value Added	**1.84**	**2.50**	**1.70**	**1.80**	**1.84**	**2.78**	**2.83**	**0.46**	**0.47**
Sunlife Mortgage	**5.73**	**-0.34**	**2.02**	**2.02**	**5.73**	**-7.07**	**0.76**	**7.31**	**4.06**
Benchmark *	5.02	-0.06	1.62	1.62	5.02	-4.05	-0.93	5.29	3.09
Value Added	**0.71**	**-0.28**	**0.40**	**0.40**	**0.71**	**-3.03**	**1.69**	**2.02**	**0.97**

*FTSE Canada Short Term Overall Bond Index

Canadian dollar returns (% net of fees)

Source: State Street

Universe Fixed Income

(%)	Annualized Returns 1 Year	3 Years	5 Years	ITD	Annual Returns 2023	2022	2021	2020	2019
PH&N Universe	**6.61**	**-2.56**	**1.74**	**2.47**	**6.61**	**-11.15**	**-2.33**	**10.40**	**6.74**
Benchmark *	6.69	-2.80	1.30	2.06	6.69	-11.69	-2.54	8.68	6.87
Value Added	**-0.08**	**0.24**	**0.44**	**0.41**	**-0.08**	**0.53**	**0.21**	**1.72**	**-0.13**
CC&L Universe	**7.23**	**-2.34**	**1.75**	**2.42**	**7.23**	**-11.36**	**-1.99**	**9.63**	**6.79**
Benchmark *	6.69	-2.80	1.30	2.06	6.69	-11.69	-2.54	8.68	6.87
Value Added	**0.54**	**0.46**	**0.45**	**0.36**	**0.54**	**0.32**	**0.54**	**0.95**	**-0.08**
BlackRock Universe	**6.69**	**-2.84**	**1.26**	**1.52**	**6.69**	**-11.72**	**-2.60**	**8.55**	**6.93**
Benchmark *	6.69	-2.80	1.30	1.56	6.69	-11.69	-2.54	8.68	6.87
Value Added	**0.00**	**-0.04**	**-0.04**	**-0.04**	**0.00**	**-0.04**	**-0.07**	**-0.14**	**0.06**
Pimco US IG	**6.84**	**-1.10**	**2.44**	**3.67**	**6.84**	**-8.71**	**-0.80**	**7.60**	**8.36**
Benchmark **	5.28	-2.09	1.73	3.11	5.28	-9.10	-1.92	7.43	8.04
Value Added	**1.56**	**0.99**	**0.71**	**0.56**	**1.56**	**0.38**	**1.12**	**0.17**	**0.32**
Manulife Strategic Income	**6.26**	**-0.78**	**2.85**	**2.41**	**6.26**	**-8.47**	**0.42**	**8.34**	**8.77**
Benchmark ***	3.20	-4.16	-0.83	0.35	3.20	-9.91	-5.32	7.11	1.72
Value Added	**3.06**	**3.38**	**3.68**	**2.06**	**3.06**	**1.44**	**5.74**	**1.23**	**7.05**
BlackRock FIGO	**6.58**	**0.10**	**n.a.**	**2.09**	**6.58**	**-6.33**	**0.47**	**5.63**	**n.a.**
Benchmark ****	2.88	-4.42	n.a.	-1.58	2.88	-10.16	-5.52	7.28	n.a.
Value Added	**3.70**	**4.52**	**n.a.**	**3.67**	**3.70**	**3.83**	**5.99**	**-1.65**	**n.a.**

* FTSE Canada Universe Overall Bond Index
** Bloomberg U.S. Credit Index
*** Bloomberg Multiverse Index
**** Bloomberg Global Aggregate Index

Canadian dollar returns (% net of fees)
Source: State Street

Universe Fixed Income (cont.)

(%)	Annualized Returns 1 Year	3 Years	5 Years	ITD	Annual Returns 2023	2022	2021	2020	2019
Sunlife PFIP	**9.57**	**-0.24**	**2.82**	**3.16**	**9.57**	**-9.06**	**-0.35**	**8.70**	**6.50**
Benchmark*	8.37	-1.23	2.51	2.73	8.37	-9.87	-1.34	8.74	8.05
Value Added	**1.20**	**0.99**	**0.31**	**0.43**	**1.20**	**0.81**	**0.99**	**-0.03**	**-1.55**
Bridgepoint BDL II	**16.37**	**9.28**	**8.11**	**6.74**	**16.37**	**6.83**	**4.99**	**12.38**	**0.69**
Benchmark **	16.43	4.52	4.93	4.35	16.43	-0.71	-1.07	11.64	-0.19
Value Added	**-0.06**	**4.76**	**3.18**	**2.39**	**-0.06**	**7.54**	**6.06**	**0.74**	**0.88**
Bridgepoint BDL III	**n.a.**	**n.a.**	**n.a.**	**10.50**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Benchmark **	n.a.	n.a.	n.a.	5.49	n.a.	n.a.	n.a.	n.a.	n.a.
Value Added	**n.a.**	**n.a.**	**n.a.**	**5.01**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Crestline SLF II	**-8.28**	**7.17**	**7.01**	**7.64**	**-8.28**	**16.30**	**15.42**	**7.49**	**6.05**
Benchmark ***	12.28	8.98	7.05	7.28	12.28	8.62	6.31	3.32	5.15
Value Added	**-20.56**	**-1.81**	**-0.04**	**0.36**	**-20.56**	**7.67**	**9.11**	**4.18**	**0.90**
Crestline SLF III	**5.23**	**n.a.**	**n.a.**	**9.54**	**5.23**	**14.22**	**n.a.**	**n.a.**	**n.a.**
Benchmark ***	12.28	n.a.	n.a.	8.94	12.28	8.62	n.a.	n.a.	n.a.
Value Added	**-7.05**	**n.a.**	**n.a.**	**0.60**	**-7.05**	**5.60**	**n.a.**	**n.a.**	**n.a.**
Brookfield BID III	**2.08**	**n.a.**	**n.a.**	**2.08**	**2.08**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Benchmark***	12.28	n.a.	n.a.	12.28	12.28	n.a.	n.a.	n.a.	n.a.
Value Added	**-10.20**	**n.a.**	**n.a.**	**-10.20**	**-10.20**	**n.a.**	**n.a.**	**n.a.**	**n.a.**

* FTSE Canada Universe Corporate Bond Index
** MorningStar European Leveraged Loan Index + 200bps
*** MorningStar US Leveraged Loan Index (LLI) + 200bps

Canadian dollar returns (% net of fees)
Source: State Street

Equities

(%)	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2023	2022	2021	2020	2019
Vanguard US ETF	**22.59**	**10.56**	**n.a.**	**12.70**	**22.59**	**-13.71**	**27.76**	**16.25**	**n.a.**
Benchmark *	22.90	11.27	n.a.	13.21	22.90	-12.16	27.61	16.32	n.a.
Value Added	**-0.31**	**-0.71**	**n.a.**	**-0.51**	**-0.31**	**-1.55**	**0.15**	**-0.07**	**n.a.**
CC&L International Q	**15.29**	**5.69**	**n.a.**	**8.19**	**15.29**	**-8.76**	**12.25**	**11.97**	**n.a.**
Benchmark **	13.09	3.22	n.a.	5.85	13.09	-9.43	7.37	9.18	n.a.
Value Added	**2.20**	**2.47**	**n.a.**	**2.34**	**2.20**	**0.67**	**4.88**	**2.79**	**n.a.**
Wasatch Smallcap Developed	**19.18**	**-1.17**	**n.a.**	**5.24**	**19.18**	**-27.43**	**11.62**	**n.a.**	**n.a.**
Benchmark ***	13.22	4.52	n.a.	9.54	13.22	-12.44	15.19	n.a.	n.a.
Value Added	**5.96**	**-5.69**	**n.a.**	**-4.30**	**5.96**	**-14.99**	**-3.58**	**n.a.**	**n.a.**
Ashmore Emerging Markets	**3.48**	**-7.55**	**n.a.**	**-0.92**	**3.48**	**-19.48**	**-5.15**	**12.19**	**n.a.**
Benchmark ****	7.31	-3.61	n.a.	2.39	7.31	-13.90	-3.06	16.60	n.a.
Value Added	**-3.83**	**-3.94**	**n.a.**	**-3.31**	**-3.83**	**-5.58**	**-2.09**	**-4.41**	**n.a.**

* S&P 500 - Total Return Index
** MSCI All Country World Ex United States Index
*** MSCI World Small Cap Index
**** MSCI Emerging Markets Index

Canadian dollar returns (% net of fees)
Source: State Street

Real Assets

(%)	Annualized Returns 1 Year	3 Years	5 Years	ITD	Annual Returns 2023	2022	2021	2020	2019
Northleaf NICP II & NSIP	**17.83**	**13.27**	**12.14**	**9.78**	**17.83**	**16.13**	**6.19**	**12.78**	**8.20**
Benchmark *	7.14	8.87	7.54	7.06	7.14	10.80	9.22	5.45	6.67
Value Added	**10.69**	**4.40**	**4.60**	**2.72**	**10.69**	**5.34**	**-3.03**	**7.32**	**1.52**
Brookfield Global Listed Infra	**1.77**	**5.62**	**7.26**	**3.90**	**1.77**	**-2.66**	**18.94**	**-4.67**	**26.40**
Benchmark **	-0.53	4.95	5.53	5.69	-0.53	2.05	13.90	-5.74	20.14
Value Added	**2.30**	**0.67**	**1.73**	**-1.79**	**2.30**	**-4.70**	**5.04**	**1.08**	**6.27**
Northleaf NICP III	**17.80**	**n.a.**	**n.a.**	**18.46**	**17.80**	**15.74**	**n.a.**	**n.a.**	**n.a.**
Benchmark *	7.14	n.a.	n.a.	9.01	7.14	10.80	n.a.	n.a.	n.a.
Value Added	**10.66**	**n.a.**	**n.a.**	**9.45**	**10.66**	**4.95**	**n.a.**	**n.a.**	**n.a.**
BlackRock GRP III	**13.64**	**n.a.**	**n.a.**	**6.73**	**13.64**	**12.05**	**n.a.**	**n.a.**	**n.a.**
Benchmark *	7.14	n.a.	n.a.	8.90	7.14	10.80	n.a.	n.a.	n.a.
Value Added	**6.50**	**n.a.**	**n.a.**	**-2.17**	**6.50**	**1.26**	**n.a.**	**n.a.**	**n.a.**
CBRE CGIF	**-4.78**	**n.a.**	**n.a.**	**7.00**	**-4.78**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Benchmark *	7.14	n.a.	n.a.	7.91	7.14	n.a.	n.a.	n.a.	n.a.
Value Added	**-11.92**	**n.a.**	**n.a.**	**-0.91**	**-11.92**	**n.a.**	**n.a.**	**n.a.**	**n.a.**

* CPI + 400bps
** FTSE Global Core Infrastructure 50/50 Index

Canadian dollar returns (% net of fees)
Source: State Street

Appendix 2 – Disclaimer

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2023 Annual Investment Report AC2024-0460

Audit Committee

2024 April 18

Recommendation

That the Audit Committee:

1. Recommends Council approval of The City of Calgary 2023 Annual Investment Report

Sources of Funds

The City of Calgary invests funds that stem from the following sources:

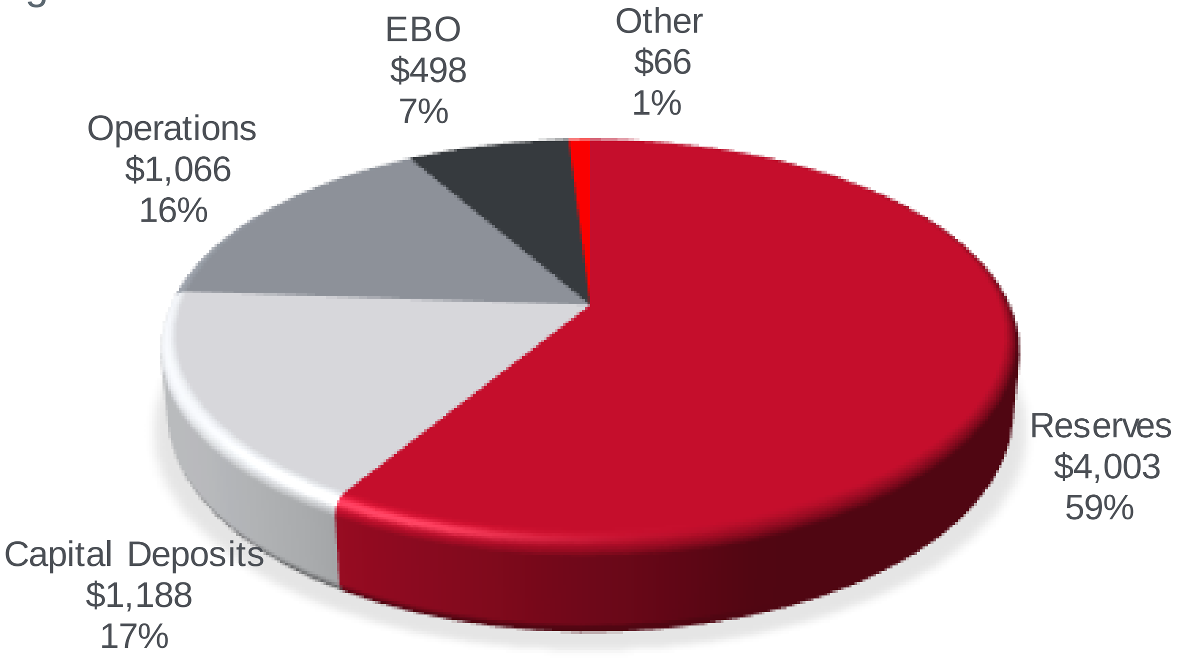
Reserves: operating, capital and sustainment

Capital Deposits: off-site levies and government grants

Funded Employee Benefit Obligations (EBO)

General Operations

Other: trusts and affiliated entities



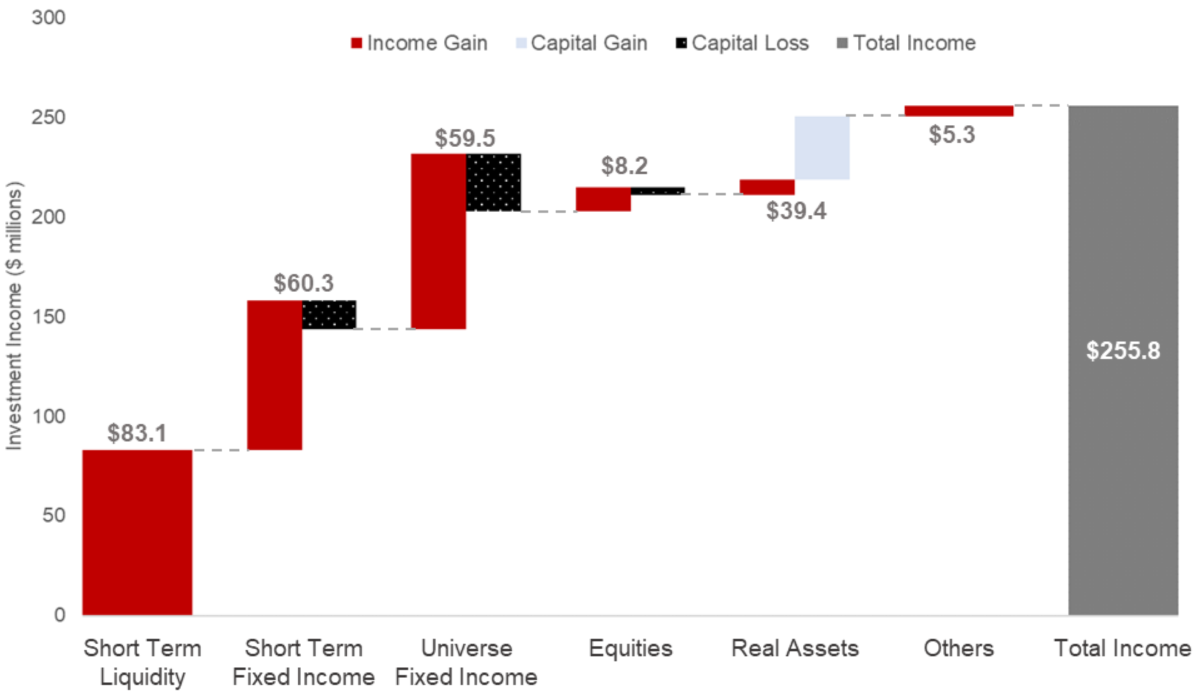
As at December 31, 2023

Total Investment Income generated in 2023 was $255.8 million the highest single year income generated.

Investment Income

Annual Investment Income ($ millions) as at December 31	2017	2018	2019	2020*	2021	2022	2023
Corporate Total Investment Income	**125.6**	**73.6**	**211.5**	**167.7**	**168.1**	**160.2**	**255.8**
Expenditures (net of receivables)	7.0	2.4	7.0	11.2	17.0	19.5	33.8
Available Income for Allocation	**118.6**	**71.2**	**204.5**	**156.6**	**151.1**	**140.7**	**222.0**
Allocations to Self-Supporting Business Units and Capital Deposits	40.2	22.0	43.1	52.0	48.5	34.6	64.3
Transfers to Reserves from Operations	27.2	19.0	41.0	47.0	43.1	31.3	59.3
General Investment Income	**51.2**	**30.2**	**120.4**	**57.6**	**59.4**	**74.7**	**98.4**

Contribution to Investment Income



Total Investment Income generated in 2023 was $255.8 million the highest single year income generated.

Portfolio Market Value

- As at December 31, 2023, the market value of The City of Calgary's total investment portfolio was $6.82 billion, an increase of $588 million from $6.23 billion in the prior year.

$ millions

Market value	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Internal Management					
Short Term Liquidity	1,237	1,679	1,693	1,117	1,448
External Management					
Short Term Fixed Income	1,921	2,011	2,038	1,902	1,819
Universe Fixed Income	2,394	1,887	1,898	1,904	1,836
Equities	751	695	704	684	643
Real Assets	475	491	478	480	451
Currency Overlay	43	36	42	36	35
Total	**6,820**	**6,799**	**6,853**	**6,121**	**6,232**

Cost	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Internal Management					
Short Term Liquidity	1,237	1,679	1,693	1,117	1,448
External Management					
Short Term Fixed Income	1,944	2,105	2,107	1,950	1,900
Universe Fixed Income	2,458	2,091	2,032	2,013	1,994
Equities	697	689	689	686	692
Real Assets	474	467	462	432	416
Currency Overlay	29	35	38	37	43
Total	**6,839**	**7,066**	**7,021**	**6,234**	**6,492**

Consolidated Portfolio posted an annual return of 7.61% in 2023

Portfolio Performance

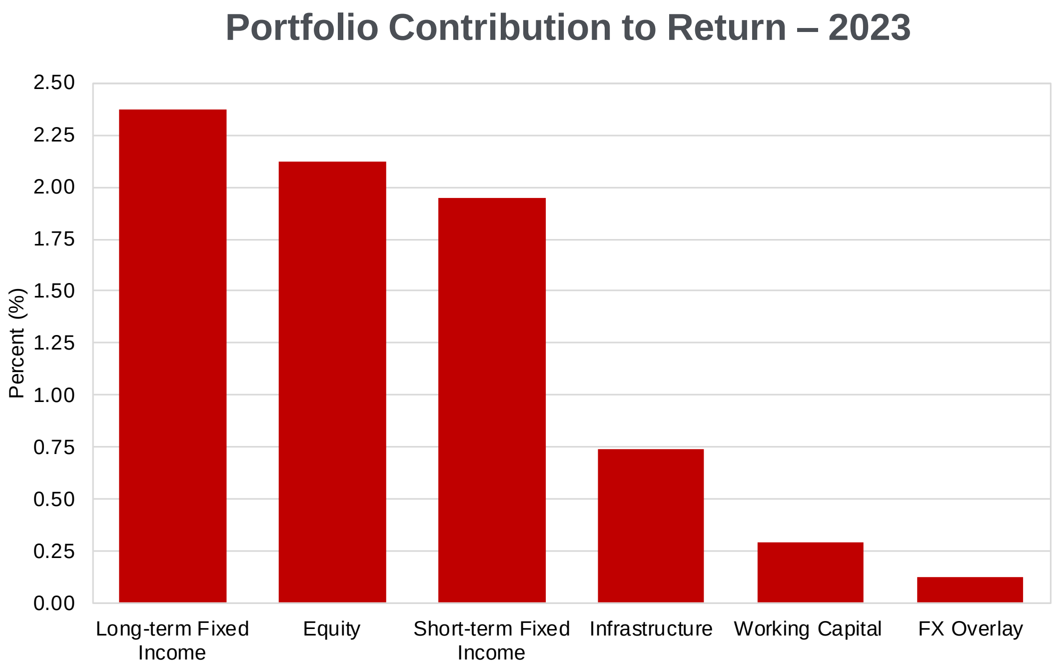
- In 2023, The City's total portfolio recorded a return of 7.61% after fees on a market value basis, which has outperformed the overall benchmark by 10bps.

	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2023	2022	2021	2020	2019
The City of Calgary Consolidated*	**7.61**	**1.02**	**3.17**	**2.71**	**7.61**	**-6.14**	**2.06**	**6.53**	**6.46**
Benchmark	7.35	0.56	2.73	2.34	7.35	-6.46	1.28	6.65	5.55
Value Added	**0.26**	**0.46**	**0.44**	**0.37**	**0.26**	**0.32**	**0.79**	**-0.12**	**0.91**
Short Term Liquidity*	**5.19**	**2.85**	**2.54**	**1.94**	**5.19**	**2.54**	**0.85**	**1.79**	**2.38**
Benchmark	4.71	2.22	1.83	1.31	4.71	1.82	0.17	0.86	1.65
Value Added	**0.48**	**0.63**	**0.71**	**0.63**	**0.48**	**0.73**	**0.68**	**0.93**	**0.73**
Short Term Fixed Income	**5.63**	**0.54**	**2.08**	**2.19**	**5.63**	**-3.78**	**0.00**	**5.93**	**2.95**
Benchmark	5.02	-0.06	1.56	1.78	5.02	-4.05	-0.93	5.19	2.89
Value Added	**0.61**	**0.60**	**0.52**	**0.41**	**0.61**	**0.26**	**0.94**	**0.75**	**0.06**
Universe Fixed Income	**6.98**	**-0.94**	**2.54**	**2.72**	**6.98**	**-8.55**	**-0.63**	**8.53**	**7.43**
Benchmark	6.69	-2.13	1.55	2.21	6.69	-9.77	-2.59	8.23	6.45
Value Added	**0.29**	**1.19**	**0.99**	**0.51**	**0.29**	**1.23**	**1.96**	**0.30**	**0.98**
Equities	**17.23**	**3.30**	**7.69**	**7.79**	**17.23**	**-16.09**	**12.07**	**5.98**	**23.99**
Benchmark	18.92	6.97	12.08	9.45	18.92	-12.43	17.53	14.80	25.88
Value Added	**-1.69**	**-3.67**	**-4.39**	**-1.66**	**-1.69**	**-3.66**	**-5.46**	**-8.82**	**-1.89**
Real Assets	**7.90**	**10.06**	**11.11**	**8.60**	**7.90**	**12.41**	**9.92**	**6.41**	**19.39**
Benchmark	5.05	7.81	7.58	7.07	5.05	8.37	10.43	1.28	14.19
Value Added	**2.85**	**2.25**	**3.53**	**1.53**	**2.85**	**4.04**	**-0.51**	**5.13**	**5.19**
Currency Hedge Overlay	**0.45**	**0.30**	**0.64**	**0.19**	**0.45**	**-0.58**	**1.02**	**0.73**	**1.62**
Benchmark	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Value Added	**0.45**	**0.30**	**0.64**	**0.19**	**0.45**	**-0.58**	**1.02**	**0.73**	**1.62**

**exclusive of High Interest Savings Accounts (HISA). The estimated returns, including HISA, for The City of Calgary Consolidated and Short Term Liquidity portfolios for 2023 are 7.21% and 5.05%, respectively.*

Consolidated Portfolio posted an annual return of 7.61% in 2023

Contribution to Return



- The combination of higher yields and a decrease in interest rates led to higher returns in both Short and Longer Term Fixed income, which were significant contributors to the portfolio's total return.
- Relative to its weight, equity was the greatest contributor to the returns of The City's portfolio.

The majority of manadates were positive for the year, except for Crestline and CBRE GIF

Recommendation

That the Audit Committee:

1. Recommends Council approval of The City of Calgary 2023 Annual Investment Report

Corporate Planning & Financial Services Report to Audit Committee
2024 April 18

ISC: UNRESTRICTED
AC2024-0438

The City of Calgary 2023 Annual Financial Report

PURPOSE

The purpose of the report is to present the 2023 consolidated financial statements, which have been audited by Deloitte LLP, Chartered Professional Accountants, and received an unmodified opinion. Council approval of The City of Calgary 2023 Annual Financial Report is required to comply with Section 276(3) of the Municipal Government Act which states that each Municipality must make its financial statements available publicly by May 1 of the year following the year for which the statements have been prepared.

PREVIOUS COUNCIL DIRECTION

The Audit Committee's Terms of Reference (included in Bylaw 33M2020) as approved by Audit Committee and Council, state that the Audit Committee has responsibilities over The City of Calgary's (The City) Financial Disclosure and Accounting Practices as outlined in Attachment 1.

RECOMMENDATIONS:

That the Audit Committee:
1. Consider this report in conjunction with Report AC2024-0479 "External Auditor 2023 Year-End Report";
2. Recommends Council approval of The City of Calgary 2023 Annual Financial Report, and
3. Forward this report to the 2024 April 30 Regular Meeting of Council.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

The Annual Financial Report is part of The City's commitment to provide effective governance, increased accountability, transparency, and a well-run City. This year's report provides a comprehensive view of the 2023 financial results, highlighting The City's commitment to prudent cost management and savings.

Carla Male, Chief Financial Officer and General Manager of Corporate Planning & Financial Services concurs with this report.

HIGHLIGHTS

- **What does this mean to Calgarians?** Reporting on our financials is an important way for Administration to provide updates to Council and Calgarians on how the financial resources entrusted to The City are being managed to provide municipal services and infrastructure.
- **Why does this matter?** Financial Reporting compliance with provincial legislation is essential to ensure public confidence and fulfill the public's need for transparency and accountability.
- It is recommended that the report be forwarded to the 2024 April 30 Regular Meeting of Council in order that the legislated timeline for financial statements to be available to the public be met.

The City of Calgary 2023 Annual Financial Report

- The City of Calgary 2023 Annual Financial Report includes the 2023 consolidated financial statements which have been audited, by Deloitte LLP, Chartered Professional Accountants and received an unmodified audit opinion. Once the Annual Financial Report has been approved by Council, it will be available electronically on www.calgary.ca.
- The 2023 External Auditor's Year End Report is required for the Audit Committee to fulfill its audit governance responsibilities, with respect to confirming the integrity of The City's annual consolidated financial statements and recommending its approval to Council. The External Auditor's Year-End Report will be brought forward to Council as report AC2024-0479.

DISCUSSION

The City of Calgary 2023 Annual Financial Report ("Annual Financial Report") will be published in a one-book landscape format.

The Annual Financial Report presents financial information that consolidates all organizations that are controlled by The City, except for ENMAX Corporation, The City's government business enterprise, which is accounted for on a modified equity basis. To review a high-level overview of The City's non-consolidated budget to preliminary unaudited actual results for 2023, please refer to the Progress Update Report that was presented to Executive Committee on 2024 April 16 and is electronically available at this link: Executive Committee_Apr16_2024 (escribemeetings.com).

The favourable operating variance of $237.7 million as presented in the Progress Update Report differs from the Annual Financial Report annual surplus of $888 million due to the following items which are presented differently under Public Sector Accounting Standards:

- Presentation of debt principal repayments as expenses.
- Limited inclusion of depreciation values only associated with self-supported business units.
- Exclusion of ENMAX and Related Authorities controlled by The City.
- Income treatment of Reserve allocations and timing of Reserve transfers.
- Capital expenditure presentation as total expenditures from capital funding sources.
- Conforms with the Municipal Government Act and is consistent across municipalities in Canada.

Within the Annual Financial Report, the reader will find four main sections:

1. The Financial Statement Discussion and Analysis expands on and further explains information disclosed in the consolidated financial statements. This section also provides information on The City's risk management as well as Outlook information for 2024 and beyond.
2. The Consolidated Financial Statements help the reader understand how well The City has managed its finances in the year and where The City stands in terms of resources held and debts owed at the end of the year. The 2023 consolidated financial statements of The City of Calgary continue to reflect a strong and resilient financial picture of a municipality investing in infrastructure.

The City of Calgary 2023 Annual Financial Report

3. The Climate-Related Financial Disclosures (unaudited) provides readers with information on how The City is identifying, assessing, integrating, managing, and reporting its climate-related risks and opportunities within its organizational governance, strategy, business planning, and service provision to Calgarians.
4. The Financial and Statistical Schedules (unaudited) provide readers with a five-year history of various financial and statistical information in a summarized reader friendly format.

New Accounting Standards Adopted in 2023:

In 2023, The City adopted five new accounting standards. The two standards with the largest impact are Asset Retirement Obligations and Financial Instruments. Asset Retirement Obligations was adopted using the modified retroactive method and prior period adjustments have been restated to reflect the liability for the asset retirement obligations as of January 1, 2022. The adoption of Financial Instruments has changed the presentation of the financial statements in 2023, including the addition of the consolidated statement of remeasurement gains and losses. With the adoption of these new standards, The City has further increased its financial reporting transparency and Calgarians can find greater comparability between The City and other public sector, private and publicly listed entities.

Further details on the changes in accounting policy are outlined in Note 2 of the Annual Financial Report (Attachment 2).

EXTERNAL ENGAGEMENT AND COMMUNICATION

☐ Public engagement was undertaken

☐ Public/interested parties were informed

☐ Dialogue with interested parties was undertaken

☒ Public communication or engagement was not required

IMPLICATIONS

Social, Environmental, Economic

The Annual Financial Report demonstrates The City's accomplishments in 2023 in the areas:

- Strong statement of financial position and liquidity;
- Managing the 2023-2026 Service Plans and Budgets;
- Emphasis on transit, public safety & affordable housing;
- Continued focus on the recovery of Calgary's Downtown;
- Major investments in the Culture + Entertainment District;
- Preparing our city and infrastructure for a changing climate; and
- Adoption of new accounting standards.

The City of Calgary 2023 Annual Financial Report

Service and Financial Implications

No anticipated financial impact

Current and Future Operating Budget:

There are no anticipated financial implications as a result of implementing these recommendations.

Current and Future Capital Budget:

There are no anticipated financial implications as a result of implementing these recommendations.

RISK

Each municipality must make its financial statements, or a summary of them, and the auditor's report of the financial statements available to the public by May 1 of the year following the year for which the financial statements have been prepared. If Council does not approve this report at the 2024 April 30 Regular Meeting of Council, then The City would not be in compliance with this legislative requirement.

ATTACHMENT(S)

1. Attachment 1 – Previous Council Direction, Background
2. Attachment 2 – The City of Calgary 2023 Annual Financial Report
3. Attachment 3 – 2023 Annual Financial Report Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Corporate Planning & Financial Services Department	Approve

Author: Corporate Financial Reporting Team, Finance

Background

Section 276(1)(a) of the Municipal Government Act specifies that the financial statements be prepared in accordance with “Canadian generally accepted accounting principles for municipal governments, which are the standards approved by the Public Sector Accounting Board included in the CPA Canada Public Sector Accounting Handbook published by the Chartered Professional Accountants of Canada, as amended from time to time.”

Further to this, Section 276(3) of the Municipal Government Act provides:
“Each municipality must make its financial statements, or a summary of them, and the auditor’s report of the financial statements available to the public in the manner the Council considers appropriate by May 1 of the year following the year for which the financial statements have been prepared.”

Previous Council Direction

The Audit Committee’s Terms of Reference (included in Bylaw 33M2020) as approved by Audit Committee and Council, state that the Audit Committee, with respect to The City’s Financial Disclosure and Accounting Practices:

a) Reviews and oversees the integrity of the annual financial statements and recommends their approval to Council;

b) Reviews and discusses The City’s compliance with financial reporting, policies and procedures with Administration and the External Auditor;

c) Engages Administration and the External Auditor in candid discussions regarding issues that may alter judgment or affect the quality of the reporting process and search for insight into the results;

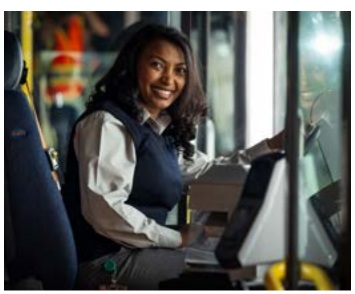
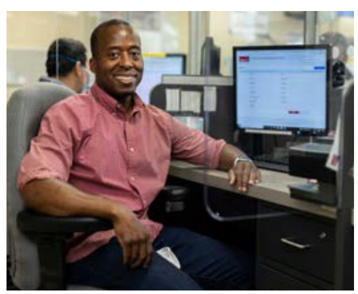
d) In consultation with the Chief Financial Officer and External Auditor, review and discuss significant new accounting standards and financial reporting developments to understand any material impact on financial results. A detailed analysis, prepared by Administration, on the implications of any changes, as well as the progress made in the adoption of new accounting standards, may be requested; and

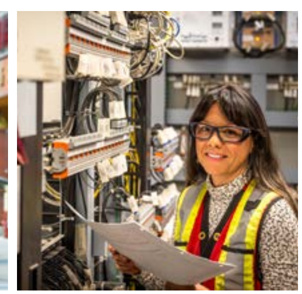
e) Maintains open lines of communication with the External Auditor and Administration.

f) Must meet with the Chief Financial Officer, in the absence of the External Auditor, at least quarterly.

AC2024-0438
Attachment 2

2023 City of Calgary **Annual Financial Report**




Land acknowledgement

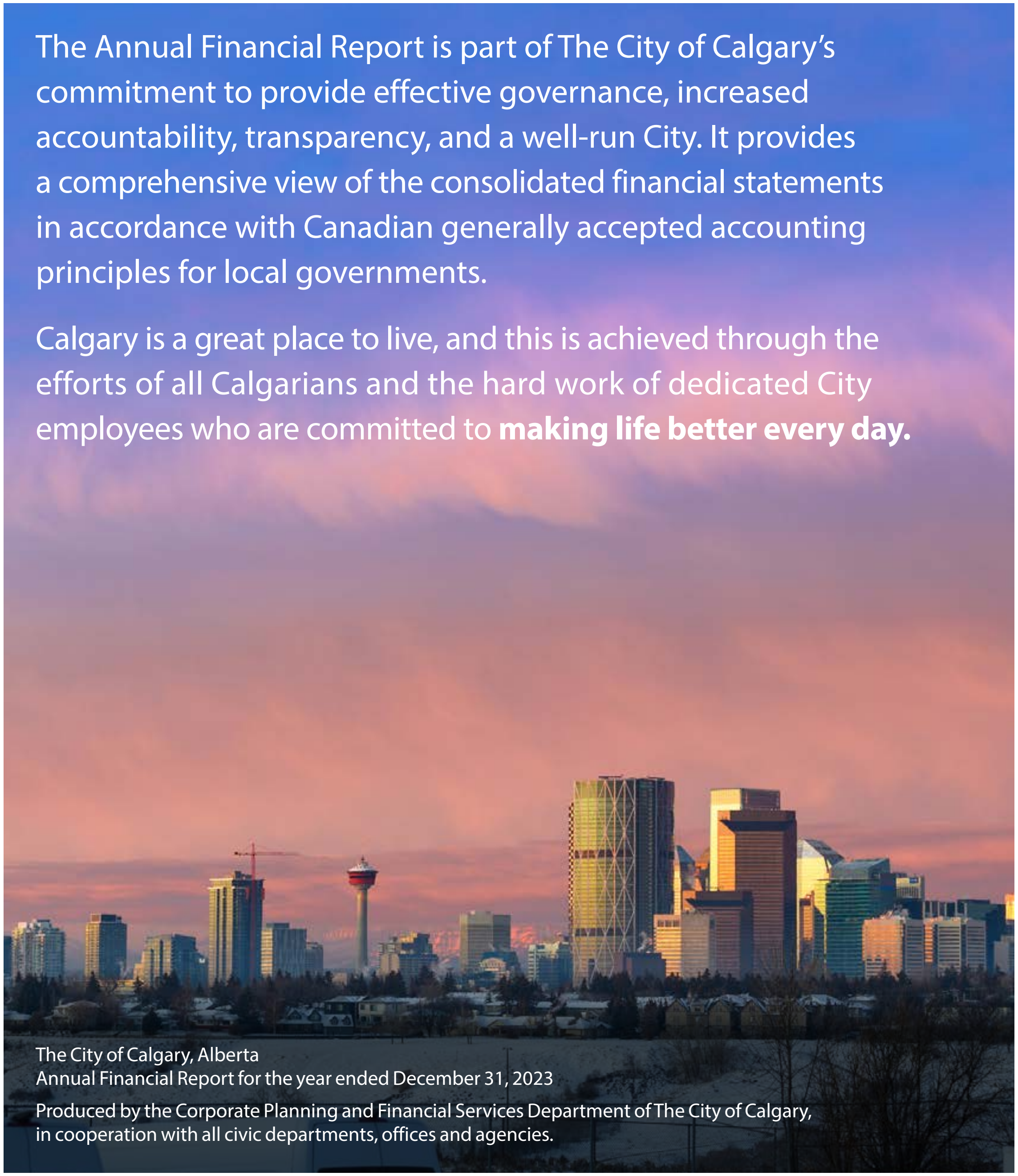
The city of Calgary, where the Bow and Elbow rivers meet, was historically a place of confluence where the sharing of resources, ideas and opportunities naturally come together. Long before Settlers named it Calgary, the original Indigenous Nations of this area had their own names for the land. In the Blackfoot language, it is called Moh-kins-tsis. The Îethka Nakoda Wîcastabi First Nations refer to this place as Wicispa Oyade and the people of the Tsuut'ina nation call it Guts-ists-I. The Métis call the Calgary area Otos-kwunee.

We would like to take this opportunity to appreciate and acknowledge that we are gathered on the ancestral and traditional territory of the Blackfoot Confederacy, made up of the Siksika, Piikani, Amskaapipiikani and Kainai First Nations; the Îethka Nakoda Wîcastabi First Nations, comprised of the Chiniki, Bearspaw, and Goodstoney First Nations; and the Tsuut'ina First Nation. The city of Calgary is also homeland to the historic Northwest Métis and to the Otipemisiwak Métis Government, Métis Nation Battle River Territory (Nose Hill Métis District 5 and Elbow Métis District 6). We acknowledge all Indigenous people who have made Calgary their home.

Indigenous dancers wearing traditional regalia while on stage, Orange Shirt Day 2023.

Contents

Main Cover Image: Calgary skyline. Photo provided by: Tourism Calgary | Sherpas Cinema



Introduction

Men watch mobile phone while riding Calgary Transit bus.

The City of Calgary (The City) conducts an annual Fall Survey of Calgarians to gather views about living in Calgary, perception of quality of life, attitudes towards City Administration and Council, overall satisfaction with services, perception of value for taxes, and Calgarians' outlook for the future.

Public opinion research is a critical tool in helping Council and Administration better understand the needs and perceptions of Calgarians, informing decision-making and providing accountability through performance measures and insights. Given that the Fall Survey of Calgarians is a year-over-year longitudinal survey, it provides more than opinions captured in a single moment of time; tracking Calgarians' perceptions annually provides a performance-based report for Council and Administration, allows for comparison against previous years' findings and helps The City to gauge and better understand shifts and changes in perception.

A portion of the Fall Survey results are shared each year within the Annual Financial Report as a companion piece to the financial results. Complete Fall Survey results, including a year-to-year comparison, can be found at **calgary.ca/fallsurvey**.

Admin and Council

62%

of Calgarians are satisfied with the way Council and Administration are running The City.

Perceptions of transparency and Calgarians' input

62%

of Calgarians agree The City practices open and accessible government.

59%

agree they are confident that The City is working to improve how it includes Calgarians' input into important decisions.

54%

of Calgarians agree The City uses input from Calgarians in decision-making about City projects and services.

51%

agree The City manages its spending in a responsible way that reflects the needs and priorities of Calgarians.

City services

69%

are satisfied with the overall level and quality of City services and programs.

75%

are satisfied with the overall level and quality of customer service provided by The City.

73%

agree The City meets my customer service expectations.

Quality of life in Calgary

76%

of Calgarians say the quality of life in Calgary is good.

67%

agree The City fosters a city that is inclusive and accepting of all.

75%

agree Calgary is a great place to make a life.

47%

agree Calgary is safe for all residents and visitors, regardless of things like ethnicity, race, religion, income, or sexual identity.

70%

agree Calgary is a great place to make a living.

48%

agree The City delivers programs and services that remove barriers to participation for Calgarians who need it the most.

70%

agree that Calgary is on the right track to be a better city 10 years from now.

Aerial view of Calgary downtown.
Photo provided by: Tourism Calgary | Sherpas Cinema

A couple enjoying a busker on Stephen avenue.
Photo provided by: Tourism Calgary | Colin Way

Corporate Governance and Accountability

Council consists of 14 Councillors and the Mayor. In Council meetings, each member has one vote. They are elected by and accountable to the people of Calgary. The Mayor and Councillors hold office for four-year terms.

The role of Council is to govern The City of Calgary, Calgary's municipal corporation, to ensure it provides the civic services Calgarians need. In carrying out its many duties, Council must anticipate emerging opportunities and plan for the community's long-term development and growth, along with addressing concerns. Regular and open communication with Administration is central to setting and achieving Calgary's municipal corporation's mission, vision, goals, strategies and actions.

In addition to sitting as a Council in Council meetings, Council members participate in a variety of boards, commissions and committees. Their involvement provides a critical link between Calgary's communities, agencies and the workings of the municipal government.

Audit Committee

The Audit Committee assists Council in fulfilling its financial oversight and stewardship responsibilities. It maintains reasonable assurance in relation to the integrity of The City's annual financial statements, governance matters, risk management and compliance. The Audit Committee upholds the qualifications, independence, and effectiveness of the External Auditor and the City Auditor. It also evaluates internal control systems and processes and maintains the utilization of a confidential and independent Whistle-blower Program.

The Audit Committee consists of seven members appointed by Council, with the Mayor serving as ex-officio. The membership includes four City councillors and three volunteer public members, whom demonstrate extensive financial expertise. Support to the Audit Committee is provided by the Chief Financial Officer, City Auditor and the External Auditor.

City of Calgary Administration

Calgary's municipal government is responsible for supporting, encouraging, and strengthening our community's dynamic development.

It is Administration's responsibility to provide, manage, and sustain civic infrastructure, facilities, and programs in support of Calgary's excellent quality of life, contributing to why Calgary is consistently recognized as one of the world's most livable cities.

The Role of the Chief Administrative Officer

The Chief Administrative Officer leads the Executive Leadership Team (ELT) and works closely with Council. The Chief Administrative Officer implements the decisions of Council, provides advice, and manages City Administration, made up of over 15,000 employees. The role is responsible and accountable for ensuring all City work, projects, operations, and services comply with Council's policies, priorities, and direction.

Executive Leadership Team

The ELT oversees all City operations and strategic management by leading, managing, and co-ordinating The City's programs, projects, and initiatives. The ELT also plays a major role in developing and implementing public policy as well as balancing the priorities and best interests of the community with The City's corporate goals and available resources.

City Council

Fourth row	**Ward 13 Councillor** **Dan McLean** calgary.ca/ward13	**Ward 9 Councillor** **Gian-Carlo Carra** calgary.ca/ward9	**Ward 14 Councillor** **Peter Demong** calgary.ca/ward14	**Ward 4 Councillor** **Sean Chu** calgary.ca/ward4	**Ward 11 Councillor** **Kourtney Penner** calgary.ca/ward11
Third row	**Ward 3 Councillor** **Jasmine Mian** calgary.ca/ward3	**Ward 5 Councillor** **Raj Dhaliwal** calgary.ca/ward5	**Ward 10 Councillor** **Andre Chabot** calgary.ca/ward10	**Ward 8 Councillor** **Courtney Walcott** calgary.ca/ward8	
Second row	**Ward 1 Councillor** **Sonya Sharp** calgary.ca/ward1	**Ward 2 Councillor** **Jennifer Wyness** calgary.ca/ward2			
Front row	**Ward 12 Councillor** **Evan Spencer** calgary.ca/ward12	**Mayor** **Jyoti Gondek** calgary.ca/mayor	**Ward 7 Councillor** **Terry Wong** calgary.ca/ward7	**Ward 6 Councillor** **Richard Pootmans** calgary.ca/ward6	

Above: Calgary 2021-2025 City Council stands on the steps of Historic City Hall after the swearing in ceremony on October 24, 2021.

Restored Historic City Hall.

City of Calgary Organization

For financial reporting purposes, the results of Green Line and Calgary Police Service (CPS) are included in the Annual Financial Report. Their reporting structure remains separate from administration's organizational structure. CPS communicates with Council through the Calgary Police Commission, while Green Line communicates via the Green Line Board with Council through the Executive Committee of Council.

Calgary City Council

City Auditor's Office
Liz Ormsby
City Auditor

David Duckworth
Chief Administrative Officer

Heather Domzal
Chief of Staff

Stuart Dalgleish
Chief Operating Officer

Planning & Development Services (PDS)

Debra Hamilton
Acting General Manager

- **Downtown Strategy** — **Thom Mahler**, Deputy City Manager
- **Climate & Environment** — **Carolyn Bowen**, Director
- **City & Regional Planning** — **Josh White**, Director
- **Community Planning** — **Mary Saunders**, Acting Director
- **Development, Business & Building Services** — **Brenda Desjardins**, Director

Infrastructure Services (IS)

Michael Thompson
General Manager

- **Capital Priorities & Investment** — **Francois Bouchart**, Director
- **Public Spaces Delivery** — **Kerensa Fromherz**, Director
- **Utilities Delivery** — **Graham Duckworth**, Director
- **Business & Engineering Services** — **Ryan Vanderputten**, Director/Chief Engineer
- **Real Estate & Development Services** — **Campbell Berry**, Director

Community Services (CS)

Katie Black
General Manager

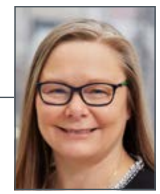
- **Community Strategies** — **Erendira Cervantes-Altamirano**, Director
- **Partnerships** — **Jeff Chase**, Director
- **Recreation & Social Programs** — **Heather Johnson**, Director
- **Emergency Management & Community Safety** — **Iain Bushell**, Director
- **Calgary Fire** — **Steve Dongworth**, Chief

Operational Services (OS)

Doug Morgan
General Manager

- **Mobility** — **Troy McLeod**, Director
- **Parks & Open Spaces** — **Kyle Ripley**, Director
- **Water Services** — **Nancy Mackay**, Director
- **Waste & Recycling Services** — **Julie Radke**, Director
- **Calgary Transit** — **Sharon Fleming**, Director
- **Fleet & Inventory** — **Majid Asefi**, Director
- **Facility Management** — **Ian Fleming**, Director

Corporate Planning & Financial Services (CPFS)



Carla Male
General Manager/Chief Financial Officer

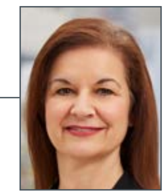
- **Assessment & Tax** — **Eddie Lee**, Director/City Assessor
- **Corporate Planning & Performance** — **Chris Stewart**, Director/City Risk Officer
- **Finance** — **Les Tochor**, Director/City Treasurer
- **Supply Management** — **Amit Patil**, Director

People, Innovation & Collaboration Services (PICS)

Chris Arthurs
General Manager

- **Customer Service & Communications** — **Jennifer McMurtry**, Director
- **Information Technology** — **Jan Bradley**, Director/Chief Information Technology Officer
- **Human Resources** — **Moira Game**, Acting Director/Chief Human Resources Officer
- **Occupational Health & Safety** — **Christopher Collier**, Director
- **Collaboration, Analytics & Innovation** — **Bruce Cullen**, Director

Law, Legislative Services & Security (LLSS)



Jill Floen
City Solicitor & General Counsel

- **Law** — **Lynne Davies**, Director
- **City Clerk's Office** — **Kate Martin**, Director/City Clerk
- **Corporate Security** — **Mike Tillotson**, Director

As of December 2023

Calgary at a Glance

1,389,200[1]
population

1,142 km
city pathways

3.4%
population growth

207
City-supported events

38.6
median age

$536,805
MLS average selling price

6%
unemployment rate

4,552
single family housing starts

852 km
city area

$5.98 billion
value of building permits issues

In 2023, Calgary ranked seventh in the Economist Intelligence Unit's (EIU) annual list of the world's most livable cities.

For more information on this Calgary award and others see calgary.ca/awards

(1) Corporate Economics forecasts as of 2023

Financial Statement Discussion and Analysis

A group of City of Calgary traffic engineers hold a meeting.

Introduction

The financial statement discussion and analysis (FSDA) reports to Calgarians on how the financial resources entrusted to The City of Calgary (The City) are being managed to provide municipal services and infrastructure. It explains any significant differences in the consolidated financial statements between the reported year and the previous year as well as between approved budget and actual results. The FSDA also identifies trends, risks and anticipated events that could have financial implications.

The 2023 year is the first year in the four-year business plan and budget cycle (2023-2026), also known as the 2023-2026 Service Plans and Budgets. The budget reflects and addresses the ongoing economic challenges The City is facing while continuing to advance the Council priorities laid out in the roadmap for advancing *Resilient Calgary: Council's Strategic Direction 2023-2026*, keeping the ongoing expenses in line with inflation and population growth. As a result, Council approved an average annual increase of 3.7 per cent for 2023-2026 in the total amount of tax collected from existing properties.

In 2023, The City continued to strive to enhance financial sustainability, drive innovation, and modernize service delivery. Demand for The City's services remain high, the population continues to grow, and inflation remains a concern for households and businesses alike. The City continues to manage these factors while working hard to support Calgarians and businesses in a fiscally sustainable manner.

The City's 2023 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Canadian Public Sector Accounting Board published by the Chartered Professional Accountants (CPA) Canada, as required by the *Alberta Municipal Government Act*. Deloitte LLP has audited The City's consolidated financial statements and provided an Independent Auditor's Report. The consolidated financial statements and auditor's report satisfy the legislative reporting requirement set out in the *Alberta Municipal Government Act*.

With the adoption of five new accounting standards required by the Public Sector Accounting Board, the presentation of the financial statements has changed significantly in 2023. The 2022 financial results have been restated to match the current years presentation in order to provide valid comparisons between the two years. The five new accounting standards adopted in 2023 are PS 3280 – Asset Retirement Obligations, PS 3450 – Financial Instruments, PS 1201 – Financial Statement Presentation, PS 3041 – Portfolio Investments, and PS 2601 – Foreign Currency Translation.

Carla Male
Chief Financial Officer

The consolidated financial statements consist of:

- Consolidated statement of financial position (summary of financial assets and liabilities, net financial assets, non-financial assets and net assets) at year end,
- Consolidated statement of operations and accumulated surplus (summary of the annual surplus for the year, consisting of revenues reflecting what operating and capital funds were raised in the year and expenses reflecting how funds were used during the year, including the annual costs for owning and using capital assets (amortization), plus the change in the net value of the government business enterprise, ENMAX Corporation (ENMAX), excluding other comprehensive income),
- Consolidated statement of remeasurement gains and losses (summary of unrealized gains and losses on investments, derivatives, and foreign exchange instruments, including ENMAX's other comprehensive income),
- Consolidated statement of cash flows (summary of how The City's cash position changed during the year, highlighting sources and uses of cash, including the use of cash to acquire tangible capital assets), and
- Consolidated statement of changes in net financial assets (a reconciliation between the net revenues earned in the year to the change in net financial assets). This statement shows the annual surplus, with a reversal of the non-cash accruals for amortization and sale of assets, less donated assets, the spending to acquire new tangible capital assets in the year, the addition of asset retirement obligations and the change in accumulated unrealized gains or losses. The change in net financial assets is an indicator of whether revenues raised in the year were sufficient to cover the spending in the year.

City Administration is responsible for preparing the FSDA and the consolidated financial statements. The FSDA and the audited consolidated financial statements should be read in conjunction with the unaudited climate-related financial disclosures and the unaudited financial and statistical schedules.

In 2023, as a result of adopting the new PS 3280 – Asset Retirement Obligations accounting standard on a modified retroactive basis, prior years consolidated financial statements have been retroactively adjusted. The adoption of this standard resulted in PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability being withdrawn. As a result, previous years Provisions for Landfill Rehabilitation have now been captured within the financial liability of asset retirement obligations. The prior year tangible capital asset balance previously reported in the 2022 consolidated financial statements of $19,703 million has been restated to $19,745 million resulting in an increase of $42 million. The change represents 0.2 per cent of tangible capital assets. The 2022 provision for landfill rehabilitation of $103 million in the 2022 consolidated financial statements was absorbed into the asset retirement obligation, resulting in a restated balance of $307 million, which includes retirement obligations beyond just landfills. The adjustments also resulted in a prior year increase of $1.5 million to amortization and depreciation expense, a new accretion expense of $7.5 million, and a decrease of $156 million to opening accumulated surplus.

The restated amounts have no effect on The City's cash balances, property tax revenues or any other balances influencing The City's grants received, property tax assessments or any other related balances.

Economic Environment

A strong performance by the oil and gas sector continued adding to Calgary's local and regional economic growth in 2023. Total employment in the Calgary Economic Region increased to 954,700 in 2023, up by 26,800 jobs from 927,900 in 2022. The region's annual average unemployment rate stabilized at 6.0 per cent in 2023, slightly lower than 6.1 per cent in 2022. Consumer price inflation in the Calgary census metropolitan area decelerated to 3.8 per cent in 2023, down from 7.2 per cent in 2022. Building permit value reached $6.0 billion in 2023, up by $271 million from $5.7 billion in 2022. The number of building permits issued increased by 1,565, from 18,566 in 2022 to 20,131 in 2023.

	2023	2022	Change
Calgary			
Population (persons)[1]	**1,389,200**	1,343,500	3.4%
Building permit (numbers)[2]	**20,131**	18,566	1,565
Building permit value ($ billions)	**6.0**	5.7	0.3
Calgary Census Metro Area			
CPI inflation rate (%)	**3.8**	7.2	(3.4)
Calgary Economic Region			
Employment (persons)	**954,700**	927,900	26,800
Unemployment rate (%)	**6.0**	6.1	(0.1)

Population growth in Calgary was estimated at 45,700 (3.0 per cent) in 2023, which is significantly higher than 27,000 (2.0 per cent) in 2022. The growth was driven by a record-setting net migration of 33,100 people to Calgary in 2023, compared to 19,700 people in 2022. The net migration from international and interprovincial sources is expected to decelerate over the next four years, especially from non-permanent residents and international students. With visa applications under the Canada-Ukraine Authorization for Emergency Travel program expiring, and the Federal Government reducing the cap on international students in 2024 by 35 per cent from 2023. Annual population growth in Calgary is expected to moderate to 1.5 per cent in 2024-2027, down from 1.9 per cent in 2020-2023.

Sources: All data is from Statistics Canada, except:

(1) The population figures are estimates from Corporate Economics (Fall 2023 estimate) using alternative demographic data from Statistics Canada and the Alberta Government.

(2) Building permit data is from the City of Calgary's Planning Department.

Financial Highlights

Revenues and Expenses

The City had consolidated revenues of $4,606 million in 2023 (2022 – $4,705 million) before external transfers for infrastructure. External transfers for infrastructure include grants and revenue sharing recognized from other governments plus funds and tangible capital assets from developers totaling $940 million (2022 – $843 million).

The City had consolidated expenses of $4,658 million (2022 – $4,344 million restated). Included in expenses is depreciation and amortization in the amount of $725 million (2022 – $718 million restated) as the estimated annual cost of owning and using The City's tangible capital assets.

The City had an excess of revenues over expenses before other contributions and transfers of negative $52 million (2022 – $361 million restated). The City's annual surplus on a consolidated basis for financial statement reporting totaled $888 million (2022 – $1,329 million restated).

Consolidated Financial Position

As at December 31, 2023 (in millions)

		2023		2022 (Restated)
A. Financial Assets	$	**10,622**	$	10,402
B. Financial Liabilities		**6,098**		6,119
C. Net Financial Assets (A minus B)		**4,524**		4,283
D. Non-Financial Assets		**20,442**		19,858
E. Net Assets (C plus D)		**24,966**		24,141

The City's net financial assets increased by $241 million (2022 – $733 million restated) mainly due to an increase in investments and a decreases in accounts payable and accrued liabilities. The increase in net financial assets was partially offset by decreases in cash and cash equivalents, investment in ENMAX and an increase in asset retirement obligations. Financial assets are partially offset by financial liabilities which are governed by agreements with the parties involved, including funds owed for goods and services already received (accounts payable and accrued liabilities), bank indebtedness and capital deposits that are restricted to specific types of capital.

The City's net assets increased by $825 million (3 per cent) in 2023, primarily from the increase in investments of $553 million, net increase in tangible capital assets (purchased and donated) of $575 million, offset by decreases in cash and cash equivalents of $205 million, investment in ENMAX of $121 million and partially offset by a decrease in accounts payable and accrued liabilities of $34 million. In 2022, The City's restated accumulated surplus increased by $1,173 million (5 per cent), primarily from the increase in cash of $162 million, investments of $402 million, restated net increase in tangible capital assets (purchased and donated) of $424 million, investment in ENMAX of $358 million, decrease in long-term debt of $76 million, partially offset by increase in accounts payable of $137 million. With the adoption of PS 3280 – Asset Retirement Obligations, The City's opening accumulated surplus decreased by $156 million due to the modified retroactive adoption.

The City's long-term debt ratings were affirmed at AA+ by S&P Global Rating Agency (S&P) and AA (high) by Morningstar DBRS (DBRS) in 2023.

Cash Flow

The City's cash and cash equivalents decreased by $205 million to $1,106 million and investments increased by $553 million to $5,760 million. The decrease in cash and cash equivalents is primarily due to cash used for the acquisition of tangible capital assets and purchase of investments. This decrease was offset by cash generated from operating activities and dividends received from ENMAX.

Cash provided by operating activities

In 2023, cash provided by operating activities was $1,313 million, compared to $1,434 million in 2022, and includes:

- Annual surplus of $888 million (2022 – $1,328 million restated); and
- Items included in the annual surplus and not affecting cash of $425 million (2022 – $106 million restated).

Cash used in capital activities

Cash used in capital activities was $1,053 million, compared to $850 million in 2022, and includes:

- Additions to capital assets of $1,065 million (2022 – $876 million); and
- Proceeds on the sale of tangible capital assets of $12 million (2022 – $26 million).

Cash used in investing activities

Cash used in investing activities was $471 million, compared to $340 million used in 2022, and includes:

- Net purchases of investments of $553 million (2022 – $402 million); less
- Dividends from ENMAX of $82 million (2022 – $62 million).

Cash provided by financing activities

Cash provided by financing activities was $6 million, compared to cash used of $83 million in 2022, and includes:

- Proceeds from long-term debt issued of $234 million (2022 – $176 million);
- Long-term debt repayments of $228 million (2022 – $251 million); and
- Net increase in bank indebtedness of $0.3 million (2022 – decrease of $8 million).

ENMAX (The City's Wholly-Owned Subsidiary)

ENMAX is a private Alberta corporation with The City being the sole shareholder. The City's investment in ENMAX comprises 28 per cent (2022 – 30 per cent) of The City's financial assets on the consolidated statement of financial position.

ENMAX's 2023 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Summary financial information for ENMAX is included in Note 9 of the consolidated financial statements. ENMAX provides The City with annual dividends based on a target of 30 per cent of comparable net earnings or $30 million, whichever is greater.

Fitch Ratings affirmed its BBB with a Stable Outlook credit rating for ENMAX on May 19, 2023. DBRS affirmed its credit rating of BBB (high) with Stable Trends for ENMAX on July 7, 2023. S&P revised its rating for ENMAX Corporation on July 14, 2023, to BBB- with a Stable Outlook, up from BBB- with a Negative Outlook. S&P revised its standalone rating for Versant Power on July 14, 2023, to BBB+ with a Stable Outlook, up from BBB+ with a Negative Outlook.


Centre Street in Downtown Calgary.
Photo provided by: Tourism Calgary | Vaibhav Kapoor

Financial Analysis Review

Revenues – Comparison to Prior Year

For the year ended December 31 (in thousands)

		2023		2022 (Restated)		Increase/ (Decrease)	Per cent Change
Net taxes available for municipal purposes	**$**	**2,607,604**	$	2,406,356	$	201,248	8%
Sales of goods and services		**1,359,983**		1,384,471		(24,488)	(2%)
Government transfers related to operating		**179,306**		227,830		(48,524)	(21%)
Investment income		**219,934**		141,530		78,404	55%
Fines and penalties		**77,650**		74,089		3,561	5%
Licences, permits and fees		**134,083**		118,511		15,572	13%
Miscellaneous revenue		**43,243**		56,291		(13,048)	(23%)
Equity in (loss) earnings of ENMAX Corporation		**(15,608)**		295,628		(311,236)	(105%)
Total revenues (before external transfers for infrastructure)	**$**	**4,606,195**	$	4,704,706	$	(98,511)	(2%)
Developer contributions	**$**	**188,830**	$	242,498	$	(53,668)	(22%)
Government transfers related to capital		**462,316**		359,643		102,673	29%
Developer contributions-in-kind related to capital		**288,695**		240,901		47,794	20%
Total external transfers for infrastructure	**$**	**939,841**	$	843,042	$	96,799	11%

Net taxes available for municipal purposes increased by 8 per cent due to physical growth in the number of properties in the tax base and a municipal tax rate increase of 3.7 per cent. In addition to physical growth in the number of properties, The City saw higher property assessment values in 2023 which was a supplementary cause of the increase. The City also received additional revenue in lieu of taxes from ENMAX due to strong electricity prices which was offset by lower franchise fees due to the declining price of natural gas.

Sales of goods and services decreased by 2 per cent primarily due to The City having much less activity in land sales transactions in 2023 as opposed to 2022 when The City took advantage of favourable industrial land market conditions. This decrease was offset by an increase in transit ridership and an increase in delivery and demand for The City's recreational programs as compared to the 2022 revenues, which are continuing to normalize after the COVID-19 pandemic. Further, in 2023, The City experienced higher revenue from Landfill tipping fees as a result of higher tonnage from new commercial agreements, and higher black, blue, and green cart fees due to household growth in 2023. Lastly, Water Services revenue increase was from higher consumption during the year due to population and usage growth.

Government transfers related to operating decreased by 21 per cent primarily due to the one-time $82 million of Alberta Relief for Shortfalls for Transit Operators (RESTOR) funding that was recognized by The City in 2022. This amount was offset by additional emergency funding received for the Northwest Territories wildfire emergency support and additional amounts received for the Building Safer Communities program, and Family Community Support Services grant funding. In addition, The City received funding for Transit programs created to make Transit ridership safer, and additional funding needed for changes in the Senior's Low Income Transit Pass eligibility program.

Investment income was 55 per cent higher due to favourable returns generated throughout the year on The City's investments. Stabilization of general economic conditions led to favourable market conditions in 2023 as opposed to the previous year's capital markets. The City's investments are managed by both internal and external managers allowing them to capitalize on investment opportunities while staying within set policies ranges and limits.

Fines and penalties were 5 per cent higher due to an increase in property tax penalty revenues. This increase was partially offset by a decrease in fines charged on infractions.

Licences, permits and fees were 13 per cent higher as a result of higher building permit numbers and building permit values for the construction of new housing in The City. Licences revenues were higher in 2023 resulting from relief packages provided during the COVID-19 pandemic expiring and the number of licences normalizing.

Miscellaneous revenue was 23 per cent lower due to tangible capital asset disposals and sales resulting in less proceeds to The City. Additionally, lower rental income generated in the film industry as a result of strikes which were seen throughout 2023. The City had higher funds generated in 2022 as a result of warranty settlements which were one-time occurrences. These decreases were partially offset by higher amounts received from Mental Health programs.

Equity in (loss) earnings of ENMAX Corporation decreased by 105 per cent primarily due to unrealized mark to market losses on commodities contracts due to changes in forward natural gas prices and foreign exchange losses of $380 million offset by unrealized net income tax recovery on unrealized loss of $48 million resulting in a net loss of $16 million compared to a net earnings of $296 million in 2022.

Developer contributions decreased 22 per cent primarily due to actual project spend being lower in 2023 because of increased utilization of government transfers. Additionally, in 2022 The City received a large contribution from Joint Use Coordinating Committee (JUCC) for a land acquisition, in 2023 there were no contributions from JUCC.

Government transfers related to capital increased 29 per cent primarily due to higher Canada Community Building funds being applied to construction projects which were started in 2023 and had very little spending in 2022. Calgary Transit saw more activity throughout 2023 for capital spend projects which created higher grant claim activity throughout the year. Additionally, there was an increase in projects eligible for Municipal Sustainability Initiatives (MSI) which allowed greater spend on facility upgrades and sustainment.

Developer contributions-in-kind related to capital related to capital were 20 per cent higher in 2023 versus 2022 due to timing of completion of developer donated assets which vary year to year. The City saw greater activity in 2023 to support more migration and immigration into The City.

Expenses – Comparison to Prior Year

For the year ended December 31 (in thousands)

	2023	2022 (Restated)	Increase/ (decrease)	Per cent Change
Planning and development services	**$ 200,982**	$ 169,090	$ 31,892	19%
Infrastructure services	**377,687**	394,227	(16,540)	(4%)
Community services	**1,565,365**	1,389,104	176,261	13%
Operational services	**2,146,059**	2,015,534	130,525	6%
General government	**367,654**	375,669	(8,015)	(2%)
	$ 4,657,747	$ 4,343,624	$ 314,123	7%

Planning and development services expenses increased by 19 per cent primarily due to increased spending of the Calgary Downtown Revitalization grant funding including higher consulting costs related to the greater downtown Calgary plan. The downtown plan also saw increased spending related with City partners and third-party organizations on programs and safety initiatives. Additionally, there was higher salary, wage and benefit expenses in 2023 from approved growth positions to maintain and increase service levels.

Infrastructure services expenses decreased by 4 per cent primarily due to costs of land sales being lower due to less activity in the sales of industrial lands. This decrease was offset by increases incurred for salaries, wages and benefits, and materials, equipment and supplies.

Community services expenses increased by 13 per cent primarily due to union settlements and staffing for approved growth in support of Council priorities of public safety and affordable housing. In addition, 2023 was another significant fire season in western Canada resulting is evacuations of northern areas and housed in Calgary. Additional costs for Northwest Territories wildfire emergency support were a contributor to the increase.

Operational services expenses increased by 6 per cent primarily due to Calgary Transit's operational costs increasing in 2023 as a result of continued normalization towards service hours. This contributed to higher replacement part costs on service vehicles. The City incurred additional costs on its facilities, including increased services in preventative maintenance programs, base level electrical work, and common area enhancements. Other levels of operational services continued seeing an upward trend on costs primarily due to increased number of services provided to Calgarians and the requirement of additional services for new and existing communities.

General government expenses include the costs of Council, Chief Administrative Officer, Chief Operating Officer, Finance, Supply Management, City Auditor, City Clerk's Office, Law, Assessment & Tax, Corporate Planning & Performance, Corporate Security, Customer Service & Communications, Human Resources, Information Technology, Collaboration Analytics & Innovation and Occupational Health & Safety. 2023 expenses were 2 per cent less than prior years due to on-going monitoring and management of expenses and less accruals for corporate contingencies.

A couple enjoying a stroll by the National Music Centre.
Photo provided by: Tourism Calgary | Colin Way

Revenues – Budget to Actual Comparison

For the year ended December 31 (in thousands)

		Budget 2023		Actual 2023		Favourable/ (Unfavourable)	Per cent Change
Net taxes available for municipal purposes	$	**2,370,532**	$	**2,607,604**	$	237,072	10%
Sales of goods and services		**1,394,150**		**1,359,983**		(34,167)	(2%)
Government transfers related to operating		**145,324**		**179,306**		33,982	23%
Investment income		**110,437**		**219,934**		109,497	99%
Fines and penalties		**83,009**		**77,650**		(5,359)	(6%)
Licences, permits and fees		**115,231**		**134,083**		18,852	16%
Miscellaneous revenue		**29,870**		**43,243**		13,373	45%
Equity in (loss) earnings of ENMAX Corporation		**275,000**		**(15,608)**		(290,608)	(106%)
Total revenues (before external transfers for infrastructure)	$	**4,523,553**	$	**4,606,195**	$	82,642	2%
Developer contributions	$	**270,063**	$	**188,830**	$	(81,233)	(30%)
Government transfers related to capital		**883,491**		**462,316**		(421,175)	(48%)
Developer contributions-in-kind related to capital		**–**		**288,695**		288,695	100%
Total external transfers for infrastructure	$	**1,153,554**	$	**939,841**	$	(213,713)	(23%)

The City's consolidated revenues (before external transfers for infrastructure) were 2 per cent higher than the total budgeted amount for 2023, primarily due to a higher than expected net taxes available for municipal purposes, government transfers related to operating, investment income, licences, permits and fees and miscellaneous revenue. These revenue categories were partially offset with a significant decline in equity in earnings of ENMAX Corporation and sales of goods and services.

Net taxes available for municipal purposes were 10 per cent higher than budgeted primarily due to higher property assessment values and higher local access fees which are collected by ENMAX from rate users resulting from higher demand and strong electricity prices. Additionally, franchise fees were higher than budgeted due to natural gas prices being better than forecasted but below 2022 levels.

Sales of goods and services were 2 per cent lower than budgeted largely driven by Calgary Transit's ridership levels in 2023 not meeting budgeted demand. Housing programs provided through Attainable Homes Corporation Calgary saw a significant decline in sales of goods and services as a result of extremely low housing inventory levels The City experienced in 2023. This, along with general land sales not meeting expected budget amounts led to a large decrease in sales of goods and services. These declines were partially offset by a variety of other service lines which experienced higher than budgeted revenues. Favourable variances were seen as a result of one-time Renewable Energy Credit sales, services provided to Alberta Health Services on vehicle maintenance, utility right-of-way revenues, favourable landfill tipping fee revenues, and a longer and dryer season leading to higher than expected golf and outdoor activity revenues. In addition, The City experienced higher water consumptions level resulting from abnormal weather patterns causing drought like conditions.

Government transfers related to operating were 23 per cent higher than budgeted due to additional provincial grant funding provided for transit operations, recreation and social program grants, and unbudgeted revenues received for the deployment of firefighters to support wildfire efforts in Grand Prairie and additional funding received for wildfire support programs.

Investment income was 99 per cent higher than budgeted due to higher returns generated on a larger overall investment balance. Stabilization of general economic conditions led to favourable market conditions in 2023 as opposed to the previous year's capital markets. The City's investments are managed by internal and external managers allowing them to capitalize investment opportunities while staying within set policy ranges and limits.

Fines and penalties were 6 per cent lower than budgeted primarily due to the Calgary Police Service having decreased summons infractions throughout the year which were partially offset by higher parking infractions and property tax penalties.

Licences, permits and fees were 16 per cent higher than budgeted primarily due to an increased demand in new housing initiatives and higher construction permit values and additional fees charged to new ride-sharing services in 2023.

Miscellaneous revenue was 45 per cent higher than budgeted due to contributions received for unbudgeted programs such as mental health and addiction programs and community hub programs. Additionally, receipt of unbudgeted insurance proceeds led to the favourable variance.

Equity in (loss) earnings of ENMAX Corporation were 106 per cent lower than budgeted largely due to unrealized mark to market losses on commodities contracts due to changes in forward natural gas prices and foreign exchange losses of $380 million offset by unrealized net income tax recovery on unrealized loss of $48 million resulting in a net loss of $16 million compared to budgeted net earnings of $275 million.

Developer contributions were 30 per cent lower than budgeted due to timing differences and overall capital spend rates being approximately half of what was budgeted in 2023. This was primarily the result of project scope modifications and delays in construction.

Government transfers related to capital were 48 per cent lower than budgeted primarily due to unanticipated changes in the receipt and usage of government grants and lower than budgeted capital expenditure timing. Due to supply disruptions impacting the bus and shuttle procurement program, project scope modifications and delays in construction, Calgary Transit and Public Spaces Delivery spent 49 per cent and 54 per cent of their capital budgets respectively.

Developer contributions-in-kind related to capital were higher than budgeted as capital acquisitions and capital donated assets of this nature are not budgeted due to the timing of completion of developer donated assets which is variable from year to year.

Expenses – Budget to Actual Comparison

For the year ended December 31 (in thousands)

	2023 Budget (excluding Amortization)	2023 Actual (excluding Amortization)	Favourable/ (Unfavourable)	Per cent Change	2023 Budget Amortization Expense	2023 Actual Amortization Expense
Planning and development services	$ 215,261	$ 196,647	$ 18,614	9%	$ 508	$ 4,335
Infrastructure services	315,861	368,127	(52,266)	(17%)	–	9,560
Community services	1,475,551	1,509,731	(34,180)	(2%)	3,686	55,634
Operational services	1,413,815	1,513,588	(99,773)	(7%)	148,892	632,471
General government	550,735	345,175	205,560	37%	–	22,479
	$ 3,971,223	$ 3,933,268	$ 37,955	1%	$ 153,086	$ 724,479

Due to ambiguity in the *Municipal Government Act* (MGA) regarding balanced operating budgets and associated contents, The City only budgets for amortization charges for self-supported business activities.

During 2023, The City continued to find efficiencies and savings in expenditures which allowed The City to keep taxes and fees as low as possible while still responding to the economic changes, and priorities and needs of Calgarians.

The following variance explanations exclude the impact of amortization expense:

Planning and development services expenses were 9 per cent lower than budgeted primarily due to lower salary, wages and benefits due to vacancies in City & Regional Planning and Community Planning.

Infrastructure services expenses were 17 per cent higher than budgeted primarily due to higher community revitalization levies being higher than budgeted. Additionally, higher than budgeted expenses were seen for the VIVO expansion. These were offset by lower than budgeted costs of land sales as a result of lower land development costs for the land parcels sold and lower salary, wages and benefits due to vacancies by intentionally managing the work force.

Community services expenses were 2 per cent higher due to additional expenses related to 2023 transferred payments from Opportunity Calgary Investment Fund, additional expenses related to the adoption of the Asset Retirement Obligations standard and work in progress adjustments for the new Event Centre.

Operational services expenses were 7 per cent higher than budgeted due to higher expenses incurred based on opportunity based work in urban forestry and more time available due to mild weather conditions for road repair and maintenance work. The City incurred additional costs in the areas of materials, equipment, and supplies due to various forms of price increases from suppliers and vendors. This was offset by milder winter conditions which led to savings in winter operations activities. Calgary Transit had a favourable variance driven by reduced service hours in the first half of 2023 prior to their returning to increased service hours in the second part of the year.

General government expenses were 37 per cent lower than budgeted primarily due to lower corporate contingency estimates, and employee benefit obligation curtailment gain recognized during the period and lower pension expense due to lower than budgeted gross salaries and lower than budgeted Local Authorities Pension Plan (LAPP) rates.

Tangible Capital Assets

As at December 31 (in thousands)

	2023 Net book value	2022 Net book value (Restated)	Increase/ (Decrease)
Land	**$ 2,846,703**	$ 2,738,755	$ 107,948
Land improvements	**575,747**	608,248	(32,501)
Engineered structures	**11,942,856**	11,729,402	213,454
Buildings	**2,229,948**	2,302,976	(73,028)
Machinery and equipment	**189,879**	208,660	(18,781)
Vehicles	**811,552**	796,853	14,699
	$ 18,596,685	$ 18,384,894	$ 211,791
Work in progress			
Land	**$ 1,624**	$ 13,722	$ (12,098)
Construction	**1,721,671**	1,346,422	375,249
Tangible capital assets	**$ 20,319,980**	$ 19,745,038	$ 574,942

During 2023, the net book value of tangible capital assets increased by $575 million (2022 – $424 million restated). Spending on capital projects was primarily for roads and utility infrastructure projects, the Green Line LRT Project and Calgary Municipal Land Corporation's (CMLC) construction initiatives.

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less estimated salvage value of the tangible capital assets is amortized on a straight-line basis over the assets' estimated useful lives, ranging from five to 100 years.

During 2023, amortization expense of $725 million was recorded (2022 – $718 million restated). In total there was $289 million (2022 – $241 million) of donated and contributed assets which were primarily for The City's Water Services, Parks & Open Spaces and Mobility business units. Disposals with a net book value of $21 million were made in 2023 (2022 – $32 million) which consisted of land, land improvements, engineered structures, buildings, machinery and equipment and vehicles.

In 2023, The City adopted PSAB section PS 3280 – Asset Retirement Obligations. This change had implications across the organization. This adoption required changes to business processes and financial policies. The City has successfully implemented PS 3280 and will continue to refine and enhance the ongoing sustainment efforts to maintain compliance with this new standard.

Significant Trends

Consolidated Statement of Operations

For the year ended December 31 (in thousands)

	2023	2022 (Restated)	2021	2020	2019
Revenues	**$ 4,606,195**	$ 4,704,706	$ 4,248,825	$ 4,180,830	$ 4,171,634
Other Revenues	**939,841**	843,042	787,325	617,438	1,100,071
Expenses	**(4,657,747)**	(4,343,624)	(3,980,169)	(3,848,802)	(3,913,569)
Annual Surplus (previously Net Revenues)	**$ 888,289**	$ 1,204,124	$ 1,055,981	$ 949,466	$ 1,358,136

Annual Surplus for the year was $888 million after accounting for developer contributions, government transfers related to capital and developer contributions-in-kind related to capital. Revenues decreased 2 per cent from the prior year, primarily due to government transfers related to operating and equity in (loss) earnings of ENMAX Corporation. Other revenues vary from year to year based on fluctuations in development activities and timing of significant capital projects. Expenses over the past five years reflect the growing demand for additional services and infrastructure that comes with an increasing population. With the adoption of PS 3280 – Asset Retirement Obligations, The City's 2023 and 2022 expenses have increased due to the inclusion of amortization expense and accretion expense on The City's asset retirement obligations.

Calgarians commuting on the bike path.

Liquidity and Debt

Financial Position – Net Financial Assets

As at December 31 (in thousands)

	2023	2022 (Restated)	2021	2020	2019
Financial Assets					
Cash and cash equivalents	**$ 1,106,014**	$ 1,311,375	$ 1,149,220	$ 632,626	$ 263,209
Investments	**5,759,703**	5,206,794	4,804,797	4,423,320	4,230,756
Receivables	**462,582**	484,018	384,329	373,481	375,636
Land inventory	**234,506**	211,213	257,031	279,307	275,592
Other assets	**106,923**	115,858	114,148	101,415	94,701
Investment in ENMAX Corporation	**2,951,848**	3,072,460	2,714,462	2,416,472	2,339,699
	$ 10,621,576	$ 10,401,718	$ 9,423,987	$ 8,226,621	$ 7,579,593
Liabilities					
Bank indebtedness	**$ 348,320**	$ 348,010	$ 355,179	$ 224,159	$ 51,711
Accounts payable and accrued liabilities	**930,870**	965,218	828,217	800,092	811,799
Deferred revenue	**106,571**	106,619	98,768	109,765	103,629
Capital deposits	**1,188,138**	1,185,905	1,203,110	838,562	675,135
Asset retirement obligations(1)	**326,466**	307,239	101,806	104,593	101,198
Employee benefit obligations	**497,573**	510,709	516,455	514,061	495,564
Long-term debt	**2,700,337**	2,695,093	2,770,590	2,845,144	2,883,447
	$ 6,098,275	$ 6,118,793	$ 5,874,125	$ 5,436,376	$ 5,122,483
Net Financial Assets	**$ 4,523,301**	$ 4,282,925	$ 3,549,862	$ 2,790,245	$ 2,457,110

There was an increase of $240 million in net financial assets in 2023 relative to 2022 due to a large increase in investments and a decrease in accounts payable and accrued liabilities. This increase was offset with a decrease in cash and cash equivalents and The City's investment in ENMAX. Investments in 2019, 2020, 2021 and 2022 were reported at cost but reported at fair value in 2023 due to the adoption of PS 3450 – Financial Instruments. Asset Retirement Obligations were significantly higher than 2019, 2020, and 2021 as a result of PS 3280 – Asset Retirement Obligations which introduced retirement obligations beyond just The City's landfills.

General trends from 2019 to 2023 have remained relatively consistent with some changes in certain years and areas due to operational requirements, large capital projects, or timing of cash flows. The downward trend in long-term debt levels since 2019 is due to higher principal repayments compared to borrowings for tax-supported and self-sufficient tax-supported (especially MSI) debt and the decrease in these debt categories is greater than increases in self-supported debt.

(1) Formerly Provision for landfill rehabilitation, which has been repealed and replaced by PS 3280 – Asset Retirement Obligation.

Long-Term Debt

As at December 31, 2023 (in thousands)

		2023		2022		2021		2020		2019
Opening Balance	**$**	**2,695,093**	$	2,770,590	$	2,845,144	$	2,883,447	$	2,888,831
Increase (Decrease)										
Tax-supported		**(32,422)**		(35,667)		(33,854)		(40,342)		75,973
Self-sufficient tax-supported		**30,372**		27,544		5,531		3,946		(78,021)
Self-supported		**7,294**		(67,374)		(46,231)		(1,907)		(3,336)
Net increase (decrease) during the year	**$**	**5,244**	$	(75,497)	$	(74,554)	$	(38,303)	$	(5,384)
Closing balance	**$**	**2,700,337**	$	2,695,093	$	2,770,590	$	2,845,144	$	2,883,447
Debt attributable to ENMAX Corporation		**1,722,502**		1,606,493		1,455,813		1,371,972		1,283,320
Total debt attributable to The City	**$**	**4,422,839**	$	4,301,586	$	4,226,403	$	4,217,116	$	4,166,767

In 2023, The City repaid $32.4 million in tax-supported debt and did not issue new tax-supported debt, resulting in a net reduction in tax-supported debt of $32.4 million to $299.2 million as at December 31, 2023.

The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 1.0 per cent (including self-sufficient tax supported), which is within The City's 10 per cent policy limitation.

Self-sufficient tax-supported debt in the amount of $46.5 million was issued in 2023, and $16.1 million repaid. Self-sufficient tax-supported debt comprises debt for CMLC's programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes. These costs are currently being partially funded by revenues resulting from their own operations. As at December 31, 2023, CMLC has $277.7 million in outstanding debt. In 2009, Council approved a maximum debt of $1 billion to provide bridge financing for Municipal Sustainability Initiative (MSI) funded projects. Additional bridge financing for MSI-funded projects was approved in 2011, bringing the total capacity to approximately $1.6 billion. As at December 31, 2023, The City has no outstanding debt for these projects. With the transition to the Local Government Fiscal Framework in 2024, no new MSI debt issuance is expected.

Additionally, $187.0 million in new self-supported debt (primarily related to water services and resources) was obtained and $179.7 million was repaid, resulting in a net increase in self-supported debt of $7.3 million to $2,123.4 million (excluding $1,722.5 million in debt attributable to ENMAX).

The City's Debt Policy provides guidance on debt and debt servicing limits at an internal maximum level of 80 per cent, compared to the mandated 100 per cent maximum legislated by the MGA. Administration continues to monitor and report on an internal maximum, as well as the mandated maximums of The City's Debt Limit. The City only reports on the Policy debt limit and strives to maintain or improve its current Credit Rating of AA (high) by DBRS and AA+ by S&P.

The City's Debt Policy has limits on total debt and total debt service that are expressed as a percentage of revenue, as well as a limit on tax-supported debt service expressed as a percentage of expenditures.

In 2023, DBRS reaffirmed the long-term debt rating of The City at AA (high), and The City's commercial paper rating at R-1 (high), with stable trends In addition, S&P affirmed The City's long-term debt rating at AA+ and commercial paper rating of A-1+ reflecting healthy operating cash flows, robust liquidity and strong financial management.

The City utilizes debt to finance certain capital projects on the premise that the cost of these projects should be borne by the taxpayers and utility users who will benefit from the projects. Debt financing allows The City to appropriately manage the timing of cash flows.

The City has three categories of debt, including:

- Tax-supported – debt issued for capital expenditures that is funded in whole or in part from tax revenues;
- Self-sufficient tax-supported – debt for non-utility operations or programs that historically have been funded in whole or in part by revenue from municipal property and business taxes, but that are currently self-funded by their own operations; and
- Self-supported – debt mainly for utility services which is not funded by tax revenues but by rates charged directly to users and cash flows generated from operations.

Council's debt policy allows for increasing the tax-supported debt outstanding as long as annual debt servicing charges do not exceed 10 per cent of the tax-supported gross expenditure (net of recoveries) and it is approved by Council. The policy allows The City to provide some additional growth-related capital infrastructure if desired.


Family enjoying time together on the Bow River Pathway in autumn.

Chart A
Debt Limit Trend[1]

2019-2023 (in millions of dollars)

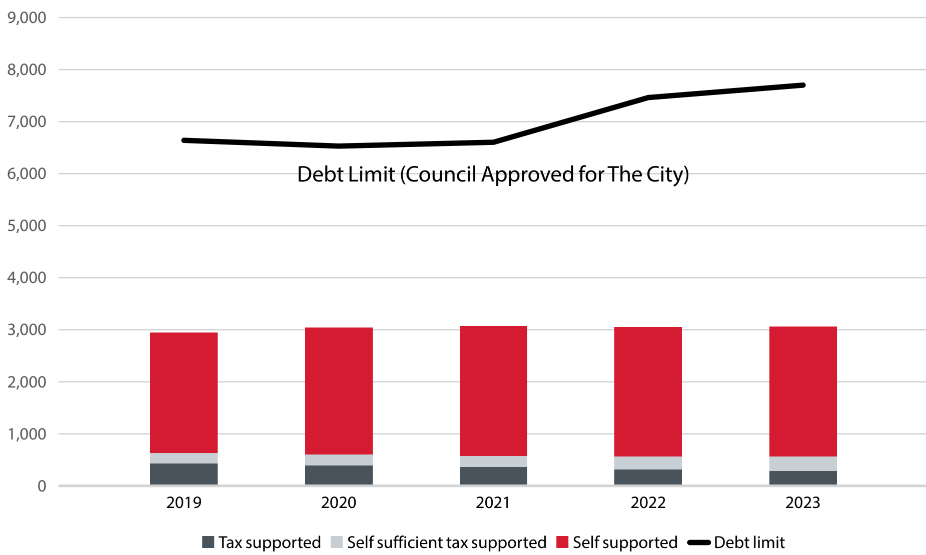
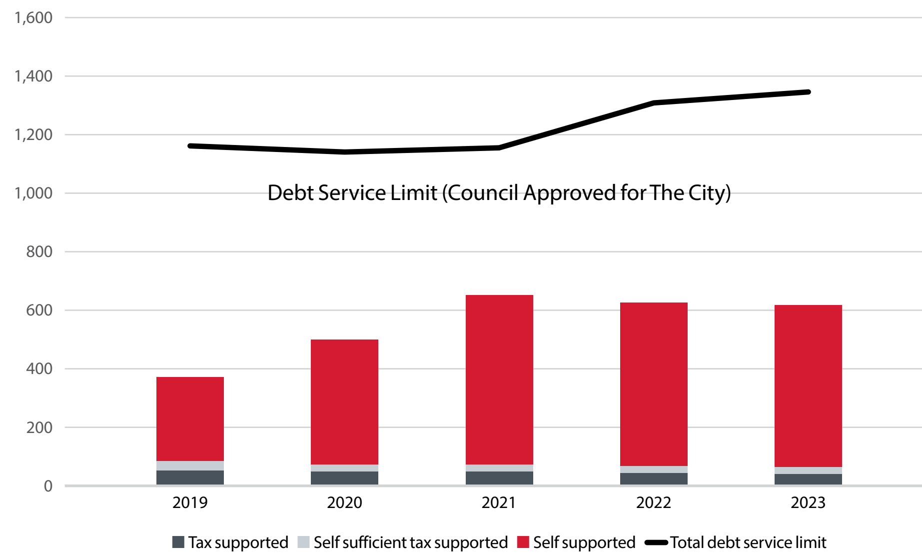


Chart B
Debt Service Limit Trend[2]

2019-2023 (in millions of dollars)



The City's Debt Policy has limits on total debt and total debt service that are expressed as a percentage of revenue, as well as a limit on tax-supported debt service expressed as a percentage of expenditures. Per Council Policy CP2020-05, The City is required to maintain an investment grade credit rating in order to issue debt and The City will strive to maintain or improve its current Credit Rating ("AA (high)" according to DBRS and "AA+" according to S&P's Global Ratings) for long term debt in order to minimize the cost of debt and be able to access capital markets in an efficient manner.

The Debt Limit stipulates the maximum amount of debt principal that The City can have outstanding debt, including loan guarantees and is calculated at 1.6 times revenue (MGA debt limit of two times the revenue). Chart A reports The City's total historical outstanding debt from 2019 to 2023. It indicates that as at December 31, 2023 The City had used 40.0 per cent (2022 – 41.0 per cent) of its debt limit.

Council Policy CP2020-05 also sets out the maximum amount of annual debt servicing (principal and interest) that The City can incur and is calculated at 0.28 times revenue (MGA limit of 0.35 times revenue). The tax-supported debt service limit is 10 per cent of tax-supported gross expenditures net of recoveries. Chart B reports The City's total historical Debt Service Limit from 2019 to 2023. It indicates that as at December 31, 2023 The City had used 45.8 per cent (2022 – 48.0 per cent) of its debt service limit.

(1) For comparative purposes, The City has presented 2019 – 2020 debt limits in accordance with Council Policy CP2020-05 at 1.6 times revenue.
(2) For comparative purposes, The City has presented 2019 – 2020 debt service limits in accordance with Council Policy CP2020-05 at 0.28 times revenue.

Reserves

As at December 31 (in thousands)	**2023**	2022	2021	2020	2019
	$ 4,003,003	$ 3,635,785	$ 3,281,056	$ 2,743,827	$ 2,493,588

The reserve balances totalled $4,003 million at the end of 2023 (2022 – $3,636 million). The net increase was primarily the result of:

- Increases in the Fiscal stability reserve,
- Increases in the Reserve for future capital and lifecycle maintenance upgrade merged reserve and Major capital projects reserve,
- Increases in the Community investment, Real estate services and Utilities sustainment reserves, offset by a
- Decrease in the Green Line fund and Waste and recycling sustainment reserves.

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements and to provide for emergencies in accordance with a Financial Reserve Policy that establishes guidelines and criteria for the proper creation and administration of reserve funds. This policy includes a triennial review process requiring that each reserve be reviewed at least once every three years. This review ensures reserves are being administered as approved by Council and in accordance with The City's policies and procedures, that reserve purpose and requirements are still relevant, and whether reserves are still required or can be closed. During 2023, City staff conducted two triennial reserve reviews. One review, that commenced in 2022 and was completed in June 2023, included the review of eighteen reserves totaling $1.2 billion, representing approximately 33 per cent of all reserve balances as at December 31, 2021. The second review, that commenced in 2023 and was completed in December 2023, included the review of sixteen reserves totaling $1.4 billion representing approximately 39 per cent of all reserve balances as at December 31, 2022. Findings and recommendations of these reviews were approved by the Executive Committee and Council in June 2023 and December 2023.

Maintaining financial reserves is good management, allowing funds to be collected as available and spent judiciously as needed to ensure service levels to Calgarians are maintained. The City classifies reserves into three categories to be used for three distinct purposes:

- Operating reserves are used to fund operating expenses for one-time projects/pilot programs, to stabilize operating budgets for unanticipated fluctuations in revenue or expenses, to comply with a contractual agreement or for contingency funds for operational emergencies.
- Capital reserves are used to fund capital expenses.
- Sustainment reserves are used to fund both operating and capital expenses for activities that are treated as self-sustaining. Surpluses from these activities are retained in these reserves to offset any future deficits.

In July 2021 (PFC2021-1002), Council approved the merger of the Fiscal Stability Reserve (FSR) with the Budget Savings Account (BSA) as well as the merger of the Reserve for Future Capital (RFC) with the Lifecycle Maintenance and Upgrade reserve (LMUR), while separating the Green Line portion into a stand-alone reserve, the Green Line fund. New terms for the merged reserves will be brought forward for Council's approval within the 2023-2026 budget cycle. In December 2023 (EC2023-1211), Council approved the recommendation to simplify the name to FSR and clarify that committed amounts are excluded from the reserve balance when comparing to its minimum and target balances. The balance of the FSR is $876 million at the end of 2023 before surplus, while the balance of the RFC/LMUR merged reserve is $977 million. As at December 31, 2023 the FSR was below its Council approved target level of 15 per cent of The City's tax-supported gross expenditures (net of recoveries), but above the minimum balance of 5 per cent of The City's tax-supported gross expenditures (net of recoveries).

During 2023, a total of $23 million was transferred to the FSR per EC2023-1211, with the ENMAX Dividend Stabilization Reserve closed and the balance ($18 million) transferred to the FSR and another $5 million transferred from the Self-Insurance Reserve. Other contributions to the FSR included $51 million of no longer required contingent liabilities, $7 million of business units' no longer required one-time funding returned corporately, $5 million of inter-business units loan repayments and $3 million of bad debt reversals. A $242 million contribution was transferred from the FSR to the Major capital projects (MCP) reserve per C2023-0482 (confidential report). In 2023, the 2023 Mid-Year Performance Report was delivered to Council. The report highlighted favourable operating variances primarily related to higher than expected franchise fee revenue due to higher energy prices, higher-than expected investment income and expenditure savings across multiple categories. In November 2023 (C2023-1148), Council approved a draw of $88 million from the FSR for new one-time operating and capital investments, and an additional $100 million to fund new capital investments using the anticipated 2023 operating surplus that will flow through the FSR. Through that report, Council also approved funding of $165 million from the 2023 Franchise Fees variances that will flow through the RFC/LMUR merged reserve for new capital investments.

The MCP reserve includes the BMO Convention Centre expansion, Event Centre, Foothills Fieldhouse and Arts Commons transformation Phase 1. The Foothills Fieldhouse and Arts Commons transformation (other than Phase 1) are still in the process of receiving full Council approval. As part of this strategy, the MCP reserve was created in 2019 with a total of $424 million. The balance of the MCP reserve at the end of 2023 is $412.7 million.

Risk Management

The City is committed to an enterprise approach to risk management, where it is an essential component of good management, sound business practices, decisions and due diligence. Enterprise Risk Management (ERM) is a continuous, proactive and systematic process to understand, manage and communicate risks from an organization wide perspective. It is part of The City's Performance Management System and is embedded with other components of the system: performance measurement and accountability, service plans and budgets, service review and individual performance development to better serve Calgarians, businesses and the community. Through the ERM framework and process, risks are identified at all levels across The City.

Financial Sustainability Risk

The Financial Sustainability Principal Corporate Risk is defined as:

A risk that The City is unable to maintain strong financial capacity. This could manifest as a sudden financial constraint, including lower revenues or higher expenses. It arises from external forces and shocks, such as reduced funding from other orders of government or higher than anticipated expenses due to higher population growth or inflation or cost for service delivery. Generally, this risk increases if the variability in the broader economic context for our operations triggers a significant shift in any revenue or expense category.

Risk Pressures in 2023

During 2023, The City faced three risk pressures that could affect its Financial Sustainability Risk, as well as other principal corporate risks.

- The first pressure is the organization's corporate capacity as risk related to hiring and retaining talent which may affect The City's service delivery.
- The second pressure is economic volatility as The City is exposed to pressures related to inflation, cost fluctuations, and the ability to procure materials in a timely fashion due to supply chain disruptions.
- The third pressure is financial uncertainties. The City has exposure due to our reliance on the Provincial and Federal Government for funding and as a source of lending. If The City is unable to obtain this funding, financial risks could materialize which may impact The City's service delivery.

Despite the projected stable economic performance which is expected to be resilient in 2024, risks remain due to the economic uncertainty surrounding The City's ongoing financial recovery, therefore, Financial Sustainability Risk is a principal corporate risk that is being monitored by The City.

Key trends and measures related to this risk in 2023

To help manage these varied and complex risk areas, The City monitors key risk measures and researches trends and anticipates how the needs of Calgarians can change in the short to medium term.

The Financial Sustainability Risk remained relatively stable throughout 2023. Inflation was forecasted to continue to decrease in the latter part of 2023. Though certain costs relevant to The City, particularly related to construction, are expected to increase.

While there are no changes to existing delays and cutbacks to provincial grants, The City is looking to participate in discussions with the Provincial Government for long-term capital funding beyond 2024-2025 for the Local Government Fiscal Framework. The current debt forecast indicates that the debt will peak in 2029. The City's financing constraints are subject to significant internal pressures such as the timing of Green Line debt as well as external pressures such as an elevated interest rate environment and debt pricing increases from the Province of Alberta.

We are continuing to monitor the ability of Calgarians to pay property taxes, which appears to be strong. We are also actively managing The City's debt financing, including longer term projections. The City's Long Range Financial Plan can be found at calgary.ca/financialplan.

Relationship to other Principal Corporate Risks

The Financial Sustainability Risk is closely related to other Principal Corporate Risks, in particular: the Capital Infrastructure Risk, the Sustainable City Risk, and the Service Delivery Risk.

- The Capital Infrastructure Risk is facing a trend that capital project bids are being awarded above their class 1 cost estimates which means that less capital can be delivered with the same amount of funds over time. As Calgary continues to grow, The City needs to keep identifying how it is going to manage the increasing infrastructure gap and maintain its critical assets and infrastructure. Challenges in delivering capital infrastructure and closing the infrastructure gap are attributed to macroeconomic pressures such as inflation, global supply chain bottlenecks and more particularly, industry labour shortages.
- The Sustainable City Risk is monitoring how The City will execute the policies and plans developed within Calgary Plan, Citywide Growth Strategy, Environment Strategy, and Climate Strategy – Pathways to 2050 without investment, support, buy-in and collaboration from the private sector and Calgarians. The risk of potential for misalignment between planning and actual growth continue to be monitored through optimization efforts in planning and forecasting, enhanced monitoring and analytical tools being implemented, and stronger engagement and training efforts.
- The Service Delivery Risk's exposure is tied to a range of existing and emerging trends such as the continued impacts of supply disruptions as a result of the COVID-19 pandemic and other cascading global events on certain services' revenue or demands continues to magnify the impact of other service interruptions and delays. As well as constrained funding that does not keep pace with growth or lifecycle needs, leading to reduced service levels or asset conditions.

Investment Risks

Bond markets started to see interest rate declines in 2023, prompting a decline in bond yields towards the end of the fourth quarter. Consequently, there was a substantial surge in bond prices and an appreciation in bond prices, rebounding from the historically low returns experienced in 2022. Equities reacted favourably to decreasing bond yields, as well as easing inflation indicators and the more accommodative stance communicated by central banks. As a result, The City's investment portfolios generated a positive market value return of 7.9 per cent net of fees in 2023, which was an improvement over the market value loss of 6.0 per cent in 2022. The City mitigates risk within its investment portfolios through a sound governance structure, adherence to government regulations, and The City's Investment Policy. Investment managers retained by The City, manage risk by investing in quality investments and ensuring sufficient diversification among holdings in their portfolios. The Investment Advisory Committee oversees investment strategy and regularly reviews the investment activity, compliance and risk mitigation practices of both internal and external managers to meet The City's investment objectives.

Within The City's investment portfolio there are sources of funds including operations, capital deposits, operating and capital reserves as well as funded employee benefit obligations. Each of these funds has a different time horizon and risk profile. The majority of the funds have a horizon of five years or less which directs The City's asset mix, of which 82 per cent is cash and fixed income, 11 per cent equity and 7 per cent real assets. This is conservative and designed to provide income and liquidity as needed. In October 2023 Council approved the use of long-term capital debt issuances into the domestic debt capital markets. The inaugural issuance of this debt program went live in 2024 and the program will be supported by a debt retirement account which aligns a separate set of investments with the interest and repayment cashflow requirements of the program.

Green Line LRT Infrastructure Investment

The Green Line LRT Project is the largest infrastructure investment in Calgary's history with $5,544 million in unprecedented contributions from the Government of Canada, the Province of Alberta and The City. Following Council approval of the business case for Stage 1 of the Green Line LRT Project, and as a condition of the Government of Alberta's approval and funding, the Green Line Board was established and was delegated the authority to govern, oversee and ensure the successful delivery of the project.

Established as a committee of Council, the Green Line Board reports quarterly to Executive Committee, is part of The City's annual audit process and publishes a monthly progress report on safety, environment, public engagement, schedule, cost, key risks and quality. Key risks identified throughout 2023 include: changes to the financial market, sub-contractor pricing and the ability to reach a commercially reasonable agreement with a Development Partner for the Implementation Phase. Green Line has been working closely with a Development Partner to mitigate these risks, some of the steps taken include program planning, design development, additional site due diligence and value engineering as part of the Development Phase.

The Green Line Board, in addition to The City's Chief Administrative Officer, is comprised of qualified professionals with governance, legal, financial and megaproject delivery expertise. The Board, through Budget and Risk, Planning and HR and Governance Committees, works on behalf of Calgarians and all funding partners to deliver the Green Line LRT Project. Green Line's leadership continues to utilize a highly experienced team of professionals, as well as independent experts, to ensure efficiency and effectiveness of operations. Regular due diligence is conducted on all aspects of the program including risks and the appropriate mitigation measures.

Normal Operations Risk

As part of normal operating risks, The City is subject to credit risk with respect to tax, trade and other receivables. This operational risk arises from the possibility that taxpayers and counterparties to which The City provides services may not be able to fulfill their obligations to The City. The City mitigates these risks through its processes and by having a vast diversity of taxpayers and customers.

The City has cash management policies which include all cash handling, banking, investing and borrowing activities to meet the needs of The City. All cash and investments are held with credible financial institutions.

The City is often required to pay for goods and services in currencies other than Canadian dollars. Transacting in foreign currencies exposes The City to risk of currency volatility and foreign exchange risk. As part of the risk management strategy, The City has hired an external investment manager to execute an active portfolio hedging strategy designed to efficiently reduce currency risk. The manager is authorized to purchase Canadian dollars against foreign currencies held in The City's portfolio.

The City has fully met its current year cash contributions for employee benefit obligations at December 31, 2023. The City sponsored registered and non-registered defined benefit pension plans currently have a total unamortized net actuarial gain of $57 million (2022 – $43 million).

In addition, there are certain employee benefit obligations with respect to multi-employer pension plans. Civic employees, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP). The City, in conjunction with other participating employers (such as Alberta Health Services, other Alberta municipalities, universities, colleges and school boards) and its employees, share in funding the future plan requirements through contribution rates. Police officers are members of the Special Forces Pension Plan (SFPP).

Both plans are multi-employer, defined-benefit pension plans jointly sponsored by employees and employers through the LAPP and SFPP Corporations respectively and are administered by Alberta Pension Services. The contributions by each participating employer are not segregated in a separate account or restricted to provide benefits only to employees of The City, but rather are used to provide benefits to employees of all participating employers. The City includes a provision for expected LAPP and SFPP contributions in its multiple-year budget plans.

Both LAPP and SFPP have a plan surplus, where the actuarial value of the assets is greater than the accrued benefit obligations.

ENMAX Risk

ENMAX, through its three business units, operates as a regulated wires company, a competitive power generator and an energy retailer. ENMAX has earnings volatility that is captured on The City's consolidated statement of operations. There is a risk that The City will not receive budgeted dividends or earnings annually which could impact The City's ability to realize the expected return on its investment.

Risks identified by ENMAX and presented in detail in its annual financial report include regulatory and legal, health, safety and operational, market and liquidity, climate change and environmental, strategic, human resources, technological, credit, reporting and disclosure and income tax risks. ENMAX has an integrated approach to risk management across all ENMAX companies and has implemented an Enterprise Risk Management (ERM) framework. ENMAX's Corporate Governance Committee and board of directors oversee identified risk exposures and risk management programs, including the ERM program.

The Outlook

Council and City Administration Actions

2023 – 2026 Service Plans and Budgets and Related Adjustments

On November 22, 2023, Council approved adjustments to The City service plans and budgets which were originally approved in November 2022 with an average annual increase of 3.7 per cent in 2023-2026. These adjustments were made to balance the desire to keep property tax, water, sewer, and waste and recycling fees affordable for Calgarians while making meaningful investments in priority areas, such as affordable housing, public safety, and transit.

In response to some of the challenges for businesses and our local economy, Council approved a three-year plan to better balance taxes between business owners and homeowners, moving Calgary more in-line with other big cities across Canada. Council shifted 1 per cent of the tax responsibility from businesses to homeowners each year in 2024, 2025 and 2026, which will alleviate some of the tax burden on the local economy and stimulate economic growth, while providing a more stable revenue stream for The City.

The focus of the 2023 – 2026 Service Plans and Budgets continues to be guided by economic, social and climate resilience. It focuses on the following areas:

- Downtown revitalization,
- Social equality,
- Land use and local area planning process,
- Transit,
- Hosting and hospitality of major events,
- Global positioning and reputation, and
- Modernizing government.

Council approved Administration's proposed operating investments totaling $97 million in on-going annual operating expenditures (including the conversion of $9.3 million in one-time budgets to base) and $69 million in one-time operating investments, beginning in 2024. Notable highlights include:

- Improve transit service levels and safety ($12 million in base and $2 million in one-time funding),
- Improve emergency response performance across The City with focus on enhancing safety through better policing and crime prevention ($21.3 million),
- Addressing homelessness, poverty and providing more affordable housing ($27 million in base and $64.5 million in one-time funding),
- Continue to support the ongoing delivery of services Calgarians and businesses rely on by addressing increasing inflationary pressures ($27 million), and
- Address other priority areas that contribute to high-quality service delivery to Calgarians.

Council also approved approximately $426 million in new capital investments to continue advancing priorities in the areas of affordable housing, transportation infrastructure and the lifecycle sustainment of existing facilities. The capital investments were specific to:

- $90 million investment on affordable housing that will create more homes for Calgarians,
- $79 million of enhancements for C-Train and Bus Rapid Transit,
- $82.4 million of infrastructure, traffic, roads and streets improvements,
- $20 million in facility sustainment,
- $7 million investment for corporate system upgrades planning and
- Capital cost escalation for approved project totaling $147 million.

We continue to make progress on city-defining infrastructure investments that we have already committed to including the Green Line, BMO Convention Centre expansion and Arts Commons transformation. In addition to progressing with high priority new investments, The City has invested in maintaining existing infrastructure and addressing critical needs including effective and reliable emergency response and critical infrastructure upgrades, as well as climate sustainment to improve our environmental footprint and reduce greenhouse gas emissions.

In addition to Administration's proposed budget adjustments highlighted above, Council had also approved additional funding within the 2023 – 2026 Service Plans and Budgets for:

- Improving public transit affordability by maintaining transit fees at 2022 levels in 2023, having youth 12 and under ride free, lowering the cost of the transit weekend family pass and adding additional transit bus shelters and benches ($6 million),
- Continuing to support Calgary's Mental Health and Addiction Strategy to maintain community programming and activate new partnerships between the Calgary Police Service and community organizations ($6 million),
- Additional investments to revitalize downtown by converting unused office spaces and improving downtown safety and vibrancy. This follows Council's approval of $200 million for the initial investment to support the implementation of Calgary's Greater Downtown Plan in April 2021.

Reflective of sound financial management and benefiting from higher than budgeted franchise fees received from electricity and natural gas utilities due to increased market prices, 100 per cent of the increased capital and one-time investments was funded without any additional property tax support, and approximately half of the on-going annual investments could be made without any additional property tax impact.

Other notable investments, originally approved in November 2022 include:

- Eliminating permit and licence fees for outdoor patios in 2023 ($0.25 million approved in November 2022)
- Providing additional funding to the Calgary Fire Department by increasing supports for firefighters and response performance ($3.4 million)
- Progressing affordable housing including the Rapid Housing Initiative and Housing Accelerator ($12 million in capital funding)
- Committing additional funding to the Foothills Field House, supporting Council's November 2022 funding request to the Federal and Provincial Government for this transformational project ($20 million in capital funding)

The City has continued to enhance our support for community and civic partners and advance Truth and Reconciliation initiatives and further our relations with First Nations, Metis and Urban Indigenous Communities.

Major Investments in the Culture + Entertainment District

On October 5, 2023, agreements were signed between The City, Calgary Sports and Entertainment Corporation, the Province of Alberta, and Calgary Exhibition and Stampede Limited to develop and operate a new modern event centre and make additional infrastructure investments in the Culture + Entertainment District. There are two projects that comprise this major investment in The City of Calgary's future and the vibrant Culture + Entertainment District, including:

- The Event Centre Block which represents a $926.4 million investment in the event centre, community rink, parkade, outdoor and indoor gathering plazas.
- The District Infrastructure Improvements represent a $296.9 million investment in land, demolition, remediation and transportation connections and improvements in the Culture + Entertainment District within the Rivers District.

The total capital cost of the two projects is estimated at $1,223.3 million funded with contributions from the Province of Alberta, Calgary Sports and Entertainment Corporation and The City. The Province of Alberta is contributing up to $330 million to the community rink, public gathering spaces and district infrastructure. The event centre, parkade and remaining share of the community rink are funded by Calgary Sports and Entertainment Corporation and The City. The City's contribution is $853.3 million primarily funded from the Major Capital Projects Reserve. The Calgary Sports & Entertainment Corporation is contributing $748.3 million, with $708.3 million received during the operations period in the form of a lease payment to The City. Benefits to The City also include any tax revenue generated from the street-facing retail portion of the event centre combined with new and accelerated developments within the Rivers District. Construction of the new facility is expected to begin in 2024 and take approximately three years. The Saddledome will be demolished after occupancy of the new event centre.

Conclusion

Throughout 2023, The City demonstrated resilience and remained focused on supporting Calgarians and its ongoing economic recovery. The City continued assisting Calgarians in need, ensuring delivery of essential services without interruptions, making strategic investment in infrastructure, supporting business opportunities and financial sustainability.

During 2022, The City's 2023 – 2026 Service Plans and Budgets was approved by Council, a roadmap for how The City will support Calgarians and businesses over the next four years. This budget provides a solid path forward by maintaining or improving City services.

Strategic ongoing investment continued throughout 2023 in the BMO Convention Centre expansion project, Arts Commons transformation and the Green Line LRT Project, supporting business, arts, entertainment and accessibility for Calgarians to make life better every day. The City's resilience and prudent financial management have allowed it to maintain its AA+ credit rating by S&P and AA (high) by DBRS.

The economic uncertainty in recent years has emphasized the need to have a robust governance structure that can adapt to emerging risks and ensure Calgarians are provided with continuing essential services with minimal disruptions. In 2022, City Administration undertook an organizational realignment to modernize municipal government and meet the changing needs and expectations of Calgarians, customers, businesses, and communities. Seven new departments were formed to plan and build a great city, deliver services to Calgarians and enable The City to operate effectively. Minor adjustments were further made to this organizational realignment throughout 2023 to continuously improve efficiencies.

As we look forward to 2024, we will continue to focus on reducing The City's costs, modernizing service delivery and supporting communities both now and in the long-term.

Carla Male, Chief Financial Officer
April 30, 2024

Government Finance Officers Association

Canadian Award
for
Financial Reporting

Presented to

City of Calgary

Alberta

For its Annual
Financial Report
for the Year Ended

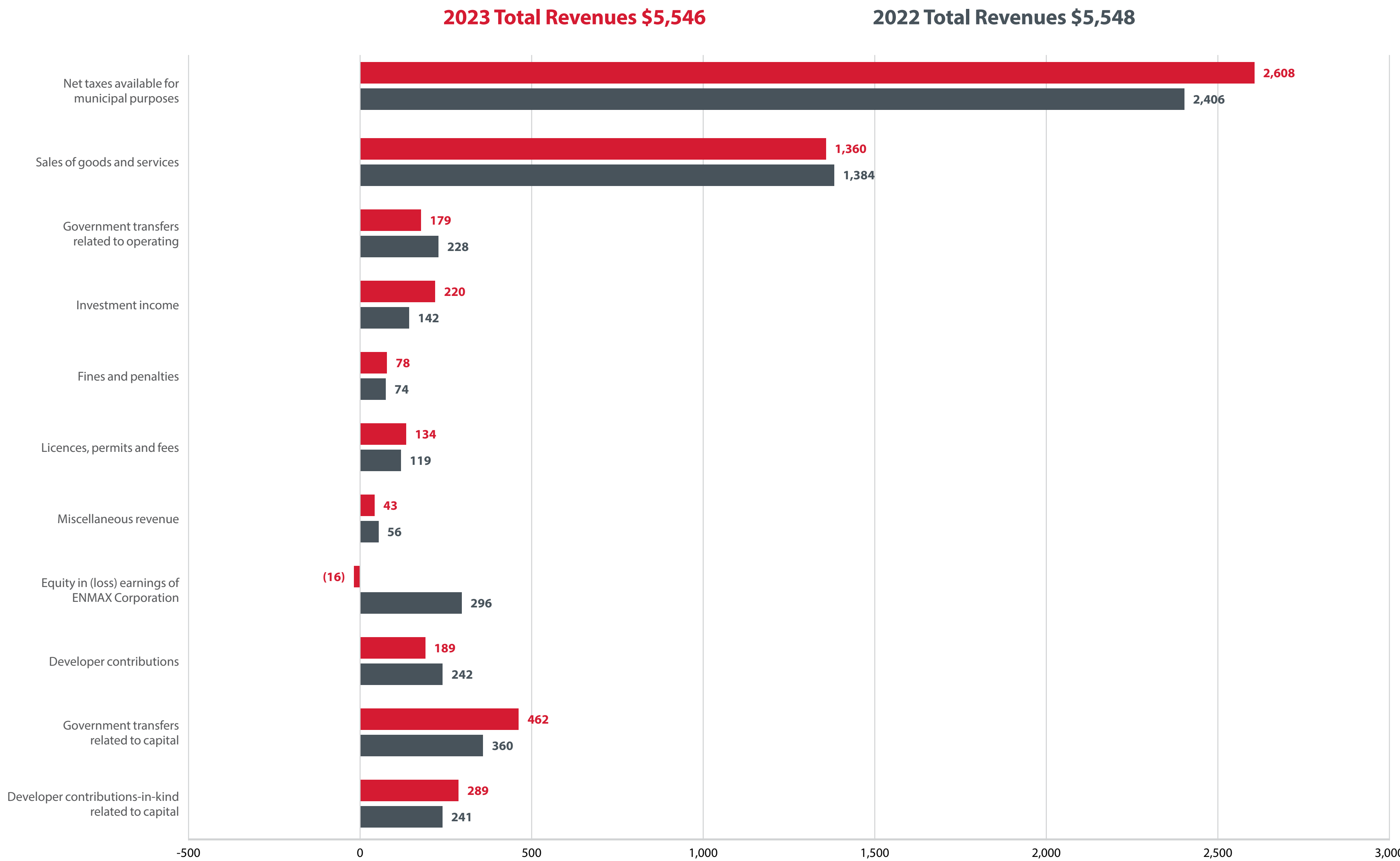
December 31, 2022

Christopher P. Morrill
Executive Director/CEO

A woman enjoying a quiet read in the Central Library.
Photo provided by: Tourism Calgary | Colin Way

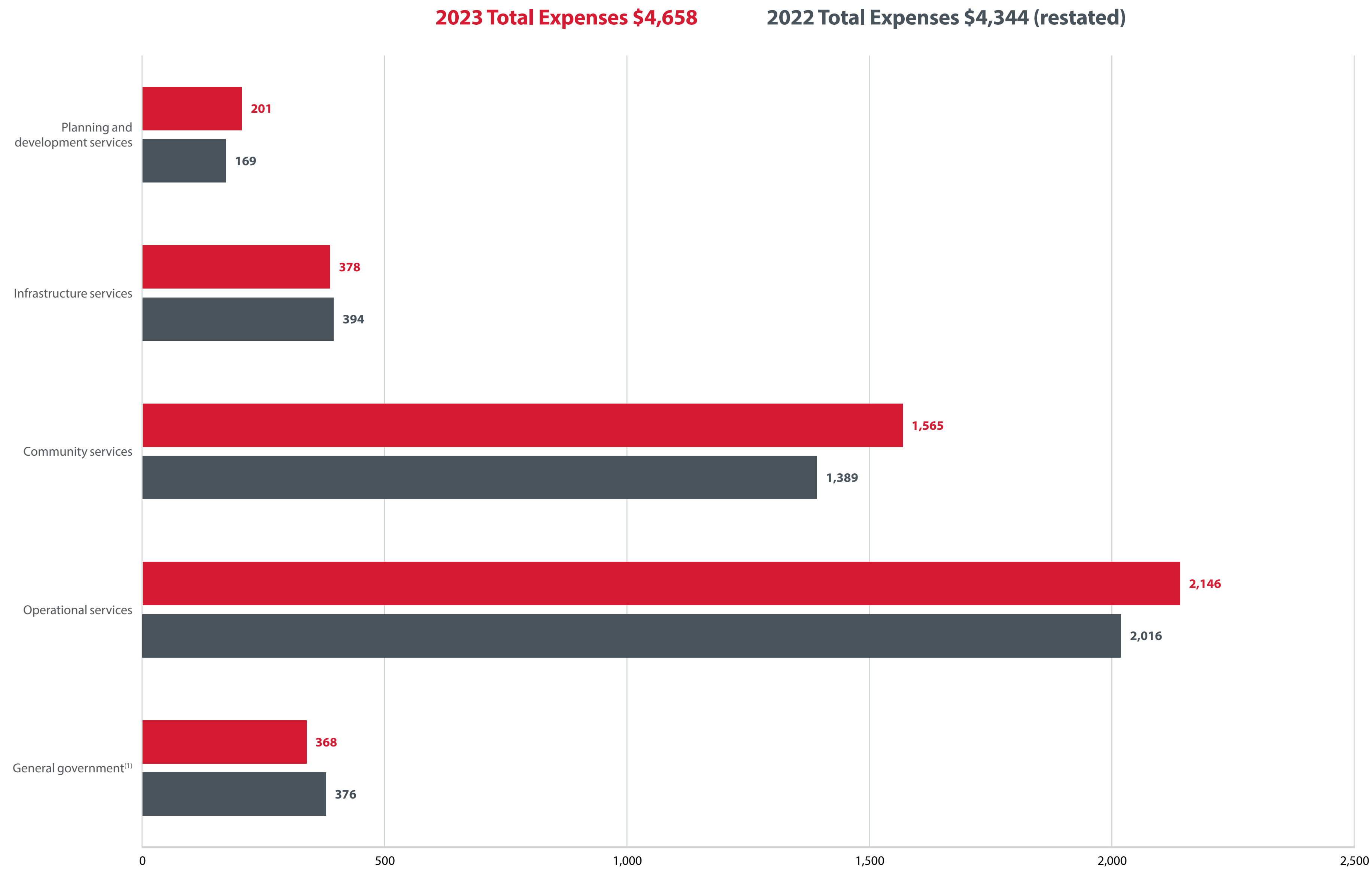
Financial Synopsis 2023 Sources of Revenue

For the year ended December 31 (in millions)



Financial Synopsis 2023 Expenses

For the year ended December 31 (in millions)



(1) Includes the costs of Council, Chief Administrative Officer, Chief Operating Officer, Finance, Supply Management, City Auditor, City Clerk's, Law, Assessment & Tax, Corporate Planning & Performance, Corporate Security, Customer Service & Communications, Human Resources, Information Technology, Collaboration Analytics & Innovation and Occupational Health & Safety.

Consolidated Financial Statements

Group of co-workers holding a casual meeting.

Responsibility for Financial Reporting

Administration's Report

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of administration.

The consolidated financial statements are prepared by administration, in accordance with Canadian Public Sector Accounting Standards. They necessarily include some amounts that are based on the best estimates and judgments of administration. Financial data elsewhere in the report is consistent with that in the consolidated financial statements.

To assist in its responsibility, administration maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded and that financial records are reliable for the preparation of these consolidated financial statements.

The City Auditor's Office reports directly to Council, through the Audit Committee, on an ongoing basis, carrying out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

In 2023, City Council fulfilled its responsibility for financial reporting through the Executive Committee and its Audit Committee. The Executive Committee, which consists of the Mayor, the Chairs of each Standing Policy Committees, the Chair of the Audit Committee and three Councillors-at-large appointed by the Mayor, meets regularly to deal with, among other issues, financial planning and reporting matters. The Audit Committee consists of four councillors and three public members, which meets regularly with both the independent external auditor and the City Auditor to review financial control and reporting matters.

Deloitte LLP, Chartered Professional Accountants, have been appointed by City Council to express an audit opinion on The City's consolidated financial statements. Their report follows.

David Duckworth, Chief Administrative Officer

Carla Male, Chief Financial Officer

Calgary, Canada
April 30, 2024

Responsibility for Financial Reporting

Independent Auditors Report

To Mayor Jyoti Gondek and Members of City Council
The City of Calgary

Opinion

We have audited the consolidated financial statements of The City of Calgary ("The City"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, cash flows and changes in net financial assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The City as at December 31, 2023 and the results of its operations, remeasurement gains and losses, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

City Administration is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Financial Statement Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Statement Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of City Administration and Those Charged with Governance for the Consolidated Financial Statements

City Administration is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS and for such internal control as City Administration determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, City Administration is responsible for assessing The City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless City Administration either intends to liquidate The City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The City's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of The City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by City Administration.
- Conclude on the appropriateness of City Administration's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within The City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
April 30, 2024

Consolidated Statement of Financial Position

As at December 31 (in thousands)

		2023		2022 (Restated Note 2)
Financial Assets				
Cash and cash equivalents (Note 4)	**$**	**1,106,014**	$	1,311,375
Investments (Note 5)		**5,759,703**		5,206,794
Receivables (Notes 6 and 9 c.)		**462,582**		484,018
Land inventory (Note 7)		**234,506**		211,213
Other assets (Note 8)		**106,923**		115,858
Investment in ENMAX Corporation (Note 9)		**2,951,848**		3,072,460
	$	**10,621,576**	$	10,401,718
Financial Liabilities				
Bank indebtedness (Note 10)	**$**	**348,320**	$	348,010
Accounts payable and accrued liabilities (Notes 9 c. and 11)		**930,870**		965,218
Deferred revenue (Notes 9 c. and 12)		**106,571**		106,619
Capital deposits (Note 13)		**1,188,138**		1,185,905
Asset retirement obligations (Note 14)		**326,466**		307,239
Employee benefit obligations (Note 15)		**497,573**		510,709
Long-term debt (Note 16)		**2,700,337**		2,695,093
	$	**6,098,275**	$	6,118,793
Net Financial Assets	**$**	**4,523,301**	$	4,282,925
Non-Financial Assets				
Tangible capital assets (Note 17)	**$**	**20,319,980**	$	19,745,038
Inventory		**81,935**		77,379
Prepaid assets		**40,055**		35,474
	$	**20,441,970**	$	19,857,891
Net Assets	**$**	**24,965,271**	$	24,140,816
Net Assets is comprised of (Note 19):				
Accumulated surplus	**$**	**25,034,368**	$	24,140,816
Accumulated remeasurement losses		**(69,097)**		–
	$	**24,965,271**	$	24,140,816

Contingent assets, commitments, contingent liabilities and guarantees (Notes 30, 31 and 32)

See accompanying notes to the consolidated financial statements.

Approved on behalf of City Council:

Mayor Jyoti Gondek

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31 (in thousands)

	Budget 2023 (Note 18)	Actual 2023	Actual 2022 (Restated Note 2)
Revenues			
Net taxes available for municipal purposes (Note 22)	$ 2,370,532	$ 2,607,604	$ 2,406,356
Sales of goods and services	1,394,150	1,359,983	1,384,471
Government transfers related to operating (Note 25)	145,324	179,306	227,830
Investment income	110,437	219,934	141,530
Fines and penalties	83,009	77,650	74,089
Licences, permits and fees	115,231	134,083	118,511
Miscellaneous revenue	29,870	43,243	56,291
Equity in (loss) earnings of ENMAX Corporation (Note 9)	275,000	(15,608)	295,628
	$ 4,523,553	$ 4,606,195	$ 4,704,706
Expenses			
Planning and development services	$ 215,769	$ 200,982	$ 169,090
Infrastructure services	315,861	377,687	394,227
Community services	1,479,237	1,565,365	1,389,104
Operational services	1,562,707	2,146,059	2,015,534
General government	550,735	367,654	375,669
	$ 4,124,309	$ 4,657,747	$ 4,343,624
Excess (Deficit) of Revenues Before Other Contributions And Transfers	$ 399,244	$ (51,552)	$ 361,082
Other Contributions and Transfers			
Developer contributions	$ 270,063	$ 188,830	$ 242,498
Government transfers related to capital (Note 25)	883,491	462,316	359,643
Developer contributions-in-kind related to capital	–	288,695	240,901
	$ 1,153,554	$ 939,841	$ 843,042
Net Revenues	$ 1,552,798	$ 888,289	$ 1,204,124
ENMAX Corporation – other comprehensive income (Note 9)	–	–	124,370
Annual Surplus	$ 1,552,798	$ 888,289	$ 1,328,494
Accumulated Surplus, Beginning of Year	24,140,816	24,140,816	22,812,322
Adjustment on adoption of Financial Instruments (Note 9)	$ –	$ 5,263	$ –
Accumulated Surplus, End of Year	$ 25,693,614	$ 25,034,368	$ 24,140,816

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Remeasurement Gains and Losses

For the year ended December 31 (in thousands)

		2023
Accumulated Remeasurement Gains (Losses), Beginning of Year	$	–
Adjustment on adoption of financial instruments:		
Adjustments to accumulated unrealized losses		(282,731)
Accumulated other comprehensive loss from ENMAX Corporation		(5,263)
Adjusted Accumulated Remeasurement Losses, Beginning of Year	$	(287,994)
Unrealized gains (losses) attributable to:		
Investments		264,188
Accounts Payable		89
Derivatives		(52)
Amounts reclassified to the Consolidated Statement of Operations:		
Investments		(20,599)
Accounts Payable		34
Derivatives		(1,759)
ENMAX Corporation – other comprehensive loss (Note 9)		(23,004)
Net remeasurement gains for the year	$	218,897
Accumulated Remeasurement Losses, End of Year	$	(69,097)

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31 (in thousands)

	2023	2022 (Restated Note 2)
Net Inflow (Outflow) of Cash and Cash Equivalents		
Operating Activities		
Annual Surplus	**$ 888,289**	$ 1,328,494
Items not affecting cash:		
Equity in (loss) earnings of ENMAX Corporation (Note 9)	**15,608**	(295,628)
ENMAX Corporation – Other comprehensive income (Note 9)	**–**	(124,370)
Change in unrealized market value of financial instruments	**(40,830)**	–
Amortization of tangible capital assets	**724,479**	718,195
Net gain (loss) on disposal of tangible capital assets	**42,063**	(7,482)
Developer contributions-in-kind related to capital	**(288,695)**	(240,901)
Change in non-cash items:		
Receivables	**21,436**	(99,689)
Land inventory	**(23,293)**	45,818
Other assets	**8,935**	(1,710)
Inventory	**(4,556)**	(11,917)
Prepaid assets	**(4,581)**	(4,436)
Accounts payable and accrued liabilities	**(34,348)**	137,001
Deferred revenue	**(48)**	7,851
Capital deposits	**2,233**	(17,205)
Asset retirement obligations	**19,227**	6,116
Employee benefit obligations	**(13,136)**	(5,746)
	$ 1,312,783	$ 1,434,391
Capital Activities		
Acquisition of tangible capital assets	**$ (1,064,908)**	$ (875,668)
Proceeds on sale of tangible capital assets	**12,119**	26,095
	$ (1,052,789)	$ (849,573)
Investing Activities		
Dividends from ENMAX Corporation (Note 9)	**$ 82,000**	$ 62,000
Net purchases of investments	**(552,909)**	(401,997)
	$ (470,909)	$ (339,997)
Financing Activities		
Proceeds from long-term debt issued	**$ 233,473**	$ 175,923
Long-term debt repaid	**(228,229)**	(251,420)
Net increase (decrease) in bank indebtedness	**310**	(7,169)
	$ 5,554	$ (82,666)
(Decrease) Increase in Cash and Cash Equivalents	**$ (205,361)**	$ 162,155
Cash, Beginning of Year	**1,311,375**	1,149,220
Cash and Cash Equivalents, End of Year	**$ 1,106,014**	$ 1,311,375

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31 (in thousands)

	Budget 2023 (Note 18)	Actual 2023	Actual 2022 (Restated Note 2)
Annual Surplus	$ 1,552,798	$ 888,289	$ 1,328,494
Amortization of tangible capital assets	153,086	724,479	718,195
Proceeds on sale of tangible capital assets	603	12,119	26,095
Tangible capital assets received as contributions	–	(288,695)	(240,901)
Net gain (loss) on disposal of tangible capital assets	–	42,063	(7,482)
Acquisition of tangible capital assets	(602,372)	(1,064,908)	(875,668)
Acquisition of supplies inventories	–	(178,196)	(156,313)
Use of supplies inventories	–	173,640	144,396
Acquisition of prepaid assets	–	(262,940)	(282,314)
Use of prepaid assets	–	258,359	277,878
Unrealized measurement losses	–	(63,834)	–
Increase in Annual Surplus	$ 1,104,115	$ 240,376	$ 932,380
Net Financial Assets, Beginning Of Year	$ 4,282,925	$ 4,282,925	$ 3,350,545
Net Financial Assets, End Of Year	$ 5,387,040	$ 4,523,301	$ 4,282,925

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

The City of Calgary (The City) is a municipality in the Province of Alberta incorporated in 1884 as a town and in 1894 as a city and operates under provisions of the *Municipal Government Act*.

1. Significant Accounting Policies

The consolidated financial statements of The City are prepared by administration in accordance with Canadian Public Sector Accounting Standards (PSAS).

a. Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund and reserve fund of The City.

The consolidated financial statements fully consolidate all organizations that are controlled by The City, as defined below as Related Authorities, except for The City's government business enterprise, ENMAX Corporation (ENMAX) which is accounted for on a modified equity basis. The City's inter-departmental transactions and balances have been eliminated.

Government Business Enterprise

ENMAX, a wholly owned subsidiary of The City, is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for a government business enterprise (Note 9). Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of The City, and inter-organizational transactions and balances are not eliminated. Other comprehensive income due to fair value adjustments is reported on the consolidated statement of remeasurement gains and losses.

Related Authorities

The related authorities (Note 23) that are controlled by The City and included in the consolidated financial statements include:

- Attainable Homes Calgary Corporation
- Calgary Arts Development Authority Ltd.
- The Calgary Convention Centre Authority (operating as Calgary TELUS Convention Centre)
- Calgary Economic Development Ltd.
- Calgary Municipal Land Corporation
- Calgary Public Library Board
- Calhome Properties Ltd. (operating as Calgary Housing Company)

The City and related authorities' inter-entity transactions and balances have been eliminated.

Partners

The City has relationships with many organizations for which control lies outside of Council. Across a variety of services, The City works with external organizations through partnerships to deliver positive results for Calgarians. These partners have a financial relationship with The City but are not controlled by The City, and the financial results of these organizations are not included in the consolidated financial statements. Civic Partners refers to a categories of Partners as set out in Schedule 3 of the Investing in Partnerships Policy (CP2017-01). Separate financial information may be sought directly from the Partner organizations:

- Burns Memorial Trust
- The Burns Memorial Fire Fund
- The Burns Memorial Police Fund
- Calgary Board of Education
- Calgary Roman Catholic Separate School District No.1
- Counseil Scolaire FrancoSud
- Saddledome Foundation
- St. Mary's University

Civic Partners

- Aero Space Museum of Association Calgary (operating as the Hangar Flight Museum)
- Arts Commons
- Calgary Exhibition and Stampede Limited
- Calgary Female Sport Development Association (operating as Great Plains Recreation Facility)
- Calgary Science Centre Society (operating as TELUS Spark)
- Calgary Sport Council Society (operating as Sport Calgary)
- Calgary Young Men's Christian Association (operating as YMCA)
- Calgary Zoological Society (operating as Calgary Zoo)
- Contemporary Calgary Arts Society (operating as Contemporary Calgary)
- The Fort Calgary Preservation Society
- Glenbow Alberta-Institute
- Heritage Calgary
- Heritage Park Society
- Lindsay Park Sports Society (operating as MNP Community and Sport Centre)
- NE Centre of Community Society (operating as Genesis Centre)
- Parks Foundation, Calgary
- Platform Calgary
- Silvera for Seniors
- South Fish Creek Recreation Association (operating as Cardel Rec South)
- Tourism Calgary – Calgary Convention & Visitors Bureau
- Vecova Centre for Disability Services and Research
- Vibrant Initiatives Ltd. (operating as Vibrant Communities Calgary)
- Vivo for Healthier Generations Society
- Westside Regional Recreation Centre

Registered Pension Plans

Civic employees and elected officials participate in one or more registered defined-benefit pension plans and/or multi-employer pension plans provided by The City.

City-sponsored registered pension plans

The City records its share of the obligations net of plan assets which are held in trust by external parties. These plans include:

- Calgary Firefighters' Supplementary Pension Plan;
- Calgary Police Supplementary Pension Plan;
- Pension Plan for Elected Officials of The City of Calgary; and
- The City of Calgary Supplementary Pension Plan.

Multi-employer registered pension plans

Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans' obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans following the standards for defined contribution plans. These plans include:

- Local Authorities Pension Plan; and
- Special Forces Pension Plan.

Further details about these pension plans are available in Notes 1 k. and 15.

Funds Held in Trust

Funds held in trust and their related operations administered by The City for the benefit of external parties are not included in the consolidated financial statements, but are reported separately in Note 34, Funds Held in Trust.

b. Basis of Accounting

i. Revenues are accounted for in the period in which the transactions or events giving rise to the revenue occur, providing the revenues are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

ii. Taxation revenues are recorded at the time tax billings are issued. Taxation billings are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on taxation revenue appeals outstanding as at December 31, 2023.

iii. Local improvements are recognized as revenue, and established as a receivable, for the property owners' share of the improvements in the period that the project expenses are incurred.

iv. Goverment transfers and grants are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, provided the transfers are authorized, any eligibility criteria and stipulations have been met and reasonable estimates of the amounts can be made. Where transfers are received but eligibility criteria or stipulations are not met, government transfers are recognized in Capital Deposits (Capital Grants) or Deferred Revenue (Operating Grants) until eligibility criteria or stipulations are met.

v. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

vi. Authorized transfers from The City are recorded as expenses when eligibility criteria have been met by the recipient and the amount can be reasonably estimated.

vii. Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. Cost allocations to/from commonly controlled entities are recorded on a gross basis. Inter-entity transfers and receipts of assets or liabilities for nominal or no consideration are recorded at carrying amount. Differences between the exchange amount and carrying amount for asset or liability transfers are recorded as a gain or loss in the consolidated statement of operations and accumulated surplus. A value for unallocated costs is not recorded.

c. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and treasury bills with original maturities of 90 days or less at the date of acquisition and are recorded at fair market value.

d. Investments

Included in investments are internally managed portfolios consisting of investments in money market instruments and short-term bonds. The City also has externally managed investment portfolios consisting of short and long-term investments including money market securities, equities, infrastructure and mortgages and fixed income securities. Investments are recorded at the fair value with the associated unrealized gains or losses reflected in the consolidated statement of remeasurement gains and losses. When an investment gain or loss is realized, the accumulated remeasurement gain or loss is reclassified to the consolidated statement of operations. When there has been a loss in market value that is determined not to be a temporary decline, the respective investment is written down to recognize the loss.

e. Land Inventory

Land inventory is carried at the lower of cost and net realizable value. Cost includes amounts for land development expenses. Land inventory is held for sale in the normal course of business.

f. Bank Indebtedness

Bank indebtedness consists of cheques outstanding in excess of deposits with commercial banks and short-term borrowings.

g. Deferred Revenue

Deferred revenue represents amounts received from third parties for a specified operating purpose. These amounts include deferred government transfers, which are externally restricted until used for the purpose intended. Also included in deferred revenue are private contributions, advance sales of goods and services and amounts received for licences, permits, and application fees, which are recognized as revenue in the period when the related expenses are incurred to reflect the completion of The City's performance obligations.

h. Capital Deposits

Capital deposits represent amounts received from third parties for specified capital projects. Deposits must be expended on projects for which they are designated, and are recognized as revenue when expenditures are made.

i. Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities based on information available at year end.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, The City reviews the carrying amount of the liability and recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to timing, amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The City continues to recognize the liability until settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

j. Provision for Contaminated Sites

The *Environmental Protection and Enhancement Act* (Alberta) sets out the regulatory requirements pertaining to contaminant releases. Under this Act, there is a requirement for the persons responsible to address a contaminant release that is causing or has caused an adverse effect. A provision in PS 3260 is provided for sites where contamination exists that exceeds an environmental standard, The City is legally responsible or has accepted responsibility for the contamination, future economic benefits are expected to be given up, and a reasonable estimate for the provision can be made.

The provision reflects The City's best estimate of the amount required to remediate sites to a condition that is suitable for the sites' intended use, as at the date of these consolidated financial statements. The provision is determined on a site-by-site basis, and is adjusted to reflect the passage of time, new obligations, regulatory changes, and changes to administration's intent and actual remediation costs incurred.

The provision for future remediation is an estimate of the minimum costs known for sites where an assessment has been conducted and where there is available information that is sufficient to estimate costs. Where sites require ongoing monitoring or maintenance as part of the remediation plan, the present value of all estimated future costs are discounted using The City's weighted average cost of capital. The provision is included in accounts payable and accrued liabilities.

k. Employee Benefit Obligations

The cost of City-sponsored registered and non-registered defined-benefit pension plans and post-retirement benefits are recognized when earned by plan members. These costs are actuarially determined using the projected benefit method prorated on service, applying administration's best estimate of expected salary and benefit escalation, retirement ages of employees, and plan investment performance. Plan obligations are discounted using The City's cost of borrowing based on estimated rates for debt with maturities similar to expected future benefit payments.

Contributions to multi-employer plans are expensed when the contributions are due. No obligations are recorded for multi-employer defined-benefit pension plans administered by external parties as The City's share of those obligations is not readily determinable.

The City records the actuarially determined net fund benefit asset or liability for City-sponsored, registered defined-benefit pension plans. For jointly sponsored plans, The City records its proportionate share of that asset or liability. For non-registered defined-benefit plans and other retirement benefit obligations, The City records the actuarially determined accrued benefit liability; assets are held within The City's cash and investments accounts to fund these obligations.

Adjustments arising from actuarial gains and losses for active plans are amortized on a straight-line basis over the expected average remaining service period of the active employee group. Adjustments arising from: actuarial gains and losses for plans closed to new entrants, prior service costs related to plan amendments, and changes in the valuation allowance, are fully recognized in the year they arise. Long-term unamortized actuarial losses will be funded in future periods.

l. Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses before other contributions and transfers, is provided in the consolidated statement of changes in net financial assets for the year.

m. Tangible Capital Assets

Tangible capital assets, including assets held under capital leases, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated and contributed assets are capitalized and recorded at their estimated fair value at the time they are transferred to The City; and their corresponding revenue is recognized. Interest charges are not capitalized.

Work in progress represents assets which are not available for use and therefore are not subject to amortization.

Works of art for display are not recognized as tangible capital assets (Note 27).

Tangible capital assets are reviewed annually for any impairment and written down when conditions indicate that a tangible capital asset no longer contributes to The City's ability to provide goods or services, or that the value of future economic benefits associated with the tangible capital asset is less than its book value.

The cost, less residual value, of tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

	Years
Buildings	
Buildings	10 – 75
Leasehold improvements	5
Vehicles	
Light rail transit	25
Transit buses and fire trucks	5 – 20
Vehicles	5 – 10
Land improvements	15 – 25
Engineered structures	
Drainage, waterworks and wastewater distribution and collection systems and treatment plants	15 – 75
Transit network	15 – 50
Road and transportation network	5 – 100
Communication networks and landfills	5 – 45
EV Infrastructure	15
Machinery and equipment	
Computer equipment	5
Computer software	7
Other equipment and machinery	5 – 20

n. Inventories

Inventories comprising materials and supplies are carried at the lower of cost and replacement cost.

o. Land Held for Municipal Purposes

Land held for municipal purposes is comprised of land held for future civic use and is carried at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for civic use. Land held for municipal purposes is included in tangible capital assets for financial statement purposes.

p. Budget Figures

The 2023 budget is reflected on the consolidated statement of operations and accumulated surplus. The budget consists of the Council-approved amounts for the operating fund and the capital fund, modified for capital revenue adjustments, assets capitalized on the statement of financial position, and amortization expense for tax-supported assets. The budgets established for the capital fund are for projects in which costs may be incurred over one or more years. The capital budget figures include unspent budget for ongoing projects from the preceding year.

q. Environmental Provisions

The City has a formal environmental assessment and management program in place to ensure that it complies with environmental legislation with respect to contamination. The City provides for the cost of compliance with environmental legislation when costs are identified and can be reasonably measured. The provision is included in accounts payable and accrued liabilities.

r. Financial Instruments

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the realized gains and losses are reclassified to the consolidated statement of operations except for the gains on externally restricted financial liabilities which are recognized as an increase to the liability.

Financial instruments are classified as Level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category, as described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

The City's financial instruments are measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Investments	Fair value
Receivables (excluding taxes)	Amortized cost
Other assets	Amortized cost or fair value
Bank indebtedness	Amortized cost
Accounts payable and accrued liabilities	Fair value
Long-term debt	Amortized cost

For financial instruments measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments that are measured at amortized cost and expensed when measured at fair value.

All financial assets except derivatives are assessed annually for impairment. An impairment of a financial asset is recognized as a decrease in revenue. A write-down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

The City evaluates contractual rights and obligations for the existence of embedded derivatives and elects to either measure the entire contract at fair value or separately measure the value of the derivative component when the characteristics of the derivative are not closely related the economic characteristics and risks of the host contract itself. Only contractual rights and/or obligations entered into or continuing to be effective on or after January 1, 2023 are evaluated for the existence of embedded derivatives.

s. Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian Dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

t. Loan Guarantees

Periodically The City provides loan guarantees on specific debt issued by related authorities and other entities not consolidated in The City's consolidated financial statements. Loan guarantees are accounted for as contingent liabilities and no amounts are accrued in the consolidated financial statements of The City until The City considers it likely that the borrower will default on the specified loan obligation. Should a default occur, The City's resulting liability would be recorded in the consolidated financial statements.

u. Use of Estimates

The preparation of the consolidated financial statements requires administration to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Where estimation uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from estimates. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, level 3 financial instruments, accrued liabilities, employee benefit obligations, provision for tax appeals, asset retirement obligations, contaminated sites and environmental assessments and contingent liabilities are areas where administration makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

v. Loans Receivable

Loans receivable are recorded at cost less allowance for doubtful accounts. Allowance for doubtful accounts is recognized when collection is in doubt. Loans receivable are stated at the lower of cost and net recoverable value. No interest is charged on owed amounts.

w. Public Private Partnerships

A public private partnership (P3) is a contractual agreement between a public authority and a private entity for the provision of infrastructure and/or services.

In the event The City controls the acquired and/or constructed asset(s), P3 costs are accounted for as follows:

- Costs incurred during construction or acquisition are recognized in the work-in-progress and liability balances based on the estimated percentage complete.
- Construction costs, as well as the combined total of future payments, are recognized as a tangible capital asset and amortized over the estimated useful life once the asset is in-service.
- Sources of funds used to finance the tangible capital asset and future payments will be classified based on the nature of the funds, such as debt, grants, and/or reserves.

In the event The City does not control the asset(s) arising from P3s, then all costs associated with the transaction are expensed in the period in which the costs are incurred.

x. Adoption of New Accounting Standards

In 2023, The City adopted the following five accounting standards to comply with Public Sector Accounting Standards (PSAS).

Adoption of these standards require all public sector entities to assess information using definitions, criteria and exceptions provided in the standards and apply professional judgement to comply with the disclosure requirements of each standard. Comparative information is presented in accordance with the accounting policies by The City immediately preceding its adoption of these sections.

i. Asset Retirement Obligations

Asset Retirement Obligation (PS 3280) establishes standards on when to recognize, and how to account for and report a liability for asset retirement obligations associated with the tangible capital assets controlled by a public sector entity. This standard covers the entity's legal obligations established by agreement, contract or legislation, including obligations created by a promissory estoppel for tangible assets controlled by a public sector entity that are in productive use and that are no longer in productive use. This standard includes obligations for solid waste landfill sites and post-closure obligations and has been adopted on a modified retroactive basis. The impact of the adoption of this standard is included in Notes 2, 14, and 17.

ii. Financial Instruments

Financial Instruments (PS 3450) establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of consolidated remeasurement gains and losses. There is a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for de-recognition of financial liabilities. This standard has been adopted prospectively as a result comparative figures have not been restated and not included in the consolidated statement of remeasurement gains and losses. The impact of the adoption of this standard is included in Notes 3 and 5.

Adoption of section 3450 also required The City to adopt the following three corresponding standards:

iii. Financial Statement Presentation

Financial Statement Presentation (PS 1201) was amended to conform to Financial Instruments (PS 3450) and requires a new statement of remeasurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships.

iv. Portfolio Investments

Portfolio Investments (PS 3041) has removed the distinction between temporary and portfolio investments. This section was amended to conform to Financial Instruments (PS 3450), and now includes pooled investments in its scope. Upon adoption of PS 3450 and PS 3041, Temporary Investments (PS 3030) will no longer apply.

v. Foreign Currency Translation

Foreign Currency Translation (PS 2601) requires exchange rates to be adjusted to the rate in effect at the financial statement date for monetary assets and liabilities denominated in foreign currency and non-monetary items included in the fair value category. Unrealized gains and losses are to be presented in the consolidated statement of remeasurement gains and losses.

y. Future accounting pronouncements

i. Revenue

Revenue (PS 3400) establishes standards on how to account for and report on revenue. This standard covers the identification, recognition, measurement, and disclosure for revenues arising from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payor.

ii. Public Private Partnerships

Public private partnerships (PS 3160) establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The City will assess the impact of this standard on The City's current treatment of public private partnerships as described in Note 1 w.

iii. Purchased Intangibles

Purchased Intangibles (PSG 8) establishes guidelines on how to account for identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act.

The City continues to assess the impact of these standards and guidelines on the consolidated financial statements.

2. Impact of Adoption of New Accounting Standards

Asset Retirement Obligations

The City has restated its consolidated financial statements to comply with the provisions of Section 3280 of the PSAB Handbook, which requires public sector entities to record asset retirement obligations on their financial statements. PS 3280 – Asset Retirement Obligations establishes standards on when to recognize, and how to account for and report a liability for asset retirement obligations associated with the retirement of certain tangible capital assets controlled by a public sector entity, such as asbestos removal in buildings. This standard covers The City's legal obligations established by agreement, contract or legislation including obligations created by a promissory estoppel. This standard includes obligations for solid waste landfill sites and post-closure obligations. The adoption of this standard resulted in the existing Solid Waste Landfill Closure and Post-Closure Liability (PS 3270) to be withdrawn.

Pursuant to the recommendations of PS 3280, the change was applied using the modified retroactive method and prior period adjustments have been restated to reflect the liability for the asset retirement obligations as of January 1, 2022.

In accordance with the provisions of this new standard, The City reflected the followings adjustments:

Statement of Financial Position

	December 31, 2022 (Previously reported)	Adjustments	December 31, 2022 (Restated)
Financial assets	$ 10,401,718	$ –	$ 10,401,718
Financial liabilities	5,914,587	204,206	6,118,793
Net financial assets	$ 4,487,131	$ (204,206)	$ 4,282,925
Tangible capital assets	19,702,813	42,225	19,745,038
Other non-financial assets	112,853	–	112,853
Accumulated Surplus	$ 24,302,797	$ (161,981)	$ 24,140,816

Statement of Operations

	December 31, 2022 (Previously reported)	Adjustments	December 31, 2022 (Restated)
Revenues	$ 4,704,706	$ –	$ 4,704,706
Expenses	(4,337,223)	(6,401)	(4,343,624)
Other	843,042	–	843,042
ENMAX Corporation – other comprehensive income	124,370	–	124,370
Annual Surplus	$ 1,334,895	$ (6,401)	$ 1,328,494
Opening accumulated surplus	22,967,902	(155,580)	22,812,322
Ending accumulated surplus	$ 24,302,797	$ (161,981)	$ 24,140,816

3. Financial Risk Assessment

a. The City's financial instruments are subject to certain risks due to its operating environment:

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Market risk is comprised of three types of risk: price risk, interest rate risk, and foreign currency risk. In order to earn financial returns at an acceptable level of market risk, The City has policies and procedures in place governing asset mix, asset allocation and performance measurement. The City's risk management processes have not changed from prior year.

i. Price Risk

Price risk relates to the possibility that equity investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The City is exposed to price risk associated with its equity investments and the underlying equity investments held in pooled funds. If equity market indices declined by 1 per cent, and all other variables are held constant, the potential loss in fair value to The City would be approximately $7,716 or 0.13 per cent of total investments.

ii. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be affected by a change in market interest rates.

The City is exposed to interest rate risk through its investments in fixed income securities. In general, investment returns for fixed income securities, including bonds and mortgage funds, are sensitive to changes in the level of interest rates, with longer-term interest-bearing securities being more sensitive to interest rate changes than shorter term securities. The City manages the interest rate risk exposure of its fixed income investments by adjusting portfolio durations. A 1 per cent change in market yield relating to fixed income securities would have increased or decreased fair value by approximately $193,002.

The fixed income securities have the following average maturity structure:

	2023
0-3 years	**37.12%**
3-7 years	**34.71%**
7-10 years	**11.71%**
Over 10 years	**16.46%**
Total	**100%**

The City has fixed interest rate loans for all debt, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt. The fair value of fixed rate debt fluctuates with changes in market interest rates, but the related future cash flows will not change. The City assesses its debt sensitivity by using a 1 per cent increase and decrease in interest rates. As at December 31, 2023, if interest rates had a 1 per cent increase with all other variables held constant, the decrease in the fair value of debt would be approximately $141,387 (a 5.85 per cent drop without Commercial Paper). A 1 per cent decrease to the interest rate assumption would increase the fair value of debt by $157,206 (a 6.51 per cent increase without Commercial Paper).

iii. Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The fair value of cash and investments denominated in foreign currencies is translated into Canadian dollars on an annual basis using the reporting date exchange rate.

The City is exposed to foreign exchange fluctuations on its cashflows denominated in foreign currencies, and also to changes in the valuation on its assets denominated in foreign currencies attributable to fluctuations in exchanges rates. As at December 31, 2023, investments in non-Canadian assets represented 27.51 per cent of total investments by fair value.

The impact of a change in value of Canadian dollar against all foreign currencies is as follows:

	Fair Value	2% decrease	1% decrease	1% increase	2% increase
Foreign Currency Assets	$1,595,175	$ 22,700	$ 11,235	$ (11,013)	$ (21,810)

As at December 31, 2023, The City had 2 USD (2022 – 15 USD and 1 EUR) exchange fixed contracts in place. Delivery dates for these contracts range from November 2024 to December 2025.

The City utilizes an external manager to execute an active portfolio hedging strategy designed to efficiently reduce currency risk on assets denominated in foreign currencies. Risks associated with foreign currency inflows and outflows are forecasted and managed internally for timing and view on expected changes in the exchange rates of the various currencies. As at December 31, 2023, the portfolio held 16 forward contracts, all with settlement dates in January 2024. The fair market value of these forward contracts was $14,893 CAD and is included in The City's investments (Note 5).

The forward contracts had the following rates with the following currencies*:

- 1 AUD per USD ($1.53)
- 1 CAD per NOK (kr 8.02)
- 2 CAD per USD (2 at $1.36)
- 1 EUR per CAD (€0.67)
- 2 EUR per USD (2 at €0.93)
- 1 GBP per USD (£0.81)
- 1 HDK per USD ($7.82)
- 1 JPY per USD (¥147.86)
- 1 KRW per USD (₩1299.72)
- 1 NOK per USD (kr 11.01)
- 1 TWD per USD ($31.83)
- 3 USD per CAD (3 at $0.73)

***Currencies**

AUD – Australian Dollar ($)

CAD – Canadian Dollar ($)

EUR – Euro (€)

GBP – British Pound Sterling (£)

HKD – Hong Kong Dollar ($)

KRW – South Korean Won (₩)

JPY – Japanese Yen (¥)

NOK – Norwegian Krone (kr)

TWD – Taiwanese Dollar ($)

USD – U.S. Dollar ($)

Liquidity risk

Liquidity risk is the risk that The City will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. The City maintains a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements. The City maintains an unsecured short-term bank line of credit with a commercial bank to ensure funds are available to meet current and forecasted financial requirements.

Credit risk

The City is exposed to credit risk on investments arising from the potential failure of a counterparty to honour its contractual obligations. To manage the risk, The City has established an investment policy with required minimum credit quality standards and maximum exposures per-issuer and sector. The credit risk from accounts receivable is low as the majority of balances are due from government agencies.

The City is subject to credit risk with respect to tax, trade and other receivables. This operational risk arises from the possibility that taxpayers and counterparties to which The City provides services may not be able to fulfill their obligations to The City. The City mitigates these risks through its processes and by having a vast diversity of taxpayers and customers.

4. Cash and Cash Equivalents

	2023	2022
Cash on deposit	**$ 1,078,185**	$ 1,311,375
Treasury bills with original maturities of 90 days or less	**27,829**	–
	$ 1,106,014	$ 1,311,375

Treasury bills interest rates are approximately 4.81 per cent in 2023.

5. Investments

All the investments managed by The City are held in fixed income securities and equity investments. The fair value and cost of all investments as at December 31, 2023 are as follows:

	2023 Fair Value	2023 Cost	2022 Fair Value	2022 Cost
Government of Canada[(1)]	**$ 713,287**	**$ 712,887**	$ 651,318	$ 670,139
Other government	**597,980**	**603,927**	353,022	383,456
Corporate	**1,893,802**	**1,935,667**	1,725,359	1,836,800
Global fixed income investments	**1,586,063**	**1,647,860**	1,095,559	1,206,414
Equity investments[(1)]	**968,571**	**900,284**	1,097,026	1,109,985
	$ 5,759,703	**$ 5,800,625**	$ 4,922,284	$ 5,206,794

The average yield earned from investments during the year ended December 31, 2023 was 3.4 per cent (2022 – 2.0 per cent). Maturity dates on the investments range from 2024 to 2084. Investments include $790,569 (2022 – $644,597) in cost, and fair value of $789,496 (2022 – $632,694) in an internally managed portfolio comprised of short-term money market instruments and bonds.

The following table provides a categorization of investments that are measured subsequent to initial recognition at fair value, grouped into levels (from 1 to 3) based on the degree to which the fair value is observable.

	2023 Level 1	2023 Level 2	2023 Level 3	2023 Total
Canadian fixed income	**$ 9,271**	**$ 2,335,417**	**$ –**	**$ 2,344,688**
Foreign fixed income	**31,767**	**384,246**	**–**	**416,013**
Pooled fixed income	**38**	**441,963**	**712,265**	**1,154,266**
Mortgages	**106**	**615,531**	**–**	**615,637**
Canadian Equities	**56**	**–**	**–**	**56**
Global Equities	**114,869**	**400**	**–**	**115,269**
Pooled Equities	**329,141**	**379,435**	**5,211**	**713,787**
Infrastructure	**–**	**–**	**399,987**	**399,987**
Total	**$ 485,248**	**$ 4,156,992**	**$ 1,117,463**	**$ 5,759,703**

The following table reconciles the changes in fair value of level 3 investments:

	2023
Balance, beginning of year	**$ 855,046**
Remeasurement gains	**5,919**
Purchases	**256,498**
Sales	**–**
Balance, end of year	**$ 1,117,463**

A portion of The City's investments are committed for certain purposes including reserves, capital deposits and employee benefit obligations.

(1) Parks Foundation Calgary is an endowment fund which uses investment income to fund the administrative costs of the Parks Foundation which reduces the annual contribution from The City to its operating budget. Investments with a cost of $2,534 (2022 – $2,491) and a fair value of $2,600 (2022 – $2,503) are managed by the Parks Foundation Calgary and include equity investments with a cost of $1,631 (2022 – $1,636) and fair value of $1,770 (2022 – $1,708).

6. Receivables

		2023		2022
Taxes	**$**	**67,269**	$	64,235
Federal and Provincial Governments		**38,046**		35,451
General		**357,267**		384,332
	$	**462,582**	$	484,018

7. Land Inventory

Land inventory includes acquisition costs of the land and the improvements to prepare the land for sale or servicing. Related development costs incurred to provide infrastructure are recorded as capital assets.

		2023		2022
Developed land	**$**	**61,769**	$	64,788
Under development		**90,777**		60,672
Long-term inventory		**81,960**		85,753
	$	**234,506**	$	211,213

8. Other Assets

		2023		2022
Long-term debt recoverable	**$**	**33,047**	$	42,076
Long-term receivables		**64,038**		66,272
Other receivables		**4,670**		2,103
Loans receivable		**5,166**		5,407
Derivative assets		**2**		–
	$	**106,923**	$	115,858

Long-term debt recoverable includes debentures issued to fund local improvements which are collectible from property owners for work authorized by them and performed by The City, and term loans granted on previously owned city sites.

Long-term receivables consist primarily of local improvement levies recognized as revenue on the basis of full or partial completion of the related projects, a receivable from Silvera for Seniors and a receivable from St. Mary's University (Note 16 a. i.).

Loans receivable consist of interest-free loans offered by Attainable Homes Calgary Corporation to Calgarians when they purchase their housing units, and are secured by The City's encumbrance on the title of each property. The interest portion of the loans are recognized as an expense. In 2023, an allowance for doubtful accounts of $1,796 (2022 – $2,330) related to the loans receivable was recognized. These loans are forgiven once the home owner sells or refinances their housing unit and a shared participation amount is repaid.

9. Investment In ENMAX

a. ENMAX is a wholly-owned subsidiary and a municipally controlled corporation of The City of Calgary. ENMAX's core operations are organized into three main business segments: ENMAX Power, Versant Power and ENMAX Energy. In addition, ENMAX has obligations to provincial and US regulators for its regulated business. ENMAX maintains an independent credit rating and holds financial relationships external from The City.

b. The financial statements of ENMAX are prepared in accordance with International Financial Reporting Standards (IFRS). There were no new accounting standards effective during the year.

The following table provides condensed supplementary financial information reported separately by ENMAX:

		2023		2022
Financial Position				
Current assets	**$**	**1,262,228**	$	1,772,317
Capital and intangible assets		**6,785,375**		6,473,062
Other assets		**1,398,848**		1,464,356
Total assets	**$**	**9,446,451**	$	9,709,735
Current liabilities (including current portion of long-term debt; 2023 – $292,440; 2022 – $84,670)	**$**	**1,828,785**	$	2,048,237
Non-current liabilities		**1,480,397**		1,432,671
Long-term debt		**3,185,421**		3,156,367
Total liabilities	**$**	**6,494,603**	$	6,637,275
Accumulated other comprehensive loss	**$**	**(28,267)**	$	(5,263)
Retained earnings		**2,980,115**		3,077,723
Investment in ENMAX Corporation	**$**	**2,951,848**	$	3,072,460

		2023		2022
Results of Operations				
Revenues	**$**	**3,810,977**	$	3,662,814
Expenses		**3,826,585**		3,367,186
Net (loss) income	**$**	**(15,608)**	$	295,628
Changes in Shareholder's Equity				
Net assets, beginning of year	**$**	**3,072,460**	$	2,714,462
Net (loss) income		**(15,608)**		295,628
Dividends paid		**(82,000)**		(62,000)
Other comprehensive (loss) income		**(23,004)**		124,370
Net assets, end of year	**$**	**2,951,848**	$	3,072,460

c. The following summarizes The City's related-party transactions with ENMAX:

		2023		2022
Received by The City				
Dividends	**$**	**82,000**	$	62,000
Local access fee		**308,499**		225,804
Sales of services		**21,061**		21,648
Purchased by The City				
Power and other services	**$**	**169,916**	$	167,734
Capital expenditures paid or payable		**23,032**		7,874

The City's accounts payable and accrued liabilities and deferred revenue include $21,025 (2022 – $17,836) for amounts owed to ENMAX at December 31, 2023. The City's receivables include $22,210 (2022 – $26,368) for amounts owing to The City by ENMAX at December 31, 2023. Corresponding related-party differences between the payables and receivables for The City and ENMAX result primarily from timing differences related to recognizing the receipt of payments. Sale of services and purchase of power and other services are transacted at fair market value, which is the amount agreed upon by the parties.

Debentures in the amount of $1,722,502 (2022 – $1,606,493) and reported by ENMAX in long-term debt have been issued in the name of The City (Note 16 a.).

10. Bank Indebtedness

An unsecured short-term bank line of credit with a commercial bank is available to The City up to an amount of $60,000 (2022 – $160,000). As at December 31, 2023, The City had a total of $48,983 (2022 – $47,802) of bank indebtedness comprised of cheques issued in excess of deposits and an operating facility, included in this balance is $34,135 (2022 – $29,812) from one related authority (2022 – one related authority).

The City has the approved authority to issue up to $600,000 (2022 - $600,000) of short-term borrowings, through a combination of a bank line of credit and the issue of commercial paper. As at December 31, 2023, The City had $299,337 (2022 – $300,208) of short-term borrowings, which consisted of promissory notes held by The City and credit facilities held by Calgary Arts Development Authority Ltd. and Attainable Homes Calgary Corporation (2022 – Calgary Arts Development Authority Ltd.). The City has 20 promissory notes valued at $296,312 with maturity dates from January 3 to March 18, 2024, with interest rates ranging from 5.20 per cent to 5.40 per cent (2022 – 17 promissory notes valued at $297,806 with maturity dates from January 4 to March 10, 2023, with interest rates ranging from 4.20 per cent to 4.57 per cent).

11. Accounts Payable and Accrued Liabilities

	2023	2022
Trade	**$ 881,621**	$ 917,395
Federal and Provincial Governments	**33,100**	32,566
Accrued Interest	**16,149**	15,257
	$ 930,870	$ 965,218

12. Deferred Revenue

Advance sales of goods and services are revenues received from operations in advance of the services being provided. Licences, permits and application fees include amounts received for building permits, business and animal licences that are recognized as revenue over the term of the underlying agreements. Government grants are externally restricted amounts that are recognized in revenue when the conditions of use are satisfied. Other contributions relate primarily to private sponsorships and donations received for which the related expenditures have not yet been incurred. These funds are recognized as revenue in the period they are used for the purpose specified.

Deferred revenue is comprised of the following:

	December 31, 2022	Contributions Received	Revenue Recognized	**December 31, 2023**
Advance sales of goods and services	$ 27,400	$ 104,255	$ (106,008)	**$ 25,647**
Licences, permits and application fees	42,969	29,343	(25,462)	**46,850**
Government grants	24,219	41,610	(45,249)	**20,580**
Other contributions	12,031	6,010	(4,547)	**13,494**
	$ 106,619	$ 181,218	$ (181,266)	**$ 106,571**

	December 31, 2021	Contributions Received	Revenue Recognized	December 31, 2022
Advance sales of goods and services	$ 28,882	$ 63,020	$ (64,502)	$ 27,400
Licences, permits and application fees	38,597	26,918	(22,546)	42,969
Government grants	19,093	149,027	(143,901)	24,219
Other contributions	12,196	7,315	(7,480)	12,031
	$ 98,768	$ 246,280	$ (238,429)	$ 106,619

13. Capital Deposits

Capital deposits are received for various capital projects from land developers, pursuant to development agreements or the *Municipal Government Act*, and from other governments, through grants and provincial tax revenue sharing agreements. Certain deposits are allocated investment income, and some may become refundable with interest should they not be fully utilized for the designated capital projects. Capital deposits are comprised of the following:

	December 31, 2022	Contributions Received	Revenue Recognized[1]	**December 31, 2023**
Developers contributions	$ 142,305	$ 15,955	$ (14,448)	**$ 143,812**
Off-site and centre city levies	374,386	92,557	(43,859)	**423,084**
Deferred capital contribution – Event Centre	14,159	–	(14,159)	**–**
Other private contributions	2,656	539	(580)	**2,615**
Provincial Government grants	425,335	213,148	(303,858)	**334,625**
Federal Government grants	227,064	219,576	(162,638)	**284,002**
	$ 1,185,905	$ 541,775	$ (539,542)	**$ 1,188,138**

	December 31, 2021	Contributions Received	Revenue Recognized[1]	December 31, 2022
Developers contributions	$ 144,892	$ 19,847	$ (22,434)	$ 142,305
Off-site and centre city levies	395,915	59,824	(81,353)	374,386
Deferred capital contribution – Event Centre	11,172	2,987	–	14,159
Other private contributions	4,075	30,554	(31,973)	2,656
Provincial Government grants	427,845	202,426	(204,936)	425,335
Federal Government grants	219,211	170,093	(162,240)	227,064
	$ 1,203,110	$ 485,731	$ (502,936)	$ 1,185,905

(1) Dependent on the capital deposit agreement or legislation, amounts may be recognized into either operating or capital revenues.

14. Asset Retirement Obligations

The City's asset retirement obligations consists of:

Landfill sites

Under environmental law, there is a requirement for closure and post-closure care of landfill sites. Closure and post-closure care includes final covering and landscaping of a landfill, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspections and maintenance.

In 2021, The City reviewed the model supporting the provision of the landfill liability. The model was revised to ensure alignment with Alberta Environment and Protected Areas (AEPA) requirements and to reflect the current economic conditions. The City reviews the model every three years and the next review is due in 2024.

The costs are based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date. The landfills have an estimated useful life of 87 to 100 years, of which 32 to 48 years remain. The duration of post-closure care is dependent on the overall activities that are required at each landfill site — a discount rate of 3.0 per cent (2022 – 3.0 per cent) was used for active landfills and 2.9 per cent (2022 – 2.9 per cent) for the closed landfills.

The unfunded liability will be funded through future contributions from the Waste and Recycling Sustainment Reserve. At December 31, 2023, the balance of the Waste and Recycling Sustainment Reserve is $53,340 (2022 – $69,148). The landfill asset retirement obligation asset is recorded as part of engineered structures tangible capital asset.

Buildings

The City owns and operates several buildings that are known to have hazardous materials which are legally required to be removed in a prescribed manner upon demolition. In 2023, The City recognized an obligation for the removal of hazardous materials in these buildings (refer to Note 1 i.). The buildings have an estimated or revised useful life of 70 – 120 years from the year of acquisition or construction. The majority of the buildings will be remediated at intervals during their estimated useful life. Estimated costs have been discounted to December 31, 2023 using a discount rate of 3.0 per cent per annum. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings tangible capital assets and the restatement of prior year numbers (Notes 2 and 17).

Engineered Structures

The City owns and operates several engineered structures that are known to have hazardous materials, and there is a legal obligation to remove them in a prescribed manner. In 2023, The City recognized an obligation for the removal of hazardous materials in these engineered structures (Note 1 i.). The engineered structures range in useful lives from 40 – 100 years from the year of acquisition or construction. The majority of the engineered structures will be remediated at intervals during their estimated useful life. Estimated costs have been discounted to the present value using a discount rate of 3.0 per cent per annum. The transition and recognition of asset retirement obligations involved an accompanying increase to the engineered structures tangible capital assets and the restatement of prior year numbers (Notes 2 and 17).

Changes to the asset retirement obligations in the year are as follows:

		December 31, 2022 (restated note 2)		Change due to TCA Additions (disposals)		Settlements		Change in estimate		Accretion expense		**December 31, 2023**
Asset Retirement Obligation												
Landfill	$	164,608	$	–	$	(1,281)	$	94	$	4,859	**$**	**168,280**
Buildings		132,236		16,192		(3,712)		555		2,674		**147,945**
Engineered Structures		10,395		–		(296)		–		142		**10,241**
	$	307,239	$	16,192	$	(5,289)	$	649	$	7,675	**$**	**326,466**

		December 31, 2021		Adjustments due to adoption of ARO		Change due to TCA Additions (disposals)		Settlements		Change in estimate		Accretion expense		December 31, 2022 (restated note 2)
Asset Retirement Obligation														
Landfill	$	101,806	$	56,854	$	–	$	(1,321)	$	2,549	$	4,720	$	164,608
Buildings		–		131,631		279		(2,270)		–		2,596		132,236
Engineered Structures		–		10,553		–		(296)		–		138		10,395
	$	101,806	$	199,038	$	279	$	(3,887)	$	2,549	$	7,454	$	307,239

15. Employee Benefit Obligations

The City participates in multi-employer pension plans and sponsors defined-benefit pension plans and post-retirement benefit plans for eligible civic employees and elected officials. The employee benefit obligations related to The City-sponsored plans represent liabilities earned but not taken by the plan members as at December 31, 2023.

The City has fully met its current year cash contribution requirements for employee benefit obligations as at December 31, 2023. Employee benefit obligations recognized on The City's consolidated statement of financial position in respect to employee benefits is as follows:

	2023 Funded[1]	2022 Funded[1]
a. Registered defined-benefit pension plans	**$ 52,236**	$ 57,843
b. Non-registered defined-benefit pension plans	**44,039**	42,591
c. Post-retirement benefits	**113,338**	140,819
d. Vacation and overtime (undiscounted)	**287,960**	269,456
	$ 497,573	$ 510,709

Obligations related to multi-employer pension plans, Local Authorities Pension Plan (LAPP) and Special Forces Pension Plan (SFPP), are not recorded by The City as The City's share is not determinable. Contributions to LAPP and SFPP for current and past service are recorded as expenses in the year in which they become due (Note 15 e. i. and ii.).

Accounting Methodology

Annual valuations for accounting purposes are completed for The City-sponsored registered and non-registered defined-benefit pension plans and post-retirement benefits using the actuarial projected benefit method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The significant actuarial assumptions used for the valuations reflect The City's best estimates as follows:

	December 31, 2023	December 31, 2022
Year end obligation discount rate (%)	**5.14**	4.51
Inflation rate (%)	**2.00**	2.00
Expected rate of return on plan assets (%)		
The City of Calgary Supplementary Pension Plan (SPP)	**5.50**	5.50
Pension Plan for Elected Officials of The City of Calgary (EOPP)	**5.50**	5.50
Calgary Firefighters' Supplementary Pension Plan (FSPP)	**5.60**	6.00

a. Registered defined-benefit pension plans

Certain defined-benefit pension plans are registered for Canada Revenue Agency (CRA) purposes. These plans provide benefits up to limits prescribed by the Income Tax Act (ITA). The assets of these plans are held in trust and The City records its share of the obligations net of plan assets.

In accordance with regulations, actuarial valuations for funding purposes are performed at least triennially for registered plans, except for the Calgary Police Supplementary Pension Plan (PSPP) (Note 15 a. iv.), to determine The City's required contributions to the plan trusts. The most recent actuarial valuations for the purposes of developing funding requirements were prepared as of the following dates:

Pension Plan	**Latest Valuation Date**
FSPP	December 31, 2021
SPP	December 31, 2022
EOPP	December 31, 2021
PSPP	Not applicable

(1) The concept of funding refers to amounts recorded as an expense in the consolidated financial statements with associated funding held for this purpose within The City's investments.

The following table sets out the results of, and significant assumptions utilized, in the most recent valuations for accounting purposes of The City sponsored registered pension plans:

		2023		2022
Fair value of plan assets – beginning of year	**$**	**172,057**	$	192,662
Contributions – employer		**9,335**		8,622
Contributions – member		**146**		142
Expected interest on plan assets		**9,635**		11,214
Less benefits paid		**(7,553)**		(10,088)
Actuarial gain (loss)		**613**		(30,495)
Fair value of plan assets – end of year	**$**	**184,233**	$	172,057
Accrued benefit obligation – beginning of year	**$**	**180,475**	$	240,540
Current period benefit cost		**8,135**		11,523
Interest on accrued benefit obligation		**8,336**		6,941
Less benefits paid		**(7,553)**		(10,088)
Actuarial gain		**(13,100)**		(68,441)
Accrued benefit obligation – end of year	**$**	**176,293**	$	180,475
Funded status – plan (surplus) deficit	**$**	**(7,940)**	$	8,418
Unamortized net actuarial gain		**60,176**		49,425
Accrued benefit liability[1]	**$**	**52,236**	$	57,843
Current period benefit cost	**$**	**8,135**	$	11,523
Amortization of actuarial (gains) losses		**(2,962)**		1,435
Less member contributions		**(146)**		(142)
Benefit expense	**$**	**5,027**	$	12,816
Interest on accrued benefit obligation		**8,336**		6,941
Less expected interest on plan assets		**(9,635)**		(11,214)
Benefit interest income	**$**	**(1,299)**	$	(4,273)
Total expense	**$**	**3,728**	$	8,543

Unamortized net actuarial gains and losses are amortized over the expected average remaining service life (EARSL) of the active employee groups, except for the Calgary Police Supplementary Pension Plan which is deemed a closed plan and commence in the period following the determination of the gain or loss. The EARSL for each plan is:

Pension Plan	**2023**	2022
FSPP	**14.7**	15.0
SPP	**8.2**	8.0
EOPP	**14.0**	14.8
PSPP	**Not applicable**	Not applicable

i. Calgary Firefighters' Supplementary Pension Plan

The FSPP was established on June 3, 1975. The plan is jointly administered by The City and the International Association of Firefighters (IAFF) Local 255. The plan is supplemental to the LAPP (Note 15 e. i.) and provides an annual retirement benefit of 1.4 per cent of pensionable earnings up to the year's maximum pensionable earnings (YMPE), 2 per cent of pensionable earnings over YMPE, a bridge benefit of 0.6 per cent of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the ITA. The City and the IAFF Local 255 have agreed to share the cost of future service and future additional unfunded liabilities 55 per cent by The City and 45 per cent by the plan members. The consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability.

At December 31, 2023, The City's portion of plan assets, held in trust, is invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2021, as follows:

		2023 Employer		**2023 Members**		2022 Employer		2022 Members
Current service contributions	**$**	**5,558**	**$**	**4,605**	$	4,892	$	4,061

1) To satisfy the obligations under these plans, assets in the amount of $52,236 (2022 - $57,843) are held within The City's investments.

ii. The City of Calgary Supplementary Pension Plan

The SPP commenced on February 1, 2000 and is sponsored and administered by The City. The plan is supplemental to the LAPP (Note 15 e. i.) and provides an annual retirement benefit of 2 per cent of earnings, up to maximum pension limits of the ITA for years of service since the later of February 1, 2000 and the date of eligibility for membership in the plan, as well as enhanced death benefits. The cost of future service and future additional unfunded liabilities are shared 55 per cent by The City and 45 per cent by the plan members. The consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability.

At December 31, 2023, The City's portion of plan assets, held in trust, is invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2022 as follows:

	2023 Employer	**2023 Members**	2022 Employer	2022 Members
Current service contributions	**$ 3,689**	**$ 3,016**	$ 3,336	$ 2,727

iii. Pension Plan for Elected Officials of The City of Calgary

The EOPP commenced on October 1, 1989 and provides pension benefits of 2 per cent of taxable salary, up to a maximum pension limit of the ITA per year of service to The City elected officials who choose to participate.

At December 31, 2023, plan assets, held in trust, are invested in a mix of equities, bonds and money market instruments. Plan assets are stated at market value.

The City's and members' cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2021 as follows:

	2023 Employer	**2023 Members**	2022 Employer	2022 Members
Current service contributions	**$ Nil**	**$ 146**	$ 228	$ 143

iv. Calgary Police Supplementary Pension Plan

The PSPP commenced on January 1, 1975 and provides supplemental pension benefits to those police officers who retired prior to September 1, 1979. The PSPP is deemed a closed plan as police officers who have retired after September 1, 1979 are covered under the SFPP Plan (Note 15 e. ii.).

The PSPP is not subject to provincial minimum funding legislation. Pursuant to the agreement made in 1985, The City will continue to pay benefits out of its investments. In 2007, the fund was exhausted and benefits to pensioners for the year and future years are now being paid from The City's investments. The liabilities associated with these continued benefits have been accounted for in accordance with PSAS Handbook Section 3250 (PS 3250) *Retirement Benefits*.

Sufficient funds are held within The City's investments to cover the liabilities as determined by the actuarial valuation for accounting purposes as at December 31, 2023.

b. Non-registered defined-benefit pension plans

Certain plans are non-registered for CRA purposes and provide benefits beyond the limits of the ITA supplemental to the registered plans. As such, there is no legislated requirement to pre-fund these plans through external trusts, and current income tax rules would impose additional costs on any external pre-funding arrangement.

Actuarial valuations for accounting purposes were performed as follows:

Pension Plan	**Latest Valuation Date**
The City of Calgary Overcap Pension Plan (OCPP)	December 31, 2023
The City of Calgary Police Chief & Deputy Overcap Pension Plan (PCDOPP)	December 31, 2023
The City of Calgary Fire Chief and Deputies Overcap Pension Plan (FCDOPP)	December 31, 2023
Supplementary Pension Plan for Elected Officials of The City of Calgary (EOSP)	December 31, 2023
Executive Pension Plan (EPP)	December 31, 2023
Contractual obligations	December 31, 2023

The following table sets out the results of, and significant assumptions utilized, in the December 31, 2023 valuations for accounting purposes for the non-registered pension plans:

		2023		2022
Accrued benefit obligation – beginning of year	**$**	**49,337**	$	53,782
Current period benefit cost		**495**		504
Interest on accrued benefit obligation		**2,171**		1,471
Less benefits paid		**(3,407)**		(3,855)
Actuarial gain		**(1,370)**		(2,565)
Accrued benefit obligation – end of year	**$**	**47,226**	$	49,337
Funded status – plan deficit	**$**	**47,226**	$	49,337
Unamortized net actuarial loss		**(3,187)**		(6,746)
Accrued benefit liability(1)	**$**	**44,039**	$	42,591
Current period benefit cost	**$**	**495**	$	504
Amortization of actuarial losses		**2,189**		1,441
Interest on accrued benefit obligation		**2,171**		1,471
Total expense	**$**	**4,855**	$	3,416

Unamortized net actuarial gains and losses of the OCPP and PCDOPP are amortized over the EARSL of the active employee groups and commence in the period following the determination of the gain or loss. Net actuarial gains and losses for plans closed to new entrants are fully amortized in the year in which they arise. The EARSL for each plan is:

Pension Plan	**2023**	2022
OCPP	**10.2**	4.9
PCDOPP	**6.9**	6.9
FCDOPP (closed plan)	**Not applicable**	Not applicable
EOSP (closed plan)	**Not applicable**	Not applicable
EPP (closed plan)	**Not applicable**	Not applicable
Contractual obligations (closed plan)	**Not applicable**	Not applicable

The following information details the structure and benefits of each of The City's non-registered defined-benefit pension plans:

i. The City of Calgary Overcap Pension Plan

The OCPP commenced on February 1, 2000. The plan is sponsored and administered by The City and provides supplementary pension benefits for management employees, the Police Chief and Deputies, and the Fire Chief and Deputies.

The OCPP for management employees provides a coordinated benefit with the LAPP (Note 15 e. i.), and the SPP (Note 15 a. ii.), to provide an annual retirement benefit of 2 per cent of all pensionable earnings for the years of service since the later of January 1, 1992 and the date of hire with The City.

The OCPP for the Police Chief and Deputies and the OCPP for the Fire Chief and Deputies provide supplementary pension benefits in excess of the maximum pension benefits provided under the SFPP (Note 15 e. ii.) and the FSPP (Note 15 a. i.) respectively. The OCPP for the Fire Chief and Deputies is deemed a closed plan as new entrants are not eligible to participate. The Plan will continue to provide benefits to existing retirees and to grandfathered members.

ii. Supplementary Pension Plan for Elected Officials of The City of Calgary

The EOSP commenced on October 1, 1999. This plan is sponsored and administered by The City and provides a coordinated benefit with the EOPP to provide an annual retirement benefit of 2 per cent of all pensionable earnings for the years of service recognized under the EOPP (Note 15 a. iii.). The decision made by Council to end service accruals in the EOSP took effect as of the 2021 election – October 18, 2021. The plan is considered closed to new entrants as of that date.

iii. Executive Pension Plan

The EPP was designed to provide pension arrangements for key members of senior management pursuant to individual employment contracts with The City prior to the inception of the OCPP and SPP. The EPP is deemed a closed plan as it provides no benefits to active employees; however, benefits will continue to existing retirees.

(1) To satisfy the obligations under these plans, assets in the amount of $44,039 (2022 – $42,591) are held within The City's investments.

iv. Contractual Obligations

The City has entered into individual compensation arrangements with key members of management that provide defined benefits upon retirement. These contractual obligations were grandfathered to members and have been deemed as closed as no benefits are provided to new employees; however, benefits will continue to retirees. These arrangements are sponsored and administered by The City.

c. Post-retirement benefits

The post-retirement benefits programs of The City of Calgary include the Pensioners and Widows/Widowers Benefit Plan (PWB), the Retirement Allowance Program and the Supplementation of Compensation Plan.

Actuarial valuations for accounting purposes in respect of the post-retirement benefits programs were performed as follows:

	Latest Valuation Date
PWB	December 31, 2023
Retirement Allowance	December 31, 2023
Supplementation of Compensation	December 31, 2023

The following table sets out the results of, and significant assumptions utilized, in the December 31, 2023 valuations for accounting purposes for post-retirement benefits:

		2023		2022
Accrued benefit obligation – beginning of year	**$**	**90,634**	$	130,853
Current period benefit cost		**5,454**		8,152
Interest on accrued benefit obligation		**4,218**		3,776
Less benefits paid		**(5,140)**		(7,606)
Curtailment gain[1]		**(25,259)**		(27,411)
Actuarial loss (gain)		**6,438**		(17,130)
Accrued benefit obligation – end of year	**$**	**76,345**	$	90,634
Plan assets[2]	**$**	**(2,979)**	$	(2,614)
Funded status – plan deficit	**$**	**73,366**	$	88,020
Unamortized net actuarial gain		**39,972**		52,799
Accrued benefit liability[3]	**$**	**113,338**	$	140,819
Current period benefit cost	**$**	**5,454**	$	8,152
Amortization of actuarial gain		**(6,754)**		(5,789)
Curtailment gain[1]		**(25,259)**		(27,411)
Interest on accrued benefit obligation		**4,218**		3,776
Total expense	**$**	**(22,341)**	$	(21,272)

Annual increase in dental and extended health costs	**5.1%**	4.9%

(1) Beginning in 2021, the Retirement Allowance Program is being phased out as collective agreements are renewed. Over the past year, this phase out resulted in approximately 4,700 members ceasing membership in the Program, constituting a curtailment gain of $25,259 (2022 – curtailment gain of $27,411).

(2) Plan assets in the amount of $2,979 (2022 – $2,614) to satisfy future life claims are equal to fair market value.

(3) Assets in the amount of $113,338 (2022 – $140,819) to satisfy the obligations under these plans are held within The City's investment portfolio.

Unamortized net actuarial gains and losses are amortized as follows:

- for plans where employees are actively accruing benefits (i.e. PWB and Retirement Allowance), on a straight line basis over the EARSL of such employees beginning at the times such amounts are determined; and
- for plans where employees are not actively accruing benefits (i.e. Supplementation of Compensation), recognized in the year in which they arise.

The EARSL for each plan is:

	2023	2022
PWB	**12.2**	12.0
Retirement Allowance	**11.0**	11.4
Supplemental of Compensation	**Not applicable**	Not applicable

The following information details the structure and benefits of each of The City's post retirement benefits:

i. Pensioners and Widows/Widowers Benefits (PWB)

The City sponsors optional post-retirement benefits for extended health, dental and life insurance benefits for qualifying retirees and their surviving spouses, from the date of retirement to age 65. After 10 years or age 65, the life insurance policy reduces to a paid-up death benefit based on the number of years of contributory service prior to retirement. The sponsors and retirees share equally in the cost of benefits. The City's consolidated financial statements show the sponsors' portions only of the expense and the accrued benefit liability.

ii. Retirement Allowance

The City had sponsored a non-contributory retirement allowance of up to 7 weeks of salary for qualifying retirees. The cost of these benefits were recognized as an expense and an accrued benefit liability. Council made the decision on December 16, 2019 to discontinue the retirement allowance as of December 31, 2021, subject to applicable Labour Code requirements. As of December 31, 2023, only Employees in the IBEW L254 PSC Officers and Local 1779, 2103 Carpenters collective agreements (275 employees) were still eligible for the benefit.

iii. Supplementation of Compensation

The City sponsors a supplementation of compensation plan for employees who were disabled, or survivors of employees who were killed in the line of duty. The plan is deemed closed as employees are not actively accruing benefits.

d. Vacation and overtime

The vacation and overtime liability comprises the vacation and overtime that employees are allowed to defer to future years as defined in administrative policies and/or contractual agreements. Assets in the amount of $287,960 (2022 – $269,456) are held within The City's investments portfolio and working capital to satisfy the obligations under these programs.

e. Multi-employer pension plans

Civic employees, with the exception of police officers, are members of the LAPP. Police officers are members of the SFPP. Both plans are multi-employer, defined-benefit pension plans jointly sponsored by employees and employers through the LAPP and SFPP Corporations respectively and administered by Alberta Pension Services (APS).

Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans' obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans following the standards for defined contribution plans. The amount of expense recorded in the consolidated financial statements is equal to The City's current service contributions to the plan as determined by APS for the year and no obligation is recorded in The City's consolidated financial statements. As at December 31, 2022, the LAPP and SFPP were in surplus positions.

i. Local Authorities Pension Plan

The LAPP plan provides an annual retirement benefit of 1.4 per cent of earnings up to the YMPE and 2 per cent of earnings over YMPE. Under the Alberta *Public Sector Pension Plans Act*, The City and members of the LAPP plan made the following contributions:

	2023 Employer	**2023 Members**	2022 Employer	2022 Members
Current service contributions	**$ 130,733**	**$ 116,873**	$ 124,466	$ 111,763

The LAPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2022 of $12,671,000 (2021 – $11,922,000). More recent information was not available at the time of preparing these consolidated financial statements.

LAPP consists of 167,300 active members. The City's active plan membership represents approximately 7.9 per cent (2021 – 7.8 per cent) of the total LAPP active membership as at December 31, 2022.

ii. Special Forces Pension Plan

The SFPP provides an annual retirement benefit of 1.4 per cent of pensionable earnings up to YMPE, 2 per cent of pensionable earnings over YMPE, a bridge benefit of 0.6 per cent of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the ITA. Under the Alberta *Public Sector Pension Plans Act*, The City and members of the SFPP made the following contributions:

	2023 Employer	**2023 Members**	2022 Employer	2022 Members
Current service contributions	**$ 43,625**	**$ 39,578**	$ 36,315	$ 33,587

The SFPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2022 of $265,340 (2021 – surplus of $424,164). More recent information was not available at the time of preparing these consolidated financial statements. The City's 2023 contribution rates did not change as a result of this surplus.

SFPP consists of 4,649 active members. The City's active plan membership represents approximately 49.1 per cent (2021 – 48.7 per cent) of the total SFPP active membership as at December 31, 2022.

16. Long-term Debt

a. Debt payable by and issued in the name of The City includes the following amounts:

	2023 Tax Supported	2023 Self Sufficient Tax Supported	2023 Self Supported	2023 Total	2022 Tax Supported	2022 Self Sufficient Tax Supported	2022 Self Supported	2022 Total
i. Debentures	**$ 239,532**	**$ 277,715**	**$ 3,837,020**	**$ 4,354,267**	$ 270,641	$ 247,343	$ 3,714,332	$ 4,232,316
ii. Mortgages and other debt	**59,647**	**–**	**8,925**	**68,572**	60,960	–	8,310	69,270
	$ 299,179	**$ 277,715**	**$ 3,845,945**	**$ 4,422,839**	$ 331,601	$ 247,343	$ 3,722,642	$ 4,301,586
Less								
iii. Debt attributable to ENMAX	**$ –**	**$ –**	**$ (1,722,502)**	**$ (1,722,502)**	$ –	$ –	$ (1,606,493)	$ (1,606,493)
	$ 299,179	**$ 277,715**	**$ 2,123,443**	**$ 2,700,337**	$ 331,601	$ 247,343	$ 2,116,149	$ 2,695,093

i. Debentures, which are predominantly held by the Province of Alberta, mature in annual amounts to the year 2049.

Tax-supported debt is repaid using tax revenues and is the long-term debt used in tax-supported areas.

Self-sufficient tax-supported debt comprises debt for programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes, but that are currently being funded by revenues resulting from their own operations.

Self-supported debt, which is primarily related to Water Services, includes debentures in the amount of $57,072 (2022 – $55,521) which has been issued to fund improvements and are collectable from property owners for work authorized by them and performed by The City. Principal and interest on local improvement debentures are recovered from property owners through annual local improvement levies over the term of the debenture to a maximum of 25 years.

Included in the self-supported debt is the debenture issued in 2014 by The City on behalf of the St. Mary's University (SMU) in the amount of $3,022 (2022 – $3,252). In accordance with the Credit Agreements between SMU and The City, The City shall service the debenture through the disbursement of principal and interest payments. The City is liable for the outstanding debenture debt to the debenture debt holder. SMU is required to reimburse The City for all principal and interest payments with respect to the debenture on the same day as The City disburses the payments to the debt holder. As at December 31, 2023, SMU is in compliance with the Credit Agreement.

Also included in the self-supported debt is the debenture issued in 2022 by The City on behalf of Silvera for Seniors in the amount of $8,099 (2022 – $8,099). In accordance with the Credit Agreements between Silvera for Seniors and The City, The City shall service the debenture through the disbursement of principal and interest payments. The City is liable for the outstanding debenture debt to the debenture debt holder. Silvera for Seniors is required to reimburse The City for all principal and interest payments with respect to the debenture on the same day as The City disburses the payments to the debt holder. As at December 31, 2023, Silvera for Seniors is in compliance with the Credit Agreement.

ii. Mortgages and other debt, which are predominantly held by Canada Mortgage and Housing Corporation, mature in annual amounts to the year 2036. Capital assets with a carrying value of $50,973 (2022 – $49,763) are pledged as collateral against the mortgages. The City issued borrowings held by ENMAX and Plenary Infrastructure Calgary LP (Plenary) for The City's Shephard solar park and Stoney compressed natural gas bus storage and transit facility projects respectively. The amounts mature in 2048 with ENMAX and 2049 with Plenary.

iii. Debenture debt attributable to ENMAX was initially issued by The City on behalf of the Calgary Electric System (CE) pursuant to City Bylaw authorizations prior to January 1, 1998. Pursuant to the Master Agreement between ENMAX and The City, a liability equivalent to the debentures attributable to ENMAX was included in the assumed liabilities upon transfer of substantially all of the assets and liabilities of CE from The City to ENMAX at January 1, 1998. The City continues to borrow on behalf of ENMAX in accordance with a Debt Management Service Level Agreement between The City and ENMAX. The City shall service the existing debentures, which included debt issuance of $204,177 in 2023 (2022 – $229,867), through the disbursement of principal and interest payments. The City is liable for the outstanding ENMAX debenture debt to the debenture debt holders. ENMAX is required to reimburse The City for all principal and interest payments with respect to the debentures on the same day as The City disburses the payments to the debt holders. In addition, ENMAX is required to pay to The City a loan guarantee and administration fee of 0.25 per cent (2022 – 0.25 per cent) on the average monthly outstanding debenture balance held by The City on behalf of ENMAX.

b. Long-term debt is repayable as follows:

	Tax Supported	Self Sufficient Tax Supported	Self Supported	Less: Debt attributable to ENMAX	Total
2024	$ 27,647	$ 16,241	$ 273,814	$ (92,531)	$ 225,171
2025	25,644	15,662	268,739	(93,443)	216,602
2026	24,165	14,090	271,224	(94,774)	214,705
2027	22,954	11,475	272,291	(95,119)	211,601
2028	21,653	8,702	255,111	(93,356)	192,110
Thereafter	177,116	211,545	2,504,766	(1,253,279)	1,640,148
	$ 299,179	$ 277,715	$ 3,845,945	$ (1,722,502)	$ 2,700,337

c. Debenture interest is payable at rates ranging from 0.86 per cent to 7.50 per cent (2022 – 0.86 per cent to 8.25 per cent) per annum. Debenture debt held at year end has an average rate of interest of 3.59 per cent (2022 – 3.41 per cent).

	Tax Supported	Self Sufficient Tax Supported	Self Supported	Average Interest
Average Interest	3.59%	3.28%	3.61%	3.59%

d. The maturity dates, interest rates and contractual principals for long-term debt are as follows:

Type	Maturity	Lowest Interest Rate Range	Highest Interest Rate Range		Average Interest
Debentures, incl. ENMAX	< 1 year	1.86%	7.50%	$	8,997
	1 – 3 years	0.86%	4.96%		70,713
	3 – 5 years	1.04%	5.05%		186,842
	5 – 10 years	1.22%	5.22%		867,154
	10 – 20 years	1.79%	5.45%		2,130,893
	> 20 years	2.06%	5.43%		1,089,668
				$	**4,354,267**
Mortgages and other	< 1 year	0.00%	0.00%	$	5,913
	1 – 3 years	–	–		–
	3 – 5 years	–	–		–
	5 – 10 years	–	–		–
	10 – 20 years	0.68%	6.45%		1,761
	> 20 years	2.00%	4.29%		60,898
				$	**68,572**
				$	**4,422,839**
Less: ENMAX debenture				$	(1,722,502)
Total				**$**	**2,700,337**

e. Interest charges are as follows:

	2023 Tax Supported	**2023 Self Sufficient Tax Supported**	**2023 Self Supported**	**2023 Total**	2022 Tax Supported	2022 Self Sufficient Tax Supported	2022 Self Supported	2022 Total
Debenture interest	**$ 8,771**	**$ 8,606**	**$ 74,529**	**$ 91,906**	$ 10,135	$ 6,648	$ 73,204	$ 89,987
Other interest and charges	**23,627**	**1,120**	**232**	**24,979**	10,471	321	2,796	13,588
	$ 32,398	**$ 9,726**	**$ 74,761**	**$ 116,885**	$ 20,606	$ 6,969	$ 76,000	$ 103,575

f. The estimated fair value of The City's long-term debt is $2,415,884 (2022 – $2,441,980). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31, 2023 for debentures with comparable maturities from The City's primary lender, the Province of Alberta.

g. The debt limit is calculated at 1.6 times revenue (as defined in the City's Debt Policy CP2020-05) and the debt service limit is calculated at 0.28 times revenue. Incurring debt beyond these limits requires approval by Council. The calculation, taken alone, does not represent the financial stability of the municipality as the consolidated financial statements must be interpreted as a whole.

	2023	2022
Total debt limit (1.6 times revenue)	**$ 7,697,013**	$ 7,442,520
Total debt (short and long-term)	**3,075,366**	3,053,548
Percentage of debt capacity used	**39.96%**	41.03%
Total debt service limit (0.28 times revenue)	**$ 1,346,977**	$ 1,302,441
Total debt service	**617,440**	625,510
Percentage of debt servicing capacity used	**45.84%**	48.03%

17. Tangible Capital Assets

	December 31, 2022 (Restated Note 2)	Additions/ Transfers	Disposals	**December 31, 2023**
Cost				
Land	$ 2,738,755	$ 133,976	$ (26,028)	**$ 2,846,703**
Land improvements	1,410,681	31,032	(32,512)	**1,409,201**
Engineered structures	18,608,308	622,671	(18,721)	**19,212,258**
Buildings	3,814,602	70,882	(9,663)	**3,875,821**
Machinery and equipment	740,306	28,573	(36,558)	**732,321**
Vehicles	1,652,827	108,460	(35,176)	**1,726,111**
	$ 28,965,479	$ 995,594	$ (158,658)	**$ 29,802,415**
Work in progress				
Land	$ 13,722	$ 33,544	$ (45,642)	**$ 1,624**
Construction	1,346,422	424,074	(48,825)	**1,721,671**
	$ 30,325,623	$ 1,453,212	$ (253,125)	**$ 31,525,710**

	December 31, 2022 (Restated Note 2)	Additions	Disposals	**December 31, 2023**
Accumulated Amortization				
Land improvements	$ 802,433	$ 35,448	$ (4,427)	**$ 833,454**
Engineered structures	6,878,906	408,159	(17,663)	**7,269,402**
Buildings	1,511,626	141,634	(7,387)	**1,645,873**
Machinery and equipment	531,646	50,031	(39,235)	**542,442**
Vehicles	855,974	89,207	(30,622)	**914,559**
	$ 10,580,585	$ 724,479	$ (99,334)	**$ 11,205,730**
Net book value	$ 19,745,038	$ 728,733	$ (153,791)	**$ 20,319,980**

	December 31, 2021	Additions/ Transfers	Disposals	December 31, 2022	Adjustments due to ARO	December 31, 2022 (Restated Note 2)
Cost						
Land	$ 2,695,764	$ 48,218	$ (5,227)	$ 2,738,755	$ –	$ 2,738,755
Land improvements	1,328,962	84,074	(2,355)	1,410,681	–	1,410,681
Engineered structures	17,932,273	669,557	(27,862)	18,573,968	34,340	18,608,308
Buildings	3,666,364	85,265	(12,730)	3,738,899	75,703	3,814,602
Machinery and equipment	723,643	34,872	(18,209)	740,306	–	740,306
Vehicles	1,629,774	59,950	(36,897)	1,652,827	–	1,652,827
	$ 27,976,780	$ 981,936	$ (103,280)	$ 28,855,436	$ 110,043	$ 28,965,479
Work in progress						
Land	$ 13,646	$ 80	$ (4)	$ 13,722	$ –	$ 13,722
Construction	1,210,117	147,747	(11,442)	1,346,422	–	1,346,422
	$ 29,200,543	$ 1,129,763	$ (114,726)	$ 30,215,580	$ 110,043	$ 30,325,623

	December 31, 2021	Additions	Disposals	December 31, 2022	Adjustments due to ARO	December 31, 2022 (Restated Note 2)
Accumulated Amortization						
Land improvements	$ 752,368	$ 50,779	$ (714)	$ 802,433	$ –	$ 802,433
Engineered structures	6,478,614	404,137	(24,193)	6,858,558	20,348	6,878,906
Buildings	1,353,109	119,869	(8,822)	1,464,156	47,470	1,511,626
Machinery and equipment	495,638	53,946	(17,938)	531,646	–	531,646
Vehicles	799,274	87,952	(31,252)	855,974	–	855,974
	$ 9,879,003	$ 716,683	$ (82,919)	$ 10,512,767	$ 67,818	$ 10,580,585
Net book value	$ 19,321,540	$ 413,080	$ (31,807)	$ 19,702,813	$ 42,225	$ 19,745,038

In 2023, $288,695 (2022 – $240,901) in engineered structures, land improvements and land were contributed to The City. These contributions were represented at their fair value at the time received. Assets recognized at nominal value by The City in 2023 and 2022 consist of certain buildings and land. In 2023 and 2022 the write-downs of tangible capital assets were $nil. Work in progress land contains expenses related to the purchase of land parcels related to a tangible capital asset project.

The land is being utilized to complete the project but is not ready for its intended purpose. Once the project is complete, the land is capitalized out of the work in progress land category into the land category.

Cultural and historical properties and treasures are held by The City in various locations. Due to the subjective nature of the assets, they are not recorded as tangible capital assets in the consolidated financial statements (Note 27).

18. 2023 Budget

Budget data presented in these consolidated financial statements are based upon the 2023 operating and capital budgets as approved by Council. Council approved budgets are prepared in accordance with MGA legislation, which in some cases is different from budget amounts prepared in accordance with PSAS and reported on the consolidated statement of operations and accumulated surplus and consolidated changes in net financial assets. The table below reconciles the Council approved budget to the PSAS budget figures reported in these consolidated financial statements. Actual amounts have been used to approximate budget amounts for certain reconciling items that were not included in the Council budget.

	Revenues	Expenses	Other Revenues
Budget as approved by Council			
Operating	$ 4,595,457	$ 4,695,775	$ 100,318
Capital	–	1,467,500	1,467,500
Add			
Capital budget adjustments and revisions	–	1,318,311	1,318,311
Related authorities	174,338	373,285	181,681
Equity in earnings of ENMAX	228,000	–	–
Transfers between capital and operating	–	–	8,768
	$ 4,997,795	$ 7,854,871	$ 3,076,578
Less			
Operating budget adjustments and revisions	$ (129,430)	$ (129,430)	$ –
Intercompany eliminations	(16,552)	(69,420)	(56,550)
Contributions from Water Services and Calgary Parking	(126,499)	(108,430)	–
Contributions from reserves and operations	(201,761)	(756,674)	–
Debt principal repayments	–	(53,444)	–
Tangible capital asset adjustments	–	(2,460,078)	–
Debt issued	–	–	(663,496)
Transfers from reserves	–	–	(1,202,978)
Amortization	–	(153,086)	–
Budget for Financial Statement Purposes	**$ 4,523,553**	**$ 4,124,309**	**$ 1,153,554**

19. Net Assets

Net assets consist of restricted and unrestricted amounts of equity in non-financial assets as follows:

		2023		2022 (Restated Note 2)
Operating fund	**$**	**236,408**	$	258,732
Capital fund		**234,414**		170,440
Local improvements to be funded in future years		**52,780**		54,415
Obligation to be funded in future years[1]		**(225,106)**		(225,165)
Reserves (Note 21)		**4,003,003**		3,635,785
Equity in ENMAX (Note 9)[2]		**2,980,115**		3,072,460
Equity in non-financial assets (Note 20)		**17,752,754**		17,174,149
Accumulated surplus	**$**	**25,034,368**	$	24,140,816
Accumulated remeasurement losses	**$**	**(69,097)**	$	–
	$	**24,965,271**	$	24,140,816

20. Equity in Non-Financial Assets

		2023		2022 (Restated Note 2)
Tangible capital assets (Note 17)	**$**	**20,319,980**	$	19,745,038
Long-term debt (Note 16)		**(2,700,337)**		(2,695,093)
Long-term debt recoverable – non capital (Note 16 a. i.)		**11,121**		11,351
Inventory		**81,935**		77,379
Prepaid assets		**40,055**		35,474
	$	**17,752,754**	$	17,174,149

21. Reserves

Reserves are established and managed in accordance with the reserve's purpose and any or all conditions and/or restrictions placed on the reserve by Council. Reserve funds are transferred either to operating or capital funds for use.

		2023		2022
Calgary Housing Company	**$**	**45,451**	$	38,306
ENMAX dividend stabilization		**–**		18,000
Fiscal stability		**876,390**		853,510
Other operating		**63,751**		75,399
Total operating reserves	**$**	**985,592**	$	985,215
Calgary Parking	**$**	**169,955**	$	159,374
Community investment		**147,820**		130,265
Debt servicing		**52,570**		52,570
Established area investments		**36,007**		44,899
Green Line fund		**172,799**		183,539
Legacy parks		**61,625**		34,039
Major capital projects		**412,687**		282,189
Calgary Police Service		**30,194**		37,985
Reserve for future capital and lifecycle maintenance and upgrade merged		**977,167**		792,182
Other capital		**87,438**		83,108
Total capital reserves	**$**	**2,148,262**	$	1,800,150
Cash in lieu lifecycle sustainment	**$**	**37,376**	$	36,220
Corporate housing reserve		**42,076**		43,054
General hospital legacy reserve		**17,733**		17,184
Planning and development sustainment		**105,144**		103,545
Opportunity Calgary investment		**71,247**		82,179
Perpetual care		**27,205**		28,030
Real estate services		**215,072**		218,798
Utilities sustainment		**245,719**		202,589
Waste and recycling sustainment		**53,340**		69,148
Other sustainment		**54,237**		49,673
Total sustainment reserves	**$**	**869,149**	$	850,420
Total reserves	**$**	**4,003,003**	$	3,635,785

(1) Obligation to be funded in future years consists of unfunded liabilities of $225,106 (2022 – $211,005 restated) for the asset retirement obligations provision (Notes 2 and 14).

(2) Excluded from Equity in ENMAX is $28,267 of accumulated other comprehensive losses which are reflected within the accumulated remeasurement losses of $69,097.

22. Net Taxes Available for Municipal Purposes

		2023		2022
Property taxes	**$**	**2,945,083**	$	2,804,643
Community Revitalization Levy		**39,790**		36,034
Business Improvement Area relief		**–**		(64)
Revenue in lieu of taxes		**403,535**		338,972
Local improvement levies and special taxes		**8,588**		7,699
	$	**3,396,996**	$	3,187,284
Less: Provincial property taxes				
Current year levy	**$**	**(785,920)**	$	(781,729)
Prior year (levy) adjustment		**(3,472)**		801
Net taxes available for municipal use	**$**	**2,607,604**	$	2,406,356

The City is required to collect provincial property taxes under Section 353 of the *Municipal Government Act*. The amount of these provincial property taxes is determined solely by the Government of Alberta. Provincial property taxes are recorded at the amounts levied. If property taxes are reduced due to an assessment reduction, The City is required by legislation to fund the repayment of both the municipal and provincial taxes with applicable interest.

An amount of provincial property taxes receivable of $1,798 (2022 – receivable of $3,472) has been recorded at December 31, 2023 within accounts receivable that will be funded through an increase in the subsequent year's provincial property tax rate.

Business Improvement Area relief of $nil (2022 – $64) reflects the tax relief from COVID-19 that was offered to businesses where the business improvement levy was rebated and funded through the COFLEX program.

23. Related Authorities

The assets and liabilities and the operations of the following related authorities are included in The City's consolidated financial statements within the following department segments:

a. Planning and development services

i. Calgary Economic Development Ltd.

Calgary Economic Development Ltd. (CED) is a controlled corporation of The City and was incorporated in July 1999 under the *Alberta Business Corporations Act*. CED's mandate is to position Calgary for long-term economic success and shared prosperity for all through the expansion, retention and attraction of companies, capital and talent which results in business growth and industry development, increased investment and trade activities.

b. Infrastructure services

i. Attainable Homes Calgary Corporation

Attainable Homes Calgary Corporation (AHCC) is a controlled corporation of The City and was incorporated in November 2009 under the *Alberta Business Corporations Act*. The purpose of AHCC is the implementation and administration of attainable housing in The City. AHCC incurred a loss of $716 for the year ended December 31, 2023 (2022 – loss of $27). The City has guaranteed certain indebtedness of AHCC as disclosed in Note 32 a. iii.

ii. Calgary Municipal Land Corporation

Calgary Municipal Land Corporation (CMLC) is a controlled corporation of The City pursuant to Section 73 of the *Municipal Government Act*, and the Control of Corporations Regulation. CMLC began operations in 2007, with The City as the sole shareholder of CMLC. CMLC is accountable for the development and sale of land transferred from The City and the implementation of public infrastructure improvements in The Rivers District, a former industrial and residential area located in downtown Calgary. On January 15, 2019, though City Bylaw authorization, Council approved an amendment to the Bylaw to extend the Rivers District Community Revitalization Levy an incremental 20 years from the originally planned end date of 2027 through to 2047. On February 13, 2019, the Lieutenant Governor of Alberta approved the amended City Bylaw pursuant to Section 381.2 of the *Municipal Government Act*.

c. Community services

i. Calgary Arts Development Authority Ltd.

Calgary Arts Development Authority Ltd. (CADA) is a controlled corporation of The City and was incorporated under the *Alberta Business Corporations Act* in March 2005. The mandate of CADA is to promote and direct investment in the arts to increase the sector's public and artistic impact on behalf of the residents of Calgary. CADA supports artists in the development of their skills, while supporting and strengthening the arts to benefit all Calgarians.

ii. Calgary Housing Company

Calhome Properties Ltd. (operating as Calgary Housing Company) delivers safe and affordable housing to Calgarians. Some of the housing is provided under agreements with The City and the Province of Alberta, which provides subsidies for certain properties. Since its inception, Calgary Housing Company has assumed ownership and/or management of Portfolios under different agreements.

iii. Calgary Public Library Board

The Calgary Public Library Board is constituted under the *Libraries Act* of the Province of Alberta. It operates a system of 20 branches and the Central Library in Calgary.

iv. Calgary TELUS Convention Centre

The Calgary Convention Centre Authority (the Authority) is incorporated under the laws of the Province of Alberta and operates the Calgary TELUS Convention Centre (CTCC) pursuant to an operating agreement between the Authority and The City. The land, building, furniture and equipment are owned by The City, who also contributes a grant towards the operating costs of CTCC. In accordance with an amendment to the operating agreement, the Authority retains operating surpluses to fund any net operating deficits.

Related Authority's Financial Information

For the year ended December 31, 2023 (in thousands)

	Calgary Economic Development Ltd.	Attainable Homes Calgary Corporation	Calgary Municipal Land Corporation	Calgary Arts Development Authority Ltd.	Calgary Housing Company	Calgary Public Library Board	Calgary TELUS Convention Centre	2023 Total
Department segment	Planning and development services	Infrastructure services	Infrastructure services	Community services	Community services	Community services	Community services	
Financial position								
Physical assets	$ 1,037	$ –	$ 283,322	$ 23,521	$ 97,951	$ 39,605	$ 1,121	$ 446,557
Financial assets	9,003	12,070	447,998	15,163	56,553	16,667	5,571	563,025
	$ 10,040	$ 12,070	$ 731,320	$ 38,684	$ 154,504	$ 56,272	$ 6,692	$ 1,009,582
Long-term debt	$ –	$ –	$ 277,715	$ –	$ 4,442	$ –	$ –	$ 282,157
Financial liabilities	8,773	4,864	427,659	15,661	36,515	5,895	6,898	506,265
	$ 8,773	$ 4,864	$ 705,374	$ 15,661	$ 40,957	$ 5,895	$ 6,898	$ 788,422
Net assets	$ 1,267	$ 7,206	$ 25,946	$ 23,023	$ 113,547	$ 50,377	$ (206)	$ 221,160
Results of operations								
Revenues								
Community revitalization levy	$ –	$ –	$ 141,111	$ –	$ –	$ –	$ –	$ 141,111
Sales of goods and services	–	4,557	6,100	1,162	55,606	–	26,345	93,770
Government transfers, agreements and subsidies	6,388	–	–	–	69,513	7,221	–	83,122
Developers contributions	–	–	–	10	–	–	–	10
Donated assets	–	–	–	–	2,590	–	–	2,590
Investment income	185	3	–	162	1,650	1,055	–	3,055
Miscellaneous revenue	1,645	192	3,047	950	2,446	3,723	–	12,003
Loss on sale of tangible capital assets	–	–	–	–	–	(5)	–	(5)
Internal transfers and contributions	11,022	–	46,500	20,951	(2,351)	60,415	2,936	139,473
Total revenues	$ 19,240	$ 4,752	$ 196,758	$ 23,235	$ 129,454	$ 72,409	$ 29,281	$ 475,129
Expenses								
Salaries, wages and benefits	$ 10,139	$ 1,136	$ 6,335	$ 3,456	$ 25,211	$ 42,501	$ 7,686	$ 96,464
Contracted and general services	9,248	27	13,582	18,681	44,019	17,185	4,643	107,385
Materials, equipment and supplies	–	4,264	112,602	231	1,075	6,548	16,395	141,115
Interest charges	–	41	15,893	126	134	–	–	16,194
Transfers	–	–	–	–	22,810	–	–	22,810
Utilities	292	–	106	139	12,958	1,323	1,651	16,469
Amortization	144	–	8,412	1,067	3,196	5,436	59	18,314
Accretion	–	–	–	–	293	–	–	293
Debt principal repayments	–	–	–	–	812	–	–	812
Total expenses	$ 19,823	$ 5,468	$ 156,930	$ 23,700	$ 110,508	$ 72,993	$ 30,434	$ 419,856
(Loss) Income before appropriations	$ (583)	$ (716)	$ 39,828	$ (465)	$ 18,946	$ (584)	$ (1,153)	$ 55,273
Internal transfers	583	716	(39,828)	465	(18,946)	584	1,153	(55,273)
Change in fund balance	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

Related Authority's Financial Information

For the year ended December 31, 2022 (in thousands)

	Calgary Economic Development Ltd.	Attainable Homes Calgary Corporation	Calgary Municipal Land Corporation	Calgary Arts Development Authority Ltd.	Calgary Housing Company	Calgary Public Library Board	Calgary TELUS Convention Centre	2022 Total
Department segment	Planning and development services	Infrastructure services	Infrastructure services	Community services (Restated)	Community services	Community services	Community services	
Financial position								
Physical assets	$ 182	$ –	$ 246,758	$ 24,531	$ 95,949	$ 41,054	$ 1,180	$ 409,654
Financial assets	6,694	13,052	357,109	7,676	55,089	14,965	6,374	460,959
	$ 6,876	$ 13,052	$ 603,867	$ 32,207	$ 151,038	$ 56,019	$ 7,554	$ 870,613
Long-term debt	$ –	$ –	$ 247,343	$ –	$ 5,254	$ –	$ –	$ 252,597
Financial liabilities	5,026	5,128	322,310	8,719	51,996	5,028	6,606	404,813
	$ 5,026	$ 5,128	$ 569,653	$ 8,719	$ 57,250	$ 5,028	$ 6,606	$ 657,410
Net assets	$ 1,850	$ 7,924	$ 34,214	$ 23,488	$ 93,788	$ 50,991	$ 948	$ 213,203
Results of operations								
Revenues								
Community revitalization levy	$ –	$ –	$ 129,959	$ –	$ –	$ –	$ –	$ 129,959
Sales of goods and services	–	19,732	1,325	953	52,079	–	19,579	93,668
Government transfers, agreements and subsidies	3,936	–	–	42	68,549	6,888	–	79,415
Developers contributions	–	–	–	45	–	–	–	45
Investment income	97	4	1	37	1,189	421	–	1,749
Miscellaneous revenue	2,516	14	3,000	515	2,339	3,391	–	11,775
Loss on sale of tangible capital assets	–	–	–	–	–	(175)	(3)	(178)
Internal transfers and contributions	9,796	–	44,500	18,747	(170)	59,096	3,295	135,264
Total revenues	$ 16,345	$ 19,750	$ 178,785	$ 20,339	$ 123,986	$ 69,621	$ 22,871	$ 451,697
Expenses								
Salaries, wages and benefits	$ 7,272	$ 1,080	$ 5,537	$ 3,125	$ 22,440	$ 40,398	$ 6,065	$ 85,917
Contracted and general services	8,376	330	13,876	16,830	51,104	15,504	3,639	109,659
Materials, equipment and supplies	–	18,301	100,849	85	805	7,257	11,611	138,908
Interest charges	–	51	10,479	68	165	–	–	10,763
Transfers	–	–	–	–	19,624	–	–	19,624
Utilities	431	15	97	112	13,661	1,279	1,188	16,783
Amortization	89	–	8,336	1,011	3,125	6,033	333	18,927
Accretion	–	–	–	–	284	–	–	284
Debt principal repayments	–	–	–	–	783	–	–	783
Total expenses	$ 16,168	$ 19,777	$ 139,174	$ 21,231	$ 111,991	$ 70,471	$ 22,836	$ 401,648
Income (loss) before appropriations	$ 177	$ (27)	$ 39,611	$ (892)	$ 11,995	$ (850)	$ 35	$ 50,049
Internal transfers	(177)	27	(39,611)	892	(11,995)	850	(35)	(50,049)
Change in fund balance	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

24. Expenses by Object

	2023	2022 (Restated Note 2)
Salaries, wages and benefits	**$ 2,237,853**	$ 2,056,226
Contracted and general services	**597,112**	628,315
Materials, equipment and supplies	**592,803**	499,660
Utilities	**125,774**	123,681
Transfers	**238,615**	195,123
Interest charges (Note 16)	**116,885**	103,575
Amortization	**724,479**	718,196
Accretion	**7,675**	7,454
Loss on disposal of tangible capital assets	**16,551**	11,394
	$ 4,657,747	$ 4,343,624

25. Government Transfers

	2023	2022
Operating		
Province of Alberta	**$ 169,513**	$ 222,081
Government of Canada	**9,793**	5,749
	$ 179,306	$ 227,830
Capital		
Province of Alberta	**$ 299,568**	$ 197,560
Government of Canada	**162,748**	162,083
	$ 462,316	$ 359,643
	$ 641,622	$ 587,473

In accordance with PSAS, government transfers related to capital acquisitions are required to be recognized as revenue in the consolidated financial statements in the period in which the eligibility criteria and stipulation requirements of the agreements are met.

26. Segmented Information

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the consolidated financial statements (Note 1).

For each reported segment, revenues and expenses represent amounts directly attributable to each segment:

a. Planning and development services

Responsible for planning, facilitating and building a great and sustainable Calgary through cross-functional, customer, community and regional collaboration.

b. Infrastructure services

Responsible for designing, building and optimizing municipal infrastructure investment including the Green Line Project to create inclusive, accessible, connected, resilient communities.

c. Community services

Responsible for connecting and protecting Calgarians and communities. Working together to create and sustain healthy, safe, caring and socially inclusive communities that people want to call home.

d. Operational services

Responsible for operating, maintaining and delivering critical services that Calgarians rely on.

e. General government

- Corporate Planning & Financial Services is responsible for driving value and performance for the organization.
- People, Innovation & Collaboration Services is responsible for empowering and enabling employees.
- Law, Legislative Services & Security is responsible for providing legal services to The City, delivers open, accessible and impartial government services to the public, Council and The City and secures and protects the people who work and visit our municipal facilities and amenities.
- Chief Administrative Office and Chief Operating Office is responsible for ensuring the policies and programs of the municipality are implemented, advising and informing Council on the operation and affairs of the municipality, and performing the duties and functions assigned by the *Municipal Government Act* and Council.

f. ENMAX

ENMAX is a wholly owned subsidiary of The City, accounted for on a modified equity basis as a government business enterprise. Note 9 of these consolidated financial statements provides condensed financial information for ENMAX.

Schedule of Financial Activities by Segment

For the year ended December 31, 2023 (in thousands)

	Planning and development services	Infrastructure services	Community services	Operational services	General government	ENMAX Corporation	Total Consolidated 2023
Revenues							
Net taxes available for municipal purposes	$ –	$ 42	$ –	$ 2,550	$ 2,605,012	$ –	$ 2,607,604
Sales of goods and services	3,739	56,342	143,684	1,143,393	12,825	–	1,359,983
Government transfers related to operating							
Provincial	3,889	62	153,275	10,224	2,063	–	169,513
Federal	6,399	543	2,202	330	319	–	9,793
Investment income	3,244	156	3,058	23,467	190,009	–	219,934
Fines and penalties	54	–	37,212	24,322	16,062	–	77,650
Licences, permits and fees	93,794	915	19,968	19,214	192	–	134,083
Miscellaneous revenue	2,424	2,185	13,021	7,198	8,671	–	33,499
Gain on sale	4	6,834	250	920	1,736	–	9,744
Dividend income from ENMAX Corporation	–	–	–	–	82,000	–	82,000
Equity in loss from ENMAX Corporation	–	–	–	–	–	(97,608)	(97,608)
	$ 113,547	$ 67,079	$ 372,670	$ 1,231,618	$ 2,918,889	$ (97,608)	$ 4,606,195
Expenses							
Salaries, wages and benefits	$ 131,695	$ 85,107	$ 975,231	$ 734,950	$ 310,870	$ –	$ 2,237,853
Contracted and general services	50,345	120,563	186,169	278,617	(38,582)	–	597,112
Materials, equipment and supplies	4,200	131,593	112,766	290,407	53,837	–	592,803
Utilities	344	565	23,205	101,627	33	–	125,774
Transfers	8,055	4,605	208,979	9,730	7,246	–	238,615
Interest charges	2,008	13,095	2,094	87,979	11,709	–	116,885
Amortization	4,335	9,560	55,634	632,471	22,479	–	724,479
Accretion	–	99	658	6,918	–	–	7,675
Loss on disposal of tangible capital assets	–	12,500	629	3,360	62	–	16,551
	$ 200,982	$ 377,687	$ 1,565,365	$ 2,146,059	$ 367,654	$ –	$ 4,657,747
(Deficit) Excess of Revenues Before Other Contributions And Transfers	$ (87,435)	$ (310,608)	$ (1,192,695)	$ (914,441)	$ 2,551,235	$ (97,608)	$ (51,552)
Other Contributions and Transfers							
Developer contributions	$ –	$ 47,982	$ 14,340	$ 126,508	$ –	$ –	$ 188,830
Government transfers related to capital	3,500	208,078	63,953	186,785	–	–	462,316
Developer contributions-in-kind related to capital	–	374	3,370	284,951	–	–	288,695
	$ 3,500	$ 256,434	$ 81,663	$ 598,244	$ –	$ –	$ 939,841
Annual (Deficit) Surplus	$ (83,935)	$ (54,174)	$ (1,111,032)	$ (316,197)	$ 2,551,235	$ (97,608)	$ 888,289

Schedule of Financial Activities by Segment

For the year ended December 31, 2022 (in thousands)
(Restated Note 2)

	Planning and development services	Infrastructure services	Community services	Operational services	General government	ENMAX Corporation	Total Consolidated 2022
Revenues							
Net taxes available for municipal purposes	$ –	$ –	$ –	$ 1,853	$ 2,404,503	$ –	$ 2,406,356
Sales of goods and services	2,570	166,879	124,681	1,077,913	12,428	–	1,384,471
Government transfers related to operating							
Provincial	47	–	135,161	86,873	–	–	222,081
Federal	3,928	157	1,093	565	6	–	5,749
Investment income	2,203	1,447	1,883	10,710	125,287	–	141,530
Fines and penalties	56	–	38,957	19,434	15,642	–	74,089
Licences, permits and fees	85,524	1,034	11,647	19,993	313	–	118,511
Miscellaneous revenue	3,623	2,199	12,589	12,328	6,676	–	37,415
Gain on sale	13	18,028	250	585	–	–	18,876
Dividend income from ENMAX Corporation	–	–	–	–	62,000	–	62,000
Equity in earnings from ENMAX Corporation	–	–	–	–	–	233,628	233,628
	$ 97,964	$ 189,744	$ 326,261	$ 1,230,254	$ 2,626,855	$ 233,628	$ 4,704,706
Expenses							
Salaries, wages and benefits	$ 115,043	$ 81,090	$ 891,912	$ 688,589	$ 279,592	$ –	$ 2,056,226
Contracted and general services	33,145	160,672	149,771	267,885	16,842	–	628,315
Materials, equipment and supplies	6,869	122,704	92,849	234,276	42,962	–	499,660
Utilities	491	1,100	25,600	96,458	32	–	123,681
Transfers	7,846	3,983	169,012	6,804	7,478	–	195,123
Interest charges	1,715	11,835	1,282	83,615	5,128	–	103,575
Amortization	3,981	9,385	57,354	623,852	23,624	–	718,196
Accretion	–	96	638	6,720	–	–	7,454
Loss on disposal of tangible capital assets	–	3,362	686	7,335	11	–	11,394
	$ 169,090	$ 394,227	$ 1,389,104	$ 2,015,534	$ 375,669	$ –	$ 4,343,624
(Deficit) Excess of Revenues Before Other Contributions And Transfers	$ (71,126)	$ (204,483)	$ (1,062,843)	$ (785,280)	$ 2,251,186	$ 233,628	$ 361,082
Other Contributions and Transfers							
Developer contributions	$ 120	$ 89,229	$ 1,272	$ 151,877	$ –	$ –	$ 242,498
Government transfers related to capital	10,412	202,959	44,907	101,184	181	–	359,643
Developer contributions-in-kind related to capital	–	700	–	240,201	–	–	240,901
	10,532	292,888	46,179	493,262	181	–	843,042
Net (Deficit) Revenes	$ (60,594)	$ 88,405	$ (1,016,664)	$ (292,018)	$ 2,251,367	$ 233,628	$ 1,204,124
ENMAX Corporation – other comprehensive income	–	–	–	–	–	124,370	124,370
Annual (Deficit) Surplus	$ (60,594)	$ 88,405	$ (1,016,664)	$ (292,018)	$ 2,251,367	$ 357,998	$ 1,328,494

27. Unrecognized Assets

The City has the following major categories of unrecognized assets:

a. Art Collections

The City has acquired various art collections for the benefit of Calgarians funded by capital infrastructure projects, donated by local artists, and heritage art. As at December 31, 2023, the insured value of the various art collections is $25,180 (2022 – $25,180).

b. Antique Airplanes

The City has ownership of antique airplanes, which are displayed in the Hangar Flight Museum of Calgary. As at December 31, 2023, the insured value of the antique airplanes is $6,614 (2022 – $6,614).

c. Crown Land

The City has assets that reside/intersect on certain crown lands. The City is unable to determine a reasonable value for the crown lands.

d. Heritage Artifacts

The City has a variety of heritage artifacts that are items of cultural significance. The City is unable to determine a reasonable value for the heritage artifacts.

28. Related Party Disclosure

A related party exists when one party has the ability to exercise control or shared control over the other, which could be an individual or an entity. Related party transactions are disclosed if the transaction occurred at a value different from that which would have been arrived as if the parties were unrelated and if the transaction has a material effect on the consolidated financial statements.

Related parties include key management personnel which include members of Council, general managers and their close family members including their spouse and any dependents.

An external entity becomes a related party to The City when the key management personnel and/or their close family member have the ability to influence and impact the policies, operations and strategic decisions of the external entities.

As at December 31, 2023, there are no material transactions to disclose that occurred between related parties at a value other than or terms different from that which would have been arrived at as if the parties were unrelated. Refer to Note 9 c. for ENMAX related party disclosures.

29. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise because of contracts entered into for various service, long-term lease, and rental contracts. Contractual rights arise from the normal course of business and are not reflected in the consolidated financial statements until revenues or assets are received. The following table summarizes the contractual rights of The City assuming no counter-party default for future assets:

	Service contracts	Long-term lease and rental agreements	Total
2024	$ 2,826	$ 15,498	$ 18,324
2025	2,461	6,746	9,207
2026	1,637	4,754	6,391
2027	1,195	3,951	5,146
2028	997	3,298	4,295
Thereafter	3,349	9,213	12,562
	$ 12,465	$ 43,460	$ 55,925

30. Contingent Assets

In the ordinary course of business, various claims and lawsuits are brought by The City. It is the opinion of administration that the settlement of these actions will result in The City's favour and the settlement amounts will be available for The City's use. The estimated assets value could not be disclosed due to the nature of the claims and may have an adverse effect on the outcomes. Contingent assets are not recorded in the consolidated financial statements.

31. Commitments and Contingent Liabilities

a. Capital commitments of $2,276,192 (2022 – $1,263,094 restated) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2023, on major projects and estimated obligations under other various agreements. These capital commitments were included in The City's capital budget and will be funded from capital deposits, reserves and debt in future years.

b. Operating commitments of $385,590 (2022 – $339,897) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts and obligations, as at December 31, 2023, on estimated obligations under other various agreements. The timing of future expenditures is uncertain; however, these operating commitments will be funded from the operating budget, reserves and deferred revenue in future years.

c. Commitments of $107,780 (2022 – $76,615) related to reserves, and operating leases for office premises and facilities are not reflected in the consolidated financial statements. Annual commitments will be funded from the operating budget in the respective future years and are as follows:

2024	$	24,888
2025		22,536
2026		18,363
2027		16,590
2028		6,456
Thereafter		18,947
	$	107,780

d. In the ordinary course of business, various loss claims, expropriation claims, and lawsuits are brought against The City. It is the opinion of administration that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. Where the resulting loss of various claims and lawsuits brought against The City cannot be reasonably estimated, amounts have not been recorded, and The City's Administration believes that there will be no material adverse effect on the financial position of The City.

e. Where estimated environmental management costs are reasonably determinable, The City has recorded a total provision in the amount of $2,163 (2022 – $2,120) for environmental liabilities based on estimates of the costs to manage the sites. Such estimates are subject to adjustment based on changes in laws and regulations and as additional information becomes available.

f. As at December 31, 2023, there were various assessment appeals pending with respect to properties. The outcome of those appeals would be settled from an already established provision. The City makes an annual provision for property taxes that might be impacted by appeals, including specific provision where the results of an appeal are reasonably determinable and general provision for those where the outcome is presently indeterminable.

g. Alberta Revenue, Tax and Revenue Administration (Alberta Finance) is responsible for assessing the income tax returns filed under the payment-in-lieu-of-taxes regulation to the *Electric Utilities Act* which became effective January 1, 2001. ENMAX regularly reviews the potential for adverse outcomes in respect of tax matters and believes it has adequate provisions for these tax matters. The determination of the income tax provision is an inherently complex process, requiring administration to interpret continually changing regulations and to make certain judgments.

h. The City has entered into a 20-year contract for power supply from ENMAX Energy, a wholly owned subsidiary of ENMAX, from 2007 to 2026. Under the terms of the agreement, ENMAX Energy supplies 100 per cent renewable electricity up to contracted volumes. Annual electricity prices are based on a portfolio of energy sources developed for The City by ENMAX Energy.

i. The City has entered into four 20-year agreements (commencing 2010, 2011, 2013, 2020) with ENMAX, for the supply of thermal energy. The annual price of the energy supplied by each agreement is a blended rate which includes a fixed charge component. During 2021, ENMAX's district energy system was sold to Calgary District Heating Inc. (CDHI), a wholly owned subsidiary of Atlantica Sustainable Infrastructure plc, and it was agreed that all existing agreements with The City would be honoured. Additionally, The City has entered into one 25-year agreement (commencing 2023) with CDHI for the supply of thermal energy. As at December 31, 2023, the estimated future obligation for this fixed charge is $4,242 (2022 - $4,843).

j. The City has entered into a 20-year agreement with ENMAX Independent Energy Solutions Inc, a wholly owned subsidiary of ENMAX, for supply of on-site production of electricity and thermal energy at the Stoney Transit Facility until November 2037. The commitment is estimated to be $5,005 (2022 – $5,314).

k. The City has entered into a 10-year agreement with ENMAX Generation Portfolio Inc, a wholly owned subsidiary of ENMAX, for supply of on-site production of electricity and thermal energy at the Village Square Leisure Centre until December 2026. The commitment is estimated to be $1,476 (2022 – $1,949).

l. The City is responsible for the remediation of contaminated sites where The City is directly responsible or has accepted responsibility for remediation. A provision for future clean-up costs and monitoring has been accrued based on environmental assessments. As at December 31, 2023, the provision was $1,755 (2022 – $391) and is classified in accounts payable and accrued liabilities. This provision is based on $2,091 (2022 – $466) in expenditures expected to be incurred over the next 25 years discounted at 3.57 per cent (2022 – 3.2 per cent) based on The City's weighted average cost of capital.

The liability for contaminated sites is for a non-sanctioned activity on a City-owned parcel of land and an operating industrial operation. The nature of contamination includes heavy metals and petroleum hydrocarbons.

From time to time, there may be uncertainty as to whether The City has a legal responsibility or accepts responsibility for a contaminated site or whether economic benefits will be foregone for a contaminated site. It is not expected that the impact of any such sites would have a material impact on the consolidated financial statements. When The City is able to determine that all inclusion criteria have been met, The City will accrue a liability for these future remediation costs.

m. On November 1, 2019, The City entered into a contribution agreement with CMLC and Calgary Exhibition and Stampede Limited (CESL) to expand the BMO Convention Centre which is owned and operated by CESL. The City, through CMLC, committed to fund two-thirds of the eligible costs of $333,334 which will be funded via The City's Major capital projects reserve. CMLC will repay The City through the Rivers District Community Revitalization Levy starting in 2028 through 2047. In 2023, The City incurred $106,670 (2022 – $99,240) of costs, which were expensed as a donation to CESL. The remaining commitment is $35,558 (2022 – $142,203) and has been included as a capital commitment in Note 31 a.

n. On September 5, 2020, The City entered into a development management agreement with CMLC and Arts Commons for the design work of the Arts Commons transformation project. This agreement was restated and amended on January 31, 2022 to provide for the construction. Council authorized the allocation of $83,400 towards the design and construction of the project to be funded from the Canada Community Building Fund, Fiscal stability reserve and the Major capital project reserve. In addition to the above funding, Council passed a Bylaw authorizing a loan of up to $165,000 to CMLC with both principal and interest to be repaid with future community revitalization levy starting in 2026 through 2047. In 2023, The City incurred $6,585 (2022 – $5,405) of costs which have been capitalized.

o. On October 5, 2023, agreements were signed between The City, Calgary Sports and Entertainment Corporation, the Province of Alberta and Calgary Exhibition and Stampede Limited to develop and operate a new modern event centre and make additional infrastructure investments in the Culture + Entertainment District. The City's commitment to the projects is $853,300 and will be funded via the Fiscal stability reserve and the Major capital projects reserve. The City incurred $10,129 of costs to date. The remaining commitment of $843,171 has been included as a capital commitment in Note 31 a.

32. Guarantees

In the normal course of business, The City enters into various agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires The City to make payments to the guaranteed party based on (a) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variables that are related to an asset, liability or an equity security of the counterparty, (b) failure of a guaranteed party to perform under an obligating agreement or, (c) failure of a guaranteed party to pay its indebtedness when due. Significant guarantees The City has provided to third parties include the following:

a. Third party debt agreements

No amounts have been accrued in the consolidated financial statements of The City with respect to the following agreements.

i. The City has guaranteed certain indebtedness of CESL. This third party debt agreement requires The City to make immediate payment of certain outstanding borrowings on behalf of CESL in the event CESL cannot fulfill its obligations to a Canadian chartered bank. The terms of these guarantees are equal to the amortization periods of the related credit facilities, which mature between 2024 and 2047. The interest rates on the credit facilities owed by CESL range from 3.64 per cent to 6.70 per cent (2022 – 3.44 per cent to 6.55 per cent). As at December 31, 2023, CESL has drawn a total of $74,558 (2022 – $57,374) on the total maximum available facility of $74,558 (2022 – $70,774). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of $80,000 (2022 – $77,491) charging certain lands owned by CESL.

ii. The City has guaranteed certain indebtedness of The Calgary Zoological Society (The Zoo). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of The Zoo in the event The Zoo cannot fulfill its obligations to a Canadian chartered bank. The term of the guarantee is valid until December 18, 2024 when the related debt will mature. The interest rate on the credit facility is 1.95 per cent (2022 – 1.95 per cent). As at December 31, 2023, the outstanding balance of the facility was $441 (2022 – $873) on the total maximum available facility of $441 (2022 – $873). As collateral to this guarantee, The City could terminate its Lease and Operating Agreement with The Zoo and take possession and control of The Zoo's facilities, including any and all personal property owned by The Zoo at that time.

iii. The City has guaranteed certain indebtedness of AHCC. This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of AHCC in the event AHCC cannot fulfill its obligations on a revolving credit facility to a Canadian financial institution. The City guarantee is valid until June 30, 2026, when the related credit facility matures. The interest on the credit facility is Prime minus 0.75 per cent per annum (2022 – Prime minus 0.75 per cent). As at December 31, 2023, the outstanding balance of the facility was $694 (2022 – $nil) on the total maximum available facility of $10,000 (2022 – $10,000). The City, as an unconditional guarantor, holds as security a fixed and floating debenture in the amount of $10,000 (2022 – $10,000).

b. Other indemnification agreements

In the normal course of business, The City may provide indemnification to counterparties that would require The City to compensate them for costs incurred as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a result of the transaction. The terms of these indemnification agreements will vary based upon the contract. The nature of the indemnification agreements prevents The City from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Any potential indemnification claims may be claimed against the Civic Insurance Program, which comprises a combination of purchased insurance and a self-funded component.

33. Executive Salaries and Benefits

The following executive salaries and benefits are disclosed as required under the Supplementary Accounting Principles and Standards Regulation (AR 313/2000) of the MGA. Executive salaries and benefits obligations have been fully funded by The City.

	Salaries	**Benefits[1]**	**Transitional Allowance[2]**	**2023**	Salaries	Benefits[1]	Transitional Allowance[2]	2022[4]
Mayor								
Gondek, J	**$ 208**	**$ 9**	**$ –**	**$ 217**	$ 204	$ 33	$ –	$ 237
Nenshi, N	**–**	**–**	**–**	**–**	–	–	85	85
	$ 208	**$ 9**	**$ –**	**$ 217**	$ 204	$ 33	$ 85	$ 322
Councillors								
Carra, G	**$ 117**	**$ 18**	**$ –**	**$ 135**	$ 115	$ 34	$ –	$ 149
Chabot, A	**117**	**18**	**–**	**135**	115	17	–	132
Chu, S	**117**	**18**	**–**	**135**	115	34	–	149
Demong, P	**117**	**18**	**–**	**135**	115	34	–	149
Dhaliwal, R	**117**	**18**	**–**	**135**	115	34	–	149
McLean, D	**117**	**18**	**–**	**135**	115	32	–	147
Mian, J	**117**	**18**	**–**	**135**	115	34	–	149
Penner, K	**117**	**18**	**–**	**135**	115	34	–	149
Pootmans, R	**117**	**18**	**–**	**135**	115	17	–	132
Sharp, S	**117**	**18**	**–**	**135**	115	34	–	149
Spencer, E	**117**	**18**	**–**	**135**	115	34	–	149
Walcott, C	**117**	**18**	**–**	**135**	115	34	–	149
Wong, T	**117**	**18**	**–**	**135**	115	34	–	149
Wyness, J	**117**	**18**	**–**	**135**	115	34	–	149
Colley-Urquhart, D	**–**	**–**	**–**	**–**	–	–	91	91
Farrell, D	**–**	**–**	**–**	**–**	–	–	62	62
Keating, S	**–**	**–**	**–**	**–**	–	–	48	48
Sutherland, W	**–**	**–**	**17**	**17**	–	–	17	17
	$ 1,638	**$ 252**	**$ 17**	**$ 1,907**	$ 1,610	$ 440	$ 218	$ 2,268
Chief Administrative Officer	**$ 346**	**$ 53**	**$ –**	**$ 399**	$ 351	$ 53	$ –	$ 404
Designated Officers[3,4]	**1,710**	**321**	**–**	**2,031**	1,660	312	–	1,972
	$ 3,902	**$ 635**	**$ 17**	**$ 4,554**	$ 3,825	$ 838	$ 303	$ 4,966

(1) Benefits include The City's share of all benefits and contributions including pension, medical and dental coverage, flexible spending account, life insurance, Active Living Pass and car allowance. Councillors are also provided a transit pass, a parking stall at the City Hall complex and a special parking permit that allows them to park as required.

(2) Elected officials receive a transition allowance, upon conclusion of their service, equal to two weeks pay for each year in office, up to a maximum of twenty-six years. These allowances may be taken over several years.

(3) The City's designated officers are the Chief Financial Officer, City Assessor, City Clerk, City Solicitor, City Treasurer, City Auditor and Deputy Director – Finance. In 2023, there was $13 (2022 – $63) in retirement, holiday and vacation paid out of the ordinary course of business and severance payouts for these designated officers.

(4) Designated officers salaries and benefits for 2022 was adjusted to include the Chief Financial Officer and the Deputy Director – Finance as per City Bylaws.

34. Funds Held in Trust

The City administers the following funds held in trusts on behalf of third parties. As related trust assets are not owned by The City, the trusts have been excluded from the consolidated financial statements. The following table provides a summary of the transactions within these trusts during the year:

	December 31, 2022	Receipts	Investment Income	Disbursements	**December 31, 2023**
Joint Use Reserve Fund	$ 54,160	$ 3,442	$ 2,001	$ –	**$ 59,603**
Major Road Standard Oversize	75	5,448	33	(3,104)	**2,452**
Community and District Parks	3,063	–	118	(930)	**2,251**
Utility Oversize	10,600	2,891	459	(6,992)	**6,958**
Developers' cash bonds	2,381	–	116	(30)	**2,467**
Acreage Assessment Fund	496	–	23	–	**519**
Candidate Campaign Surplus Fund	2	–	–	–	**2**
Other miscellaneous trusts	1,392	180	72	(194)	**1,450**
	$ 72,169	$ 11,961	$ 2,822	$ (11,250)	**$ 75,702**

	December 31, 2021	Receipts	Investment Income	Disbursements	December 31, 2022
Joint Use Reserve Fund	$ 78,285	$ 1,282	$ 1,665	$ (27,072)	$ 54,160
Major Road Standard Oversize	571	3,846	10	(4,352)	75
Community and District Parks	3,356	–	78	(371)	3,063
Utility Oversize	9,881	2,034	214	(1,529)	10,600
Developers' cash bonds	2,356	–	55	(30)	2,381
Acreage Assessment Fund	485	–	11	–	496
Candidate Campaign Surplus Fund	2	–	–	–	2
Other miscellaneous trusts	1,349	49	32	(38)	1,392
	$ 96,285	$ 7,211	$ 2,065	$ (33,392)	$ 72,169

The Joint Use Reserve Fund consists of monies held in accordance with the Joint Use and Planning Agreement with the Calgary Board of Education, the Calgary Catholic Separate School Board and the Francophone Regional Authority (the School Boards). The fund is administered by the Joint Use Coordinating Committee, comprised of representatives from The City and the School Boards. Use of the fund is in accordance with the agreement with the School Boards.

The Developer Funded Infrastructure Stabilization Fund – Major Road Standard Oversize, Community and District Parks and Utility Oversize consist of amounts provided by developers of new subdivisions in accordance with oversize rates set out in the Standard Development Agreement (SDA) terms and conditions. The SDA sets out the terms and conditions under which development of the lands are to take place within the city including the responsibility to construct or pay for public infrastructure.

The Developers' cash bonds are monies held to secure performance by a developer under the terms of the SDA.

Acreage Assessment Fund for recreational facilities consists of monies received from developers prior to the year 2000 pursuant to a special clause in the SDA whereby each developed hectare is assessed a certain sum to be used for recreational facilities in the designated community. The funds held in trust will continue to hold the established trusts until the monies are completely disbursed.

The Candidate Campaign Surplus Fund is administered by The City on behalf of election candidates, the funds held in trust shall remit the funds and interest to the candidate for use in the next general election.

Other miscellaneous trusts are composed of multiple funds with minimal balances that are held for external organizations.

Climate-Related Financial Disclosure Unaudited

Stephen Avenue Mall pollinator garden.

Introduction

Climate change poses a significant risk to The City of Calgary (The City) and all Calgarians. The City has prioritized climate resilience as one of the three foundations of Council's Strategic Direction for 2023-2026[1] and approved the 2022 Calgary Climate Strategy – Pathways to 2050[2] (Climate Strategy). Further, in 2022, The City included the 2023-2026 Climate Implementation Plan[3] (Implementation Plan) as part of the 2023-2026 Service Plans and Budgets, the first step in establishing a climate accounting process into The City's four-year service plan and budget cycle. Through these significant strategies and governance changes, The City demonstrates the importance of developing and implementing actions to decrease greenhouse gas (GHG) emissions and reduce exposure and vulnerability to the hazards driven by a changing climate.

This is The City's third year of including a Climate-Related Financial Disclosure (CRFD) section within the unaudited section of the Annual Financial Report. The City continues to follow the voluntary recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) reporting framework in disclosing its climate-related work. This aligns with other Canadian municipalities that commit to climate-related planning, preparation and reporting.

The Climate Disclosure Landscape

To meet investor demand for high-quality, reliable and comparable reports on climate and other issues, in June 2023, the International Sustainability Standards Board (ISSB) released a new set of reporting standards: *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*, and *IFRS S2 Climate-related Disclosures*. In doing so, the ISSB has built upon the many existing disclosure frameworks, including the TCFD Recommendations, to consolidate a previously fragmented landscape. The IFRS S1 and S2 are effective for annual reporting periods beginning on or after 1 January 2024.

The City prepares its financial statements in accordance with principles and standards established by the Canadian Public Sector Accounting Board. In 2023, the International Public Sector Accounting Standards Board (IPSASB) indicated its intent to develop a Climate-Related Disclosures Standard for the public sector[4] with the exposure draft expected in September 2024. While this report aligns with the current TCFD reporting framework and recommendations, The City acknowledges the evolving climate disclosure landscape and will align with the most applicable climate-related reporting standards for future disclosure.

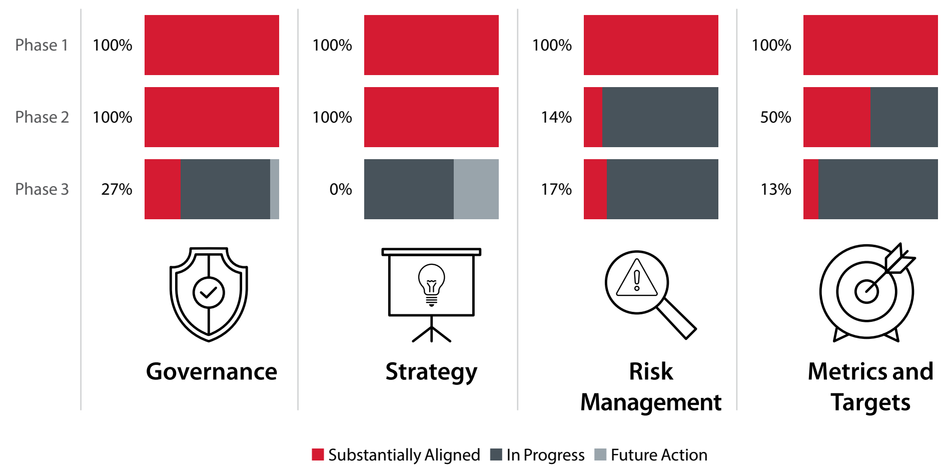
Maturity Assessment

The City uses the Chartered Professional Accountants of Canada's Maturity Assessment Framework[5] to conduct annual self-assessments of progress towards adopting the TCFD recommendations and integrating climate-related risks and opportunities into decision-making. This self-assessment has been applied to the TCFD's four recommended disclosure categories:

- Governance
- Strategy
- Risk Management
- Metrics and Targets

Figure 1 highlights The City's current maturity assessment state, and Figure 2 presents the progress obtained in 2023 in comparison to the end of 2022. The City aspires to reach Phase 3 for each disclosure category, where climate change is routinely integrated into decision-making and risk management processes.

Figure1: 2023 CRFD Maturity Assessment



(1) The City of Calgary. 'Resilient Calgary: Council's Strategic Direction 2023-2026'. The City of Calgary [website], 11 December 2023. https://publicaccess.calgary.ca/lldm01/exccpa?func=ccpa.general&msgID=RTeygKcqTTO&msgAction=Download

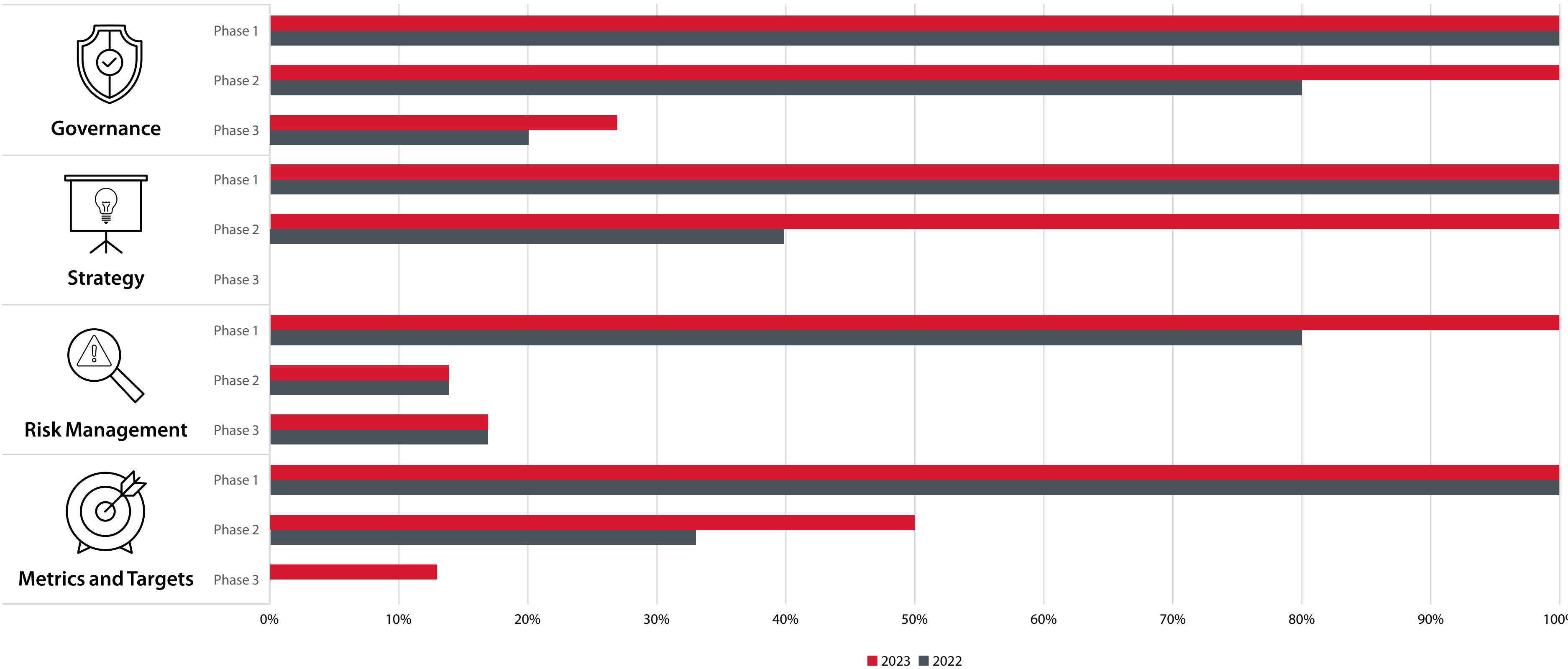
(2) The City of Calgary. 'Calgary Climate Strategy – Pathways to 2050'. The City of Calgary [website], 11 December 2023. https://www.calgary.ca/environment/climate.html

(3) The City of Calgary. 'Climate Implementation Plan 2023-2026'. The City of Calgary [website], 05 February 2024. https://www.calgary.ca/environment/climate/implementation-plan.html

(4) IPSASB. 'Sustainability Climate-Related Disclosures'. IPSASB [website], 12 December 2023. https://www.ipsasb.org/consultations-projects/sustainability-climate-related-disclosures

(5) CPA Canada. "Enhancing Climate Related Disclosure by Cities". The CPA [website], 26 February 2024. https://www.cpacanada.ca/-/media/site/operational/rg-research-guidance-and-support/docs/02337-rg-tcfd-guidance-for-cities-feb-2020.pdf?rev=89816f9cf6e34baab3d11824d658136a

Figure 2: 2023 CRFD Maturity Assessment Results Compared to 2022 Results



Climate Governance

Climate governance is focused on The City of Calgary Council (City Council) and Administration's transparency, accountability, collaboration, consistency, organizational effectiveness and continuous improvement around climate action and climate-related risk reduction outcomes.

City Council

City Council is The City's main governing and legislative body, responsible for setting priorities and the strategic direction for addressing climate-related risks. To enable Administration to advance climate priorities, City Council has:

- Declared a Climate Emergency[1]
- Directed a Building Accountability into the Climate Emergency Declaration Notice of Motion[2]
- Set The City's strategic direction through Resilient Calgary: Council's Strategic Direction for 2023-2026
- Approved the Climate Strategy
- Approved the Implementation Plan as part of the 2023-2026 Service Plans and Budgets

The City also has boards, commissions and committees that provide guidance and recommendations to City Council. Climate strategy, implementation and performance reports are provided for information, decision-making and direction to the Community Development Committee, Audit Committee and Executive Committee.

Climate Advisory Committee (CAC)

Formed as a new Committee of Council in 2022, the CAC has the mandate to provide Council and Administration with strategic advice and recommendations on climate policies and initiatives. The CAC consists of one member of Administration and 15 public members. In 2023, the CAC's Accountability and Reporting Sub-Committee was created to enhance transparency of The City's progress on and disclosure of climate action.

City Administration

Executive Leadership Team (ELT)

The ELT includes the Chief Administrative Officer (CAO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and General Managers of each of The City's departments. In 2023, the role of COO was established to provide leadership across four City operating departments: Planning & Development Services, Infrastructure Services, Operational Services and Community Services. The COO supports the CAO in implementing the seven Council priorities including climate change.

Cross-Corporate Climate Action

While all business units and service lines within the organization have an essential role in taking climate action, there are several business units and service lines that are integrating climate outcomes into decision-making processes and enhancing reporting and accountability. The main areas that are responsible for delivering on these outcomes are:

Climate & Environment Business Unit

The Climate & Environment business unit provides strategic direction, governance, management and subject matter expertise on Corporate and community-wide climate and environment initiatives. In 2023, a Governance and Reporting Leader and team was established in the Climate & Environment Director's Office to establish a cross-corporate governance model, reporting framework, climate-related metrics and performance measures and to integrate climate outcomes into corporate risk management, business planning and capital prioritization processes.

Climate & Environmental Management Service Line

The Climate & Environmental Management Service Line bridges the gap between strategy and execution. To achieve the outcomes of the Climate Strategy, cross-corporate work on climate and environment must be integrated within multiple City services. The Climate & Environmental Management Service Line inspires, collaborates with and guides other City Services to implement their respective climate and environment activities in alignment with the organizational targets and goals.

(1) Calgary's Climate Change Program. 'Climate Emergency Declaration'. The City of Calgary [website], 05 February 2024. https://www.calgary.ca/content/dam/www/uep/esm/documents/nom-c2021-1525-climate-emergency-declaration.pdf

(2) Calgary's Climate Change Program. 'Building Accountability into the Climate Emergency Declaration Notice of Motion'. The City of Calgary [website], 05 February 2024. https://www.calgary.ca/content/dam/www/uep/esm/documents/nom-c2021-1698-climate-emergency-and-call-to-action.pdf

Corporate Planning & Performance Business Unit

The Corporate Planning & Performance business unit is responsible for delivering the four-year service plans and budgets, reporting on The City's Principal Corporate Risks (PCRs) and providing semi-annual corporate performance reporting. This group is actively involved in reporting climate actions and working towards embedding climate governance and decisions into the planning and budgeting process. The Director of the Corporate Planning & Performance Business Unit is also The City's Risk Officer and oversees the Enterprise Risk Management (ERM) division, which is responsible for identifying and enhancing corporate risk management practices, including climate-related risks across The City.

Capital Investment Planning and the Infrastructure Calgary Steering Committee

Capital Investment Planning is a division of the Capital Priorities & Investment business unit and is responsible for prioritizing and making recommendations on capital investment at The City. Recommendations are submitted to the Infrastructure Calgary Steering Committee and ELT for recommendation for Council approval. Throughout 2023, Climate & Environment worked closely with Capital Investment Planning to create a more comprehensive criteria for evaluating projects for climate-related risk.

Climate Governance Processes

Corporate Climate Governance Review

In 2023, an evaluation of The City's evolving corporate climate governance system was undertaken. Table 1 presents the five assessed governance categories, the 2023 assessment score and short-term assessment targets for each category. The current governance score across all categories averages a 6 (progressing), reflecting The City's significant efforts in improving its governance related to climate action. The evaluation also recommended that additional measures be undertaken in each category to advance climate action across The City.

Table 1: Climate Governance Assessment Scores

Governance Category	2023 Assessment Score	Assessment Target
Strategic Direction and Priorities	7	9
Organizational Structure & Accountabilities	5	8
Collaborative Action in Operational Implementation	5	8
Performance Reporting	7	8
Risk Management	6	8

Scoring System

1-2: Initial
Early stage of maturity, needs, commitment, attention and resources.

3-4: Emergent
Commitment to action, some activities underway. Improvements needed to progress.

5-6: Progressing
Implementation of commitments underway. Advancements needed.

7-8: Integrated
Demonstrated structures, accountabilities and corporate integration of activities, progress on goals.

9-10: Transformative
Internalized vision and governance driving accelerated action across the organization

Climate-Related Risks and Opportunities

Addressing climate-related risks and seizing climate-related opportunities requires an understanding of The City's and community's potential risk exposure, including consideration of:

- Transitioning to a low-carbon economy considering various transition scenarios and timescales, and
- Exposure to climate hazards under different climate projection scenarios and timescales.

It also requires an assessment of how potential exposure can in turn result in associated financial impacts to The City and indirect socio-economic costs to the community. The City is in the preliminary stages of understanding the full range of climate-related risks and opportunities and materiality to the organization. The City will continue to enhance its understanding of its climate-related risks and associated impacts in the coming years, which will guide the evolution of strategies, policies and plans, allowing for more effective integration of climate-related risk management across the organization.

Risk Identification and Assessment

Identifying and understanding climate-related risks and their impacts on people, communities, City infrastructure and City services is critical in advancing climate mitigation and adaptation efforts. To date, The City has developed and used various approaches and scenario analysis to identify and assess climate-related risk. The reports, models and processes identified in Table 2, have been used to:

- Inform the Climate Strategy,
- Support investment in climate adaptation and mitigation actions,
- Inform place-based community planning and decision-making and
- Inform the integration of climate risk into corporate asset management.

Table 2: Climate Risk Identification and Assessment Tools

Tool Name	Tool Description	Tool Use
Climate Projections for Calgary(1)	Climate projections for the 2050s and 2080s under Representative Concentration Pathway 8.5 to identify and understand Calgary-specific climate risks.	The detailed projections are available internally and externally to inform climate risk assessments, infrastructure design and operational planning.
Emissions and Economic Model(2)	Greenhouse gas reduction scenarios were created based on the emissions reduction targets in the Climate Strategy. The emissions reduction potential and the financial impact of the scenarios were assessed through an integrated emissions and economic model.	The model was used to inform the development of the Climate Strategy and prioritization of immediate emissions reduction actions for implementation.
Costs of Inaction: Economic Analysis of Calgary's Climate Risks(3)	An analysis of the potential economic impacts of the future physical risks of climate change for Calgary without significant global GHG emission mitigation and local climate adaptation efforts.	This demonstrates the order of magnitude of the cost of climate change on major civic and public systems to inform the business case for climate adaptation in a Calgary context.
Economic Analysis of Climate Risks and Adaptation – City buildings(4)	Assesses the increasing costs due to climate change on the City's buildings portfolio and recommends cost-efficient strategies to reduce climate risk.	This analysis and supporting modelling tool supports data-driven decision making in asset management for improved service delivery and longevity of City buildings.
Community Climate Risk Index (CCRI)	The CCRI assesses more than 50 climate hazard exposure and vulnerability indicators for each of Calgary's geographic communities. The Index produces Climate Risk Profiles for each of Calgary's communities to provide evidence-based information for place-based planning and adaptation strategies.	The baseline process of assessing exposure, likelihood and vulnerability is informing decisions on where and what type of climate adaptation measures are critical to support residents.
Public Infrastructure Climate Risk and Resilience Assessment (CRRA)	The CRRA process is completed for public infrastructure projects to understand the risks of climate hazards on City assets and inform site and project-specific adaptation measures to reduce climate risk and enhance the resilience of the asset and its related provision of services to Calgarians.	The CRRA process serves to identify risk, inform project teams and influence design decisions to build more climate-resilient infrastructure.
Valuation of Natural Assets	The natural asset valuation approach builds on the intrinsic value of nature to assess the ecosystem service values attributed to natural assets, as well as the replacement cost of natural assets in case of loss.	This approach recognizes the climate risk reduction capacity provided by natural assets and can inform decisions by which to better protect, restore and manage these assets.

(1) The City of Calgary. 'Climate Projections for Calgary Report'. The City of Calgary [website], 05 February 2024. https://www.calgary.ca/content/dam/www/uep/esm/documents/Climate_projections_for_Calgary_2022.pdf

(2) The City of Calgary. 'GHG Modelling 2021/2022 Results and Reference Document'. April 20, 2022. The City of Calgary [website], 05 February 2024. https://hdp-ca-prod-app-cgy-engage-files.s3.ca-central-1.amazonaws.com/4216/5352/1443/Climate_Mitigation_Action_Plan_-_Emissions_Modelling_Reference_Document_2022.pdf

(3) Calgary Financial impacts are derived from: Boyd, R. and Prescott, S. Costs of Inaction: Economic Impacts of Climate Change on Calgary. Prepared by All One Sky Foundation for the City of Calgary. Calgary: All One Sky, 2022. The City of Calgary [website], 08 April 2024. https://hdp-ca-prod-app-cgy-engage-files.s3.ca-central-1.amazonaws.com/6816/5369/8064/Executive_Summary_Economic_Analysis_of_Climate_Change_Impacts_on_Calgary.pdf

(4) Boyd, R.1, Kwan, C.1, Iffrig, A.2, Kowalczyk, T.2 and Zukiwsky, J.1, 2023: Financial Analysis of the Climate Resilience Funding Gap for City Facilities: Adapting City Buildings for Climate Change. Technical Report prepared by All One Sky Foundation and Associated Engineering for the City of Calgary.

In 2023, the following new tool was developed to increase The City's understanding of the financial impacts of physical climate risk on City infrastructure and operations.

Assessing Potential Financial Impacts of Physical Climate Risks on City Buildings

A detailed Economic Analysis of Climate Risks and Adaptation – City buildings was completed in 2023 to understand the financial implications of climate adaptation for City-owned buildings. According to the analysis, climate hazards will add approximately $1.8 billion (2021 dollars, undiscounted) in building lifecycle costs over 2025-2095. Over the same period, investments required to adapt City-owned buildings amount to approximately $435 million under a reactive strategy (e.g., replacing buildings or building elements at the end of their lifecycle) and $905 million under a proactive approach (e.g., retrofits buildings to enhance climate resilience). Reactive adaptation investment can result in savings of about $1.2 billion, while a proactive adaptation investment strategy could see savings of $1.6 billion. This analysis informs potential investment strategies and presents opportunities to adapt and enhance the resilience of The City's buildings to climate change, protecting City assets and service provision to Calgarians.

Physical Risks

The TCFD defines physical climate risk as the acute or chronic physical impacts of climate hazards on Calgary's natural, built and human systems, City operations and service delivery and associated indirect socio-economic costs. Indirect impacts that represent potential economic costs to the greater Calgary community are identified in Table 3. The City financial impacts and the socio-economic impacts on the greater community are summarized from Costs of Inaction: Economic Impacts of Climate Change on Calgary, which was completed by All One Sky Foundation for the City of Calgary (2022). Direct financial impacts to The City have yet to be holistically quantified for climate impact areas beyond the impacts to City buildings. Time frames for physical impacts are as follows: short-term refers to present to 2041; medium-term refers to 2041 to 2070; and long-term refers to 2070 to 2100. These time frames are based on the 30-year averaging periods used for The City's climate projections.


A hazy summer walk along Eau Claire Promenade.

Table 3: Potential Physical Climate Impacts

Human Health & Wellbeing Impacts

In the short-to-medium term, climate change will negatively affect the health and wellbeing of Calgarians. Climate change will exacerbate existing inequities through disproportionate impacts to certain vulnerable populations, such as elderly, low income and racialized people. Mortality, morbidity, injuries, mental health issues, disease spread and decreased enjoyment of outdoor spaces and unsafe working conditions are some of the impacts that will be felt by Calgarians and The City staff due to climate change.

Direct Financial Impacts to The City of Calgary

- Decreased labour productivity of City employees.
- Increased cost to provide public cooling amenities, water fountains and other extreme heat mitigation infrastructure and services.
- Increased cost to provide clean air amenities during period of poor air quality caused by wildfire smoke.
- Increased cost due to demand for City-run health and wellbeing support services.

Indirect Socio-Economic Impacts to the Greater Calgary Community

High temperatures

- Decreased future labour productivity.
- Excess hospitalizations and increased morbidity and mortality.

Poor air quality

- Chronic exposure of Calgarians to ozone and increased in deaths from acute exposure.
- Increase in acute respiratory symptom days, asthma symptom days and emergency room visits due to exposure to ozone.

Other climate hazards

- Increase in excess hospitalizations and deaths due to severe weather events, flooding and emerging climate change related diseases.

Impacts on Built Infrastructure

Climate change will cause substantial economic losses from direct damage to infrastructure, homes and buildings, as well as shorten the anticipated life span of many building components in the medium term. Heavy precipitation, extreme heat and changes in precipitation and temperature threaten the performance of Calgary's transportation infrastructure, City facilities, residential and commercial buildings in the short-to-medium term. Increasing temperatures lead to a decrease in heating demand and increase in cooling demand. Increased smoky days impact air filtration system functionality currently and into the future. Increased temperatures, precipitation and storm events impact Calgary's electricity transmission and distribution system in the short-to-medium term.

Direct Financial Impacts to The City of Calgary

- Economic losses due to disruptions in traffic and LRT systems.
- Increase in annual costs due to damage to roads and LRT tracks (including delay costs on roads) due to high temperatures, heavy precipitation events and freeze-thaw cycles.
- Increase in building life cycle costs.
- Increase in cost to maintain or replace Calgary's linear water infrastructure.
- Increase in annual building energy costs due to rising temperatures.
- Increasing cost to upgrade building HVAC systems for higher temperatures and poor air quality while performance of mechanical systems may decline.

Indirect Socio-Economic Impacts to the Greater Calgary Community

- Structural and content damages and indirect losses from the exposure of Calgary's residential and commercial buildings to climate hazards.
- Exposure of Calgary's residential and commercial buildings to pluvial and fluvial flooding.
- Exposure of Calgary's residential and commercial buildings caused by hail, wind, freezing rain, heavy snow and freeze-thaw cycles.
- Energy insecurity for homes, commercial and industrial buildings and key services.
- Increasing need to repair or replace Calgary's linear electricity infrastructure after damage.

Natural Environment Impacts

Acute ecological disturbances are driving swift and lasting changes in the structure and function of natural areas in Calgary, while gradual climate shift and chronic hazards are decreasing the health and productivity, distribution and abundance of species. Extended and more frequent droughts negatively impact natural areas, aquatic ecosystems and vegetation and severe storms can stress and bring down trees, as we are seeing now in the short-term. Shifting seasons allow new pests to viably live in Calgary, harming existing species and ecosystems and leading to biodiversity loss in the medium-term. Drought leads to reduced water quantity and quality (e.g., algal, or bacterial growth), which can harm ecosystems and species as demonstrated in 2023 and into 2024. Increased severity of flooding can harm aquatic ecosystems and disturb sensitive landscapes. Healthy natural areas and native species can be more resilient to both acute disturbances and climate shifts than traditional landscaping and turf grass, highlighting the benefits of restoration.

Direct Financial Impacts to The City of Calgary

- Increasing cost associated with loss of ecosystem services provided by natural systems.
- Increasing cost to restore City-owned natural areas after damage caused by acute climate hazards.
- Annual cost from damage and loss of City trees attributable to climate hazards.
- Increasing annual cost to maintain City-owned natural areas and features in the face of chronic climate).

Indirect Socio-Economic Impacts to the Greater Calgary Community

- Increasing cost to restore or replace privately owned vegetation and landscaping after damage caused by acute and chronic climate hazards.
- Loss of recreational opportunities and enjoyment of both private yards and public park spaces due to impacts of chronic and acute climate impacts.

Water-related impacts

In the short-term, drought events impacting water availability, supply and security can lead to decreased water quality and lower water availability for municipal use. As experienced in 2023, drought can impact many facets from the environment, infrastructure, industrial/commercial businesses and individual Calgarians, now and at any time. Drought, heavy precipitation, flood and changes in seasonality and water availability impact Calgary's potable water, wastewater and drainage infrastructure in the short-to-medium term. We recognize that multiple water-related hazards may occur concurrently, further heightening impacts to The City and community.

Direct Financial Impacts to The City of Calgary

- Increased cost for staffing, infrastructure repairs, communication programs, enforcement and core municipal services such as water and wastewater treatment during drought and flood conditions, increased costs to maintain regulatory compliance for wastewater discharge, and financial penalties for not meeting regulatory requirements.
- Decrease in water utility revenue during drought as customers curtail their demands.

Indirect Socio-Economic Impacts to the Greater Calgary Community

- Annualized average damages due to flooding (including both pluvial and fluvial).
- Interruptions to business in Calgary due to water shortages, reduced water availability for sports fields supporting recreation, tourism and cultural landscapes, financial impacts to farmers and industrial water users due to reduced water availability and associated impacts to food prices.
- Impacted enjoyment of the aesthetic and recreational value of private yards and public parks amenities during drought and/or flood conditions.

Transition Risks and Opportunities

There are several trends that are anticipated to emerge or evolve related to the transition to a low-carbon economy. Changes in government policy, legal requirements, technological advancements and market shifts introduce climate-related risks and opportunities for The City which have been identified in Table 4. Due to the historical evolution of these trends, and the anticipated pace and scale of the transition to a low-carbon economy, The City has defined different timeframes for transition impacts than physical impacts. The transition impacts timeframe is as follows: short-term refers to present to 2030; medium-term refers to 2030 to 2050; long-term refers to 2050 to 2080 and beyond in line with the Climate Strategy.

Currently, The City has qualitatively assessed the short-to-medium term potential impacts and opportunities of the identified trends but further investigation and scenario analysis is needed to advance the understanding of the potential quantitative financial implications to The City.

Table 4: Climate-Related Transition Trends and Potential Financial Impacts and Opportunities

Trend	Potential Impacts	Potential Opportunities
Policy		
In the short-to-medium term, climate-related regulations, policies and legislation from other orders of government are expected to become more stringent in alignment with global commitments to act on climate change (e.g., federal government policies like the Net-Zero Emissions Accountability Act and Electric Vehicle Availability Standard etc.). Changes in political leadership at the provincial and federal levels may vary the stringency and focus of climate-related policies over election cycles and introduce uncertainty as to the pace and scale of implementation.	The City will need to ensure operational and reporting alignment with changing climate-related policies implemented by other orders of government. Increased operating and capital expenditures may be required to ensure projects, equipment, technology and infrastructure maintain alignment to evolving policies. Policy changes can also cause financial impacts to the community which may require financial investments or service changes from The City, especially for disproportionately impacted vulnerable communities.	Policy evolutions are expected to drive energy efficiency and climate resilience of buildings, infrastructure and transportation systems. Alignment to these policy advancements may reduce operating and maintenance costs over the long-term and reduce potential insurance and restoration costs from reduced impact from climate hazards.
Technology and Energy Sources		
In the short-to-medium term, advances and shifts to low-emission technologies are anticipated to accelerate prompted by market and policy changes. Energy system transitions are expected to accelerate, from high-emitting fossil fuels to low-carbon sources such as solar, wind and hydropower as well as the exploration of new fuels and energy sources such as hydrogen and nuclear.	Increased capital and operational expenditures may be required to assess, test and invest in new lower-emission technology replacements. Potential for increased energy costs for fossil fuel-based buildings and transportation systems due to anticipated increase in carbon pricing. Potential increased costs to implement changes in policies, Bylaws and codes to accommodate and ensure effective implementation of new technologies.	Advancing The City's transition to lower-emission energy sources may reduce sensitivity to future increased carbon pricing on fossil fuel energy sources. Potential for reduction in operation and maintenance costs for low-emission technologies in buildings and transportation systems.

Trend	Potential Impacts	Potential Opportunities
Legal		
The legal landscape related to climate and environment is continuously evolving and impact legal, regulatory, contractual and disclosure requirements.	Increased legal and financial resources will likely be required to assess, advise on and address the evolving legal and regulatory requirements for climate-related disclosures, programs, policies and contracts. Potential climate-related claims, damages issuances or actions initiated against The City pose financial, legal and reputational risks.	No opportunities have been identified at this time.
Market		
In the short-to-medium term, reduced market investment interest in projects and organizations that are not aligned to the low-carbon economy transition. The market for carbon assets and the labelled bond market is anticipated to expand and become a greater opportunity. More stringent climate transition requirements from higher levels of government are expected to become prerequisites for access to grants and funding.	Challenges could be experienced in accessing external funding and financing (e.g., municipal bonds, provincial and federal grants) for projects that are perceived to impact the climate transition negatively.	The City could take advantage of a growing carbon assets market as a revenue source. Adopting low-carbon and climate resilient requirements for projects and programs may increase access to new or lower cost financial products, such as labelled municipal bonds and provincial and federal funding opportunities.
Reputation		
In the short-to-medium term, increased scrutiny from various interested parties (e.g., regulators, media, Non-Governmental Organizations, investors, citizens) on The City's climate-related commitments and transition.	Potential for decreased confidence in City investments and services if The City is perceived as not meeting, progressing or disclosing climate-related commitments. Increased costs may be required to combat these inaccurate perceptions.	Taking ambitious action on climate change can enhance The City's reputation and may open new investment opportunities.

Climate-Related Risk Management

The City's Climate & Environment business unit in collaboration with the ERM program manages and reports climate-related risks. Effective mitigation of these risks requires clear, progressive strategies, policies and plans aligned with short-, mid- and long-term climate targets, goals and outcomes. Organizational decision-making processes must integrate climate-related risk reduction outcomes into service provision, plans, actions and budgets, providing alignment with senior leadership and Council objectives. While this work continues to evolve at The City, the following depicts the current documents, tools and processes being utilized to manage and integrate climate-related risks.

Existing Climate-Related Risk Management Tools

Climate Strategy

The Climate Strategy sets the strategic vision, principles, goals and targets to guide the overall objectives of climate action for Calgary out to 2030 and provides the strategic direction for the four-year Implementation Plan. The Strategy charts the long-term pathways to a low-carbon economy and a climate-resilient city based on The City's Climate Projections for Calgary (2022) and the emissions and economic modelling to develop actions to reduce emissions. It includes a Mitigation Plan, for achieving community-wide net-zero emissions by 2050, and an Adaptation Plan, which provides actions to reduce physical climate risk and enhance the climate resilience of our community.

Implementation Plan

The City developed the Implementation Plan and established a climate accounting process as part of The City's 2023-2026 Service Plans and Budgets. This was the first time The City cumulatively bundled its cross-corporate climate initiatives and integrated climate-related risks and impacts as part of the major corporate budget decision process.

Calgary's Flood Resilience Plan

The 10-year anniversary of the 2013 Southern Alberta floods was commemorated in 2023. Following the 2013 floods, a permanent Flood Resilience Program was developed for the implementation of flood resilience measures. Since 2013, The City with financial support from other orders of government, has invested or committed approximately $1 billion in flood mitigation infrastructure for Calgary, including the Springbank Offstream Reservoir (SR1) project. Approximately 55% of Calgary's flood damage exposure from the Bow and Elbow rivers has been eliminated, which is equivalent to over $90 million in average annualized damages (2015 damage assessment basis). By 2025, when SR1 is fully operational, an additional 15% of damage exposure will be averted. The remaining flood risk exposure will be mostly in Bow River adjacent communities.

Calgary's Drought Resilience Plan

The City of Calgary Drought Resilience Plan was approved in 2023 and sets out the long-term direction for drought management at The City. To achieve this, the plan proposes five integrated goals: reduced water demand, protected water supply, drought preparedness, healthy landscapes and strong relationships. Each goal articulates strategic actions, and leading actions include an update to The City's Water Efficiency Plan. The Drought Resilience Plan emphasizes coordinated action from citizens, industry and government, and purposeful relationships with neighboring municipalities and licence holders in the Bow River Basin. In parallel to the plan's approval, and in response to the dry conditions experienced in 2023, The City implemented outdoor watering restrictions during the late summer and early fall of 2023, resulting in a savings of 1.5 billion litres of water.

Downtown Flood Barrier.

New Climate-Related Risk Management Tools

Integration of Climate-Related Risks into Overall Risk Management

The ELT reviewed The City's PCRs in December 2023. These PCRs encompass eight areas: Capital Infrastructure, Employee Experience and Technological Disruption, Financial Sustainability, Legal, Reputation, Social Well-being, Service Delivery and Sustainable City. Each PCR has an assigned risk owner from the ELT. These risks are reviewed semi-annually by the ELT and Audit Committee, focusing on response strategies, corporate appetite and interconnections with other City risks.

The Sustainable City Risk, overseen by the General Manager of Planning & Development Services, includes economic, social and environmental sustainability as well as climate-related risks. Factors such as population growth, economic activity and environmental trends contribute significantly to this risk. Its impacts vary spatially within the city and disproportionately affect marginalized groups. Failure to create a sustainable city poses long-term financial, operational, social, environmental, regulatory and reputational risks.

In 2023, The City introduced new Corporate Operating Risks (CORs) to better categorize, theme, understand and communicate risk, including the following climate and environment-related risks:

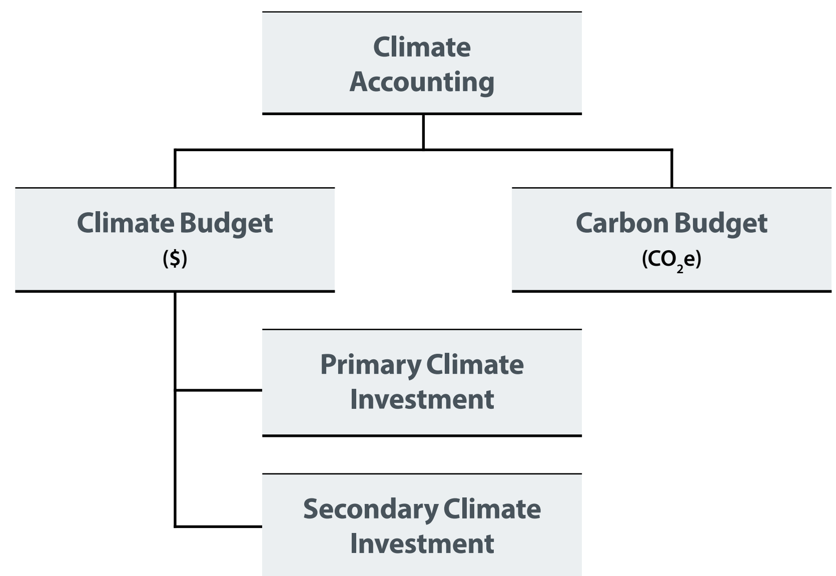
- **Climate Risk:** impacts of climate change (e.g., severe weather, drought, flood) on City services and activities.
- **GHG Risk:** failure to reduce GHG emissions from City services and activities at the pace and scale required to meet The City's net-zero emissions by 2050 target and associated reputational risk and financial risk associated with future carbon pricing.
- **Environment Risk:** impact of City services and activities on the environment (e.g., air pollution, land, water, biodiversity) and risk of non-compliance with regulatory requirements.

The new risk categories were reported for the first time in the 2023 Fall PCR review process. To continue improving this system, additional learning will be provided to help staff understand and differentiate these risks, ensuring The City can better identify, communicate and subsequently manage these climate-related risks.

Climate Accounting

Climate accounting integrates climate actions, performance targets and financial considerations into existing decision-making processes for service planning and budgeting within The City. It also supports the measuring and reporting of GHG emissions to track progress against The City's emissions reduction targets. Climate accounting consists of two main components: the climate budget and the carbon budget. Climate accounting for municipalities remains ground-breaking work, and in 2023, The City began participating in a Net-Zero Action Research Partnership (N-ZAP) Working Group with the University of Waterloo, ICLEI Canada, Federation of Canadian Municipalities (FCM), and other municipalities to integrate climate accounting into municipal decision-making to enhance transparency on actions, drive strategic planning to close gaps and provide accountability.

Figure 3: Climate Accounting Framework



Climate Budget

The climate budget quantifies the cross-corporate primary climate investment (i.e., the financial investment made in direct response to the Climate Emergency Declaration to accelerate climate action) and the secondary climate investment (i.e., investments that assist in decreasing GHG emissions and/or reducing climate risk but are considered business as usual). The climate budget establishes The City's short-term actions for the Implementation Plan. Currently, The City is tracking and quantifying the primary climate investment in the 2023-2026 business cycle and the methodology to identify and track secondary climate investment is under development, for inclusion in the 2027-2030 Service Plans and Budgets cycle.

As part of the 2023-2026 Service Plans and Budgets, Council approved the first integration of primary climate investments to be monitored and reported as shown in Table 5.

Table 5: 2023-2026 Primary Climate Investments(1)

Primary Climate Investment	Base Operating	One Time Operating	Capital	Total
2023-2026 Service Plans and Budgets	$3.5 million	$45.5 million	$218.7 million	$267.7 million
2024 Budget Adjustments			$165.0 million	$165.0 million
Total	**$3.5 million**	**$45.5 million**	**$383.7 million**	**$432.7 million**

Carbon Budget

A carbon budget is a governance tool that assists governments in benchmarking incremental progress over business cycles towards the target of net-zero emissions by 2050. The City's carbon budget represents the limit of GHG emissions permitted from The City and greater Calgary from present to 2050, to achieve The City's interim 2030 target and ultimate 2050 net-zero emissions target. Integrating the carbon budget into decision-making processes, especially prioritizing actions and budget allocation, is a crucial step in measuring and tracking of Corporate and community-wide GHG emissions to inform the future actions that will best advance our progress towards achieving science-based targets. In 2023, the foundation of a carbon budget was established which included calculating The City's total Corporate and community-wide carbon budget in alignment with achieving net-zero emissions by 2050. The next phase of implementation is a staggered approach in allocating GHG emissions by emission source and business unit and integrating GHG tracking and reporting into existing decision-making processes in alignment with the climate budget and the Implementation Plan.

Climate Funding and Financing

The City has identified several funding and financing mechanisms[2] in support of climate action. Understanding the various financial tools available to The City helps Administration and Council make informed decisions about climate-related risk reduction investments. There are two main types of funding and financing tools available to The City:

1. **Sources of funding:** a source of incremental funding to support The City's climate initiatives. A single initiative may have multiple sources of funding. Examples include federal and provincial grants and carbon assets like carbon offsets and Renewable Energy Certificates.
2. **Financing mechanisms:** a source of debt financing that enables The City to support its climate initiatives. Examples include municipal bonds, debt financing through the province and sustainable borrowing options like the Canada Infrastructure Bank.

The City is also exploring mechanisms such as incentive programs or any other financial tool that enables The City to support the community in taking climate action. Examples include incentive programs like The City's previously offered Resilient Roofing Rebate, financing programs like The City's current Clean Energy Improvement Program and partnerships like the Climate Innovation Fund with Alberta Ecotrust.

(1) As part on the ongoing commitment to ensure enhanced accountability and transparency of progress on the Implementation Plan's actions and associated budget, these investment totals include additional projects and programs added by Council during November 2022 budget deliberations, financial reconciliation and refinement of approved budgets and additional primary climate investments approved during the November 2023 budget adjustments.

(2) The City of Calgary. 'Funding climate action in the City of Calgary'. May 2022. The City of Calgary [website], 05 February 2024. https://hdp-ca-prod-app-cgy-engage-files.s3.ca-central-1.amazonaws.com/2216/5350/9440/Final_-_Funding_Climate_Action_Report_2022.pdf

Climate Metrics and Targets

Climate-Related Targets

To address climate-related risk, The City has established key emissions reduction targets along with specific mitigation and adaptation goals and actions. Establishing emissions targets is an approach to help reduce the physical risks caused by increasing global temperatures and manage transition risks.

Climate-Related Targets
60 per cent reduction of GHG emissions below 2005 levels
Net-zero GHG emissions by 2050

Climate-Related Goals
Improve energy use and reduce greenhouse gas emissions
Reduce climate risk resulting from climate hazards

Climate-Related Key Metrics

Specific metrics have been established to evaluate progress on meeting The City's climate targets and goals. These metrics are directly linked to progress toward The City's emissions targets and climate-related goals or are intended to show progress on indirect advancement on The City's climate risk reduction efforts.

Calgary Community-wide GHG Emissions

Community GHG emissions are calculated based on activities known to be primary sources of GHGs (scope 1 and 2 emissions) in Calgary. Achieving a reduction in community-wide GHG emissions from 2005 baseline levels indicates positive progress on this metric.

Calgary Community-wide GHG Emissions per Capita

Community-wide GHG emissions per capita is a complementary assessment of Calgary's progress on GHG emission reductions. This allows for assessment of the change in Calgary's emissions compared to population changes. Achieving a reduction in per capita community-wide GHG emissions from 2005 baseline levels indicates positive progress on this metric.

Corporate GHG Emissions

City-owned projects, buildings, assets and activities produce Corporate GHG emissions. Renewable Energy Certificates are purchased within The City's electricity supply agreement to support the reduction of electricity-related GHG emissions. This is in addition to the measures implemented to reduce emissions from electricity, natural gas and transportation fuels. Achieving a reduction in Corporate GHG emissions from 2005 baseline levels indicates positive progress on this metric.

Table 6: Four Year Community-wide and Corporate GHG Emissions Relative to 2005 Baseline

GHG Emissions	Baseline	2019	2020	2021	2022
Community-wide GHG Emissions					
Scope 1 and 2 Emissions ($MtCO_2e$)	15.80	18.20	15.75	15.93	16.35
Emissions relative to 2005 baseline		▲ 15.2%	▼ 0.3%	▲ 0.8%	▲ 3.5%
Community-wide GHG Emissions per capita					
Scope 1 and 2 Emissions per capita (tCO_2e/person)	16.52	14.15	12.05	12.05	12.12
Emissions per capita relative to 2005 baseline		▼ 14.3%	▼ 27.1%	▼ 27.1%	▼ 26.7%
Corporate GHG Emissions					
Scope 1 and 2 Emissions ($ktCO_2e$)	640	369	475	347	352
Emissions relative to 2005 baseline		▼ 42.3%	▼ 25.9%	▼ 45.8%	▼ 45.0%

GHG Emissions Inventory Methodology Review

In 2023, the Corporate GHG emissions inventory was adjusted to account for updated GHG calculation methods. This prompted The City to initiate a third-party review of its GHG emissions inventory and quantification methodology to enhance accuracy in reporting and alignment with industry best practices. Several recommended changes to methodology will be implemented for both the Corporate and the community-wide GHG emissions inventories. The Corporate GHG emissions inventory will be updated in 2024 to reflect the procurement and sale of Renewable Energy Certificates and carbon offsets, to include additional emission sources that were previously not captured and to improve accuracy of emissions estimates from vehicles.

Tracking Adaptation Measuring Development (TAMD) Score

The TAMD scorecard is an annual assessment score which considers climate adaptation indicators specific to government. The 2023 TAMD Score of 68.8 per cent (55/80) is trending positively, with a two-point increase over 2022.

Projected Community Climate Risk Index

The CCRI is designed to assess the degree of climate risk and to highlight the drivers of vulnerability to climate change within each Calgary community. Moving forward, The City will track the number of communities that continue to be vulnerable to climate change.

Water and Natural Area Management Metrics

The City continues to reduce the exposure to flood in a shifting climate and is actively working on strategies to conserve water during drought. Conserving and restoring Calgary's natural areas is vital for thriving ecosystems that help reduce climate risk through managing stormwater, providing cooling and storing carbon.

Figure 4: Projected Climate Risk for Calgary Communities

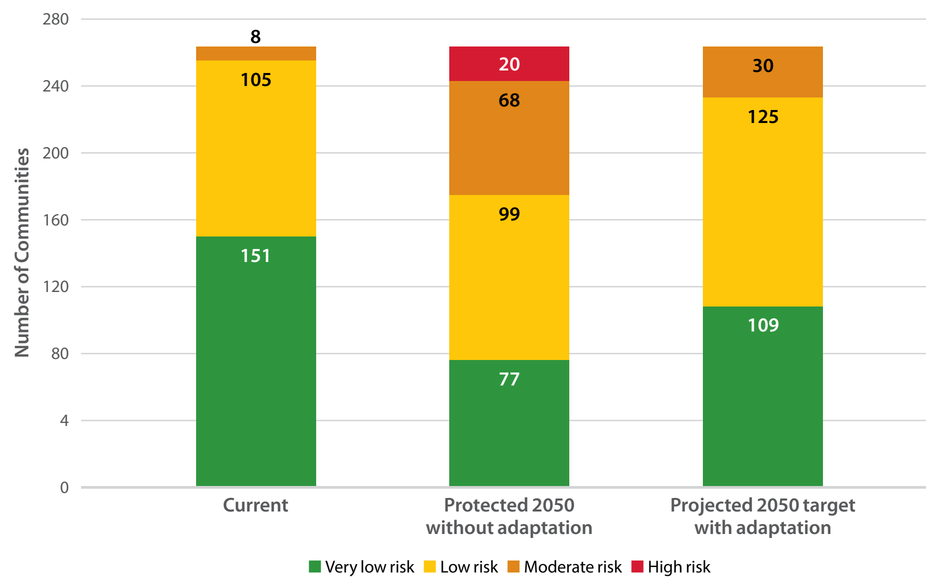


Table 7: Five Year Calgary Flood Risk Assessment Relative to Baseline

Flood Risk	Baseline	2020	2021	2022	**2023**
Calgary's River Flood Risk					
Number of properties within 1:100 River Flood Extent – Flood Exposure Risk	5,450	4,720	3,961	3,553	**3,396**
Risk relative to 2019 Baseline		▼ 13.4%	▼ 27.3%	▼ 34.8%	**▼ 37.7%**
Calgary's Average Annual Damages River Flood Risk					
Potential flood damages ($ million)	168	–	–	–	**75**
Damages relative to 2013 baseline		–	–	–	**▼ 55%**

Table 8: Five Year Calgary Drought Assessment Relative to 2003 Baseline

Drought Monitoring	Baseline	2019	2020	2021	2022	**2023**
Water Average Day Demand						
Calgary daily water use, averaged per person (LPCD[1])	518	357	354	362	351	**364**
Demand relative to 2003 Baseline		▼ 31.1%	▼ 31.7%	▼ 30.1%	▼ 32.2%	**▼ 29.7%**
River Flow Volume Supply						
Flow on the Bow and Elbow Rivers (ML/Year)	3,073,044[2]	2,946,299	3,434,159	2,802,467	2,857,313	–[3]
Annual Flow relative to Baseline		▼ 4.1%	▲ 11.8%	▼ 8.8%	▼ 7.0%	–

Table 9: Five Year Calgary Natural Areas Conservation and Restoration Relative to 2025 Target

Conserving and Restoring Natural Areas	Target	2019	2020	2021	2022	**2023**
Habitat Restoration						
Area of natural habitat restored (ha)	832	193	335	335	332	**353**
Restoration relative to 2025 target		▲ 23.2%	▲ 40.3%	▲ 40.3%	▲ 39.9%	**▲ 42.4%**
Environmentally Significant Area (ESA) protected and conserved						
Per cent of ESA protected or restored calculated at land use amendment/outline plan approval	60	53	52	62	26	**81**
Protection and restoration relative to 2026 target		▲ 88.3%	▲ 86.7%	▲ 103.3%	▲ 43.3%	**▲ 135%**

(1) LPCD shows water used by residents, businesses and institutions as well as water lost through leaks, unaccounted for or not billed. This total is then divided by the number of people living in Calgary.

(2) Baseline annual flow volume is calculated as the average total annual flow volume in the Bow and Elbow Rivers over a 30-year reference period between 1989-2018. Annual flow volume is expected to be variable from year to year, and at this time there is no clear evidence for a future trend direction.

(3) Data is typically available from Water Survey Canada by mid-year the following year.

Reporting and Disclosing our Metrics

It is critical for The City to report and disclose our progress on climate action to ensure transparency and accountability to Council, Calgarians, other orders of Government and external investors. The City is doing this by reporting on our incremental progress towards Calgary's climate targets, goals and outcomes.

Corporate Climate Reporting Framework

The Climate Reporting Framework consolidates climate progress and performance information into three City reporting documents for improved accountability: the semi-annual Corporate Performance Reports, the Annual Financial Report and the Climate Progress Report (Figure 5).

Corporate Climate & Environment Analytics System

In 2023, The City advanced the development of its cross-corporate analytics platform that supports the collective monitoring, management and reporting of The City's climate and environmental data. When fully constructed, the system will consist of a corporate data warehouse, internal corporate reporting portal and dashboard, advanced analytics platform and public-facing metric-driven dashboard. The corporate data warehouse was the primary focus of work in 2023 with the internal and public-facing dashboards being developed for release in 2024.

Carbon Disclosure Project (CDP)

The CDP is a leading global disclosure system for investors, companies, cities, states and regions to manage their environmental and climate impacts. Since 2016, The City, as a member of the CDP, has disclosed its climate mitigation and adaptation actions and performance annually. The City achieved an "A" score in 2023 and has done so for the past 5 reporting years, demonstrating that The City meets best practice disclosure for climate strategy and action.

Figure 5: The City's Climate Reporting Framework

Performance Report
Executive Committee

Semi-annual report on The City's performance on the 2023-2026 Service Plans and Budgets, which features updates on each City service, including metrics, strategic initiatives, budget and Council's priorities, as well as a Climate Results section.

March/April and September

Annual Financial Report
Audit Committee

The City's commitment to provide effective governance, increased accountability, transparency and a well-run organization. Includes the Climate-Related Financial Disclosure within the unaudited section.

April

Climate Progress Report
Community Development Committee

Details The City's annual implementation progress on the climate mitigation and adaptation actions as detailed in the Implementation Plan towards the long-term goals and targets of the Calgary Climate Strategy – Pathways to 2025.

May/June

Climate & Environmental Analytics System

Supports advancing and disclosing The City's climate measurement and reporting.

Summary and Next Steps

In 2023, there were several key advancements towards reducing climate-related risk, including:

- Established a Climate Governance and Reporting Leader and team in the Climate & Environment Director's Office.
- Established the role of COO to support the CAO in implementing corporate priorities, such as climate change initiatives.
- Improved accountability for climate action by evolving the climate accounting framework. This includes implementing the first phase of the carbon budget.
- Investigated the current state of maturity of The City's climate governance system.
- Formed the CAC Accountability and Reporting Sub-Committee to focus on enhanced transparency and disclosure in climate-related reporting.
- Included a climate-specific section in the year end Performance Report and an attachment on the cross-corporate budget expenditure related to climate.
- Developed a Climate & Environmental Analytics System to improve and support reporting and governance processes.
- Introduced new climate and environment Corporate Operating Risks.

In addition to this progress, The City has identified several next steps and priorities, including:

- Advance the implementation of climate accounting into City decision-making processes and reporting.
- Establish a cross-corporate climate governance, accountability and prioritization framework.
- Advance The City's understanding of the full range of climate-related risks and opportunities and materiality to the organization.
- Advance recommendations from Council's CAC Accountability and Reporting Sub-Committee:
  - Continue to integrate the goals, targets and outcomes of climate strategy more thoroughly across and within key cross-corporate City decision-making frameworks and processes.
  - Enhance reporting on climate adaptation, governance effectiveness and the inclusion of new metrics where feasible.
  - Enhance transparency on City progress in implementing climate change actions, initiatives and progress against interim targets.

Climate change will continue to be a challenge for municipalities. The international community expects the effects of climate change to continue to worsen, and as a result, climate-related risks cannot be fully mitigated. However, The City can continue to monitor and evaluate risks to enhance and evolve actions and processes to manage and reduce them. Progress on how The City integrates climate matters and makes decisions will also factor into effectively managing climate-related risks. Finally, tracking ISSB reporting standards and requirements will ensure responsible and transparent reporting to investors, Council and the public.

Financial and Statistical Schedules Unaudited

(2019 – 2023)

Downtown flood barrier Improvements.

Revenue by Source Unaudited

2019 – 2023 (in thousands)

	2023 Operating	2023 Capital	2023 Total	2022 Operating	2022 Capital	2022 Total
Property taxes	**$ 2,945,083**	**$ –**	**$ 2,945,083**	$ 2,804,643	$ –	$ 2,804,643
Community Revitalization Levy	**39,790**	**–**	**39,790**	36,034	–	36,034
(Business Improvement Area Relief) Business taxes	**–**	**–**	**–**	(64)	–	(64)
Revenue in lieu of taxes	**403,535**	**–**	**403,535**	338,972	–	338,972
Local improvement levies and special taxes	**8,588**	**–**	**8,588**	7,699	–	7,699
	$ 3,396,996	**$ –**	**$ 3,396,996**	$ 3,187,284	$ –	$ 3,187,284
Less: Provincial property taxes	**(789,392)**	**–**	**(789,392)**	(780,928)	–	(780,928)
Net taxes available for municipal purposes	**$ 2,607,604**	**$ –**	**$ 2,607,604**	$ 2,406,356	$ –	$ 2,406,356
Sales of goods and services	**1,359,983**	**–**	**1,359,983**	1,384,471	–	1,384,471
Government transfers						
Federal						
Debenture interest rebates	**–**	**–**	**–**	–	–	–
Revenue and cost sharing agreements and grants agreements	**9,793**	**162,747**	**172,540**	5,749	162,083	167,832
Provincial						
Debenture interest rebates	**–**	**–**	**–**	–	–	–
Grants, entitlements, revenue and cost sharing agreements	**169,513**	**299,569**	**469,082**	222,081	197,560	419,641
	$ 179,306	**$ 462,316**	**$ 641,622**	$ 227,830	$ 359,643	$ 587,473
Other revenue						
Dividends from ENMAX Corporation	**$ 82,000**	**$ –**	**$ 82,000**	$ 62,000	$ –	$ 62,000
Other equity (loss) earnings in ENMAX Corporation	**(97,608)**	**–**	**(97,608)**	233,628	–	233,628
Developer contributions	**–**	**188,830**	**188,830**	–	242,498	242,498
Developer contributions-in-kind related to capital	**–**	**288,695**	**288,695**	–	240,901	240,901
Investment income	**219,934**	**–**	**219,934**	141,530	–	141,530
Fines and penalties	**77,650**	**–**	**77,650**	74,089	–	74,089
Licences, permits and fees	**134,083**	**–**	**134,083**	118,511	–	118,511
Miscellaneous revenue	**43,243**	**–**	**43,243**	56,291	–	56,291
	$ 459,302	**$ 477,525**	**$ 936,827**	$ 686,049	$ 483,399	$ 1,169,448
Total revenue	**$ 4,606,195**	**$ 939,841**	**$ 5,546,036**	$ 4,704,706	$ 843,042	$ 5,547,748

Revenue by Source Unaudited

2019 – 2023 (in thousands)

2021 Operating	2021 Capital (Restated)[1]	2021 Total	2020 Operating	2020 Capital	2020 Total	2019 Operating	2019 Capital	2019 Total
$ 2,685,513	$ –	$ 2,685,513	$ 2,651,631	$ –	$ 2,651,631	$ 2,611,336	$ –	$ 2,611,336
38,100	–	38,100	37,099	–	37,099	39,882	–	39,882
(4,295)	–	(4,295)	–	–	–	3,500	–	3,500
251,571	–	251,571	207,728	–	207,728	214,636	–	214,636
9,235	–	9,235	6,092	–	6,092	16,476	–	16,476
$ 2,980,124	$ –	$ 2,980,124	$ 2,902,550	$ –	$ 2,902,550	$ 2,885,830	$ –	$ 2,885,830
(771,111)	–	(711,111)	(779,079)	–	(779,079)	(797,075)	–	(797,075)
$ 2,209,013	$ –	$ 2,209,013	$ 2,123,471	$ –	$ 2,123,471	$ 2,088,755	$ –	$ 2,088,755
1,235,238	–	1,235,238	1,131,088	–	1,131,088	1,323,154	–	1,323,154
–	14	14	–	205	205	–	–	–
4,229	167,859	172,088	2,252	114,115	116,367	1,482	149,191	150,673
–	–	–	14	–	14	–	–	–
150,551	248,520	399,071	333,984	168,436	502,420	150,855	502,825	653,680
$ 154,780	$ 416,393	$ 571,173	$ 336,250	$ 282,756	$ 619,006	$ 152,337	$ 652,016	$ 804,353
$ 58,000	$ –	$ 58,000	$ 54,000	$ –	$ 54,000	$ 50,000	$ –	$ 50,000
237,777	–	237,777	234,114	–	234,114	106,162	–	106,162
–	158,763	158,763	–	166,008	166,008	–	124,988	124,988
–	212,169	212,169	–	168,674	168,674	–	323,067	323,067
131,393	–	131,393	102,795	–	102,795	198,927	–	198,927
64,421	–	64,421	69,080	–	69,080	98,646	–	98,646
106,405	–	106,405	96,372	–	96,372	113,111	–	113,111
51,798	–	51,798	33,660	–	33,660	40,542	–	40,542
$ 649,794	$ 370,932	$ 1,020,726	$ 590,021	$ 334,682	$ 924,703	$ 607,388	$ 448,055	$ 1,055,443
$ 4,248,825	$ 787,325	$ 5,036,150	$ 4,180,830	$ 617,438	$ 4,798,268	$ 4,171,634	$ 1,100,071	$ 5,271,705

(1) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022. Years prior to 2021 have not been restated for these adjustments.

Expenses by Function Unaudited

2021 – 2023 (in thousands)

		2023		2022 (Restated) [3]		2021 (Restated)[1][2]
Planning and development services	**$**	**200,982**	$	169,090	$	139,037
Infrastructure services		**377,687**		394,227		305,924
Community services		**1,565,365**		1,389,104		1,321,442
Operational services		**2,146,059**		2,015,534		1,841,594
General government		**367,654**		375,669		372,172
Total expenses	**$**	**4,657,747**	$	4,343,624	$	3,980,169

(1) The City underwent an organizational re-alignment in 2022, with 2021 comparative figures. Comparative figures for 2020-2019 are not able to be provided in the same format due to the extent of changes that occurred in 2022. The total expenses for those periods are as follows:

a. 2020 – $3,848,802

b. 2019 – $3,913,569

(2) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022. Years prior to 2021 have not been restated for these adjustments.

(3) Figures for 2022 have been restated for the adoption of PS 3280 Asset Retirement Obligations.

Favourable Operating Variance Reconciliation Unaudited

2022 – 2023 (in thousands)

		2023		2022
Favourable operating variance[1]	**$**	**237,756**	$	258,088
Timing differences		**(1,348)**		644
Tax-supported operating surplus	**$**	**236,408**	$	258,732
Adjustments[2]				
Capital adjustments		**(600,227)**		(508,788)
Consolidation adjustments		**3,353**		18,475
ENMAX Corporation adjustments		**(120,612)**		233,628
Gross debt charges		**76,984**		78,865
Other		**(13,433)**		(14,935)
Reserves transfers		**993,712**		882,957
Tax-supported amortization		**(586,907)**		(587,852)
Unrealized losses		**(40,830)**		–
(Deficit) excess of revenues before other contributions and transfers	**$**	**(51,552)**	$	361,082
Other contributions and transfers		**939,841**		843,042
Annual surplus (previously net revenues)	**$**	**888,289**	$	1,204,124

(1) 2023: Progress Update Report EC2024-0291; 2022: Performance Report EC2023- 0065

(2) The consolidated financial statements include all of the results of The City and its subsidiaries for the period ended December 31. Other reports provided to Committees of Council and Council throughout the year do not include the results of subsidiaries and conform to the MGA requirements such as balanced operating budget and associated contents, rather than Public Sector Accounting Standards which govern the Annual Financial Report.

Financial Position and Annual Surplus Unaudited

2019 – 2023 (in thousands)

	2023	2022 (Restated)[4]	2021 (Restated)[1]	2020	2019
Financial assets	**$ 10,621,576**	$ 10,401,718	$ 9,423,987	$ 8,226,621	$ 7,579,593
Financial liabilities	**6,098,275**	6,118,793	5,874,125	5,436,376	5,122,483
Net financial assets	**$ 4,523,301**	4,282,925	$ 3,549,862	$ 2,790,245	$ 2,457,110
Non-financial assets	**20,441,970**	19,857,891	19,418,040	19,027,286	18,568,296
Net assets	**$ 24,965,271**	$ 24,140,816	$ 22,967,902	$ 21,817,531	$ 21,025,406
Annual surplus	**888,289**	1,328,494	1,116,194	792,125	1,330,323

Acquisition of Tangible Capital Assets Unaudited

2019 – 2023 (in thousands)

	2023	2022	2021	2020	2019
Capital additions	**$ 1,064,908**	$ 875,668	$ 900,000	$ 994,025	$ 1,160,353

Net Assets Unaudited

2019 – 2023 (in thousands)

	2023	2022 (Restated)[4]	2021 (Restated)[1]	2020[2]	2019
Operating fund	**$ 236,408**	$ 258,732	$ 143,422	$ 164,156	$ 110,095
Capital fund	**234,414**	170,440	141,009	258,012	341,047
Local improvements to be funded in future years	**52,780**	54,415	56,411	66,119	62,234
Obligation to be funded in future years[3]	**(225,106)**	(225,165)	(19,383)	(16,888)	(10,184)
Reserves	**4,003,003**	3,635,785	3,281,056	2,743,827	2,493,588
Equity in ENMAX Corporation	**2,980,115**	3,072,460	2,714,462	2,416,472	2,339,699
Equity in non-financial assets	**17,752,754**	17,174,149	16,650,925	16,185,833	15,688,927
Accumulated surplus	**$ 25,034,638**	$ 24,140,816	$ 22,967,902	$ 21,817,531	$ 21,025,406
Accumulated remeasurement losses	**(69,097)**	–	–	–	–
	$ 24,965,271	$ 24,140,816	$ 22,967,902	$ 21,817,531	$ 21,025,406

(1) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022. Years prior to 2021 have not been restated for these adjustments.

(2) Figures for 2020 have been reclassified to conform to the 2021 year end reporting. Years prior to 2020 have not been reclassified for these adjustments.

(3) Obligation to be funded in future years consists of unfunded liabilities of $225,106 (2022 Restated - $211,005) for the asset retirement obligations provision.

(4) Figures for 2022 have been restated for the adoption of PS 3280 Asset Retirement Obligations.

Expenses by Object Unaudited

2019 – 2023 (in thousands)

	2023	2022 (Restated)[3]	2021 (Restated)[1]	2020	2019[2]
Salaries, wages and benefits	**$ 2,237,853**	$ 2,056,226	$ 1,973,073	$ 1,971,506	$ 1,990,256
Contracted and general services	**597,112**	628,315	495,941	438,914	518,050
Materials, equipment and supplies	**592,803**	499,660	373,623	387,207	368,262
Interest charges					
Tax supported	**42,124**	27,575	21,848	30,099	24,946
Self supported	**74,761**	76,000	78,347	81,277	84,288
Accretion	**7,675**	7,454	–	–	–
Utilities	**125,774**	123,681	106,309	99,265	104,314
Transfers	**238,615**	195,123	188,045	138,779	133,050
Amortization	**724,479**	718,196	707,113	692,962	678,251
Loss on disposal of tangible capital assets	**16,551**	11,394	35,870	8,793	12,152
Total expenses	**$ 4,657,747**	$ 4,343,624	$ 3,980,169	$ 3,848,802	$ 3,913,569

Consolidated Investments Unaudited

2019 – 2023 (in thousands)

	2023	2022	2021	2020	2019
Market Value					
Government of Canada	**$ 713,287**	$ 651,318	$ 528,682	$ 245,592	$ 313,910
Other government	**597,980**	353,022	516,800	533,604	407,729
Corporate	**1,893,802**	1,725,359	1,784,361	2,233,484	2,137,713
Global fixed income investments	**1,586,063**	1,095,559	1,183,142	866,195	803,403
Equity investments	**968,571**	1,097,026	910,266	728,719	631,881
	$ 5,759,703	$ 4,922,284	$ 4,923,251	$ 4,607,594	$ 4,294,636
Cost					
Government of Canada	**$ 712,887**	$ 670,139	$ 529,238	$ 240,785	$ 314,011
Other government	**603,927**	383,456	514,557	512,225	401,467
Corporate	**1,935,667**	1,836,800	1,796,700	2,197,535	2,128,282
Global fixed income investments	**1,647,860**	1,206,414	1,179,526	821,671	797,670
Equity investments	**900,284**	1,109,985	784,776	651,104	589,326
	$ 5,800,625	$ 5,206,794	$ 4,804,797	$ 4,423,320	$ 4,230,756

(1) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022. Years prior to 2021 have not been restated for these adjustments.

(2) Figures for 2019 have been reclassified to conform to the 2020 year end reporting.

(3) Figures for 2022 have been restated for the adoption of PS 3280 Asset Retirement Obligations.

Financial Capacity

2020 – 2023 (in millions)

		2023		2022		2021		2020
Cash and cash equivalents	**$**	**1,106**	$	1,311	$	1,149	$	633
Investments		**5,760**		5,207		4,805		4,423
Total cash and cash equivalents and investments	**$**	**6,866**	$	6,518	$	5,954	$	5,056
Less: Reserves		**(4,003)**	$	(3,636)	$	(3,281)	$	(2,744)
Less: City long-term liabilities[1]		**(1,697)**		(1,697)		(1,720)		(1,353)
Less: Bank indebtedness and short-term borrowing		**(348)**		(348)		(355)		(224)
Net working capital	**$**	**818**	$	837	$	598	$	735
Add: Total capacity on short-term borrowing Bylaw[4]	**$**	**600**	$	600	$	600	$	600
Total net working capital capacity	**$**	**1,418**	$	1,437	$	1,198	$	1,335
Add: Uncommitted reserves[1]	**$**	**1,659**	$	1,659	$	1,256	$	1,096
Available financial capacity	**$**	**3,077**	$	3,096	$	2,454	$	2,431

Short-Term Liquidity

2020 – 2023 (in millions)

		2023		2022		2021		2020
Cash								
Cash and cash equivalents	**$**	**1,106**	$	1,311	$	1,149	$	633
Less: Bank indebtedness		**(49)**		(48)		(48)		(70)
	$	**1,057**	$	1,263	$	1,101	$	563
Assets Readily Available for Sale[2]								
Short-term fixed income	**$**	**1,255**	$	1,214	$	1,200	$	1,210
Long-term liquid assets[3]		**534**		359		438		291
	$	**1,789**	$	1,573	$	1,638	$	1,501
Liquid Borrowing								
Capacity of short-term borrowing Bylaw	**$**	**600**	$	600	$	600	$	600
Less: Commercial paper issued ($300 million limit)		**(300)**		(300)		(300)		(300)
Less: Line of credit utilized ($60 million limit)		**0**		0		0		0
	$	**300**	$	300	$	300	$	300
Total	**$**	**3,146**	$	3,136	$	3,039	$	2,364

(1) From City of Calgary Reserves and Liabilities Report for the indicated year. 2023 values unavailable at time of publishing.

(2) Market value of Investments that can be sold with minimal impact to its current price.

(3) Highly liquid Government of Canada and provincial bonds

(4) The City has a $300 million limit on commercial paper and a $60 million limit on its line of credit, leaving $240 million unutilized under the short-term borrowing Bylaw.

Other Financial and Statistical Schedules

Consolidated Reserves Unaudited

2019 – 2023 (in thousands)

	2023	2022	2021[(1)]	2020[(1)]	2019[(1)]
Calgary Housing Company	**$ 45,451**	$ 38,306	$ 30,419	$ 29,770	$ 28,726
ENMAX dividend stabilization	**–**	18,000	18,000	18,000	14,500
Fiscal stability reserve	**876,390**	853,510	731,952	608,595	517,440
Other operating	**63,751**	75,399	74,357	56,223	47,601
Total operating reserves	**$ 985,592**	$ 985,215	$ 854,728	$ 712,588	$ 608,267
Calgary Parking	**$ 169,955**	$ 159,374	$ 159,374	$ –	$ –
Community investment	**147,820**	130,265	107,497	81,101	61,481
Debt servicing	**52,570**	52,570	52,570	52,570	52,570
Established area investments	**36,007**	44,899	51,200	52,326	–
Green Line fund	**172,799**	183,539	152,310	153,591	108,113
Legacy parks	**61,625**	34,039	19,695	10,719	7,889
Major capital projects	**412,687**	282,189	380,991	384,634	400,010
Calgary Police Service	**30,194**	37,985	41,195	44,062	37,825
Reserve for future capital and lifecycle maintenance and upgrade merged	**977,167**	792,182	633,449	547,296	494,908
Other capital	**87,438**	83,108	89,537	85,178	86,900
Total capital reserves	**$ 2,148,262**	$ 1,800,150	$ 1,687,818	$ 1,411,477	$ 1,249,696
Cash in lieu lifecycle sustainment	**$ 37,376**	$ 36,220	$ 37,435	$ 44,028	$ 42,477
Corporate housing reserve	**42,076**	43,054	43,442	36,573	33,952
General hospital legacy reserve	**17,733**	17,184	18,298	17,777	17,223
Planning and development sustainment	**105,144**	103,545	97,120	84,199	81,707
Opportunity Calgary investment	**71,247**	82,179	91,102	95,839	95,853
Perpetual care	**27,205**	28,030	24,901	23,269	21,457
Real estate services	**215,072**	218,798	131,027	65,321	76,015
Utilities sustainment	**245,719**	202,589	164,201	133,107	156,957
Waste and recycling sustainment	**53,340**	69,148	83,565	73,878	67,312
Other sustainment	**54,237**	49,673	47,419	45,771	42,672
Total sustainment reserves	**$ 869,149**	$ 850,420	$ 738,510	$ 619,762	$ 635,625
Total reserves	**$ 4,003,003**	$ 3,635,785	$ 3,281,056	$ 2,743,827	$ 2,493,588

(1) In 2021, the Fiscal stability reserve and the Budget savings account merged. In addition, the Reserve for future capital and the Lifecycle maintenance upgrade merged with the Green Line fund portion of the Lifecycle maintenance upgrade being segregated. General hospital legacy reserve was segregated from Real estate services and made its own reserve. Years prior to 2021 have been reclassified to conform to current presentation.

Taxation and Assessments Unaudited

2019 – 2023 (in thousands unless otherwise stated)

	2023	2022	2021	2020	2019
Tax Rates					
Residential					
Municipal and Library (Mills)	**4.332**	4.695	4.825	4.780	4.211
Provincial property (Mills)	**2.240**	2.455	2.582	2.743	2.443
Non-Residential					
Municipal and Library (Mills)	**18.433**	17.884	16.513	15.828	17.775
Provincial property (Mills)	**3.641**	4.050	4.095	3.580	4.247
Assessed Values					
Residential	**$ 258,699,495**	$ 225,913,559	$ 208,942,946	$ 210,505,364	$ 215,899,419
Percentage of total	**82.0%**	80.4%	78.6%	77.9%	78.7%
Commercial (industrial and farm)	**$ 56,883,120**	$ 54,962,713	$ 57,012,414	$ 59,729,311	$ 58,382,878
Percentage of total	**18.0%**	19.6%	21.4%	22.1%	21.3%
Total assessment	**$ 315,582,615**	$ 280,876,272	$ 265,955,360	$ 270,234,675	$ 274,282,297
Tax Levies					
Municipal property taxes					
Residential	**$ 1,119,868**	$ 1,054,942	$ 996,465	$ 968,850	$ 853,589
Non-residential	**1,043,015**	976,462	925,535	910,370	968,036
Community Revitalization Levy	**39,790**	36,034	38,100	37,099	39,882
(Business Improvement Area Relief) Business taxes	**–**	(64)	(4,295)	–	3,500
Revenue in lieu of taxes	**396,343**	331,283	243,973	201,060	207,272
Local improvement levies and special levies	**8,588**	7,699	9,235	6,092	16,476
	$ 2,607,604	$ 2,406,356	$ 2,209,013	$ 2,123,471	$ 2,088,755
Provincial property taxes					
Residential	**$ 576,031**	$ 547,974	$ 535,364	$ 565,733	$ 539,762
Non-residential	**206,168**	225,265	228,149	206,678	249,949
Revenue in lieu of taxes	**7,193**	7,689	7,598	6,668	7,364
	$ 789,392	$ 780,928	$ 771,111	$ 779,079	$ 797,075
Total taxes levied	**$ 3,396,996**	$ 3,187,284	$ 2,980,124	$ 2,902,550	$ 2,885,830
Percentage of Total Levies					
Property tax					
Residential property	**49.93%**	50.29%	51.40%	52.87%	48.28%
Non-residential property	**36.77%**	37.70%	38.71%	38.49%	42.21%
Local improvement levies	**0.25%**	0.24%	0.31%	0.21%	0.57%
Community Revitalization Levy	**1.17%**	1.13%	1.28%	1.28%	1.38%
(Business Improvement Area Relief) Business taxes	**0.00%**	0.00%	(0.14)%	0.00%	0.12%
Revenue in lieu of taxes	**11.88%**	10.64%	8.44%	7.15%	7.44%

Taxation and Assessments Unaudited

2019 – 2023 (in thousands unless otherwise stated)

	2023	2022	2021	2020	2019
Property Tax – Continuity					
Taxes receivable (January 1)	**$ 66,856**	$ 74,655	$ 72,131	$ 53,149	$ 48,815
Current levies					
Property taxes	**3,002,173**	2,856,684	2,745,711	2,753,858	2,634,604
Business taxes	**–**	–	–	–	(6)
Non-tax items for collection	**1,239**	760	822	3,486	1,609
Penalties	**15,770**	14,506	8,081	6,642	12,245
Cancellation of tax arrears	**(662)**	(4,726)	(1,671)	(647)	(14,098)
Write-off of taxes	**(320)**	(384)	(510)	(670)	(478)
Total to be collected	**$ 3,085,056**	$ 2,941,495	$ 2,824,564	$ 2,815,818	$ 2,682,691
Collections during the year					
Current levies	**(2,959,463)**	(2,812,396)	(2,690,158)	(2,699,088)	(2,589,463)
Arrears	**(58,312)**	(62,243)	(59,751)	(44,599)	(40,079)
Subtotal	**$ 67,281**	$ 66,856	$ 74,655	$ 72,131	$ 53,149
Allowance for doubtful accounts	**–**	(2,621)	(2,621)	(2,621)	(100)
Taxes receivable (December 31)	**$ 67,281**	$ 64,235	$ 72,034	$ 69,510	$ 53,049
Percentage of current taxes collected	**95.93%**	95.61%	95.24%	95.85%	96.52%
Taxes outstanding as a percentage of the current year levy	**2.24%**	2.34%	2.72%	2.62%	2.02%
Other Major Tax Levies					
Revenue in lieu of taxes					
Municipal consent and access fee	**$ 308,499**	$ 225,804	$ 165,339	$ 132,378	$ 142,450
Franchise fees	**83,910**	102,608	76,085	61,765	62,039
Governments					
Provincial	**7,591**	7,105	6,858	9,520	5,951
Federal	**3,585**	2,813	2,681	3,014	3,380
	$ 403,585	$ 338,330	$ 250,963	$ 206,677	$ 213,820
Net Taxes Available For Municipal Purposes					
Property taxes	**$ 2,945,083**	$ 2,804,643	$ 2,685,513	$ 2,651,631	$ 2,611,336
Community Revitalization Levy	**39,790**	36,034	38,100	37,099	39,882
(Business Improvement Area Relief) Business taxes	**–**	(64)	(4,295)	–	3,500
Revenue in lieu of taxes	**403,535**	338,972	251,571	207,728	214,636
Local improvement levies and special taxes	**8,588**	7,699	9,235	6,092	16,476
	$ 3,396,996	$ 3,187,284	$ 2,980,124	$ 2,902,550	$ 2,885,830
Less: Provincial property taxes					
Current year levy	**$ (785,920)**	$ (781,729)	$ (767,498)	$ (771,295)	$ (795,866)
Prior year adjustment (levy)	**(3,472)**	801	(3,613)	(7,784)	(1,209)
Net taxes available for municipal use	**$ 2,607,604**	$ 2,406,356	$ 2,209,013	$ 2,123,471	$ 2,088,755

Continuity of Long-term Debt Unaudited

2019 – 2023 (in thousands unless otherwise stated)

	2023	2022	2021 (Restated)[1]	2020	2019
Tax supported					
Opening	**$ 331,601**	$ 367,268	$ 401,122	$ 441,464	$ 365,491
New Issues	**–**	–	1,256	1,775	115,670
Repaid	**(32,422)**	(35,667)	(35,110)	(42,117)	(39,697)
Ending	**$ 299,179**	$ 331,601	$ 367,268	$ 401,122	$ 441,464
Tax supported (% of total)	**11.1%**	12.3%	13.3%	14.1%	15.3%
Per capita (tax supported)	**215**	247	277	307	343
Self supported					
Opening	**$ 2,116,149**	$ 2,183,523	$ 2,229,754	$ 2,231,661	$ 2,234,997
New Issues	**186,973**	131,422	148,819	192,148	176,897
Repaid	**(179,679)**	(198,796)	(195,050)	(194,055)	(180,233)
Ending	**$ 2,123,443**	$ 2,116,149	$ 2,183,523	$ 2,229,754	$ 2,231,661
Self supported (% of total)	**78.6%**	78.5%	78.8%	78.4%	77.4%
Per capita (self supported)	**1,529**	1,575	1,649	1,705	1,735
Self sufficient tax supported					
Opening	**$ 247,343**	$ 219,799	$ 214,268	$ 210,322	$ 288,343
New Issues	**46,500**	44,500	22,500	29,000	16,500
Repaid	**(16,128)**	(16,956)	(16,969)	(25,054)	(94,521)
Ending	**$ 277,715**	$ 247,343	$ 219,799	$ 214,268	$ 210,322
Self sufficient tax supported (% of total)	**10.3%**	9.2%	7.9%	7.5%	7.3%
Per capita (self sufficient tax supported)	**200**	184	166	164	164
Total City Debt	**$ 2,700,337**	$ 2,695,093	$ 2,770,590	$ 2,845,144	$ 2,883,447
ENMAX Corporation Debt	**1,722,502**	1,606,493	1,455,813	1,371,972	1,283,320
Closing balance	**$ 4,422,839**	$ 4,301,586	$ 4,226,403	$ 4,217,116	$ 4,166,767
Debt servicing as a per cent of operating expenditures (net of recoveries) (tax supported)	**1.0**	1.0	1.4	1.5	1.5
Percentage of debt limit as per City Policy CP2020-05 (Note 16 g.)[2]	**40.0**	41.0	47.8	47.2	35.8
Per capita, Total City Debt	**1,944**	2,006	2,093	2,177	2,243

(1) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022. Years prior to 2021 have not been restated for these adjustments.

(2) Commencing 2020, The City is reporting debt limits at 1.6 times revenue in accordance with policy CP2020-05. Years prior to 2020 have not been adjusted for this debt limit.

Demographic and Other Information Unaudited

2019 – 2023 (in thousands unless otherwise stated)

	2023	2022	2021	2020	2019
Population[1]	**1,389,200**	1,343,500	1,323,700	1,306,700	1,285,711
Change due to natural increase	**33,100**	8,600	8,700	8,700	8,807
Change due to net migration	**7,500**	13,600	8,600	12,300	9,560
Housing Activity					
Annual applications for residential units					
Total residential	**17,751**	15,733	16,426	15,154	12,232
Change	**12.8%**	(4.2)%	8.4%	23.9%	19.5%
Single family Housing Starts	**4,552**	4,133	4,140	2,716	2,685
Change	**10.1%**	(0.2)%	52.4%	1.2%	(2.4)%
MLS average selling price ($)[2]	**$ 536,805**	$ 516,878	$ 490,027	$ 457,997	$ 457,046
New housing price inflation[3]	**(0.9)%**	7.7%	8.0%	1.8%	(0.2)%
Building Permits, applied for					
Number of applications	**20,594**	18,566	21,113	17,476	15,954
Change	**10.9%**	(12.1)%	20.8%	9.5%	(2.1)%
Value, in thousands	**$ 5,978,800**	$ 5,740,316	$ 5,687,998	$ 3,439,660	$ 5,166,275
Change	**4.2%**	0.9%	65.4%	(33.4)%	17.4%
Inflation, CPI annual increases[3]					
Calgary	**3.8%**	7.2%	3.2%	1.1%	1.4%
Alberta	**3.3%**	6.4%	3.2%	1.1%	1.8%
Canada	**3.9%**	6.8%	3.4%	0.7%	1.9%
Unemployment Rate[3]					
Calgary	**6.0%**	6.1%	9.1%	11.7%	7.1%
Alberta	**5.9%**	5.8%	8.7%	11.4%	6.9%
Canada	**5.4%**	5.3%	7.5%	9.5%	5.7%

Top ten industries in Calgary (by the number of residents employed)[3]

1. Professional, scientific, and technical services
2. Wholesale and retail trade
3. Health care and social assistance
4. Construction
5. Transportation and warehousing
6. Educational services
7. Finance, insurance, real estate, rental, and leasing
8. Accommodation and food services
9. Forestry, fishing, mining, quarrying, oil and gas
10. Manufacturing

(1) Figures for 2020 and 2021 were obtained from the 2020 and 2021 Fall Forecast. Figures for 2019 were obtained from the annual Civic Census, which was last performed in April 2019.

(2) Calgary Real Estate Board

(3) Statistics Canada

Demographic and Other Information Unaudited

2019 – 2023 (in thousands unless otherwise stated)

	2023	2022	2021 (Restated)[1]	2020	2019
Revenue sources – City general[2]	**$ 3,352,290**	$ 3,143,764	$ 2,710,848	$ 2,654,278	$ 2,874,525
As a % of revenue					
Taxes and revenue in lieu of taxes	**64.23%**	64.37%	70.62%	70.55%	63.11%
General	**30.14%**	28.53%	27.21%	27.41%	31.83%
Government transfers	**3.19%**	5.13%	0.03%	0.01%	3.32%
Dividends from ENMAX	**2.44%**	1.97%	2.14%	2.03%	1.74%
Interest charges – City general					
As a % of operating expenses					
Before subsidy	**4.03%**	3.20%	3.37%	3.74%	3.60%
After subsidy	**4.03%**	3.20%	3.37%	3.74%	3.60%
Interest charges – consolidated					
Before subsidy (000s)	**$ 116,885**	$ 103,575	$ 100,542	$ 111,766	$ 109,537
Share of operating expenses	**3.0%**	3.2%	3.1%	3.5%	3.4%
After subsidy (000s)	**$ 116,885**	$ 103,575	$ 100,528	$ 111,547	$ 109,537
Share of operating expenses (net of subsidy)	**3.0%**	3.2%	3.1%	3.5%	3.5%
Debt service limit (principal + interest)[4]					
Total debt service limit	**$ 1,346,977**	$ 1,302,441	$ 1,151,307	$ 1,136,443	$ 1,449,161
Total debt service	**617,440**	625,510	650,614	499,457	369,416
Percentage used	**45.8%**	48.0%	56.5%	44.0%	25.5%
Debt limit[3][4]					
Total debt limit (000s)	**$ 7,697,013**	$ 7,442,520	$ 6,578,898	$ 6,493,957	$ 8,280,921
Total debt (000s)	**3,075,366**	3,053,548	3,141,306	3,063,919	2,961,444
Percentage used	**40.0%**	41.0%	47.8%	47.2%	35.8%
Municipal full-time equivalents (excluding ENMAX)					
Total full-time equivalents – City	**$ 17,256**	$ 16,373	$ 15,894	$ 15,796	$ 15,790
Total full-time equivalents – Related authorities	**1,071**	1,191	1,197	1,172	1,213
Full-time equivalents per 1,000 population – City	**12.4%**	12.2%	12.0%	12.1%	12.3%
Full-time equivalents per 1,000 population – Related authorities	**0.77%**	0.89%	0.90%	0.90%	0.94%
Area, square kilometres	**852**	848	848	848	848
Km of roads (lane km)	**21,952**	21,732	21,440	21,244	20,999
Km of roads (centreline km)	**8,555**	8,475	8,371	8,301	8,211
Transit passenger trips, annual (000s)	**89,966**	56,910	41,175	50,948	106,485
Km of wastewater mains	**5,208**	5,160	5,107	5,066	4,845
Km of water mains	**5,359**	5,360	5,338	5,312	5,288
Km of storm drainage mains	**4,753**	5,493	5,465	5,437	5,373

(1) Figures for 2021 have been restated for the correction of certain tangible capital asset related adjustments identified in 2022. Years prior to 2021 have not been restated for these adjustments.

(2) Figures are before consolidating eliminations.

(3) Prior to 2020, calculations as prescribed by the Province of Alberta, regulations 255/2000 and 165/2011, and does not include debt attributable to ENMAX.

(4) Commencing 2020, The City is reporting debt limits at 1.6 times revenue and debit service limits at 0.28 times revenue in accordance with policy CP2020-05. Years prior to 2020 have not been adjusted for these debt limits.

Journeyman 1 mechanic
repairs Calgary Transit bus.

The City of Calgary 2023 Annual Financial Report AC2024-0438

2024 April 18

Recommendations

That the Audit Committee:

1. Consider this report in conjunction with Report AC2024-0479 “External Auditor 2023 Year-End Report”;

2. Recommends Council approval of The City of Calgary 2023 Annual Financial Report, and

3. Forward this report to the 2024 April 30 Regular Meeting of Council.

Highlights

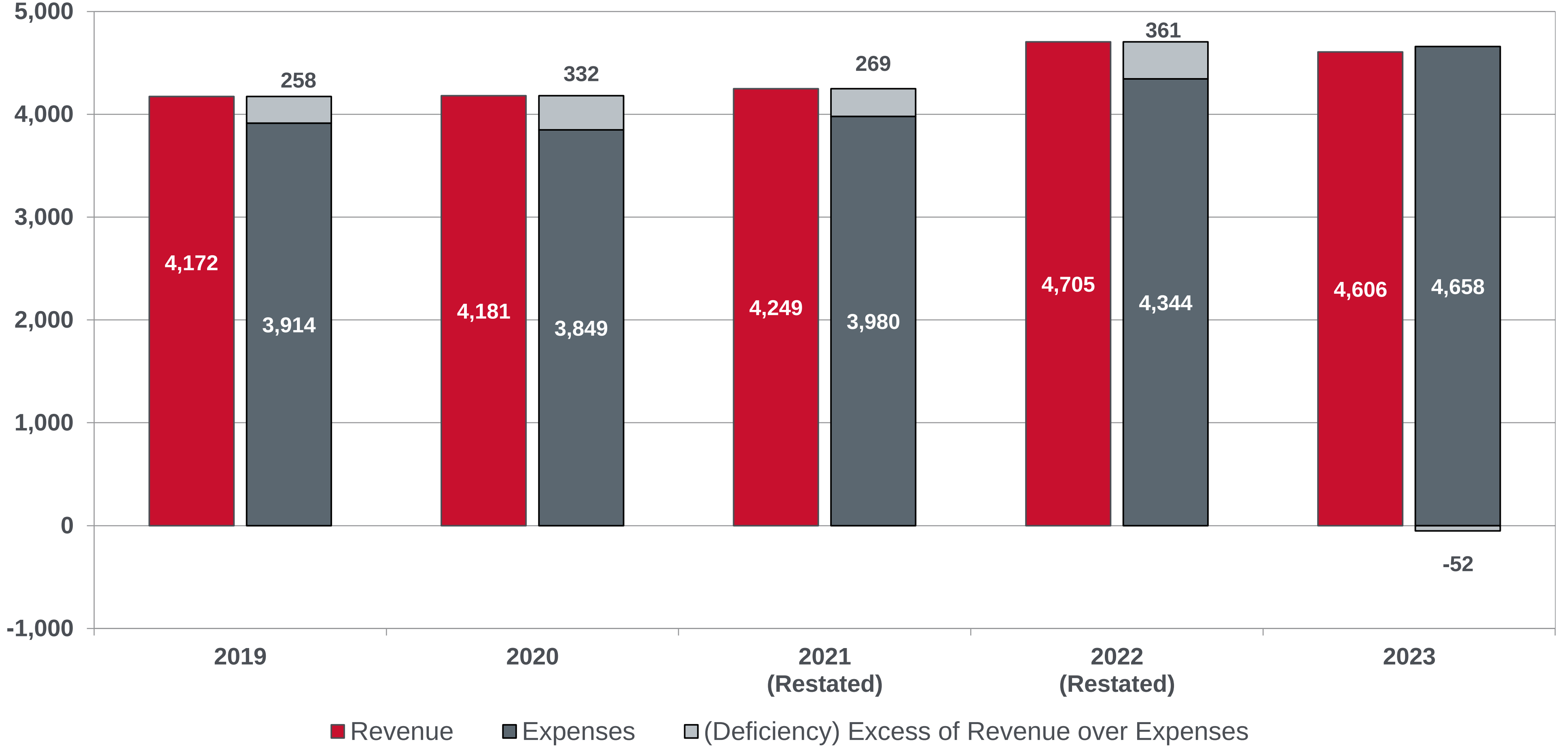
- Strong statement of financial position and liquidity;
- Managing the 2023-2026 Service Plans and Budgets;
- Emphasis on transit, public safety & affordable housing;
- Continued focus on the recovery of Calgary’s Downtown;
- Major investments in the Culture + Entertainment District;
- Preparing our city and infrastructure for a changing climate; and
- Adoption of new accounting standards.

Adoption of New Accounting Standards

- **Asset Retirement Obligations**:
  - Modified Retroactive Adoption
  - Increased disclosure

- **Financial Instruments:**
  - Prospective Adoption
  - New Statement of Remeasurement Gains and Losses

Revenues, Expenses, and Surpluses Before Capital Transfers ($ millions)



Revenues for the Year Ended December 31

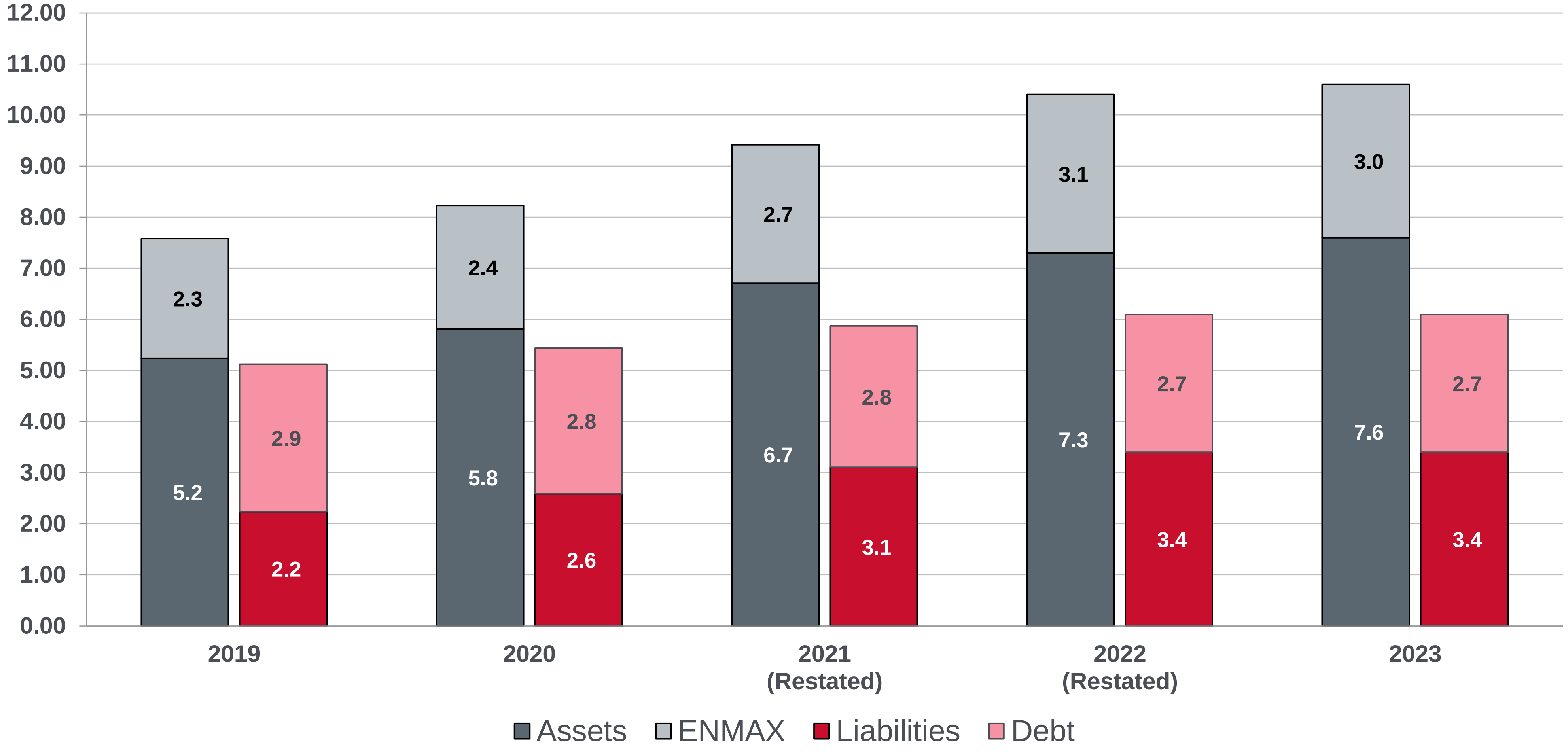
($ millions)

	Actual 2023	Actual 2022 (Restated)	Increase/ (Decrease)	Percent Change
Net taxes available for municipal purposes	2,608	2,406	202	8%
Sales of goods and services	1,360	1,384	(24)	(2%)
Government transfers related to operating	179	228	(49)	(21%)
Investment income	220	142	78	55%
Fines and penalties	78	74	4	5%
Licences, permits and fees	134	119	15	13%
Miscellaneous revenue	43	56	(13)	(23%)
Equity in earnings of ENMAX	(16)	296	(312)	(105%)
Total revenues (before external transfers for infrastructure)	4,606	4,705	(99)	(2%)
Developer contributions	189	242	(53)	(22%)
Government transfers related to capital	462	360	102	28%
Developer contributions-in-kind related to capital	289	241	48	20%
Total external transfers for infrastructure	940	843	97	12%
Total Revenue	5,546	5,548	(2)	(0%)

Expenses for the Year Ended December 31
($ millions)

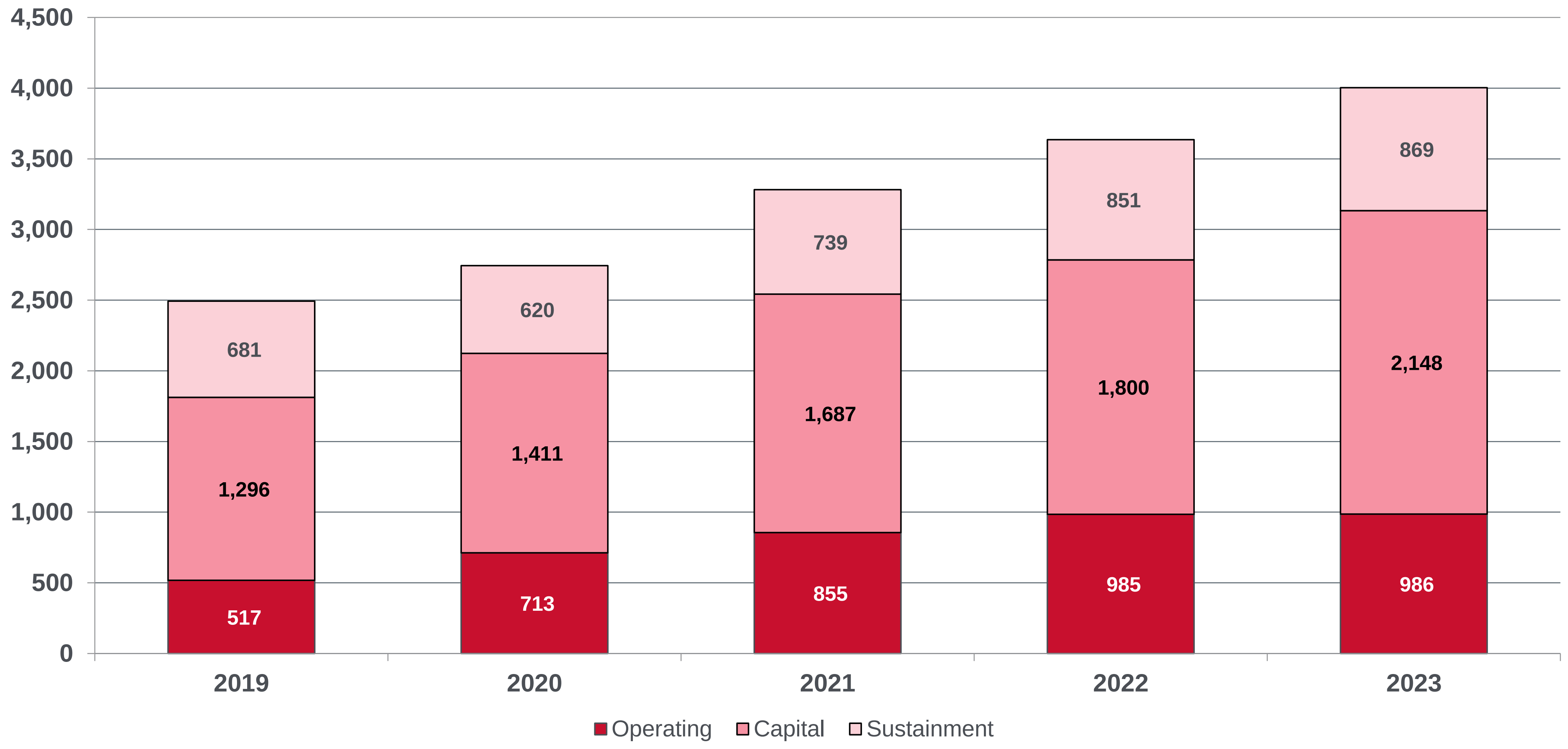
	Actual 2023	Actual 2022 (Restated)	Increase/ (Decrease)	Percent Change
EXPENSES				
Planning and development services	201	169	32	19%
Infrastructure services	378	394	(16)	(4%)
Community services	1,565	1,389	176	13%
Operational services	2,146	2,016	130	6%
General government	368	376	(8)	(2%)
	4,658	4,344	314	7%

Financial Assets and Liabilities
($ billions)



Calgary

Reserves as at December 31
($ millions)



Key Messages

- The Annual Financial Report is part of The City’s commitment to provide effective governance, increased accountability, transparency, and a well-run City.
- Provides a comprehensive view of the consolidated financial statements in accordance with Canadian generally accepted accounting principles for local governments.

Recommendations

That the Audit Committee:

1. Consider this report in conjunction with Report AC2024-0479 “External Auditor’s 2023 Year-End Report”;

2. Recommends Council approval of The City of Calgary 2023 Annual Financial Report, and

3. Forward this report to the 2024 April 30 Regular Meeting of Council.

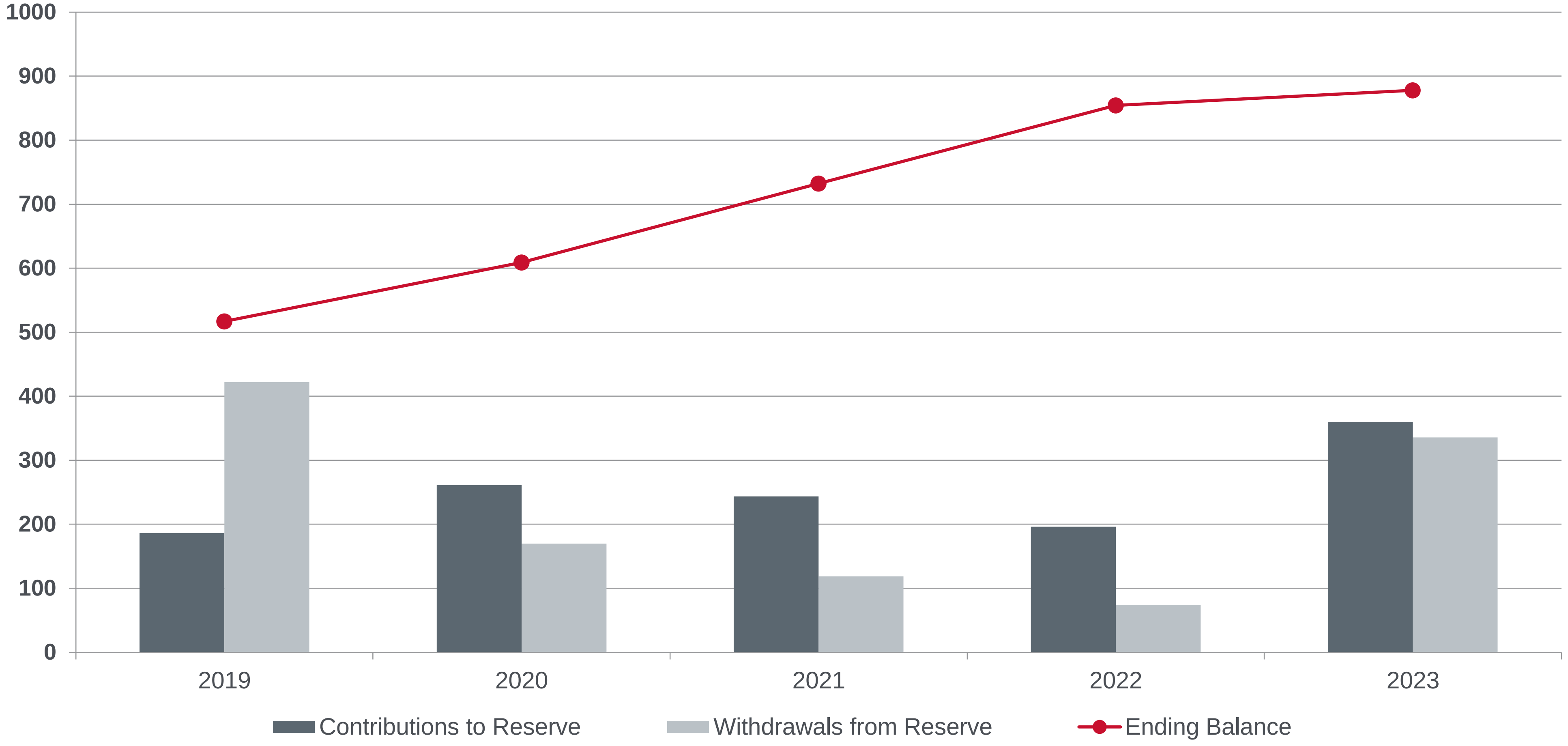
Supplementary Information Follows

Capital Deposits as at December 31

($ Thousands)

	December 31, 2022	Contributions Received	Revenue Recognized	December 31, 2023
Developers contributions	$ 142,305	$ 15,955	$ (14,448)	$ 143,812
Off-site and Centre city levies	374,386	92,557	(43,859)	423,084
Deferred capital contribution - Event Centre	14,159	-	(14,159)	-
Other private contributions	2,656	539	(580)	2,615
Provincial government grants	425,335	213,148	(303,858)	334,625
Federal government grants	227,064	219,576	(162,638)	284,002
	$ 1,185,905	$ 541,775	$ (539,542)	$ 1,188,138

Fiscal Stability Reserve
($ Millions)



Upcoming Accounting Standards

2024 Implementation

PS 3400 – Revenue – Differentiates between transactions that include performance obligations, and transactions that do not include performance obligations

PS 3160 – Public Private Partnerships (P3's) – Public private partnerships are an alternative finance and procurement model available to public sector entities to design, build, acquire or better infrastructure

PSG-8 – Purchased Intangibles – Purchased intangibles are non-monetary economic resources without physical substance acquired through an unrelated party.

PS 1000 – Financial Statement Concepts – Describes the concepts underlying the development and use of accounting principles in government financial statements.

**Audit Resource Management Report to
Audit Committee
2024 April 18**

**ISC: UNRESTRICTED
AC2024-0479**

External Auditor 2023 Year-End Report

PURPOSE

In accordance with the approved External Auditor's 2023 Audit Service Plan, Deloitte LLP has completed their independent audit of the consolidated financial statements of The City of Calgary for the year ended 2023 December 31.

PREVIOUS COUNCIL DIRECTION

The Audit Committee Bylaw 33M2020, states in Schedule B, Section 1(b) that "The Audit Committee in conjunction with Administration's presentation of the annual financial statements, receives and reviews the External Auditor's year end audit results report. This report is to be forwarded to Council for information."

RECOMMENDATION(S):

That the Audit Committee:

1. Conduct a Closed Meeting discussion with the External Auditor and keep that discussion confidential pursuant to Sections 24 (Advice from officials) and 25 (Disclosure harmful to economic interests) of the *Freedom of Information and Protection of Privacy Act;*

2. Receive this Report and Attachments for the Corporate Record and consider them in conjunction with Report AC2024-0438, The City of Calgary 2023 Annual Financial Report;

3. Recommend that Council receives Report AC2024-0479, External Auditor 2023 Year-End Report, and the Attachments, for information and the Corporate Record; and

4. Recommend that Attachment 2 and the Closed Meeting discussions remain confidential pursuant to Sections 24 (Advice from officials) and 25 (Disclosure harmful to economic interests) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2029 April 18.

HIGHLIGHTS

The Audit Committee is responsible to ensure the integrity of The City's annual financial statements and the External Auditor provides independent assurance that the financial statements are free from material misstatement, whether due to fraud or error.

The external audit of The City's financial statements provide Calgarians with assurance that the financial statements present fairly, in all material respects, the financial position of The City as at 2023 December 31 and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Audit Resource Management Report to Audit Committee 2024 April 18 | **ISC: UNRESTRICTED AC2024-0479**

External Auditor 2023 Year-End Report

The external auditor will return to Audit Committee at the 2024 June 13 meeting with their management letter which reflects their observations during the 2023 audit.

Attachments 1 and 2 to this report contain the External Auditor's Report to the Audit Committee on the 2023 Audit.

ATTACHMENTS

1. The City of Calgary, Report to the Audit Committee on the 2023 Audit
2. Confidential – Appendix A of Appendix 6

Department Circulation

Councillor E. Spencer	Chair of Audit Committee	Approve

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The City of Calgary
Report to the Audit Committee on the 2023 audit

April 18, 2024

Deloitte.

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April 9, 2024

The Audit Committee of The City of Calgary (“Audit Committee”)

Report on audited annual financial statements

Dear Audit Committee members:

We are pleased to submit this report on the status of our audit of The City of Calgary (“The City”) for the 2023 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you.

As agreed in our master services agreement (“MSA”) dated July 25, 2018 and any subsequent confirmation letters issued pursuant to the MSA and all as may be updated or amended from time to time, we have performed an audit of the consolidated financial statements of The City as of and for the year ended December 31, 2023 in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”) and expect to issue our audit report thereon dated April 30, 2024.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit Committee at the meeting on July 19, 2023.

This report is intended solely for the information and use of the Audit Committee, Administration and others within The City and is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

Deloitte LLP

Chartered Professional Accountants

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Executive summary

Audit scope and terms of engagement

We have been asked to perform an audit of The City's consolidated financial statements (the "financial statements") in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ended December 31, 2023. Our audit was conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

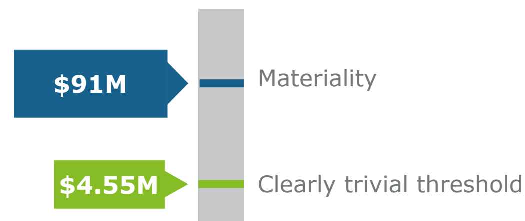
The terms and conditions of our engagement are described in the MSA and any subsequent confirmation of changes letters issued pursuant to the MSA, all as may be updated or amended from time to time. We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.

Significant risks

	Significant risks	Status
1	Administration override of controls	
2	Capital deposits - revenue recognition	
3	Tangible Capital Assets	
4	New Accounting Standards Adoption	

Continued from prior year   New in the year

Materiality



Materiality levels are determined on the basis of consolidated actual operating expenses and other qualitative factors. Our materiality for the year ended December 31, 2023 was $91,000,000 (2022, $67,000,000).

Outstanding Matters & Next Steps

Receipt of signed Administration representation letter and legal department's confirmation letter.

Completion of our subsequent events review and Engagement Quality Control review.

Approval of the financial statements by City Council at the recommendation of the Audit Committee.

Review of final version of the financial statements and financial statement discussion and analysis for changes, if any.

Highlights

Audit procedures applied to The City's adoption of new accounting standards.

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Audit fees

Audit fees	2023[1]	2022[1]
The City of Calgary consolidated financial statement audit	$429,685	$361,080
Municipal Information Return	$5,018	$4,690
Funds Held in Trust audit	$1,953	$1,825
Procedures with respect to The City realignment	-	$690,000
Procedures with respect to adoption of new accounting standards	$150,000	$45,000
Additional audit procedures related to the Event Centre	$17,500	$4,500
Additional audit procedures applied to misstatements, 2022 restatement and various accounting matters	-	$35,000
Total fees	**$604,156**	**$1,142,095**

[1] These fees are subject to a 7% administrative charge and applicable GST.

Going concern

Administration has completed its assessment of the ability of The City to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon The City's ability to continue as a going concern. We agree with Administration's assessment.

Results

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the financial statements of The City for the year ended December 31, 2023 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Audit Committee and City Council.

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Significant audit risks and areas of focus

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

Significant risk dashboard

Legend

Significant level of Administration judgment involved

Minimal/No Administration judgment involved

D+I: Planned testing of the design and implementation of key controls

Administration override of controls

Fraud risk	Control Testing Planned	Level of Administration judgement	Specialist, Expert or Innovation Involvement
Yes	Not applicable	Significant	Excel Analytics was used to perform journal entry testing.

Analysis of risk	Audit response and results
• Under Canadian Auditing Standards, it is the responsibility of Administration, with the oversight of those charged with governance, to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process. • Administration override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.	• We assessed the design and implementation of relevant controls. • We engaged in periodic fraud discussions with certain members of senior Administration and others, including The City Auditor, Chief Administrative Officer, and the Audit Committee. • We considered the potential for bias in judgments and estimates, including performing retrospective analysis of significant accounting estimates. • We evaluated the business rationale for any significant transactions. • We also evaluated The City's fraud risk assessment and considered entity-level internal controls and internal controls over the financial closing and reporting process. • We tested manual consolidation entries as well as entries for the month of December and at year end that exhibited characteristics of possible Administration override of controls. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Capital deposits - revenue recognition

Fraud risk	Control Testing Planned	Level of Administration judgement	Specialist, Expert or Innovation Involvement
Yes	D+I		Not Applicable.

Analysis of risk	Audit response and results
• Capital revenue relating to government funding and private contributions is not recognized in the correct period, as expenditures are incurred.	• We assessed the design and implementation of relevant controls. • We applied audit procedures to revenue recognition of capital deposits relating to both government funding and private contributions. Our testing included, on a sample basis, reviewing amounts included in the current year transactions to ensure only amounts that meet the revenue recognition criteria under PSAS are recognized as revenue. • We obtained capital deposit contracts to ensure that the revenue recorded aligned with the stipulations in the contract. • We applied audit procedures to test the completeness of revenue by reviewing the carry-forward forms for financing deficits as at December 31 to determine if grant funding has been applied in the appropriate period. • We also applied audit procedures to off-site levies, on a sample basis, on the following areas: o Signed agreements in the year o Debt acquired for off-site levy projects o Amounts recognized into revenue in the year o Deferred revenue recognized into revenue in the year • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Tangible Capital Assets

Fraud risk	Control Testing Planned	Level of Administration judgement	Specialist, Expert or Innovation Involvement
Yes	D+I		Not Applicable.

Analysis of risk	Audit response and results
• Completeness, existence and valuation of Tangible Capital Assets ("TCA") work in progress ("WIP") and fund 40 expenditures.	• We assessed the design and implementation of relevant controls. • On a sampling basis, we tested TCA WIP additions to ensure these WIP additions were appropriately capitalized and accounted for as WIP. • On a sampling basis, we also tested TCA WIP transfers to ensure these WIP projects were appropriately transferred out of WIP and into the correct asset class at project completion. • On a sampling basis, we tested fund 40 expenditures to ensure these costs were appropriately expensed or capitalized to TCA. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Adoption of new accounting standards – PS 3280 Asset Retirement Obligations

Fraud risk	Control Testing Planned	Level of Administration judgement	Specialist, Expert or Innovation Involvement
No	D+I	⚠	Deloitte and Administration's ARO Specialists

Analysis of risk	Audit response and results
• PS 3280 – Asset retirement obligations ("PS 3280") is required to be adopted for the year ended December 31, 2023 by The City. The standard establishes how to account for and report a liability for asset retirement obligations. • Completeness of the liability recorded for asset retirement obligations, and the accuracy of the calculations and models used to calculate the liability. • Completeness and accuracy of the disclosures required under PS 3280. • Application of the standard is not consistent with PSAS guidance.	• We assessed the design and implementation of relevant controls. We reviewed the methodology utilized by Administration in the application of PS 3280 and also audited any assumptions utilized by Administration in their approach. • On a sample basis we tested the completeness of the assets which were scoped in for the adoption of this standard. • On a sample basis tested the accuracy of the calculations that make up the asset retirement obligation liability. • We relied on the work of Administration's experts in the assessment of the ARO cost and liability. • We evaluated the financial statement disclosures for completeness and accuracy as required under PS 3280. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Adoption of new accounting standards – PS 3450 Financial Instruments *(including PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and PS 1201 Financial Statement Presentation which are required to adopted together with PS 3450)*

Fraud Risk	Control Testing Planned	Level of Administration judgement	Specialist, Expert or Innovation Involvement
No	D+I	⚠	Not Applicable.

Analysis of risk	Audit response and results
• Financial assets and liabilities impacted by the new standard are not complete or are not valued at the correct amount. • Completeness and accuracy of the disclosures required under PS 3450, PS 3041, PS 2601, and PS 1201. • Application of the standard is not consistent with PSAS guidance.	• We assessed the design and implementation of relevant controls. We reviewed the methodology utilized by Administration in the application of PS 3450 (and related PS 3041, PS 2601, and PS 1201). • We audited any assumptions utilized by Administration in their approach and applied tests on a sample basis on the valuation methods used by Administration. • We reviewed The City's assessment of the fair value of investments, along with Administration's assessment of impairment. • We evaluated the financial statement disclosures for completeness and accuracy as required under PS 3450. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Areas of focus

Related parties (authorities/subsidiaries/civic partners)

Analysis	Audit response and results
• Completeness and disclosure of the accounting for organizations included in the government reporting entity (related authorities or subsidiaries).	• We reviewed The City’s accounting policies and any changes therein related to its related parties. • We verified that the related parties have been accounted for and disclosed in accordance with The City’s accounting policies and PSAS and performed separate audits of significant related parties. • We audited all material balances relating to the related parties. • We applied audit procedures to entities identified by Administration in 2023 as possibly meeting the criteria for consolidation under PSAS guidance, if any. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Litigation accruals and contingencies

Analysis	Audit response and results
• Completeness and accuracy of claims and litigation matters of The City and its related authorities.	• We enquired with The City’s legal department and The City Solicitor to determine the status of outstanding legal matters. • We reviewed legal correspondence from The City Solicitor and external legal counsel (if applicable) and discussed the status of outstanding legal matters with Administration and others, as necessary. • We assessed the appropriateness of any contingent liabilities and financial statement disclosures. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Property tax revenue

Analysis	Audit response and results
• Completeness and accuracy of the accounting for property tax revenue.	• We performed reasonability tests on property tax revenue balances. • We reviewed and tested the property tax revenue business cycle process controls. • We completed data analytical testing on the property tax revenues for the year ending December 31, 2023. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Government grants and transfers

Analysis	Audit response and results
• Accounting and disclosure of government grants and transfers.	• We tested a sample of funding agreements to determine if the contract required financial statement disclosure. • We tested a sample of federal and provincial transfer payments received during the year to fund specific projects. • We reviewed the related funding agreements to ensure funds were used for their intended purpose and that revenue was recognized in the appropriate period, including the deferred revenue. • We reviewed deferred revenue for compliance with the applicable PSAS guidance. • We tested expenditures and ensured that the corresponding revenue had been recognized. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Reserves

Analysis	Audit response and results
• Completeness and accuracy of the recording and presentation of reserves.	• We tested expenditures charged to each reserve and vouched a sample of expenditures to invoices to verify that the transaction was within the terms and conditions approved by City Council. • We also tested a sample of transfers between reserves, if any, to verify that the transfer was approved by City Council. • We reviewed the completeness and accuracy of the financial statement disclosures relating to reserves. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Commitments and contractual obligations

Analysis	Audit response and results
• Disclosure and completeness of commitments and contractual obligations.	• We reviewed the completeness and accuracy of the financial statement disclosures relating to The City’s commitments and contractual obligations. • We ensured that these disclosures were in accordance with PSAS guidance. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Valuation of registered defined benefit pension plans' pension assets and obligation	
Analysis	**Audit response and results**
• The pension assets are based on actual market values as at December 31. • The pension obligation is determined based on various inputs and assumptions (including discount rates, inflation rates, mortality rates, termination rates, retirement rates, salary increases, etc.). • Due to current economic conditions, there is a risk that the valuation of the defined benefit pension plan's pension asset and obligation are inaccurate as they have not been appropriately updated for significant changes in the underlying inputs and assumptions.	• We assessed the reasonability of the projected pension assets. • We reviewed the various inputs and assumptions used in the calculation of the pension obligation and assessed their reasonableness. • We performed testing on a sample of the inputs that were provided to the actuary. • We reviewed and tested the pension asset and obligation business cycle process controls to ensure the controls surrounding the review of the inputs and assumptions were designed and implemented properly. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Post 2022 realignment transition impact	
Analysis	**Planned audit response**
• The realignment activities required a transition of master financial data which occurred on August 1, 2022. Business units were required to transfer the financial master data through a significant number of journal entries and manual processes to affect the realignment as of January 1, 2022. There is a risk that the journal entries posted as part of the transition are not complete or recorded in the accurate account, business unit or dept ID.	• We assessed the design and implementation of relevant controls post realignment transition. • On a sampling basis, we reviewed the Internal Management Report and Statement of Financial Position reconciliations of business units. • We reviewed the master financial data for significant post-2022 realignment journal entries and assessed for further testing. • We assessed budget adjustments based on the realignment entries posted subsequent to 2022 year-end. • On a sampling basis, we tested the 2022 dept IDs to ensure they are mapped correctly in 2023. • We obtained sufficient audit evidence to conclude that there were no material misstatements.

Internal control matters

As part of our financial statement audit, we are required to consider many components of internal controls, which assist us in determining the risks of material misstatement and the identification of internal controls that will be relevant for our audit. Not all controls are relevant to every audit. For example, some internal controls may exist to address operational risks. For those controls deemed relevant to our audit, we evaluated the design of these controls and determined whether they were implemented. The procedures undertaken during this process allow us to consider whether or not our audit strategy will further rely on the operating effectiveness of those identified internal controls. In such cases, we would go beyond evaluating the design of relevant controls and determining whether they have been implemented to also test whether the controls on which we intend to rely are operating effectively throughout the period of reliance. The determination of whether or not we will test the operating effectiveness of controls is determined on an engagement-by-engagement basis.

In our audit of The City's financial statements, we assessed the design and implementation of controls to aid in our risk assessment procedures. Canadian GAAS require us to report to the Audit Committee any significant deficiencies that have come to our attention.

To the extent that we have identified matters to be communicated with those charged with governance, consistent with previous years, we will communicate those in our Administration recommendation letter to be presented by Deloitte at the June 13, 2024 meeting.

Our audit was not designed to provide a high degree of assurance that significant deficiencies, if any, would be detected.

Significant accounting policies, judgements and estimates

The accounting policies described below are those that are most important and representative of The City's financial condition and financial performance.

In the course of our audit of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

In our judgement, the significant accounting practices and policies, selected and applied by Administration are, in all material respects, acceptable under PSAS and are appropriate to the particular circumstances of The City.

Accounting estimates are an integral part of the financial statements prepared by Administration and are based on Administration's current judgements. These judgements are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2023, Administration advised us that there were no significant changes in accounting estimates or in judgements relating to the application of the accounting policies.

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Appendix 1 – Communication requirements and other reportable matters

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit.

Required communication	Refer to this report or document described below
Audit service plan	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Master services agreement dated July 25, 2018 and any subsequent confirmation of changes letters.
2. An overview of the overall audit strategy, addressing: a. Timing of the audit b. Significant risks, including fraud risks c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk	Audit plan communicated on July 19, 2023.
3. Significant transactions outside of the normal course of business, including related party transactions	Related party transactions are disclosed in Note 28 to the financial statements. Refer to Significant audit risks and areas of focus section for further details on significant transactions outside the normal course of business.
4. How those charged with governance exercise oversight over Administration's process for identifying and responding to the risk of fraud and the internal control that Administration has established to mitigate these risks	We believe adequate internal controls exist to sufficiently mitigate the risk of management override of controls. Those charged with governance exercise oversight over Administration's process for identification and response to the risk of fraud by establishing and enforcing a code of conduct, establishing committees to govern various aspects of operations and engaging frequently with key Administration personnel.
5. Any known suspected or alleged fraud affecting The City	We are not aware of any actual or suspected fraudulent events which are material to The City's financial statements. To the extent that we have been informed of immaterial and otherwise not pervasive, suspected or alleged instances of fraud, we have informed the Audit Committee of their existence.

Required communication	Refer to this report or document described below
6. Whether The City is in compliance with laws and regulations	Administration is responsible for ensuring that The City's operations are conducted in accordance with the laws and regulations applicable to The City in the jurisdictions in which it operates. The responsibility for preventing and detecting noncompliance rests with Administration. The auditor is not and cannot be held responsible for preventing noncompliance with laws and regulations. Our limited procedures did not identify any areas of material noncompliance with laws and regulations by The City.
Year end communication	
7. Fraud or possible fraud identified through the audit process	We are not aware of any actual or suspected fraudulent events which are material to The City's financial statements. To the extent that we have been informed of immaterial and otherwise not pervasive, suspected or alleged instances of fraud, we have informed the Audit Committee of their existence.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	Significant accounting policies, judgements and estimates section of this report.
9. Alternative treatments for accounting policies and practices that have been discussed with Administration during the current audit period	Significant accounting policies, judgements and estimates section of this report.
10. Matters related to going concern	Executive summary section of this report.
11. Use of the work of specialists and experts	As planned, Deloitte and external specialists and experts assisted in the audit to the extent we considered necessary: **IT specialists:** (Deloitte) — Assisted in the assessment of the adequacy and effectiveness of internal controls related to information systems. **Actuarial experts:** (External) — AON Solutions Canada Inc. assisted in the assessment of the valuation of The City's pension liability. **ARO Subject Matter Experts** (Deloitte and External) — Subject matter experts assisted in the ARO cost and liability assessment.
12. Consultation with other accountants	Administration has informed us that The City has not consulted with other accountants about auditing or accounting matters.
13. Administration judgments and accounting estimates	Significant accounting policies, judgements and estimates section of this report.
14. Significant difficulties, if any, encountered during the audit	During the course of our audit, we did not encounter any significant difficulties in dealing with Administration related to the performance of the audit.

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Required communication	Refer to this report or document described below
15. Material written communications between Administration and us, including Administration representation letters	Draft Administration representation letter
16. Circumstances that affect the form and the content of the auditor's report	Draft auditor's report
17. Other matters that are significant to the oversight of the financial reporting process	No other matters to report.
18. Modifications to our opinion(s)	Executive summary section of this report.
19. Other significant matters discussed with Administration	Significant audit risks, significant events and areas of focus section of this report.
20. Matters involving noncompliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention	We are not aware of any matters involving noncompliance with laws and regulations or illegal acts.
21. Litigation	No litigation matters to report.
22. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	No deficiencies to report.
23. Uncorrected misstatements and disclosure items	In accordance with Canadian GAAS, we request that all misstatements be corrected. Uncorrected misstatements and uncorrected disclosure misstatements as described in Appendix 6-Administration Representation Letter.
24. Changes to the audit plan	The audit was conducted in accordance with our audit plan, which was communicated to the Audit Committee on July 19, 2023. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.
25. Concerns regarding Administration competence and integrity	We do not have any concerns regarding Administration's competency and integrity.
26. Disagreements with Administration	During the current audit, we did not have any disagreements with Administration.
27. Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post-balance sheet events.
28. Limitations when sending confirmations	Not applicable.
29. Other significant matters arising from the audit	No other significant matters to report.

Appendix 2 – Group audit

The audit of The City is considered to be a group audit and therefore, we are also required to determine the scope of work required for each related authority. We are auditors of all related authorities and issue an audit opinion on the standalone financial statements of each entity, with the exception of Attainable Homes Calgary Corporation, Calgary Economic Development Ltd. and Calgary Arts Development Authority Ltd.

For the three entities not audited by Deloitte LLP, we applied audit procedures based on The City's consolidated materiality.

No restrictions have been placed on the scope of our audits of the related authorities. In performing the audits, we were given full and complete access to the accounting records, supporting documentation and other information requested.

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Appendix 3 – Audit Committee terms of reference

As the external auditors of The City, we have the privilege of assisting in the fulfillment of your responsibility to follow the Terms of Reference for The City of Calgary's Audit Committee contained in the Audit Committee Bylaw 33M2020. The following table outlines our involvement in the fulfillment of specific terms of reference and any reports that we have issued that assist in this process.

Bylaw 33M2020	**Description**	**Related Deloitte Involvement**
5(f)	Pre-approve all audit and non-audit services performed by the External Auditor and further provide that: (A) the Chair can pre-approve additional audit or non-audit services performed by the External Auditor, up to $50,000 total annually and must report those approvals to the Audit Committee; and (B) on an annual basis, total fees for non-audit services performed by the External Auditor shall not exceed the total audit fees approved for The City of Calgary consolidated audit, including all subsidiary and related entity audits.	All audit and non-audit services are presented to the Audit Committee for pre-approval prior to the commencement of such work. Fee information included in the 2023 Audit Service Plan presented by Deloitte on July 19, 2023. The Independence letter included as Appendix 5 of the Year-end Report, to be presented by Deloitte to the Audit Committee at the April 18, 2024 meeting, summarizes the fees of all services performed.
Schedule A, 2(a)	Reviews and oversees the integrity of the Annual Financial Statements and recommends their approval to Council.	Report of the Independent Auditor on the consolidated financial statements and the Year-end Report to be presented by Deloitte to the Audit Committee at the April 18, 2024 meeting.
Schedule A, 2(b)	Reviews and discusses the City's compliance with financial reporting procedures with Administration and the External Auditor.	Report of the Independent Auditor on the consolidated financial statements and the Year-end Report to be presented by Deloitte to the Audit Committee at the April 18, 2024 meeting. Letter of recommendations(if applicable) to be presented by Deloitte at the June 13, 2024 meeting.
Schedule A, 2(c)	Engages Administration and the External Auditor in candid discussions regarding issues that may alter judgment or affect the quality of the reporting process and search for insight into the results.	Participation and attendance by Deloitte at Audit Committee meetings throughout the year.
Schedule A, 2(d)	In consultation with the Chief Financial Officer and External Auditor, review and discuss significant new accounting standards and financial reporting developments to understand any material impact on financial results. A detailed analysis, prepared by Administration, on the implications of any changes, as well as the progress made in the adoption of new accounting standards, may be requested.	Appendix 7 of 2023 Audit Service Plan presented by Deloitte on July 19, 2023. Update on adoption of new accounting standards presented throughout the year.

Bylaw 33M2020	Description	Related Deloitte Involvement
Schedule A, 2(e)	Maintains open lines of communication with the External Auditor and Administration.	Participation and attendance by Deloitte at Audit Committee meetings throughout the year.
Schedule B, 1(c)	Requires the External Auditor to express an opinion on The City's financial statements, in accordance with professional standards.	Communicated in the Year-end Report to be presented by Deloitte to the Audit Committee at the April 18, 2024 meeting.
Schedule B, 1(a)	Prior to the commencement of the annual external financial audit, reviews the audit plan and estimated audit fees with the External Auditor and discusses the timing and extent of audit procedures, materiality, significant audit risks and areas of audit focus and overall audit strategy. This report is to be forwarded to Council for information.	2023 Audit service plan presented by Deloitte on July 19, 2023.
Schedule B, 1(b)	In conjunction with Administration's presentation of the annual financial statements, receives and reviews the External Auditor's annual audit report. This report is to be forwarded to Council for information.	Report of the Independent Auditor on the consolidated financial statements and the Year-end Report to be presented by Deloitte to the Audit Committee at the April 18, 2024 meeting.
Schedule B, 1(d)	Receives and reviews the External Auditor's Management Letter(s), and reviews Administration responses, and forwards, either in full or in summary, to Council for information. Through query, confirm that any recommendations made by the External Auditor are addressed by Administration in a timely manner.	Administration recommendation letter to be presented by Deloitte at the June 13, 2024 meeting.
Schedule B, 1(e)	Must meet with the External Auditor, in the absence of Administration, at least quarterly.	Closed meetings held with Deloitte at Audit Committee meetings throughout 2023 and 2024.
Schedule B, 1(h)	Receives and reviews the External Auditor's annual independence letter. Through query, confirm the process by which the External Auditor maintains their independence and objectivity.	Communicated in the Year-end Report to be presented by Deloitte to the Audit Committee at the April 18, 2024 meeting.

Appendix 4 – Draft version of our auditor's report

We intend to issue an unmodified audit report on the financial statements of The City for the year ended December 31, 2023 as outlined below once the outstanding items referred to in the executive summary are completed satisfactorily and the financial statements are approved by the Audit Committee and City Council.

Independent Auditor's Report

To Mayor Jyoti Gondek and Members of City Council
The City of Calgary

Opinion

We have audited the consolidated financial statements of The City of Calgary ("The City") which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, cash flows and changes in net financial assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The City as at December 31, 2023 and the results of its operations, remeasurement gains and losses, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

City Administration is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Financial Statement Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Statement Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of City Administration and Those Charged with Governance for the Consolidated Financial Statements

City Administration is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS and for such internal control as City Administration determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, City Administration is responsible for assessing The City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless City Administration either intends to liquidate The City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The City's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of The City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by City Administration.
- Conclude on the appropriateness of City Administration's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The City's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The City to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within The City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
April 30, 2024

Appendix 5 – Draft independence and fees

April 30, 2024

The Audit Committee and City Council
The City of Calgary

Dear Audit Committee and City Council members:

We have been engaged to audit the consolidated financial statements of The City of Calgary ("The City") for the year ended December 31, 2023.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between The City, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

(a) Holding a financial interest, either directly or indirectly, in a client.

(b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.

(c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.

(d) Economic dependence on a client.

(e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 25, 2023, the date of our last letter.

We are not aware of any relationships between the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates (collectively, the "Deloitte Entities") and The City and its affiliates, or persons in financial reporting oversight roles at The City and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from April 26, 2023 to April 30, 2024.

As summarized in the attached exhibit, the total fees for The City during the period covered by the consolidated financial statements were as follows:

Audit services	$2,561,247 (2022, $2,912,831)
Other audit services	$36,399 (2022, $21,015)
Non-recurring, non-audit services	$242,246 (2022, $74,393)

We hereby confirm that we are independent with respect to The City in accordance with the Rules of Professional Conduct of the applicable Chartered Professional Accountants of Alberta as of April 30, 2024.

This letter is intended solely for the information and use of the Audit Committee, City Council, Administration and others within The City and is not intended to be and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants

Total fees charged to The City of Calgary
For the years ended December 31, 2023 and 2022

	2023[1]	2022[1]
	$	$
AUDIT SERVICES		
The City of Calgary		
The City of Calgary	478,488[2]	428,621[3]
City of Calgary 2022 Realignment Audit Procedures	-	738,300
Procedures with respect to new accounting standards	160,500	48,150
Calhome Properties Ltd.	138,030	112,424
Calgary Police Service	64,328	55,116
Calgary Convention Centre Authority	54,249	48,878
Calgary Municipal Land Corporation	93,999	85,624
Calgary Public Library	59,332	44,202
Municipal Employees Benefits Association of Calgary	32,721	30,581
Family & Community Support Services	23,700	22,149
Elected Officials Pension Plan	8,795	8,218
Supplementary Pension Plan	16,414	15,344
Funds Held in Trust	2,090	1,953
	1,132,646	1,639,560
ENMAX Corporation		
ENMAX Corporation audit	540,606	462,550
ENMAX Corporation quarterly reviews	133,755	119,145
ENMAX Corporation Pension Plan audit	21,400	21,400
Audit of the divisional carve out financial statements of ENMAX Transmission and Distribution	152,220	144,450
Versant Power Statutory audit	340,850[4]	307,106[4]
Versant Power – Component auditor fees	105,441[4]	94,996[4]
Versant Power Pension Plan audit	134,329[4]	123,624[4]
	1,428,601	1,273,271
Total Audit Services	2,561,247	2,912,831

	2023[1] $	2022[1] $
OTHER AUDIT SERVICES		
The City of Calgary		
City of Calgary Municipal Information Return	5,369	5,018
Calhome Properties Ltd. special government reports	19,795	15,997
Calgary Convention Centre Local Authorities Pension Plan audit	11,235	-
Total Other Audit Services	36,399	21,015
NON-RECURRING, NON-AUDIT SERVICES[5]		
Advisory Services - City of Calgary Composting Facility	26,063	74,393
Advisory Services - City of Calgary Wastewater Treatment Plant Upgrade Project	24,687	-
Advsiory Services – City of Calgary(Calgary Transit) Zero Emissions Bus Program	164,746	-
Calgary Municipal Land Corporation Arts Commons Transformation Process Advisory Review	26,750	-
Total Non-recurring, Non–Audit Services	242,246	74,393
Total Fees for All Services	$2,839,892	$3,008,239

1 Includes 7% administration fee; excludes GST, except where stated otherwise.
2 Fee includes $429,685 for the base audit, plus
$17,500 fo additional audit procedures related to the Event Centre agreements
3 Fee includes $361,080 for the base audit, plus the following:
$4,500 for the additional audit procedures related to the Event Centre Work In Progress costs
$35,000 for the audit procedures applied to misstatements, 2021 restatement and various accounting matters
4 Excludes 7% administration fee and GST.
5 These fees are for one-time, non-recurring services provided during the year under audit. Fees may be incurred over multiple years depending on timing of engagements.

Appendix 6 – Draft administration representation letter

[The City of Calgary letterhead]

April 30, 2024

Deloitte LLP
700, 850 – 2 Street SW
Calgary AB T2P 0R8

Dear Sirs:

Subject: Consolidated financial statements of The City of Calgary for the year ended December 31, 2023

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the consolidated financial statements of The City of Calgary ("The City" or "we" or "us") for the year ended December 31, 2023, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, cash flows and changes in net financial assets of The City in accordance with Public Sector Accounting Standards ("PSAS").

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the master services agreement between The City and Deloitte dated July 25, 2018 and the confirmation of changes letter dated July 19, 2023 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of The City as at December 31, 2023 and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with PSAS.

2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

   In preparing the Financial Statements in accordance with PSAS, Administration makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The City has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

   The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect Administration's intent and ability to carry out specific courses of action on behalf of The City. No events have occurred subsequent to December 31, 2023 that require adjustment to the estimates and disclosures included in the Financial Statements.

   There are no changes in management's method of determining significant estimates in the current year.

   The City has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Administration has determined that such disclosure is not necessary because the transactions have not occurred at a value different from that which would have been arrived at if the parties were unrelated and do not or could not have a material effect on the financial statements. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.

3. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected and City Council approval is obtained. The Financial Statements have been internally reviewed and approved in accordance with our year end close process to finalize financial statements.

4. We have completed our review of events after December 31, 2023 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.

5. The Financial Statements are free of material errors and omissions.

   We believe that the effects of any uncorrected Financial Statement misstatements pertaining to the current and comparative prior period presented, are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole. A list of the uncorrected misstatements aggregated by you is attached in Appendix A.

Internal Controls

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

7. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

8. We have provided you with:
    a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters;
    b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. Except as listed in Appendix A, all transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
10. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
11. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
    a. Administration;
    b. Employees who have significant roles in internal control; or
    c. Others where the fraud could have a material effect on the Financial Statements.
12. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting The City.
13. We have disclosed to you all communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices and all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
14. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.
15. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

Independence matters

For the purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

16. Prior to The City having any substantive employment conversations with a former or current Deloitte engagement team member, The City has held discussions with Deloitte and obtained approval from the Audit Committee.

17. We have ensured that all non-audit services provided to The City have been pre-approved by the Audit Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to The City in accordance with applicable laws, regulations and rules that apply to The City, including the Audit Committee approval requirements.
18. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

Other matters

19. The City has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
20. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
21. We have disclosed to you, and The City has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.
22. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.
23. We have provided you with final versions of the following other information:

    a. Financial Statement Discussion and Analysis

    We believe the financial statements and the other information are consistent with one another, and that the other information does not contain any material misstatements.

Selection of accounting policies and recording of transactions

24. The accounting policies selected and the application of those policies are appropriate.
25. The City's accounting policies and their method of application have been applied on a basis consistent with that of the audited Financial Statements as of and for the year ended December 31, 2022.

Administration's responsibilities

26. All transactions and events have been carried out in accordance with law, regulation or other authority.

Employee future obligations

27. We agree with the work of our experts in evaluating the Employee Benefit Obligation and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to our experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

28. Employee future benefit costs, assets and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances. Actuarial gains and the related expenses are amortized in a systematic and rational manner over the expected average remaining service life of the related employee group.
29. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
30. We have correctly accounted for the multi-employer defined benefit plans (Local Authorities Pension Plan and Special Forces Pension Plan) in which The City is a participating member. As information is not available to determine the City's share of the plans' obligations and assets of these defined benefit plans, they are appropriately reported utilizing the defined contribution method of accounting.

Plans or intentions affecting carrying value/classification of assets and liabilities

31. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.
32. We have performed assessments on our known contaminated sites, including those described in Paragraph 34. Based on our Section PS 3260, *Liability for Contaminated Sites* ("PS 3260") evaluation, we have identified two sites as contaminated sites. We have recorded a liability because the contamination of the site exceeds the environmental standard. The City is responsible or has accepted responsibility for the remediation and we believe it is expected that remediation will be required. We believe that the estimate of the liability is reasonable and is our best estimate of the amount required to remediate the sites.
33. We have identified several other sites that exceed the environmental standard for which The City is not responsible for remediation or it is unclear if the remediation is the responsibility of The City. One of the sites relates to the known contamination of the West Village site. We do not accept responsibility for the remediation of these sites (or, it is unclear who has responsibility for the remediation of these sites) and as such we have not recorded a liability with respect to remediation.

    Furthermore, The City of Calgary has signed a release agreement effective November 15, 1997 (the "Effective Date") between Her Majesty the Queen in Right of the Province of Alberta and The City of Calgary, which indicates the following in paragraph 2.01 of this agreement:

    "*The Province acknowledges and agrees that the Contamination existing as of the Effective Date was not caused or contributed to by the City. The Province agrees that from and after the Effective Date it shall not initiate any Recovery Action against the City, its Council, officers, agents, employees, contractors, persons in lawful use and occupation of the Lands, or those for whom they are in law responsible for, save and except with respect to any act or omission whether inadvertent, willful, or negligent by the City, its Council, officers, agents, employees, contractors, persons in lawful use and occupation of the Lands or those for whom they are in law responsible for, which in the opinion of the Province has an adverse effect on the Contamination. Subject to any such act or omission whether inadvertent, willful or negligent, the Province releases and forever discharges the City from all Recovery Actions.*".

34. Administration's risk assessment process for the identification of potential contaminated sites identified a number of higher potential risk sites. In respect to PS 3260, of these sites, 142 higher risk sites have been identified. The City confirms that the liability recorded in the Financial Statements is adequate and not materially misstated.
35. Administration's policy for the treatment and application of the liability of contaminated sites was finalized as at December 31, 2016, and there were no changes to the policy for the year ended December 31, 2023.

Environmental liabilities/contingencies

36. We have considered the effect of environmental matters on The City and have disclosed to you all liabilities, provisions or contingencies arising from environmental matters. All liabilities, provisions, contingencies and commitments arising from environmental matters, and the effect of environmental matters on the carrying values of the relevant assets are recognized, measured and disclosed, as appropriate, in the Financial Statements.

Work of Administration's experts

37. We agree with the work of Administration's experts in evaluating the environmental liability, liability for contaminated sites, and asset retirement costs and liability and have adequately considered the competence and capabilities of the experts in determining amounts and disclosures used in the Financial Statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to Administration's experts with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the experts.

Revenue from exchange transactions

38. We have fully disclosed to you all sales terms, including all rights of return or price adjustments.
39. All documentation related to sales transactions is contained in files which are used for accounting purposes. We also confirm that:
    a. We have disclosed to you any "side agreements" with any companies that are inconsistent with the applicable sales agreement, the customer's purchase order, sales invoice or any other documentation contained in the files which are used for accounting purposes. For the purposes of this letter, a "side agreement" is any agreement, understanding, promise or commitment whether written (e.g., in the form of a letter or formal agreement or in the form of any exchange of physical or electronic communications) or oral by or on behalf of The City (or any subsidiary, director, employee or agent of The City) with a customer from whom revenue has been recognized that is not contained in the written purchase order from the customer or sales order confirmation and sales invoice of The City delivered to or generated by The City Corporate Finance or Supply Departments. The definition of a side agreement is not limited by any particular subject matter. For purposes of example only, any agreement not contained in the written purchase order from the customer or sales order and sales invoice of The City that relates to return rights, acceptance rights, future pricing, payment terms, free consulting, free maintenance or exchange rights would be a side agreement; and
    b. We have disclosed to you any commitments or concessions to a customer regarding pricing or payment terms outside of the terms documented in the files which are used for accounting purposes.

Tax revenues

40. We have appropriately recorded tax assets and revenues when they meet the definition of an asset in accordance with Section PS 1000, *Financial Statement Concepts* ("PS 1000"), when they are authorized and when the taxable event occurs. These amounts have been appropriately measured in accordance with Section PS 3510, *Tax Revenue*, and have not been grossed up for any amount of tax concessions.

Various matters

41. We have reviewed and approved the year-end adjusting entries, including all related supporting schedules and the financial statements, and acknowledge our responsibility for their accuracy. While discharging our responsibility we may have requested your assistance or input in certain areas such as:
    a. Recording of transactions for which we have determined or approved the appropriate account classification; and
    b. Preparing financial statements.

    We acknowledge our responsibility for the above listed items and confirm that we have authorized, reviewed and approved all of the above items.
42. We have not entered into transactions with members of Council, senior officials, members of their immediate families or enterprises in which such parties have significant interest, which would require disclosure in the Financial Statements.
43. We have disclosed to you all communications from regulatory agencies concerning noncompliance with or potential deficiencies in, financial reporting requirements.
44. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
    a. Losses arising from sale and purchase commitments;
    b. Agreements to buy back assets previously sold;
    c. Provisions for future removal and site restoration costs;
    d. Financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
    e. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;
    f. All impaired loans receivable; and
    g. Loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

Investments

45. The City does not hold any investments in Master Asset Vehicle notes (which replaced third party non-bank asset-backed commercial paper).
46. All investments have been appropriately classified as either temporary investments or portfolio investments.

47. The City has used the appropriate valuation allowances to reflect the temporary investments at their net recoverable amount or other appropriate value.
48. The City believes that it has properly identified all derivative financial instruments and hedging relationships, if any.
49. Investments made during the year and held at the balance sheet date have been made in accordance and compliance with the Municipal Government Act.
50. All City of Calgary government organizations have been appropriately classified as government component, government business organizations, government business-type enterprises, government not-for-profit organizations and other government organizations and have been appropriately recorded based on this classification.
51. Administration has performed an assessment of other organizations (Civic Partners and City Partners) with which The City has fiscal relationships and has determined that these organizations are not required to be consolidated with The City.
52. With regard to The City's investment in ENMAX Corporation, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would affect the investment's value as reported in the financial statements.
53. With regard to the fair value measurements and disclosures of certain assets and liabilities, such as investments, we believe that:
    a. The completeness and adequacy of the disclosures related to fair value are in accordance with PSAS;
    b. No events have occurred subsequent to December 31, 2023 that require adjustment to the fair value measurements and disclosures included in the Financial Statements; and
    c. They appropriately reflect Administration's intent and ability to carry out specific courses of action on behalf of The City when relevant to the use of fair value measurements or disclosures.

Deficiencies in internal control

54. We have communicated to you all deficiencies in internal control of which we are aware. We have disclosed to you any change in The City's internal control over financial reporting that occurred during the current year that has materially affected, or is reasonably likely to materially affect, The City's internal control over financial reporting.

Communicating a threshold amount

55. We understand that the threshold used for accumulating misstatements identified during the year was $4,550,000 for purposes of Appendix A. Misstatements below this amount have been considered clearly trivial.

Segment Disclosures

56. With regard to segment disclosures, we believe the activities grouped as segments, as disclosed, are appropriate to meet the objectives of Section PS 2700, *Segment Disclosures*.
57. In identifying segments, we have considered the definition of a segment and other factors, including:
    a. The objectives of disclosing financial information by segment;
    b. The expectations of members of the community and their elected or appointed representatives regarding the key activities and accountabilities of the government;
    c. The qualitative characteristics of financial reporting as set out in PS 1000 and Section PS 1700, *General Objectives of Financial Statements; Local Governments*;
    d. The homogenous nature of the activities, service delivery or recipients of the services;
    e. Whether the activities relate to the achievement of common outcomes or services as reflected in government performance reports and plans;
    f. Whether discrete financial information is reported or available; and
    g. The nature of the relationship between the government and The City (within the reporting entity).

Government transfers

58. We have disclosed to you all correspondence relating to government transfers that The City has had with the funding body.
59. We have assessed the eligibility criteria and determined that The City is an eligible recipient for the government transfers received.
60. We have assessed the stipulations attached with the funding and have recognized the revenue in accordance with meeting the stipulations required.
61. All government transfers that have been recorded as capital deposits give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements.
62. All authorized transfers that have been expensed have been transferred to recipients whom have met the eligibility criteria.

Tangible Capital Assets (“TCA”)

63. TCA have been recorded properly and consistently according to the standards in Section PS 3150, *Tangible Capital Assets.*
64. Contributed TCA have been appropriately recorded at fair value, unless fair value is not reasonably determinable, and in such case, have been recorded at an appropriate nominal value. All contributed TCA have been appropriately disclosed.
65. We have assessed the useful lives of TCA and have determined all TCA contribute to The City’s ability to provide goods and services and therefore do not require a write-down. If applicable, we have identified that there are various TCA which no longer contribute to The City’s ability to provide goods and services or have future economic benefits that are below the net book value of the tangible capital asset, and have therefore written down this asset to its residual amount and expensed the charge in the statement of operations.

TCA work in progress costs

66. We have assessed TCA Work in Progress(“WIP”) costs in accordance with internal policy and PSAS section 3150 to determine if any costs are required to be written off. If applicable, WIP costs have been written off if they do not continue to meet the requirements of capitalization.

Notes, loans and receivables

67. The City is responsible for determining the appropriate carrying amount of loans and accounts receivable, as well as estimates used to determine such amounts. Administration believes that the carrying amounts recorded and disclosed are appropriate.
68. We have identified to you all forgivable loans and have appropriately reflected these amounts including any required allowances in the financial statements. These loans are secured by The City’s encumbrance on the title of the related property.

Accumulated Surplus

69. Reserves and surplus accounts are correctly recorded and all transactions comply with the purposes approved according to relevant legislation and City Council authorizations.
70. In accordance with established policy, for all self-supported business units, any levies received in the year are recorded as revenue in the Statement of Operations and are transferred to the Utility Sustainment Reserve at the end of the year. These funds are utilized from the reserve in the future years to pay for debt servicing costs specific to the levy projects.

Revenues and deferred revenues

71. Revenues and deferred revenues are recorded accurately. Specifically:
    a. Revenues are not overstated and deferred revenues are not understated. These inaccuracies result if financial statements record externally restricted transfers/contributions as revenue before the transferor’s/contributor’s stipulations are met; and
    b. Revenues are not understated and deferred revenues are not overstated. These inaccuracies result if financial statements record externally restricted transfers/contributions as deferred revenue, not as revenue, after the transferor’s/contributor’s stipulations are met.

Related entities

72. The City has completed a review of all related entities and confirms that all entities that should be consolidated into The City’s Financial Statements for the year ended December 31, 2023 have been included.

Capital deposits

73. All capital deposits give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements. Specifically, in certain circumstances, The City may receive funds from developers which are not necessarily allocated for a specific project but can be utilized by The City on broader basis for development, but if not spent, are refundable to the developer. Those funds are properly recorded as capital deposits until such time as they are spent or refunded.

74. The funding sources for all current year expenditures have been analyzed to ensure that they have been accurately applied depending on the restrictions of the specific sources. All financing surpluses/deficits and funding shortfalls have been investigated to ensure they are allowable or have been appropriately replenished with available funding sources and financing has been applied.

Subsequent events - related authorities

75. We have completed our review of events after December 31, 2023 and up to the date of this letter in relation to Attainable Homes Calgary Corporation, Calgary Economic Development(Calgary Film Centre) and Calgary Arts and Development Authority (cSPACE Projects). All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.

Assets

76. The City has recognized all assets, which do not fall within the scope of other standards, only when the requirements in Section PS 3210, *Assets* ("PS 3210") have been met. For those assets which do not meet the recognition criteria in PS 3210, the City has appropriately disclosed details of such unrecognized assets in accordance with PS 3210 in Note 25 of the Financial Statements.

Contingent assets

77. The City has identified all contingent assets in accordance with Section PS 3320, *Contingent Assets* and, when the occurrence of the confirming future event is considered likely, appropriately disclosed these items in the financial statements.

Contractual rights

78. The City has identified and disclosed all contractual rights that will result in both an asset and revenue in the future, once the terms of the contract or agreement are met, in accordance with Section PS 3380, *Contractual Rights*.

Inter-entity transactions

79. The City has recognized all transactions involving the transfer of assets or liabilities between public sector entities in accordance with Section PS 3420, *Inter-entity transactions* ("PS 3420").
80. The City has recorded all inter-entity transactions properly at exchange or carrying amount in accordance with the criteria in PS 3420.14-.22.
81. The City has disclosed all inter-entity transactions in the notes to the Financial Statements whether or not such transactions are recognized in the financial statements, in accordance with PS 2200.
82. The City has not recognized any amount in the financial statements in respect of shared services received for which no costs are allocated by the provider.

Restructuring Transactions

83. The City has identified all potential restructuring transactions, as defined in Section PS 3430, *Restructuring transactions* (“PS 3430”). The City has determined that PS 3430 has no impact on the financial statements based on Administration’s assessment.

Adoption of new or amended accounting standards

84. The City has adopted CPA Canada Public Sector Accounting Handbook Sections PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 1201 Financial Statement Presentation and PS 3280 Asset Retirement Obligations, as of January 1, 2023 as discussed in Note 1(b)(r) and1(b) (x). As a result, the City has assessed the impact of the adoption of each of these standards invidually and appropriately recorded the required adjustments and disclosures as described in Notes 2a and 2b of the Financial Statements.

Fair value

85. With regard to the fair value measurements and disclosures of certain assets and liabilities, such as portfolio investments, derivatives and foreign currency transactions we believe that:
    a. The completeness and adequacy of the disclosures related to fair values are in accordance with Public Sector Accounting Standards (“PSAS”).
    b. No events have occurred subsequent to December 31, 2023 that require adjustment to the fair value measurements and disclosures included in the Financial Statements.
    c. They appropriately reflect Administration's intent and ability to carry out specific courses of action on behalf of the City when relevant to the use of fair value measurements or disclosures.

Financial instruments - general including derivatives

86. The City has properly classified all financial instruments in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3450, *Financial Instruments* (“Section PS 3450”). Specifically, all financial instruments are classified as fair value, cost or amortized cost. In addition, there have been no reclassifications of instruments into or out of the fair value classification after the adoption of Section PS 3450 or, after the instrument was first recognized subsequent to the adoption of Section PS 3450, unless explicitly permitted by Section PS 3450.

87. The City has properly identified all financial contracts that meet the definition of a derivative in Section PS 3450. The City has also properly identified all embedded derivatives included in other non-derivative contracts and determined whether these embedded derivatives need to be separately accounted for as described in Section PS 3450.

    The fair values of all derivatives have been determined based on quoted prices in an active market or by using financial models that we believe are the most appropriate models for valuing such instruments and that incorporate market data and other assumptions that we have determined to be reasonable and appropriate at December 31, 2023.

88. For all derivatives and any other financial instruments measured at fair value at December 31, 2023, fair value has been estimated using quoted market prices if the instrument trades in an active market, as set out in Section PS 3450.

Where the instrument is not traded in an active market, the City has used valuation techniques that it believes are most appropriate for valuing such instruments. We believe our valuation techniques make maximum use of observable inputs.

The City has identified and disclosed in the notes to the Financial Statements all significant assumptions used in determining fair value and have included the appropriate disclosures relating to the fair value level of all financial instruments carried at fair value.

89. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
    a. the other than temporary impairment of financial assets;
    b. provisions for loans receivable.
90. Changes in fair value of financial instruments in the fair value category have been properly recorded in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized.
91. The City has offset a financial asset and a financial liability with the net amount being reported in the statement of financial position. The City is able to offset these instruments as it has met the following criteria in accordance with Section PS 3450:
    a. currently has a legally enforceable right to set off the recognized amounts; and
    b. intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.
92. The City has identified and disclosed all details of any defaults of principal, interest sinking fund or redemption terms related to loans payable, including the carrying amount of such loans and whether the default was remedied or renegotiated before the date the financial statements were completed.

Asset retirement obligations

93. The City has made the accounting policy choice to apply CPA Canada Public Sector Accounting Handbook Section PS 3280, *Asset Retirement Obligations* using modified retroactive application in accordance with paragraphs PS 3280.69-71. We have applied Section PS 3280 to events and transactions from the date of origin of such items using current assumptions and discount rates. The cumulative adjustment has been reflected in the opening balance of the accumulated surplus/deficit as at December 31, 2023 and comparative periods have been restated.

94. We have identified and disclosed to you all liabilities that the City has a legal obligation to incur retirement costs in relation to a tangible capital asset.
95. With respect to the City's tangible capital assets, we have recognized and recorded the best estimate of the amount required to retire a tangible capital asset (or component thereof) at the financial statement date based on the information available at that date.
96. We have reviewed our estimates of the carrying amount of a liability for an asset retirement obligation at the Financial Statement date and have reflected any changes in these estimates to the timing and amount of the original estimate of undiscounted cash flows or the discount rate, as part of the cost of the related tangible capital asset or due to the passage of time as an accretion expense.
97. We have disclosed any uncertainties affecting the measurement of a liability for an asset retirement obligation in accordance with Section PS 2130, *Measurement Uncertainty*.

Yours truly,

The City of Calgary

David Duckworth, Chief Administrative Officer

Carla Male, General Manager Corporate Planning & Services, Chief Financial Officer

Les Tochor, City Treasurer/Deputy Chief Financial Officer

Aaron Brown, Deputy Director, Corporate Finance

Todd Rathie, Finance Manager, Corporate Financial Reporting

Appendix A

Summary of uncorrected financial statement misstatements

The City of Calgary
Year ended December 31, 2023

Summary of uncorrected misstatements as identified by Administration

Uncorrected misstatements impacting December 31, 2023

(000's)	Assets DR (CR)	Liabilities DR (CR)	Accumulated Surplus DR (CR)	Income DR (CR)
Prior year misstatements corrected in 2023: 2022 and prior years' TCA balance corrections	-	-	12,146	(12,146)
Calgary Housing (Calhome) consolidation adjustment at City level	-	-	(7,743)	7,743
Calgary Municipal Land Corporation (CMLC) WIP land consolidation adjustment at City level	-	-	12,477	(12,477)
Prior year misstatement carry forward impact on 2023 Unrecorded accounts payable and accrued liabilities	-	-	7,908	(7,908)
Total Factual	**-**	**-**	**24,788**	**(24,788)**

Uncorrected misstatements impacting December 31, 2022

(000's)	Assets DR (CR)	Liabilities DR (CR)	Accumulated Surplus DR (CR)	Income DR (CR)
Prior year misstatements corrected in 2023:				
2022 and prior years' TCA balance corrections	(12,146)	-	(3,313)	15,459
Calgary Housing (Calhome) consolidation adjustment at City level	-	7,743	(7,365)	(378)
Calgary Municipal Land Corporation (CMLC) WIP land consolidation adjustment at City level	(12,477)	-	12,477	-
2022 uncorrected misstatements:				
Unrecorded accounts payable and accrued liabilities	-	(7,908)	-	7,908
Total Factual	(24,623)	(165)	1,799	22,989

Part of Appendix A presented in closed meeting.

Appendix B
Summary of disclosure items passed

The City of Calgary
Year ended December 31, 2023

None identified.

Appendix 7 – Related authorities

For the purposes of The City's consolidated audit, we have completed our audit procedures on the following related authorities or other significant assurance engagements. Below is a summary of the status of each engagement.

Entity	**Reporting Entity Relationship**	**Entity Audit Committee Meeting Date**
Calgary Municipal Land Corporation*	Calgary Municipal Land Corporation Audit Committee	April 17, 2024**
Calgary Convention Centre Authority*	Calgary Convention Centre Authority Audit and Finance Committee	May 8, 2024**
Calgary Police Service (Business unit of The City. An audit opinion on the carve out of the financial statements is issued.)	Calgary Police Commission and Finance and Audit Committee	May 15, 2024**
Calhome Properties Ltd.*	Calhome Properties Ltd. Audit and Risk Management Committee	March 7, 2024
Calgary Public Library*	Calgary Public Library Audit and Finance Committee	March 13, 2024
ENMAX Corporation*	ENMAX Audit Committee	February 28, 2024
Elected Officials Pension Plan	Pension Governance Committee	June 17, 2024
Supplementary Pension Plan	Pension Governance Committee	June 17, 2024
Municipal Employees Benefits Association of Calgary	Municipal Employees Benefits Association of Calgary - Finance and Investment Committee	May 15, 2024
Attainable Homes Calgary Corporation Calgary Calgary Economic Development Ltd. Calgary Arts Development Authority	The overall financial results for each of these entities are not significant in relation to The City's consolidated financial statements and therefore, only specified procedures on material account balances were applied for the 2023 audit	Not applicable

*Audit opinion issued on the standalone financial statements. Entity is consolidated with The City.

**2023 audit opinion not yet issued on these entities. Audit fieldwork has been completed prior to issuance of The City's consolidated financial statements.

Related Authority	Materiality	Areas of audit risk and audit results for 2023
Calgary Municipal Land Corporation	Materiality levels were determined on the basis of total assets. Final materiality for the year ended December 31, 2023 was $16,700,000(2022, $13,900,000).	Significant audit risks: • Management override of controls • Adoption of PS3280 Asset Retirement Obligations Audit fieldwork has been completed. Based on audit work performed, we expect to issue an unmodified opinion dated April 19, 2024.
Calgary Convention Centre Authority	Materiality levels were determined on the basis of total expenses. Final materiality for the year ended December 31, 2023 was $1,200,000 (2022, $920,000).	Significant audit risks: • Management override of controls • Adoption of PS3280 Asset Retirement Obligations Audit fieldwork has been completed. Based on audit work performed, we expect to issue an unmodified opinion dated May 22, 2024.
Calgary Police Service	Materiality levels were determined on the basis of total operating expenses. Final materiality for the year ended December 31, 2023 was $8,000,000 (2022, $8,000,000).	Significant audit risks: • Revenue recognition • Management override of controls • Adoption of PS3280 Asset Retirement Obligations Audit fieldwork has been completed. Based on audit work performed, we expect to issue an unmodified opinion dated May 29, 2024.
Calhome Properties Ltd.	Materiality levels were determined on the basis of total actual operating expenditures. Final materiality for the year ended December 31, 2023 was $4,390,000 (2022, $3,800,000).	Significant audit risks: • Revenue recognition • Management override of controls • Adoption of PS3280 Asset Retirement Obligations Audit fieldwork has been completed and the financial statements have been approved by the Board of Directors. We issued an unmodified opinion dated March 15, 2024.
Calgary Public Library	Materiality levels were determined on the basis of total expenses. Final materiality for the year ended December 31, 2023 was $2,900,000 (2022, $2,800,000).	Significant audit risks: • Management override of controls • Adoption of PS3280 Asset Retirement Obligations Audit fieldwork has been completed and the financial statements have been approved by the Board of Directors. We issued an unmodified opinion dated March 20, 2024.
ENMAX Corporation	Materiality levels were determined on the basis of consolidated earnings before interest and financing fees, income tax, depreciation and amortization. Final materiality for the year ended December 31, 2023 was $34,000,000(2022, $38,000,000).	Significant audit risks: • Revenue recognition – accruals related to power and natural gas sales • Management override of controls Audit fieldwork has been completed and the financial statements have been approved by the Board of Directors. We issued an unmodified opinion dated February 28, 2024.

City Auditor's Report to
Audit Committee
2024 April 18

ISC: UNRESTRICTED
AC2024-0511

2023 Whistle-blower Program Internal Benchmark Report

PURPOSE

The purpose of this report is to communicate outcomes of an internal benchmarking analysis of 2023 reporting and activity data to support the on-going effective and efficient delivery of the Whistle-blower Program (WBP).

PREVIOUS COUNCIL DIRECTION

The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

Council Policy CP2022-06, Whistle-blower Policy, states that the City Auditor "will report, at least on an annual basis, information related to reports received and investigations conducted during the year to Council through the Audit Committee". The City Auditor's Office is presenting this inaugural internal benchmark report to support the on-going effective and efficient delivery of the Whistle-blower Program through data analysis.

RECOMMENDATIONS:

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

HIGHLIGHTS

- What does it mean to Calgarians? This internal benchmark report consists of data collected from all reports submitted to the WBP in the calendar year 2023 and measured against historical WBP data, providing an overview of trending activity for the past five years. The report highlights several metrics monitored for the purpose of tracking and identifying key trends and information – each metric outlines the data collected, why it is collected, the calculation methodology utilized, key observations and opportunities derived from the data, and how the metric supports the objectives of the City Auditor's Office.

- Why does it matter? The monitoring of the data in this report is important in gaining a broader perspective on performance, identifying outlier data needing attention, and identifying areas for improving the reporting experience.

RISK

Whistle-blower programs in organizations are critical components of effective corporate governance. They reflect an ongoing effort to support open, ethical, accountable, and transparent local government.

ATTACHMENTS

1. 2023 Whistle-blower Program Internal Benchmark Report - AC2024-0511 ATT

City Auditor's Report to
Audit Committee
2024 April 18

ISC: UNRESTRICTED
AC2024-0511

2023 Whistle-blower Program Internal Benchmark Report

DEPARTMENT CIRCULATION

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve

Author: Al Bleau, Manager, Whistle-blower Program, City Auditor's Office

2023 Whistle-blower Program Internal Benchmark Report

Calgary

City Auditor's Office

Contents

1.0 Introduction

The Whistle-blower Program ("WBP") was established by Council in 2007 to augment existing City policies and to establish additional mechanisms for the reporting and investigation of suspected acts of wrongdoing in the operation of an open, ethical, accountable, and transparent local government.

Independent from Administration and by direction of the City Auditor, the Manager, Whistle-blower Program ensures that effective procedures are in place supporting the receipt, assessment, investigation, and reporting of outcomes for all allegations of suspected wrongdoing reported by City employees or Calgarians. Through the City Auditor, WBP activity is reported to Council via Audit Committee.

It is widely accepted that an efficient, trusted, and independent reporting mechanism by which suspected wrongdoing can be reported in a workplace environment supportive of confidentiality and the use of anonymity is the hallmark of a well-designed reporting program. While there are no "right" outcomes in benchmarking reporting data, continual collection and analysis of available information and activity is valuable in ensuring that answers to key questions can be provided including:

- Whether the target audiences are aware of how to access the WBP and submit reports.
- Whether employees are empowered to report suspected acts of wrongdoing and are supported and protected against reprisal.
- Whether reports submitted indicate a sufficient level of understanding regarding what should be reported to the WBP.
- How the use of anonymity impacts the ability to successfully process allegations.
- Whether current investigative practices support timely investigation and completion of work.

Active monitoring of this data is important in responding to these and other critical questions, gaining a broader perspective on performance, identifying outlier data needing attention, and measuring these metrics to other Canadian municipalities. However, despite many Canadian municipalities operating employee reporting programs, there is a notable absence of collective and publicly available Canadian municipal government-specific aggregate data against which the WBP can be directly measured. This benchmark report therefore focuses on internal activity, performance, and practice so that the WBP can self-assess against its own norms.

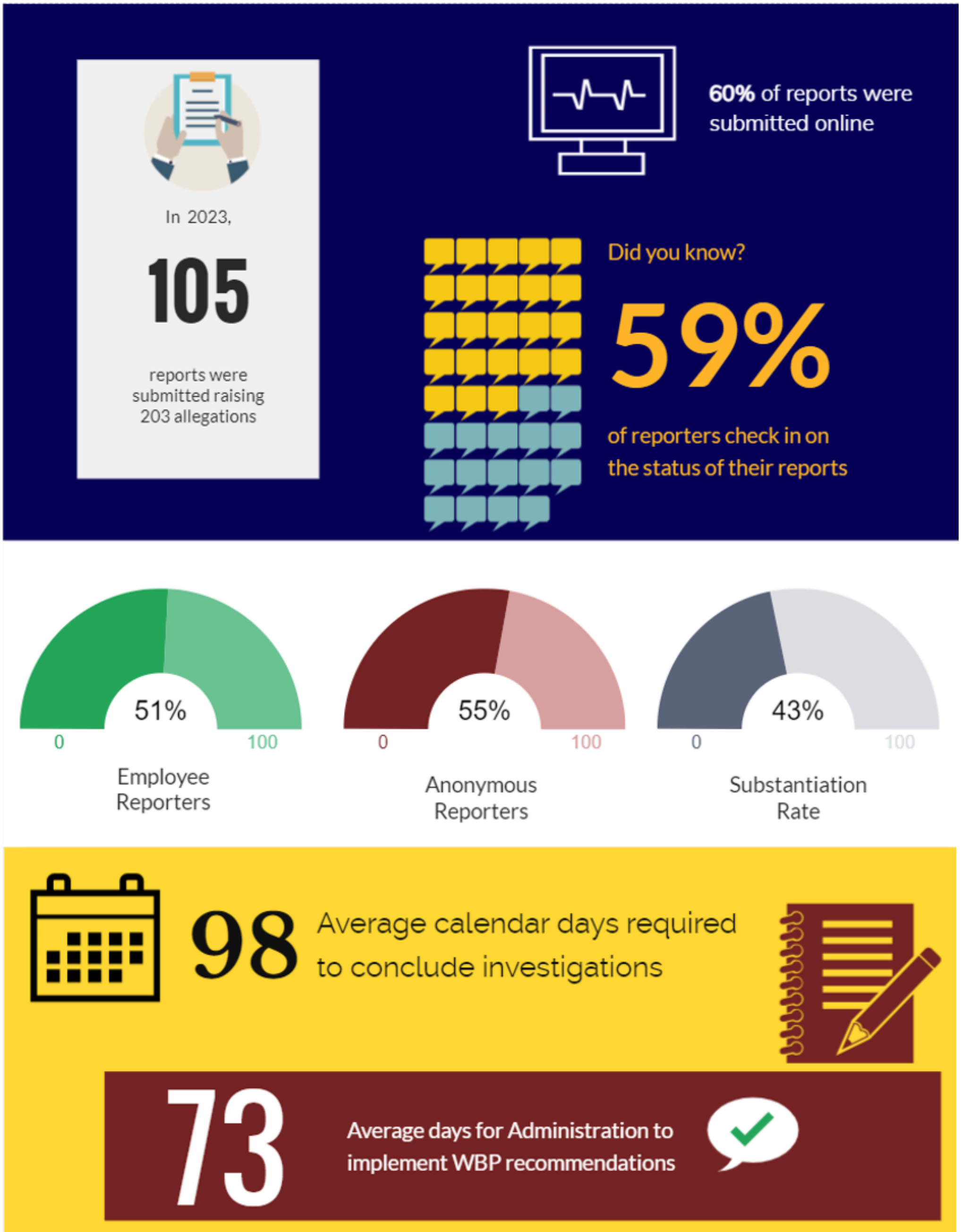
This internal benchmark report consists of data collected from all reports submitted to the WBP in the calendar year 2023 and measured against historical WBP data, providing an overview of activity for the past five years. The report highlights several metrics monitored for the purpose of tracking and identifying key trends and information – each metric outlines the data collected, why it is collected, the calculation methodology utilized, key observations and opportunities derived from the data, and how the metric supports the City Auditor's four underpinning values of:

Responsiveness **Reliability**
Risk Reduction **Resilience**

The data provided in this internal benchmark report is sourced from reports submitted only to the WBP and aligns to the four primary sections of the WBP process decision tree. It does not include any reporting of data for reports submitted through reporting channels available within Administration.

2.0 Executive Summary

Utilization of the Whistle-blower Program remained strong in 2023 when compared to recent years. Strong activity numbers are indicative of well-informed individuals who are aware of activities and behaviours appropriate for the workplace and how to raise concerns when things don't seem right. What the 2023 data tells us:



3.0 Key Metrics

3.1 Program Awareness

Having a public-facing webpage allows the Whistle-blower Program to inform on and support the reporting experience, from how best to submit a report of suspected wrongdoing to supporting the process from submission through to conclusion. Reporting programs are most effective when those who utilize them believe that their concern has been taken seriously. Summarizing outcomes and recommendations on our webpage supports transparency and builds trust in the WBP.

Monitoring web traffic is important in gauging interest in the WBP, and to inform what information is important to visitors. This in turn provides an opportunity to maximize the visibility and effectiveness of key messages.

The WBP is supported by Administration through training and regular communications to employees regarding Code of Conduct expectations and how to report wrongdoing through all available reporting channels available within Administration – employees are informed of the availability of the WBP for instances where reporting to a supervisor or HR Business Partner is either impractical or uncomfortable.

What we monitor

Web traffic to www.calgary.ca/whistle for the calendar year.

How we calculate it

Number of webpage visits grouped by calendar year.

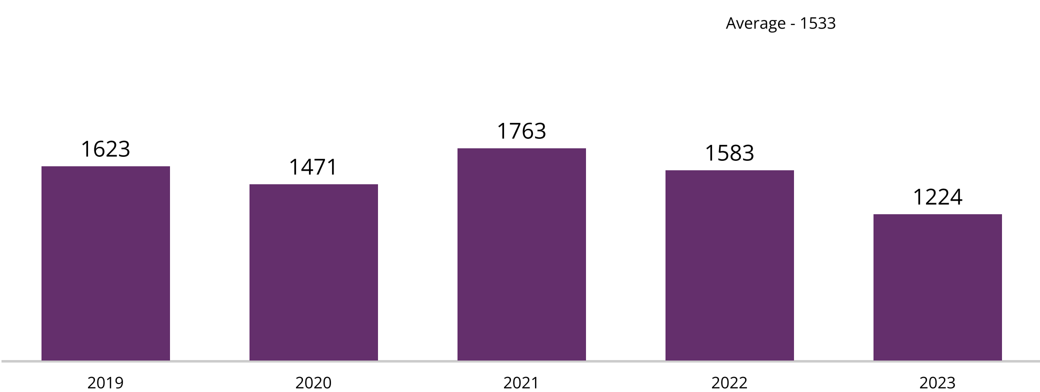
Why we track it

To inform on program awareness and access.

What the data informs

- Web traffic in 2023 was below the 5-year average of 1,533 visits.
- The most visited page outlines "what to report". This can indicate an interest to be informed on reporting eligibility, or possibly to seek understanding as to why a report submitted did not meet requirements for investigation.

Chart 1: WBP web page visits



3.2 Reports Submitted

The Whistle-blower Program applies recognized best practices in providing multiple reporting methods. According to the Association of Certified Fraud Examiner's (ACFE) 2024 Report to the Nation, 43% of frauds are detected by whistle-blower reports.

Tracking all unique reports and allegations submitted enables the analysis of reporting preferences and trends in what is being reported, by reporter type (e.g., employee or non-employee), and what area of the organization the activity has allegedly occurred. When viewed in conjunction with the type of concern raised, opportunities are presented to identify potential hotspots or hot issues that may supporting the need for further examination.

Each report submitted may contain multiple allegations, each of which must be individually assessed and collectively considered in determining appropriate risk and action.

What we monitor

The number of reports submitted, and the number of allegations raised in each report submitted.

How we calculate it

Sums of reports submitted, and allegations raised.

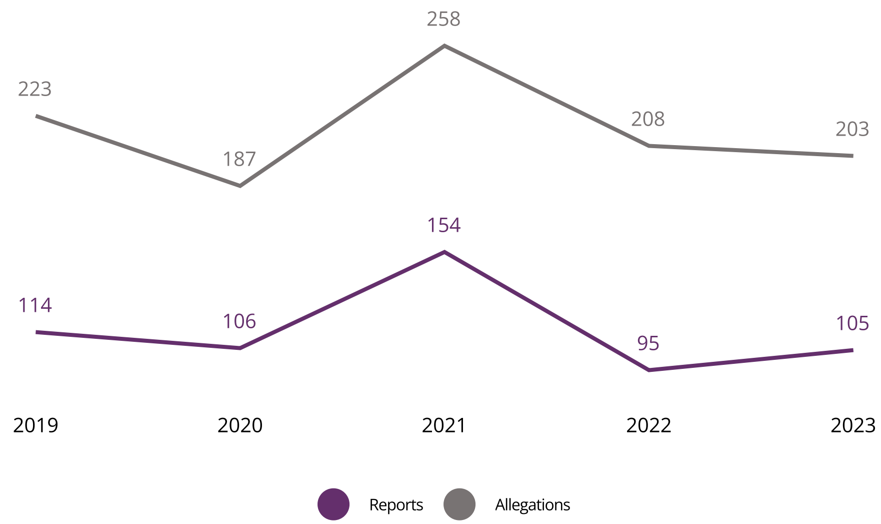
Why we track it

To compare year over year reporting trends. When viewed in conjunction with case closure rates (§5.5), monitoring report volume and complexity aid in understanding how case closure rates relate to investigator workloads and resourcing needs.

What the data informs

- Reporting volume in 2023 remained consistent.
- Each report submitted raises 1.8 allegations, on average.
- Volume variance in 2021 is attributed to increased reporting of COVID-19 related concerns.

Chart 2: Reports and Allegations



3.3 Reporter Type

Identifying reporters as either employees or non-employees informs on the availability and awareness of the WBP to both employees and Calgarians. Despite many reports being submitted anonymously, reporter type can usually be determined based on issues raised and details provided. When reports are submitted online, reporters are asked to self-identify as either an employee or non-employee.

When viewed in conjunction with the type of issues reported, the WBP can analyze and identify common reporting themes. As one of several internal reporting channels made available to employees, it is expected that use of the WBP by employees may be greater than use by non-employees, and what is reported by each reporter type is expected to differ. However, in 2023, the type of matters most commonly reported by both employees and non-employees related to respectful workplace and conflict of interest.

What we monitor

Reporters categorized as either employees or non-employees.

Why we track it

Identifying reporter type informs program availability and awareness both internally and externally. Associating reporter type to report subject matter informs on how issues may be best addressed by Administration.

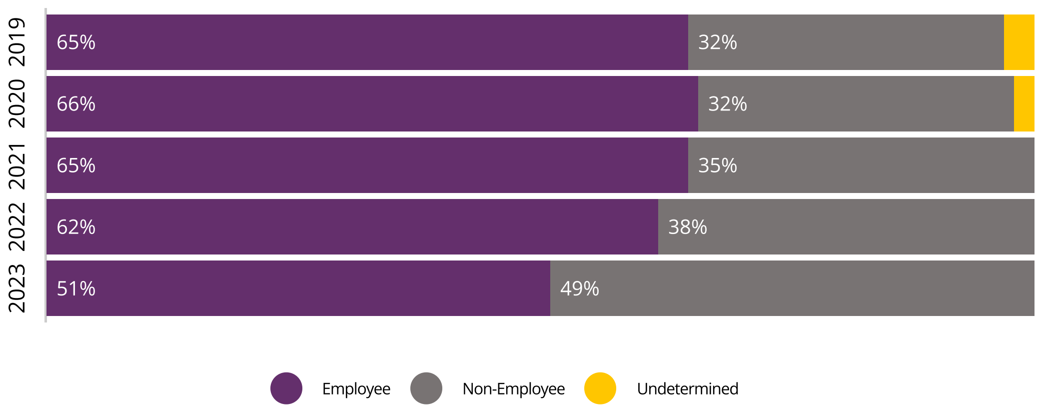
How we calculate it

Divide the number of reports for each reporter type by the total number of reports submitted.

What the data informs

- Non-employee reporting in 2023 was above average.
- The difference in reporting volume between employees and non-employees narrowed in 2023 from a consistent 2:1 ratio to 1:1.
- Employee reporting ratio aligns with ACFE data which indicates that more than half of whistle-blower reports come from employees.

Chart 3: Employee & Non-Employee Reporting Ratio



3.4 Reporting Method

The Whistle-blower Program accepts reports in any manner chosen by the reporter -we receive reports in person, by telephone, facsimile, email, post, and online. With time and technological advancement, reporting methods have changed since the WBP was implemented in 2007 - for example, we no longer receive reports by facsimile, and users have embraced the easy to access online reporting tool accessible from any device.

With approximately two-thirds of all reports submitted through the online reporting tool, we can effectively communicate key program and reporting messages to this resource. By contracting an online reporting tool through an external service provider, we can provide true anonymity to users fearing reprisal - any digital footprints inherent with any online activity stop at the vendor's servers and are not shared with the WBP. In addition, the online reporting tool facilitates ongoing dialogue between reporters and investigators, with reporters remaining anonymous if they choose. Monitoring use of what has become the primary reporting tool is important to regularly assess its value proposition to the WBP.

What we monitor

Reporting method utilized in the submission of reports

How we calculate it

Divide the number of reports for each reporting method (online / other) by the total number of reports submitted.

Why we track it

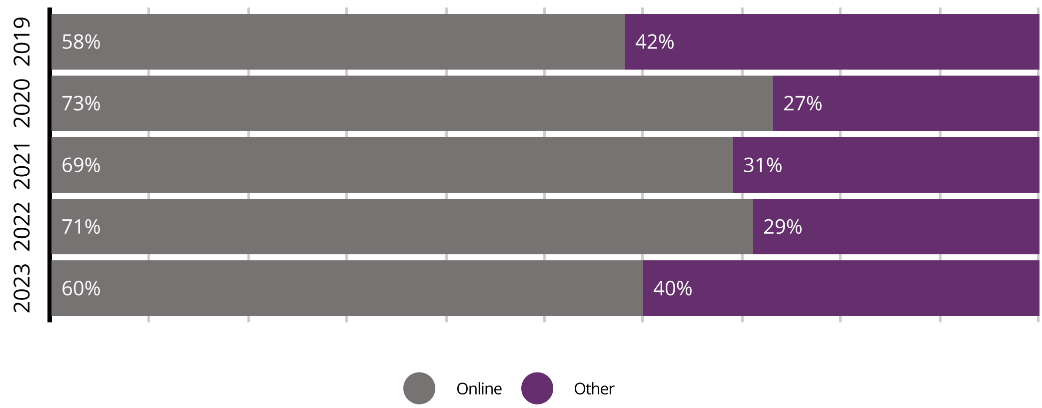
Tracking reporting methods supports ongoing assessment of program awareness and accessibility.

Identifying the most and least used reporting methods informs on where best to direct key messaging and to assess the value of outsourcing services.

What the data informs

- Online reporting remained strong in 2023 and remains preferable to reporters, affirming its value to the WBP.
- Online reporting ratio aligns with ACFE data which indicates that online reporting is most commonly utilized (40%) over other methods.
- Reporting by email and telephone remain popular alternatives while reporting by facsimile has all but ceased.

Chart 4: Method of Reporting



3.5 Reports by Category

Receiving reports varying in type is considered an indicator of program as it represents awareness of a spectrum of circumstances where wrongdoing may occur. Tracking reports by category and classification can reveal program gaps and successes. For example, receiving below typical volumes in a category may support a need for more training and awareness, while alternatively, reporting volumes significantly above what is typical may be indicative of a risk area requiring attention.

The Whistle-blower Program has traditionally organized its data by five reporting categories. Within each category is a grouping of reports further classified by a more precise issue. Classifying allegations allows for a more focused assessment and identification of an associated City policy and related fraud risk and can be used in conjunction with multiple categories.

Categories and classifications utilized are provided in the legend to Chart 5 below.

What we monitor

The nature of the issues reported.

How we calculate it

Reports by category divided by total number of reports submitted.

Why we track it

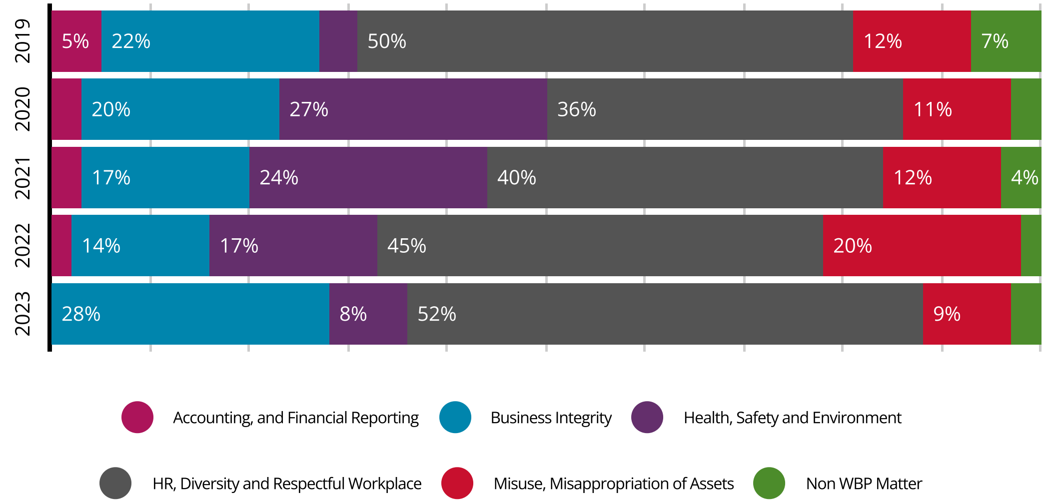
Identifying reporting volume by category allows for at-a-glance view of the types of issues reported across the organization.

Categorizing reports informs 'hot spots' issues potentially requiring attention when data is isolated to department or business unit levels.

What the data informs

- Year-over-year, reporting volume is dominated by matters categorized as HR, Diversity, and Respectful Workplace.
- Matters in the category Accounting, and Financial Reporting consistently represent the least reports submitted.
- Reports in the Health, Safety and Environment category escalated during the COVID-19 pandemic and have returned to typical volumes.

Chart 5: Reports by Category



Accounting, and Financial Reporting
- accounts payable (F)
- budgeting/spending (F)
- internal controls (F)
- financial reporting procedures (F)
- employee expenses (F)
- inappropriate use of Corporate Credit Cards (F)
- inappropriate use of loyalty reward programs (F)
- capital project management (F)
- misappropriation or misuse of City funds (F)

Business Integrity
- procurement procedures (F)
- vendor management (F)
- conflict of interest (F) *
- ethical conduct (F)
-privacy (FOIP) *
- social media use *
- licensing & permits (F)
- bylaws & enforcement

Health, Safety and Environment
- safety (OHS, public, general) *
- environment *
- workplace smoking & vaping
- substance use *
- general security
- workplace violence *

HR, Diversity and Respectful Workplace
- respectful workplace *
- abuse of benefits (F)
- preferential treatment
- recruiting and employment (F)
- labour relations
- leadership / management style
- general HR
- reprisal

Misuse, Misappropriation of Assets
- theft of time (F)
- theft of City assets or supplies (F)
- inefficient use or misuse of City resources (F)
- use of technology *
- vandalism
- personal use of City vehicles (F)
- misuse of public programs

Non WBP Matter
- applied to reports not satisfying reporting eligibility

(F) denotes issues where fraud risks exist
*** denotes Code of Conduct policies**

3.6 Anonymous Reporting

Incorporating anonymous reporting into a workplace reporting program is widely accepted as a best practice in encouraging people to come forward, speak up, and reveal important information without revealing their identity. Anonymity can contribute to lowering the inhibition threshold for whistleblowers and support the breaking down of barriers in reporting.

Depending on the method of reporting used, anonymity may not preclude the WBP from communicating with Reporters. Some reporters who initially report anonymously subsequently reveal their identity once trust is established with investigators.

As will be demonstrated in the following pages, the use of anonymity in reporting may not necessarily delay or impede taking appropriate action in handling concerns raised, nor does it raise the risk of malicious or abusive reports.

What we monitor

Reports submitted using anonymity.

How we calculate it

Anonymous reports are divided by the total number of reports submitted.

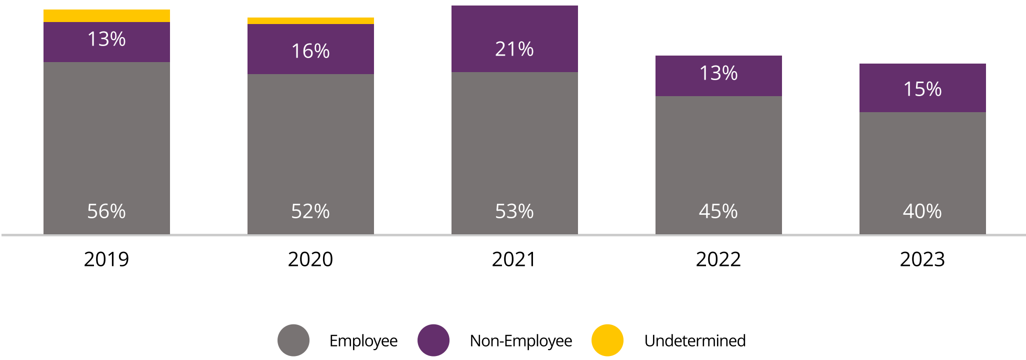
Why we track it

To identify trends in reporting and assess how anonymity is utilized, its impact to the effectiveness of the WBP process, and to monitor communicated fears of reprisal.

What the data informs

- Anonymous reporting consistently exceeds reports submitted without the use of anonymity.
- Use of anonymity by employees exceeds use by non-employees.
- Use of anonymity by all reporter types is trending down.

Chart 6: Anonymous Reports



3.7 Anonymity by Category

Tracking the type of issues raised by anonymous reporters informs on assumptions:

- an uncertainty or apprehension in reporting.
- what a reporter may consider as most sensitive or personal.
- issues reporters want to shed light upon, but to which they do not want to be further involved with.
- matters of which they may fear reprisal due to reporting.

It is not surprising to find association between the use of anonymity and the reporting of issues associated to the HR, Diversity, and Respectful Workplace category. Such issues are typically inter-personal related, and reporting a colleague or supervisor for violating policy can be difficult, stressful, and can have a resulting effect to an otherwise healthy relationship. It is notable that anonymous reporting volumes in this category during the COVID-19 pandemic decreased and escalated in direct alignment with remote working and a return to the workplace.

Also related to the COVID-19 pandemic was the increase in anonymous reporting volume within the Health, Safety, and Environment category which, with the end of the pandemic, returned to normal volumes. Many of these allegations related to either colleagues not adhering to health and safety protocols or reports by individuals not in agreement with the protocols.

Due to some reports being determined as non-WBP matters, they are not categorized and therefore figures below may not total 100%.

What we monitor

Anonymous reporting by category.

How we calculate it

Total number of anonymous allegations divided by total number of allegations, for each category.

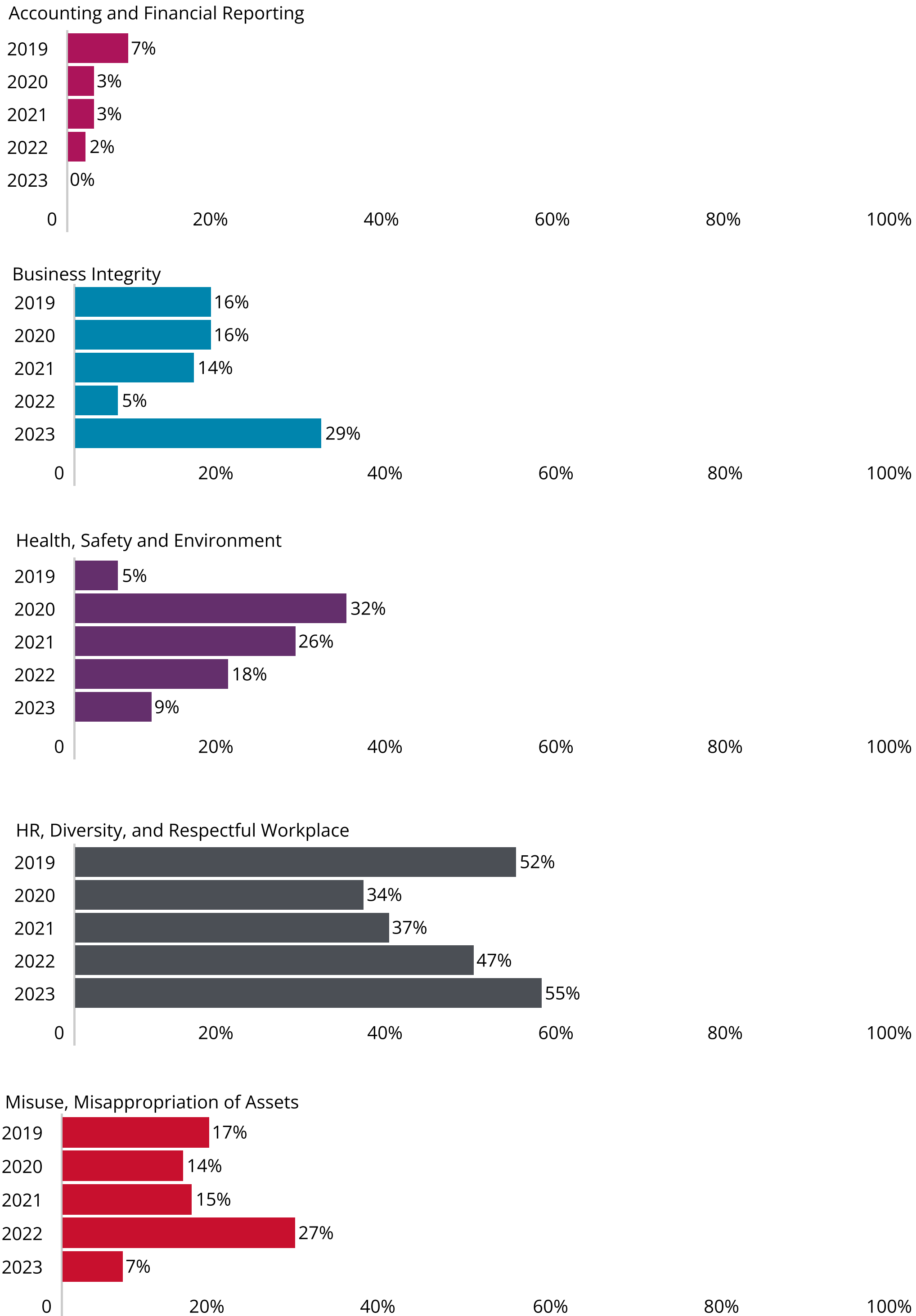
Why we track it

To ascertain whether trends exist in reporting of categorized issues.

What the data informs

- Use of anonymity in reporting is not restricted to specific categories.
- Use of anonymity in the top two reporting categories (Business Integrity and HR, Diversity and Respectful Workplace) has increased.

Chart 7: Anonymity by Category



3.8 Fear of Reprisal

Being able to report without the fear of reprisal is foundational to a safe and inclusive work environment. The Whistle-blower Policy prohibits any act of reprisal against anyone reporting suspected wrongdoing to the Whistle-blower Program, employee or non-employee. Therefore, it is critical to track reports where a fear of reprisal is communicated.

Fear of reprisal communicated to the WBP is generally raised in two areas: (1) a fear of reprisal within an employee's work area (by a colleague or a supervisor), prompting a report to the WBP rather than through other channels available within Administration, or (2) a fear of reporting even to the WBP, leading to strategic use of anonymity to report a concern.

On average during the past 5-year period, approximately one-third of reports submitted communicated a fear of reprisal. Monitoring such disclosures in conjunction with reports of actual reprisal communicated as directly linked to reporting to the WBP contributes to the broader assessment and understanding of safe reporting barriers that may exist. Reporters are routinely encouraged throughout the WBP reporting and investigation process to monitor for acts of reprisal and to report them to the City Auditor for investigation. During the same 5-year period since 2019, only two allegations of reprisal were raised by reporters and investigated by the City Auditor who determined them to have not been acts of reprisal.

What we monitor

Reports submitted indicating fear of reprisal.

How we calculate it

Reports indicating a fear of reprisal are divided by the total number of reports received.

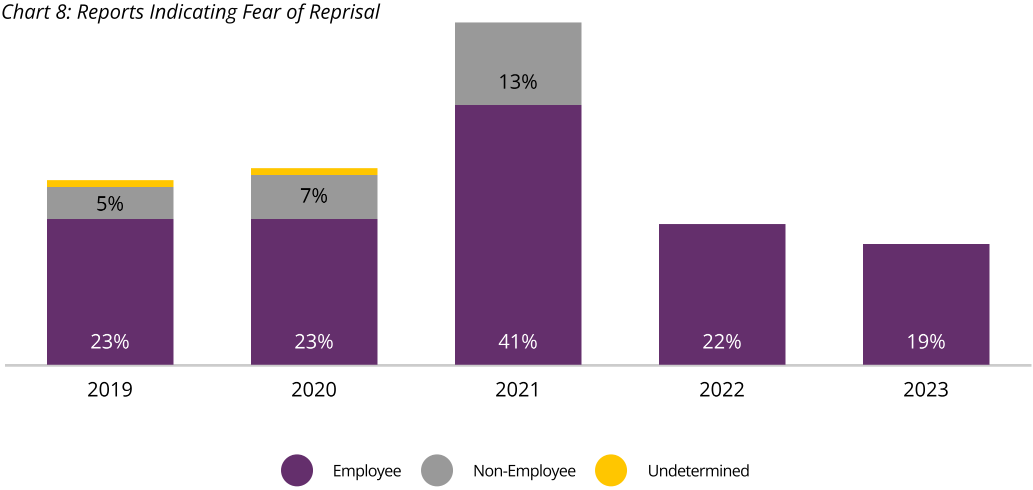
Why we track it

Tracking reports where fear of reprisal is communicated informs on workplace culture and how comfortable people are in reporting suspected wrongdoing in a safe and supportive manner. While it is never wrong to report legitimate concerns using anonymity, higher anonymous reporting rates may provide opportunity to explore reporting barriers that may exist.

What the data informs

- Except for 2021 reporting during the pandemic, reports communicating a fear of reprisal has steadily trended down.
- Fear of reprisal communicated in 2021 was largely related to COVID-19 compliance reporting.

Chart 8: Reports Indicating Fear of Reprisal



3.9 Anonymity and Fear of Reprisal

The WBP is available to employees to report matters they cannot report using, or for which they are not comfortable using, existing reporting channels within Administration, remaining anonymous if they choose. Despite the Whistle-blower Policy's specific prohibition against reprisal for anyone reporting wrongdoing, in good faith, the WBP routinely receives reports where employees remain anonymous throughout the WBP process.

Analysis of declared fear of reprisal data provides the WBP with valuable information. When correlated to other data points - such as use of anonymity, reporting date, category and business unit location - reporting clusters can be identified across the organization which can inform on where additional analysis or review can be initiated to better understand where trust and/or barriers to safe reporting may exist and support the need for corrective action.

What we monitor

Reports submitted anonymously by employees indicating fear of reprisal.

How we calculate it

Separate the total number of employee reports indicating fear of reprisal (by anonymous and non-anonymous reports), before dividing each by total number of employee reports indicating fear of reprisal.

Why we track it

To inform on reporting trends where a fear of reprisal is communicated by employees which may support further analysis and identify opportunities for Administration.

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What the data informs

- There is a correlation between the use of anonymity and disclosure of fear of reprisal.
- In 2023, eight of ten employee reports disclosing a fear of reprisal were submitted anonymously.

Chart 9: Employee Reports Indicating a Fear of Reprisal

3.10 Follow-up Rate

The most valuable source of information to an investigator is the reporter, who typically has first-hand knowledge of an incident. Each reporter is encouraged to remain available to interact with an investigator, remaining anonymous if they choose. By being available to respond to questions and provide detail not contained in the original report submission, reporters take an active role in how their concerns are addressed.

On average in recent years, half of reporters maintain an active role with the WBP, even if only to periodically check on the status of their report and not directly interact with investigators. The exception was in 2021 when many pandemic-related reports submitted were complaints or disagreements with safety or health focused approaches taken by The City, or attempts to advance personal or divisive perspectives, for which no follow up or interest occurred.

The positive trend is encouraging and suggests an increase in the trust for the reporting experience. A higher number of reporters who remain active after submitting their initial report will:

- contribute to fewer reports being closed for lack of information at the assessment phase.
- better inform investigative approaches and conclusions reached.
- often result in a more satisfying reporting experience knowing that a concern was taken seriously and addressed objectively.

What we monitor

Reports with reporter follow-up or interest at any phase of the lifespan of the report.

How we calculate it

Divide the total number of reports with reporter follow-up or interest by total reports submitted.

Why we track it

To identify trends in reporter interest beyond submitting a report to the WBP and inform on how reporters who remain interested and respond to investigators impact assessment decisions or investigation substantiation rates.

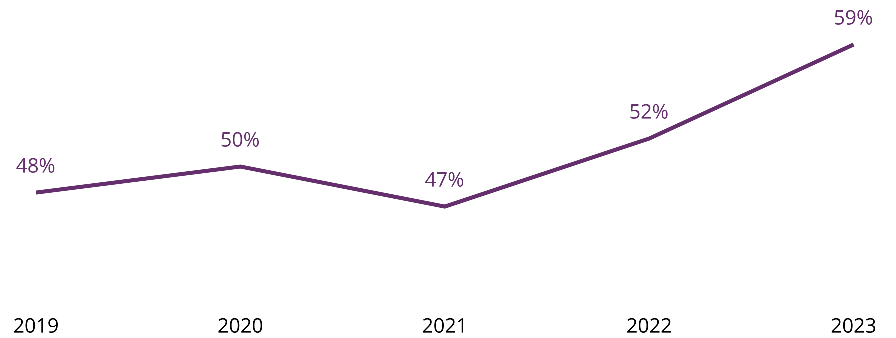
What the data informs

There is a consistent marginal yearly increase in the number of reporters who, at a minimum, check in to see the progress of their report.

Follow up rates impact certain assessment decisions (refer to §4.3).

Follow up rates do not significantly impact substantiation rates (refer to §5.4).

Chart 10: Reports with Reporter Follow-up or Interest



4.0 Report Disposition

4.1 Assessment Decisions

The Whistle-blower Policy requires each report received to be assessed in a manner supporting an objective determination of how a report meets reporting eligibility and applicability before being considered for investigation. A risk-based approach is applied determining whether reports not meriting investigation can be more appropriately and effectively addressed by Administration through a non-investigative approach. Reports not supporting any further action are closed – such reports may include matters lacking the specificity to ascertain precisely what the allegation is, who may be involved, or are matters unrelated to the operations of The City.

The outcome of the assessment phase may be only one of the following three decisions:
1. Investigation of at least one allegation reported (action taken).
2. Referral to Administration (action taken).
3. Closure (no action taken).

Tracking and monitoring how reports are assessed provides insight to trends pertaining to the quality, relevance, and wholesomeness of reports submitted, and can inform on resourcing needs.

What we monitor

What action is considered appropriate in addressing each report received.

Why we track it

WBP policy requires that each report be assessed.

Tracking assessment decisions informs consistency in decision-making.

Monitoring volumes of reports requiring action informs resourcing needs.

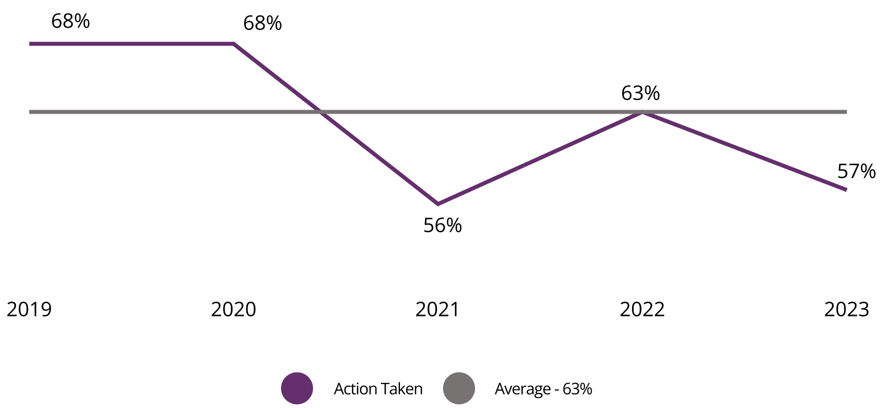
How we calculate it

Reports assessed as meriting action (investigation or referral to Administration) divided by all reports received, as a percentage.

What the data informs

- On average, approximately two of every three reports are assessed as meriting action.
- 2021 figures are attributed to the number of reports submitted in opposition to, or complaints against, The City's temporary Employee Vaccination Policy, rather than as policy violations meriting action by the WBP.

Chart 11: Assessment Decision



4.2 Assessment Decisions and Anonymity

Anonymous reports are considered just as important and valid as a report from a person who has self-identified to the WBP and are processed in the same manner. Accepting anonymous reports inherently comes with risk of misuse, however, a rigorous and consistently applied assessment process will typically identify anonymous reports containing superfluous, false, or uninformed allegations. Appropriately scrutinizing anonymous reports reduces the risk of initiating preventable inquiries that can negatively impact the personal and/or professional reputation of a City employee. All reports, anonymous or not, which do not meet basic reporting criteria established by the WBP will not result in further action being taken.

In the last 5-year period, an average of 69% of anonymous reports were assessed as meriting action, validating that anonymous reports are dependably submitted by informed reporters familiar with City policies and behaviours expected of City employees. As will be demonstrated later in this report, the anonymous nature of allegations investigated resulted in higher substantiation rates, further reinforcing their legitimacy and credibility.

What we monitor

Assessment decision outcomes for anonymous Reports.

Why we track it

To monitor and assess the credibility and sufficiency of information provided in anonymous reports.

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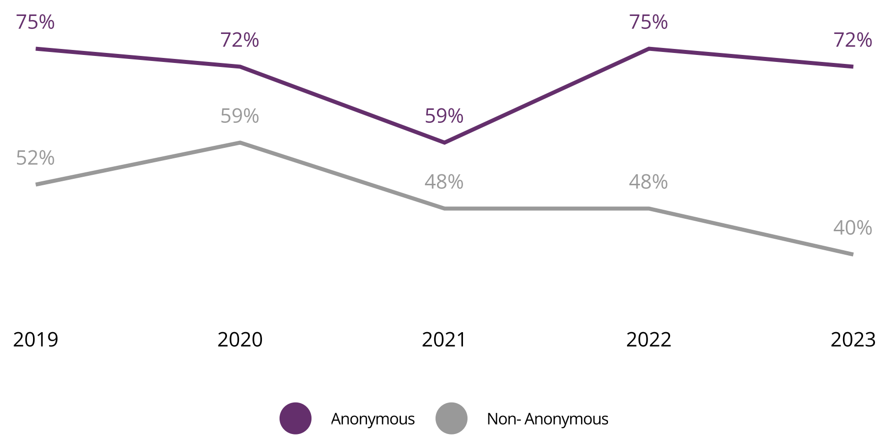
How we calculate it

Separate anonymous and non-anonymous reports meriting action before dividing by all anonymous and non-anonymous reports respectively.

What the data informs

- There is consistent validity to information provided in anonymous reports meriting action to address issue raised and/or mitigate associated risks.
- 2021 is an outlier year due to the high volume of pandemic-related reporting not meriting action.

Chart 12: Anonymous Reports Meriting Action



4.3 Insufficient Information

Assessments of each report received begin with a determination of whether sufficient information exists to fully understand the issue and the alleged activity reported and to support further action (investigation or referral).

Where necessary and possible, information requests are made to reporters by the WBP seeking additional information or clarity. This action may occur in writing or through confidential telephone or in-person discussions and may delay the completion of the assessment phase to allow reasonable time for reporters to respond. To facilitate this process, reports submitted via the online reporting tool include an option for a reporter to receive an email notification of activity related to their report, prompting them to login and respond to the information request.

Reports with additional information provided to satisfy minimum reporting criteria will progress through assessment and may then be recommended for action; otherwise, reports may be closed as not requiring further action (NFA). Each report recorded as NFA includes an additional determination as to whether the reason for the NFA decision is due to insufficient information. Some individuals who chose to report anonymously may or may not fear reprisal – they may simply be satisfied that they highlighted the issue to an authority and have no interest in being further involved.

Monitoring this metric allows for an at-a-glance trend analysis which can inform on the quality of reports submitted, and whether opportunities exist for targeted messaging regarding the need for reporters to provide as much information as possible to support an allegation raised.

What we monitor

Reports assessed as requiring no further action due to insufficiency of information provided.

Why we track it

To assess the impact of sufficiency of information provided on the ability to action reports.

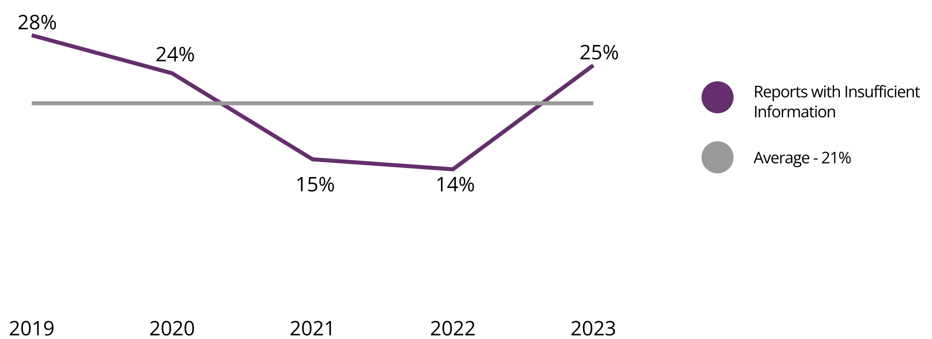
How we calculate it

Divide all NFA reports lacking sufficient information from the total reports assessed as not meriting further action.

What the data informs

- In 2023, 2.5 of every 10 reports closed with no further action were due to insufficient information provided (10% of all reports submitted).
- Opportunity exists to increase messaging specifically on how to best submit a report.

Chart 13: Reports with Insufficient Information



4.4 Preliminary Assessment Decision Timelines

The WBP recognizes that reporting wrongdoing involving colleagues or supervisors can be a stressful and at time traumatic event, and that the event does not subside until the underlying issue is resolved. To the extent possible and within control of the WBP, the assessment of reports received are prioritized so that reporters can be assured that, where appropriate and necessary, concerns requiring timely action are advanced without undue delay. As outlined on previous pages, some reports are inevitably delayed due to insufficient information and unanswered information requests.

The WBP targets 15 calendar days as a norm to complete assessment of a report, with exceptions for reports awaiting a response to an information request, or for more complex reports. More complex reports may require input or information from Administration resulting in delays not in control of the WBP. Tracking and monitoring this metric is valuable to evaluating the efficiency and reliability of the WBP process.

What we monitor

Number of days taken to complete assessment of a report.

How we calculate it

Number of calendar days between the receipt of a report and approval of recommended action.

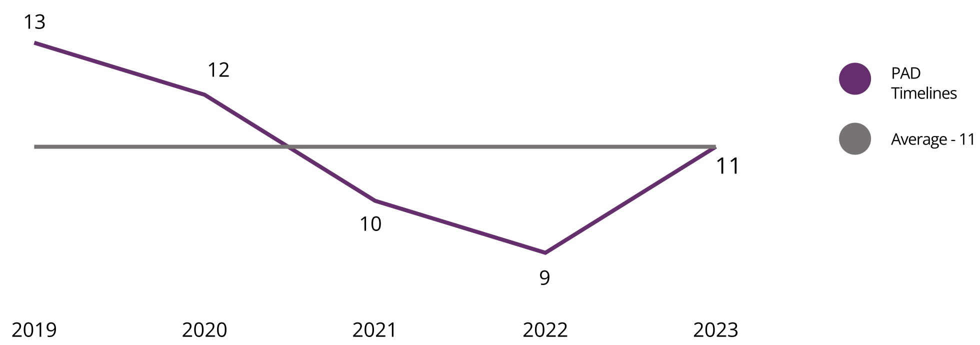
Why we track it

Supports efficiency and demonstrates commitment to timely action.

What the data informs

- Assessment timelines consistently meet the 15-day target.
- On average, reports received are assessed within 11 calendar days.

Chart 14: Average Days to Assess New Reports



5.0 Investigations

5.1 Substantiation Rate

Each allegation investigated is determined to be either substantiated or unsubstantiated, as defined by CP2022-006 Whistle-blower Policy:

> *Substantiated Report*: Investigation confirms an allegation is validated, and sufficient evidence exists to determine a violation of City policy.
>
> *Unsubstantiated Report*: Evidence is determined to not support the allegation as reported, or insufficient evidence exists to determine a violation of City policy has occurred.

While it can be inferred that allegations in a report assessed as not requiring further action are inherently unsubstantiated, the WBP considers only allegations investigated to be calculated in substantiation rates. Monitoring substantiation rates is useful in assessing the quality of reporting, how informed reporters are of The City's policies and procedures, and the effectiveness of investigation processes.

Despite it being widely understood that there is no 'correct' rate to achieve, a well-informed reporter base that is knowledgeable of The City's policies and reporting requirements, combined with effective investigation procedures is expected to support a higher substantiation rate. Conversely, consistently lower substantiation rates may indicate opportunities for better education regarding reporting requirements or reveal weaknesses in investigative practices. Allowing for natural year over year fluctuation, the WBP has observed an average substantiation rate of 32% during the past 5 years.

What we monitor

Allegations substantiated by investigation.

How we calculate it

Divide the number of allegations substantiated by investigation by the total number of allegations investigated, for the year the investigation is closed.

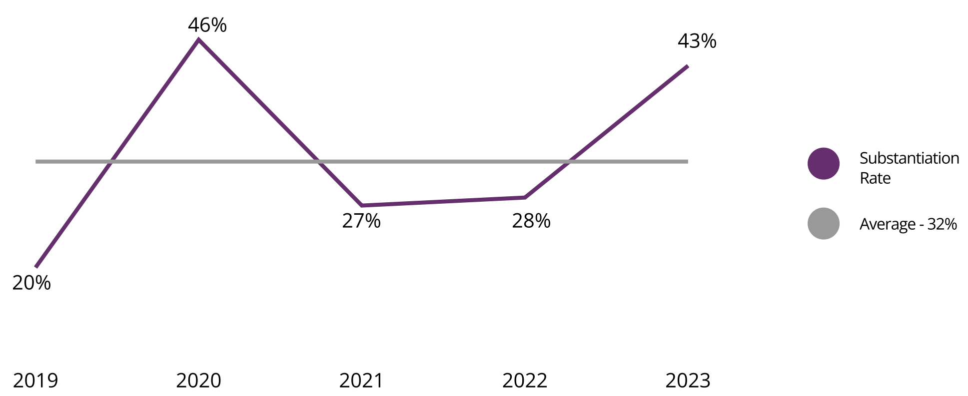
Why we track it

Supports efficiency and demonstrates commitment to timely action.

What the data informs

Escalating trend in the substantiation rate infers a correlated increase in higher quality and actionable reports.

Chart 15: Substantiation Rates (All Reports)



5.2 Substantiation Rates and Anonymous Reports

Each report approved for investigation is based its own merit, including the strength of the information provided or resourced to support the allegation raised. While the use of anonymity to report is not factored in decision-making to investigate or not, monitoring the use of anonymity and tracking investigation outcomes based on its use provides valuable insight into how the use of anonymity impacts the investigation process.

Typically, anonymous reporters are less accessible to investigators as reporters who disclose their identity, increasing the challenges faced by investigators to corroborate competing or contrary information obtained during an investigation. Where investigators are unable to demonstrate that an event has occurred as alleged and a violation of policy is not evident, they must conclude that allegation as unsubstantiated.

Investigation data demonstrates that the substantiation rate for allegations raised anonymously are sufficiently supported and are ultimately validated as violations of City policy, providing valuable insight into workplace issues requiring attention. This data challenges long held biases associated with anonymous reporting - that they are often false or frivolous - and strongly establishes that reports submitted by individuals who chose to remain anonymous should be taken as seriously as reports submitted without anonymity.

What we monitor

Substantiation rate of allegations reported anonymously.

How we calculate it

Divide all anonymous allegations substantiated by investigation by all allegations investigated.

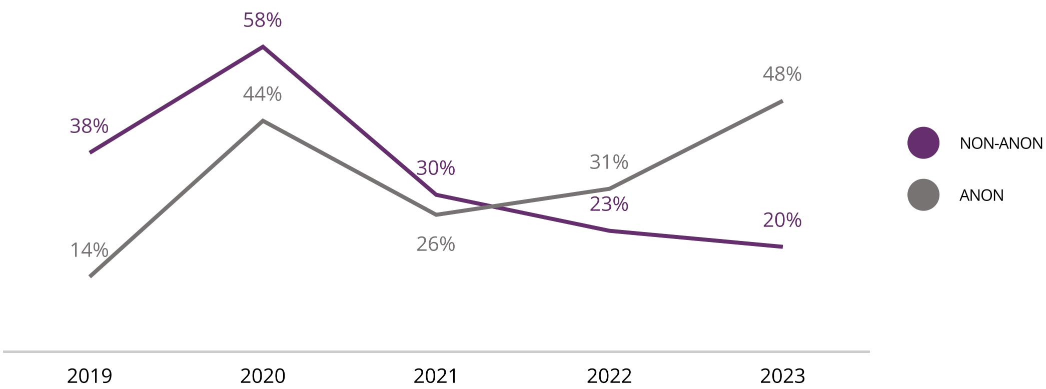
Why we track it

As a subset of overall substantiation rates, tracking reports based on the use of anonymity informs on appropriate use of anonymity.

What the data informs

- While the substantiation rates for anonymous and non-anonymous reports are similar, they are trending in opposing directions.
- Anonymous reports are as informed and as valid as reports made without the use of anonymity.
- Average substantiation rates for anonymous allegations (30%) vs non-anonymous (34%) dispels the misconception that anonymous reports are malicious.

Chart 16: Substantiation Rates (w/ and w/o Anonymity)



5.3 Substantiation Rate by Category

There is no 'correct' substantiation rate, and striving to reach a specific target is not considered good practice as it can promote poor and biased methods designed to meet the target rather than reach a natural and objective conclusion.

Analyzing substantiation rates by category provides valuable information - a consistently high substantiation rate in a category may warrant further analysis to determine trends by classification to reveal potential hot spots requiring attention. Consistent substantiation rates across all categories can be indicative of well-informed reporters raising high-quality allegations subsequently investigated using effective investigation practices.

Considering The City's consistent communications and training opportunities promoting its Code of Conduct, it may not be surprising that four of every ten allegations investigated in the HR, Diversity, and Respectful Workplace category are substantiated, as employees are well-informed of what behaviours should be reported and how to report them. As previously highlighted, figures in this Internal Benchmark Report do not incorporate reports submitted through Administration.

Since 2019, the top three classifications with substantiated allegations have been Respectful Workplace (HR, Diversity, and Respectful Workplace), Recruiting & Employment (HR, Diversity, and Respectful Workplace), and Conflict of Interest (Business Integrity).

What we monitor

Substantiation rates for each reporting category.

How we calculate it

Within each category, divide the number of allegations substantiated by investigation by all allegations investigated.

Why we track it

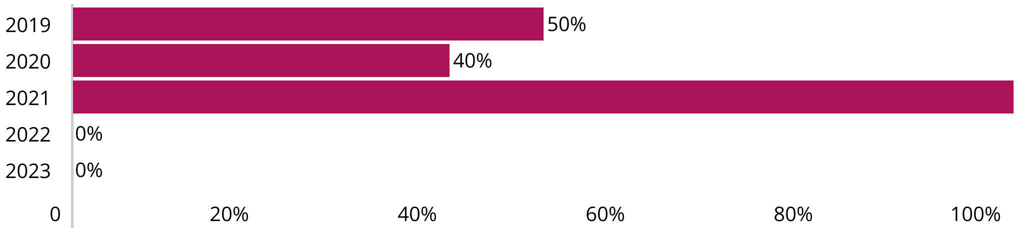
To inform on the quality of reporting submitted and effectiveness of the investigation process, within each reporting category, identifying opportunities for education.

What the data informs

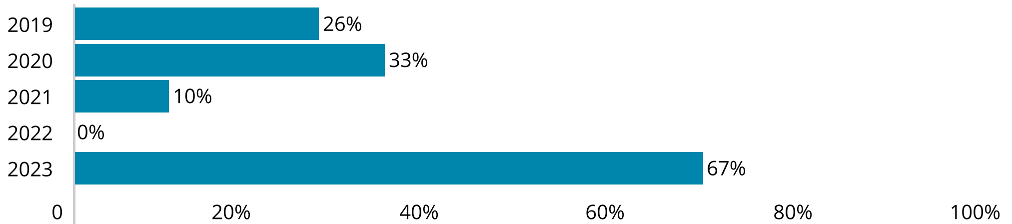
- Increased reporting of concerns categorized as Business Integrity resulted in a corresponding increase in substantiated allegations.
- Allegations substantiated in the HR, Diversity, and Respectful Workplace category increased.
- Top 3 categories with substantiated allegations remain unchanged year over year.

Chart 17: Substantiation Rates by Category

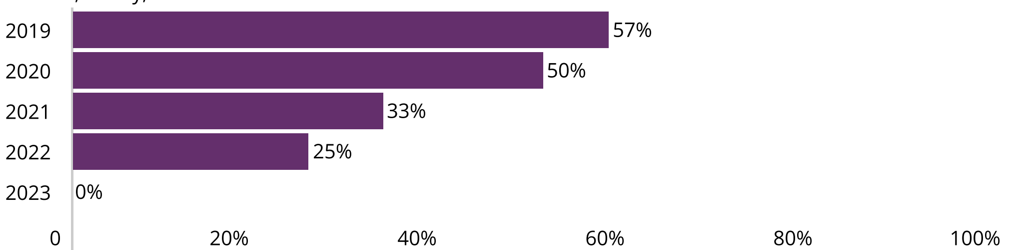
Accounting and Financial Reporting



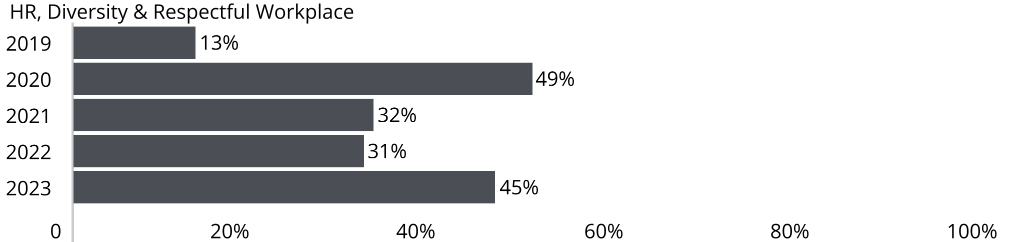
Business Integrity



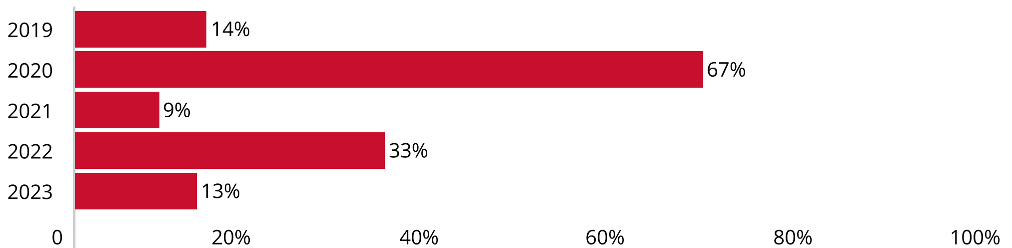
Health, Safety, and Environment



HR, Diversity & Respectful Workplace



Misuse, Misappropriation of Assets



5.4 Substantiation Rates and Reporter Follow-up

The role of a reporter often extends beyond merely submitting a report alleging wrongdoing - it can also include a moral responsibility to remain an active participant by providing additional information and clarification to investigators where necessary. As most individuals raising allegations are less informed to investigation processes and the level of detail often necessary to support an investigation, responding to information requests allows investigators to proceed effectively and provides reporters with greater assurance that their concerns are accurately understood.

The WBP encourages reporters to remain involved and interested in the process - doing can contributes to the likelihood of substantiating allegations, allows investigators to fully comprehend issues reported, and contributes to an inclusive and positive reporting experience. WBP processes allow for confidential dialogue between reporters and investigators, even if a reporter has chosen to remain anonymous.

By tracking data involving a reporters' follow-up - by either their checking in to the status of their reports or by communicating with investigators - association with substantiation rates can be analyzed. During the past 5-year period, substantiation rates for investigations with an actively available reporter (33%) are similar to substantiation rates for investigations absent an interested reporter (37%). While the variance at an aggregate level is minimal, it further suggests that effective assessment and investigation procedures are key contributors to substantiation rates.

What we monitor

Substantiation rates for investigations with reporter follow up.

How we calculate it

Divide all substantiated allegations by all allegations investigated, for each subset of reports with and without reporter interest/follow up.

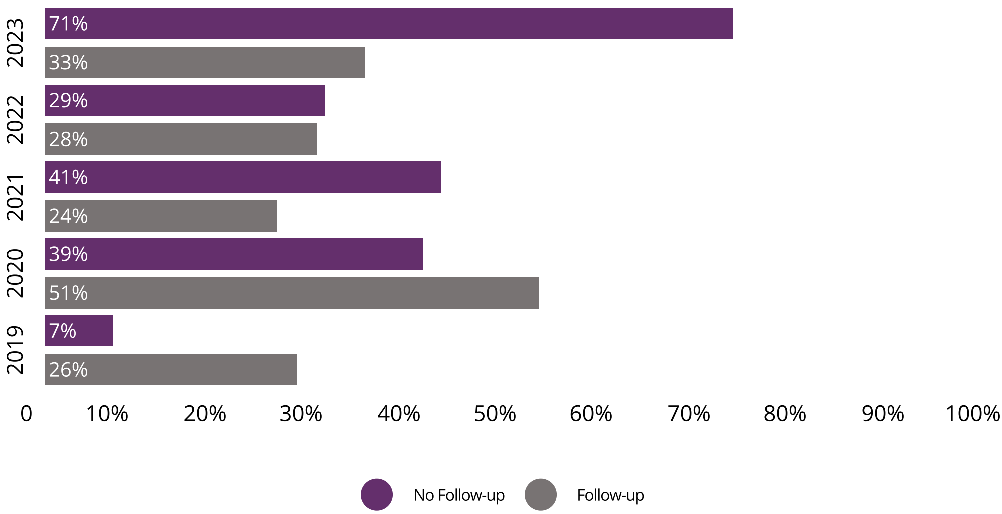
Why we track it

To understand how investigation outcomes are impacted by reporter interest and follow up.

What the data informs

In 2023, despite corresponding increases in substantiation rate (s. 5.1) and follow up rate (s. 3.10), more allegations were substantiated from reports without reporter follow up.

Chart 18: Substantiation Rates and Reporter Follow-up



5.5 Case Closure Rates

Timely completion of investigations is critical in earning existing and potential reporters' trust in the reporting experience, providing assurance that issues they have raised are seriously considered and addressed. Individuals almost never report an issue immediately as it occurs – often, people take time to consider the situation and even permit time for a situation to self-correct. During this period, the event remains 'active' for that person and can negatively impact their well-being. The Whistle-blower Program therefore bases its case closure time on the number of calendar days - not business days- taken to complete and close an investigation. While certain complex cases require lengthy investigations, the WBP strives to complete investigations, on average, within less than 180 days, 75% of the time.

Year over year fluctuation is a normal result of the unpredictable nature of reporting volume, report complexity, volume of information requiring analysis, and availability of witnesses. However, consistently prolonged investigation timelines require analysis to identify barriers - including assessment of investigation practices and resourcing needs – not supporting timely completion.

What we monitor

Average number of days taken to investigate allegations.

How we calculate it

Calculate the number of days between the date an investigation is commenced and the date it is concluded.

Why we track it

To assess timeliness of completed investigation.

What the data informs

Case closure trends show progressive efficiency in bringing investigations to a timely conclusion, while allowing for occasional outliers requiring longer periods of time to complete.

Chart 19: Case Closure Rates

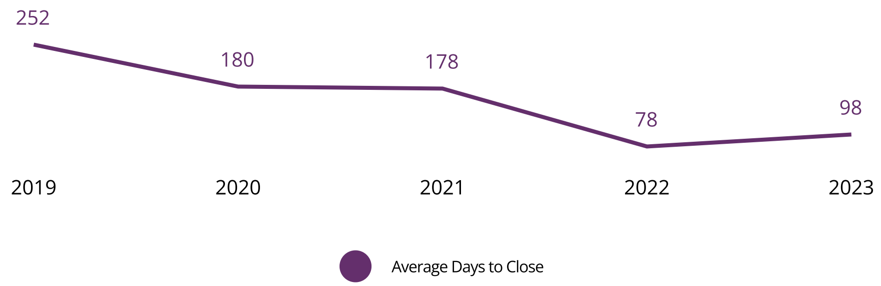


Chart 20: Case Closure Rates (Ranges by Days)

Year	0 to 30	31 to 60	61 to 90	91 to 180	181 to 365	> 365
2019	9%	18%	3%	27%	24%	18%
2020	8%	13%	13%	16%	42%	8%
2021	15%	18%	9%	18%	27%	12%
2022	26%	37%	5%	21%	11%	0%
2023	11%	39%	6%	33%	11%	0%

6.0 Corrective Action

6.1 Corrective Action Rate

A valuable component of the Whistle-blower Program is the identification of causal factors leading to an incident being reported and investigated, and for which corrective action may be recommended to Administration. If an opportunity for improvement is identified, a corrective action may be recommended for any allegation investigated regardless of substantiation, however, all allegations substantiated must result in a recommendation for corrective action to mitigate against recurrence.

There is no 'correct' number of recommendations - each individual investigation considers the need for thoughtful and purposeful corrective actions intended to increase the effectiveness and efficiency of City operations, promote ongoing procedure and policy understanding and compliance, support learning opportunities, and mitigate risk. However, CP2022-06 Whistle-blower Policy requires a corrective action for each substantiated allegation. Recommendations are typically in the form of employee coaching, training, education or policy adherence, procedure or policy improvement, or other actions that can be taken by Administration including labour relations action.

Recommendations can be made to address deficiencies within specific work areas and business units, or more broadly applicable at department or City-wide operations.

What we monitor

Investigations resulting in corrective action recommendations.

How we calculate it

Divide investigations with recommendations by the total investigations completed.

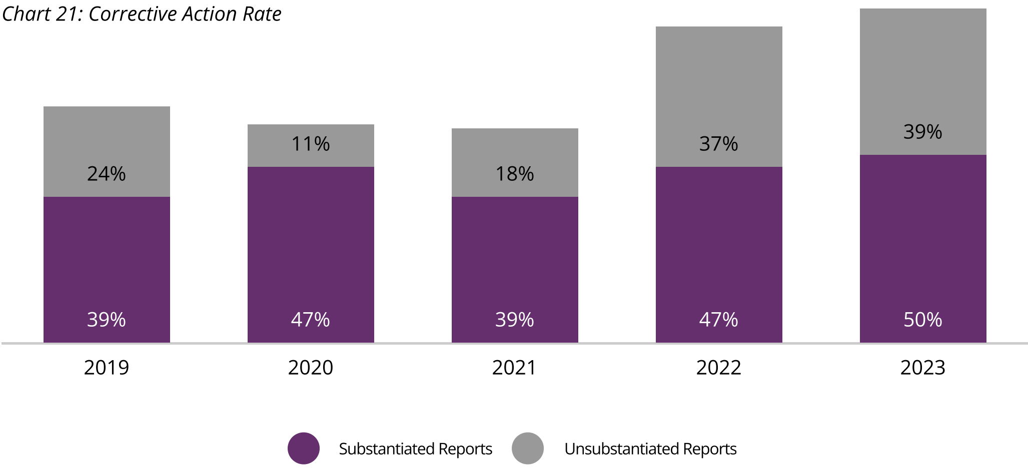
Why we track it

To inform on the effectiveness of identifying root causes and best approach to mitigate risk.

What the data informs

The significant increase recommendations made from unsubstantiated allegations in 2023 (as in 2022) contributed to a significant increase in corrective action rates.

Chart 21: Corrective Action Rate



6.2 Recommendation Completion Rate

Timely implementation of corrective action recommendations is the final phase of an effective reporting process. Effectively addressing substantiated wrongdoing is important in establishing trust in the reporting experience, as reporters can easily correlate the issue they raised to change implemented by Administration. All recommendations made by the WBP are made with the support of business unit directors and result in regular follow up to ensure completion.

What we monitor

Calendar days taken for Administration to complete recommended corrective actions, based on year investigation closed.

Why we track it

To effectively reduce the risks associated with not correcting causal factors, and to support continuous improvement.

How we calculate it

Within each category, divide the number of allegations investigated and substantiated by all allegations investigated.

What the data informs

- Administration consistently implements WBP recommendations in a timely manner.
- Most corrective actions are implemented within 90 days of issuance by the WBP.

Chart 22: Recommendation Completion Rate

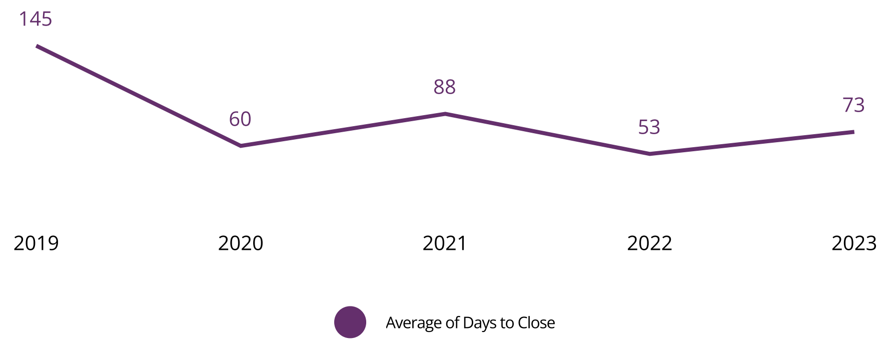


Chart 23: Recommendation Completion Rate (Ranges by Days)

Year	1 to 30	31 to 60	61 to 90	91 to 180	181 to 365	> 365
2019	18%	14%	36%	11%	7%	14%
2020	32%	27%	23%	14%	5%	0%
2021	31%	0%	46%	15%	8%	0%
2022	0%	27%	73%	0%	0%	0%
2023	58%	13%	8%	15%	8%	0%

7.0 Conclusion

Data from 2023 reviewed in context with related annual data from recent years informs that the WBP is operating as intended.

The Whistle-blower Program is accessible.

- People know how to access the WBP and report wrongdoing through a variety of channels.
- Web traffic activity dipped in 2023 but remains consistent with correlation to reporting volume trends, year over year.
- Online reporting is the method of choice for majority of reporters.

Employees are empowered to report wrongdoing.

- Employee reporting volume decreased in 2023 but remains the primary group to report to the WBP.
- Employees report suspected wrongdoing across multiple categories.
- Employees take advantage of anonymous reporting at a greater rate than non-employees.

Reporting quality is strong.

- Two of every three reports submitted is assessed for further action.
- Only one of every four reports for which no action is taken is due to a lack of information provided to support an allegation.
- The reporter follow-up rate is strong at 59%.

Anonymous reports merit action.

- Anonymous reporting volume is consistently strong.
- Nearly three of every four anonymous reports are assessed for further action.
- The substantiation rate for allegations submitted anonymously is strong at 48%.

Investigation timelines improve.

- Two thirds of investigations closed in 2023 were closed within 90 days.
- 2023 case closure rate increased slightly but remained strong at fewer than 100 days.
- Nine of ten investigations were completed within One Calgary targets of 180 days or less.

Safety Management Audit

PURPOSE

The purpose of this report is to communicate the outcome of the Safety Management Audit, including Administration's response and corrective actions.

PREVIOUS COUNCIL DIRECTION

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties, and functions of the position. In accordance with Bylaw 30M2004 (as amended), the City Auditor reports the outcome of all audits to the Audit Committee (including Administration's response and corrective actions to be taken in regard to specific recommendations). The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

RECOMMENDATIONS

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.

HIGHLIGHTS

- What does this mean to Calgarians? The City Auditor's Office provides independent and objective audit assurance services to add value to The City of Calgary and enhance public trust.

- Why does it matter? Keeping employees safe is a core value at The City, as it supports resilient service delivery and underpins The City's ability to attract and retain employees. Effective monitoring and mitigation of safety incidents is critical to support The City in meeting its health and safety targets.

RISK

Recommendations in this audit report support Administration in their on-going mitigation activities related to the Employee Experience Principal Corporate Risk.

ATTACHMENTS

1. Safety Management Audit AC2024-0488 ATT

Author: Chinedu Odunukwe, Senior Auditor

Safety Management Audit

DEPARTMENT CIRCULATION

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve
David Duckworth	Chief Administrative Officer	Inform
Carla Male	Chief Financial Officer	Inform
Chris Arthurs	General Manager, People, Innovation, and Collaboration Services	Inform
Chris Collier	Director, Occupational Health and Safety	Inform
Dawn Nixon	Manager, Strategic Services, Occupational Health and Safety	Inform

Author: Chinedu Odunukwe, Senior Auditor, City Auditor’s Office

ISC: Unrestricted
AC2024-0488
Attachment

Calgary

City Auditor's Office

Safety Management Audit

April 10, 2024

Table of Contents

Audit Objective

The objective of this audit was to assess the effectiveness of the Occupational Health and Safety Business Unit's (OHS BU) monitoring and mitigation of safety incidents.

Why it Matters

The City of Calgary has identified health, physical safety, and psychological safety as key priorities. Effective monitoring and mitigation of safety incidents is critical to support The City in meeting its health and safety targets.

The City is aiming to achieve Lost Time Claim Frequency of 4.5 by 2026 (2023 mid-year results are 5.7)[1]. Keeping employees safe is a core value at The City, as it supports resilient service delivery and underpins The City's ability to attract and retain employees.

What We Concluded

Governance structures, processes, and supporting tools in place are partially effective in supporting the monitoring and mitigation of safety incidents.

Key structures supporting effective monitoring and mitigation of safety incidents, such as an Occupational Health and Safety Management System (OHSMS), Training Guidelines, and an Incident Management Standard have been established. Processes have been established to support the reporting of serious incidents. The OHS BU regularly updates employees on safety through various channels, promoting awareness of occupational health and safety news, tips, and regulatory changes. However, updates are required to both the content of key documents, and supporting processes and tools, to better support monitoring and mitigation of safety incidents by business units more effectively. We identified five key actions that are required for the OHS BU.

- Enhancing the OHSMS including updating Training Guidelines and creating an internal audit program.
- Updating the Incident Management Standard and developing supporting guidance for Safety Advisors.
- Refining the reporting tool (Safety Data Management System (SDMS)) to flag serious incidents.
- Developing a standardized leader safety reporting process; and
- Enhancing the corporate-level Safety Dashboard with both leading and lagging safety performance indicators.

During the last four years, the OHS BU have focused resource efforts on supporting The City during the COVID-19 Pandemic, organizational realignment, and the 2022 Certificate of Recognition (COR) audit. There is now an opportunity to review and refresh key governance structures, processes and tools supporting effective monitoring and mitigation of safety incidents to facilitate The City's achievement of health and safety goals more effectively. The OHS BU agrees with the recommendations and has developed action plans to implement process changes by December 2025.

[1] 2023-2026 Service Plan and Budget – 2023 Mid-Year Update

Background

The OHS BU develops and implements policies, standards, and programs to advance a culture of safety in The City. The OHS BU delivers programs and initiatives such as safety advisory support, health and safety systems, and occupational health management to enhance the safety and well-being of City employees. In addition, the OHS BU supports a safety culture of responsibility, productivity, and accountability at the individual, leadership, and corporate levels to ensure everyone completes their work without incident and goes home safe and healthy every day. Key activities that are delivered by the OHS BU include:

- Design, implement, and evaluate corporate wide systems, programs, and initiatives for City services to enhance employee safety and well-being.
- Safety programs such as health and safety advisory support and other occupational health programs.[2]

The City of Calgary has implemented the OHSMS to create a systematic and coordinated approach to occupational health and safety for The City's Departments and Business Units. This system and its supporting processes enable the organization to mitigate its occupational health and safety risks and improve performance.

Safety management activities are categorized by the OHS BU into three sets of processes. Responsibility for leading these activities lies with either the OHS BU, or Business Units (BU), or is a shared responsibility as depicted in Figure 1.

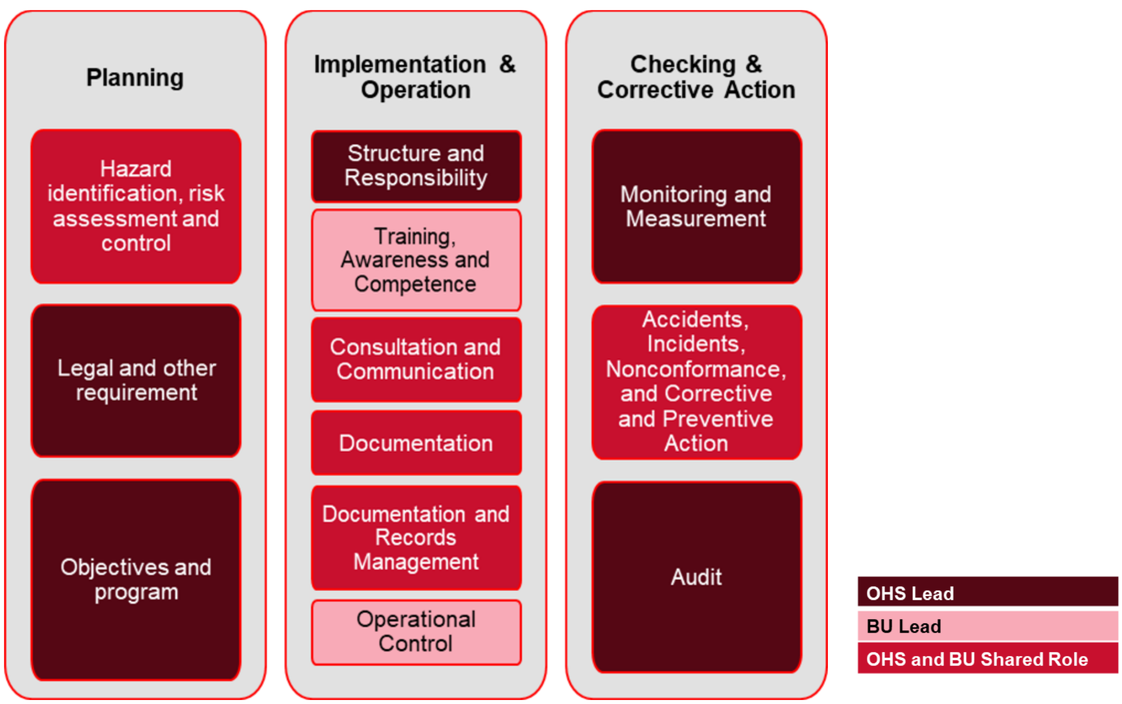


Figure 1. Source: OHSMS Manual

[2] 2023-2026 Service Plan and Budget

OHS BU has stated that an Alberta Government OHS Proactive Inspection audit program is currently underway for 19 Municipalities across Alberta – including The City of Calgary. The Alberta Government OHS Proactive Inspection program has specific areas of focus, based on the most common hazards and incidents in those industry sectors. The inspection assesses compliance with the legislation through review of records and documents, observations, and conversations with work site parties.

Scope & Approach

The audit scope covered safety activities conducted by the OHS BU between September 2022 and July 2023. Safety activities led and managed outside of the OHS BU were out of the scope of this audit, i.e., the audit did not include an assessment of the safety roles and responsibilities owned and performed by other Business Units.

Not included in the scope of the audit are significant external review processes to which The City is committed. These processes include the Certificate of Recognition (COR) audit conducted by the Government of Alberta Partners in Injury Reduction safety initiative every three years. In 2022, The City achieved a 92% score. A Provincial Inspection audit is currently underway, with an anticipated conclusion by the end of 2024.

The audit assessed the effectiveness of monitoring and mitigation of safety incidents. The audit reviewed the controls and processes that intend to mitigate a) lack of safety awareness (through insufficient training for example); b) inadequate investigation of safety incidents; c) ineffective safety reporting; and d) non-compliance with safety requirements.

Results

The results of the audit are summarized by the key areas supporting the monitoring and mitigation of safety incidents where the OHS BU has oversight accountability:

- Governance and Compliance
- Incident Management
- Training
- Safety Reporting

Governance and Compliance

We assessed the design and operating effectiveness of the governance and compliance structures and supporting processes established by OHS BU.

A key component of governance in place is the OHSMS, which provides the framework for implementing the City's OHS Policy, supporting the management of safety risk and safety performance improvement. The OHSMS, which is complemented by safety programs such as Hazard Identification and Risk Control, training, emergency preparedness & response, and legal/regulatory management, is expected to drive a systematic and coordinated approach to occupational health and safety within The City, and support compliance with safety requirements.

However, we concluded that the OHSMS is not currently fully effective in mitigating safety risks as it does not contain key relevant up-to-date content to support a systematic and coordinated approach to occupational health and safety (Recommendation 1).

We reviewed the process to assess compliance with internal health and safety management systems and regulatory requirements and we noted that while OHS has a mandate to establish and maintain an internal audit program that will ensure ongoing maintenance and adherence to related policies and procedures, there is currently no internal audit program in place to internally assess compliance with the OHSMS and regulatory requirements (Recommendation 1).

Incident Management

We assessed the effectiveness of monitoring and mitigation of safety incidents by reviewing the controls and processes that mitigate the risk of inadequate investigation of safety incidents. We assessed three sub-processes: incident reporting, serious incident investigation, and overdue action follow-up.

Incident Reporting

The Incident Management Standard outlines the process for reporting, investigating, documenting, and tracking actual or potential OHS incidents, near misses, and hazardous conditions. It sets consistent minimum requirements which support risk mitigation, mandating investigations using the SDMS for record-keeping.

We conducted data analytics on the 5901 safety incidents reported during the audit period. From our review of the incident reporting process, we concluded that while BUs and service areas have instructions for reporting and conducting an investigating for safety incidents, Safety Advisors require guidance on how to consistently support BUs in managing incidents. We noted instances where reported incidents did not include required signoffs by the Safety Advisors, resulting in incomplete details such as root cause and corrective actions. (Recommendation 2).

Serious Incident Investigation

When a serious incident occurs, the supervisor notifies their safety advisor. Depending on the type of incident, additional actions may be necessary. Serious incidents are typically flagged in the system as “lost time, medical aid, first aid, fatality, or public incident.”

To ensure serious incidents are adequately investigated and addressed, notifications are made to the Workers Compensation Board (WCB), Alberta OHS, and the Law Business Unit. We selected a sample of 25 serious incidents and reviewed the notification process:

<u>WCB notification</u>
Generally, WCB is contacted if an employee receives medical attention or misses work due to a work-related injury. Incidents reported as medical aid and lost time in SDMS are currently reported to WCB. However, we noted that improvements are needed to ensure timely communication with all parties involved (Recommendation 3).

Alberta OHS notification.
The Provincial OHS Authority requires notification for certain incidents.
While there is a process in place to ensure that Safety Advisors report these types of incidents, our review noted an improvement opportunity to ensure more timely notification to the provincial authority (Recommendation 3).

Law Business Unit notification
The OHS Lead is to notify the Law Business Unit immediately after any serious incident. We noted that all serious incidents in our sample testing were communicated to the Law Business Unit as required.

Follow-up on overdue actions

Per the Incident Management Standard, all corrective actions for safety incidents must be implemented and checked for effectiveness by the business unit that had the incident. We completed data analysis on the 9580 corrective actions in the audit period. Based on our review of the follow-up process to ensure corrective actions are addressed adequately, we noted that Safety Advisors recommend appropriate corrective and preventive actions to prevent future incidents, while BUs ensure timely completion of corrective actions. However, we identified that the level of support provided by the OHS BU should be more consistent and enhanced to ensure overdue safety action items are adequately resolved by the BU (Recommendation 2).

Training

Training is a key process to mitigate the risk of lack of employee awareness of safety requirements. The OHS BU is responsible for developing and maintaining a guideline for safety training. The OHS Training Guideline facilitates safety by supporting employees being competent to perform their assigned tasks safely.

We assessed the design of processes and controls related to safety training and concluded that communication of training was effective in mitigating risk of employees being unaware of safety requirements. We noted that adequate safety-related communications are provided by the OHS BU to employees through various platforms including the Workplace Occupational Health & Safety page, OHS Training Portal on My City, and Safety Topics Library.

However, our review found that while the OHS Training Guideline mandates updates every three years, the last revision was done in 2012 and the content is out of date, limiting the effectiveness of the Guideline (Recommendation 1).

Safety Reporting

The OHS BU reports on safety performance through various channels, including One Calgary, Joint Workplace Health, and Safety Committee (JWHSC) meetings and safety work plans, as well as the Safety Dashboard.

We assessed the effectiveness of the process of reporting safety performance to relevant stakeholders by reviewing the safety reporting at two departments and two JWHSC meetings. Our review noted adequate safety reporting at all JWHSC meetings as the reports included regulatory updates, safety performance tracking and updates on workplace inspections.

In addition, we assessed the adequacy of reporting through the Corporate Safety Dashboard and One Calgary performance report. We noted that safety performance metrics are communicated through both channels and these performance metrics enable monitoring of safety trends.

However, we concluded that improvement opportunities are required to ensure consistent reporting to departmental leaders, enhance the use of the Corporate Safety Dashboard, and align the initiatives tracked through the One Calgary report (Recommendations 4 and 5).

Observations & Recommendations

<table>
<tr><th>#1: Occupational Health & Safety Management System</th><th></th></tr>
<tr><td>OBSERVATION</td><td>RECOMMENDATION</td></tr>
<tr><td>
The OHSMS does not contain certain key relevant up-to-date content to support a systematic and coordinated approach to occupational health and safety.
The OHSMS has not been revised annually as stipulated by the OHSMS Manual and referenced in the OHS Policy. The last review of the OHSMS Manual was performed in 2021.
A key element of the OHSMS is the OHS Training Guideline. The Training Guideline states it is to be revised every three years but was last reviewed in 2012. The Guideline content is out of date and limits the effectiveness of the Guideline as it:

References roles/departments no longer in existence (e.g., Environmental & Safety Management Business Unit)
Does not include key safety training processes such as the incident reporting process and how to use the reporting tool (SDMS).
Does not fully capture regulatory corporate level training requirements (e.g., training on roles and responsibilities for the Joint Health and Safety Committees required by the Alberta Occupational Health and Safety Act); and
Does not contain accurate links to registration for some key training courses: e.g., the registration link for "Learning for Municipal Excellence - Managing Workplace Safety" is broken, and the registration link for “Leadership for Safety Excellence,” an external course, is missing completely.

The OHSMS is also missing a key element: an internal safety auditing process. OHS has a mandate to establish and maintain an audit program that will ensure ongoing maintenance and adherence to related policies and procedures. However, OHS has not developed a process to internally assess compliance with the OHSMS and regulatory requirements.
Without this key relevant content, there is a risk the OHSMS may not meet the regulatory requirements to guide the organization to achieve the desired results for occupational health and safety.
</td><td>
1a) The Director, Occupational Health and Safety to review and update the Occupational Health and Safety Management System (OHSMS) and establish a periodic cycle of subsequent OHSMS reviews.
MANAGEMENT RESPONSE
Agreed

Review current OHSMS and make updates by the end of 2025.
Record review and revisions requirements in updated OHSMS; the Occupational Health & Safety business unit has defined a review period for the OHSMS as every three years, unless otherwise required (e.g., Alberta OHS Legislative changes).

LEAD
Director, Occupational Health and Safety
Support:
Manager, Health and Safety Programs,
Manager, Strategic Services,
Leader, Safety Programs and Standards.
Leader, Business Excellence,
Leader, Safety Systems, Finance and Human Resources.
COMMITMENT DATE
December 31, 2025
1b) Manager, Health and Safety Programs, to update the OHS Training Guideline.
MANAGEMENT RESPONSE
Agreed
</td></tr>
</table>

	• OHS will develop a draft OHS Training Standard and complete updates to the OHS Training Guideline. • OHS will consult leaders and Learning & Development teams from across the Organization on the draft OHS Training Standard and Guideline. • Implementation of this new Standard and Guideline will occur in 2025. **LEAD:** Manager, Health and Safety Programs **Support:** Leader, Auditing, and Performance Leader, Safety Programs and Standards and Leader, Business Excellence. **COMMITMENT DATE** • December 31, 2024 • December 31, 2025 • December 31, 2025 1c) Manager, Health and Safety Programs, to develop a comprehensive internal safety auditing process covering all OHSMS safety activities. **MANAGEMENT RESPONSE** Agreed • OHS will develop an internal safety auditing program and associated tools. • OHS will consult with internal and external interested parties to develop the internal safety auditing program and associated tools based on best practices and industry standards. **LEAD** Manager, Health and Safety Programs **Support:** Leader, Auditing, and Performance Leader, Safety Programs and Standards **COMMITMENT DATE** June 30, 2025

#2: Incident Reporting and Management Process	
OBSERVATION	**RECOMMENDATION**
The Incident Management Standard content does not support consistent actions by Safety Advisors in the management and follow-up of safety incidents. The Incident Management Standard was last reviewed in 2019 and includes references to non-existent roles (Environmental and Safety Management) and missing supporting documents (Occupational Health and Safety Core Manual). <u>Incident Management</u> Our review of safety incidents in the audit period identified that the support provided by Safety Advisors in managing incidents is inconsistent: • 13% of incidents reported were not reviewed and approved by a Safety Advisor. • 20% of incidents reported in SDMS lacked documented root causes and corrective actions established by the investigating supervisor, a deficiency that should have been identified through the Safety Advisor review and approval process. In addition, safety advisors do not consistently review serious incidents reported in SDMS for completeness of data entry, adequacy of corrective actions, and perform required signoffs. Our testing noted that, for the audit period, 8% of reported serious incidents did not have complete investigations and one incident was incorrectly flagged as OHS reportable. <u>Follow-up on overdue actions</u> The Incident Management Standard mandates the implementation and verification of all corrective actions. However, our review identified variations in understanding among safety advisors regarding their roles and responsibilities: • Safety Advisors' understanding of their role in following up on overdue corrective actions varies as some Safety Advisors provide a deep level of support to BUs while others provide minimal support. • From our audit sample, we noted 8% of corrective actions that were recorded with errors in the information provided on SDMS and inaccurate completion dates. These errors should have been identified through the safety advisor review and approval process. Inconsistencies in reporting and managing incidents increase the risk of incidents reoccurring within Business Units, where preventative and corrective actions are not taken on time and increase the risk of non-compliance with occupational health and safety legislative requirements. A clear, comprehensive Incident Management Standard, and clear definition of responsibilities for supervisor	2a) The Manager, Health and Safety Programs to review and update the Incident Management Standard. **MANAGEMENT RESPONSE** Agreed • The Manager, Health and Safety Programs will update the Incident Management Standard to address specific functions of incident investigation team members and approvers. • Consult with various business units and external partners in the development of the Incident Management Standard. • Support all business units in the implementation of the updated standard across the Corporation. **LEAD** Manager, Health and Safety Programs and Manager, Strategic Services **Support:** Leader, Auditing and Performance Leader, Safety Programs and Standards, Leader, Business Excellence and Leadership from across the Organization **COMMITMENT DATE** December 31, 2025 2b) The Managers, Safety Operations to develop and deliver supporting guidance for Safety Advisors on their role in incident management and reporting. **MANAGEMENT RESPONSE** Agreed • The Managers, Safety Operations will develop incident management roles and responsibilities for safety advisors that are aligned with

investigations, safety advisor review and manager approvals to support consistent actions and oversight.	updated Incident Management Standard and undertake researching & benchmarking on the appropriate capacity and level of incident reporting and management process oversight and quality control. • The Managers, Safety Operations will educate and evaluate Safety Advisors in these roles and responsibilities. • OHS will provide guidance to Leaders from across the Organization on their roles and responsibilities as it relates to the revised Incident Management Standard **LEAD** Managers, Safety Operations **Support:** Leaders, Safety Operations, Leader Leader, Safety Programs & Standards, Leader, Business Excellence and Leaders from across the Organization. **COMMITMENT DATE** December 31, 2025

#3: Incident Reporting Tool	
OBSERVATION	**RECOMMENDATION**
The City's incident reporting tool, SDMS, is not fully configured to support timely and accurate reporting of serious incidents with high impact. While there is a definition for serious safety incidents included in safety guidelines and toolkits, there is no option to flag an incident as serious in SDMS, which limits both consistent follow-up actions and reporting on trends for this type of incident. The option to flag incidents that must be reported to the Workers Compensation Board (WCB) relies on the worker/supervisor to provide the correct incident classification when entering the incident in SDMS. OHS indicated that there is a compensating activity in place whereby the OHS WCB Coordinator periodically reviews incidents reported as medical aid or lost time to determine if these incidents	3. The Manager, Safety Strategic Services to initiate an update to the configuration of the reporting tool (SDMS) to flag incidents as serious in nature and those requiring reporting to the Workers Compensation Board. **MANAGEMENT RESPONSE** Agreed **ACTION PLAN**

should be notified to WCB. However, there is a possibility that reportable incidents may be missed or identified late through this manual process. Our analysis of incidents in the audit period identified two instances where reporting to external parties was not completed on time. • One incident that should have been reported to the provincial regulator was only reported after three months when the province requires the employer to report a serious incident "as soon as possible." • One incident that should have been reported to the WCB after 72 hours was communicated after eight days even though the employee was absent at work the day after the incident. OHS stated that this may be a result of incorrect reporting to SDMS by the affected business units. Configuring the incident reporting tool to accurately capture serious and reportable safety incidents mitigates the risk of untimely reporting, supports appropriate action, and allows for analysis of trend information about these types of incidents.	The Manager, Safety Strategic Services to: • Develop potential updates to the SDMS reporting tool to ensure serious incidents are flagged and reported where required. • Update Leadership Toolkit to reflect these changes to the reporting requirements. • Engage leaders from across the Organization to implement the changes to the SDMS reporting tool and the Leadership Toolkit. **LEAD** Manager, Safety Strategic Services **Support:** Leader, Safety Systems Leader Business Excellence Leaders from across the Organization **COMMITMENT DATE** June 30, 2025

#4: Leader Safety Performance Reporting Process	
OBSERVATION	**RECOMMENDATION**
The current process for periodically reporting safety performance to leaders has inconsistencies in both the approach and data reported. Currently, diverse means, including One Calgary, JWHSC meetings and safety work plans, as well as the Safety Dashboard, are utilized for communicating safety performance. From our sample review of reporting to two departments (Operational Services and Community Services), we noted the following: • Detailed safety reporting is provided to Operational Services through monthly safety reports whereas Community Services is only provided with safety work plans progress status. • JWHSC presentations are made within Community Services but not all Business Units participate in a JWHSC e.g., Partnerships BU. • There is no formal process in place to review and approve the safety report content presented to leaders. We identified inconsistencies in data provided to Operational Services leaders compared to information in the Safety Performance dashboard	4. The OHS Managers, Safety Operations and Manager, Strategic Services to design and implement a standardized leader safety reporting process, incorporating a defined approach, frequency of reporting, and review and approval process, as well as a requirement for leaders to analyze the information provided. **Management Response** Agreed The Managers, Safety Operations and Manager, Strategic Services to: • Assess current state through a business unit assessment on

(e.g., days without lost-time claim (LTC) recorded as zero in the dashboard)~~.~~ These inconsistencies in safety reporting arise from the lack of a formalized process. Without consistent, timely, and accurate information, leaders may not be aware of key trends or regulatory updates, which could limit their ability to mitigate safety issues or address trends in a timely and appropriate manner.	reporting process, approach, report templates, frequency, and leader utilization. • Consult leaders from across the Organization on what safety information is required for reporting purposes. • Develop a Corporate-wide OHS reporting process, including templates, frequency, leader how-to use guides, and review and approval processes. • Encourage leaders in business units to use OHS reports with employees. • OHS to provide support to all leaders on the implementation of standardized reporting to all departments. **Lead** Managers, Safety Operations and Manager, Strategic Services **Support:** Leaders, Safety Operations, Leader, Business Excellence and Leaders across the Organization **Commitment Date** December 31, 2025

#5: Safety Dashboard Information	
OBSERVATION	**RECOMMENDATION**
The information in the Safety Dashboard does not contain sufficient complete and accurate data to support full awareness of safety performance, which in turn supports appropriate safety decisions and actions. The Corporate Safety Dashboard contains only lagging indicators – no leading indicators are being monitored to support safety prevention. In addition, the Corporate Safety Dashboard data comes directly from the safety incident reporting tool. However, there is no process established to review the data for accuracy. We identified inconsistencies and gaps in data, including:	5. The Manager, Strategic Services and the Managers, Safety Operations to enhance the Safety Dashboard to include data on both leading and lagging indicators of safety performance across the organization and implement a data accuracy review process. **Management Response** Agreed

• Inaccuracies in recording 'Days without an LTC' (showing Zero across The City as well as for each Department in prior years). • Missing metrics for some service lines e.g., Facility Management; and • Missing service lines/Departments e.g., the Chief Administrator's Office is not included in the Safety Dashboard. OHS is currently piloting an additional Safety Performance Dashboard which contains both leading and lagging indicators, but only includes Operational Services Department safety data. Due to FOIP limitations, the Safety Performance dashboard is available to Dept ID owners only to manage the confidentiality of the information provided.	The Manager, Strategic Services and the Managers, Safety Operations to: • Assess current Corporate OHS Dashboard and ensure all service lines, business units and Departments are included. • Consult with internal and external interested parties on the development of leading and lagging performance indicators. • Research industry best practices to develop both leading and lagging performance measures. • Enhance the Corporate OHS Dashboard with OHS leading and lagging performance indicators. • Implementation of a Corporate-wide safety dashboard. **Lead** Manager, Strategic Services and Managers, Safety Operations **Support:** Manager, Health and Safety Programs, Leader, Safety Systems, Leader, Business Excellence, Leaders, Safety Operations, Corporate Analytics and Innovation and Customer Service and Communication. **Commitment Date** December 31, 2025

Acknowledgments

The City Auditor's Office conducts projects, including this audit, in conformance with the International Standards for the Professional Practice of Internal Auditing.

The City Auditor's Office would like to thank the OHS BU for their cooperation and support during this audit.

City Auditor's Report to
Audit Committee
2024 April 18

ISC: UNRESTRICTED
AC2024-0489

City Auditor's Office 1st Quarter 2024 Report

PURPOSE

The purpose of this report is to communicate the activities of the City Auditor's Office as set out in Bylaw 30M2004 (as amended).

PREVIOUS COUNCIL DIRECTION

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties, and functions of the position. Schedule A of Bylaw 30M2004 (as amended) requires the City Auditor to provide a quarterly report to Audit Committee that includes:

- Trending and achievement of City Auditor's performance measures as established to reflect effective delivery of the City Auditor's mandate;
- Status of Administration action on the current recommended action plan commitments agreed upon in previous audit reports; and
- Status of deliverables against the approved annual audit plan.

The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

RECOMMENDATIONS:

That the Audit Committee:

1. Receive this report for the Corporate Record; and
2. Recommend that Council receive this report for the Corporate Record.
3. Recommend that Attachment 2 to Report AC2024-0489 and Closed Meeting discussions remain confidential pursuant to Sections 20(1)(k) and (m) of the Freedom of Information and Protection of Privacy Act, to be reviewed by 2039 April 18.

HIGHLIGHTS

- What does it mean to Calgarians? The City Auditor's Office provides effective independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust.

- Why does it matter? The City Auditor provides open and transparent reporting on key activities on a quarterly basis.

RISK

The activities of the City Auditor's Office support Administration in their on-going mitigation activities related to Principal Corporate Risks.

ATTACHMENTS

1. City Auditor's Office 1st Quarter 2024 Report - AC2024-0489 ATT 1
2. CONFIDENTIAL - City Auditor's Office 1st Quarter 2024 Report - AC2024-0489 ATT 2

City Auditor's Report to
Audit Committee
2024 April 18

ISC: UNRESTRICTED
AC2024-0489

City Auditor's Office 1st Quarter 2024 Report

DEPARTMENT CIRCULATION

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve

Author: Jon Bateman, Executive Advisor, City Auditor's Office

Calgary

City Auditor's Office

1st Quarter 2023 Report
January 1, 2024 – March 31, 2024

April 18, 2024

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1. Status Update

Key Performance Indicators

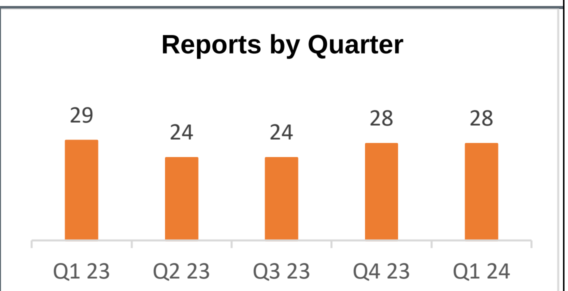
Measure Area	Performance Indicator	Target	Q4 2023	Q1 2024
Efficiency	On Track to Annual Plan	Q1-25% Q2-56% Q3-81% Q4-95%	95%	19%
Effectiveness	Timely Implementation of Audit Rec.	65%	80%	75%
Quality	Client Satisfaction	85%	92%	93%
Staff	Training Plan Achieved	90%	95%	100%

Budget ($'000's)

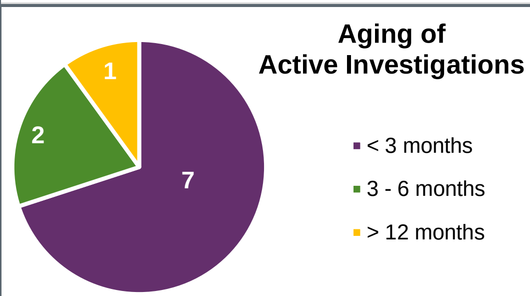
Category	2024 Annual Budget	Q1 Cumulative Budget	Actual to Date	Variance
Salary	3,105	770	707	63
Tools & Technology	166	41	38	3
Training	68	17	10	7
Professional Memberships	20	5	3	2
Contracted Services	150	37	0	37
Employee Recognition	3	1	0	1
Operating Costs	38	12	5	7
Total	3,550	883	763	120

Whistle-blower Program Activity

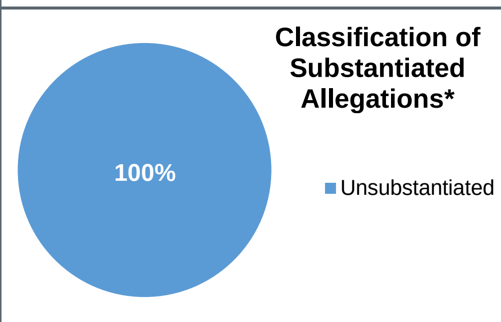
New Reports (Q1 – 2024)
28



Active Investigations (Q1 – 2024)
10

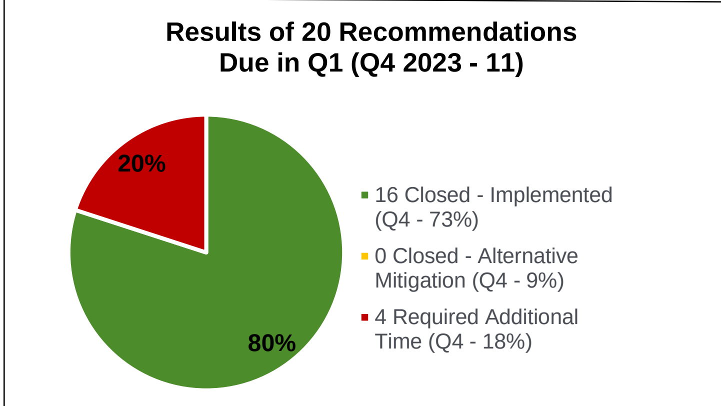


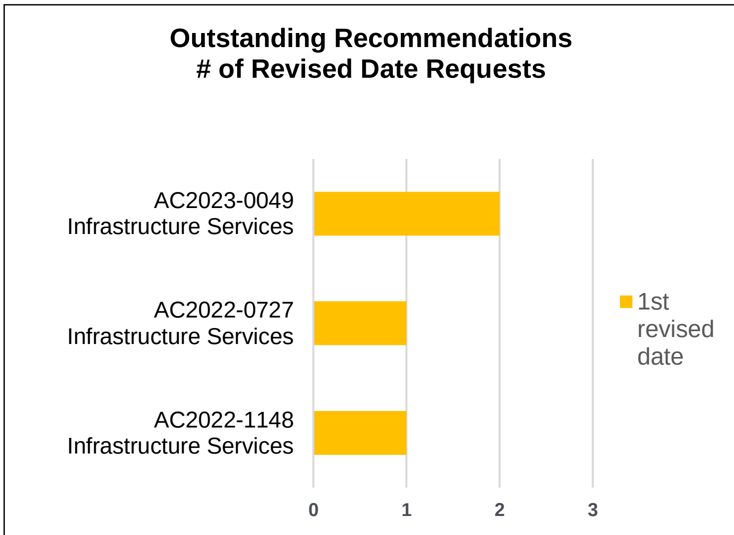
Closed Investigations (Q1 – 2024)
1



*An investigation may be comprised of multiple allegations and may result in multiple recommendations/corrective actions. Substantiated allegations and matters resulting in corrective action are summarized at www.calgary.ca/whistle

Recommendation Follow-up





2. Initiative Briefing

Data Analytics Strategy (2024)

Strategy

Complement and extend City Auditor's Office assurance coverage through:

- Planned continuous auditing projects that leverage data to automate testing of risk and controls.
- Responsive data analytics advisory services that provide ongoing support to City Auditor's Office audits and investigations

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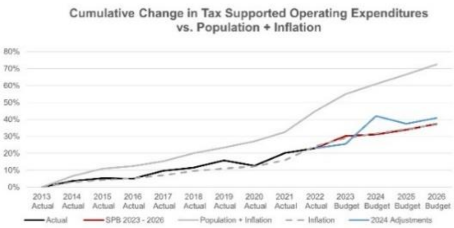
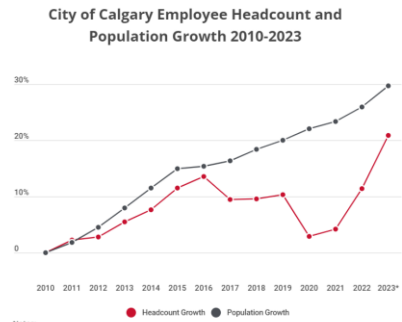
Drivers

- City of Calgary employee headcount and operating budget has lagged population growth. This strategy provides insight into risk exposures and control effectiveness in a manner that requires reduced Administration time.





Sourced from https://www.calgary.ca/our-finances/management.html and https://www.calgary.ca/our-finances/workforce-management.html

- Leveraging growing availability of City of Calgary data and planned improvements by Administration in data management and governance.
- Technological improvements and increased availability of tools to analyze data, including cloud services and artificial intelligence.

Data Analytics Roadmap

1. Grow number of continuous auditing projects by 25% from current target of three per year to five per year by end of 2026.

2024	2025	2026
3	4	5

2. Maintain response levels to expected modest growth in requests for analytics to support audits, Whistle-blower Program investigations and City Administration high priority initiatives.

Continuous Auditing Project Prioritization

We will identify annual priorities for planned analytic projects balancing:

1. Coverage of areas with good availability of data which will primarily focus on transaction rich enabling services (Finance, Supply Management, IT and HR) with data sets that cut across multiple business units. Secondary focus on enabling services with subject-specific data such as Corporate Security, Assessment and Tax (example: tax data). Future roadmaps will consider expanding to other operational services.
2. Other assurance coverage provided through the City Auditor's Office Audit Plan.
3. Risk exposure, for example Principal Corporate Risks.

Delivery Framework

The following delivery framework sets out our approach to growing the number of continuous auditing projects delivered through increased efficiency and thoughtful resourcing decisions, along with further increasing the value these projects deliver through innovation and maintaining our responsiveness to advisory requests.

People	• Increased flexibility in resourcing model through use of Senior Analytics Auditor role that can deliver both data analytics advisory and continuous audit projects. • Just-in-time learning to provide ongoing upskilling to take advantage of new technologies. • Monitor resourcing levels against plan delivery including use of temporary resources when appropriate.

Process	• Project methodology designed to conform with the Institute of Internal Auditors Global Internal Audit Standards.
	• Ongoing improvements to methodology by leveraging City Auditor Office Quality Assurance and Improvement Program.
	• Processes reflect clear delineation of Administration's responsibility for on-going continuous monitoring. We will:
	    • Support Administration in improving their capacity in this area by sharing code/scripts used in our projects for them to maintain and adapt on a go forward basis.
	    • Run continuous auditing scripts after the initial report to Audit Committee to verify if improvements were made and consider these results in planning future City Auditor Office activity.

Technology	• Align with overall City technology direction to leverage existing and planned enterprise applications, such as Power Platform. Supplement primarily through widely used open-source tools (e.g., Python) and where appropriate leverage existing proprietary software that still provides value.
	Goals of approach are to:
	    a) Support transition of continuous auditing tools to Administration when requested for continuous monitoring.
	    b) Efficient use of City resources through reuse of existing enterprise applications and lower cost open-source technology.
	    c) Use widely used technologies that are under active development to ensure availability of talent in the market.
	    d) Retain a up to date technology platform to leverage new market innovations.
	• Leverage AI in a responsible manner aligned with The City's strategy to deliver more comprehensive assurance and increase efficiency.

2024 Audit Plan – Status as at March 31, 2024

2024 Audit Plan				
#	**Title**	**Description**	**Report Target**	**Status**
2023 Audit Plan Carry Forward				
1	Downtown Calgary Development Incentive Program	An operational audit of the Downtown Calgary Development Incentive Program's grant administration.	Q1	Complete/ Reported 2/15/2024
2	Financial Reserves	An operational audit of the effectiveness of the management of City of Calgary financial reserves.	Q2	Reporting
3	Cloud Vendor and Solution Management	An IT audit to review processes for identifying, assessing, and monitoring cloud software solutions and vendors.	Q1	Complete/ Reported 1/18/2024
4	Safety Management	An operational audit of the effectiveness of the Occupational Health & Safety Business Unit's monitoring and mitigation of safety incidents.	Q2	Reporting
5	Streetlights	An operational audit of streetlights maintenance and repair.	Q2	Reporting
6	Project and Portfolio Management Tool (P2M)	An operational audit of the Utilities Delivery Business Unit's utilization of P2M.	Q2	Reporting
2024 Audit Plan				
1	Climate & Environment - Clean Energy Improvement Program	An operational audit of the Clean Energy Improvement Program. *Principal Corporate Risk: Sustainable City*	Q3	Fieldwork
2	Water Services - Water Metering	An operational audit of the effectiveness of The City's water metering processes and policies. *Principal Corporate Risk: Service Delivery*	Q3	Fieldwork

2024 Audit Plan				
#	**Title**	**Description**	**Report Target**	**Status**
3	Parks & Open Spaces - Mowing Services	An operational audit to assess the effectiveness and efficiency of Parks & Open Spaces' mowing services. *Principal Corporate Risk: Financial Sustainability*	Q3	Fieldwork
4	Partnerships - Neighbourhood Partnership	An operational audit of the Neighbourhood Partnership Coordinator Team's Community Association support. *Principal Corporate Risk: Service Delivery*	Q4	Not Started
5	Events Centre	An operational audit of The City's governance of the Events Centre project. *Principal Corporate Risk: Capital Infrastructure*	Q4	Planning
6	IT - Disaster Recovery	An IT audit of disaster recovery processes to provide assurance essential systems are identified and appropriate recovery procedures and infrastructure are in place. *Principal Corporate Risk: Service Delivery*	Q4	Not Started
7	Corporate Security – Cyber Security	An IT audit to assess the effectiveness of activities to detect the occurrence of cyber security events within The City's IT environment. *Principal Corporate Risk: Technological Disruption*	Q1 2025	Not Started
8	Community Planning -Local Area Plan Process	An operational audit to assess the effectiveness of engagement in the Local Area Plan Process. *Principal Corporate Risk: Reputational*	Q1 2025	Not Started

2024 Audit Plan				
#	**Title**	**Description**	**Report Target**	**Status**
9	Utilities Delivery - Project Management	An operational audit assessing the effectiveness of the project management of the Inglewood Sanitary Trunk project. *Principal Corporate Risk: Capital Infrastructure*	Q1 2025	Not Started
10	Supply Management - Corporate Supply Chain Resilience Strategy	An operational audit of Supply Management's processes that support the Corporate Supply Chain Resilience Strategy. *Principal Corporate Risk: Capital Infrastructure*	Q1 2025	Not Started

Q1 2024 Recommendation Follow-up– In-Progress Action Plans

Report # & Title	# of Revisions	Revised Date	Recommendation
AC2022-0727 Calgary Recreation Infrastructure Investment	1	December 31, 2024	#2 The Director, Capital Priorities and Investments, design and communicate formalized roles, responsibilities and associated high level expected processes to support the identification of potential infrastructure investment opportunities and the monitoring of value delivered by the portfolio.
AC2022-1148 Facility Management Asset Management	1	December 31, 2024	#5 The Manager, Investment Management (FM), coordinate with the Corporate Asset Management group to develop and implement level of service criteria in PowerPlan in accordance with the Asset Management Framework and incorporate them into the asset management planning and decision-making process.
AC2023-0049 Real Estate & Development Services- Enhanced Rationalization Program	1	September 30, 2024	#1c) The Coordinator of Enhanced Rationalization refine the Enhanced Rationalization program mandate and objectives to be specific, measurable, attainable, relevant, and time-bound and once approved by the Corporate Land Committee, prepare a risk management strategy to support program success.
AC2023-0049 Real Estate & Development Services- Enhanced Rationalization Program	1	September 30, 2024	#2 The Coordinator of Enhanced Rationalization monitor and evaluate the resourcing assigned to the Enhanced Rationalization program and recommend additional actions to the RE&DS Management Team if adjustments are required to fulfill the program's mandate.

ENMAX CORPORATION Report to Audit Committee 2024 April 18

ISC: UNRESTRICTED AC2024-0413

ENMAX Corporation 2023 Annual Report

PURPOSE

This report is in response to the Audit Committee's request for an annual report on Enmax Corporation's board governance, financial and performance reporting, environmental, social and governance practices, risk management, and talent and culture insights from 2023.

PREVIOUS COUNCIL DIRECTION

The Audit Committee 2024 Work Plan includes a presentation from several civic partners on their 2023 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.

RECOMMENDATION(S):

That Audit Committee:

1. Receive this report and presentation for the Corporate Record; and
2. Keep Attachments 5, 8, 9, 15, 16, 17 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 by 2039 April 18

HIGHLIGHTS

The following is the outline of the information the Audit Committee wishes the ENMAX Corporation to provide:

Financial and Performance Reporting

1. Please provide a brief summary of the following information for your organization:

    (a) Key strategy initiatives and financial highlights for 2023;
    (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.

ENMAX CORPORATION Report to Audit Committee 2024 April 18

ISC: UNRESTRICTED
AC2024-0413

ENMAX Corporation 2023 Annual Report

Environmental, Social & Governance Practices

3. How has the board integrated environmental, social factors and metrics into its 2024 planning, and beyond?

4. City Council declared a climate emergency in 2021 November. Please indicate the status of your target setting and net-zero emissions by 2050.

5. 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)?

6. Are there any regulatory or market changes that impacted the business approach in 2023 and would they be relevant to share publicly with the Audit Committee?

7. Do you have updates on your organization's risks and opportunities for privacy and information security?

Board Governance

8. 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.

9. 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 the oversight required by the organization (eg. financial, legal and risk oversight)?
   (c) Specific to your organization's Audit Committee, what is the current composition of the membership, including relevant financial experience? What is your Audit Committee's 2024 Work Plan?

Enterprise Risk Management

10. What are your organization's principal risks?

11. 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?

ENMAX CORPORATION Report to **ISC: UNRESTRICTED**
Audit Committee **AC2024-0413**
2024 April 18

ENMAX Corporation 2023 Annual Report

12. 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?

13. Are there any results of regulatory or internal/external business assessments that assure the effective management of the principal risks as addressed in your presentation?

Talent and Culture

14. Have there been any significant changes to your organization's executive leadership?

15. 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?

16. Is there regular reporting on your organizations' ethics and compliance with corporate policies to the Board?

17. What mechanisms are in place to support the concerns of management and employees?

18. 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.

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

ATTACHMENT(S)

1. Letter from Chair ENMAX Audit Committee
2. ENMAX Corporation Presentation to the City of Calgary Audit Committee – April 18, 2024
3. 2023 Financial Report
4. Disclosure and Confidentiality Policy
5. ENMAX ICFR Program– CONFIDENTIAL
6. 2022 Environmental Social and Governance (ESG) Report
7. Audit Committee Mandate
8. Audit Committee Workplan – CONFIDENTIAL
9. 2023 Year End External Auditor Report – CONFIDENTIAL
10. 2022 Annual Report on Governance and Compensation
11. Principles of Business Ethics Policy
12. Board Diversity Policy
13. ENMAX Executive Team Member Profiles
14. ENMAX Board of Director Member Profiles
15. Commodity Risk Management Policy – CONFIDENTIAL

ENMAX CORPORATION Report to
Audit Committee
2024 April 18

ISC: UNRESTRICTED
AC2024-0413

ENMAX Corporation 2023 Annual Report

16. Enterprise Risk Management Policy – CONFIDENTIAL
17. 2023 Q4 Enterprise Risk Management Report – CONFIDENTIAL
18. Safety and Ethics Helpline Standard
19. Safe and Respectful Workplace Standard

Author: ENMAX Corporation

Contains commercially sensitive information.
Refer to cover page to materials regarding restrictions.

April 8, 2024

City of Calgary Audit Committee
Office of the Councillors
The City of Calgary
700 Macleod Trail South
Calgary AB T2G 2M3

Dear Audit Committee Members,

As Chair of the Audit Committee of the ENMAX Corporation Board of Directors, I am pleased to submit documentation in advance of our upcoming meeting with the City of Calgary Audit Committee on April 18, 2024, consistent with the March 7, 2024 letter from the City of Calgary Audit Committee Chair. The documentation provided addresses items highlighted in the letter including information related to:

- Financial Performance and Reporting
- Environmental, Social & Governance Practices
- Board Governance
- Enterprise Risk Management
- Talent and Culture

The material provided also includes additional reference documents in a series of Appendices. I will address selected aspects of the material provided in my remarks at our upcoming meeting.

As Audit Committee Chair, I regularly communicate with the ENMAX President & CEO, EVP & CFO, External Auditor (Deloitte LLP), Internal Auditor, and Corporate Secretary on matters relating to financial performance, internal controls, risk management and auditor performance. The Audit Committee receives written and verbal quarterly reports on these matters and related developments, and reports quarterly to the Board on material developments, findings and recommendations. As a matter of good governance, both the

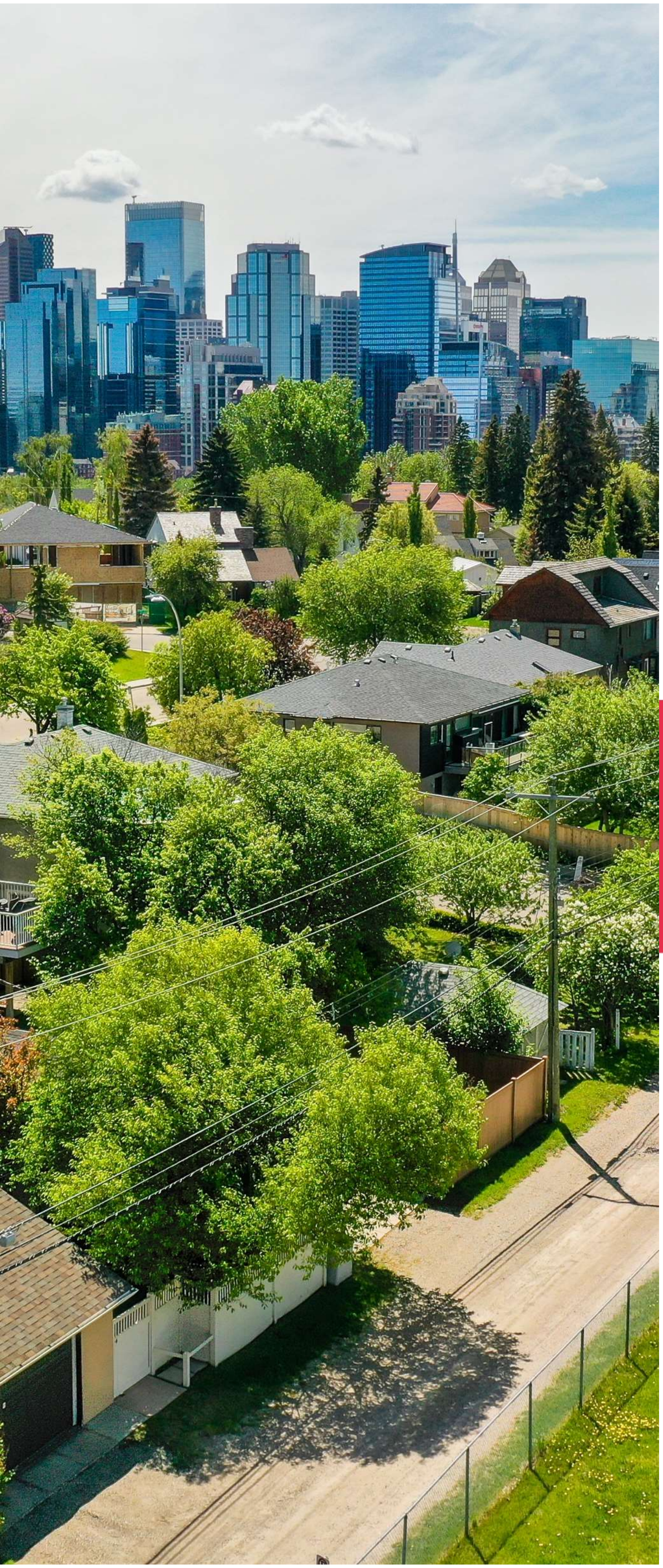
External Auditor and Internal Auditor present quarterly to the Audit Committee, which includes in-camera discussions with the Committee.

I look forward to discussing the above matters and documentation at the upcoming City Audit Committee Meeting. If there are additional matters, issues or areas you would like us to focus on during the meeting, please do not hesitate to advise us.

Yours sincerely,

Eric Markell
Chair, Audit Committee
ENMAX Corporation

CC: City of Calgary Audit Committee
Charles Ruigrok, ENMAX Board Chair
Mark Poweska, President & CEO
Sheri Primrose, Chief Financial Officer



ENMAX Corporation Presentation to the City Audit Committee

April 18, 2024

Contains commercially sensitive information.
Refer to cover page to materials regarding restrictions.

CONTENTS

Financial Performance and Reporting

2023 Highlights

Executing on our strategy, achieving our goals

Financial Performance

- Exceeded earnings in all parts of the business, resulting in a **record CNE of $316M**, an increase from $274M in 2022.
- **Declared dividend of $95M** to The City of Calgary.
- Strong retail fixed-contract pricing and customer growth.
- Higher regulated revenue and increased URD margins.

Capital Investment

- **Total capital spend of $657M in Alberta and Maine**, related to Substation No. 1 and enablement of Calgary's Green Line light rail and Advanced meter infrastructure (AMI) in Versant Power.
- **92 per cent** of capital expenditures invested in **regulated business**.

Operational Excellence

- **Achieved 97.4 per cent reliability** for generation fleet, commercial availability above target.
- **Record number of new residential connections** in Calgary.
- **Electricity Canada President's Award for Safety Excellence.**
- Successful major planned outage at Shepard Energy Centre.

Regulatory Strategy

- **Constructive regulatory decisions in Alberta and Maine** lay a solid foundation for revenue certainty and future success.

Policy Advocacy

- **Decisive victory in Maine** defending our position against a ballot measure to create a public-owned utility.
- **Industry leadership** on draft Clean Electricity Regulations (CER), Alberta Electric System Operation (ASEO) market redesign, Regulated Rate Option(RRO) restructure.

Customer Focus

- **Robust customer experience metrics** across the organization, meeting or exceeding targets.
- **Invested $3.8M in community,** with a focus on funding partner agencies to bolster energy affordability programming.
- Led industry in initiatives to **improve access to energy** for our customers.

Strategic Direction

- **Updated SVP**, endorsed by the Shareholder, to define expectations of performance and value of ownership.
- **Evolved corporate strategic plan,** aligning the organization for future growth and resilience.

2023 ESG Targets

- **Achieved 2023 ESG Targets.**
- Electricity Canada **2023 Sustainable Electricity award for ESG Framework.**
- Ongoing **knowledge sharing communication on climate-related topics** with City of Calgary Climate and Environment team.

Financial Summary ($M)

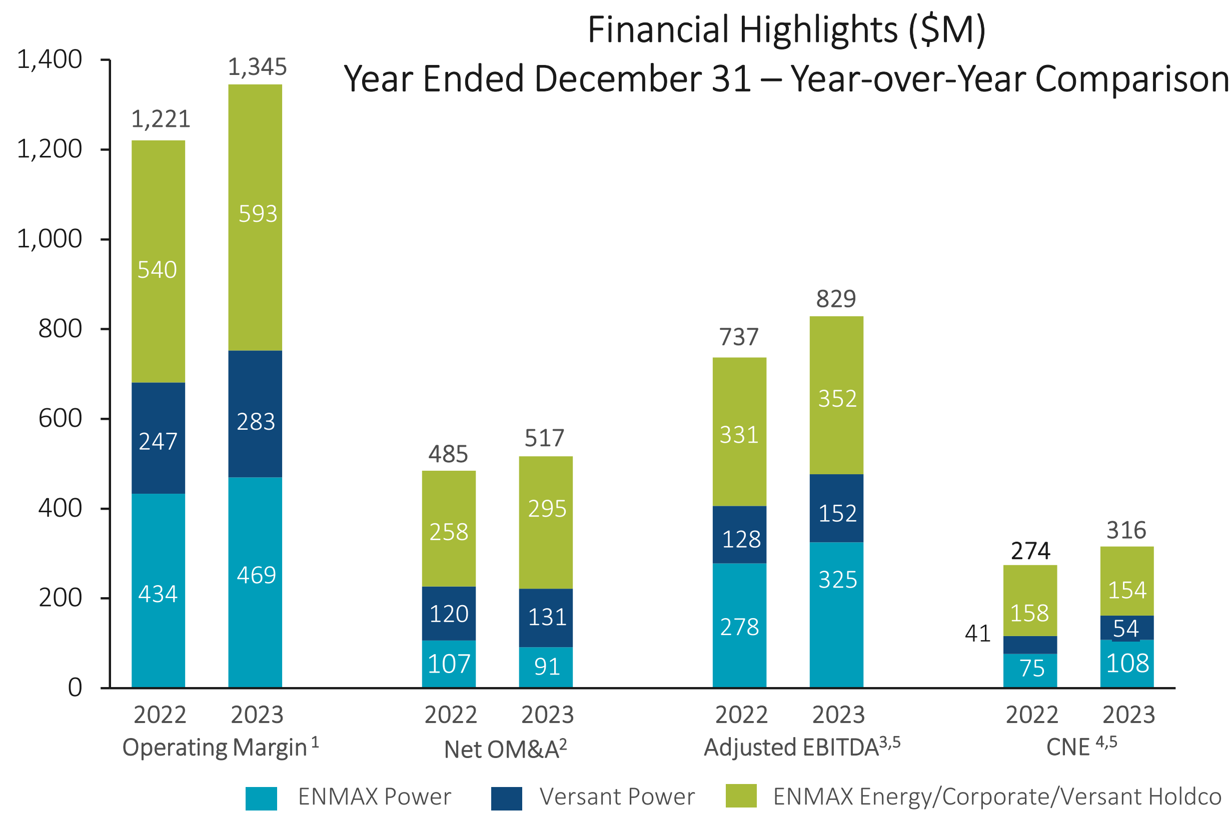
Q4 and Year End Overview

	Three Months Ended December 31			Year Ended December 31		
	2023	2022	% Change	2023	2022	% Change
Revenues	943	1,118	(16%)	3,795	3,743	1%
Regulated	316	305	4%	1,218	1,169	4%
Electricity	370	507	(27%)	1,664	1,680	(1%)
Natural Gas	147	195	(25%)	451	506	(11%)
Local Access Fees	66	71	(7%)	303	238	28%
Contractual Services	34	31	10%	117	109	8%
Other Revenue	9	9	1%	41	41	2%
Operating Margin	377	330	14%	1,345	1,221	10%
Net OM&A	141	114	23%	517	485	7%
Adjusted EBITDA	237	218	9%	829	737	12%
ENMAX Power	94	67	40%	325	278	17%
Versant Power	40	29	38%	133	131	2%
ENMAX Energy / Corporate	103	122	(16%)	371	328	13%
CNE	98	94	5%	316	274	15%
Regulated Capital Additions	247	259	(5%)	418	405	3%

2023 Financial Summary

Year End

- **Year ended** Adjusted EBITDA of $829M for 2023 **increased by $92M** from 2022, largely due to an $81M increase in transmission and distribution margin and a $41M increase in electricity margin due to favourable market conditions in the Alberta electricity market, partially offset by an increase in OM&A.
- **Year-ended** CNE of $316Mfor 2023 was **$42M higher** than 2022, as the increase in Adjusted EBITDA noted above was partially offset by higher depreciation and amortization expenses and finance charges.



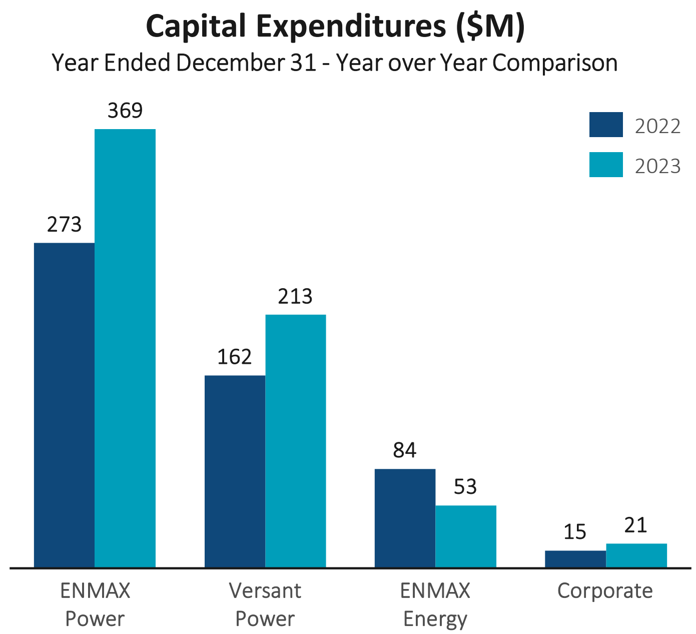
[1] *Operating margin reflects total revenue less direct costs.*
[2] *Management characterizes net OM&A costs as other expenses recognized on the Consolidated Statement of Earnings, excluding unrealized foreign exchange gains and losses and including capitalized recoveries.*
[3] *Management uses Adjusted EBITDA as an indication of cash flows and earnings from recurring primary business activities, without consideration of how those activities are financed or how the results are taxed.*
[4] *CNE includes depreciation and amortization and finance charges, as well as income tax effects of core operations.*
[5] *Both Adjusted EBITDA and CNE exclude unrealized gains or losses on commodities, unrealized foreign exchange gains or losses, impairment charges (if any) and related tax effects of these items.*
Note: Adjusted EBITDA, Net OM&A, and CNE are Non-IFRS financial measures, do not have any standard meaning prescribed by IFRS, and may not be comparable to similar measures presented by other companies.

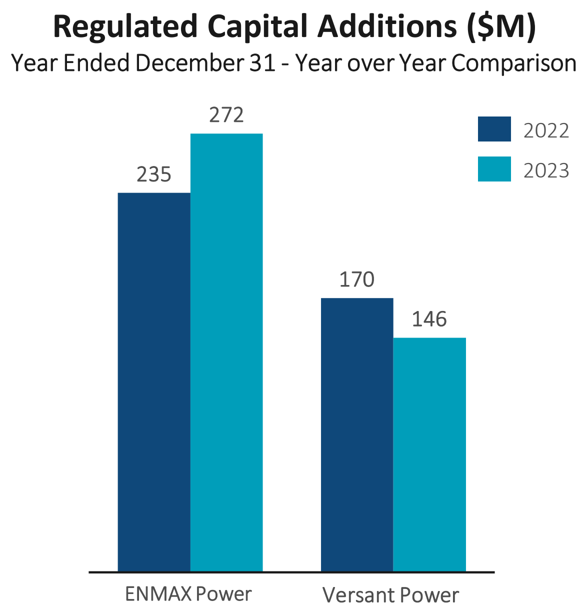
Investing In Our Business

Diligent capital investment drives our growth

Annual Financial Highlights

Capital spending totalled $657 million in 2023, an increase of 15 per cent over 2022. The increase primarily relates to Substation No. 1 in ENMAX Power, continued work on the Green Line light rail transit project and AMI in Versant Power.

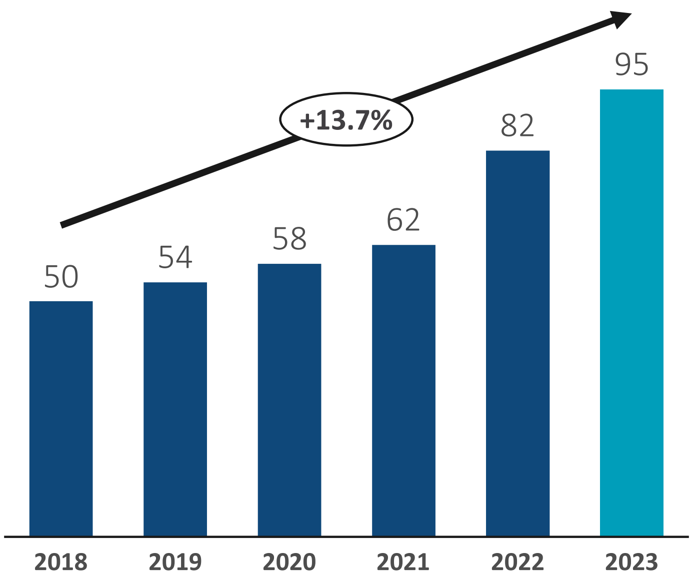




ENMAX Dividend to Shareholder

Consistent and strong growth in returns

Annual Dividend Growth Since 2018[1]



Financial Performance[2]

Shareholder Capital Invested
$280M

Shareholder's Equity Now
$2.95B

Return on Investment
502% (total) **7%** (annualized)

Total Ownership Return[3]
1456% (total) **11%** (annualized)

372% (total increase over 5 years) **34%** (annual growth rate over 5-years)

[1] *Annual Dividends are based on results from that financial year and are paid out in the following year.*
[2] *Cumulative numbers presented are as at December 31st, 2023.*
[3] *Total Ownership Return = (Total Dividends Received + Shareholder's Equity – Total Share Capital) / Total Share Capital.*

Appendices for Financial and Performance Reporting: (Letter Item 1 – 2)

Appendices

2023 Financial Report
Disclosure and Confidentiality Policy
ENMAX ICFR Program – CONFIDENTIAL

Environmental, Social and Governance Practices

2023 ESG Highlights

At ENMAX, we are proud of our strong history of achievements in environmental, social and governance (ESG) practices and performance. Below is a selection of 2023 performance highlights that demonstrate our evolution as a responsible corporate citizen and future-oriented energy provider. ENMAX received the Sustainable Electricity Award from Electricity Canada this year which recognizes outstanding leadership in the development, implementation and maintenance of an integrated sustainability strategy. ENMAX will release our 2023 ESG Report in May 2023.

	OPERATIONS	ENVIRONMENT	SOCIAL	GOVERNANCE
Alberta	Served **~740,000** residential, commercial and industrial customers in Alberta Provided **1,522 MW** generation capacity Remained **top quartile** for reliability among Canadian utilities	Continued to study feasibility of **carbon capture** at our Shepard Energy Centre Installed 2.1 MW solar capacity on **25 Calgary Community Association** sites as part of the Community Solar Program Continued to quantify our **scope 3 emissions**	Launched **Indigenous relations strategy** focused on mutually beneficial and trusting relationships with Indigenous people and communities. Contributed **~$3 million** to Alberta community organizations, **> 30 %** of funding went to energy affordability Achieved safety record of **0.57** total recordable injury frequency (TRIF)	**CYBER SECURITY** **>90** employees completed Incident Command System training to enable a more coordinated response to incidents **Sustainable Electricity Award** from Electricity Canada for leadership in development of integrated strategy **33%** of the members of our Board of Directors are women and 17% from underrepresented groups
Maine	Served **~165,000** customers in northern and eastern Maine Invested **>US $157 million** to maintain and improve Maine's electricity system	Designed and built **2 nesting platforms** (25 built in total) to protect birds that tend to nest around our transmission and distribution wires Supported **450** distributed generation projects	Launched diversity, inclusion, equity and belonging **roadmap** Contributed **>US $400,000** to Maine community organizations	Governed by a Board of Directors with majority of representatives from Maine, including **four independent directors** Conducted **62** phishing tests and **500** employees trained in cybersecurity

Appendices for Environmental, Social and Governance Practices: (Letter Item 3 - 7)

Appendices
2022 Environmental Social Governance (ESG) Report

Board Governance

ENMAX's Governance Approach

Our approach to governance and the disclosure of our practices is informed by *National Instrument 58-101 – Disclosure of Corporate Governance Practices.*

We issue:

- Quarterly and annual financial statements and MD&A
- Annual Report on Governance and Compensation
- Annual ESG Report

All information is available on enmax.com

ENMAX Governance Role and Responsibilities

ENMAX's Shareholder

- ENMAX is a private corporation incorporated under the Alberta *Business Corporations Act* whose sole shareholder is The City of Calgary.
- Calgary's City Council acts in the capacity of the Shareholder on behalf of Calgarians.
- ENMAX does not receive funding from The City of Calgary—we generate our own revenue and profits and maintain a separate financial standing and credit rating. Each year, ENMAX strives to pay a stable, predictable and growing dividend to the Shareholder consistent with our dividend policy.

Shareholder Engagement

- Ongoing communication and engagement with The City of Calgary is an integral part of ENMAX's philosophy of good governance.
- We communicate with our Shareholder regularly on a variety of business matters, meeting quarterly in person and by phone, and convening a public Annual Shareholder Meeting and an in-camera meeting to review our forward business plans.
- The Chair of our Audit Committee meets with The City's Audit Committee annually.

ENMAX Board of Directors

- Governed by a Board of Directors, comprised of industry, business and community leaders elected annually by Shareholder.
- Accountable to the Shareholder to ensure we operate in a prudent and transparent manner that reflects ENMAX's commitment to accountability and corporate responsibility.
- Rigorous Board selection and appointment process is guided by a skills matrix to ensure we have the director expertise and experience required to govern ENMAX effectively.

ENMAX Board Role and Responsibilities

Accountable to City Council, the Board is composed of independent business and energy leaders that bring decades of experience to ENMAX (elected annually at each AGM).

Under the Board's stewardship, ENMAX adheres to Canadian governance standards (in place for public corporations):

- Written mandates for Board and its Committees reviewed annually
- Public financial disclosure
- Ongoing Shareholder disclosure
- 'No Surprises' Shareholder communication approach and practices fully in place
- Shareholder-approved Board compensation program
- Matrix of skills informs Board succession planning
- Ongoing public disclosure of ENMAX governance practices, including board and executive compensation

ENMAX Board Governance

Four Committee Structure

Audit Committee

- Audit (External & Internal)
- Financial Disclosure
- Internal Controls
- Compliance

Human Resources Committee

- Human Resources
- Compensation
- Pension

Corporate Governance Committee

- Nominations
- Risk
- Information Technology
- Policy
- Ethics

Safety, Environment & Sustainability Committee

- Environment, Social & Governance
- Health & Safety
- Environment

Board Oversight Practices

- ENMAX Board of Directors
  - Audit Committee
  - Corporate Governance Committee
  - Human Resources Committee
  - Safety, Environment & Sustainability Committee

Rigorous Board Oversight

- **The Board and its Committees have publicly disclosed terms of reference**. The Board evaluates its performance annually as well as that of the President & CEO.
- **The Board meets at least five times per year** and receives **progress reports** from the CEO between meetings, as well as undertaking specialized **deep dive and educational sessions** on specific areas of ENMAX's business.
- **The Board reviews and approves an extensive range of matters annually,** including public Financial Reports, strategy execution and all aspects of business performance, while also setting **annual performance measures**.

ENMAX Governance Framework

City of Calgary Shareholder

Exercises its Shareholder rights, primarily through the Election of the Board of Directors and appointment of Financial Auditor (100% of equity securities are held by City of Calgary)

ENMAX Board of Directors

Responsible for overseeing the affairs of ENMAX, including approving Strategy, Annual Budget, Material Contracts, Executive Officer Appointments and Compensation. Decisions informed by the Shareholder Value Proposition.

ENMAX Executive Team

Strategy execution, industry and people leadership

Manage organizational performance and risk

City of Calgary Administration

City Executive Team partners with ENMAX Executive Team

ENMAX operates under a *"No Surprises"* mandate and major business developments are disclosed to our Shareholder as they arise.

ENMAX Board, Committee and Policy Information

The role of the Board of Directors is to act in the best interest of ENMAX Corporation and ensure we deliver our Board mandate. The President and CEO and executive team are responsible for the development of ENMAX's strategy and the day-to-day management of the organization. The Board oversees the performance of the CEO and executive and ensures sound systems are in place to manage our risks and operations. The Board, through engagement with the executive team, monitors ENMAX's approach to ethics, compliance with applicable laws and regulatory policies, environmental risks and obligations, health and safety performance, financial practices, and disclosure and reporting.

In support of our commitment to transparency and accountability, ENMAX discloses the mandates in place for the Board, its committees and its individual Directors, as well as the key policies that guide our commitment to good governance—our Principles of Business Ethics Policy and Disclosure and Confidentiality Policy.

These documents can all be found on the ENMAX website.

- ENMAX Board – Mandate
- Director – Mandate
- Audit Committee – Mandate
- Corporate Governance Committee – Mandate
- Human Resources Committee – Mandate
- Safety, Environment and Sustainability Committee - Mandate
- Board Leadership Expectations
- Principles of Business Ethics
- Disclosure and Confidentiality Policy
- Board Diversity Policy

Executive Leadership Team

Mark Poweska
President & CEO

Sheri Primrose
Chief Financial Officer
(Effective September 2023)

Jana Mosley
President, ENMAX Power

Greg Retzer
EVP, ENMAX Energy

John Flynn
President, Versant Power

Erica Young
Chief Legal, Commercial and Regulatory Officer

Brandie Yarish
Chief Human Resources Officer, EVP Safety and Information Technology

Members of the Board


Charles Ruigrok
(Board Chair)


Mark Poweska
President & CEO


Nipa Chakravarti


Laura Formusa


Daryl S. Fridhandler K.C.


Eric Markell


Barbara Munroe


Byron Neiles


Dr. Chika Onwuekwe K.C.


Elise Rees


William Taylor


Bruce Williamson

Members of the Audit Committee

Eric Markell
(Chair)

Charles Ruigrok
(Ex-Officio member)

Nipa Chakravarti

Laura Formusa

Elise Rees

Bruce Williamson

Members of the Corporate Governance Committee

Barbara Munroe
(Chair)

Charles Ruigrok
(Ex-Officio member)

Nipa Chakravarti

Dr. Chika Onwuekwe K.C.

Elise Rees

William Taylor

Members of the Human Resources Committee

Laura Formusa
(Chair)

Charles Ruigrok
(Ex-Officio member)

Daryl S. Fridhandler K.C.

Barbara Munroe

Byron Neiles

Bruce Williamson

Members of the Safety, Environment & Sustainability Committee

Dr. Chika Onwuekwe K.C.
(Chair)

Charles Ruigrok
(Ex-Officio member)

Daryl S. Fridhandler K.C.

Eric Markell

Byron Neiles

William Taylor

ENMAX Director Skills Matrix

Key Skills	Nipa Chakravarti	Laura Formusa	Daryl Fridhandler	Eric Markell	Barbara Munroe	Byron Neiles	Chika Onwuekwe	Mark Poweska	Elise Rees	Charles Ruigrok	Bill Taylor	Bruce Williamson
Commodities / Wholesale Electricity Trading	✓			✓				✓			✓	
Community Building and Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Corporate Governance / Legal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customer Experience	✓	✓			✓	✓		✓	✓	✓	✓	
Electricity Utility Sector	✓	✓		✓				✓		✓	✓	✓
Energy Sector	✓			✓		✓	✓	✓		✓	✓	✓
Environmental, Sustainability and Safety		✓		✓	✓	✓	✓	✓		✓	✓	
Financial	✓	✓	✓	✓				✓	✓	✓	✓	✓
Human Resources		✓			✓	✓	✓	✓	✓	✓	✓	✓
Political and/or Government	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Project Management & Engineering	✓	✓		✓		✓		✓	✓	✓	✓	✓
Risk Management	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓
Technology & Cybersecurity	✓	✓				✓	✓	✓	✓		✓	

Skill Area	Skill Descriptor	Skill Area	Skill Descriptor
Commodities / Wholesale Electricity Trading	Senior executive or consulting experience in commodity or wholesale electricity trade operations.	Environmental, Sustainability and Safety	Thorough understanding and experience in environmental, climate, sustainability and health and safety frameworks (legal, regulatory and policy) applicable to business and the broader energy industry.
Community Building and Leadership	Significant experience and demonstrated leadership in the areas of community building and relations. Experience and capacity to engage and build relationships with a diverse set of stakeholders. May include experience with nonprofits and the public sector.	Financial	Senior executive experience or consulting in financial accounting and reporting and corporate finance, especially with respect to debt and equity markets. Comprehensive knowledge of internal financial controls and reporting standards. Expertise in auditing, evaluating or analyzing financial statements. May have formal education in this regard.
Corporate Governance / Legal	Senior executive, board member or consulting experience in corporate governance and legal matters applicable to business. (Note: Legal skill area represents a variety of legal areas and is not limited to a lawyer).	Human Resources	Senior executive experience or relevant board committee participation with an understanding of compensation, benefit and pension programs, human capital planning, legislation and agreements. Executive compensation expertise including base pay, incentives, equity and perquisites, and an understanding of retention, succession, training and recruitment.
Customer Experience	Senior executive or consulting experience with retail-level customers in the utility industry or another customer-focused service industry.	Political and/or Government	Experience in or with senior levels of municipal, provincial or federal government, and/or senior management experience in political and public consultation.
Electricity Utility Sector	Senior executive experience in electric utility (e.g. regulated rate) involving retail transmission, distribution and/or generation. (Note: Energy Sector Skill area captures competitive electricity).	Project Management & Engineering	Senior executive experience in large-scale infrastructure projects or capital investment programs. May include formal education in this regard.
Energy Sector	Senior executive or consulting experience in the competitive energy, electricity or natural gas markets, combined with a strong knowledge of ENMAX's strategy, markets, competitors, financials, operational issues, regulatory concerns and technology. May have technical training and formal education in this regard (e.g. engineering degree).	Risk Management	Senior executive experience in analyzing exposure to risk and successfully determining appropriate mitigants to best handle such exposure.
		Technology & Cybersecurity	Senior executive or consulting experience with technology applicable to electricity system. Includes Information Technology and Cybersecurity.

Current as of February 2024

Appendices for Board Governance:
(Letter Item 8 - 9)

Appendices

Audit Committee Mandate
Audit Committee Workplan – CONFIDENTIAL
2023 Year End External Auditor Report – CONFIDENTIAL
2022 Annual Report on Governance and Compensation
Principles of Business Ethics Policy
Board Diversity Policy
ENMAX Executive Team Member Profiles
ENMAX Board of Directors Member Profiles

Enterprise Risk Management

Enterprise Risk Management

What are your organization's principal risks?

ENMAX tracks key risk themes on a quarterly basis and presents observations and mitigations to our Board of Directors. Key risk themes include Customer, External Environment, Financial, Operational, People, Policy/Government, Regulatory, Safety, and Security. The governance of this report development and reporting cycle are defined in policy. The full 2023 Q4 Enterprise Risk Management Report can be found in the Appendices.

What risk management policies and procedures are in place to manage these risks, including internal controls that are that are in place to manage risk such as information technology and other systems?

ENMAX internal audit creates an annual risk-based plan that governs their work for the year. Based on this risk based audit plan, audit projects are completed to ensure that procedures are in place to appropriately manage risk, including internal controls. ENMAX has an ICFR (Internal Controls over Financial Reporting) program whereby Internal Controls are certified quarterly by control owners and leaders.

ENMAX has a technology governance framework to mitigate risks in its technology ecosystem. This includes internal processes covering investment and technical architecture oversight, alignment to several industry reference frameworks that guide maturity around core processes and IT general computing controls surrounding critical business systems. Our external auditor, Deloitte, reviews IT General Controls as part of their annual audit of ENMAX.

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?

Each quarter, our Enterprise Risk Management report is presented to the Board. Key takeaways are actioned and updates presented at subsequent meetings. While follow-ups are usually reported quarterly, matters of particular urgency are followed up on expeditiously. In addition to the regular quarterly review, process/control reviews are performed at least every two years at every second Q2 board meeting in August but have often been reviewed more frequently on an ad-hoc basis. ENMAX is currently updating the Enterprise Risk program design to begin reporting on emerging risks as well as current risks.

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?

Our Regulatory function and Business Unit leadership (in addition to all other departments) perform regular assessments of the operating environment as a part of their regular duties. The Enterprise Risk Management function exists as a vehicle to summarize these types of assessments to focus Board level conversations on the highest risk areas while still reporting on lower priority risks.

Appendices for Enterprise Risk Management: (Letter Item 10 - 13)

Appendices

Commodity Risk Management Policy – CONFIDENTIAL
Enterprise Risk Management Policy – CONFIDENTIAL
2023 Q4 Enterprise Risk Management Report – CONFIDENTIAL

Talent and Culture

Appendices for Talent and Culture: (Letter Item 14 - 18)

Appendices

Safety and Ethics Helpline Standard
Safe and Respectful Workplace Standard

Contains commercially sensitive information.

Refer to cover page to materials regarding restrictions.

AC2024-0413
ATTACH 3
ISC: UNRESTRICTED

2023

Financial Report

ENMAX Corporation

CAUTION TO READER

This Financial Report contains statements about future events and financial and operating results of ENMAX Corporation and its subsidiaries (collectively referred to herein as ENMAX or the Corporation) that are forward-looking. All forward-looking statements included herein reflect ENMAX's current expectations, projections, beliefs, judgments and assumptions based on available information as of the date hereof and in light of ENMAX's experience and its perception of historical trends. When used in this Financial Report, the words "may," "would," "could," "will," "intend," "plan," "anticipate," "believe," "seek," "propose," "estimate," "expect" and similar expressions, as they relate to the Corporation or an affiliate of the Corporation, are intended to identify forward-looking statements.

By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. ENMAX believes the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements, as many factors could cause actual future results, conditions, actions or events to differ materially from financial and operating targets, expectations, estimates or intentions expressed in the forward-looking statements. Factors that could cause results or events to differ from current expectations include, without limitation: regulatory decisions and outcomes of legal proceedings; the operating performance of the Corporation's assets; economic conditions in North America, as well as globally; the availability and market prices of commodities; liquidity and access to capital markets on competitive terms; timing and costs associated with certain capital investments; estimated energy consumption rates; changes in customer energy usage patterns; cyber security and technological developments, including those that could reduce demand for electricity; competition in the businesses in which the Corporation operates; unexpected or unusual weather; unanticipated maintenance and other expenditures; interest, tax, foreign exchange and inflation rates; the impact of hedging transactions; performance and credit risk of the Corporation's counterparties; disruption of fuel supply; environmental risks; the Corporation's ability to effectively anticipate, assess and respond to changes to government policies and regulations, including those relating to the environment, financial reporting and taxation; pension plan performance and funding requirements; loss of service area; global health crises, such as pandemics and epidemics and the unexpected impacts related thereto; market energy sales prices; labour relations; and the cost and availability of labour, equipment and materials.

Each forward-looking statement in this Financial Report is qualified in its entirety by the above cautionary statements and speaks only as of the date of this Financial Report. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law, and reserves the right to change, at any time at its sole discretion, the practice of updating annual targets and guidance.

For further information, see the section of the Management's Discussion and Analysis (MD&A) titled *Risks and Risk Management*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A, dated February 29, 2024, is a review of the results of operations of ENMAX for the year ended December 31, 2023, compared with 2022, and of the Corporation's financial condition and future prospects. This MD&A should be read in conjunction with the audited consolidated financial statements for years ended December 31, 2023 and 2022, and the notes to the respective financial statements, including a summary of significant accounting policies (the Annual Financial Statements). This MD&A contains forward-looking information and should be read in conjunction with the Caution to Reader as detailed above.

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Annual Financial Statements and MD&A were reviewed by ENMAX's Audit Committee, and the Annual Financial Statements were approved by ENMAX's Board of Directors (the Board). All amounts are in millions of Canadian dollars unless otherwise specified.

The Corporation reports on certain non-IFRS financial performance measures that are used by management to evaluate performance of business segments. As non-IFRS financial measures do not have a standard meaning prescribed by IFRS, the Corporation has defined and reconciled them with their nearest IFRS measure. The definition, calculation and reconciliation of non-IFRS financial measures are provided in the Non-IFRS Financial Measures section.

Contents

Glossary of terms can be found on page 93.

ENMAX OVERVIEW

Headquartered in Calgary, Alberta, Canada, ENMAX's mission is to power the potential of people, businesses and communities by safely and responsibly providing electricity and energy services in ways that matter now and in the future. ENMAX has a proud history of providing Albertans with electricity, and through the acquisition of Versant Power in 2020, serves an international customer base. The City of Calgary (The City) is the sole shareholder of ENMAX Corporation.

ENMAX has core operations through three main business segments: ENMAX Power, Versant Power and ENMAX Energy. In addition, a Corporate segment provides financing and shared corporate services to the operating segments at varying levels.

- ENMAX Power owns and operates electricity transmission and distribution assets that provide rate-regulated service to approximately 570,000 customer sites in the Calgary area (1,089 square kilometres in and around Calgary). ENMAX Power is regulated by the Alberta Utilities Commission (AUC). The transmission business operates under a cost-of-service model, under which ENMAX Power applies for rates designed to recover the forecast cost of providing transmission service, including an allowed return on capital in service. After public review of an application, the AUC issues a decision approving a revenue requirement and monthly transmission tariff that is ultimately recovered from Alberta customers. The distribution business is regulated under a Performance-Based Regulation (PBR) model. Under this model, distribution rates paid by customers are set annually during the PBR term, using a formula that considers inflationary factors and operational efficiencies. PBR is intended to create additional incentives for utilities to find efficiencies in their operations as these efficiencies can lead to higher returns during the PBR term. Currently, approximately 14 per cent of ENMAX Power's electricity revenue is from transmission operations and 86 per cent is associated with distribution operations.
- Versant Power owns and operates electricity transmission and distribution assets that provide rate-regulated service to approximately 165,000 customer sites in the Maine Public District (MPD) and Bangor Hydro District (BHD), covering six counties in Maine, U.S., and a total operating area of approximately 27,000 square kilometres (10,400 square miles). BHD is a member of ISO-New England and is interconnected with other New England utilities to the south and with New Brunswick Power Corporation to the north. MPD is a member of the Northern Maine Independent System Administrator. Versant Power is regulated by the Maine Public Utilities Commission (MPUC) with respect to distribution rates, service standards, territories served, issuance of securities and other matters and by the United States Federal Energy Regulatory Commission (FERC) with respect to transmission services. Versant Power earns revenue by charging customers for delivery of electricity across its transmission and distribution facilities. This retail revenue is divided into separate transmission, distribution and stranded cost rates. Rates for each element are established in distinct regulatory proceedings. Currently, approximately 44 per cent of Versant Power's electricity revenue is from transmission operations, 45 per cent is associated with distribution operations and 11 per cent relates to stranded cost recoveries and conservation charges.
- ENMAX Energy is an Alberta-based integrated competitive generation and retail business, providing electricity, natural gas, distributed energy resource solutions and customer care services to approximately 747,000 customers throughout Alberta. ENMAX Energy also carries out retail energy supply and related functions for the Calgary Regulated Rate Option (RRO) through affiliated legal entities. The competitive retail business provides customers with either fixed or variable-priced electricity and natural gas and offers additional energy services. As at December 31, 2023, ENMAX Energy owned an interest in 1,522 megawatts (MW) of electricity generation capacity: 1,305 MW

from natural gas-fuelled plants and 217 MW from wind power. ENMAX uses its generation capacity and market transactions as a natural hedge to retail customers to provide certainty of supply and risk mitigation. Natural gas retail contracts are backed by market transactions to provide supply certainty, margin stability and risk mitigation. Natural gas fuel requirements for the generation portfolio are balanced through the purchase of natural gas in the Alberta market.

- ENMAX's Corporate segment provides resources primarily for Canadian operations, including financing and shared legal, finance and accounting, human resources, corporate governance, information technology and other functions. .

2023 OVERVIEW

2023 has seen volatility in Alberta commodity prices and inflationary pressure across the broader economy. Central banks in both Canada and the U.S. implemented a series of interest rate hikes in an attempt to curb inflation. The Bank of Canada raised its overnight lending rate by 25 basis point increments in each of January, June and July 2023. The U.S. Federal Reserve raised the federal funds rate by 25 basis point increments in each of February, March, May and July 2023. As of December 31, 2023, the Bank of Canada overnight rate was 5.00 per cent, 75 basis points higher than the rate at December 31, 2022, and the U.S. federal funds rate was 5.25 per cent, 100 basis points higher than the rate at December 31, 2022.

Governments in Canada and the U.S. have continued to signal an emphasis on reducing carbon intensity across their economies, incentivizing non-emitting generation and electric transportation, while setting target dates for limiting sales of internal combustion powered vehicles and increasing carbon pricing in Canada.

In this rapidly evolving business environment, affordability, reliability, safety and sustainability remain key points of focus for utilities and their customers.

The discussion below relates to results for the year ended December 31, 2023, as compared to 2022.

Adjusted Earnings Before Interest, Taxes, and Depreciation and Amortization (Adjusted EBITDA)(1) of $829 million for 2023 has increased by $92 million from 2022, largely due to a $81 million increase in transmission and distribution margin and a $41 million increase in electricity margin due to favourable market conditions in the Alberta electricity market, partially offset by a $34 million increase in Operations, Maintenance and Administration (OM&A). Comparable Net Earnings (CNE)(1) of $316 million for 2023 was $42 million higher than 2022, as the increase in Adjusted EBITDA noted above was partially offset by higher depreciation and amortization expenses and finance charges. The increase in CNE was significantly outpaced by unrealized mark-to-market losses on financial commodities contracts due to changes in forward natural gas prices resulting in a Net loss of $16 million in 2023, compared to Net earnings of $296 million in 2022.

Other highlights from 2023 include:

- In Q4 2023, the AUC set the Generic Cost of Capital (GCOC) parameters, return on equity (ROE) and deemed debt to equity ratio for 2024 and beyond. The AUC approved a formula to determine the target return on equity (ROE) commencing in 2024. A notional ROE of nine per cent will be adjusted annually by the approved formula, which results in ROE of 9.28 per cent for 2024. The deemed debt to equity ratio remains unchanged from 63 per cent debt and 37 per cent equity. The AUC has stated

(1) Adjusted EBITDA and Comparable Net Earnings are non-IFRS financial measures. See Non-IFRS Financial Measures section.

that the 37 per cent equity and a 9 per cent notional ROE "will enable the utilities to target a credit rating in the A-range." [2]

- In Q4 2023, the AUC approved ENMAX Power's 2023-2025 transmission revenue requirement. This decision provides revenue certainty for the transmission business until the end of 2025. ENMAX Power's 2024 interim revenue requirement took effect January 1, 2024.
- In Q4 2023, the AUC established the parameters for the third PBR term for distribution utilities. Included in the decision are updated PBR parameters for inflation, productivity, incremental capital funding and a mechanism to share earnings with customers when ENMAX Power earns more than two per cent above the approved ROE set by the AUC in its GCOC decision (discussed above). This decision provides revenue certainty for ENMAX Power's distribution business from 2024 to 2028. Updated interim distribution rates took effect January 1, 2024.
- In Q4 2023, the AUC issued a decision confirming that all electric utility distribution rates will reflect a maximum investment of $3,016 per service, in standard and non-standard residential developments, approximately 20 per cent lower than ENMAX Power's prior investment level. The new investment level is effective January 1, 2024.
- On July 1, 2023, Versant Power implemented rate changes in its distribution, stranded cost, and conservation rates for BHD and MPD and transmission rates for MPD. The change in distribution and stranded cost rates was approved to take effect in two phases on July 1, 2023, and January 1, 2024, with 50 per cent of the distribution increase and approximately 80 per cent of the stranded cost rate increase effective July 1, 2023, with the remaining portion of the two rate increases effective January 1, 2024.
- On November 7, 2023, Mainers had a ballot initiative that provided the option to vote "to create a new power company governed by an elected board to acquire and operate existing for-profit electricity transmission and distribution facilities in Maine, U.S." (namely, Versant Power and Central Maine Power). Seventy per cent of voters rejected this proposal, and as a result, Versant Power will continue to operate as a stand-alone subsidiary of ENMAX.
- Alberta Electric System Operator (AESO) pool prices averaged $133.55 per megawatt-hour (MWh) in 2023, a decrease of 18 per cent from 2022. The second half of 2023, particularly Q4, saw significantly lower prices than the prior year due to mild weather, lower natural gas prices and strong renewable generation.
- Alberta natural gas daily index prices averaged $2.54 per gigajoule (GJ) in 2023, a 50 per cent decrease from 2022. Prices were weaker in 2023 largely due to an increase in supply throughout the year as Alberta production remained strong, hitting all-time highs near the end of the year. In addition, mild weather in Q4 2023 led to lower than expected demand.
- Spark spread, which is the difference between the wholesale electricity price and cost of natural gas to produce the electricity, is a proxy for gross margin contribution of a natural gas-fuelled power plant from generating an unhedged unit of electricity, prior to carbon pricing impacts. The average spark spread for year ended December 31, 2023, was $114.52 per MWh, a decrease of 8 per cent from 2022.

[2] AUC Decision 27084-D02-2023.

- Alberta Bill 2, the *Inflation Relief Statutes Amendment Act, 2022*, received Royal Assent on December 15, 2022. Bill 2 set a price ceiling of 13.5 cents per kilowatt-hour (kWh) on the electric energy charge portion of the RRO from January 1, 2023 to March 31, 2023. RRO customer billings for energy charges above 13.5 cents per kWh during this period were deferred and are being recovered from RRO customers between April 1, 2023 and December 31, 2024. The Government of Alberta provided interest-free advances to RRO providers in the amount of aggregate customer deferrals, repayable over the recovery period. As at December 31, 2023, ENMAX had $24 million remaining to repay to the Government of Alberta.
- In March 2023, ENMAX Energy successfully completed a major planned maintenance outage at Shepard Energy Centre within the scheduled time frame with no lost time incidents.
- Sheri Primrose was appointed Chief Financial Officer effective September 25, 2023. Sheri has spent the past 17 years of her career at ENMAX where she most recently held the role of VP Finance, Strategic Planning and Corporate Optimization.
- A settlement with CUPE Local 38 was ratified on March 27, 2023, which is in effect from 2023 to 2025.
- Capital spending equated to $657 million in 2023, an increase of 15 per cent from 2022. The increase primarily relates to Substation No. 1 and the continued enablement of The City's Green Line light rail transit project in ENMAX Power and advanced metering infrastructure in Versant Power. Of the total capital expenditures, 92 per cent was invested in the regulated businesses.

NON-IFRS FINANCIAL MEASURES

Management believes that financial measures of operating performance are more meaningful if the impacts of specific items that are non-recurring or are not representative of core business operations are excluded from the financial information. ENMAX uses Adjusted EBITDA and CNE as an indication of cash flows and earnings from recurring primary business activities, without consideration of non-cash depreciation and amortization charges, how those activities are financed, or how the results are taxed. Adjusted EBITDA is also used to evaluate certain debt coverage ratios.

CNE includes depreciation and amortization and finance charges, as well as income tax effects of core operations, but both Adjusted EBITDA and CNE exclude unrealized gains or losses on commodities, unrealized foreign exchange gains or losses, impairment charges (if any) and related tax effects of these items. Unrealized gains or losses on commodities reflect the impact of changes in forward natural gas and power prices and the volume of positions for these derivatives over a certain period. These unrealized gains or losses do not necessarily reflect the actual gains and losses that will be realized on settlement. Furthermore, unlike commodity derivatives, ENMAX's generation capacity and future sales to retail customers are not fair valued under IFRS. Similarly, unrealized foreign exchange gains or losses do not necessarily reflect the actual gains and losses that will be realized on settlement. Impairments are by nature non-recurring adjustments that do not necessarily reflect ongoing core operations. Management believes Adjusted EBITDA and CNE are more representative of ongoing core operations as adjusted for the items noted above.

These financial measures do not have any standard meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures and their reconciliation to IFRS financial measures are shown below.

ADJUSTED EBITDA, COMPARABLE NET EARNINGS AND NET (LOSS) EARNINGS

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Adjusted EBITDA [1]		
ENMAX Power	**325**	278
Versant Power	**133**	131
ENMAX Energy	**373**	326
Corporate	**(2)**	2
Consolidated Adjusted EBITDA	**829**	737
Add (deduct):		
Depreciation and amortization (excluding regulatory deferral movement)	**(357)**	(327)
Income tax expense related to recurring core operations [2]	**(8)**	(8)
Finance charges	**(148)**	(128)
Comparable Net Earnings [1]	**316**	274
Add (deduct):		
Unrealized (loss) gain on commodities [3]	**(378)**	68
Unrealized foreign exchange loss [4]	**(2)**	(11)
Impairment	**-**	(40)
Net income tax recovery (expense) on unrealized (loss) gain on commodities, unrealized foreign exchange loss and impairment [2]	**48**	5
Net (loss) earnings	**(16)**	296

[1] Adjusted EBITDA and CNE omit the separate presentation of regulatory deferral changes that is required in the Consolidated Statement of (Loss) Earnings under IFRS. See Note 6 to the Annual Financial Statements.
[2] Presented as current and deferred income tax (recovery) expense in the Consolidated Statement of (Loss) Earnings.
[3] Included in Electricity and fuel purchases expense in the Consolidated Statement of (Loss) Earnings.
[4] Included in Other expenses in the Consolidated Statement of (Loss) Earnings.

SEGMENT RESULTS

Results of operations are not necessarily indicative of future performance, due to factors including fluctuating commodity prices, timing of receipt of regulatory decisions, performance of generation facilities and impact of government policies. ENMAX's regulated businesses represent 55 per cent of 2023 Adjusted EBITDA.

(millions of Canadian dollars)	**ENMAX Power**	**Versant Power**	**ENMAX Energy**	**Corporate**	**ENMAX Consolidated**
Adjusted EBITDA [1] for the year ended December 31, 2022	278	131	326	2	737
Increased (decreased) margins attributable to:					
Transmission and distribution	47	34	-	-	81
Electricity	-	-	43	(2)	41
Natural gas	-	-	7	-	7
Contractual services and other	(10)	1	7	(1)	(3)
Decreased (increased) expense:					
Operations, maintenance and administration (OM&A) [2]	10	(33)	(10)	(1)	(34)
Adjusted EBITDA [1] for the year ended December 31, 2023	**325**	**133**	**373**	**(2)**	**829**

[1] Adjusted EBITDA is a non-IFRS financial measure. See Non-IFRS Financial Measures section.
[2] Normalized to exclude impact of intercompany transactions with no consolidated impact.

ENMAX POWER

ENMAX Power Adjusted EBITDA for the year ended December 31, 2023, was $325 million, compared with $278 million for the prior year. Higher transmission and distribution margins were driven by the approval of the 2023 transmission and distribution revenue requirement and an increase in customer sites and demand in the regulated distribution business. The increase in regulated revenue and lower OM&A spending were partially offset by a decrease in margins related to contractual services, relative to 2022.

Management characterizes OM&A as other expenses recognized on the Consolidated Statement of (Loss) Earnings in the Annual Financial Statements, excluding unrealized foreign exchange gains and losses and costs that are included in contractual service margin. OM&A spending for the year ended December 31, 2023, was $10 million lower than prior year, largely due to a one-time charge for the resolution of a historical legal matter in 2022.

KEY BUSINESS STATISTICS

Year ended December 31,	2023	2022
Distribution volume in gigawatt hours (GWh)	**9,450**	9,483
System average interruption duration index (SAIDI) (1)	**0.62**	0.50
System average interruption frequency index (SAIFI) (2)	**0.52**	0.65
Customer average interruption duration index (CAIDI) (3)	**1.20**	0.77

(1) SAIDI represents the total duration of a sustained interruption per average customer during the reporting period. A sustained interruption has a duration greater than or equal to one minute. The lower the SAIDI, the better the reliability.

(2) SAIFI represents how often the average customer experiences a sustained interruption during the reporting period. A sustained interruption has a duration greater than or equal to one minute. The lower the SAIFI, the better the reliability.

(3) CAIDI represents the average hours of service interruption for customers who experience a service interruption. The lower the CAIDI, the better the reliability.

Total electricity delivered within the Calgary service area for the year ended December 31, 2023, was lower than 2022, primarily due to significantly reduced energy consumption in the month of December resulting from warmer than usual weather.

SAIDI and CAIDI were unfavourable compared to 2022 due to implementing enhanced safety protocols for responding to outages, as well as equipment failures, increased wildlife contact and public interference outages. SAIFI was favourable compared to the prior year due to fewer outages from cable failures.

VERSANT POWER

Versant Power Adjusted EBITDA for the year ended December 31, 2023, was $133 million compared with $131 million in 2022. Higher transmission and distribution margins were largely offset by an increase in OM&A spending. Transmission and distribution rate increases began to take effect on July 1, 2023. The increase in OM&A spending primarily relates to increased promotional expenses and staffing costs, compared to the same periods in 2022.

KEY BUSINESS STATISTICS

Year ended December 31,	2023	2022
Distribution volume in gigawatt hours (GWh)	**2,021**	2,051
System average interruption duration index (SAIDI) [(1)(4)(5)]	**4.54**	5.43
System average interruption frequency index (SAIFI) [(2)(4)(5)]	**1.98**	2.46
Customer average interruption duration index (CAIDI) [(3)(5)]	**2.30**	2.21

(1) SAIDI represents the total duration of a sustained interruption per average customer during the reporting period. A sustained interruption has a duration greater than or equal to five minutes. The lower the SAIDI, the better the reliability.

(2) SAIFI represents how often the average customer experiences a sustained interruption during the reporting period. A sustained interruption has a duration greater than or equal to five minutes. The lower the SAIFI, the better the reliability.

(3) CAIDI represents the average hours of service interruption for customers who experience a service interruption. The lower the CAIDI, the better the reliability.

(4) The methodology for these calculations includes management judgement and is currently under review. No material impact is expected.

(5) The Institute of Electrical and Electronics Engineers defines a “sustained” outage as one that is five minutes or longer. This is a known distinction from the Canadian equivalent definition.

The volume of electricity delivered for the year ended December 31, 2023, was lower than the same period in 2022. This decrease was driven by more moderate weather in 2023 compared to 2022 and increased net energy billing participation by residential customers in 2023.

Versant Power experienced improved SAIDI and SAIFI levels, but elevated CAIDI levels for the year ended December 31, 2023, compared to 2022. Improved SAIFI and SAIDI were a result of fewer weather events and increased vegetation management, while CAIDI weakened due to fewer short duration outage events.

ENMAX ENERGY

ENMAX Energy Adjusted EBITDA for the year ended December 31, 2023, was $373 million, compared with $326 million for the prior year. The increase in electricity margin of $43 million was driven by strong customer growth in the retail business, higher realized gains on trading positions and favourable cost to supply, in comparison to 2022. Favourable margins were partially offset by an increase in OM&A due to higher spend on staffing and technology costs.

KEY BUSINESS STATISTICS

Year ended December 31,	**2023**	**2022**
Natural gas-fuelled plant availability (%) [1]	**93.6**	93.0
Average flat pool price ($/MWh)	**133.55**	162.12
Average natural gas price ($/GJ)	**2.54**	5.08
Average spark spread ($/MWh) [2]	**114.52**	124.02

[1] Natural gas-fuelled plant availability (%) reflects planned maintenance and forced outages.

[2] Based on market prices and does not include costs such as variable operations and maintenance.

FINANCIAL PERFORMANCE

CHANGES IN NET (LOSS) EARNINGS

(millions of Canadian dollars)

Net (loss) earnings for the year ended December 31, 2022	296
(Decrease) increase attributable to:	
Transmission and distribution revenues	151
Electricity and natural gas revenues	(94)
Contractual services, CIAC and other revenues	26
Transmission and distribution expenses	32
Electricity, fuel and natural gas purchases and delivery expenses	(326)
Depreciation and amortization expenses	(30)
Impairment	40
Other expenses	(52)
Finance charges	(20)
Income taxes	43
Net movement in regulatory deferral account balances	(82)
Net (loss) earnings for the year ended December 31, 2023	**(16)**

Net loss for the year ended December 31, 2023, was $16 million, a decrease from $296 million of net earnings in 2022. The increase in transmission and distribution margins was significantly outpaced by a decrease in electricity and natural gas margins due to changes in unrealized gains and losses on financial commodities contracts resulting from unfavourable price movements on forward market financial positions.

OTHER COMPREHENSIVE (LOSS) INCOME AND SHAREHOLDER'S EQUITY

Other Comprehensive (Loss) Income (OCI) illustrates earnings under the assumption of full income recognition of gains and losses on the market value of securities and derivatives, otherwise treated as hedges of future revenues and expenses, cumulative effects of currency translation of foreign operations, as well as remeasurement gains and losses on post-employment benefits.

For the year ended December 31, 2023, OCI includes losses of $23 million, compared with income of $124 million in 2022. The fluctuation in OCI is primarily a result of cumulative foreign exchange translation on consolidation of foreign operations.

Accumulated other comprehensive loss is reflected in shareholder's equity along with retained earnings and share capital. Retained earnings at December 31, 2023, decreased by $98 million largely due to $82 million in dividends on common shares, as well as a net loss during the year.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

Changes over $32 million (10 per cent of CNE for the year ended 2023) and 10 per cent from December 31, 2022, are detailed below.

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**	**$ Change**	**% Change**	**Explanation for Change**
ASSETS					
Accounts receivable	**938**	1,220	(282)	(23)	Decrease due to lower average electricity price in Q4 2023 than the average price in Q4 2022
LIABILITIES AND SHAREHOLDER'S EQUITY					
Short-term financing	**444**	304	140	46	Increased borrowing to fund working capital requirements
Accounts payable and accrued liabilities	**830**	1,134	(304)	(27)	Lower commodity prices on purchased electricity and gas during Q4 2023 than Q4 2022
Net financial liabilities (assets) [1]	**52**	(62)	114	184	Change in market value of derivatives
Net deferred income tax liabilities [1]	**209**	241	32	13	Decrease primarily due to tax effect on change in value of derivatives

[1] Includes current and long-term portions.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Total assets and regulatory deferral account debit balances	**9,446**	9,710
Long-term debt (non-current)	**3,185**	3,156

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Total revenue	**3,811**	3,663
Adjusted EBITDA [1][2]	**829**	737
Comparable Net Earnings [1][2]	**316**	274
Net (loss) earnings	**(16)**	296
Capital expenditures	**657**	569

[1] See Non-IFRS Financial Measures section.
[2] Does not include:
- Unrealized foreign exchange loss for the year ended December 31, 2023 of $2 million (2022 - $11 million).
- Unrealized electricity and gas mark-to-market loss for the year ended December 31, 2023 of $378 million (2022 - $68 million gain).

LIQUIDITY AND CAPITAL RESOURCES

ENMAX actively monitors its cash position and anticipated cash flows to optimize funding and liquidity levels. ENMAX finances working capital requirements, capital investments and maturities of long-term debt through a combination of cash flow from operations, drawings on the Corporation's bank credit facilities and issuance of commercial paper and long-term debt.

Cash and cash equivalents decreased to $90 million as at December 31, 2023, from $95 million as at December 31, 2022. Short-term financing of $444 million as at December 31, 2023, up from $304 million at December 31, 2022, reflects working capital management to address timing of expenditures.

ENMAX's credit facility agreements and trust indenture include events of default and covenant provisions, whereby accelerated repayment and/or termination of agreements may result if the Corporation were to default on payment or violate certain covenants. As at December 31, 2023, the Corporation was compliant with all debt covenants.

As at December 31, 2023, ENMAX Corporation had $214 million in CAD commercial paper outstanding with a fair value of $214 million and an average interest rate of 6.11 per cent (December 31, 2022 - $99 million at 5.21 per cent) and had drawn $230 million on existing credit facilities with a weighted average cost of borrowing of 6.64 per cent (December 31, 2022 - $205 million at 5.92 per cent).

As at December 31, 2023, Versant Power had $nil USD outstanding on credit facilities (December 31, 2022 - $nil). On August 16, 2023, Versant Power issued an unsecured $100 million USD senior note, which bears an interest rate of 5.80 per cent, payable semi-annually and maturing on August 15, 2053.

ENMAX's total consolidated debt balance as at December 31, 2023, was $3,921 million (December 31, 2022 - $3,545 million). The increase in total debt was primarily to fund regulated capital investments and to meet working capital requirements.

Fitch affirmed its BBB with a Stable Outlook credit rating for ENMAX on May 19, 2023. DBRS affirmed its credit rating of BBB (high) with Stable Trends for ENMAX on July 7, 2023. S&P revised its rating for ENMAX Corporation on July 14, 2023, to BBB- with a Stable Outlook, up from BBB- with a Negative Outlook. S&P revised its standalone rating for Versant Power on July 14, 2023, to BBB+ with a Stable Outlook, up from BBB+ with a Negative Outlook.

CREDIT FACILITIES

As at December 31,	**2023**		**2022**	
	Borrowing capacity	**Available [4]**	**Borrowing capacity**	**Available [4]**
(millions of Canadian dollars)				
Committed Credit Facilities [1]	**1,000**	**554**	1,000	696
Demand Credit Facilities [2]	**1,250**	**881**	1,250	460
Total CAD	**2,250**	**1,435**	2,250	1,156
(millions of U.S. dollars)				
Committed Credit Facilities [3]	**80**	**78**	80	77
Total USD	**80**	**78**	80	77

[1] The Corporation's committed syndicated credit facilities mature in 2026 and are provided by national and regional lenders.

[2] Demand credit facilities currently have $1,170 million CAD allocated to letters of credit and the remaining $80 million CAD allocated for general corporate purposes.

[3] This USD Committed Credit Facility is strictly to fund Versant Power operations for either letters of credit or general corporate purposes.

[4] Capacity remaining after consideration for borrowings, letters of credit and commercial paper backstop.

CASH PROVIDED BY OPERATING ACTIVITIES

Cash provided by operating activities for the year ended December 31, 2023, was $345 million, compared to $704 million in 2022, resulting from lower commodity prices.

INVESTING ACTIVITIES

The following table outlines investment in capital additions and other changes for the year ended December 31, 2023:

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Property, plant and equipment	**587**	523
Intangibles	**54**	35
Capitalized interest	**14**	9
Investment entities	**2**	3
Proceeds on disposal	**(3)**	(1)
Total	**654**	569

During 2023, ENMAX continued to execute its strategic direction by investing in property, plant and equipment to better serve its growing customer base. In alignment with ENMAX's financial objectives, over 70 per cent of capital investment was in its regulated businesses (2023 actual: 92 per cent). Some of the more significant capital investments include Substation No. 1 and accommodating The City's Green Line light rail transit project in ENMAX Power and advanced metering infrastructure in Versant Power.

FINANCING ACTIVITIES

ENMAX makes use of revolving credit facilities to fund general operating requirements and to provide liquidity support for commercial paper and commodity marketing programs. At December 31, 2023, ENMAX Corporation had $214 million in CAD commercial paper outstanding with a fair value of $214 million and an average interest rate of 6.11 per cent (December 31, 2022 - $99 million at 5.21 per cent) and had drawn $230 million on existing credit facilities with a weighted average cost of borrowing of 6.64 per cent (December 31, 2022 - $205 million at 5.92 per cent).

During 2023, ENMAX made regularly scheduled long-term debt repayments of $89 million (2022 - $483 million) and received proceeds from long-term debt issuance of $339 million (2022 - $356 million). During 2023:

- ENMAX Corporation issued $204 million of promissory notes to The City and made $88 million of regularly scheduled principal payments on promissory notes with The City.
- Versant Power issued an unsecured $100 million USD senior note, bearing interest at a rate of 5.80 per cent, payable semi-annually, maturing August 15, 2053.

ENMAX's dividend policy is to pay The City the greater of 30 per cent of prior year CNE, or $30 million. Dividends for a fiscal year are established in the first quarter of that year, based on results from the prior year. As per normal course, the payment and level of dividends is affected by factors such as financial performance and ENMAX's liquidity requirements. On March 8, 2023, ENMAX declared a dividend of $82 million, payable to The City in quarterly instalments throughout 2023. All quarterly instalments of this dividend were paid by the end of 2023. On February 29, 2024, a total dividend of $95 million was declared, payable to The City in four quarterly instalments throughout 2024.

RISK AND RISK MANAGEMENT

ENMAX's approach to risk management addresses risk exposures across the Corporation's entire portfolio of business activities and risk types. ENMAX utilizes an Enterprise Risk Management (ERM) program to identify, analyze, evaluate, communicate and address the Corporation's risk exposures in a manner consistent with ENMAX's business objectives and risk tolerance.

Risk exposures are managed within levels approved by the Board and the Chief Executive Officer and monitored by personnel in the business units, the planning and risk departments and the senior management team. At a management level, each accountability area is responsible for assessing its risk exposures and implementing risk management plans. Enterprise level risk oversight is provided through the Board's Corporate Governance Committee (CGC). Together, the CGC and the Board oversee identified risk exposures and risk management programs, including the ERM program.

ENMAX's overall risk control approach includes:

- Clearly articulated corporate values, principles of business ethics.
- Published enterprise-wide policies and standards in key risk areas, such as delegation of authority.
- Documented governance structure with commodity trading and position limits that is supported by sophisticated risk management and reporting platforms.
- An internal audit function to test compliance with internal controls and policies.
- Regular reporting of risk exposures and mitigations, including insurance programs, to the CGC and Board, as appropriate.
- Regular monitoring of ENMAX's financial exposure to changing market conditions.
- The use of industry-accepted tools and methodologies for assessing risk exposures.
- A safety and ethics line for employees to anonymously report suspected illegal or unethical behaviour.

These risk management programs and governance structures are designed to manage and mitigate several risk factors affecting ENMAX's business. In addition, by its nature, a discussion of enterprise risks typically focuses on mitigation of downside risk, though many of the risks ENMAX faces also present opportunities. The following discussion focuses predominantly on the mitigation of risks as opposed to leveraging of opportunities. The following discussion does not consider the result of any interrelationship among the factors.

REGULATORY AND LEGAL RISK

ENMAX is subject to regulatory oversight of the operation of its assets, and of the rates that ENMAX Power and Versant Power charge customers for service. ENMAX Energy's operations are subject to regulation by the Alberta Department of Energy and Minerals and other departments and agencies. Rates charged to customers by ENMAX Power are subject to regulation by the AUC, and rates charged by Versant Power are subject to regulation by the MPUC and FERC. Regulatory proceedings and related decisions may affect ENMAX's service quality and reliability levels, as well as allowed rate of return and deemed capital structure, rate structure, design and development of transmission and distribution assets, depreciation and amortization and recovery of operating costs. The regulatory approval process can result in time lags between applying for customer rate changes and implementing them and may result in the alteration or denial of applied-for rates.

ENMAX's regulatory risk is managed through transparent regulatory disclosure, ongoing stakeholder and government consultation and multi-party engagement on aspects such as utility operations, rate filings and capital plans. ENMAX employs a collaborative regulatory approach through technical conferences and, where appropriate, negotiated settlements.

ENMAX cannot predict future government policies that may impact the development of regulation over ENMAX's business, or the ultimate impact that any changes to the regulatory environment may have on its business. Regulatory policies and decisions may cause delays in or impact business planning and transactions, increase costs or restrict ENMAX's ability to grow earnings, recover costs and achieve a targeted ROE in certain parts of its competitive and regulated businesses.

ENMAX is subject to risks associated with changing laws and regulations in Canada and the U.S., including but not limited to environmental and emissions regulations, labour laws and public health orders. It is not always possible to predict changes in laws and regulations that could impact operations, revenues and expenses, cash flows, or the ability to renew licenses and permits as required. ENMAX mitigates these risks by monitoring proposed changes to laws and regulations and business activities that could be subject to public or private legal actions, including contracts with third parties and claims allegedly involving the Corporation.

ENMAX is occasionally named as a party in various claims and legal proceedings that arise during the normal course of its business. The Corporation reviews each of these claims, including the nature of the claim and the amount in dispute. Although there is no assurance that each claim will be resolved in favour of the Corporation, the Corporation does not believe that the outcome of any claims or potential claims it is currently aware of will have a material adverse effect on the financial results or position of the Corporation, after considering amounts previously reserved by the Corporation. For further information, refer to Note 30 in the notes to the Annual Financial Statements.

HEALTH, SAFETY, AND OPERATIONAL RISK

ENMAX owns, controls or operates assets and facilities involved in the generation, transmission and distribution of electricity in both urban and rural areas. Working with electricity involves hazards that could result in injury to employees, contractors or the public, or damage to property. The failure or improper use of generation, transmission and distribution assets and infrastructure due to natural disasters, human error or other factors may result in performance below expected or contracted levels of output, which could impact service reliability and the Corporation's earnings and cash flows.

Electricity generation is subject to risks including inefficiency or interruption in natural gas supply for gas-fuelled assets and wind variability for wind powered assets. Weather can play a major role in driving demand for electricity and natural gas and can also lead to interruptions of transmission and distribution service or damage to assets. The interconnected nature of electricity grid infrastructure in Alberta and Maine can create circumstances in which outages on industry peers' facilities may impact service to ENMAX customers. Events that could result from war, terrorism, global pandemic, civil unrest or vandalism may cause damage to ENMAX assets or have an impact on its generation, transmission and distribution operations or administrative functions. Any of these risks could result in impacts on the Corporation's operations, earnings, capital expenditures and cash flows, and the results could be unpredictable.

To mitigate these risks, ENMAX engages in a robust training program and continuously educates staff and contractors on procedures to address operational hazards, as well as engaging in regular public awareness campaigns to inform the public of potential hazards associated with electricity infrastructure and operations. ENMAX also enters into contracts with reputable third parties to buy and sell natural gas and electricity, in order to secure sufficient electricity supply to meet customer demand, to secure natural gas supply for gas-fuelled generation assets and to limit earnings volatility caused by commodity price fluctuations and supply/demand imbalances.

ENMAX uses asset management plans, security protocols, business continuity and emergency response plans and other measures to mitigate or respond to physical risks to its facilities and operations. To mitigate financial risks associated with damage to assets or service interruption, ENMAX maintains property, business interruption and other insurance coverage, although such programs and measures may not prevent or cover the occurrence of any or all of these events and the adverse effects they may generate. There is no assurance that ENMAX will be able to obtain or maintain adequate insurance in the future at rates the Corporation considers reasonable, that insurance will continue to be available on terms as favourable as the existing arrangements, or that insurance companies will pay claims.

MARKET AND LIQUIDITY RISK

The Bank of Canada increased the prime lending rate by 25 basis points on three separate occasions during 2023: January 25, June 7 and July 12. The U.S. Federal Reserve increased the federal funds rate in 25 basis point increments effective on four separate dates in 2023: February 2, March 23, May 4 and July 26. The Corporation's debt is largely long-term and fixed rate, therefore exposure to interest rate risk is not currently significant. However, ENMAX is exposed to rate increases on short-term financing and any new long-term issuances. At as December 31, 2023, 11 per cent (2022 - 9 per cent) of ENMAX total debt is short-term financing and 8 per cent (2022 - 3 per cent) of ENMAX long-term debt is current.

ENMAX is affected by demand for energy based on changing consumer habits. General economic conditions, consumer focus on energy efficiency, weather and adoption of new technologies impact the demand for energy. Government policies promoting increased electrification, distributed generation, low or net zero carbon strategies and new technology developments enabling those policies have the potential to impact how electricity users connect to and utilize the system. Changes in how and where consumers work and increasing electrification of transportation may influence both the amount and distribution of energy consumption across service areas. These changes could impact ENMAX's operations, assets, net earnings and cash flows. The regulatory constructs governing ENMAX Power and Versant Power partially mitigate the impact of changes in demand on long-term financial performance by facilitating a return on and return of prudently deployed capital through future rates. The electrification of transportation could and is currently projected to increase consumption and the need for investment in distribution systems. ENMAX is focused on understanding customer demand, energy efficiency initiatives and government policy to provide benefit to customers while maintaining service reliability and appropriate rates.

ENMAX is exposed to price fluctuations on its electricity and natural gas commodity positions arising from owned and controlled generation assets and customer demand obligations. ENMAX also purchases and sells electricity and natural gas in wholesale markets to manage such positions. While ENMAX's business model is designed to achieve a net long generation position (supply available exceeds customer demand) portfolio, in the near-term, electricity and natural gas positions may experience periodic imbalances resulting in exposure to price volatility from spot or short-term contract markets. In the longer term, the nature of retail customer renewal cycle increases ENMAX's exposure to market prices. ENMAX uses numerous tools to forecast electricity consumption and generation, as well as the pattern of consumption and generation between hours (load shape). However, it is not possible to effectively hedge all positions every hour. As such, there is exposure to volume and load shape risk. ENMAX actively manages supply by matching generation and market purchases to consumption volumes, and uses derivative instruments, such as swaps and forward contracts, to manage exposure to commodity price risk. Financial gains and losses are recognized as a result of volatility in the market values of these contracts. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative financial instruments may involve management's judgement or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. The inability or failure to effectively hedge its portfolio and prevent financial losses from derivative instruments could adversely affect ENMAX's business, results of operations, financial condition or the future prospects of the Corporation. ENMAX's hedging strategies and corporate governance models are designed to mitigate these commodity price risks. Occasionally, hedging is ineffective as it may require a minimum level of market liquidity to actively manage positions.

ENMAX has foreign exchange (FX) rate exposures arising from certain procurement and energy commodity business activities. ENMAX makes use of forward contracts to buy or sell currencies to mitigate certain FX risk exposures as they arise. However, these may not be sufficient to cover FX exposure in the event of timing mismatches or extreme FX rate movements.

Changes in interest rates can impact borrowing costs on ENMAX’s variable rate debt as well as the fair value of fixed rate debt. ENMAX primarily holds long-term debt comprised of promissory notes and private debentures with fixed interest rates, which reduces exposure to interest rate fluctuations in the near term. Most of ENMAX’s interest rate risk relates to short-term financing and refinancing of long-term debt maturities with new debt. Certain debt costs incurred in the transmission and distribution businesses may be recovered from customers through rates, if approved by the regulator. ROE in ENMAX’s rate-regulated businesses tends to move directionally with interest rates, such that regulator-approved ROEs tend to fall in times of reducing interest rates and rise in times of increasing interest rates. This relationship is indirect and generally has a lag period that reflects the regulatory process.

A need to raise additional capital may occur if cash flow from operations and existing borrowing arrangements are insufficient to fund activities. Such additional capital may not be available when it is needed or on favourable terms for several potential reasons, including changes in market conditions or perceptions of the investment community. ENMAX may be required to post collateral with counterparties, to support commodity trading or other operational activities. Downgrades to credit ratings by credit rating agencies could affect ENMAX’s ability to access capital on favourable terms and within a desired time frame and could also increase the amount of collateral required to be provided to counterparties. ENMAX actively monitors its cash position and anticipated flows to maintain adequate funding levels and communicates regularly with credit rating agencies and lenders regarding its capital position. ENMAX’s financial objective is to maintain an investment grade credit rating.

ENMAX’s subsidiary Versant Power operates as a separate and distinct entity and must maintain adequate capital for normal obligations. This requires Versant Power to raise its own capital and maintain its own credit rating. Versant Power’s assets and credit are not available to satisfy the debts and other obligations of the Corporation whether through collateral or guarantees.

ENMAX and Versant Power offer defined benefit (DB) pension plans for qualifying employees and retirees. Versant Power’s DB plans are closed to new entrants. Contributions to the plans are based on periodic actuarial valuations, and the amount of contributions required in the future may change based on future investment returns, changes in benefits and changes in actuarial assumptions. This potential volatility could require additional sources of liquidity in future, could impact the Corporation’s financial position, earnings and cash flows, and the impact could be material. To manage this risk, ENMAX has investment policies and procedures in place to govern the assets of the various plans and engages actuarial and investment management experts as advisors. The Human Resources Committee of the Board reviews these policies and procedures annually, and monitors plan performance. ENMAX’s contributions to its pension plans satisfy, and are expected to continue to satisfy, minimum funding requirements.

For accounting purposes, as at December 31, 2023 the pension plans have an accrued total net benefit obligation of $42 million (December 31, 2022 - $55 million).

CLIMATE CHANGE AND ENVIRONMENTAL RISK

ENMAX's operations are influenced significantly by changes in the environment. Short term weather patterns can influence the level and distribution of demand for electricity and the market price for electricity. Extreme weather events may result in service disruptions, damage to assets, or threats to the health and safety of employees and customers. Climate change is influencing behaviour changes in individuals, organizations and governments. Government policy around the ways electricity is generated, transmitted, distributed, stored and used by customers is rapidly evolving.

The *Canadian Net-Zero Emissions Accountability Act* became law in 2021 and is supported by Canada's 2030 Emissions Reduction Plans. In 2023, the Government of Canada released the draft Clean Electricity Regulations to advance net-zero electricity by 2035. The regulations (which are expected to be finalized in late 2024) include requirements for natural gas generation facilities to significantly reduce emissions. The main risk of these regulations is a limit on combustion of fossil fuels. Due to a lack of flexibility, implementation of the Clean Electricity Regulations as drafted could put the Corporation's natural gas generation facilities at risk of reduced output. ENMAX and other stakeholders, including the AESO, have provided feedback to the Government of Canada on the Clean Electricity Regulations to highlight concerns with grid reliability, regional differences, resource limitations and timing, among others. There is still uncertainty about the pace and detailed implementation of some of the proposed regulatory and policy changes. All proposed, drafted and finalized regulations are incorporated into ENMAX's annual scenario analysis and strategic planning. ENMAX advocates for a measured approach to the energy transition that maintains continued system reliability and affordability for customers.

The electricity sector, as a key player in a lower-carbon future, is experiencing rapid transformation as it responds to the opportunity of electrification, enables growth in distributed forms of renewable energy and embraces lower carbon sources of energy as part of the energy transition. Advancements in transportation electrification, energy storage and energy efficiency are accelerating this transition. ENMAX has a critical role to play in supporting customers and enabling opportunity throughout this transition. We continue to explore renewable energy generation and focus on emissions reductions across Canadian operations. Transition-related risks and opportunities include regulatory, market and technological changes that result from the energy transition and could impact ENMAX. Some of these changes present both a risk and opportunity for the Corporation.

In order to prepare for and adapt to climate change, ENMAX undertakes annual scenario planning to understand the evolving risks and opportunities that a changing climate may present for its business over the long term. This work is in response to the Task Force on Climate-related Financial Disclosures recommendations. In 2023, ENMAX conducted physical risk workshops with more than 20 subject matter experts in Alberta and Maine to discuss the potential impacts of climate change on its assets. The workshop participants assessed ENMAX Power, ENMAX Energy and Versant Power assets against nine relevant climate hazards: extreme heat, higher average temperatures, wildfire, drought, short duration high intensity storms, severe storms (tornadoes, hail), high winds (convective storms and strong wind gusts), river flooding and heavy snowfall. In addition, Versant Power assets were assessed against hurricanes and sea level rise, hazards specific to the operating areas in Maine. The Corporation also developed models to assess the range of future possible outcomes under various climate-related policy and market conditions. This work informs corporate strategy and business planning and enables the incorporation of important climate-related risks into decision making. The first elements from scenario analysis planning to be integrated into the business plan are carbon price, commodity price and policy application.

The Province of Alberta is currently experiencing drought conditions and is in water shortage management stage 4 (out of 5) as at December 31, 2023, where multiple water management areas are impacted by water shortage. The next stage (stage 5) would be to declare an emergency and enact a water management strategy with the potential to provide legislative tools to manage the shortage under the *Water Act*.

Prolonged drought can increase load of ENMAX's transmission and distribution wires, limit access to water for power generation and impact ENMAX's ability to effectively operate its facilities. The Corporation has implemented the following measures to mitigate this risk:

- Working to reduce freshwater use and optimize water use at operational facilities.
- Minimizing freshwater use through water recycling and treatment processes and by using 100 per cent reclaimed water at Shepard Energy Centre.
- Incorporating considerations from The City's Drought Resilience Plan into ENMAX's climate-related physical risk workshops.

The generation, transmission and distribution of electricity requires the use and disposal of certain hazardous materials. ENMAX is subject to federal, provincial or state and local laws and regulations regarding air, land and water quality and other environmental matters. In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for non-compliance, including fines, injunctive relief and other sanctions. Modifications of existing facilities may require new environmental permits or amendments to existing permits. Delays in the environmental permitting process, denials of permit applications and conditions imposed in permits may materially affect the cost and timing of projects. Non-compliance with environmental laws and regulations or incurrence of new costs or liabilities could adversely affect the business, results of operations, financial condition or prospects of the Corporation. ENMAX has implemented various programs to manage environmental risk exposures, many of which focus on prevention of and preparedness for adverse events.

STRATEGIC RISK

ENMAX's business model and strategic direction are predicated on certain assumptions, including the long-term viability of the rate-regulated and competitive businesses, benefits associated with holding these businesses, evolution of technology used in the industry and attractiveness of growth opportunities. While ENMAX believes these assumptions will remain valid in the future, significant changes to the overall business environment or other factors could cause ENMAX to re-evaluate its business model or strategic direction. ENMAX routinely monitors industry trends and the business environment.

ENMAX has several competitors that operate in the electricity and natural gas markets where it serves customers. Competitors vary in size from small companies to large corporations with significant financial, marketing and procurement resources. ENMAX Energy must also compete with the RRO service provided by various parties throughout Alberta. Failure to attract and retain customers could adversely affect the business, results of operations, financial condition or prospects of the Corporation. ENMAX could potentially see earnings variability as it relates to constraints on its growth targets for market share. To mitigate this risk, ENMAX continually monitors the market and adjusts its offerings and marketing to remain competitive. ENMAX also signs customers to longer term contracts and has a sophisticated wholesale operation that could be used to secure long-term hedges for generation volumes.

ENMAX faces risk with respect to its strategy due to changing government policies. Political uncertainties and changing governments with different perspectives and policies could potentially impact ENMAX's ability to deliver on its strategy. ENMAX factors in these uncertainties and attempts to mitigate this risk by focusing resources on rate-regulated businesses with stable, predictable cash flows and contracted revenue.

ENMAX's asset ownership strategy requires the development and construction of transmission and distribution projects, as well as capital improvements to existing assets and the evaluation of opportunities to construct new assets. ENMAX's ability to successfully identify, value, evaluate, complete and integrate new organic growth opportunities and major capital projects is subject to risk. These include competition for resources, the performance of the economy in Alberta and Maine and regulatory or legislative decisions by various levels of government. Some of these risks are beyond the Corporation's control. For any given project, ENMAX could be subject to additional costs, delays to in-service dates, termination payments and losses under committed contracts. Such business development challenges could adversely affect the business, operations, financial condition and growth prospects of the Corporation.

ENMAX performs risk assessments and develops risk mitigation plans for major capital programs and projects and uses a phase gate approval process on developments. Capital programs and projects are budgeted on an annual basis, and funding for specific approved capital programs and projects is sourced on an ongoing basis. ENMAX makes use of fixed price contracts with vendors to mitigate cost escalation risk where available and appropriate. Project performance relative to expectations is regularly reported to senior management and the Board, and any corrective measures are taken as required. Delays and overspending in the development and construction of capital projects could affect ENMAX's financial results.

HUMAN RESOURCES RISK

ENMAX's workforce is composed of union and non-union staff in a variety of administrative, technical, and supervisory roles across multiple disciplines in both Alberta and Maine. The variety of technical expertise and experience possessed by ENMAX staff and required by their roles means that ENMAX is exposed to risks around attracting and retaining qualified personnel, and succession planning for the loss or retirement of key employees.

More than half of ENMAX's workforce belong to one of three unions: The Canadian Union of Public Employees (CUPE) Local 38, the International Brotherhood of Electrical Workers (IBEW) Local 254 in Alberta, or IBEW Local 1837 in Maine. ENMAX has entered into collective bargaining agreements with these unions and is committed to maintaining mutually beneficial relationships with its unionized staff. There are risks that difficulties renewing or updating collective bargaining agreements as required periodically could result in higher labour costs, work stoppages or strikes, or attraction or retention rates below expectations. An agreement with CUPE Local 38 is in effect from 2023 to 2025. The agreements with IBEW Local 254 and IBEW Local 1837 are in effect until December 31, 2024 and June 30, 2024, respectively.

To mitigate these risks, ENMAX has implemented a variety of training and development programs for staff at all organizational levels, regularly solicits feedback on staff engagement to provide input for future initiatives and makes use of specialized recruitment experts. ENMAX is also focused on providing an inclusive workplace with a focus on recognition and strives to maintain competitive compensation and benefits programs.

TECHNOLOGICAL RISK

ENMAX operates a variety of complex technology systems to enable the operations of its transmission, distribution, power generation and electricity and natural gas sales businesses, along with corporate functions and enterprise data. Ongoing investments are required to ensure reliable and efficient data and technologies to support current operations and enable strategic initiatives. Such investments include upgrading, replacing and modernizing the technology landscape as well as improving cybersecurity and disaster recovery capabilities.

ENMAX has a technology governance framework to mitigate inherent risks associated with its complex technical ecosystem, including the need to embrace industry disruptions triggered by digital innovations. At the strategic level, this framework aligns to ENMAX'S ERM guidelines and risk mitigation mandates. Operationally, the framework includes investment and technology architecture oversight to apply appropriate control and management of technology risks. This aligns technology management decisions with corporate strategic objectives and maintains compliance with legal and regulatory requirements.

Cyber security is a key business risk associated with technology advancements and increasing operational reliance on technology platforms. Given the evolving nature of these cyber threats, there is potential that ENMAX may experience security incidents that could materially impact the business. With the objective of safeguarding ENMAX assets, operations, reputation, customer and enterprise data, ENMAX has a vigilant, risk-based cyber security program that applies significant focus on employee cyber awareness training, collaboration with industry experts and effective incident response procedures. A portion of employee compensation is tied to phishing and cyber performance metrics for ENMAX Corporation.

The potential imbalance of risk and reward in technology innovation adoption can be a risk to ENMAX. The rapid and sometimes exponential pace of advancement in technology within the utilities industry is transforming the traditional energy generation, transmission and distribution business models, including customer expectations. From one view, keeping up with new technology innovation is key to a future ready utility organization. The risk of not investing in innovation and modernizing the technology landscape means reduced competitive advantage for ENMAX. The Corporation is continually striving to balance investment risks between protecting customer value and achieving long-term corporate strategy. This risk is mitigated through the technology investment governance framework noted above and transforming the underlying operating model to enable agility and scalability of technology solution delivery.

CREDIT RISK

ENMAX enters into agreements and engages in transactions with a number of external parties, including customers, retailers, suppliers, service providers and other counterparties. In such arrangements, counterparty credit risk exists, as one or more counterparties may fail to fulfill their obligations, including paying for or delivery of commodities. These risks are often exacerbated during periods of sustained low economic cycles, which may negatively affect customers or counterparties and create tighter credit markets.

ENMAX has implemented an effective credit risk management program to mitigate its exposures to credit risk. While it seeks to manage credit exposure by evaluating creditworthiness before and after entering agreements, monitoring business activity, and obtaining collateral when prudent to do so, ENMAX may not be able to identify and avoid all counterparties that are not creditworthy. ENMAX records provisions for expected credit losses based on historical default rates and knowledge of market conditions, however actual defaults by suppliers, retailers, service providers, customers and other counterparties could differ from these estimates, and the differences could be significant.

REPORTING AND DISCLOSURE RISK

The application of critical accounting policies reflects complex judgements and estimates. These policies include but are not limited to industry-specific accounting applicable to rate-regulated utilities, to pensions and to derivative instruments. Accounting standards and disclosure requirements are continually evolving, and new disclosure requirements such as environmental, social and governance (ESG) reporting are emerging. Adoption of new accounting standards, or changes to current accounting policies or interpretations of such policies, could adversely affect the business, results of operations, financial condition or prospects of the Corporation.

Versant Power records transactions under U.S. Generally Accepted Accounting Principles (U.S. GAAP) and operates in U.S. dollars. ENMAX must translate Versant Power's financial results to IFRS and Canadian dollars in order to include Versant Power in ENMAX's consolidated reporting. This may involve estimates and the use of judgement to interpret the appropriate treatment of complex transactions. ENMAX has implemented various programs to reinforce its Internal Controls over Financial Reporting, including retaining qualified staff, use of experts where appropriate, quarterly review of the financial statements by executive management, quarterly certification of key controls facilitated by Internal Audit and review of certain disclosures by the Board.

INCOME TAX RISK

Prior to January 1, 2001, legal entities comprising the ENMAX group of companies were not subject to federal or provincial income taxes based on an exemption for municipally owned corporations in the Canadian *Income Tax Act*. This exemption generally requires corporations to be wholly owned by a municipality, with all or substantially all income derived from sources within the geographic boundaries of the municipality. Entities that do not annually meet these requirements are no longer exempt and are subject to federal and provincial income tax regimes.

In 2001, the Government of Alberta introduced a Payment in Lieu of Tax (PILOT) Regulation under the *Electric Utilities Act* in conjunction with deregulation of the Alberta energy market. The purpose of this regulation was to level the playing field between municipally owned tax-exempt entities and non-tax-exempt organizations participating in the competitive part of the electricity market, by requiring tax-exempt organizations to make a payment in lieu of federal and provincial income taxes. This payment was computed as the amount an entity would have paid if they did not maintain a tax-exempt status. This regulation required municipally owned retailers and municipally owned power purchase arrangement (PPA) holders to remit PILOT payments to the Balancing Pool, based on the retail and commodity components of their electricity operations. The *Electric Utilities Act*, however, precludes municipally owned corporations competing in the electricity generation business from realizing a tax subsidy or financing advantage as a result of their association with the municipality. Accordingly, ENMAX holds generation assets in entities that do not qualify for the income tax exemptions noted above and are subject to federal and provincial income tax regimes.

Certain legal entities were created and acquired as a result of the Versant Power acquisition. These entities are taxable and subject to U.S. Federal and the State of Maine corporate income tax regimes. For U.S. tax purposes, commonly controlled corporations are permitted to file a consolidated tax return.

The computation of the Corporation's provision for income taxes is an inherently complex process, requiring management to interpret continually changing regulations and to make certain professional judgements. This computation is impacted by changes in tax legislation that governs each legal entity, and such changes can affect future earnings, cash flows and financial position, as well as the existing deferred tax assets and liabilities. ENMAX monitors the status of existing tax laws to ensure that changes are appropriately reflected in the tax compliance filings and financial results. For instance, in December 2021, the Organisation for

Economic Co-operation and Development issued model rules for a new global minimum tax framework (Pillar Two), and various governments around the world have issued, or are in the process of issuing corresponding legislation. In Canada, the government released draft legislation on Pillar Two in July 2023. ENMAX is in the process of assessing the full impact of this.

Tax filings of all legal entities comprising the ENMAX group of companies are subject to audit examinations by taxation authorities, and the outcome of such audits may increase tax liabilities. Audit examinations and formal audit disputes are ongoing and in various stages of completion. The Corporation estimates and monitors any uncertain tax position and recognizes an income tax expense when it is probable that examination by taxation authorities would result in an additional tax liability. Therefore, there can be variability in earnings as a result of audit examinations and other contingent tax liabilities. Considering the above, the tax risk of the Corporation is considered moderate to low in the one-year time frame.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENMAX continually strives to enhance the public disclosure and reporting of its ESG performance. ENMAX's ESG disclosure aligns with the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosures standards. The most recent ESG performance report is available on enmax.com.

In 2023, ENMAX undertook an annual review of existing ESG practices, engaged with key stakeholders, and identified a series of forward-focused objectives and goals. These goals reflect ENMAX's priorities of achieving a lower carbon future, advancing electrification, enabling a talented, diverse, and inclusive team, and providing continued access to safe, reliable and affordable energy for years to come. Details of ENMAX's ESG framework are available within the latest ESG report.

ENVIRONMENTAL

The advancement of a cleaner energy future is a mandate under which ENMAX has operated for decades. The increasing importance of advancing efforts to address climate change is a core part of the Corporation's strategy and business focus. ENMAX has an objective to achieve net zero scope 1 (direct) and scope 2 (indirect, i.e., facility energy use) GHG emissions by 2050. As milestones towards achieving this goal, ENMAX had targeted to reduce or offset 70 per cent of scope 1 and scope 2 emissions by 2030, from a 2015 baseline, and to electrify 35 per cent of its mobile fleet by 2030.

In 2023, ENMAX re-assessed the target of transitioning 35 per cent of its mobile fleet to zero emission vehicles (ZEVs) by 2030. Results from ENMAX's exploration of ZEVs thus far have illustrated a risk of reduced operational reliability and efficiency and significant delays in the supply of ZEVs and charging infrastructure presented challenges to meeting the target. Given these areas of concern, ENMAX determined the ZEV target was too ambitious at this time and decided to remove it. Going forward, ZEVs will be added to the fleet on a case-by-case basis. At the end of 2023, 10 per cent of the fleet was composed of ZEVs.

ENMAX is dedicated to delivering safe, reliable and responsible energy. In 2023, ENMAX:

- Continued to deploy modern meters, otherwise known as Advanced Metering Infrastructure (AMI), in Calgary and Maine. AMI technology supports the collection of analytics that can assist with distribution system planning, asset management and outage reviews, as well as provides customers with actionable insights into their energy usage to drive energy efficiency.
- Invested in decarbonization technologies through Energy Impact Partners (EIP), a global investment firm custom-built to invest in the energy transition. ENMAX has invested approximately $8 million USD of the $10 million USD it has committed to invest to this fund, joining more than 60 partners in EIP's efforts to decarbonize the global economy. ENMAX also committed $10 million between 2024

and 2026 to Mobility Impact Partners, a private equity fund investing in the future of transportation that provides access to experts and insights regarding vehicle electrification.

- Continued to advance the front-end engineering and design (FEED) study (leveraging funding from Emissions Reduction Alberta) to explore the feasibility and cost of constructing and integrating a carbon capture unit at Shepard Energy Centre.
- Progressed the ENMAX Community Solar Fund, a partnership between ENMAX and The City to support renewable energy, representing a $5 million in-kind investment to support solar-energy installations at over 30 community halls throughout Calgary. Solar installments were completed at 13 community centers in 2023 with a total of 25 installations complete on the project to date. The remaining six installations are targeted for completion in Q2 of 2024.
- In 2023, ENMAX introduced new Seasonal Solar™ rates for customers with solar panels who are able to export excess energy back to the grid during the sunnier months. The rate provides customers with bill credits passed through from the AESO, promotes the use of residential solar and expands support for microgeneration and renewables.

Optimizing water use at generation facilities remains a key part of ENMAX's environmental stewardship. By design, Shepard Energy Centre uses reclaimed water exclusively, the first use of reclaimed water for power production in Alberta. This design feature prevents ENMAX from having to draw nearly six million cubic meters of fresh water from the Bow River every year. ENMAX prioritizes continuous improvement within its operations and has implemented engineering innovations that reduced the plant's annual wastewater volume by approximately 25 per cent from original operating conditions.

SOCIAL

Electricity is an essential service, and energy affordability is critical to customers and communities. ENMAX aims to help eliminate barriers for vulnerable customers that may impact or inhibit access to safe, reliable and affordable electricity. The Corporation centres its efforts on supporting customers at each stage of the affordability lifecycle:

- Crisis management – relief to customers in energy-need crisis through agency partnerships.
- Prevention – programming to reduce barriers to affordable-energy access.
- Conservation – sustainable energy solutions, tools, education and awareness.

ENMAX is dedicated to providing customers access to safe, reliable and affordable energy through programs, resources and partnerships. ENMAX targets to spend at least 30 per cent of the community investment budget each year on activities and organizations that support customers at the various stages of the energy affordability lifecycle. In 2023, ENMAX allocated 36 per cent of the community investment budget towards energy affordability. ENMAX plans to increase the proportion of spending in this area to 40 per cent of the community investment budget by 2025. ENMAX also had a target to conduct six pilot projects by 2025 to test programs or solutions designed to improve accessibility and affordability of energy, which has been met by the end of 2023. Customer accessibility and affordability will remain a key focus for the Corporation.

ENMAX continues to deliver a comprehensive community investment strategy that targets essential needs, well-being of the communities and neighbourhoods, active employee engagement and opportunities for volunteering. In 2023, ENMAX continued the support of their long-standing community partners, Trellis Society, Distress Centre Calgary, United Way of Calgary and Area, Aboriginal Friendship Centre of Calgary, Bissel Centre (Edmonton) and United Way of Central Alberta. These partnerships support the crisis intervention stage of the energy affordability lifecycle and allow ENMAX to direct people to organizations to get the help they need. Increasing support to these agencies and others in key communities where we operate, such as Lethbridge Housing Authority, means that more families and individuals will have access to funding for essential needs and services.

ENMAX is working to foster a culture of inclusion that embraces diversity and allows everyone to feel respected, valued and included. A diverse and inclusive workforce fosters unique perspectives that enhances culture, sparks creativity, fosters innovation and creates value. All targets for 2023 were completed, which included:

- Update and expand categories of workforce diversity measurement and survey all employees.
- Pilot inclusive training to individual contributors.
- Expand training for customer facing teams on communicating with diverse customers and communities.
- Provide training to employees in Canada on the history of Indigenous Peoples.
- Create a diversity, inclusion and belonging roadmap at Versant Power.

ENMAX continues to work towards a vision of building a workforce that is reflective of its communities and where everyone has a sense of belonging. In 2024, new targets relating to workforce and leadership diversity will be added.

GOVERNANCE

ENMAX's Board and executive team are committed to strong and effective standards of corporate governance and ethical conduct. For over 13 years, ENMAX's disclosures have been guided by the standards for Canadian reporting issuers for disclosure requirements regarding governance and executive compensation practices. ENMAX recognizes that having a majority of independent, highly qualified directors from diverse backgrounds is essential to effective decision-making. For the year ended December 31, 2023, all directors were independent, other than the President and CEO. ENMAX's Diversity Policy includes an aspirational target that women continue to comprise not less than 30 per cent of its directors and has achieved that target since 2017. The CGC is responsible for monitoring the implementation of the Diversity Policy on an annual basis and reports its findings to the Board with recommendations as appropriate. As at December 31, 2023, 33 per cent of directors are women and 17 per cent self-identify as members of an underrepresented group. In addition, more than 50 per cent of the executive team are women.

In support of ENMAX's commitment to diversity, ENMAX is a signatory to the Leadership Accord on Gender Diversity, headed by Electricity Human Resources Canada and a member of the 30% Club Canada, an organization working towards having women represent 30 per cent of board seats and C-suites in Canada by 2024.

ENMAX has a confidential ethics hotline where employees can anonymously express concerns about inappropriate business conduct through a confidential third party. Every report regarding potential violations of the Business Ethics Policy is reported to ENMAX's CGC. 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 directors exercise independent judgement when considering transactions and agreements. The Board ensures that its directors do not participate in discussions or vote on matters when a conflict of interest exists.

BOARD AND EXECUTIVE OVERSIGHT – ESG GOVERNANCE

The Board has ultimate oversight of ENMAX's ESG strategy and approach to ESG matters, including ESG targets and ensuring alignment between ESG initiatives and business strategy. The Board is also responsible for the Corporation's risk profile and decision making.

During 2023, the Board was supported by the Safety, Environment and Sustainability Committee (SESC) in fulfilling its ESG oversight responsibilities, which primarily include health, safety, environmental, sustainability, social and governance matters and climate-related issues. In addition, this committee supports the Board by:

- Reviewing progress and performance against ESG targets
- Reviewing periodic reports related to developments, trends, best practices, risks and issues related to the ESG targets and reporting, and
- Recommending for approval the publication of the annual ESG Report.

ENMAX's executive team is responsible for corporate oversight and advancement of ENMAX's key ESG issues. The executive team regularly reports to both the SESC and the Board on ESG and climate-related matters and is supported by ENMAX's ESG Working Group, comprised of leaders across ENMAX. The ESG Working Group is chaired by ENMAX's Director of ESG Performance and Reporting.

ENMAX's compensation for the President and CEO considers the achievement of short-term objectives and longer-term business and strategic objectives including ENMAX's ESG framework and progress against the commitment to achieve net zero scope 1 and 2 GHG emissions by 2050. ENMAX's most recent Annual Report on Governance and Compensation is available on enmax.com.

CONSOLIDATED FINANCIAL STATEMENTS

Contents

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Preparation and presentation of the accompanying consolidated financial statements of ENMAX Corporation is the responsibility of management and has been approved by the Board of Directors (the Board). In management's opinion, the consolidated financial statements have been prepared within reasonable limits of materiality in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements requires judgement and estimation when events affecting the current year depend on determinations to be made in the future. Management has exercised careful judgement where estimates were required, and these consolidated financial statements reflect all information available up to February 29, 2024. Financial information presented elsewhere in this report is consistent with that in the consolidated financial statements.

To discharge its responsibility for financial reporting, management maintains systems of internal controls designed to provide reasonable assurance that the Corporation's assets are safeguarded, that transactions are properly authorized and that reliable financial information is relevant, accurate and available on a timely basis. Internal control systems are monitored by management and evaluated by an internal audit function that regularly reports its findings to management and the Audit Committee of the Board.

The consolidated financial statements have been audited by Deloitte LLP, the Corporation's external auditor. The external auditor is responsible for examining the consolidated financial statements and expressing an opinion on fairness of the consolidated financial statements in accordance with IFRS. The auditor's report outlines the scope of their audit examination and states the opinion.

The Board, through the Audit Committee, is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls. The Audit Committee, which is comprised of independent directors, meets regularly with management, the internal auditor and the external auditor to ensure each group is discharging its responsibilities with respect to internal controls and financial reporting. The Audit Committee reviews the consolidated financial statements and annual financial report and recommends approval to the Board. The external auditor has full and open access to the Audit Committee, with and without the presence of management. The Audit Committee is also responsible for reviewing and recommending the annual appointment of the external auditor and approving the annual external audit plan.

On behalf of management,

Mark Poweska
President and Chief Executive Officer

Sheri Primrose
Chief Financial Officer

February 29, 2024

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Independent Auditor's Report

To the Shareholder of ENMAX Corporation

Opinion

We have audited the consolidated financial statements of ENMAX Corporation and its subsidiaries (the "Corporation"), which comprise the consolidated statement of financial position as at December 31, 2023 and 2022, and the consolidated statement of (loss) earnings, comprehensive (loss) income, changes in shareholder's equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Financial Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Financial Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
February 29, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, *(millions of Canadian dollars)*	2023	2022
ASSETS		
Cash and cash equivalents (Notes 7 and 10)	**$ 90**	$ 95
Accounts receivable (Note 7)	**938**	1,220
Current portion of financial assets (Note 7)	**202**	401
Other current assets (Note 11)	**31**	24
	1,261	1,740
Property, plant and equipment (PP&E) (Notes 12 and 15)	**6,451**	6,141
Intangible assets (Note 13)	**335**	332
Goodwill (Note 14)	**632**	647
Deferred income tax assets (Note 8)	**81**	64
Post-employment benefits (Note 17)	**34**	18
Financial assets (Note 7)	**120**	282
Other long-term assets (Note 11)	**201**	190
TOTAL ASSETS	**9,115**	9,414
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES (Note 9)	**331**	296
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	**$ 9,446**	$ 9,710
LIABILITIES		
Short-term financing (Note 7)	**$ 444**	$ 304
Accounts payable and accrued liabilities	**830**	1,134
Income taxes payable (Note 8)	**2**	1
Current portion of long-term debt (Notes 7 and 16)	**292**	85
Current portion of financial liabilities (Note 7)	**180**	465
Current portion of deferred revenue (Note 18)	**5**	5
Current portion of lease liabilities (Note 15)	**3**	5
Other current liabilities (Note 11)	**69**	42
Current portion of asset retirement obligations and other provisions (Note 19)	**3**	6
	1,828	2,047
Long-term debt (Note 7 and 16)	**3,185**	3,156
Deferred income tax liabilities (Note 8)	**290**	305
Post-employment benefits (Note 17)	**76**	73
Financial liabilities (Note 7)	**194**	156
Deferred revenue (Note 18)	**614**	601
Lease liabilities (Note 15)	**39**	38
Other long-term liabilities (Note 11)	**18**	16
Asset retirement obligations and other provisions (Note 19)	**110**	95
TOTAL LIABILITIES	**6,354**	6,487
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES (Note 9)	**140**	150
SHAREHOLDER'S EQUITY		
Share capital (Note 20)	**280**	280
Retained earnings	**2,700**	2,798
Accumulated other comprehensive loss (Note 21)	**(28)**	(5)
	2,952	3,073
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY	**$ 9,446**	$ 9,710

Commitments and contingencies (Note 30).
See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF (LOSS) EARNINGS

Year ended December 31, *(millions of Canadian dollars)*	**2023**	2022
REVENUE (Note 6)		
Transmission and distribution	**$ 1,269**	$ 1,118
Electricity	**1,634**	1,672
Natural gas	**451**	507
Local access fees (Note 27)	**303**	238
Contractual services	**107**	83
Contributions in aid of construction (CIAC) (Note 18)	**17**	22
Other revenue (Note 29)	**30**	23
TOTAL REVENUE	**3,811**	3,663
OPERATING EXPENSES (Note 6)		
Transmission and distribution	**509**	541
Electricity and fuel purchases	**1,550**	1,161
Natural gas and delivery	**378**	441
Local access fees (Note 27)	**303**	238
Depreciation and amortization	**356**	326
Impairment (Note 6)	**-**	40
Other expenses (Note 29)	**594**	542
TOTAL OPERATING EXPENSES	**3,690**	3,289
OPERATING PROFIT	**121**	374
Finance charges (Note 25)	**148**	128
NET (LOSS) EARNINGS BEFORE TAX	**(27)**	246
Current income tax expense (Note 8)	**1**	3
Deferred income tax recovery (Note 8)	**(41)**	-
NET EARNINGS - BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	**13**	243
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES (Note 9)	**(29)**	53
NET (LOSS) EARNINGS	**$ (16)**	$ 296

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

Year ended December 31, *(millions of Canadian dollars)*	**2023**	2022
NET (LOSS) EARNINGS	**$ (16)**	$ 296
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF INCOME TAX		
Items that will not be reclassified subsequently to statement of earnings		
Remeasurement gain on retirement benefits (Note 17) [1]	**13**	41
Cumulative (loss) gain on translation adjustment	**(35)**	84
Items that will be reclassified subsequently to statement of earnings		
Reclassification of loss on derivative instruments to net earnings	**(1)**	(1)
Other comprehensive (loss) income, net of income tax	**(23)**	124
TOTAL COMPREHENSIVE (LOSS) INCOME	**$ (39)**	$ 420

[1] Net of deferred income tax expense of $1 million (2022 - $nil).
See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(millions of Canadian dollars)		Share Capital		Retained Earnings		Accumulated Other Comprehensive (Loss) Income		Total
As at December 31, 2022	$	280	$	2,798	$	(5)	$	3,073
Net (loss) earnings		-		(16)		-		(16)
Other comprehensive loss, net of income tax		-		-		(23)		(23)
Total comprehensive loss		-		(16)		(23)		(39)
Dividends (Note 24)		-		(82)		-		(82)
As at December 31, 2023	**$**	**280**		**2,700**		**(28)**		**2,952**

As at December 31, 2021	$	280	$	2,564	$	(129)	$	2,715
Net earnings		-		296		-		296
Other comprehensive income, net of income tax		-		-		124		124
Total comprehensive income		-		296		124		420
Dividends (Note 24)		-		(62)		-		(62)
As at December 31, 2022	$	280	$	2,798	$	(5)	$	3,073

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net (loss) earnings	**$ (16)**	$ 296
Reconciliation of net (loss) earnings to cash flow from operating:		
CIAC additions (Note 18)	**32**	39
CIAC revenue (Note 18)	**(17)**	(22)
Depreciation and amortization	**356**	326
Impairment	**-**	40
Finance charges	**148**	128
Income tax (recovery) expense	**(40)**	3
Loss on sale of assets	**-**	3
Change in unrealized market value of financial contracts	**377**	(67)
Post-employment benefits	**(4)**	(10)
Foreign exchange	**12**	21
Change in non-cash working capital (Note 26)	**(349)**	82
Cash flow from operations	**499**	839
Interest paid [1]	**(154)**	(135)
Net cash flow provided by operating activities	**345**	704
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets [1]	**(657)**	(570)
Proceeds from disposal of property, plant and equipment	**3**	1
Cash flow used in investing activities	**(654)**	(569)
FINANCING ACTIVITIES		
Repayment of short-term debt	**(6,294)**	(1,466)
Proceeds from short-term debt	**6,434**	1,552
Repayment of long-term debt	**(89)**	(483)
Proceeds from long-term debt	**339**	356
Repayment of lease liability	**(4)**	(6)
Dividend paid (Note 24)	**(82)**	(62)
Cash flow used in financing activities	**304**	(109)
Effect of foreign exchange on cash and cash equivalents	**-**	4
(Decrease) increase in cash and cash equivalents	**(5)**	30
Cash and cash equivalents, beginning of period	**95**	65
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 90**	$ 95
Cash and cash equivalents, end of period consist of:		
Cash	**$ 60**	$ 48
Restricted cash (Note 10)	**30**	47
	$ **90**	$ 95

[1] Interest paid excludes $14 million of capitalized borrowing costs (2022 - $9 million), which is included in purchase of PP&E and Intangible assets. Including capitalized borrowing costs, total interest paid during the year was $168 million (2022 - $144 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

ENMAX Corporation, was incorporated under the *Business Corporations Act* (Alberta) in July 1997; operations began on January 1, 1998. ENMAX Corporation's mandate was to carry on the electric utility transmission and distribution operations previously directed by the Calgary Electric System (CES). Since 1998, ENMAX Corporation has grown from its transmission and distribution roots to include electricity generation, commercial and residential solar and electricity and natural gas retail businesses.

The registered office of ENMAX Corporation and its subsidiaries (collectively, ENMAX or the Corporation) is at 141 - 50 Avenue SE, Calgary AB, T2G 4S7. The Corporation's principal place of business is Alberta. The City of Calgary (The City) is the sole shareholder of ENMAX Corporation.

ENMAX Corporation's subsidiary, Versant Power, engages in transmission and distribution operations in the Bangor Hydro District (BHD) as well as the Maine Public District (MPD), in northern and eastern Maine, U.S.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee.

These consolidated financial statements were approved and authorized for issuance by ENMAX's Board of Directors on February 29, 2024.

BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on the historical cost basis, except for financial derivative instruments measured at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

The Corporation operates in two functional currencies: Canadian and U.S. dollars (USD). The latter is translated into the Corporation's presentation currency and, unless otherwise stated, these consolidated financial statements are presented in millions of Canadian dollars.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to select appropriate accounting policies and make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as to disclose contingent assets and liabilities. These estimates and judgements involve matters that are inherently complex and uncertain. Judgements and estimates are continually evaluated and are based on historical experience and expectations of future events. Changes to accounting estimates are recognized prospectively.

Significant judgements and estimates are required in the application of accounting policies. These are referenced in the following tables:

SIGNIFICANT ACCOUNTING JUDGEMENTS

Financial Statement Area	Accounting Policy	Judgement Areas
Investments in associates	Note 4 (d)	Tested for recoverability when events and circumstances indicate a possible impairment
Property, plant and equipment and intangible assets	Note 4 (i)(m)	Determination of components and useful lives
Asset impairment	Note 4 (n)	Assessment of impairment indicators and grouping of cash-generating units (CGUs)
Leases	Note 4 (p)	Assessment of contracts for lease arrangements
Provisions	Note 4 (r)	Determination of probability of outflow of resources
Income taxes	Note 4 (v)	Interpretation of uncertain tax positions and application of tax regulations

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Financial Statement Area	Accounting Policy	Estimate and Assumption Areas
Regulatory deferral accounts	Note 4 (e)	Estimates related to regulatory proceedings or decisions
Financial instruments accounts receivable	Note 4 (f)	Assumptions to assess the expected loss rates
Financial instruments fair value measurements and valuation	Note 4 (f)	Estimates of fair value for financial assets and liabilities
Property, plant and equipment and intangible assets	Note 4 (i)(m)	Determination of components and useful lives
Asset impairment and goodwill	Note 4 (n)(c)	Estimation of future cash flows where impairment indicators exist
Post-employment benefits	Note 4 (o)	Key assumptions are used to calculate post-employment benefits
Leases	Note 4 (p)	Assessment of contracts for lease arrangements
Asset retirement obligation	Note 4 (q)	Estimates of amount and timing of asset retirements
Provisions and contingencies	Note 4 (r)	Determination of probability of outflow of resources
Revenue	Note 4 (s)	Contributions in aid of construction are contributions received for work performed under various statutory requirements, therefore are determined not to contain significant financing component; and principal vs. agent consideration for each revenue stream
Income taxes	Note 4 (v)	Determine tax provisions, using uncertain tax positions and the application of tax legislation

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) CONSOLIDATION

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, including Versant Power, which is a separate and distinct standalone legal entity. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation, except as disclosed under Note 9 (Regulatory Deferral Account Balances). The consolidated financial statements of the subsidiaries are prepared for the same reporting period and apply accounting policies consistent with the Corporation.

Subsidiaries are consolidated from the date on which control is obtained until the date that control ceases. Control exists when the Corporation possesses power over the investee, has exposure or rights to variable returns from its involvement with the investee and can use its power over the investee to affect returns. The assets of Versant Power are not available to the Corporation for use as collateral, and the assets and credit facilities of Versant Power are not available for use in settling the Corporation's debts or other obligations.

(b) JOINT ARRANGEMENTS

A joint arrangement is an arrangement in which two or more parties have joint control and must act together to direct activities that significantly affect the returns of the arrangement. The Corporation classifies its interest in joint arrangements as either joint operations or joint ventures, depending on the Corporation's rights to the assets and obligations for the liabilities. When making this assessment, the Corporation exercises judgements and considers the structure and contractual terms of the arrangement, as well as the legal form of any separate vehicles, in addition to all other relevant facts and circumstances.

Joint arrangements that provide all parties with rights to the assets and obligations for the liabilities are classified as joint operations. The Corporation's consolidated financial statements include its share of assets, liabilities, revenues, expenses and other comprehensive income (OCI) from the joint operations.

Joint arrangements that provide all parties with rights to net assets of the entities under the arrangements are classified as joint ventures. Joint ventures are accounted for under the equity method of accounting. Under this method, the Corporation's interests in joint ventures are initially recognized at cost and are adjusted thereafter to recognize the Corporation's share of profits or losses, movements in other comprehensive income and dividends or distributions received.

When the Corporation transacts with a jointly controlled entity of the Corporation, unrealized profits and losses are eliminated to the extent of the Corporation's interest in the joint venture.

(c) BUSINESS COMBINATIONS AND GOODWILL

The Corporation applies the acquisition method of accounting for acquisition of businesses. The determination of whether an acquisition meets the definition of a business under IFRS requires judgement and is assessed on a case-by-case basis. The cost of acquisition is measured as the aggregate fair value at the date of exchange of the assets given and liabilities incurred or assumed. Consideration paid does not include amounts related to the settlement of pre-existing relationships. Transaction costs incurred in connection with an acquisition are expensed as incurred, except for costs to issue debt or equity securities.

Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured at fair value at the acquisition date, as are any contingent consideration payable. Subsequent remeasurement of contingent liabilities are recorded in net earnings.

Goodwill is determined as the excess of fair value of consideration paid over ENMAX's interest in the net fair value of identifiable net assets, liabilities and contingent liabilities of the acquired subsidiary, jointly controlled entity, or associate, recognized at the date of acquisition. In accordance with IFRS 3 *Business Combinations*, goodwill is recorded at cost and not amortized. Goodwill is tested for impairment on an annual basis, and whenever there are conditions that indicate the cash-generating unit (CGU) which goodwill has been allocated to may be impaired. Impairment is determined by assessing the recoverable amount of the CGU to which goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognized.

If ENMAX's interest in the net fair value of identifiable assets, liabilities and contingent liabilities assumed exceeds the cost of consideration, such excess is recognized immediately in the consolidated statement of earnings.

(d) ASSOCIATES

Associates are those entities over which the Corporation has significant influence, but not control or joint control, over the financial and operating policies. This generally occurs where the Corporation holds between 20 and 50 per cent of the voting rights. Associates are accounted for under the equity method. Under this method, the Corporation's interests in associates are initially recognized at cost. The Corporation's interests are subsequently adjusted to recognize the Corporation's share of profits or losses, movements in OCI and dividends or distributions received. The Corporation's interests in associates are tested for recoverability when events or circumstances indicate possible impairment. An impairment loss is recognized in earnings when the carrying value of the Corporation's interest in an individual associate is higher than its recoverable amount. The recoverable amount is the higher of fair value less disposal costs and value in use. An impairment loss may be reversed when objective evidence exists that a change in the estimated recoverable amount of the investment is warranted.

(e) REGULATORY DEFERRAL ACCOUNTS

In accordance with IFRS 14 *Regulatory Deferral Accounts*, the Corporation continues to recognize amounts that qualify as regulatory deferral balances in accordance with the basis of accounting used immediately before transition to IFRS. A regulatory deferral account balance is any expense (or income) account that:

- Is included, or expected to be included, by the rate regulator in establishing the rate(s) that can be charged to customers; and
- Would not otherwise be recognized as an asset or liability in accordance with other IFRS.

In accordance with this standard, the Corporation has presented regulatory deferral account debits and credits on a separate line in the consolidated statement of financial position. Movements in regulatory deferral accounts are also presented on a separate line in the statement of earnings (Note 9).

(f) FINANCIAL INSTRUMENTS

Recognition

Financial assets and liabilities are initially recognized at fair value when the Corporation becomes a party to the contractual provisions of the instrument. The fair value differs on initial recognition from the transaction price when the fair value is measured using unobservable inputs, in which case the instrument is measured at the transaction price. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for disclosures of the fair value of financial instruments. In the case of instruments not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition are accounted for as an adjustment to the carrying amount, and in all other cases such transaction costs are expensed as incurred.

The Corporation evaluates contracts to purchase non-financial items which are subject to net settlement, to determine whether such contracts should be considered derivatives, or if they were entered into and continue to be held for the purpose of receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (“own use”). If such contracts qualify as own use, they are considered executory contracts outside the scope of financial instrument accounting.

The Corporation evaluates financial and non-financial contracts not measured at FVTPL to determine whether they contain embedded derivatives. An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some cash flows of the combined instrument vary similar to a stand-alone derivative. For such instruments, an embedded derivative is separated where the economic characteristics and risks of the derivative are not closely related to the economic characteristics and risks of the host contract, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or it transfers the financial instrument in a manner that qualifies for derecognition through transfer of substantially all risks and rewards or transfer of control.

Financial liabilities are derecognized upon extinguishment. A modification of a financial liability with an existing lender is evaluated to determine whether the amendment results in substantially different terms, in which case it is accounted for as an extinguishment.

Classification

The classification of the Corporation's financial instruments depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

The financial assets of the Corporation are classified in the following categories:

- **Amortized cost:** assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets of the Corporation include cash and cash equivalents, and current and long-term accounts receivable.
- **Fair value through other comprehensive income (FVOCI):** assets that are held for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Equity investments are included in this category.
- **FVTPL:** assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss.

Financial assets of the Corporation measured at FVOCI and FVTPL are derivative instruments.

Financial liabilities of the Corporation are classified either as held at amortized cost or held at FVTPL. Financial liabilities of the Corporation included at amortized cost are short-term financing, accounts payable and accrued liabilities, current and long-term debt and other current and some components of other long-term liabilities. Financial liabilities of the Corporation measured at FVTPL are derivative instruments.

Derivatives and hedging activities

Derivatives are initially recognized at fair value at contract inception and subsequently remeasured to fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

Fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 7. Movements in the hedging reserve are recognized in the accumulated other comprehensive income (AOCI) portion of equity and are shown in Note 21. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Cash flow hedges

The Corporation utilizes forward contracts as hedging instruments to manage commodity price risk associated with its highly probable commodity sales and purchases. At inception of the hedging transaction, the Corporation documents the economic relationship between hedging instruments and hedged items, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Sources of hedge ineffectiveness can occur as a result of credit risk, change in hedge ratio, and forecast adjustments leading to over-hedging. If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument, or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in earnings at the time of the hedge relationship rebalancing.

The Corporation can only discontinue hedge accounting prospectively if there is no longer an economic relationship between the hedged item and hedging instrument, the risk management objective changes, the derivative no longer is designated as a hedging instrument, or the underlying hedged item is derecognized. If the Corporation discontinues hedge accounting, the cumulative gain or loss in AOCI is transferred to earnings at the same time as the hedged item affects earnings. The amount in AOCI is immediately transferred to earnings if the hedged item is derecognized or it is probable that a forecast transaction will not occur in the originally specified time frame.

Estimation uncertainty

In estimating the fair value of financial assets or liabilities, the Corporation uses market-observable data when available. When observable data is not available, the Corporation determines fair value using inputs other than observable quoted prices for the asset or liability, or valuation techniques with inputs based on historical data.

Presentation

Financial assets and liabilities are not offset unless they are with a counterparty for which the Corporation has a legally enforceable right to settle the financial instruments on a net basis and the Corporation intends to settle on a net basis.

Impairment of financial assets

Impairment provisions for accounts receivable disclosed in Note 7(b) are based on assumptions on expected credit loss (ECL) rates. The Corporation uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Estimation uncertainty

Estimates are made to set up the impairment provision for accounts receivable, which reflects the amount of accounts receivable that are ultimately expected to be non-collectible based on ECL.

Hedges

In conducting its business, the Corporation uses derivatives and other financial instruments, including swaps, futures, options and forwards to manage its exposure to certain market risks. When documentation and effectiveness requirements are met at inception, these derivatives and financial instruments are designated as hedging instruments for accounting purposes. Hedge effectiveness is measured with reference to the risk management objective and strategy for the hedged item and is evaluated on an ongoing basis.

Cash flow hedges are used to manage the variability of cash flows resulting from the purchase and sale of electricity, natural gas and foreign exchange exposure.

For cash flow hedges, changes in the fair value of the effective portion of the derivative designated in a hedging relationship are accumulated in OCI and recognized in earnings during the periods when the cash flows of the hedged item are realized. Gains and losses on cash flow hedges are reclassified immediately to earnings when a hedged anticipated transaction is no longer probable.

Where the hedged item continues to be probable but is no longer highly probable, the hedging relationship terminates. The accumulated amount in other comprehensive income is retained until the hedged transaction occurs or is no longer probable.

If the cumulative change in fair value of the hedging instrument exceeds the cumulative change in fair value of the hedged item, ineffectiveness is recorded in profit or loss for the excess and a de-designated or discontinued hedge. The unrealized changes in fair value recorded prior to de-designation or discontinuation are reclassified from accumulated other comprehensive income to earnings when the related hedged item is recognized in earnings.

(g) FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction date. Receivables, payables and other monetary assets and liabilities are translated into the functional currency using the exchange rate at the balance sheet date. The foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates are recognized in the statement of earnings, except when deferred in equity as qualifying cash flow hedges.

Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition and intercompany loans, are translated into the reporting currency using the exchange rates at the balance sheet date. Income and expenses of foreign operations are translated into the reporting currency at exchange rates approximating the exchange rates at the transaction dates. Foreign currency translation differences are recognized in OCI and presented as equity.

(h) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances on deposit with banks and investments in money market instruments with original maturities of three months or less from the date of acquisition.

(i) PROPERTY, PLANT AND EQUIPMENT

PP&E is recorded at cost less accumulated depreciation and any impairment losses. Cost includes contracted services, materials, direct labour, overhead, borrowing costs on qualifying assets and decommissioning costs. Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Corporation and costs can be measured reliably. Capital spares and related inventory are included within PP&E. The carrying amount of an asset is derecognized when the asset is retired or replaced. Major overhauls and inspections are capitalized. Repairs and maintenance are charged to the statement of earnings in the period in which they are incurred.

Depreciation and amortization of PP&E is recorded on a straight-line basis over the estimated useful life of the asset class at the following rates:

Asset Class	Depreciation Rates		
Transmission, distribution and substation	1.07%	to	50.00%
Generation facilities and equipment	2.00%	to	20.00%
Generation overhauls and inspections	6.67%	to	66.67%
Buildings and site development	1.21%	to	10.00%
Tools, systems and equipment	1.23%	to	25.00%
Vehicles	3.70%	to	8.00%

Construction in progress represents assets that are not yet available for use and therefore not subject to depreciation. Capital spares and inventory, excluding rotating capital spares and meter inventory, are not depreciated until they are placed into service.

For regulated PP&E, depreciation rates are derived from the estimated service life of the asset group and net salvage percentages.

Gains or losses on disposal of PP&E are determined by comparing the proceeds from disposal with the carrying amount of PP&E and are recognized in earnings.

Significant judgement

Depreciation rates are developed based on the useful lives derived from past experience and current facts, taking into account future expected usage and potential for technological obsolescence. Where significant parts of PP&E have different useful lives relative to the total cost of the item, they are accounted for and depreciated separately. Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(j) DEFERRED REVENUE

Under various statutory requirements and agreements with customers and developers, the Corporation receives contributions in aid of construction (CIAC) in the form of cash contributions. Such contributions are recorded as deferred revenue when funds are received and recognized into revenue over the useful life of the related underlying asset. The Corporation also recognizes deferred revenue related to warranty obligations on certain sales. Deferred revenue related to warranty obligations is recognized at the point of sale and is amortized into earnings over the related warranty term.

(k) GOVERNMENT GRANTS

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received. Government grants received for the purchase of certain items of PP&E are deducted from the carrying amount of the related asset. Amounts received related to expense reimbursement reduce the expense in the period in which it is incurred.

(l) CAPITALIZATION OF BORROWING COSTS

Borrowing costs directly attributable to the construction of a qualifying asset are eligible for capitalization. Qualifying assets are assets for which a substantial period of time is required to prepare the asset for its intended use. The Corporation borrows funds to finance its capital construction projects. The borrowing costs are capitalized until construction is completed, at a rate based on the actual costs of debt used to finance the capital construction projects.

(m) INTANGIBLE ASSETS

Intangible assets are recorded at cost and amortization is recorded on a straight-line basis over the estimated useful life of the assets at the following rates:

Asset Class	Depreciation Rates		
Computer systems	0.64%	to	38.85%
Land easements, rights and lease options	1.17%	to	12.50%

Useful lives of intangible assets are based on past experience, current facts and formal amortization studies. These assets are assessed annually for impairment or more frequently if events or changes in circumstances indicate that the asset may be impaired.

(n) ASSET IMPAIRMENT

Carrying amount of long-lived assets, intangible assets and goodwill are reviewed at each reporting date to determine if there is any indication of impairment. For long-lived assets and intangible assets with definite useful lives, recoverable amounts are estimated when an indicator of impairment exists. Recoverable amounts are assessed annually for goodwill, intangible assets with indefinite useful lives or those not available for use and equity investments.

Testing for impairment is performed at the CGU level. The recoverable amount of a CGU is the greater of fair value less costs of disposal and value in use (VIU). VIU is calculated based on the net present value of cash flow projections incorporating estimates of annual revenues, expenses and capital expenditures over the asset's useful life. These estimates incorporate past experience and the Corporation's current view of future cash flow generated by the CGU. The Corporation considers externally available information related to future commodity pricing and current economic conditions when developing certain pricing assumptions. The discount rate used reflects market weighted average cost of capital (WACC) using the capital asset pricing model, considering risks specific to a CGU and risks embedded in the net cash flow projections. Impairment loss is recognized in the statement of earnings if the recoverable amount of a CGU is estimated to be less than its carrying amount.

Impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. The impairment loss can be reversed up to the original carrying value of the asset that would have been determined, net of depreciation, had no impairment loss been recognized. A reversal of impairment is recognized immediately in the statement of earnings.

Significant judgement and estimation uncertainty

Impairment indicator assessment and grouping of CGUs are significant judgements in the process of asset impairment analysis. The determination of CGU recoverable amounts involves significant estimates, including timing of cash flows, expected future prices for inputs and outputs, expected usage of the assets and appropriate discount rates.

(o) POST-EMPLOYMENT BENEFITS

The Corporation sponsors pension plans that contain both defined contribution (DC) and defined benefits (DB) provisions.

For DC pension plans, the Corporation's obligations for contributions are recognized as other expenses in the statement of earnings when services are rendered by employees.

For DB pension plans and other post-employment benefits, the level of benefit provided is based on years of service and earnings of the plan member. The service cost of DB pension and other post-employment benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and management's best estimate of expected health care costs. The related pension liability or asset recognized in the statement of financial position is the present value of the DB and post-employment benefit obligation, less the market value of the plan assets at the statement of financial position date.

Actuarial valuations for defined benefit plans are carried out as prescribed in applicable regional legislation. The discount rate applied in arriving at the present value of the pension liability represents yields on high-quality corporate bonds that have terms to maturity approximating the terms of the related pension liability.

Components of net periodic benefit cost include service cost, net interest on the net liability and re-measurements of the net liability. Service cost is recognized in other expenses in the statement of earnings. Net interest is calculated by applying the discount rate to the net liability at the beginning of the annual period, considering projected contributions and benefit payments during the period. The net interest is recognized in interest expense in the statement of earnings. Re-measurement gains and losses, resulting from experience adjustments and changes in assumptions used to measure the accrued benefit obligation, are recognized in full in the period in which they occur, through other comprehensive income.

Estimation uncertainty

Significant assumptions and estimates are used in accounting for DB pension plans. The Corporation consults with actuarial specialists when setting the key assumptions used to estimate the post-employment benefits and the costs of providing post-employment benefits. Key assumptions include future return on plan assets, retirement age, mortality rates, discount rates, future health care costs, salary escalation rates and claims experience.

(p) LEASES

When an arrangement is entered into for the use of items of PP&E, the Corporation evaluates the arrangement to determine whether it constitutes a lease. The Corporation recognizes an arrangement as a lease when it has the right to direct the use of the specific asset. The Corporation recognizes right-of-use (ROU) assets and corresponding lease liabilities on the consolidated statement of financial position for lease arrangements with a term of 12 months or longer. Leases of low-value assets are accounted for as an operating lease.

Assets under financing leases are amortized on a straight-line basis over the term of the underlying leases (see Note 15) and are tested for impairment using the same approach as is applied for long-lived assets.

Significant judgement

Lease liabilities and ROU assets require the use of judgement and estimates, which are applied in determining whether an arrangement contains a lease, the term of a lease, appropriate discount rates and whether there are any indicators of impairment for ROU assets.

(q) ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations (ARO) are provisions for legal and constructive obligations for decommissioning the Corporation’s assets and the Corporation’s share of jointly operated generation assets.

The estimated future cash flows of the asset retirement costs are risk adjusted and discounted using a pre-tax, risk-free rate that reflects the time value of money. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and then amortized over its estimated useful life. Changes due to revisions of discount rates, the timing, or the amount of the original estimate of the provision are reflected on a prospective basis by adjusting the carrying amount of the related PP&E. In the event the amounts resulting from changes in estimates exceed the carrying amount of the related PP&E, the excess amount is recognized immediately in profit or loss.

Estimation uncertainty

Significant assumptions and estimates are used in accounting for ARO, including the amount and timing of asset retirements, the extent of site remediation required, and related future cash flows, inflation rates and discount rates.

(r) PROVISIONS AND CONTINGENCIES

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect of discounting is significant. A pre-tax, risk-free rate is used to discount estimated future risk-adjusted cash outflows. The unwinding of the discount (accretion) is recognized as a finance charge. The Corporation remeasures provisions each reporting period, considering changes in the likelihood and timing of future outflows and changes in discount rates.

The Corporation performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

Significant judgement

Judgement is involved to determine the probability of outflow of resources.

(s) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the amount can be reliably measured. Revenue is measured at the fair value of the consideration received and is reduced for rebates and other similar allowances.

Electricity and gas revenue

Contracts with customers within ENMAX Energy mainly consist of agreements to provide and deliver supplies of electricity and/or natural gas (the commodity) to customers' specified locations.

Performance obligations

Typical commodity contracts with customers include two performance obligations, which are to provide supplies of the commodity and to arrange for the delivery of these supplies to the customers' specified locations. These performance obligations are considered to be a series of performance obligations satisfied over time as the customers simultaneously take delivery of and consume the commodity.

ENMAX is the principal for commodity delivery charges within the Calgary city limits, with these charges reflected as gross revenue on ENMAX's consolidated financial statements. ENMAX is an agent for commodity delivery charges outside the Calgary city limits, and therefore the payment and recovery of these flow-through costs are presented on a net basis.

Transaction price

The transaction price for the commodity contract involves consideration from customers that is variable and constrained due to unknown volume of the commodity that will be consumed. Certain commodity contracts may also include a price constraint as the relevant commodity price is based on the commodity pool price at the time of the consumption. The variable consideration is no longer constrained when the volume and/or price of the commodity consumed by customers become known in each period. The resolved transaction price for the commodity delivered to customers during each billing period is allocated to the single performance obligation to provide the commodity.

Revenue recognition

The method utilized to recognize revenue for a commodity contract is an output method, which is based on actual volume of commodity distributed each period.

Estimation uncertainty

By regulation, wire service providers are not required to submit final load settlement data on customer electricity usage until four months after the month in which such electricity was consumed. The Corporation uses processes and systems to estimate electricity revenues and costs, including unbilled consumption. Any changes to electricity revenues and costs arising from final load settlement data is accounted for as a change in estimate in the period the final load settlement data is received.

Transmission and distribution revenue

Transmission and distribution contracts with customers represent ENMAX's agreement to provide delivery of electricity to end customers through collaboration with electricity retailers.

Performance obligation

The transmission contract includes one performance obligation, which is a stand-ready obligation to provide transmission capacity for the period. This performance obligation is satisfied when the stand-ready obligation to provide transmission capacity has been performed each month. The distribution contract includes one performance obligation, which is to provide distribution services. This performance obligation is satisfied when the end customer receives electricity. ENMAX’s agreement to provide transmission and distribution services to the customer are performance obligations that are satisfied over time as the customer can simultaneously consume the electricity transmitted and distributed to the customer's location.

Transaction price

The transaction price for the transmission service involves consideration that is variable and constrained. The variable consideration is no longer constrained when the applicable regulator approves the cost of service, which allows the Corporation to recover the cost to build, operate and maintain the transmission lines.

The transaction price for the distribution contract involves consideration that is variable and constrained. The variable consideration is no longer constrained when the actual number of customers serviced during each billing period becomes known.

Revenue recognition

The method used to recognize revenue for the transmission contract is an input method, which is based on the passage of time as the stand-ready performance obligation is completed each period. The method utilized to recognize revenue for the distribution contract is an output method, which is based on actual volume of electricity distributed and actual number of customers serviced each period.

Estimation uncertainty

ENMAX applies the provisions of IFRS 14 *Regulatory Deferral Accounts* in accounting for its rate-regulated transmission and distribution businesses, to reflect the impact of regulatory decisions on the financial results of these businesses. An entity applying IFRS 14 may record revenues, expenses and regulatory deferral debits and credits that would not be recorded by an entity not applying IFRS 14. Estimates are necessary given that the regulatory environments in which the Corporation operates often require amounts to be recorded at estimated values until finalization and adjustment, pursuant to subsequent regulatory proceedings or decisions.

Contractual services revenue

Contractual services contracts are arrangements with a customer where ENMAX agrees to render services mainly to maintain customers' assets or to develop specific assets.

Performance obligation

The rendering of these contracts includes a performance obligation to either provide maintenance or develop an asset. This obligation is satisfied over time, as economic benefits are flowed to the customer from services which enhance existing assets, or through the development of a new asset for which ENMAX has no alternative use.

ENMAX has the right to receive payment for these services performed during each reporting period.

Transaction price

The transaction price for the rendering of a service contract includes consideration from the customer that is fixed.

Certain contracts may also include variable considerations that are constrained, which are not included in the transaction price. The transaction price for all services rendered to the customer at each billing period will be allocated to the single performance obligation to provide a service to the customer.

Revenue recognition

Both input and output methods are used to recognize revenue for rendering of service contracts depending on which method more accurately depicts ENMAX's agreement to transfer services to the customer. For contracts where an input method is used, revenue is recognized based on actual labour cost and materials consumed to perform the required service during each billing period. For contracts where an output method is used, the revenue is recognized based on actual services delivered to the customer during each billing period.

Estimation Uncertainty

The Corporation assesses the stage of completion for outstanding contracts with customers at the end of each reporting period. Estimates may be performed on the costs incurred to date as a percentage of total estimated costs, surveys of the work performed and estimating the proportion physically complete. Any changes to revenue and costs arising from these estimation processes are accounted for as a change in estimate in the period they occur.

(t) EMISSION CREDITS AND ALLOWANCES

The Alberta Technology Innovation and Emissions Reduction (TIER) Regulation became effective on January 1, 2020. The TIER regulation meets the federal government's stringency requirements for carbon pollution pricing and has been deemed equivalent to the federal *Greenhouse Gas Pollution Pricing Act*.

Purchased emission allowances are recorded on the statement of financial position as part of other assets, at historical cost, and are carried at the lower of weighted average cost and net realizable value. Internally generated emission allowances are not recorded on the statement of financial position and are recognized on the statement of earnings when used or sold externally at fair market value.

The Corporation has recorded emissions liabilities on the statement of financial position as a component of accounts payable and accrued liabilities, using the best estimate of the amount required to settle the obligation in excess of government established emission requirements. These amounts are recognized as cost of electricity services provided and charged to the statement of earnings in the period they are levied.

(u) DIVIDENDS

Dividends on common shares are recognized in the Corporation's consolidated financial statements as a reduction of retained earnings in the period in which the dividends are approved by the Board.

(v) INCOME TAXES

Income tax in Canada is determined on a legal entity basis. Certain subsidiary legal entities of the Corporation are subject to income tax as determined under the *Income Tax Act* and *Alberta Corporate Tax Act* (collectively to be referred to as "Act"). Certain other legal entities are exempt from taxation under the Act. This exemption from taxation generally requires that corporations be wholly owned by a municipality, with all or substantially all income derived from sources within the geographic boundaries of the municipality. Those entities exempt from taxation under the Act, may instead be subject to the Payment in Lieu of Tax (PILOT) Regulation of the *Electric Utilities Act*, which requires that certain exempt entities compute and remit a similar tax obligation to the Balancing Pool of Alberta.

Versant Power related entities are subject to U.S. Federal and the State of Maine corporate income tax regimes. For U.S. tax purposes, commonly controlled corporations are permitted to file a consolidated U.S. tax return.

Any further reference to income tax recognizes the combined obligations under the Act, PILOT as well as U.S. Federal and State tax regimes.

Current tax liabilities or assets are measured at the amount expected to be paid to or recovered from the taxation authorities for the current and prior periods, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Differences between the financial statement carrying amount and tax base of the assets and liabilities of a legal entity result in taxable and deductible temporary differences. These differences are subject to expected future tax rates (enacted or substantively enacted at the reporting date) in computing the deferred income tax liabilities and assets.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available, against which the deductible temporary difference may be utilized. A deferred tax liability, however, is recognized for all taxable temporary differences. In certain non-routine scenarios contemplated by IFRS, no recognition of deferred tax assets or deferred tax liabilities may be applicable.

The Corporation recognizes current and deferred income tax in the profit or loss for the period, except to the extent that it relates to a business combination or other transactions that are directly recognized in equity or other comprehensive income.

Significant judgement and estimation uncertainty

Calculation of the Corporation's total income tax expense involves a degree of estimation and judgement where the applicable tax regulation is subject to interpretation. Management periodically evaluates positions taken in tax returns and recognizes an income tax expense when it is probable that examination by taxation authorities would result in an additional tax liability.

Carrying amounts of deferred tax assets are assessed at the end of each reporting period and are adjusted to account for any changes to the probable future taxable profits of the respective entities.

5. ACCOUNTING PRONOUNCEMENTS

There are new, revised and amended IFRS standards that are not yet effective until annual periods beginning on or after January 1, 2024, which have not been applied in preparing these consolidated financial statements. The Corporation does not anticipate the implementation of these new accounting standards to have a material impact on the consolidated financial statements.

6. SEGMENT INFORMATION

The Corporation has four main business segments representing separately managed business units, each of which offers different products and services.

ENMAX POWER

ENMAX Power owns and operates electricity transmission and distribution assets that provide rate-regulated service to approximately 570,000 customer sites in the Calgary area (1,089 square kilometres in and around Calgary). ENMAX Power is regulated by the Alberta Utilities Commission (AUC). The transmission business operates under a cost-of-service model, under which ENMAX Power applies for rates designed to recover the forecast cost of providing transmission service, including an allowed return on capital in service. After public review of an application, the AUC issues a decision approving a revenue requirement and monthly transmission tariff that is ultimately recovered from Alberta customers. The distribution business is regulated under a Performance-Based Regulation (PBR) model. Under this model, distribution rates paid by customers are set annually during the PBR term, using a formula that considers inflationary factors and operational efficiencies. PBR is intended to create additional incentives for utilities to find efficiencies in their operations as these efficiencies can lead to higher returns during the PBR term. Currently, approximately 14 per cent of ENMAX Power's electricity revenue is from transmission operations and 86 per cent is associated with distribution operations.

VERSANT POWER

Versant Power owns and operates electricity transmission and distribution assets that provide rate-regulated service to approximately 165,000 customer sites in the Maine Public District (MPD) and Bangor Hydro District (BHD), covering six counties in Maine, U.S., and a total operating area of approximately 27,000 square kilometres (10,400 square miles). BHD is a member of ISO-New England and is interconnected with other New England utilities to the south and with New Brunswick Power Corporation to the north. MPD is a member of the Northern Maine Independent System Administrator. Versant Power is regulated by the Maine Public Utilities Commission (MPUC) with respect to distribution rates, service standards, territories served, issuance of securities and other matters and by the United States Federal Energy Regulatory Commission (FERC) with respect to transmission services. Versant Power earns revenue by charging customers for delivery of electricity across its transmission and distribution facilities. This retail revenue is divided into separate transmission, distribution and stranded cost rates. Rates for each element are established in distinct regulatory proceedings. Currently, approximately 44 per cent of Versant Power's electricity revenue is from transmission operations, 45 per cent is associated with distribution operations and 11 per cent relates to stranded cost recoveries and conservation charges. Rates for each element are established in distinct regulatory proceedings.

ENMAX ENERGY

ENMAX Energy is an Alberta-based integrated competitive generation and retail business, providing electricity, natural gas, distributed energy resource solutions and customer care services to approximately 747,000 customers throughout Alberta. ENMAX Energy also carries out retail energy supply and related functions for the Calgary Regulated Rate Option (RRO) through affiliated legal entities. The competitive retail business provides customers with either fixed or variable-priced electricity and natural gas and offers additional energy services. As at December 31, 2023, ENMAX Energy owned an interest in 1,522 megawatts (MW) of electricity generation capacity: 1,305 MW from natural gas-fuelled plants and 217 MW from wind power. ENMAX uses its generation capacity and market transactions as a natural hedge to retail customers to provide certainty of supply and risk mitigation. Natural gas retail contracts are backed by market transactions to provide supply certainty, margin stability and risk mitigation. Natural gas fuel requirements for the generation portfolio are balanced through the purchase of natural gas in the Alberta market.

CORPORATE

ENMAX's Corporate segment provides resources primarily for Canadian operations, as well as financing and shared legal, finance and accounting, human resources, corporate governance, information technology and other functions to the operating segments.

SEGMENTED TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT BALANCES

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
ENMAX Power	**3,651**	3,347
Versant Power	**2,548**	2,417
ENMAX Energy	**2,744**	3,508
Corporate	**172**	142
Total assets	**9,115**	9,414
Regulatory deferral account debit balances (Note 9)	**331**	296
Total assets and regulatory deferral account debit balances	**9,446**	9,710

COMPARATIVE SEGMENT INFORMATION

Segment information reflects the presentation regularly reviewed by executive management, who use segmented operating profit as an input for making decisions around asset allocation or assessing performance. Items such as Unrealized gain or loss on financial commodities contracts, Unrealized foreign exchange gain or loss, Impairment and separate presentation of net regulatory deferral movements are excluded from operating profit in the "Total" column below. The "IFRS Financial Total" column reflects what is reported in the Consolidated Statement of (Loss) Earnings.

Year ended December 31, 2023 *(millions of Canadian dollars)*	ENMAX Power	Versant Power	ENMAX Energy	Corporate [1]	Total	Regulatory Deferral Movement	Other Presentation	IFRS Financial Total
REVENUE								
Transmission and distribution	843	375	-	-	1,218	51	-	1,269
Electricity	-	-	1,776	(121)	1,655	(21)	-	1,634
Natural gas	-	-	451	-	451	-	-	451
Local access fees	303	-	-	-	303	-	-	303
Contractual services	97	-	22	(1)	118	(11)	-	107
CIAC	17	-	-	-	17	-	-	17
Other revenue	1	9	18	2	30	-	-	30
TOTAL REVENUE	1,261	384	2,267	(120)	3,792	19	-	3,811
OPERATING EXPENSES								
Transmission and distribution	408	101	-	-	509	-	-	509
Electricity and fuel purchases	-	-	1,290	(118)	1,172	-	378	1,550
Natural gas and delivery	-	-	378	-	378	-	-	378
Local access fees	303	-	-	-	303	-	-	303
Depreciation and amortization	168	65	127	(3)	357	(1)	-	356
Other expenses	225	150	226	-	601	(9)	2	594
TOTAL OPERATING EXPENSES	1,104	316	2,021	(121)	3,320	(10)	380	3,690
OPERATING PROFIT	157	68	246	1	472	29	(380)	121
Unrealized loss on commodities					378	-	(378)	-
Unrealized foreign exchange loss					2	-	(2)	-
Finance charges					148	-	-	148
NET (LOSS) EARNINGS BEFORE TAX					(56)	29	-	(27)
Current income tax expense					1	-	-	1
Deferred income recovery					(41)	-	-	(41)
NET (LOSS) EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					(16)	29	-	13
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	(29)	-	(29)
NET (LOSS) EARNINGS					(16)	-	-	(16)

[1] Includes consolidation adjustments.

Year ended December 31, 2022 *(millions of Canadian dollars)*	**ENMAX Power**	**Versant Power**	**ENMAX Energy**	**Corporate (1)**	**Total**	**Regulatory Deferral Movement**	**Other Presentation**	**IFRS Financial Total**
REVENUE								
Transmission and distribution	828	341	-	-	1,169	(51)	-	1,118
Electricity	-	-	1,789	(118)	1,671	1	-	1,672
Natural gas	-	-	507	-	507	-	-	507
Local access fees	238	-	-	-	238	-	-	238
Contractual services	89	-	21	(1)	109	(26)	-	83
CIAC	22	-	-	-	22	-	-	22
Other revenue	-	8	12	3	23	-	-	23
TOTAL REVENUE	1,177	349	2,329	(116)	3,739	(76)	-	3,663
OPERATING EXPENSES								
Transmission and distribution	440	101	-	-	541	-	-	541
Electricity and fuel purchases	-	-	1,346	(117)	1,229	-	(68)	1,161
Natural gas and delivery	-	-	441	-	441	-	-	441
Local access fees	238	-	-	-	238	-	-	238
Depreciation and amortization	153	58	119	(3)	327	(1)	-	326
Impairment (2)	-	-	-	-	-	-	40	40
Other expenses	221	117	216	(1)	553	(22)	11	542
TOTAL OPERATING EXPENSES	1,052	276	2,122	(121)	3,329	(23)	(17)	3,289
OPERATING PROFIT	125	73	207	5	410	(53)	17	374
Unrealized (gain) on commodities					(68)	-	68	-
Foreign exchange loss					11	-	(11)	-
Impairment (2)					40	-	(40)	-
Finance charges					128	-	-	128
NET EARNINGS BEFORE TAX					299	(53)	-	246
Current income tax (recovery)					3	-	-	3
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					296	(53)	-	243
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	53	-	53
NET EARNINGS					296	-	-	296

(1) Includes consolidation adjustments.

(2) During the year ended December 31, 2022, ENMAX recognized impairment losses of $38 million on the Corporation’s investment in MEPCO (Note 23) and $2 million impairment loss associated with certain PP&E (Note 12).

REVENUE

Types of Customers and Sales Channels	Nature and significant payment terms
Transmission	ENMAX receives revenue from the Alberta Electric System Operator (AESO) specifically for the use of its transmission grid system in Alberta.
Distribution	ENMAX receives revenue from electricity retailers specifically for the use of its electricity distribution system to deliver electricity to customers in the Calgary area.
U.S. Operations	Through Versant Power, ENMAX receives revenues from residential, commercial and industrial customers for use of its transmission and distribution grid system in Maine. In addition, Versant receives revenue from ISO New England for use of pool transmission facilities. Transmission rates are set by the United States Federal Energy Regulatory Commission (FERC), while distribution rates are set by the Maine Public Utilities Commission (MPUC).
Mass Market	Mass Market is comprised of residential and small business electricity and/or natural gas customers who consume less than 250,000 kilowatt hours per year. These customers can be supplied electricity through competitive contracts, the Regulated Rate Option or default supplier rate which fluctuates monthly. Natural gas is always supplied under a competitive contract.
Commercial Market	Commercial Market is business-to-business competitive contracting for electricity and/or natural gas. A small number of commercial customers who do not negotiate a contract are supplied electricity on a default supplier rate which fluctuates monthly.
City of Calgary local access fees	ENMAX collects fees from electricity customers in Calgary based on rates established by the Franchise Fee Agreement between ENMAX and The City. These fees are remitted to The City.
Government and institutional	ENMAX receives revenue from governments and municipalities (counties, cities and towns), entities backed by governments, universities, colleges and school boards for administrative services and engineering, procurement and construction services for infrastructure.
Other	ENMAX receives other revenue from customers ranging from individual consumers to large corporations for contractual services and CIAC.

REVENUE – MAJOR CUSTOMERS AND SALES CHANNELS

Year ended December 31, 2023 *(millions of Canadian dollars)*	**Transmission**	**Distribution**	**U.S. Operations**	**Mass Market**	**Commercial Market**	**City of Calgary Local Access Fees**	**Government and Institutional**	**Other**	**Total**
Transmission and distribution	129	**765**	**375**	**-**	**-**	**-**	**-**	**-**	**1,269**
Electricity									
ENMAX Energy	**-**	**-**	**-**	**435**	**995**	**-**	**-**	**-**	**1,430**
Regulated	**-**	**-**	**-**	**157**	**47**	**-**	**-**	**-**	**204**
Natural gas	**-**	**-**	**-**	**325**	**126**	**-**	**-**	**-**	**451**
Local access fees	**-**	**-**	**-**	**-**	**-**	**303**	**-**	**-**	**303**
Contractual services	**-**	**-**	**-**	**-**	**-**	**-**	**27**	**80**	**107**
CIAC	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17**	**17**
Other revenue	**-**	**-**	**9**	**-**	**-**	**-**	**-**	**21**	**30**
TOTAL REVENUE	**129**	**765**	**384**	**917**	**1,168**	**303**	**27**	**118**	**3,811**

Year ended December 31, 2022 *(millions of Canadian dollars)*	**Transmission**	**Distribution**	**U.S. Operations**	**Mass Market**	**Commercial Market**	**City of Calgary Local Access Fees**	**Government and Institutional**	**Other**	**Total**
Transmission and distribution	104	673	341	-	-	-	-	-	1,118
Electricity									
ENMAX Energy	-	-	-	352	1,140	-	-	-	1,492
Regulated	-	-	-	144	36	-	-	-	180
Natural gas	-	-	-	358	149	-	-	-	507
Local access fees	-	-	-	-	-	238	-	-	238
Contractual services	-	-	-	-	-	-	33	50	83
CIAC	-	-	-	-	-	-	-	22	22
Other revenue	-	-	7	-	-	-	-	16	23
TOTAL REVENUE	104	673	348	854	1,325	238	33	88	3,663

7. FINANCIAL INSTRUMENTS, HEDGES AND RISK MANAGEMENT

MARKET RISK

The Corporation manages exposure to market risk (commodity price risk, foreign exchange risk, interest rate risk and credit risk) on a portfolio basis. This includes managing positions arising from ENMAX's interests in generation facilities, liability positions from commitments to customers and transacting positions arising from hedging activities.

Sensitivities provided in the following risk discussions disclose how earnings and OCI would be affected by changes in risk variables that were reasonably possible at the reporting date. These sensitivities are based on financial instruments carried at fair value, which include derivative contracts. The impact of a change in one factor may be compounded or offset by changes in other factors. Those sensitivities do not consider tax nor the impact of any interrelationship among the factors, such as the underlying position and the optionality of the Corporation's integrated business. Generation capacity and future sales to customers are not mark-to-market, which creates an earnings mismatch. Sensitivities are hypothetical and should not be considered to be indicative of future results.

Certain assumptions have been made in arriving at the sensitivity analysis. These assumptions are:

- The same methodologies used in the fair values section of this note were used in calculating the sensitivities.
- Changes in the fair value of derivative instruments that are effective cash flow hedges are recorded in OCI.
- Changes in the fair value of derivative instruments that are not designated as hedges, which are fair value hedges or ineffective cash flow hedges, are recorded in earnings.
- Foreign currency balances, principal and notional amounts are based on amounts as at December 31, 2023 and 2022.

COMMODITY PRICE RISK

The Corporation uses electricity and gas forward contracts to manage its exposure to certain market risks. Fluctuations in forward prices of electricity and natural gas impact the fair value of these commodity derivatives, resulting in unrealized mark-to-market adjustments. Based on contracts outstanding as at December 31, 2023, holding all other variables constant, a 10 per cent increase or decrease in the forward price of electricity would increase or decrease earnings by $19 million (2022 - $26 million). As at December 31, 2023, holding all other variables constant, a 10 per cent increase or decrease in the forward price of natural gas would increase or decrease earnings by $159 million (2022 - $206 million). These electricity and natural gas forward contracts' delivery dates extend from 2024 to 2029.

FOREIGN EXCHANGE AND INTEREST RATE RISK

Foreign exchange and interest rate risks are created by fluctuations in the fair values or cash flows of financial instruments due to changes in foreign exchange rates and/or changes in market interest rates.

The Corporation is not exposed to significant future cash flow risk related to interest rate volatility due to the issuance of fixed-rate long-term debt. The fair value of the Corporation's long-term debt changes as interest rates change, assuming all other variables remain constant.

Changes in the value of the Canadian dollar relative to the U.S. dollar could impact the Canadian dollar cost of natural gas, which affects the input cost of the Corporation's natural gas-fuelled generation capacity, as well as the cost to the Corporation of offering fixed price gas contracts to customers. The foreign exchange impact on these gas purchases is offset, when possible, by foreign exchange contracts. Foreign exchange exposure resulting from procurement contracts has also been mitigated by foreign exchange contracts. The Corporation also has exposure to the U.S. dollar from U.S. operations and investments, the net earnings from those operations and the acquisition of equipment and services from foreign suppliers.

As at December 31, 2023, a 10 per cent strengthening or weakening in the Canadian dollar in relation to the U.S. dollar, holding all other variables constant, would increase or decrease earnings by $88 million (2022 - $59 million).

CREDIT RISK

The Corporation is exposed to credit risk primarily through wholesale and retail energy sales. Credit risk is the loss that may result from counterparties' non-performance. The Corporation evaluates credit risks from wholesale and retail competitive supply activities separately. The Corporation's maximum financial statement exposure to credit risk is the carrying value of financial assets. This maximum exposure does not reflect losses expected by management nor does it reflect losses experienced in the past.

Provisions for ECL on customer receivables were $22 million as at December 31, 2023 (December 31, 2022 - $24 million).

FINANCIAL ASSETS

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Cash and cash equivalents (a)	**90**	95
Accounts receivable (b)	**938**	1,220
Current portion of financial assets (c)	**202**	401
Financial assets (c)	**120**	282
Long-term accounts receivable (b)	**16**	17

(a) Cash and cash equivalents

Credit risk associated with cash and cash equivalents is minimized by ensuring these assets are placed with governments, well-capitalized financial institutions and other credit-worthy counterparties. Regular reviews are performed to evaluate changes in the credit quality of counterparties.

(b) Current and long-term accounts receivable

The majority of the Corporation's accounts receivable are exposed to credit risk. Exposure to credit risk occurs through competitive electricity and natural gas supply activities that serve residential, commercial and industrial customers. The risk represents the loss that may occur due to the non-payment of a customer's accounts receivable balance, as well as the loss that may be incurred from the resale of energy previously allocated to serve the customer.

Management monitors credit risk exposure and has implemented measures to mitigate losses. In specific situations, this includes, but is not limited to, a reduction of credit limits, requests for additional collateral or restrictions on new transaction terms.

AGING ANALYSIS OF TRADE RECEIVABLES PAST DUE

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
1 – 30 days past due	**99**	61
31 – 60 days past due	**13**	11
61 days or more past due	**54**	50
Total past due	**166**	122

CHANGES IN EXPECTED CREDIT LOSSES

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Provision at the beginning of the year	**24**	27
Increase to ECL	**17**	9
Recoveries	**(19)**	(12)
Provision at end of the year	**22**	24

The ECL provision is assessed by each business segment considering the unique factors of the business segment's current and long-term receivables and using historic collection rates. During the year ended December 31, 2023, the Corporation recognized provisions by applying specific risk factors to a combination of industry sectors, aged balances or by reviewing material accounts on a case-by-case basis.

The remainder of the accounts receivable balance outstanding at December 31, 2023, consists of current trade receivables and unbilled revenue accruals. No provision has been recorded due to the minimal credit risk at the statement of financial position date.

(c) Current and non-current financial assets

The Corporation measures wholesale credit risk as the replacement cost for open energy commodity and derivative transactions (both mark-to-market and accrual), adjusted for amounts owed due to or due from counterparties for settled transactions and all other amounts owing but not yet due. The replacement cost of open positions represents unrealized gains, net of any unrealized losses, where the Corporation has a legally enforceable right of offset and intends to settle on a net basis. The Corporation monitors and manages the credit risk of wholesale operations through credit policies and procedures that include an established credit approval process, daily monitoring of counterparty credit limits and the use of credit mitigation measures such as parental guarantees, margin, collateral, letters of credit and/or prepayment arrangements.

Due to the possibility of extreme volatility in the prices of energy commodities and derivatives, the market value of contractual positions with individual counterparties could exceed established credit limits or collateral provided by those counterparties. In such cases, the Corporation would either obtain increased parental guarantee amounts or margin call for additional collateral. The Corporation deems the risk of a material loss from a counterparty failing to perform its obligations under contract is low.

Additionally, if a counterparty were to default and the Corporation were to liquidate all contracts with that entity, the credit loss would include the loss in value of mark-to-market contracts, the amount owed for settled transactions and unbilled deliveries and additional payments, if any, that would have to be made to settle unrealized losses on accrual contracts. The majority of counterparties enabled for wholesale transactions are rated investment grade (BBB- or higher) by recognized rating agencies, and the risk of default from investment-grade counterparties is considered low.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's approach to managing liquidity risk is to maintain sufficient cash and credit facilities to meet its obligations when due.

The following table details the contractual maturities for the Corporation's current and long-term non-derivative financial liabilities, including both the principal and interest cash flows:

CONTRACTUAL MATURITIES OF NON-DERIVATIVE FINANCIAL LIABILITIES

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Less than 1 year (includes accounts payable)	**1,778**	1,683
Years 2 – 3	**730**	899
Years 4 – 5	**694**	353
More than 5 years	**3,203**	3,124

The following table details the remaining contractual maturities for the Corporation's derivative financial liabilities:

CONTRACTUAL MATURITIES OF DERIVATIVE FINANCIAL LIABILITIES

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Less than 1 year	**180**	465
Years 2 – 3	**153**	127
Years 4 – 5	**41**	28
More than 5 years	**-**	1

VALUATION OF DERIVATIVE ASSETS AND LIABILITIES

Derivative financial instruments are recorded at fair value on the statement of financial position. As at December 31, 2023, the fair values were as follows:

As at December 31, *(millions of Canadian dollars)*	**2023**		**2022**	
	Hedge Instruments	**Non-Hedge Derivatives**	**Hedge Instruments**	**Non-Hedge Derivatives**
Assets				
Current	**2**	**200**	1	400
Non-current	**-**	**120**	2	280
Liabilities				
Current	**-**	**180**	-	465
Non-current	**-**	**194**	-	156

For non-hedge derivatives, there were unrealized losses of $377 million for the year ended December 31, 2023 (2022 - $67 million gain), primarily recorded in electricity and fuel purchases. These derivatives contracts are expected to settle in 2024 through to 2031. The mark-to-market adjustments do not consider the impact of any interrelationship among factors such as the underlying position and the optionality of the Corporation's integrated business. Generation capacity or future sales to customers are not mark-to-market, which creates a mismatch in the timing of earnings.

FAIR VALUE

Fair value of financial instruments and derivatives is determined by reference to quoted bid or asking prices, as appropriate, in active markets at reporting dates. In the absence of an active market, the Corporation determines fair value by using valuation techniques that refer to observable market data or estimated market prices. Fair values determined using valuation models require the use of assumptions about the amount and timing of estimated future cash flows and discount rates. In making these assumptions, the Corporation gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III), as applicable.

LEVEL DETERMINATION AND CLASSIFICATIONS

Level I, II and III classifications in the fair value hierarchy used by the Corporation are defined as follows:

Level I

Fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access. For Level I determinations, the Corporation uses quoted prices for identically traded commodities obtained from active exchanges such as the New York Mercantile Exchange and the ICE NGX.

Level II

Fair values are determined using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Fair values are determined using inputs including interest rate yield curves, forward market rates, quoted commodity prices or credit spreads that are readily observable and reliable, or for which unobservable inputs are deemed to be insignificant to the fair values.

Commodity contracts' fair values falling within the Level II category are determined through the use of quoted prices in active markets adjusted for factors specific to the asset or liability. Level II fair values include those determined using pricing applications for creating forward pricing curves where the inputs are readily observable, including commodity prices for similar assets or liabilities in active markets.

Level III

Fair values are determined using significant unobservable data or inputs.

In certain circumstances, the Corporation enters commodity transactions with non-standard features for which market-observable data is not available. In these cases, Level III fair values are determined using valuation techniques with inputs that are based on historical data.

FAIR VALUES OF THE CORPORATION'S DERIVATIVES

As at December 31, 2023 *(millions of Canadian dollars)*	**Quoted Prices in Active Markets (LEVEL I)**	**Significant Other Observable Inputs (LEVEL II)**	**Significant Unobservable Inputs (1) (LEVEL III)**	**TOTAL**
Financial assets measured at fair value:				
Energy trading forward contracts	**245**	**49**	**6**	**300**
Foreign currency forward contracts	**-**	**11**	**-**	**11**
Other	**11**	**-**	**-**	**11**
Financial assets total	**256**	**60**	**6**	**322**
Financial liabilities measured at fair value:				
Energy trading forward contracts	**(369)**	**(106)**	**(4)**	**(479)**
Foreign currency forward contracts	**-**	**(11)**	**-**	**(11)**
Energy trading margin balance	**116**	**-**	**-**	**116**
Financial liabilities total	**(253)**	**(117)**	**(4)**	**(374)**
Net derivative assets (liabilities)	**3**	**(57)**	**2**	**(52)**

(1) Market-observable data are not available. Fair values are determined using valuation techniques.

As at December 31, 2022 *(millions of Canadian dollars)*	**Quoted Prices in Active Markets (LEVEL I)**	**Significant Other Observable Inputs (LEVEL II)**	**Significant Unobservable Inputs (1) (LEVEL III)**	**TOTAL**
Financial assets measured at fair value:				
Energy trading forward contracts	513	304	2	819
Foreign currency forward contracts	-	24	-	24
Energy trading margin balance	(168)	-	-	(168)
Other	8	-	-	8
Financial assets total	353	328	2	683
Financial liabilities measured at fair value:				
Energy trading forward contracts	(420)	(217)	-	(637)
Foreign currency forward contracts	-	(9)	-	(9)
Energy trading margin balance	25	-	-	25
Financial liabilities total	(395)	(226)	-	(621)
Net derivative assets (liabilities)	(42)	102	2	62

(1) Market-observable data are not available. Fair values are determined using valuation techniques.

CHANGE IN FAIR VALUE OF LEVEL III RISK MANAGEMENT ASSETS AND LIABILITIES

The following table summarizes the key factors impacting the change in the fair value of the Corporation's Level III net risk management assets and liabilities separately by source of valuation during the year:

(millions of Canadian dollars)	**Hedges**
Net derivative assets as at December 31, 2021	2
Changes attributable to [1]:	
Commodity price changes	1
New contracts entered	-
Transfers in/out of Level III	(1)
Net derivative assets as at December 31, 2022	2
Changes attributable to [1]:	
Commodity price changes	-
New contracts entered	1
Transfers in/out of Level III	(1)
Net derivative assets as at December 31, 2023	**2**

(1) Total changes recognized in OCI are a fair value loss of $4 million (2022 - $2 million gain) and in pre-tax earnings a fair value gain of $4 million (2022 - $2 million loss).

NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Fair values for cash and cash equivalents, accounts receivable, short-term financing, accounts payable and accrued liabilities are not materially different from the carrying amounts due to the short-term nature.

The Corporation estimated the fair value of its Long-term debt based on quoted market prices for the same or similar debt instruments. When such information was not available, future payments of principal and interest were discounted at estimated interest rates for comparable entities.

CARRYING AMOUNTS AND FAIR VALUES OF LONG-TERM DEBT

As at December 31,	2023		2022	
(millions of Canadian dollars)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Long-term debt [(1)] consisting of:				
City promissory notes, maturing in:				
Less than 5 years	**49**	**49**	36	35
Years 6 – 10	**124**	**124**	99	97
Years 11 – 15	**395**	**376**	365	349
Years 16 – 20	**410**	**366**	379	335
Years 21 – 25	**744**	**677**	727	619
Private debentures				
Series 3 (3.81%)	**199**	**197**	199	194
Series 4 (3.84%)	**296**	**287**	296	280
Series 6 (3.33%)	**300**	**291**	299	286
Series 7 (3.88%)	**249**	**237**	249	229
Senior notes				
Unsecured note (4.34%)	**137**	**123**	140	122
Unsecured note (4.36%)	**61**	**55**	62	55
Unsecured note (4.71%)	**63**	**57**	65	57
Unsecured note (3.79%)	**67**	**59**	67	58
Unsecured note (2.80%)	**40**	**34**	41	34
Unsecured note (2.80%)	**79**	**69**	81	67
Unsecured note (3.15%)	**132**	**84**	134	83
Unsecured note (5.80%)	**131**	**134**	-	-
Promissory note	**1**	**1**	2	2
	3,477	**3,220**	3,241	2,902

(1) Includes current portion of $292 million (December 31, 2022 - $85 million). Maturity dates range from January 2024 to August 2053.

As at December 31, 2023, ENMAX Corporation had $214 million in CAD commercial paper outstanding with a fair value of $214 million and an average interest rate of 6.11 per cent (December 31, 2022 - $99 million at 5.21 per cent) and had drawn $230 million on existing credit facilities with a weighted average cost of borrowing of 6.64 per cent (December 31, 2022 - $205 million at 5.92 per cent).

FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING

Information about the Corporation's financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements is as follows:

As at December 31, *(millions of Canadian dollars)*	2023		2022	
	Accounts Receivable	**Accounts Payable and Accrued Liabilities**	**Accounts Receivable**	**Accounts Payable and Accrued Liabilities**
Gross amounts recognized	**-**	**(133)**	-	(235)
Gross amounts off-set	**-**	**92**	-	121
Net amounts as recognized in the Consolidated Statement of Financial Position	**-**	**(41)**	-	(114)

8. INCOME TAXES

Year ended December 31,	**2023**	**2022**
Current income tax expense (recovery)		
Expense for current year	**2**	3
Adjustment in respect of prior years	**(1)**	-
Total current income tax expense	**1**	3
Deferred income tax (recovery) expense		
Origination and reversal of temporary differences	**(41)**	(1)
Adjustment in respect of prior years	**-**	1
Total deferred income tax (recovery)	**(41)**	-
Total income tax (recovery) expense	**(40)**	3

The reconciliation of statutory and effective income tax expense is as follows:

Year ended December 31,	**2023**	**2022**
Net (loss) earnings before tax	**(27)**	246
Income not subject to tax	**(124)**	(215)
	(151)	31
Federal and provincial tax rates	**23%**	23%
Expected income tax (recovery) expense	**(35)**	7
Net (recovery) of non-deductible expense	**(4)**	(7)
Adjustment for deferred tax reversal and other estimate revisions	**(1)**	3
Total income tax (recovery) expense	**(40)**	3

Changes in deferred income tax assets and liabilities during the years ended December 31, 2023 and 2022 are as follows:

(millions of Canadian dollars)	**December 31, 2022**	**Recognized in Net Income**	**Recognized in Other Comprehensive Income**	**December 31, 2023**
Deferred income tax assets				
Property, plant and equipment	18	17	-	**35**
Loss carried forward	21	(14)	-	**7**
Unrealized derivatives	-	22	-	**22**
Other comprehensive income	-	-	(1)	**(1)**
Other	25	(7)	-	**18**
	64	18	(1)	**81**
Deferred income tax liabilities				
Property, plant and equipment	318	23	-	**341**
Loss carried forward	(33)	(27)	-	**(60)**
Unrealized derivatives	24	(24)	-	**-**
Business combination	24	(1)	-	**23**
Other comprehensive income	1	-	(1)	**-**
Other	(29)	15	-	**(14)**
	305	(14)	(1)	**290**
Net deferred tax (liabilities) assets	(241)	32	-	**(209)**

(millions of Canadian dollars)	**December 31, 2021**	**Recognized in Net Income**	**Recognized in Other Comprehensive Income**	**December 31, 2022**
Deferred income tax assets				
Property, plant and equipment	1	17	-	18
Loss carried forward	28	(7)	-	21
Other	31	(6)	-	25
	60	4	-	64
Deferred income tax liabilities				
Property, plant and equipment	301	17	-	318
Loss carried forward	(25)	(8)	-	(33)
Unrealized derivatives	15	9	-	24
Business combination	34	(10)	-	24
Other comprehensive income	1	-	-	1
Other	(47)	18	-	(29)
	279	26	-	305
Net deferred tax liabilities	(219)	(22)	-	(241)

The Corporation has the following tax losses carried-forward and deductible temporary differences for which no deferred tax assets have been recognized:

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Non-capital losses	**20**	19
Property, plant and equipment	**61**	61
Contingent liabilities	**17**	17
Other	**6**	5
	104	102

As at December 31, 2023, the Corporation has non-capital losses carried forward that can be used to offset taxes in future years. These non-capital losses carried forward expire as follows:

NON-CAPITAL LOSS CARRY FORWARD

(millions of Canadian dollars)	**2023**
2031	1
2032	1
2033	1
2034	2
2035	-
2036	2
2037	5
2038	4
2039	2
2040	2
2041	13
2042	14
2043	5

9. REGULATORY DEFERRAL ACCOUNT BALANCES

NATURE AND ECONOMIC EFFECT OF RATE REGULATION

ENMAX Transmission and ENMAX Distribution are divisions of ENMAX Power Corporation (EPC) which are included in the ENMAX Power operating segment. These divisions are regulated operations established to carry out all electrical transmission and distribution service functions within the Calgary area. The AUC approves Transmission and Distribution Tariffs (rates and terms and conditions of service) pursuant to Sections 37 and 102 of the *Electric Utilities Act*.

Distribution rates are subject to a PBR model. Under this model, distribution rates paid by customers have historically been set annually using a formula that indexes rates to the prior year in the term, using an inflation factor and a productivity factor.

Transmission rates are set based on an AUC approved revenue requirement and are regulated under a cost-of-service framework, under which ENMAX applies for rates designed to recover the forecast cost of providing transmission service, including an allowed return on capital in service.

Certain remaining recovery and settlement periods are those expected by management and the actual periods could differ based on regulatory approval.

ENMAX U.S. Operations

ENMAX's subsidiary Versant Power, has distribution and transmission operations in Maine, U.S. Versant Power's distribution and stranded cost recoveries are regulated by the MPUC while its transmission operations are regulated by the FERC. Rates for these operations are established in distinct regulatory proceedings.

Versant Power's distribution service operates under a cost-of-service regulatory framework and distribution rates are set by the MPUC. Versant Power's transmission operations are split between two districts: MPD and BHD. MPD's transmission rates are regulated by the FERC and are set annually on June 1 for wholesale and July 1 for retail customers, based on a formula that utilizes prior year actual transmission investments and expenses. BHD's transmission rates are regulated by the FERC and set annually on January 1, based on a formula that utilizes prior year actual transmission investments and expenses plus forecasted incremental capital investments that will go into service during the rate effective period. BHD's bulk transmission assets are managed by ISO-New England as part of a region-wide pool of assets.

REGULATORY BALANCES

ENMAX applies IFRS 14 *Regulatory Deferral Accounts* in recognizing the impact of rate regulation on its transmission and distribution businesses. Under IFRS 14, the timing of recognition of certain regulatory debits, credits, revenues and expenses may differ from what is otherwise expected under IFRS for non-regulated operations. Balances arising in the period consist of new additions to regulatory deferral debits and credit balances, while reversals represent amounts collected or refunded through rate riders or transactions reversing existing regulatory balances. The Corporation has recorded the following regulatory deferral account debit and credit balances:

(millions of Canadian dollars)	**Accounts Receivable (a)**	**Un-Eliminated Inter-Company Profit (b)**	**Other Regulatory Debits (c)**	**U.S. Operations (e)**	**Total Regulatory Deferral Account Debit Balances**
Regulatory deferral account debit balances					
December 31, 2022	55	16	11	214	296
Balances arising in the period	(16)	1	54	72	111
Reversal	(50)	(1)	(20)	-	(71)
Foreign exchange translation	-	-	-	(5)	(5)
December 31, 2023	**(11)**	**16**	**45**	**281**	**331**
Expected reversal period	up to 24 months	25 years	up to 24 months		
December 31, 2021	10	14	8	116	148
Balances arising in the period	47	2	4	86	139
Reversal	(2)	-	(1)	-	(3)
Foreign exchange translation	-	-	-	12	12
December 31, 2022	55	16	11	214	296
Expected reversal period	up to 24 months	25 years	up to 24 months		

(millions of Canadian dollars)	**Other Regulatory Credits (d)**	**U.S. Operations (e)**	**Total Regulatory Deferral Account Credit Balances**
Regulatory deferral account credit balances			
December 31, 2022	4	146	150
Balances arising in the period	-	(4)	(4)
Reversal	(3)	-	(3)
Foreign exchange translation	-	(3)	(3)
December 31, 2023	**1**	**139**	**140**
Expected reversal period	up to 24 months		
December 31, 2021	7	130	137
Balances arising in the period	3	8	11
Reversal	(6)	-	(6)
Foreign exchange translation	-	8	8
December 31, 2022	4	146	150
Expected reversal period	up to 24 months		

The following describes each circumstance in which rate regulation affects the accounting for a transaction or event. Regulatory deferral account debit balances represent costs incurred in the current period or in prior periods which are expected to be recovered from customers in future periods through the rate-setting process. Regulatory deferral account credit balances represent future reductions or limitations of increases in rates associated with amounts that are expected to be returned to customers through the rate-setting process. Any impairments related to regulatory deferral account balances are recorded in the period in which the related regulatory decisions are received. For certain regulatory items identified below, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties including those inherent in rate-setting regulatory processes. There is a risk that the regulator may disallow a portion of certain costs incurred in the current period for recovery through future rates or disagree with the proposed recovery period.

(a) Accounts receivable

Accounts receivable represents differences between amounts received from customers and amounts paid to AESO for transmission charges. In the absence of rate regulation and the IFRS 14 standard, IFRS would require that actual amounts received from customers be included in revenue in the period they are collected.

(b) Inter-company profit

A subsidiary of the Corporation performs construction work for the regulated operations of ENMAX Power at a profit. Such profit is deemed to be realized to the extent that the transfer price is recognized for rate-making purposes by the regulator and included in the capital cost of distribution assets. In the absence of rate regulation and the IFRS 14 standard, IFRS would require that intercompany profits be eliminated upon consolidation.

(c) Other regulatory debits

Other regulatory debits relate to the AUC administration flow-through reserves and other costs and revenues that will be collected from customers via future rates, such as access service charges and deferrals under the RRO price ceiling. Timing of the decision on collection of these items can result in significant fluctuation in balances from year to year.

(d) Other regulatory credits

Other regulatory credits primarily relate to items that will be refunded to customers through future rates.

(e) U.S. Operations

Regulatory assets and liabilities for Versant Power’s operations consist of unfunded deferred income tax balances resulting from temporary tax differences, assets related to the deferred costs of pension and post-employment benefits, non-recurring items such as storm restoration costs and stranded cost recoveries associated with purchase power contracts where Versant Power has been directed to purchase and resell by MPUC.

10. RESTRICTED CASH

As at December 31,	2023	2022
Funds held with a financial institution to cover margins	**27**	45
Restricted deposits with a financial institution to meet financial obligations	**3**	2
	30	47

11. OTHER ASSETS AND LIABILITIES

As at December 31,	2023	2022
Other current assets		
Prepaid expenses	**20**	18
Deferred asset	**1**	1
Emission offsets [1]	**9**	4
Other	**1**	1
	31	24
Other long-term assets		
Prepaid expenses	**5**	7
Long-term accounts receivable	**16**	17
Deferred asset	**6**	6
Equity investments	**113**	110
Emission offsets [1]	**39**	33
Other	**22**	17
	201	190
Other current liabilities		
Deposits	**14**	14
Other [2]	**55**	28
	69	42
Other long-term liabilities		
Other	**18**	16
	18	16

[1] During 2023, the Corporation classified emission offsets as both other current assets and other long-term assets. The prior period has been adjusted for comparative purposes.

[2] Includes $24 million related to interest free government advances for RRO providers under Alberta Bill 2, the *Inflation Relief Statutes Amendment Act*, 2022 (December 2022 - $nil).

12. PROPERTY, PLANT AND EQUIPMENT

(millions of Canadian dollars)	Transmission, Distribution and Substation Equipment	Generation Facilities and Equipment	Buildings and Site Development	Work in Progress	Other [1]	Total
Cost						
As at December 31, 2021	4,260	2,296	603	165	369	7,693
Additions	9	1	1	409	50	470
Transfers	228	85	26	(354)	16	1
Disposals	(24)	(38)	(1)	(5)	(24)	(92)
Adjustments	(3)	-	-	(3)	(1)	(7)
Changes to asset retirement costs	(1)	(32)	-	-	-	(33)
Impairment	-	(2)	-	-	-	(2)
Foreign exchange translation	90	-	3	4	11	108
As at December 31, 2022	4,559	2,310	632	216	421	8,138
Additions	120	-	5	472	41	638
Transfers	269	39	8	(338)	15	(7)
Disposals	(39)	(17)	(3)	(6)	(14)	(79)
Adjustments	(1)	-	-	-	-	(1)
Changes to asset retirement costs	-	13	-	-	-	13
Foreign exchange translation	(41)	-	(2)	(2)	(4)	(49)
As at December 31, 2023	**4,867**	**2,345**	**640**	**342**	**459**	**8,653**
Accumulated Depreciation						
As at December 31, 2021	(634)	(960)	(118)	-	(66)	(1,778)
Depreciation	(147)	(94)	(19)	-	(18)	(278)
Disposals	30	38	-	-	23	91
Adjustments	-	-	-	-	1	1
Foreign exchange translation	(28)	(1)	(1)	-	(3)	(33)
As at December 31, 2022	(779)	(1,017)	(138)	-	(63)	(1,997)
Depreciation	(160)	(102)	(22)	-	(21)	(305)
Disposals	56	16	2	-	13	87
Foreign exchange translation	12	-	-	-	1	13
As at December 31, 2023	**(871)**	**(1,103)**	**(158)**	**-**	**(70)**	**(2,202)**
Net book value						
As at December 31, 2023	**3,996**	**1,242**	**482**	**342**	**389**	**6,451**
As at December 31, 2022	3,780	1,293	494	216	358	6,141

[1] Other PP&E as at December 31, 2023 consists of land, tools, systems, equipment, capital spares and vehicles.

For the year ended December 31, 2023, capitalized borrowing costs amounted to $14 million (2022 - $9 million), with capitalization rates ranging from 3.30 per cent to 5.14 per cent (2022 - 3.42 per cent to 4.47 per cent). Interest is capitalized based on the actual cost of debt used to finance the capital construction projects. Interest rates ranged from 2.80 per cent to 6.60 per cent (2022 - 1.19 per cent to 5.51 per cent).

During the year ended December 31, 2023, ENMAX recognized impairment losses of $nil (2022 - $2 million) associated with certain property, plant and equipment.

The above table includes the Corporation's ROU assets, as further discussed in Note 15.

13. INTANGIBLE ASSETS

	Computer Systems	Work in Progress	Other [1]	Total
Cost				
As at December 31, 2021	354	41	83	478
Additions	35	(3)	3	35
Transfers	27	(27)	-	-
Foreign exchange translation	5	3	4	12
As at December 31, 2022	421	14	90	525
Additions	5	48	1	54
Transfers	41	(41)	-	-
Disposals	(67)	-	-	(67)
Foreign exchange translation	(3)	-	(1)	(4)
As at December 31, 2023	**397**	**21**	**90**	**508**
Accumulated amortization				
As at December 31, 2021	(145)	-	(12)	(157)
Amortization	(31)	-	(2)	(33)
Disposals	-	-	-	-
Foreign exchange translation	(2)	-	(1)	(3)
As at December 31, 2022	(178)	-	(15)	(193)
Amortization	(45)	-	(1)	(46)
Disposals	65	-	-	65
Foreign exchange translation	1	-		1
As at December 31, 2023	**(157)**	**-**	**(16)**	**(173)**
Net book value				
As at December 31, 2023	**240**	**21**	**74**	**335**
As at December 31, 2022	243	14	75	332

[1] Other intangible assets as at December 31, 2023 consists of renewable energy certificates, water licenses, land easements, rights and lease options.

14. GOODWILL

As at December 31, *(millions of Canadian dollars)*	2023	2022
Balance, beginning of the period	**647**	611
Net exchange rate difference	**(15)**	36
Balance, end of the period	**632**	647

Goodwill arose on the acquisition of Versant Power in March 2020. Goodwill is subject to an annual assessment for impairment at the reporting unit level. As at December 31, 2023, no impairment on goodwill was recorded (December 31, 2022 - $nil).

15. LEASES

ENMAX leases several assets categorized as generation facilities and equipment, buildings and site development and other. The average term remaining on leases is 10.9 years (December 31, 2022 - 4.8 years).

Right-of-use assets

Changes in the net book value for the Corporation's ROU assets during the period are as follows:

(millions of Canadian dollars)	Generation Facilities and Equipment	Buildings and Site Development	Other [(1)]	Total
Cost				
As at December 31, 2021	28	14	19	61
Net changes	-	2	1	3
As at December 31, 2022	28	16	20	64
Net changes	-	1	-	1
As at December 31, 2023	**28**	**17**	**20**	**65**
Accumulated Depreciation				
As at December 31, 2021	(3)	(5)	(8)	(16)
Net changes	(1)	(2)	(2)	(5)
As at December 31, 2022	(4)	(7)	(10)	(21)
Net changes	(1)	(1)	-	(2)
As at December 31, 2023	**(5)**	**(8)**	**(10)**	**(23)**
Net Book Value				
As at December 31, 2023	**23**	**9**	**10**	**42**
As at December 31, 2022	24	9	10	43

(1) Other leases as at December 31, 2023, consists of land, vehicles and tools, systems, and equipment.

Amounts recognized in profit and loss

Year ended December 31, (millions of Canadian dollars)	2023	2022
Depreciation expense	3	5
Lease expense on short-term leases	1	1
Interest expense on lease liabilities	1	2
Amounts expensed in profit and loss	5	8

Lease payments

Future lease payments as at December 31, 2023 are as follows:

(millions of Canadian dollars)	
Less than 1 year	6
Years 2 – 5	20
More than 5 years	39

Total cash outflow for lease payments for the year ended December 31, 2023, was $6 million (2022 - $8 million). ENMAX does not have significant liquidity risk with regards to its lease liabilities.

Generation facilities and equipment

ENMAX leases a pipeline to supply the necessary water to one of its generation facilities. The term of this lease is 30 years with fixed payments over the life of the lease with 22 years remaining.

Buildings and site development

ENMAX leases buildings to house various operations. As at December 31, 2023, the capitalized leases have 1 to 25 years remaining.

Other

ENMAX leases land surrounding several generating facilities to allow for the installation of substation equipment and water reservoirs. The contracted lengths and terms of payments of the leases vary. As at December 31, 2023, ENMAX expects all land leases to be renewed until the end of the useful life of each respective generating facility.

ENMAX leases vehicles that are mainly used by its field services crews for installation and maintenance of the electrical system. The lease terms of the vehicles vary based on the specific use of the vehicle but are typically for five years.

16. LONG-TERM DEBT

As at December 31, *(millions of Canadian dollars)*	2023	Weighted Average Interest Rates	2022	Weighted Average Interest Rates
City promissory notes [1] maturing in:				
Less than 5 years	**49**	**3.97%**	36	2.97%
Years 6 – 10	**124**	**4.44%**	99	4.32%
Years 11 – 15	**395**	**3.86%**	365	4.07%
Years 16 – 20	**410**	**3.30%**	379	3.30%
Years 21 – 25	**744**	**3.81%**	727	3.36%
Private debentures [1]	**1,044**	**3.70%**	1,043	3.69%
Senior notes [1]	**710**	**4.11%**	590	3.73%
Promissory note	**1**	**5.00%**	2	5.00%
	3,477		3,241	
Less: current portion	**(292)**		(85)	
	3,185		3,156	

[1] See Note 7 for further details.

CITY PROMISSORY NOTES

During 2021, a credit agreement between ENMAX and The City was entered into that governs the borrowing relationship between ENMAX and The City. During 2023, the Corporation borrowed an additional $204 million from The City.

In addition to principal and interest payments, the Corporation is required to pay a loan guarantee and administration fee to The City of 0.25 per cent of the average monthly outstanding debt balance.

PRIVATE DEBENTURES

As at December 31, 2023, the outstanding unsecured private debentures of the Corporation had a face value of $1,050 million, bearing a weighted average interest rate of 3.70 per cent each payable semi-annually, with maturity dates ranging from 2024 to 2029.

SENIOR NOTES

Senior notes are USD denominated and issued by Versant Power. On August 16, 2023, Versant Power issued an unsecured $100 million USD senior note, which bears interest at a rate of 5.80 per cent, payable semi-annually and maturing on August 15, 2053.

PRINCIPAL AND INTEREST PAYMENTS

Required principal and interest payments on the long-term debt at December 31, 2023, are as follows:

As at December 31, *(millions of Canadian dollars)*	2023	2022
Less than 1 year	**426**	203
Years 2 – 3	**715**	886
Years 4 – 5	**694**	353
More than 5 years	**3,203**	3,124
	5,038	4,566

17. POST-EMPLOYMENT BENEFITS

The Corporation has registered pension plans in Canada and the U.S. that substantially cover all employees and include both defined benefit (DB) and defined contribution (DC) provisions.

The Canadian DB provisions provide a pension benefit based on years of service and highest average earnings over five consecutive years of employment. DB pension benefits under the registered plan will increase annually by at least 60 per cent of the consumer price index for Alberta.

Under the DC provisions in Canada, the Corporation provides a base level of contributions and additional employer contributions are matched based on the participating members' contribution levels and points (age plus service) calculation.

In Canada, the Corporation sponsors a supplemental pension plan providing an additional DC or DB pension to members whose benefits are limited by maximum pension rules under the *Income Tax Act*. The supplemental pension plan benefits do not automatically increase. In addition, the Corporation provides employees with post-employment benefits other than pensions, including extended health benefits beyond those provided by government-sponsored plans, life insurance, health care spending accounts and a lump-sum allowance payable at retirement, up to age 65.

Versant Power sponsors two DB plans in the U.S., one for former BHD employees and one for former MPD employees. A non-contributory defined benefit pension plan covering substantially all former BHD employees was frozen to new members effective February 1, 2006. Individuals employed prior to this date continue to accrue benefits in accordance with this plan. Benefits under the plan are generally based on the employee's years of service and compensation during the years preceding retirement. A non-contributory defined benefit pension plan covering substantially all former MPD employees was frozen to new members effective January 1, 2006. On December 31, 2006, future salary and service accruals for current participants in the plan ceased. The MPD agreed to additional employer contributions to the DC plan to compensate employees, in part or in full, depending on their number of years of service, for this lost benefit. Benefits under the plan are generally based on the employee's years of service and compensation during the years preceding the freezing of salary and service accruals.

Versant Power has adopted a DC plan (under Section 401(k) of the Internal Revenue Code) covering all its eligible employees. Participants may elect to defer from 1 per cent to 30 per cent of eligible compensation and the Corporation allocates a percentage matching contributions to participants of the plan.

Versant Power also has unfunded non-contributory supplemental non-qualified pension plans that provide additional retirement benefits to certain former senior executives of the BHD and MPD. Benefits under these supplemental plans are based on the employee's years of service and compensation level. In addition to pension benefits, Versant Power provides certain health care and life insurance benefits to its retired employees. BHD employees hired prior to February 1, 2006, and MPD employees hired prior to October 1, 2005, are provided post-retirement benefits if they reach normal retirement age while employed by Versant Power. Employees hired after these dates are not eligible for these benefits.

Total cash payments for employee future benefits for the year ended December 31, 2023, consisting of cash contributed by the Corporation under the DB and DC provisions of the registered pension plans and cash payments directly to beneficiaries of the Corporation's unfunded other benefit plans were $25 million (2022 - $25 million).

For the year ended December 31, 2023, the total expense for the DC provisions of the plans was $14 million (2022 - $13 million).

Information about the DB provisions of the plans, including the supplemental pension plans and the post-employment non-pension benefit plans, is as follows:

As at December 31,	2023			2022		
(millions of Canadian dollars)	**Pension Benefit Plans**	**Other Benefit Plans**	**Total**	**Pension Benefit Plans**	**Other Benefit Plans**	**Total**
Change in benefit obligation:						
Balance, beginning of year	**482**	**58**	**540**	632	72	704
Current service cost	**9**	**1**	**10**	15	2	17
Interest cost	**25**	**3**	**28**	18	2	20
Employee contributions	**4**	**-**	**4**	3	-	3
Actuarial losses (gains)	**36**	**3**	**39**	(171)	(16)	(187)
Benefits paid	**(27)**	**(5)**	**(32)**	(26)	(3)	(29)
Foreign exchange translation	**(2)**	**(1)**	**(3)**	11	1	12
Benefit obligation, end of year	**527**	**59**	**586**	482	58	540
Change in plan assets:						
Fair value, beginning of year	**525**	**6**	**531**	594	8	602
Interest income	**27**	**-**	**27**	17	-	17
Return on plan assets, excluding amounts included in interest expense	**5**	**1**	**6**	(84)	(1)	(85)
Employer contributions	**8**	**3**	**11**	9	2	11
Employee contributions	**4**	**-**	**4**	4	-	4
Benefits paid	**(26)**	**(4)**	**(30)**	(25)	(3)	(28)
Non-investment expenses	**(1)**	**-**	**(1)**	(1)	-	(1)
Foreign exchange translation	**(4)**	**-**	**(4)**	11	-	11
Plan assets at fair value, end of year	**538**	**6**	**544**	525	6	531
Funded status-plan deficit						
Excess (deficit) of fair value of assets over benefit obligation	**11**	**(53)**	**(42)**	43	(52)	(9)
Effect of asset limitation and minimum funding requirement	**-**	**-**	**-**	(46)	-	(46)
Net (liability) asset at end of year	**11**	**(53)**	**(42)**	(3)	(52)	(55)
Recorded in Consolidated Statement of Financial Position as:						
Post-employment benefits asset			**34**			18
Post-employment benefits liability			**(76)**			(73)
Net liability at end of year			**(42)**			(55)

DEFINED BENEFIT COST – STATEMENT OF EARNINGS

Year ended December 31,	2023			2022		
(millions of Canadian dollars)	Pension Benefit Plan	Other Benefit Plan	Total	Pension Benefit Plan	Other Benefit Plan	Total
Current service costs	**9**	**1**	**10**	15	1	16
Net interest on net benefit liability	**-**	**3**	**3**	1	1	2
Admin costs	**1**	**-**	**1**	-	-	-
Net benefit plan expense	**10**	**4**	**14**	16	2	18

DEFINED BENEFIT COST – STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31,	2023			2022		
(millions of Canadian dollars)	Pension Benefit Plan	Other Benefit Plan	Total	Pension Benefit Plan	Other Benefit Plan	Total
Return on plan assets less than discount rate	**(2)**	**-**	**(2)**	(31)	-	(31)
Actuarial gains (losses)						
Experience adjustments	**4**	**(1)**	**3**	(6)	1	(5)
Changes in assumptions [1]	**(36)**	**(1)**	**(37)**	120	3	123
Change in irrecoverable surplus	**49**	**-**	**49**	(46)	-	(46)
Remeasurement gains recognized in OCI	**15**	**(2)**	**13**	37	4	41

[1] See assumptions – Note 17(a).

The defined pension benefits plan's assets are comprised as follows:

As at December 31, *(millions of Canadian dollars)*	2023				2022			
	Quoted	Un-quoted	Total	%	Quoted	Un-quoted	Total	%
Equity securities			**250**	**46%**			236	44%
Canadian equity funds	**56**	**-**			54	-		
Foreign equity funds	**194**	**-**			182	-		
Fixed-income securities			**260**	**48%**			258	49%
Canadian fixed-income funds	**102**	**-**			98	-		
Foreign fixed-income funds	**158**	**-**			160	-		
Canadian real estate investments	**-**	**32**	**32**	**6%**	-	35	35	7%
Cash and cash equivalents	**2**	**-**	**2**	**-**	2	-	2	-
Total plan assets	**512**	**32**	**544**	**100%**	496	35	531	100%

(a) Assumptions

Ranges of significant weighted-average actuarial assumptions adopted in measuring the Corporation's defined benefit obligations and net benefit plan expense are as follows:

	2023		2022	
	Pension Benefit Plan	Other Benefit Plan	Pension Benefit Plan	Other Benefit Plan
Defined benefit obligation:				
Discount rate	**4.50% - 4.97%**	**4.50% - 4.93%**	5.20% - 5.25%	5.00% - 5.21%
Inflation rate	**2.00%**	**n/a**	2.10%	n/a
Rate of compensation increase	**3.00%**	**n/a**	3.00% - 3.10%	3.10%
Health care cost trend rate for next year [1]	**n/a**	**6.50% - 6.90%**	n/a	6.62% - 7.00%
Net benefit plan expense:				
Discount rate	**5.00% - 5.25%**	**5.00% - 5.21%**	2.66% - 3.00%	2.50% - 2.75%
Inflation rate	**2.10%**	**n/a**	1.80%	n/a
Rate of compensation increase	**3.00% - 3.10%**	**n/a**	2.80% - 3.00%	2.80%
Health care cost trend rate for next year [1]	**n/a**	**6.62% - 7.00%**	n/a	7.00% - 7.75%

[1] Decreasing gradually to 4.0 per cent by 2049 (2022 - 4.5 per cent by 2035) and remaining at that level thereafter for the U.S. and decreasing gradually to 5.0 per cent in 2028 for Canada (2022 - 5.0 per cent in 2026).

For the Canadian plan, the per capita cost of covered dental benefits was assumed to increase by 4.50 per cent per year (2022 - 4.50 per cent).

Sensitivity of the defined benefit obligation (DBO) to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

SENSITIVITIES OF ASSUMPTIONS

	2023		
(millions of Canadian dollars)	Change in assumption	Increase	Decrease
Impact on Pension Benefit Plan DBO			
Discount rate	**1%**	**(59)**	**80**
Rate of compensation increase	**1%**	**13**	**(11)**
Inflation rate	**1%**	**18**	**(16)**
Life expectancy	**1 year**	**13**	**(11)**
Impact on Other Benefit Plan DBO			
Discount rate	**1%**	**(4)**	**6**
Rate of compensation increase	**1%**	**1**	**(1)**
Health care cost trend rate	**1%**	**5**	**(3)**
Life expectancy	**1 year**	**1**	**-**

Each sensitivity analysis disclosed in this note is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to variations in significant actuarial assumptions, the same method (present value of the DBO calculated with the projected unit credit method at the end of the reporting period) has been applied for calculating the liability recognized in the statement of financial position.

(b) Maturity analysis

An actuarial valuation was performed as of December 31, 2022. The aggregate solvency surplus in the Corporation's funded pension plans amounted to $43 million (2019 - $4 million aggregate solvency deficit). Due to the solvency surplus, the Corporation is no longer required to make solvency amortization payments. Current agreed service contributions from plan participants are 9.09 per cent of pensionable salaries and continue to be made in the normal course. The Corporation's total expected contribution to the post-employment benefit plans for the year ending December 31, 2024, is $10 million.

Weighted average durations of the defined benefit obligation for the Canadian pension plan and the other benefit plan is 16 years and 9 years, respectively (2022 - 14 years and 9 years). For the U.S. plans, the weighted average duration of the defined benefit obligation for the pension plan and the other benefit plan is 11 years and 9 years, respectively (2022 - 13 years and 11 years).

Expected maturity analysis of undiscounted pension and other benefit plans are as follows:

(millions of Canadian dollars)	**Less than 1 year**	**Years 2 – 3**	**Years 4 – 5**	**Years 6 – 10**	**Total**
Defined benefit pension plan	13	26	27	72	**138**
Other benefit plans	5	10	11	23	**49**
At December 31, 2023	**18**	**36**	**38**	**95**	**187**

(c) Risk assessment

Funding risk

The primary risk associated with the DB pension for the plan sponsor is the risk that investment asset growth and contribution rates will not be sufficient to cover pending funding obligations, resulting in unfunded liabilities.

Alberta registered plans are required to file funding valuations on a triennial basis with few exceptions. If the going concern funded status is less than 85.0 per cent, a plan may be required to file an annual valuation. The U.S. pension plans are required to file funding valuations on an annual basis. Based on the 2022 pension valuation, the Canadian DB Provisions are 142.0 per cent funded on a going-concern basis and not less than 100 per cent on a solvency basis. Based on the 2023 pension valuation, the U.S. pension plans have funding ratios between 101.7 per cent and 104.0 per cent. The funding ratio is monitored on an ongoing basis.

Investment risk

The Corporation makes investment decisions for its funded plan based on an asset-liability matching analysis reflecting the results of its aforementioned funding valuations. The Corporation attempts to achieve investment returns in excess of its liabilities by setting an asset-allocation target based on risks and returns. This targeted asset allocation is recorded in ENMAX Pension Plan Statement of Investment Policies and Procedures (SIPP). The plan's asset portfolio is regularly monitored to ensure compliance to the SIPP, as well as its performance as compared to a liability benchmark intended to approximate the growth in the plan's future obligations. Given the likely significant shortening of the liability structure with the passage of time, the continuing appropriateness of the plan's asset allocation is evaluated at least once every three years.

18. DEFERRED REVENUE

(millions of Canadian dollars)	CIAC	Other	Total
As at December 31, 2022	596	10	606
Net additions	32	3	35
Recognized as revenue	(17)	(4)	(21)
Movements to PP&E	(1)	-	(1)
As at December 31, 2023	610	9	619
Less: current portion	-	5	5
	610	**4**	**614**

19. ASSET RETIREMENT OBLIGATIONS AND OTHER PROVISIONS

(millions of Canadian dollars)	Asset Retirement Obligations	Onerous Contracts and Other	Total
As at December 31, 2021	111	17	128
Net additions	(33)	5	(28)
Settled in the year	-	(1)	(1)
Accretion expense	2	-	2
As at December 31, 2022	80	21	101
Net additions	6	7	13
Settled in the year	-	(3)	(3)
Accretion expense	3	-	3
Foreign exchange translation	-	(1)	(1)
As at December 31, 2023	89	24	113
Less: current portion	-	(3)	(3)
	89	**21**	**110**

Asset retirement obligations

The Corporation has estimated the net present value of the decommissioning liabilities associated with the assets of ENMAX Energy based on a total undiscounted future liability of $156 million (December 31, 2022 - $130 million) calculated using an inflation rate of 2 per cent (December 31, 2022 - 2 per cent). These payments are expected to be made between 2034 and 2047. The Corporation calculated the present value of the obligations using discount rates ranging from 3.24 per cent to 3.36 per cent (December 31, 2022 - 3.29 per cent to 3.30 per cent) to reflect the market assessment of the time value of money.

Transmission and Distribution asset retirement obligations are not recognized as the abandonment date of the assets in service cannot be reasonably estimated. As such, no final removal date can be determined, and a reasonable estimate of the related retirement obligations cannot be made at this time. If sufficient information becomes available to reasonably estimate the final removal date, the obligation will be recorded.

Onerous contracts and other

The Corporation increased its onerous contracts and other provision by $3 million (December 31, 2022 - $4 million increase) to reflect changes in the expected timing and amounts of certain longer-term onerous contracts.

20. SHARE CAPITAL

(millions of Canadian dollars, except share amounts)	Number of Shares	Amount
Authorized: Unlimited number of common shares		
Issued and outstanding:		
Balance, December 31, 2022 and 2023:		
Issued on incorporation	1	-
Issued on transfer of net assets from CES	1	278
Issued on transfer of billing and customer care assets from The City in 2001	1	2
Balance, December 31, 2022 and 2023	**3**	**280**

21. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Net unrealized gain on derivatives designated as cash flow hedges, including deferred income tax expense of $1 million (December 31, 2022 - $1 million expense)	**1**	2
Net actuarial gain on defined benefit plans, including deferred income tax of $1 million (December 31, 2022 - $nil)	**72**	59
Cumulative translation adjustment	**(101)**	(66)
Accumulated other comprehensive loss, including deferred income tax expense of $1 million (December 31, 2022 - $1 million expenses)	**(28)**	(5)

22. JOINT ARRANGEMENTS

Significant joint operations included in the consolidated financial statements at December 31, 2023, are below:

Significant Joint Operations	**Operating Jurisdiction**	**Ownership Percent**	**Principal Activity**
McBride Lake Wind Facility	Canada	50%	Wind turbine generating facility
Shepard Energy Centre	Canada	50%	Gas-fuelled generating facility
Balzac Power Station	Canada	50%	Gas-fuelled generating facility

23. INTEREST IN ASSOCIATES

The following entities have been included in the consolidated financial statements and are accounted for using the equity method:

	Operating	**% Ownership**		**Carrying values**	
Name of Entity	**Jurisdiction**	**2023**	**2022**	**2023**	**2022**
Maine Yankee Atomic Power Company (1)	U.S.	**12.0%**	12.0%	**1**	1
Maine Electric Power Company, Inc. (2)(3)	U.S.	**21.7%**	21.7%	**104**	104

(1) The Corporation's ownership in Maine Yankee Atomic Power Company (Maine Yankee) represents less than $1 million. Prior to its permanent closure in 1997, Maine Yankee operated a 900 MW nuclear power generating plant in Wiscasset, Maine, U.S. The Corporation is obligated to pay its pro-rata share of Maine Yankee's decommissioning costs and seeks recovery of costs through rates.

(2) Maine Electric Power Company, Inc. (MEPCO) owns and operates electric transmission facilities from Maine Yankee facility to the Maine-Canadian border. The other 78.3 per cent of MEPCO is owned by Central Maine Power.

SUMMARIZED FINANCIAL INFORMATION

	Maine Yankee		MEPCO	
(millions of Canadian dollars)	**2023**	**2022**	**2023**	**2022**
Current assets	**9**	6	**60**	34
Non-current assets	**272**	282	**176**	215
Current liabilities	**(2)**	(3)	**(2)**	(10)
Non-current liabilities	**(276)**	(281)	**(24)**	(23)
Net assets (100%)	**3**	4	**210**	216
Corporation's share of net assets	**-**	-	**46**	47
Revenues	**-**	-	**8**	8
Net earnings	**-**	-	**5**	4

24. DIVIDENDS

On March 8, 2023, the Corporation declared a dividend of $82 million to The City (2022 - $62 million) which was paid in equal quarterly instalments during 2023.

25. FINANCE CHARGES

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Accretion expense	**(5)**	2
Interest expense – pension	**4**	4
Interest on long-term debt	**125**	125
Interest on finance leases	**2**	2
Short-term interest and other financing charges	**36**	4
Less: capitalized borrowing costs	**(14)**	(9)
	148	128

26. CHANGES IN NON-CASH WORKING CAPITAL

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Accounts receivable	**283**	(300)
Other assets	**(21)**	(3)
Regulatory deferral account debit balances	**(15)**	(57)
Accounts payable and accrued liabilities	**(361)**	401
Other liabilities	**29**	5
Trading account margins	**(258)**	29
Deferred revenue (non-CIAC)	**(2)**	(2)
Provisions	**3**	4
Regulatory deferral account credit balances	**(7)**	5
Change in non-cash working capital	**(349)**	82

27. RELATED PARTY TRANSACTIONS

The City is the sole shareholder of the Corporation. The following tables summarize the related party transactions and balances between the Corporation and The City.

STATEMENT OF EARNINGS

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Revenue [(1)]	**164**	151
Local access fees [(2)]	**303**	238
Other expenses	**2**	9
Finance charges [(3)]	**66**	57

[(1)] Significant components include contract sales of electricity, construction of infrastructure, provision of non-regulated power distribution services and billing and customer care services relating to The City's utilities departments.

[(2)] The Corporation recovers this cost from transmission and distribution customers.

[(3)] For the year ended December 31, 2023, the Corporation paid a loan guarantee and administration fee of $4 million (2022 - $4 million) to The City (Note 16).

STATEMENT OF FINANCIAL POSITION

As at December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Accounts receivable	**35**	26
Accounts payable and accrued liabilities	**25**	30
Long-term debt [(1)]	**1,722**	1,606

[(1)] Principal and interest payments for the year ended December 31, 2023, amounted to $88 million and $62 million (2022 - $79 million and $53 million).

Transactions between the Corporation and The City have been recorded at the exchange amounts, as outlined by the contracts in effect between the Corporation and The City.

The Corporation has committed to a water supply agreement, whereby The City supplies a specified amount of water annually to facilitate Shepard Energy Centre operations.

COMPENSATION OF KEY MANAGEMENT

The Corporation's key management personnel are members of the Board of Directors and the executive management team. Key management personnel have the authority and the responsibility for planning, directing and controlling the activities of the Corporation.

Total compensation and remuneration paid by the Corporation and its subsidiary companies to key management personnel is presented below:

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Salaries and other short-term employee benefits	**6**	6
Other long-term benefits	**3**	1
Termination benefits	**1**	-
	10	7

28. SUBSIDIARIES

The following is a list of subsidiaries in which the Corporation has a material ownership interest, either directly or indirectly, as at December 31, 2023:

Material Subsidiaries	Principal Activity
Canadian Entities	
Calgary Energy Centre No. 2 Inc.	Operator and contracting entity for the Calgary Energy Centre generation facility.
EM Mechanical Services Inc.	Contracting entity for all Solar PV installation, both inside and outside of The City of Calgary.
ENMAX Balzac GP Inc.	General Partner for the Balzac natural gas power plant.
ENMAX Bonnybrook Inc.	Operator and contracting entity for the Bonnybrook natural gas power plant.
ENMAX Cavalier GP Inc.	General Partner (on behalf of the LP) for the Cavalier natural gas power plant.
ENMAX Encompass Inc.	Unregulated billing and customer care services for residential and small business customers.
ENMAX Energy Corporation	Generation and energy retail services company offering electricity and natural gas products and services to customers and customized energy plans for businesses and industrial clients.
ENMAX Energy Marketing Inc.	The AESO Market Participant for system access, wholesale and trading.
ENMAX Gas Transport Inc.	Contracting entity for the purchase and sale of natural gas.
ENMAX Generation Portfolio Inc.	Owner of multiple generation plants.
ENMAX Genesee GP Inc.	General Partner (on behalf of the LP with Capital Power) for the Genesee 4/5 power plant.
ENMAX Independent Energy Solutions Inc.	Entity that holds ENMAX's combined heat and power (CHP) units, including the Stoney Transit CHP.
ENMAX Kettles Hill Inc.	Operator of Kettles Hill wind energy farm.
ENMAX Power Corporation (EPC)	The regulated wires company. Owns, operates and maintains electricity transmission and distribution generally in The City of Calgary. Handles services related to the Regulated Rate Option and retailer billing.
ENMAX Power Services Corporation (EPSC)	Provides competitive engineering, procurement, construction and maintenance services for EPC and other utilities. Builds and maintains Calgary's Light Rail Transit system, manages joint use telecoms and provides utility trenching to Alberta developers.
ENMAX Renewables Inc.	Exploring opportunities in renewable electricity generation.
ENMAX Shepard Services Inc.	Contracting entity, operator and agent for Shepard Energy Centre.
ENMAX Telecommunications Services Inc.	Coordinates pole access and attachment services for telecommunication companies.
ENMAX Utility Services Limited	Performs utility services for EPSC outside of The City of Calgary.

U.S. Entities	
Bangor Fiber Company, Inc.	Bangor Fiber was created to hold rights associated with fiber optic cable, which it leases to Versant Power and other companies.
Bangor Line Co.	Bangor Line was created for electrical transmission and distribution, operation and maintenance. It conducts no business.
Bangor Var Co., Inc.	Bangor Var Co., Inc. was created to hold a partnership interest in a static var compensator facility in Chester, Maine. See Chester SVC Partnership.
Chester SVC Partnership	Partnership formed by Versant Power and Central Maine Power Company through its subsidiary NORVARCO to build and own a static var compensator facility in Chester, Maine.
Pleasant River Gulf Improvement Company	Pleasant River was created to build and maintain dams to improve the flow of water in the West Branch of the Piscataquis River for the driving of logs and lumber on the Piscataquis River. It conducts no business.
Maine Electric Power Company, Inc.	Owns and operates electric transmission facilities from Wiscasset, Maine to the Maine-New Brunswick border.
Maine Yankee Atomic Power Company	From 1972 to 1997, Maine Yankee owned and operated a 900 MW nuclear power plant in Wiscasset, Maine. In 1997 the facility ceased operations and the decommissioning process began. Operations currently limited to storage site for spent fuel.
Versant Power	Versant Power is an electric utility based in Bangor, Maine that is engaged in the transmission and distribution of electricity.

The table does not include wholly owned subsidiaries that are immediate holding companies of the operating subsidiaries. For certain foreign operations of the Corporation, there are restrictions on the sale or transfer which would require approval of the applicable foreign government.

29. OTHER REVENUE AND EXPENSES

Year ended December 31, *(millions of Canadian dollars)*	**2023**	**2022**
Other revenue		
Interest and penalty revenue	**11**	7
Miscellaneous	**19**	16
	30	23
Other expenses		
Contractual services costs	**73**	46
Staff costs	**190**	185
Consulting costs	**27**	27
Advertising and promotion	**30**	7
Administrative and office expenses	**124**	103
Operating costs	**100**	104
Building and property costs	**48**	47
Other (recoveries) costs	**1**	12
Foreign exchange loss	**1**	11
	594	542

30. COMMITMENTS AND CONTINGENCIES

The Corporation is committed to expenditures for capital additions, rent for premises and vehicles and equipment under multiple contracts with varying expiration dates.

The Corporation commits to the purchase of power, renewable energy certificates, carbon offset credits and long-term service arrangements on certain generating assets.

Aggregated minimum payments under these arrangements over the next five years and thereafter are as follows:

(millions of Canadian dollars)	
2024	**305**
2025	**45**
2026	**22**
2027	**20**
2028	**13**
Thereafter	**1**

HISTORICAL TRANSMISSION LINE LOSS PROVISION

ENMAX has participated in various proceedings regarding AESO's Line Loss Rule (LLR). The LLR establishes the loss factors that form the basis for certain transmission charges paid by Alberta generators, including ENMAX. The LLR proceedings addressed the replacement of a non-compliant LLR and the resulting adjustment of line loss charges and credits for the years 2006 to 2016. Under AUC's decisions, AESO was required to settle adjustments for these historic amounts.

AUC's decisions do not require AESO to consider commercial agreement terms and service transfer circumstances when AESO determines which party to invoice. ENMAX has been invoiced for amounts for which it may not ultimately, in whole or in part, be responsible. Moreover, the invoices do not reflect the benefit of credits to which ENMAX is entitled nor any of ENMAX's rights to subsequently seek compensation, including under commercial agreements from other parties such as the Balancing Pool.

ENMAX has settled or received decisions on all items related to the line loss proceedings, and all amounts related to those settlements and/or decisions have been paid (or received), with the exception of one matter involving certain credits related to one of ENMAX's generation plants. ENMAX is engaged in a court action with the AESO to determine whether credits are payable to ENMAX.

LEGAL AND REGULATORY PROCEEDINGS

In the normal course of business, the Corporation is, and may be named as, a defendant or party in lawsuits and regulatory proceedings related to various matters. The Corporation currently believes the outcome of these lawsuits and regulatory proceedings will not have a material impact on the operating results or financial position of the Corporation.

The Corporation, along with other market participants in the province of Alberta, is subject to decisions, market rules, regulations, regulatory proceedings and/or jurisdiction of the AUC, AESO, Market Surveillance Administrator and other authorities. Along with other market participants in the U.S., the Corporation is subject to decisions, market rules, regulations, regulatory proceedings of MPUC and FERC. The financial impact of decisions, market rules, regulations and regulatory proceedings is reflected in the consolidated financial statements when the amount can be reasonably estimated.

CREDIT FACILITIES

The Corporation uses unsecured credit facilities to fund general operating requirements and to provide liquidity support for commercial paper and commodity marketing programs. In the normal course of operations, letters of credit are issued to facilitate the extension of sufficient credit for counterparties having credit exposure to the Corporation or its subsidiaries. As at December 31, 2023, the Corporation had issued letters of credit amounting to $369 million (December 31, 2022 - $790 million).

As at December 31,	**2023**		**2022**	
	Borrowing capacity	**Available [4]**	**Borrowing capacity**	**Available [4]**
(millions of Canadian dollars)				
Committed Credit Facilities [1]	**1,000**	**554**	1,000	696
Demand Credit Facilities [2]	**1,250**	**881**	1,250	460
Total CAD	**2,250**	**1,435**	2,250	1,156
(millions of U.S. dollars)				
Committed Credit Facilities [3]	**80**	**78**	80	77
Total USD	**80**	**78**	80	77

[1] The Corporation's committed syndicated credit facilities mature in 2026 and are provided by national and regional lenders.
[2] Demand credit facilities currently have $1,170 million CAD allocated to letters of credit, and the remaining $80 million CAD allocated for general corporate purposes.
[3] This USD Committed Credit Facility is strictly to fund Versant Power operations for either letters of credit or general corporate purposes.
[4] Capacity remaining after consideration for borrowings, letters of credit and commercial paper backstop.

31. SUBSEQUENT EVENTS

DIVIDENDS

On February 29, 2024, the Corporation declared a total dividend of $95 million payable to The City in quarterly instalments during 2024.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation. These reclassifications did not impact previously reported net earnings.

GLOSSARY OF TERMS

Act	*Income Tax Act* and *Alberta Corporate Tax Act*
AESO	The Alberta Electric System Operator
AOCI	Accumulated other comprehensive income
ARO	Asset retirement obligation
AUC	Alberta Utilities Commission
BHD	Bangor Hydro District
CAIDI	Customer average interruption duration index
Canadian GAAS	Canadian generally accepted auditing standards
CES	Calgary Electric System
CGUs	Cash-Generating Units
CHP	Combined Heat and Power
CIAC	Contributions in aid of construction
CNE	Comparable net earnings
Corporate	ENMAX Corporate
CGC	Corporate Governance Committee
CUPE	Canadian Union of Public Employees
DB	Defined benefit
DBO	Defined benefit obligation
DC	Defined contribution
Adjusted EBITDA	Earnings before interest, income tax and depreciation and amortization (adjusted)
ECL	Expected Credit Loss
EIP	Energy Impact Partners
ENMAX	ENMAX Corporation and its Subsidiaries, collectively
EPC	ENMAX Power Corporation
EPSC	ENMAX Power Services Corporation
ERM	Enterprise Risk Management
ESG	Environmental, social and governance
FERC	United States Federal Energy Regulatory Commission
FVTPL	Fair Value Through Profit or Loss
FVOCI	Fair Value Through Other Comprehensive Income
FX	Foreign exchange
GCOC	Generic Cost of Capital
GHG	Greenhouse gas
GJ	Gigajoule
GWh	Gigawatt hour
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBEW	The International Brotherhood of Electrical Workers
IFRS	International Financial Reporting Standards
LLR	Line Loss Rule
MD&A	Management's Discussion and Analysis
MEPCO	Maine Electric Power Company
MPD	Maine Public District
MPUC	Maine Public Utilities Commission
MW	Megawatt
MWh	Megawatt hour
OCI	Other comprehensive income
OM&A	Operations, maintenance and administration
PBR	Performance-Based Regulation
PILOT	Payment in lieu of tax
PPA	Power purchase arrangement
PP&E	Property, plant and equipment
ROE	Return on Equity
ROU	Right-of-use
RRO	Regulated Rate Option
SAIDI	System average interruption duration index
SAIFI	System average interruption frequency index
SESC	Safety, Environmental and Sustainability Committee

SIPP	Statement of Investment Policies and Procedures
The Board	ENMAX's Board of Directors
The City	City of Calgary
The Corporation	ENMAX Corporation and its Subsidiaries, collectively
TIER	Alberta Technology Innovation and Emissions Reduction Regulation
U.S. GAAP	United States Generally Accepted Accounting Principles
VIU	Value in use
WACC	Weighted average cost of capital
ZEV	Zero emission vehicles

ADDITIONAL INFORMATION

ENMAX welcomes questions from stakeholders.
Additional information relating to ENMAX can be found at enmax.com.

Please direct financial inquiries to:

Mark Poweska
President and Chief Executive Officer
403-514-3000

Sheri Primrose
Chief Financial Officer
403-514-3000

Please direct media inquiries to:

Karin Poldaas
Manager, Communications
mediaroom@enmax.com

	ENMAX CORPORATION	**Policy**
	DISCLOSURE AND CONFIDENTIALITY	
	Effective Date: January 11, 2024	Pg. 1 of 7

Verify revision is current prior to use.

Contains commercially sensitive information.

Refer to cover page to materials regarding restrictions.

DISCLOSURE AND CONFIDENTIALITY POLICY

Board of Directors		Date Approved
		March 8, 2023
Executive Sponsor	**Title**	**Date Approved**
Sheri Primrose	Chief Financial Officer	Assigned: May 17, 2023
Content Owner	**Title**	**Date Approved**
Ray Alwani	Vice President, Finance, Planning and Optimization	Assigned: January 11, 2024

Review of this Policy is required every three years.

Revision history of this Policy is referenced in Schedule "B".

This Policy applies to ENMAX Corporation and its Subsidiaries ("ENMAX").

The Board of Directors has the primary responsibility for the approval of this policy, for charging specific committees of the Board with the oversight of this specific policy, and authorizing specific members of the Executive Team to interpret and update this policy.

Amendments to this policy may only be approved by resolution of the Board of Directors. However, amendments that only alter the form (and not the substance) of the policy will not require Board approval. The Executive Sponsor is responsible for the interpretation and updating of this policy and shall ensure policy compliance.

1.0 PURPOSE AND SCOPE

The purpose of this Policy is to provide guidance concerning the Disclosure of financial information about ENMAX to the public. This Policy seeks to ensure that the Disclosure of financial information about ENMAX to the public is timely, factual and accurate. It seeks to ensure that financial information not to be publicly disclosed will remain confidential. Guidance related to the Disclosure of non-financial information can be found in the Principles of Business Ethics Policy.

This Policy addresses:

- The role of the Audit and Finance Committee in overseeing the disclosure process;
- Duties of the Disclosure Officer; and
- Basic disclosure rules, including provisions for keeping Material Information confidential in appropriate circumstances.

2.0 REFERENCES

This Policy directly affects or is directly affected by the following:

- ENMAX Principles of Business Ethics
- Compliance Policy

3.0 DEFINITIONS

Capitalized and underlined terms used in this Policy are defined in Schedule "A" attached to this Policy.

4.0 POLICY

4.1 General Principles

All Employees shall comply with the terms of this Policy. If there is any question or concern with respect to the application of this Policy to any Employee or to any particular circumstance, a Disclosure Officer should be contacted for guidance.

4.2 Responsibilities and Practices

Audit Committee

The Board of Directors has established that the Audit Committee is responsible for oversight of all financial disclosure requirements and for overseeing ENMAX's financial disclosure practices.

Disclosure Officer

A Disclosure Officer may delegate his or her responsibilities under this Policy from time to time.

Communication of Material Information

The Chief Executive Officer or a Disclosure Officer may communicate Material Information. Other Employees are prohibited from communicating Material Information to the public, including Analysts, Investors and the Media unless they have prior approval from a Disclosure Officer, which approval shall not be given unless the Disclosure Officer has determined that the Material Information may be disclosed. In such cases, the Disclosure Officer shall establish appropriate conditions for the communication of the Material Information.

Disclosure Rules

In order to maintain accurate Disclosure of Material Information, the following rules must be followed:

(a) Disclosure must be truthful;

(b) Disclosure must comply with applicable laws;

(c) Disclosure must include any information without which the rest of the Disclosure would be misleading; and

(d) All related news releases will be posted on the ENMAX website by the Corporate Communications Group immediately after their release.

Access to Material Information

Employees shall be given access to Material Information on an "as needed" basis only.

Disclosure of Material Information

Material Information shall not be disclosed to anyone unless appropriate confidentiality arrangements have been made. Employees must not discuss Material Information in situations where they may be overheard.

5.0 COMPLIANCE

5.1 Policy Management

This Policy shall be reviewed every three years and, as required, will be updated by the Executive Sponsor in conjunction with the Compliance department. All new versions of the Policy shall be duly approved and posted on Intramax.

The Executive Sponsor may approve Standards or Procedures relating to any matters falling within the scope of this Policy, or may delegate the responsibility to approve Procedures under this Policy to an ENMAX Vice President.

6.2 Reporting and Potential Consequences of Non-Compliance

Each Employee is responsible for compliance with this Policy and any Standards or Procedures that are created pursuant to this Policy. Failure to comply may result in disciplinary action or other action by ENMAX that may not be limited to termination of employment.

In addition to acting in compliance with the Policies, Standards, and Procedures, Employees have the responsibility to report to the Company any violations of law, Policy, Standard or Procedure that he or she may discover. Employees are assured that they can report such violations without fear of retribution or retaliation. Any Employee who threatens, retaliates against or harasses any person who has reported in good faith a compliance concern, or is considering reporting such a concern, shall be subjected to disciplinary action, up to and including termination.

All instances of non-compliance with this Policy may be reported to the Director, Compliance, the Executive Sponsor directly, to a supervisor, or by contacting the ENMAX Safety and Ethics HelpLine (1-800-661-9675 or www.enmax.confidenceline.net).

SCHEDULE "A" – DEFINTIONS

Defined Term	Definition
Analyst	refers to those persons involved with determining the credit worthiness of ENMAX Corporation, such as credit-rating analysts.
Board of Directors or the "Board"	means the Board of Directors of ENMAX Corporation.
Chief Executive Officer	means the President and Chief Executive Officer of ENMAX Corporation.
Company or ENMAX	means ENMAX Corporation and its direct and indirect Subsidiaries, other than Versant Power and its U.S. holding companies and its direct and indirect subsidiaries.
Disclosure	means showing, sending, telling or giving a person or some other organization information that is in the custody or under the control of the organization.
Disclosure Officer	means the Executive Sponsor, the Vice President, Communications and Public Relations of ENMAX Corporation, or the designate of either such individual, who is responsible for communicating with one or more of Analysts, lenders, credit rating agencies, Media, or Investors.
Employee	means a member of the Executive Team or any other person employed by ENMAX on a full or part-time basis.
Executive Sponsor	is an Employee with specific Policy development and Management accountabilities as designated by the Chief Executive Officer.
Executive Team	means the Chief Executive Officer and their direct reports, excluding support staff.

Defined Term	Definition
Investor	refers to the shareholder of ENMAX as well as any holders of ENMAX's debt instruments and their representatives.
Material Information	means any non-public material financial information relating to the business and affairs of ENMAX, including financial statements, annual or quarterly reports, management discussion and analysis of financial statements, financial presentations to Investors, news releases in connection with any of the foregoing, and other similar information.
Media	includes print and electronic news outlets, and industry associations/research experts who may represent ENMAX's point of view in reports.
Policy	is/are principle based document(s) that contain information and direction in relation to the values and fundamental expectations of ENMAX.
Procedure	are documents designating the steps or processes that provide specific direction in order to achieve a uniform approach to executing a work or business activity. Procedures are composed of steps which, when not executed in a specific order may result in an impact to health, safety, environment, customer service or business (operational, financial, regulatory, etc.) performance.
Standard	is a document providing further direction, guidance and requirements that provides greater detail than that provided in a Policy, and reflects Management's expectations.

SCHEDULE "B" – REVISION HISTORY

Rev No.	Effective Date	Revision History
9	January 11, 2024	Content Owner updated.
8	June 20, 2023	Executive Sponsor and Content Owner updated.
7	March 15, 2023	No content changes. Updated "Policy" and "Standard" definitions. Reviewed and approved by the Board.
6	April 26, 2022	Updated definition of "Disclosure".
5	March 29, 2021	Executive Sponsor updated.
4	November 13, 2020	Executive Sponsor updated. Definitions for Company/ ENMAX updated with the acquisition of Versant Power.
3	February 28, 2020	Administrative changes only, no substantial content changes.
2	November 24, 2016	Policy reviewed by Board, changes approved.
1	September 27, 2013	Annual Review – no changes required.
0	March 8, 2012	Approved and Posted.

2022 Environmental, Social and Governance Report

ENMAX

Contents

Letter from our CEO

Since joining ENMAX as President and CEO in September 2022, I've seen firsthand the team's dedication to providing safe and reliable energy to our customers—who are at the heart of everything we do.

Cold temperatures, high electricity supply cost and rising inflation have meant some of our customers experienced higher costs in both Alberta and Maine. Our caring teams listened and developed programming to support them, including offering different payment arrangements and installment plans. In Maine, Versant Power also worked closely with state and county programs that qualify customers to receive assistance.

We connected struggling customers to community resources for assistance. Overall, ENMAX invested $3.7 million in community support in Alberta and Maine, enhancing funding to partner agencies to support energy affordability programs, including essential needs funding, energy efficiency education and conservation programs.

This is a time of change for our industry. And so ENMAX is continuing to deepen our commitment to ESG, including advancing electrification, investing in grid resilience and enabling a diverse and inclusive team.

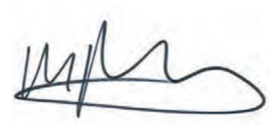
ENMAX is eager to harness opportunities that support the energy transition for the benefit of our customers. On our path to net zero, ENMAX is working to reduce our emissions by 70 per cent by 2030 (from a 2015 baseline). Our emissions are currently 65 per cent lower than the baseline but have increased slightly over the last five years due to the high utilization rates of our natural gas-fueled generation facilities. We are committed to reducing emissions and are currently evaluating the feasibility of constructing and integrating a carbon capture unit at our Shepard Energy Centre. We are optimistic about the role technology can play in helping us build a lower carbon future.

As enablers of the energy transition, we also need to meet our customers' growing expectations around electrification and choice. Over the last year, ENMAX advanced several projects that enhance the flexibility and resilience of the grid. At the same time, Versant Power brought 260 solar projects on-line, including community and residential rooftop solar installations. We will continue to modernize our infrastructure, improve our ability to meet our customers' needs and, in Alberta, contribute to The City of Calgary's climate goals.

I want to thank the ENMAX team for their work in providing safe and reliable service to our community. I would also like to thank our customers, who trust us to power their lives. We take that responsibility seriously.

As I look ahead, I'm excited about the future and the progress we're making towards achieving our ESG objectives.

Be safe,



Mark Poweska
President and CEO

Looking back: 2022 scorecard

At ENMAX, we are proud of our achievements in environmental, social and governance (ESG) practices and performance. To provide transparency around our ESG performance and activities, we are again sharing a scorecard (below) that shows our targets and progress against them. Details about our initiatives and performance can be found in the rest of this report. See the next page for our targets for 2023 and beyond.

MET | ON TRACK | DID NOT MEET

Our 2022 ESG targets cover only our assets and operations in Alberta. We continue to work with Versant Power to incorporate our operations in Maine into more of our target areas. The date stated in our targets indicates by year end of the stated year.

	TARGET	STATUS	PROGRESS
Greenhouse gas emissions and the energy transition	Reduce or offset greenhouse gas (GHG) emissions associated with our power generation portfolio by continuing to invest in efficiency improvements and new technologies.	On track	Completed turbine upgrade at Calgary Energy Centre (CEC) adding 10 MW maximum generation capability. This further increased the efficiency of CEC.
	Offset 100% of our building GHG emissions (scope 1 and scope 2) from 2021 onwards.	Met	Completed offset purchases for 2021. Offset purchases for 2022 will be completed in Q3 2023.
	Electrify 35% of our mobile fleet by 2025 towards our aspirational goal of electrifying 100% of our mobile fleet by 2030.	On track	As of the end of 2022, 3.85% of our fleet is composed of electric vehicles. During the year, we tested two EV cube van prototypes and received a commitment for funding from NRCan to support installation of EV chargers.
Diversity, inclusion and belonging	100% of all people leaders to complete inclusive leadership competency training in 2022.	Met	100% of all people leaders completed inclusive leadership competency training.
	Complete an assessment of our customer and vendor practices by 2023 to identify further opportunities to advance inclusive customer experiences and vendor management processes.	Met	Completed an assessment of our vendor and customer practices.
Reliability and innovation	ENMAX Power plans to invest $60 million by 2030 to enable a more resilient grid while maintaining its reliability levels.	Met	Exceeded target with a spend of more than $60 million in 2022 towards enabling a more resilient grid.
Energy affordability	Spend at least 30% of our community investment budget each year on activities and organizations that support customers at the various stages of the energy affordability lifecycle. By 2025, increase the proportion of spending in this area to 40%.	Met	35% of our 2022 community investment budget was directed towards energy affordability. In addition, a one-time emergency fund outside of the community investment budget was donated to the United Way of Calgary and Area for crisis support, which brought the total to 42%.
	Deliver 1,000 energy saving kits to Albertans by 2022.	Met	1,000 energy saving kits were delivered to Albertans by the end of 2022.
	By 2025, conduct four pilot projects to test programs or solutions that work towards removing barriers to energy access and affordability.	On track	Completed two pilots and initiated three.

Looking forward: our targets for 2023 and beyond

As part of our commitment to continual advancement, we reviewed our previously set targets, taking into account relevancy, feasibility and other factors. Based on this review, we adjusted some targets, added two targets and combined two categories. See the "Change" column for details.

*** = Target excludes Versant Power**

We have worked with Versant Power to incorporate our operations in Maine into more of our target areas. The targets below include Versant Power, unless otherwise noted with an asterisk. The date stated in our targets indicates by year end of the stated year.

	TARGET	CHANGE
Climate change and the energy transition	Achieve net-zero scope 1 and 2 emissions by 2050. Achieve 70% reduction of scope 1 and scope 2 GHG emissions by 2030 from 2015 levels. Transition 35% of our mobile fleet to zero emission vehicles (ZEV) by 2030. Offset 100% of our building GHG emissions (scope 1 and scope 2) annually. ENMAX Power, ENMAX Energy and Versant Power each to conduct a pilot project to advance the energy transition by the end of 2023.	We combined our GHG emissions and innovation targets into this "Climate change and the energy transition" category as this more accurately characterizes our actions. We replaced the aspirational goal of reducing or offsetting our GHG emissions with a specific and measurable target by 2030. We adjusted our mobile fleet electrification target, extending it by five years. Our former reliability and innovation target was met in 2022. New targets were developed to track progress on initiatives to advance the energy transition. Reliability and innovation projects are discussed on pages 26-28.
Diversity, inclusion and belonging	Update and expand categories of workforce diversity measurement and survey all employees by end of 2023.* Pilot inclusive training to individual contributors by the end of 2023.* Expand training for customer facing teams on communicating with diverse customers and communities by the end of 2023.* Provide training to employees in Canada on the history of Indigenous Peoples by end of 2023.* Versant Power to create a diversity, inclusion and belonging roadmap by end of 2023.	We increased our focus on diversity, inclusion and belonging-related targets by adding a target on workforce diversity measurement and continuing to expand our employee training programs.
Energy affordability	Spend at least 30% of our community investment budget each year on activities and organizations that support customers at the various stages of the energy affordability lifecycle. By 2025, increase the proportion of spending in this area to 40%. By 2025, conduct six pilot projects to test programs or solutions that work to remove barriers to energy access and affordability. Versant Power will complete two of the six.	Unchanged
Governance	Develop Sustainable Procurement Strategy by the end of 2023.* Maintain Board of Directors composition of at least 30% women and at least one member from an underrepresented group.	We included two new governance targets.

AC2024-0413
ATTACH 6
ISC: UNRESTRICTED

SPOTLIGHT

How we help The City of Calgary meet its climate goals

As a future-oriented essential electricity service provider, we are committed to advancing a cleaner energy future for the benefit of our customers, the communities we operate in and our Shareholder, The City of Calgary. We recognize that climate change is an important and complex issue that impacts everyone. In July 2022, The City of Calgary shared its Climate Strategy, laying out a roadmap for achieving a net zero and climate-resilient Calgary. Some of the ways we are working to help The City of Calgary advance its climate goals include:

THE CITY OF CALGARY'S GOALS

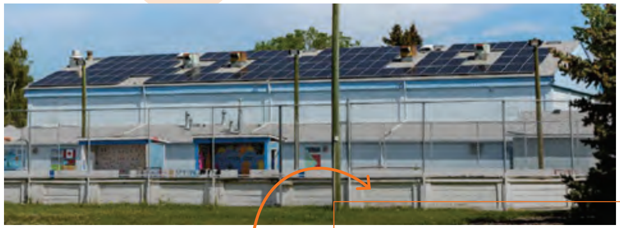
Zero carbon neighbourhoods

- Accelerate the transition to zero emissions vehicles
- Develop a process and financial incentives to support at-home charging infrastructure and retrofit EV charging infrastructure in multi-unit residential buildings

ENMAX'S CONTRIBUTION

Preparing for electric vehicle adoption

ENMAX is continuing to invest in studies and programs to understand how Calgarians use EVs and their impact on our electricity system. We launched Charge Up, Alberta's first smart charging pilot program, to test the effectiveness of incentives on influencing what time of day EV drivers charged their vehicles. The pilot, which involved more than 160 EV drivers in Calgary, compared a control group of participants to those who received educational information, and to another group who received a small financial reward for charging their EVs at times that benefit the grid. Read more on page 27.



THE CITY OF CALGARY'S GOALS

Zero carbon energy transition

- Support on-site and neighbourhood scale low carbon energy projects
- Support the installation of solar on community buildings such as community associations and schools

ENMAX'S CONTRIBUTION

Installing rooftop solar on community association buildings

ENMAX supported the installation of rooftop solar panels on 13 community association buildings across Calgary in 2022, with 17 more scheduled to be completed in the first half of 2023. This initiative is part of the ENMAX Community Solar Fund, a partnership between ENMAX and The City of Calgary to support renewable energy. ENMAX Energy provides both the solar equipment and oversight of the installation of the solar panels at no cost to the community association. Read more on page 21.

THE CITY OF CALGARY'S GOALS

Net-zero grid and city

- 60 per cent reduction of GHG emissions below 2005 levels by 2030 for The City of Calgary
- Net-zero emissions by 2050 for The City of Calgary
- Clean the provincial energy supply

ENMAX'S CONTRIBUTION

Net-zero target alignment

ENMAX is committed to playing an active role in the energy transition and in addressing climate change. Our target to achieve a 70 per cent reduction of GHG emissions below 2015 levels by 2030 and net-zero GHG emissions by 2050 is aligned with The City of Calgary's goals. Our net-zero pathway shares the avenues we are exploring and is based on our current understanding of existing, emerging and potential future technologies. Read more on page 13.

About ENMAX

The ENMAX group of companies is a leading provider of electricity services, products and solutions. We are headquartered in Calgary, Alberta with operations across Alberta and Maine. Through our subsidiaries, ENMAX Power Corporation and Versant Power, we own and operate transmission and distribution utilities that safely and reliably deliver electricity to customers in Calgary and northern and eastern Maine. Through ENMAX Energy Corporation, ENMAX owns and operates power generation facilities and offers a range of innovative electricity and natural gas products and services to residential, commercial and industrial customers across Alberta.

Shareholder value proposition

Environmental, social and governance considerations are at the core of our business and are reflected in ENMAX's value proposition to:

- Deliver a stable, predictable and growing dividend.
- Enhance long-term value of the company.
- Provide industry leadership and corporate citizenship.
- Provide safe, reliable products, goods and services.
- Provide high standards of efficiency and customer service.
- Provide alignment with The City of Calgary economic, environmental and social goals.

Our mission

We power the potential of people, businesses and communities by safely and responsibly providing electricity and energy services in ways that matter to them today and tomorrow.

Our Values

Safety
No one gets hurt

Accountability
Own it

Agility
Adapt and act

Integrity
Do the right thing with courage and conviction

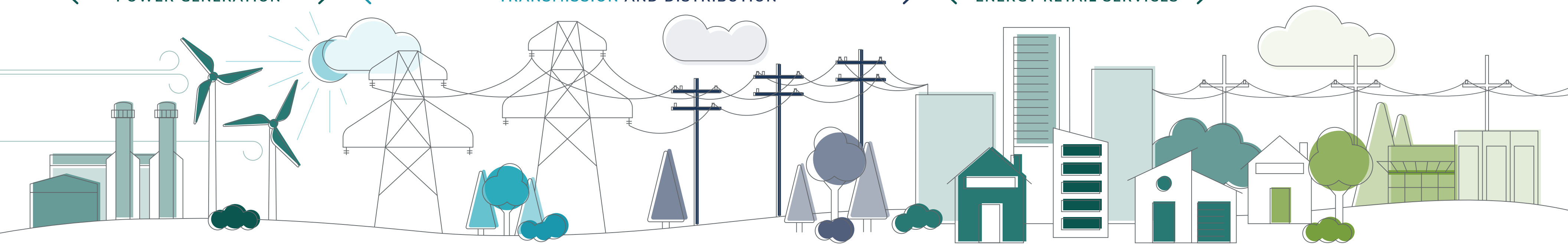
Service
Act with others in mind

Innovation
Create possibilities

Teamwork
Better and stronger together

Key statistics (as of December 31, 2022)

POWER GENERATION — TRANSMISSION AND DISTRIBUTION — ENERGY RETAIL SERVICES



ENMAX Energy

ALBERTA

1,522* MW
generation capacity, equity based

86%
natural gas

14%
wind

* Added 10 MW of maximum generation capability at Calgary Energy Centre.

** Adjusted earnings before interest, taxes, depreciation and amortization; Non-IFRS financial measure. Refer to ENMAX's full 2022 Financial Report.

ENMAX Power

CALGARY

1,089 km²
service territory in and around Calgary

335 km
of transmission lines

8,629 km
of distribution lines

~549,000
residential, commercial and industrial customers (i.e., sites)

Versant Power

MAINE

27,000 km²
service territory in northern and eastern Maine

2,039 km
of transmission lines

10,219 km
of distribution lines

~164,000
customers

ENMAX Energy

ALBERTA

~725,000
residential, commercial, and industrial customers

>40
municipalities

Provides:
- Electricity
- Natural gas
- Solar power

Key Figures

ALBERTA AND MAINE

~2,100
employees

$9.7 billion
in total assets

$737 million
in EBITDA** in 2022

$82 million
dividend declared to The City of Calgary in 2023

Where we operate

ENMAX Power

Regulated wires business which owns, operates and maintains the transmission and distribution system in and around Calgary.

ENMAX Energy

Competitive power generation and energy retail business, providing electricity, natural gas and customer care services in Alberta.

5
Natural gas power plants

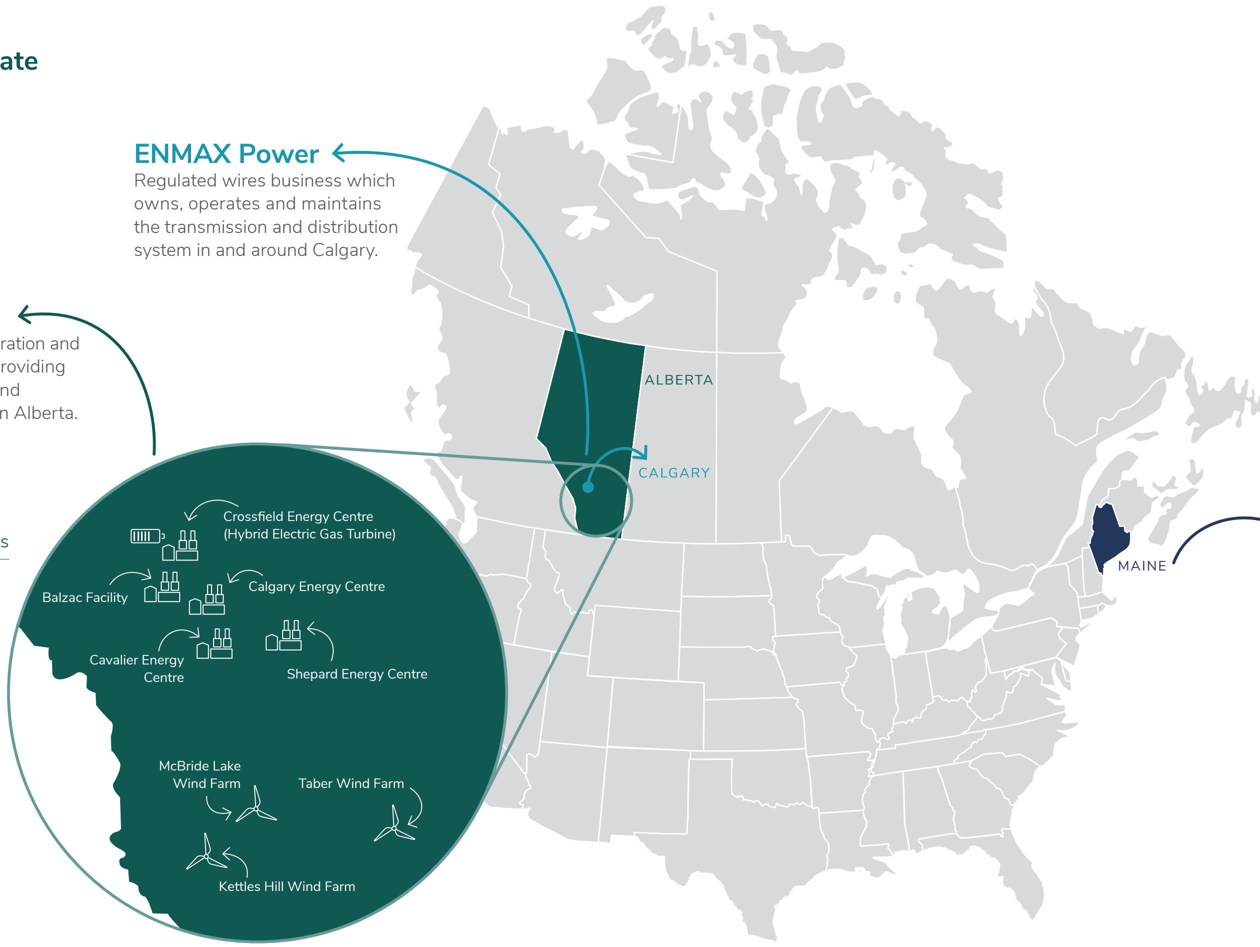
4 operated, 1 non-operated

3
Wind power generation facilities

2 operated, 1 non-operated

1
Battery storage

1 operated



Versant Power

Regulated wires business which provides customer care and electricity services to residential, commercial and industrial customers in Maine.

Land acknowledgment

We acknowledge that we live and work on the traditional lands of Indigenous Peoples in our operating areas. In Alberta, this includes First Nations and Métis Peoples, while in Maine this includes tribal nations. We acknowledge and thank the diverse Indigenous Peoples who live on and steward this land. We are committed to work in partnership with Indigenous Nations in the spirit of reconciliation, through respect and collaboration.

Our approach to ESG

We are committed to the highest level of accountability to customers, our Shareholder (The City of Calgary), employees and all community members. As part of that commitment, we have publicly disclosed our ESG performance for 16 years, publishing an extensive range of environment, safety, social and governance indicators each year.

We continually evolve the robustness of our sustainability commitments and communications. In 2022, we reviewed our ESG practices, engaged with key individuals to enhance our ESG reporting and identified a new suite of forward-focused ESG targets.

Determining what to report: materiality assessment

The list (shown on the right) is the result of the materiality assessment we conducted in 2020. This assessment included input from subject matter experts across the organization, the executive team and our Board of Directors (the “Board”), as well as external engagement with key customers, our Shareholder (The City of Calgary) and providers of capital. The assessment considered topics suggested by the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and best practices in reporting within our industry.

It is important to note that materiality in this context is not a judgment on the importance of the topic to our company or to society. For example, our relationships with our customers, the unions that represent our employees and the governments that enact public policy are of utmost importance to us. However, the level of external interest in these relationships is lower than the level of interest in, for example, our impact on GHG emissions or energy affordability. We use these materiality results to inform the level of our reporting.

ESG MATERIAL TOPICS		LEVELS OF REPORTING
GHG emissions and energy transition Grid resiliency and reliability Diversity and inclusion	Energy affordability Employee/ contractor safety Public safety Corporate governance	These are our ESG priority topics. We provide metrics, description of programs and extensive qualitative information for these topics in this report since they are both crucial to our business success and of high interest to our stakeholders. Although all these topics are critical, we have set objectives and targets for topics on which we believe we can make the most meaningful progress.
Employee development Economic impact	Cybersecurity/ data privacy	We provide a comprehensive and balanced discussion of these topics that combine metrics and qualitative discussion.
Physical impacts of climate Air quality Water Responsible procurement	Occupational health Unions Customer satisfaction Public policy Spills/releases	We include these topics in the report with limited qualitative discussion and data, if readily available.

Environment

IN THIS SECTION

GHG emissions

WHY IT MATTERS TO ENMAX

As a future-oriented essential electricity service provider, we are committed to advancing a cleaner energy future for the benefit of our customers, the communities we operate in and our Shareholder (The City of Calgary). For many years, the reduction of greenhouse gas (GHG) emissions has been a key component of our environmental protection and stewardship practices.

2022 HIGHLIGHTS

- **Completed turbine upgrade at Calgary Energy Centre (CEC) adding 10 megawatts of maximum generation capability. This further increased the efficiency of CEC.**
- **Met our target to offset 100 per cent of our building GHG emissions (scope 1 and scope 2)[1].**

[1] Completed offset purchases for 2021. Offset purchases for 2022 will be completed in Q3 2023.

Our approach

In 2021, we shared our ambition to achieve net zero scope 1 and scope 2 GHG emissions by 2050. As a milestone towards achieving our net-zero vision, we plan to reduce or offset 70 per cent of our scope 1 and scope 2 GHG emissions by 2030 from a 2015 baseline. To reach our targets, we are identifying efficiencies at our natural gas power generation facilities, offsetting and managing emissions from our corporate and operational buildings, and advancing the electrification of our mobile fleet.

Evolving our generation portfolio

We have already significantly reduced emissions over the past decade due to the transition of our power generation portfolio. When compared to our 2015 baseline, we have reduced the GHG emissions by 65 per cent. Today, we hold no coal-fired generation in our portfolio, and our power generation facilities are a combination of modern natural gas-fuelled power generation facilities and wind generation facilities. Our emissions have increased slightly over the last five years due to the high utilization rates of our natural gas-fueled generation facilities. We are committed to reducing emissions and are currently evaluating the feasibility of constructing and integrating a carbon capture unit at our Shepard Energy Centre. Read more on page 17.

GHG emissions across our business

At ENMAX, the vast majority of our GHG emissions come from our natural gas power generation facilities. Our primary source of GHG emissions is natural gas combustion at these plants, followed by a smaller proportion originating from natural gas and electricity consumption at our corporate and operational buildings, as well as gasoline and diesel combustion within our mobile fleet (see table below). At Versant Power, the primary source of GHG emissions is gas and diesel combustion from its mobile fleet. The mobile fleet in Maine includes 140 smaller-class vehicles and approximately 120 medium- and heavy-duty vehicles.

Cavalier Energy Centre is a 120 MW combined cycle natural gas facility located near Strathmore, Alberta.

ENMAX GHG EMISSIONS CONTRIBUTIONS BY CATEGORY	2022
Power generation	**99%**
Operational and corporate buildings	**0.6%**
Mobile fleet	**0.4%**

VERSANT POWER GHG EMISSIONS [TONNES CO_2E]	2021	2022
Scope 1 emissions	4,621	**6,890**
Scope 2 emissions	1,547	**1,370**

What are Scope 1, 2 and 3 emissions?

Scope 1: Direct GHG emissions from fossil fuel combustion in power generation, fuel in fleet vehicles, and natural gas for heating.

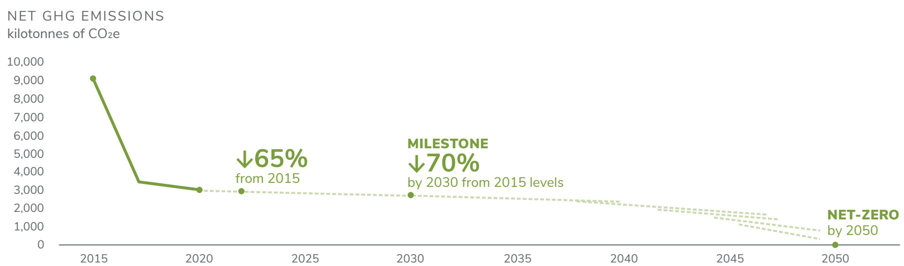
Scope 2: Indirect GHG emissions from consumption of purchased electricity and transmission and distribution line losses.

Scope 3: Indirect GHG emissions not covered in Scope 1 and 2 that are generated upstream and downstream of our business.

We calculate our emissions using the equity share approach.

Our net-zero pathway

The illustration below represents a progression we envision to achieve net zero by 2050. While the specifics continue to be developed, the categories we are exploring are based on our current understanding of existing, emerging and potential future technologies. Our pathway will become more defined as technologies advance and become more commercially available and as the energy transition uncovers new possibilities. We plan to update our understanding of these opportunities as they change over time and will provide additional detail on our progress in our next report.



2015 TO TODAY

Achieved

- Transitioned our generation portfolio with our coal Power Purchase Arrangement (PPA) terminations
- Implemented efficiency improvements at natural gas generation facilities
- Offset 100% of building GHG emissions—from 2021 onwards

2020 TO 2025

Exploring

- Further efficiency improvements at natural gas generation facilities
- CCUS
- Wind facility capacity increases and/or life extensions
- Utility-scale renewables
- Energy storage
- Offsets

2025 TO 2035

Emerging

- CCUS
- Utility-scale renewables
- Energy storage
- Offsets

2035 TO 2050

Potential

- Hydrogen
- Energy storage
- Other technologies

WANT TO LEARN MORE?
Click here to read about the options we are examining.

Principles guiding our planning

We use the following principles to guide us as we explore future opportunities.

We keep our customers front and centre

As a customer-facing electricity service provider, we always consider the impacts our decisions have on our customers and on overall energy affordability. We also consider our customers' desire for clean electricity products and a decarbonized grid.

We collaborate with governments, regulators and other groups

Our pathway assumes a supportive regulatory environment and the availability and commercial viability of technologies, such as energy storage and CCUS. We continue to engage in conversations with a variety of groups to work towards common goals.

We are open to new technologies

We believe a combination of technologies and solutions including renewables, fuel and energy efficiencies, energy storage and carbon capture, utilization and storage (CCUS) will be required to achieve Canadian and global decarbonization goals. ENMAX will continue to invest in exploring and implementing new technologies.

We seek broader benefits

Although most projects have a clear environmental benefit, we also consider the social benefits of projects, for example considering community and Indigenous participation in energy projects.

Options we are examining

We are committed to enhancing our ESG performance through the exploration and adoption of technologies that can help reduce the emissions associated with our business. Options we are exploring include:

Efficiencies at natural gas generation facilities

Our commitment to operational excellence means we regularly seek out process efficiencies and incorporate updated equipment as new technologies emerge. Although there is a limit to the emissions reductions that can be achieved through efficiency, we continue to invest in our natural gas-fuelled generation facilities. We do this because these facilities provide baseload power for the Alberta grid and enable the integration of intermittent renewable assets by providing a backstop to the variability of wind and solar generation.

Carbon capture, utilization, and storage (CCUS)

CCUS is not a new technology, but it is experiencing a surge of global interest. According to the International Energy Agency (IEA), there are currently 35 CCUS commercial facilities around the globe, and the Provincial and Federal Government have committed to providing funding to support CCUS projects. All our power generation facilities are located near advantageous geological formations for storing carbon. While CCUS requires large capital investment, large volumes of CO_2 can be captured and stored. We will be examining the feasibility of carbon capture at our Shepard Energy Centre (read more on page 17).

Offsets

An offset is a reduction or removal of emissions of carbon dioxide or other greenhouse gases to compensate for emissions made elsewhere. Offsets can play an important role in helping organizations achieve their net-zero goals by neutralizing residual emissions that cannot be addressed through emissions-reduction initiatives alone.

In addition to offsetting our building GHG emissions, we are evaluating the role that offsets can play in helping us achieve our net-zero vision. In 2022, we assessed the location, availability and prices of offsets currently in the market to develop a more structured approach to offsetting. We will continue to prioritize offsets from local and Indigenous communities.

Renewables

We own and operate two wind facilities—Taber and Kettles Hill—and hold a 50 per cent ownership stake in McBride Lake wind farm. We have completed end-of-life studies for our wind facilities and are starting to examine our options for repowering or life extensions. The benefits of life extension include long-term waste reduction (i.e., waste associated with decommissioning) and a potential increased return on capital invested. We are also evaluating adding larger utility-scale solar projects to our generation portfolio to help our commercial and industrial customers achieve their ESG goals by giving them an opportunity to purchase renewable electricity.

Hydrogen

While already widely used in some industries, large-scale hydrogen combustion technology continues to advance within the power generation sector. Already the largest hydrogen producer in Canada, the Government of Alberta released its Hydrogen Roadmap in November 2021. Hydrogen produces no direct GHG emissions and can be blended with natural gas (often with only relatively minor retrofits to natural gas turbines) to generate lower-carbon power. At the moment, hydrogen is not economically feasible at our facilities, but we continue to monitor advancements and evaluate the opportunities of hydrogen technology.

Energy storage and other technologies

Energy storage using utility-scale batteries increases grid flexibility and reliability. When combined with intermittent power generation, batteries can store and release power when needed, which helps balance the electrical grid. When combined with natural gas generation (such as at our Crossfield Energy Centre) energy storage can also provide standby power without having to burn natural gas. We will continue to stay informed on relevant technology advancements and pursue opportunities that align with our business and net-zero target.

In the longer term, new technologies will emerge and may offer additional emissions reduction solutions.

GHG Action Plans

During 2022, we developed GHG Action Plans for each of our business units (ENMAX Power, ENMAX Energy and Versant Power). Each GHG Action Plan includes specific information on our GHG-emitting facilities and business units. The Plans identify benchmark (2015) and projected GHG emissions that are aligned with our budget and three-year business plans. Each GHG Action Plan identifies potential mitigation actions alongside estimated emissions reductions and costs. We have connected the Plans to the Enterprise Risk Management (ERM) program to verify that mitigation actions are focused on climate-related risks for each business unit. As we work toward net zero, we intend to establish and publish additional milestone targets to keep us on track. These Plans will be updated annually as we adapt to a changing business environment.

A tool to evaluate emissions reduction opportunities

To compare the cost and emissions impact of different projects and technologies, we have developed a marginal abatement cost curve (MACC). MACCs are a useful tool for normalizing a series of projects, providing both the cost and the scale of the carbon reduction opportunity for each initiative. By ranking each project based on the dollar amount per tonne of carbon dioxide ($/tCO$_2$) and the tonnes of carbon abated, projects across a wide range of areas can be compared. We use the MACC to help evaluate our options and to identify the largest emissions reduction opportunities with the lowest costs.

ENMAX's Kettles Hill wind farm. Our generation portfolio includes 14 per cent wind power.

Progress in 2022

We are taking the following steps toward achieving our GHG emissions reduction target:

Efficiency improvements at our natural gas power generation facilities

While natural gas is one of the lowest carbon emitting fossil fuel options available for power generation, we are proactively working to find efficiencies and incremental improvements that further reduce our GHG emissions intensity.

Turbine upgrade

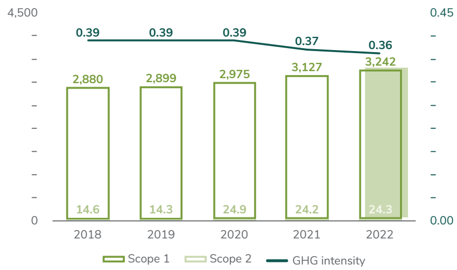
As part of our ongoing efforts to improve operational efficiencies, we completed a turbine upgrade and maintenance in 2022 at the Calgary Energy Centre that added 10 megawatts (MW) of maximum generation capability and an efficiency improvement of 2.2 per cent.

FEED study

ENMAX Energy has received a funding commitment from Emissions Reduction Alberta to support a front-end engineering and design (FEED) study to explore the feasibility of constructing and integrating a carbon capture unit at the Shepard Energy Centre (read more on page 17).

GHG EMISSIONS (EQUITY)

kilotonnes of CO_2e | tonnes CO_2/MWh



While our emissions intensity has slightly decreased over the past five years, our absolute emissions have increased by 13 per cent in the same timeframe. Absolute GHG emissions are directly correlated to high production at our natural gas facilities due to strong electricity demand.

Notes:

- We report GHG emissions using the equity approach to reflect financial risks and rewards.
- Our GHG emissions are composed predominantly of CO_2. While we include sulfur hexafluoride (SF_6) in our GHG emissions, it represents less than one per cent of our scope 1 emissions.
- Emissions from our substations include all SF_6 releases but only a portion of electricity and natural gas combustion, since not all substations are directly metered.
- This data excludes Versant Power.

As part of our ongoing efforts to improve operational efficiencies, we completed a turbine upgrade and maintenance in 2022 at the Calgary Energy Centre.

SPOTLIGHT

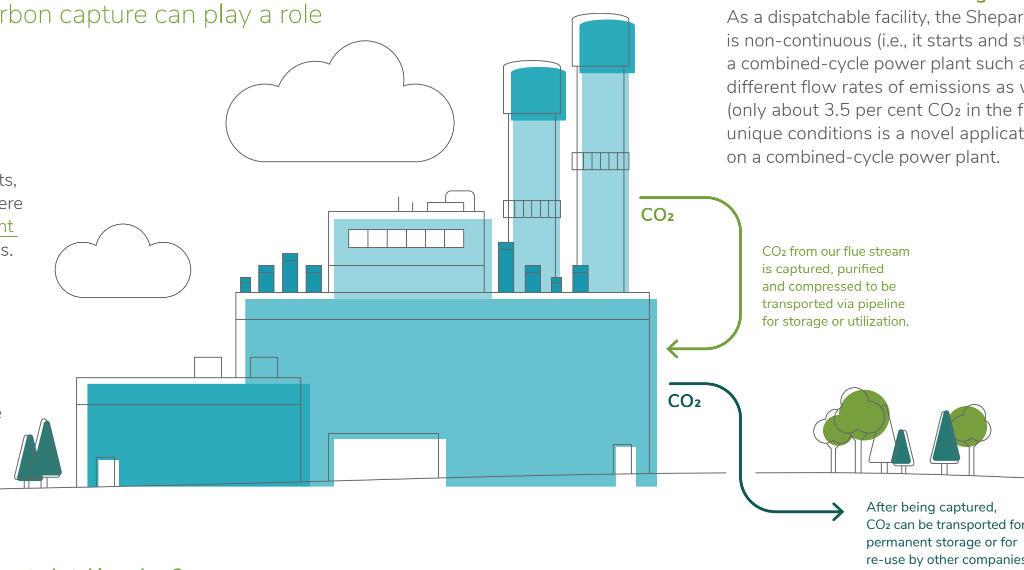
Evaluating the feasibility of carbon capture

At ENMAX, we are working to understand how carbon capture can play a role in helping us achieve our net-zero vision.

Funding in place

In November 2022, the Government of Canada announced that 10 projects, including a potential carbon capture unit at the Shepard Energy Centre, were advanced to Phase 2 in the Innovation Science and Economic Development (ISED), Strategic Innovation Fund (SIF) Net-Zero Accelerator (NZA) process. The companies that advanced were assessed as promising early movers. These companies are primarily focused on delivering critical services and materials, including electricity generation.

Additionally, Shepard Energy Centre received a commitment for just over $3 million in funding from the Government of Alberta through Emissions Reduction Alberta. The project is one of 11 approved for funding under the Carbon Capture Kickstart: Design and Engineering funding opportunity.



What are some of the challenges?

As a dispatchable facility, the Shepard Energy Centre's flue gas stream is non-continuous (i.e., it starts and stops with production). Additionally, a combined-cycle power plant such as the Shepard Energy Centre has different flow rates of emissions as well as very low concentrations (only about 3.5 per cent CO_2 in the flue gas). Capturing CO_2 in these unique conditions is a novel application that has not yet been tested on a combined-cycle power plant.

Next steps

Following the study, we hope to select a technology to complete detailed engineering and design for a capture facility, with the goals of further understanding both the technical feasibility and the economic feasibility of capturing CO_2 from the Shepard Energy Centre.

Goals of the study

We will conduct a front-end engineering and design (FEED) study to evaluate the technical and financial feasibility of integrating a carbon capture unit at our Shepard Energy Centre. The FEED study will involve highly specialized engineering assessment and design work to evaluate different technologies for capturing CO_2.

The study will provide us with data and insights into these different carbon capture technologies and help to inform potential emissions reduction targets.

Where is the study taking place?

The study is taking place at our largest power generation facility, Shepard Energy Centre[1]. Shepard is already the most efficient natural gas-fuelled combined-cycle generation facility operating in Canada today, as measured by tonnes of CO_2 per megawatt hour (MWh). Now, we are assessing the opportunity to make this facility home to one of the first commercial-scale natural-gas combined-cycle carbon capture units in North America.

Shepard is also home to the Alberta Carbon Conversion Technology Centre (ACCTC)[2], which uses exhaust gas from the facility to enable research and innovation focused on finding ways to reduce and repurpose emissions. Existing and new clients continue to use the ACCTC to develop, validate and pilot technologies that target carbon capture and utilization.

WANT TO LEARN MORE?

Click here to watch a video from Emissions Reduction Alberta for more information about this project.

[1] Capital Power owns a 50 per cent interest in the Shepard Energy Centre through a joint venture agreement with ENMAX Generation Portfolio Inc (EGPI), the facility operator.

[2] The ACCTC is operated by Innotech Alberta.

Offsetting and managing emissions from our buildings

ENMAX currently owns or leases multiple office and operational buildings and 160 substations across Alberta and Maine. As part of our commitment to reducing our emissions from buildings, we continue to invest in:

Offsetting our building emissions
ENMAX has been purchasing renewable energy certificates for the past 11 years to offset 100 per cent of ENMAX Place (head office) scope 2 GHG emissions. In 2020, we set a target to offset 100 per cent of our building GHG emissions (scope 1 and scope 2) from 2021 onwards. In alignment with our target, ENMAX purchased carbon offsets for our 2021 building emissions. The offsets come through the Verified Emissions Reduction Registry, which is certified by the Canadian Standards Association Clean Projects Registry. We follow several key principles in our annual purchase of offsets (such as prioritizing local offsets) and are developing governance to standardize our approach going forward.

Incorporating solar
To further reduce scope 2 GHG emissions at our facilities we have incorporated rooftop solar installations on ENMAX buildings (read more to the right).

Embracing solar opportunities

Another way we are reducing the GHG emissions from electricity use at our buildings and facilities is through the addition of rooftop solar.

- ENMAX Place (our head office) already has 50.8 kW of installed solar, which eliminates about 30 tCO_2e per year.
- In 2022, we began piloting a solar installation on one of our substations. The pilot includes integrating the solar installation with existing substation systems, sizing the panels to ensure we meet legislative and technical requirements, and measuring the operational benefits. If successful, the pilot could lead to more solar installations on other ENMAX substations to realize cost savings and support our substation infrastructure in the event of a system outage.

Substations monitoring
Sulfur hexafluoride (SF_6) is a gas used as an electrical insulator in high-voltage switchgear found in substations. As SF_6 is a powerful GHG, ENMAX Power closely monitors and reports all SF_6 releases and has stringent SF_6 management practices in place. ENMAX Power assets include 43 substations of which 79 per cent have SF_6 gas insulated breakers, this gas is monitored by automated alarms and investigated by crews immediately. Any gas loss is documented as part of our regular inspection and reporting process. Additionally, we proactively replace seals to lower the probability of SF_6 leaks from equipment and closely follow industry research to explore alternatives to SF_6 gas. ENMAX Power closely follows the manufacturing industry and other utilities, which have been exploring and testing alternatives to SF_6. Through our participation with organizations, such as the Institute of Electrical and Electronics Engineers and the Centre for Energy Advancement through Technological Innovation, we continue to stay abreast of the best practices and newest technologies in the marketplace.

Versant Power assets include 117 substations, of which only 35 per cent have breakers with SF_6. Versant Power maintains strict control measures to closely manage SF_6 gas releases from its substations and replaces breakers when possible. Versant Power has a specific inspection cycle for breakers containing SF_6 gas and uses a special camera that can detect SF_6 gas leaks.

Electrifying our mobile fleet

We have a mobile fleet of 348 vehicles in Alberta that are used by crews to inspect, maintain and repair our transmission and distribution lines, substations and network underground assets. Some of these vehicles are also used by our meter readers, community investment team members and for other corporate services. Of this mobile fleet, approximately 42 per cent of vehicles are light duty (less than 8,000 kg Gross Vehicle Weight Rating [GVWR]), 37 per cent medium duty (8,000 to 11,793 kg GVWR) and 21 per cent heavy duty (more than 11,794 kg GVWR).

In 2022, we extended our mobile fleet electrification target by five years to "Transition 35% of our mobile fleet to zero emission vehicles (ZEV)[1] by 2030." The target was revised primarily due to significant supply chain issues in light-duty ZEV manufacturing in the near term and the lack of availability of medium- and heavy-duty vehicles in the longer term. Extending the timeline by five years may allow us to purchase ZEVs at more favourable market prices as supply of light-duty ZEVs improves and continue to avoid retiring our older fleet vehicles before the end of their lifespan. This also allows time for manufacturers to address cold weather performance issues, bring greater product selection to market and reduce costs. It also allows ENMAX to evaluate the performance of medium duty vehicles through our pilot project in our operating conditions.

We remain committed to building a lower carbon future and have progressed toward our target by:

Advancing our medium-duty pilot
We entered the third year of our demonstration project to test EV technology in our mobile fleet, with support of just over $1 million in funding from Emissions Reductions Alberta. The project—the first of its kind in Canada—is testing two medium-duty fully electric work trucks, which have the potential to reduce 4,300 litres of diesel consumption per vehicle annually. In April 2022, we received the trucks and put them directly into operational duty. We are analyzing their capacity and performance in various conditions, including driving the vehicles in extreme weather conditions to determine the effects on range, testing how long the battery lasts with tools in use, and taking trips on less than a full charge. The vehicles have performed very well and have met our requirements in summer conditions. As the pilot progresses, we will continue to actively engage with suppliers, other utilities and vehicle manufacturers to support the development of the specialized EVs needed to meet our goals.

Testing new technology
We plan to test hybrid solutions for the bucket trucks in our heavy-duty fleet beginning in 2023. The trucks combine a typical internal combustion engine chassis with an Electric Power Takeoff (e-PTO). An e-PTO uses a battery pack, electric motor and hydraulic pump that can raise and lower the boom on a work truck without using diesel. Using e-PTOs reduces mobile fleet emissions and noise on the job site as they decrease vehicle idling and operate on battery power. Decreasing idle time has a number of positive environmental impacts beyond the active idle emissions such as a reduction in reactive and preventative maintenance as well as a potential increase to the life of assets.

Installing and testing charging infrastructure
To help us understand the performance and usage patterns of charging infrastructure, we put into service four additional chargers at our South Service Center in 2022 and two additional chargers at our ENMAX Place corporate office. In October 2022, we received a commitment for $890,000 in funding through Natural Resources Canada's Zero Emission Vehicle Infrastructure Program to support the installation of 68 Level 2 (240 volt) EV chargers and 11 Level 3 (480 volt) EV chargers.

Establishing a steering committee
We formed a steering committee in early 2022 to deliver our mobile fleet ZEV plan, evaluate the outcomes and make recommendations for next steps for fleet electrification initiatives. The plan is updated regularly as technology and market conditions change and outlines our intended progress toward achieving our ZEV target. The committee meets quarterly to review recommendations and make decisions.

ENMAX was selected as one of Canada's Greenest Employers (2022).

[1] ZEVs are typically considered battery-electric vehicles that are fueled only with electricity; fuel-cell electric vehicles that operate using hydrogen; and plug-in hybrid electric vehicles that can run exclusively on electricity for a specified minimum distance before they transition to operating as hybrid vehicles, using both liquid fuels and electricity.

Quantifying scope 3 emissions

Scope 3 GHG emissions are those generated upstream and downstream of our business. To begin understanding our scope 3 emissions, we conducted a readiness assessment in 2022 using the GHG Protocol's 15 categories of scope 3 emissions. We determined nine categories to be the most material to our business. We then conducted internal interviews and collected and compiled data to prepare an estimated measurement of each of those categories. We estimated emissions using kilometres travelled, dollars spent for goods or services, the amount of electricity or natural gas sold, and others. Metrics are multiplied by emission factors (either provided by vendors or using industry best practices) to estimate the emissions. The readiness assessment identified data gaps and areas where we can improve our data collection and compilation and these are being prioritized and actioned. These are not expected to materially change our overall footprint, however, improved data integrity will allow for better emissions management in the future.

Supporting reductions of customer emissions

Customers' emissions are one of the most significant contributors to scope 3 emissions for companies that have an energy business. Customers' emissions are the GHG emissions associated with electricity and natural gas that we sell and deliver to customers, but do not generate ourselves.

Some of the ways we help customers better understand and manage their energy usage and support renewable energy solutions that meet their needs, aspirations and expectations include:

1. Energy use
We offer My Energy IQ™, a free tool for ENMAX EasyMAX® customers. The tool provides information and reports that enable customers to make informed decisions and better manage their energy use.
All residential and small business ENMAX Energy customers have convenient access to the My Energy IQ™ tools, reports and insights as part of their ENMAX Energy online account. My Energy IQ™ enables customers to see how their home energy usage compares to similar homes nearby, build a customized savings plan, receive tips tailored to their home, see bill comparisons and historical use charts, learn what consumes the most energy in their home and how weather impacts consumption.

2. Electricity or natural gas green add-on
ENMAX Energy offers "green add-on" selections for customers to pay an additional variable fee (the amount is chosen by the customer). For electricity consumption, this fee goes towards the purchase of certified Renewable Energy Certificates that support renewable energy generation. For natural gas consumption, this fee goes towards the purchase of carbon offsets.

3. Lower carbon emissions heating
Versant Power encourages customers to switch from using fossil fuels for home heating to using electric heat pumps. Since Maine's grid sources about 79 per cent of its electricity from renewable sources such as wind, solar, hydroelectric and biomass, switching to heat pumps results in lower emissions.

4. Solar installations
As renewable generation continues to expand in Alberta, solar remains the largest source of total installed micro-generation capacity [under five megawatts (MW) in size] at 157 MW as of the end of 2022. In Alberta, ENMAX Energy has supported the installation of more than 37 MW of solar micro-generation to date.

5. Solar power for Calgary community associations
Calgary is one of Canada's sunniest municipalities with 2,390 hours of sunshine annually. The ENMAX Community Solar Fund was launched in 2021 to take advantage of this resource, build on our community relationships and support the energy transition. The fund—a partnership between ENMAX and The City of Calgary—provides $5 million in-kind from ENMAX Energy to designated community associations to support sustainable and affordable energy through rooftop solar installations. ENMAX Energy provides the solar equipment and oversees installation of the solar panels on community halls selected by The City of Calgary at no cost to the community association. The solar panel installations can generate up to 100 per cent of the facility's annual energy consumption, for an average lifespan of 20 to 25 years. During 2022, we supported the installation of solar panels onto 13 community association buildings across Calgary, with 17 more scheduled to be completed in the first half of 2023. Once the solar panels are installed, the system is turned over to The City of Calgary to allow the community association to begin producing renewable energy. This fund helps The City of Calgary on the path to net zero and benefits Calgary's community centers by reducing energy costs.

6. Integrating distributed generation into the grid
Across the State of Maine, Versant Power is currently supporting 260 distributed generation projects, the majority of which are solar installations, together with a few hydro projects. The projects range in size from 25 kW to 5 MW of installed capacity.

A dedicated distributed generation team manages each project through its development stages—from application, engineering studies, design and construction to establishing detailed billing. Integrating these renewable energy projects safely and efficiently into Maine's existing grid is an important part of advancing ENMAX and Versant Power's shared vision of a cleaner energy future.

Community Solar Fund

Through the ENMAX Community Solar Fund, many Calgary community associations are already benefitting from rooftop solar on their community centers. Together, all the installations—30 when complete—will have the capacity to provide approximately 2.95 MW of renewable energy, which allows for more of their operating funds to enrich our neighbourhoods.

"This solar installation will have a massive impact on our community," said Anita Raffaele, president of the Ranchlands Community Association—one of the first communities to benefit from the fund. "The pandemic has taken a financial toll on our association. This installation will allow us to save on energy costs, freeing up money to run more great programs for our community."

> "This solar installation will have a massive impact on our community."
>
> ANITA RAFFAELE, PRESIDENT, RANCHLANDS COMMUNITY ASSOCIATION

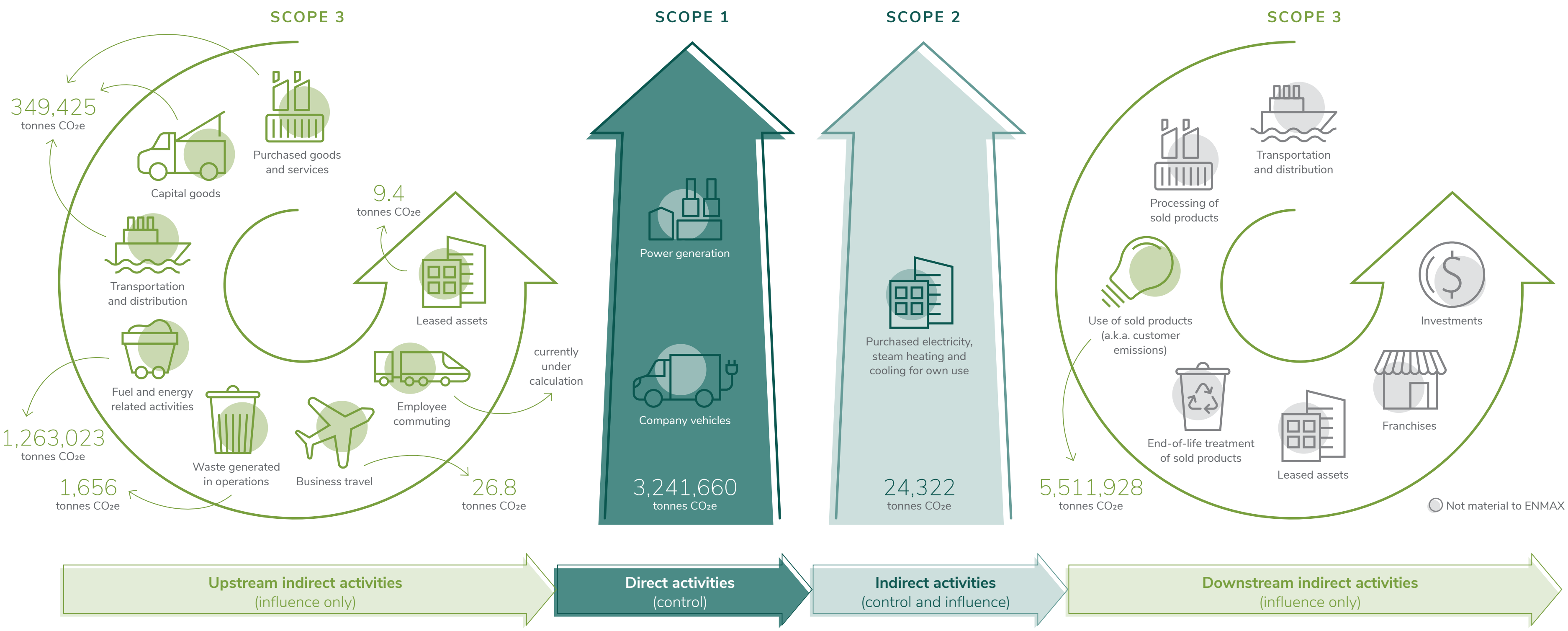
WANT TO LEARN MORE?
Click here to watch a video about the ENMAX Community Solar Fund program.

SPOTLIGHT

Understanding our scope 3 GHG emissions

Scope 3 GHG emissions are those generated upstream and downstream of our business. To begin understanding our scope 3 emissions, in 2022 we conducted a readiness assessment using the GHG Protocol's 15 categories of scope 3 emissions. We determined nine categories to be the most material to our business. Our estimates for those categories are noted below.

Use of sold products (i.e., customers' emissions) are one of the most significant contributors to scope 3 emissions for companies that have a consumer-facing energy business. Customers' emissions are the GHG emissions associated with power that we sell and deliver to customers, but do not generate ourselves.



Grid reliability and resiliency

WHY IT MATTERS TO ENMAX

Nearly every aspect of modern life relies on electricity. As an operator of transmission and distribution electricity systems, ENMAX Power is advancing technology solutions that will meet customer electricity needs today and into the future. Our electricity grid must continue to deliver power reliably, while enabling the transition to diverse energy sources, withstanding increasingly severe weather events and adapting to changing customer expectations.

2022 HIGHLIGHTS

- **Successfully tested smart meters in a few Calgary communities to support the case for city-wide deployment.**
- **The solar panels in our secondary network pilot are generating electricity and are exporting excess energy back to the grid.**

Our approach

To provide customers with the critical and dependable energy they need, we manage a complex system of infrastructure, equipment and software. We have advanced our ability to predict, detect and respond to outages and are planning and integrating a series of innovative technology solutions to ensure our grid is prepared for the future. We are committed to connecting our customers to safe and reliable electricity through prudent cost management and strategic capital investment to optimize the existing grid in alignment with our focus on energy affordability.

Leveraging data analytics

We also use predictive programs and processes to strengthen the reliability of our system, including:

Planning for load capacity
To support reliable service to customers, we use load capacity planning to identify the existing constraints and upcoming demands on Calgary's electricity system (loads) and to verify that redundancies are in place. Our interactive Load Capacity Map uses an ENMAX-developed load forecasting model to help communicate the estimated available capacity throughout our distribution system. Using the map, customers can search for an address to quickly identify the system's available capacity.

Simplifying access to complex data
In 2022, we developed a tool called a Risk Analyzer to identify and evaluate the specific risks potentially experienced by different types of customers, should they experience an outage. The tool includes a street view to allow different teams to see and gain insights about various grid components (such as fuses, transformers and switches).

The Risk Analyzer is making the grid more accessible and understandable to different parts of our business, including those without operational backgrounds. ENMAX Power continues to use our complementary System Load Analyzer tool to identify the customer load at risk under a single unplanned outage (read more about the software here).

A power systems electrician from ENMAX Power conducting switch maintenance.

To remove trees that can impact our wires during storms, our employees use manual tree control, brush mowing, tree trimming within the right-of-way and herbicide application.

Delivering power reliably

Strong reliability is linked to building sufficient capacity across the system, but also to our ability to prevent, withstand and recover rapidly from system disruptions. We are strengthening the reliability of our system through:

Inspections

Visual inspections – We regularly conduct ground line visual inspections to provide a bottom-up look at our assets in Alberta and Maine. Typically, one to two inspectors complete these vehicle or foot patrol assessments from the road with binoculars and often use infrared or corona scanning to look for any signs of degradation. These inspections also include wood pole condition assessments in which we make a small drill hole to determine pole strength and whether there is any rot.

Thermal and acoustic – As electrical connections loosen, a resistance to current can cause an increase in temperature. In Maine, thermal imaging cameras are used to look for these hot spots that can cause components to fail. Versant Power also completes acoustic assessments on its transmission lines that 'listen' for devices that are slowly breaking down and as a result give off radio frequency.

Drones – In Maine, drones are increasingly being used to provide top-down inspections of transmission lines in right of ways. Versant Power has 2,039 km (1,267 miles) of transmission lines, 1,448 km (900 miles) of which are in a right-of-way. The drones can provide an extremely detailed 360-degree look at the assets, identify micro-cracks in porcelain insulators and collect valuable inspection data.

Preventative maintenance and repairs

Assessing assets – In 2022, we introduced ENGIN, a new analytics software to improve our long-term asset management strategy. ENGIN examines our inspection results and historical asset data, enabling us to predict future reliability impacts. The software also uses risk-based evidence to assist with the prioritization of maintenance and replacement of assets. At the end of 2022, we extended the use of ENGIN to include our transmission system in addition to our distribution system.

Replacing aging assets – Each year, certain assets undergo major maintenance or replacement as part of ENMAX Power and Versant Power's Capital Asset Replacement Program. This program helps our assets run optimally and minimizes the occurrence of outages. Assets are prioritized based on condition and other factors.

Covered conductor program – Each year in Maine, Versant Power analyzes line sections that have low reliability metrics and installs covered conductors. If a tree falls on a bare wire, it can result in an outage. With covered conductors, the insulation protects the wire so that a tree-related fault will not cause a short circuit to ground.

Tree and vegetation management – We use a combination of methods—depending on the voltage of the line—to provide effective long-term vegetation control, including manual tree control, brush mowing, tree trimming within the right-of-way and herbicide application. The aim is to remove trees that can impact our wires during storms. Part of this work is to reclaim the full width of the right-of-way if it has become narrowed over time.

Measuring our reliability

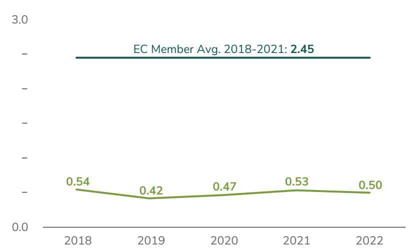
We are committed to delivering power safely and reliably. In Alberta, we operate under Alberta Reliability Standards—the requirements followed by the Alberta Electric System Operator and all electricity market participants to maintain high reliability within the Alberta Interconnected Electric System. We deliver reliability levels that are top quartile in Canada (see data from the Electricity Canada (EC) below).

In Maine, Versant Power's reliability metrics have trended lower over the last few years (see table on the right). To meet increased customer expectations for power reliability, Versant Power currently invests more than US$60 million (approximately C$80 million) annually to maintain and improve its distribution system.

RELIABILITY STATISTICS – VERSANT POWER	UNIT	2018	2019	2020	2021	2022	5-YR CHANGE
System Average Interruption Duration Index (SAIDI)	hours	6.62	5.04	5.03	3.63	5.43	**-18%**
System Average Interruption Frequency Index (SAIFI)	# interruptions per customer	2.52	1.96	2.27	1.97	2.46	**-2%**
Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	hours	2.63	2.58	2.21	1.84	2.21	**-16%**

Versant Power's reliability metrics have trended lower over the last few years, however, the intensity of windstorms notably increased in Maine over the last year. In 2022, there were six storms where peak wind gusts exceeded more than 50 miles per hour in Versant's service territory, compared to zero or one event each year from 2017-2021. This caused a corresponding increase in service interruptions to customers.

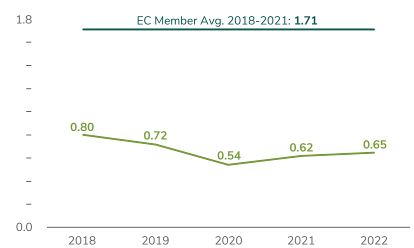
SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)
hours



SAIDI reflects the cumulative duration (in hours) of sustained repair outages experienced by the average customer in a year. On average, our customers experience less than 30 minutes of power interruption during one year, while customers of EC member companies experience, on average, two and half hours of outages per year.

Note: This data excludes Versant Power.

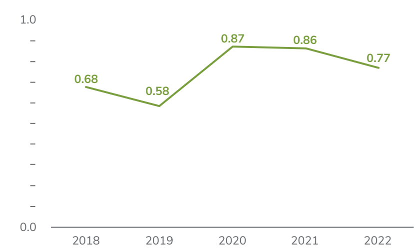
SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI)
number of interruptions per customer



On average, our customers experience fewer than one outage per year. SAIFI reflects the number of power outages lasting longer than five minutes experienced by the average customer in a year.

Note: This data excludes Versant Power.

CUSTOMER AVERAGE INTERRUPTION DURATION INDEX (CAIDI)
hours



CAIDI reflects the average outage duration (in hours) experienced by the average customer in a year. Unlike SAIDI, this metric includes major event days (for example, extreme weather events).

Note: This data excludes Versant Power.

Managing and communicating outages

We have an Outage Management System that estimates the origin of an outage to efficiently dispatch a service person to the location for restoration. The system also automatically identifies and posts outage information for customers via Twitter and on an integrated website map (the Calgary Outage Portal Map), which shows planned and unplanned outages occurring real-time and within the last 24 hours.

Minimizing the impact of outages

Despite our best efforts, some of our customers experience power outages. To minimize the impact on our customers, we invest in:

Automated outage restoration
To substantially reduce the duration of outages and the number of customers affected, approximately 48 per cent of Calgary's non-downtown distribution system uses a technology called Distribution Automation. This system has saved an estimated 30 million minutes of outage time over the past 10 years. Distribution Automation is self-healing and uses SCADA (supervisory control and data acquisition) systems to detect a fault, automatically isolate it and rapidly restore the system.

Intelligent devices
Similar to Distribution Automation in Alberta, Versant Power has installed 65 intelligent devices in Maine since 2019. They require no operator and they automatically detect a fault, isolate it and rapidly restore the system.

Progress in 2022

Adapting to the pace of change in our industry while maintaining a reliable and resilient grid requires innovative thinking and strategic investment. We take a prudent approach when investing in reliability initiatives.

Acting today to enable the grid of tomorrow

We are constantly investing to make the grid more flexible, support lower carbon power generation and adapt to changing customer needs.

Enabling customers to export renewable power to the grid
In 2022, ENMAX Power completed construction of our innovative solar pilot with shopping mall owner, operator and developer Cadillac Fairview (CF) and funded in part by Natural Resources Canada and Alberta Innovates. This pilot used two-way technology to enable customers on secondary networks to export excess electricity back to the grid. This was previously not possible for customers in high-density areas (like some shopping malls and our downtown core). These customers get their power from an interconnected web of transformers, known as a secondary network, which provides high reliability but was not capable of exporting power. The project was completed at CF Chinook Centre, Calgary's largest retail complex, and is now in the testing and monitoring phase. This technology will help remove technical and financial barriers to distributed generation, giving residential and commercial customers in urban settings more choice in how they generate and use electricity. We continue to monitor and review the pilot results with the goal of making the technology available to customers in the downtown area as well.

Solar panels recently installed on the roof of Chinook Centre. The innovative technology enables customers on secondary networks to export excess electricity back to the grid, which was previously not possible for customers in high-density areas.

Bringing smart meter technology to all Calgarians
In 2022, ENMAX Power successfully completed our pilot project to test smart meters—known as Advanced Metering Infrastructure (AMI)—in a few Calgary communities. Read more about the pilot here.

AMI improves our metering capability through 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. Our successful testing of the complete AMI system in a small area of the city has contributed to regulatory approval to bring AMI technology to all Calgarians.

Drone inspection pilot takes off

ENMAX Power piloted the use of drone technology to perform visual and infrared inspections of our electrical infrastructure in 2022. Licensed drone pilots collect footage and infrared scans to more accurately identify problems such as vegetation encroachments, equipment damage and potential hazards in overhead infrastructure.

Drones improve safety and save time by flying from pole to pole quickly, replacing the need for a crew member to climb a pole or use a bucket truck. The technology is particularly helpful in environmentally sensitive areas or locations with difficult terrain. Using drones is also a more cost-effective and environmentally conscious way to inspect our infrastructure. This proactive approach will help to reduce both power outages and repair costs. ENMAX is assessing the data from this pilot and determining the feasibility to incorporate this approach for future inspections in high-risk and environmentally sensitive areas.

Gathering insights through Grid Sandbox
ENMAX Power is engaging with a very small group of customers to pilot the use of a new online platform called the Grid Sandbox. The Grid Sandbox gathers data from Sense devices that track the power used by individual appliances and equipment in customers' homes. The platform presents this data to customers to provide quick actionable insights on their power usage. Customers can also assess potential energy choices. For example, if they choose to add solar panels onto their homes, or invest in an EV car and charging infrastructure, the platform can virtually show how this might impact their energy bills.

Preparing for electric vehicle adoption
Electric vehicle (EV) adoption is increasing rapidly and EV charging (mostly done at home or work) will increase electricity demand for utilities like ours. ENMAX is continuing to invest in studies and programs to understand how Calgarians use EVs and their impact on our electricity system. In 2022, we launched the next phase of Charge Up, Alberta's first smart charging pilot program, to test the effectiveness of incentives on influencing what time of day EV drivers charge their vehicles. The pilot, which involved more than 160 EV drivers in Calgary, compared a control group to those who received educational information, and to another group who received a small financial reward for choosing to charge their EVs at times that benefit the grid. To analyze the vast amounts of data, we partnered with research teams at the University of Calgary and the University of Alberta. Preliminary results show that off-peak charging behaviours increase the most with financial incentives and that most EV owners only drive an average of 50 kilometres per day, which means that daily top-up charging is not as challenging for the grid to meet. We intend to use these findings to develop programs that incentivize EV charging behaviours that optimize the use of our distribution system.

Versant Power completed two replacements of undersea cable, one in Swan's Island and one in Isleford. The team used an advanced GPS system to find a route with the least amount of rocks and obstructions to prevent future cable damage.

Grid resiliency at Versant Power
In Maine, Versant Power is working to maintain a reliable and resilient grid through two new 2022 initiatives:

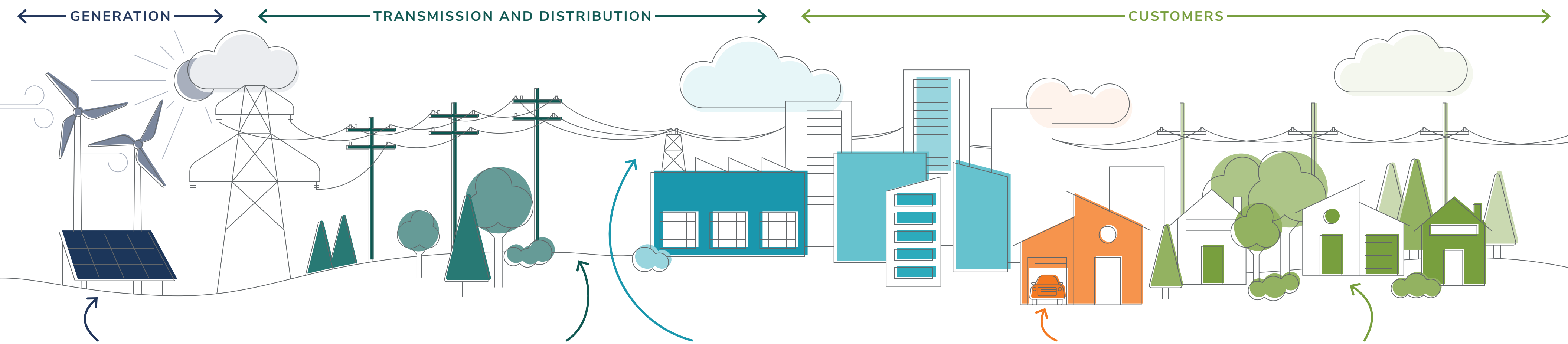
- Versant Power is starting to integrate the use of LIDAR technology into its asset inspection program. LIDAR (Light Detection and Ranging) is a remote sensing method that uses laser to measure variable distances of facility assets to the Earth. The technology is being used to monitor vegetation encroachment on transmission lines and to maintain safe distances between transmission line conductors and the ground (as power lines can sag and stretch over time as conductors age and with exposure to the elements).
- In December, Versant Power completed a six-mile undersea cable replacement installation to Swan's Island, which is home to 350 year-round residents. The undersea cables had been severely damaged over the years by tides and rocks. The new cable contains fibres embedded into the cable to allow fibreoptic use to bring low-cost, high-speed internet to the islands in addition to electricity. The cable was laid on the seabed—rather than being buried—which does not disturb marine flora and fauna. The team used an advanced GPS system to find a route along the seabed with the least amount of rocks and obstructions to prevent cable damage. Using the same method, the team successfully replaced another undersea cable to Isleford—an island summer tourist hot spot and home to 100 year-round residents. Versant Power maintains undersea cables for dozens of islands around Maine and expects to complete two more replacement projects in 2023.

SPOTLIGHT

Becoming the power company of the future

Staying ahead of the rapid disruptions in the energy industry requires future-focused thinking and strategic investment. With our customers at the center of our investment planning, and affordability top of mind, our goal is to deliver value-driven programs to our customers and embrace technology to optimize the full two-way use of our grid. Becoming the power company of the future involves maximizing the potential of our existing assets with new opportunities.

ENMAX is working to improve our core business as it exists today, develop new capabilities and skills, and deliver new products and services. We continue to invest in pilots and studies to test and understand the implications of new models, technologies and energy service offerings. ENMAX is also investing in new technologies and strategic partnerships to enable electrification, so the grid is ready to meet our customers' needs as they choose to electrify. Some of the initiatives and investments we are already exploring include:



Decarbonizing power generation

ENMAX is investing in decarbonization technologies. In 2021, we invested in **Energy Impact Partners (EIP)**, a global investment firm custom-built to invest in the energy transition. ENMAX committed to invest $10 million by 2023, joining more than 60 partners in EIP's efforts to decarbonize the global economy.

Broadly adopting advanced metering

We completed a successful pilot project to test how to integrate **Advanced Metering Infrastructure (AMI)** technology with our existing systems. AMI meters will be rolled out across Calgary over the next several years. 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.

Exporting renewable power to the grid

We completed a successful pilot to enable customers on **secondary networks** to export excess electricity back to the grid. A secondary network is an interconnected web of transformers which provides high reliability but was not capable of exporting power. These specialized networks are used to supply electricity to high-density communities.

Enabling electric vehicle adoption

Our EV charging pilot, **Charge Up**, is helping us understand how Calgarians use EVs and the impact on our electricity system.

Enabling insights on home energy use

Our **Grid Sandbox** demonstration project gathers data from Sense devices that track the power used by individual appliances and equipment in customers' homes. The platform presents this data to customers to provide quick actionable insights on their power usage.

Water use and quality

WHY IT MATTERS TO ENMAX

We recognize water is a precious resource that must be used responsibly. We carefully manage our water withdrawals and monitor our wastewater disposal.

Our approach

The majority of our water use is for essential power generation processes. Intake water is used for cooling purposes in cooling towers and the remainder is purified onsite to create steam in our combined-cycle power plants. Combined-cycle facilities extract waste heat from the gas turbine exhaust and use it to create high pressure steam, which produces additional electricity when expanded across a turbine.

Our water reduction initiatives have been focused on reducing facility water intensity by:

Reducing potable water use

We strive to minimize our potable water use by using as much reclaimed water in our operations as practically possible. Reclaimed water is wastewater that has been processed for reuse for an additional purpose before passing back into the water cycle. By design, our largest generating facility, Shepard Energy Centre, uses 100 per cent reclaimed water from The City of Calgary's Bonnybrook Wastewater Treatment Plant for all its power generation needs. Each year, this saves the plant from having to draw nearly six million cubic meters (m^3) of freshwater from the Bow River.

Optimizing our water use

We seek to optimize water use at our operated facilities in the following ways:

Shepard Energy Centre
While this facility already uses reclaimed water, we have sought to further optimize its water use. The water used in a power plant declines in quality each time it runs through the facility, wherein every pass through the cooling towers increases the concentration of dissolved substances. After three years of research, observation and innovative lab testing, we found the optimal operating efficiency of the cooling towers. This work, which was recognized by Electricity Canada, has increased the reuse cycles from 3.5 to 5, while still maintaining all cooling water chemistry within required concentration limits. This initiative has reduced the plant's annual wastewater volume by 25 to 29 per cent (compared to 2017 values) and reduces wastewater discharged by 430,000 to 500,000 m^3 of wastewater each year.

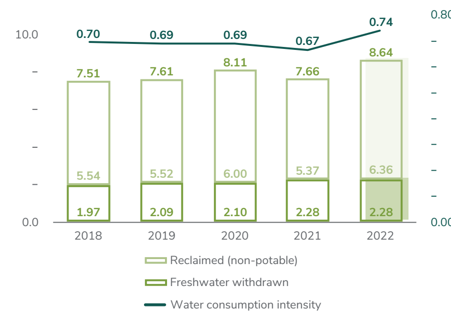
Calgary Energy Centre
We examined our water use at this facility and determined that the plant is already optimizing its water use to the extent possible with existing technology.

Cavalier Energy Centre
This facility is located just east of Strathmore and sources its water from an irrigation canal connected to the Bow River. While using water from this source presents challenges due to source water quality, Cavalier uses a complex process to recycle and treat water at a very high rate of efficiency, leaving very little that cannot be recycled.

Water quality

We comply with all City of Calgary bylaw requirements for wastewater quality disposal in Calgary, which applies to Shepard Energy Centre and Calgary Energy Centre. This includes directives that set out requirements for handling, treatment and disposal. At Cavalier, wastewater is reused to a point where it can no longer be treated and is disposed of using deep well injection in accordance with provincial regulations. More than 99 per cent of ENMAX's wastewater is treated at The City of Calgary's wastewater treatment plants.

WATER USE
million m^3 | m^3/MWh



Our water intensity increased over the last year due to the high utilization rates of our natural gas-fueled generation facilities. Most of the water we use is non-potable and for power generation cooling processes.

~74 per cent of our water withdrawn is reclaimed (non-potable) water.

Air quality

WHY IT MATTERS TO ENMAX

ENMAX Energy operates power generation facilities in Calgary and the surrounding urban area and is committed to helping protect local air quality. In addition to GHG emissions, our operations generate other air emissions that can impact air quality.

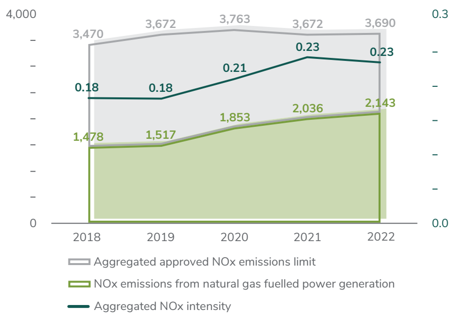
Our approach

We diligently track and report air emissions from our power generation facilities. We are working to reduce these emissions by incorporating emissions reduction technologies, adhering to best practices and maintaining our commitment to continuous improvement.

Nitrogen oxides

We operate our facilities below our allowable nitrogen oxide (NOx) levels, which are facility-based NOx limits granted by Alberta Environment and Parks (AEP) and provincial regulations. To maintain these emissions levels, we use a combination of pre- and post-combustion NOx reduction technologies at our natural gas-fuelled power generation facilities. Two of our power generation facilities use post-combustion exhaust gas treatment (ammonia injection) to reduce NOx emissions. Crossfield Energy Centre has installed low-NOx combustors and Cavalier Energy Centre uses water injection into the turbine to control NOx.

NOx EMISSIONS
tonnes | kg/MWh



We maintain NOx emissions levels from our operated power generation facilities below our allowable NOx levels. However, to reduce excessive wear on equipment, we have had to reduce ammonia injection (one of our NOx reduction methods) and, therefore, have seen an increase in absolute and intensity NOx emissions levels when compared to previous years.

Sulfur oxides

Sulfur oxides (SOx) are no longer a significant source of our overall emissions since the termination of our coal-fired Power Purchase Arrangements in 2016. Our SOx emissions levels vary in relation to the volume of our power generation output.

OTHER AIR EMISSIONS (TONNES)	2018	2019	2020	2021	2022
SOx	16	16	17	13	**18**
Particulate matter (PM_{10})	14	15	15	12	**16**

We generate other air emissions in smaller quantities. While there are no operational approval limits attached to these emissions, ENMAX tracks these quantities annually. Emissions increased in 2022 due to high utilization rates of our natural gas-fueled generation facilities.

Note: Air emissions data only includes our operated power generation assets.

Partnerships to protect air quality

We participate as an industry member of the Clean Air Strategic Alliance (CASA) and Calgary Region Airshed Zone (CRAZ) to represent our power generation assets. CASA is a multi-agency partnership created to help manage air quality in Alberta. CASA's board of directors has representatives from industry, government and non-government organizations. CRAZ monitors, analyzes, and provides information on air quality and develops strategies to manage air quality issues within the Calgary Region Airshed Zone.

Land and biodiversity

WHY IT MATTERS TO ENMAX

Environmental protection and stewardship are integral components of our strategy embedded across all aspects of our business. We endeavour to provide environmentally responsible energy solutions to the communities we serve.

Our approach

At ENMAX, we conduct our business with respect for living species and the land around our operations.

We have an established environmental management system, clear data collection and reporting processes, and strong internal procedures to manage our environmental risks. Our environmental management system is modeled after ISO 14001:2015, an international standard for environmental management.

Land stewardship

ENMAX Power operates more than 40,360 distribution pad-mounted transformers, 112 high voltage substation power transformers and 43 substations. While we continually work to prevent oil spills in our daily operations, we do experience some releases. In 2022, we had four significant[2] spills. Cleanup is expected to be complete by the end of 2023. Some of the ways we are working to reduce spills and improve our land stewardship practices include:

Proactive spill prevention and response
Our routine inspection program includes the assessment of oil-filled equipment because leaks can lead to equipment failure, electrical outages, and costly site clean-up and/or remediation. When minor leaks are identified, we increase inspection frequency to allow for ongoing monitoring and assessment of the leak severity. In instances where a leak condition progresses or a major leak or equipment damage is identified, we schedule the repair or replacement of the equipment, including any site clean-up or remediation required. We also have spill response and reporting procedures to address spills due to equipment failure, including damage and releases caused by third parties.

Versant Power experiences very low frequency and volumes of spills, but can experience oil spills from pole-mounted transformers as a result of storms. Over the past several years, Versant Power's diligent tree and vegetation management practices have helped to significantly decrease these types of spills.

Hydrovac slurry management
We use hydro vacuum excavation, or hydrovac, to safely excavate around buried cables that need repairs. Hydrovac uses high-pressure water to loosen the soil and dig a hole. The muddy excavated material, or slurry, is then suctioned into a tank mounted on a specialized truck and taken to a designated facility. ENMAX advanced our work to pretest soils prior to hydrovac excavation in 2022. Pretesting allows us to clearly identify contaminants in soils and determine the best means of disposal or potential for reuse. We have begun pretesting soils on job sites and are examining different treatment options. A performance audit on our record tracking under the new process was completed in Q4 of 2022 and opportunities for improvements will be shared with field teams in early 2023.

Goats provide natural weed control

Our Cavalier Energy Centre welcomed back about 200 goats from Goats for Weeds in 2022. The goats graze on weeds as a means of environmentally friendly weed control. Goats can safely eat noxious weeds and help regenerate the soil by aerating, mulching, and fertilizing.

After repeat visits at our facility, the weed management program with the herd will shift from initial clearing to basic maintenance, saving time, money and reducing environmental impact compared to traditional herbicide treatments.

[2] A significant spill is defined as more than 500 litres, in alignment with industry standards (including Electricity Canada).

Protecting biodiversity

Across our operations, we work to protect biodiversity while maintaining the reliability of our services. In 2022, ENMAX pre-qualified several environmental consultants to perform a variety of environmental services. Consultants were selected based on a combination of experience and resource availability to ensure that ENMAX project teams have qualified resources to perform specialized biodiversity work when needed.

Preventing disturbance to nesting birds

Birds often use power poles or substation equipment for perching, roosting and nesting. Birds may also nest in areas where project or maintenance work will be carried out. We work to protect birds by identifying high-risk areas, delaying work to accommodate nesting birds and conducting nest sweeps prior to project work. Nest sweeps involve a search of the immediate area by trained biologists to look for breeding birds and nests. After completing a sweep, if nesting birds are discovered, we identify locations where we can complete our work without disrupting the birds and we relocate our crews to these areas. We completed a nest sweep prior to work on the Calgary Ring Road project in 2022. Many different nest sites were identified and we were able to avoid working in the vicinity of the nesting birds without any incidents.

Over the years, Versant Power has built 22 nesting platforms to protect birds while helping to ensure the reliability of its services.

Nesting platforms

In Maine, around coastal areas, ospreys tend to build nests at the top of utility poles, which presents a danger to the birds and raises the risk of disruptions to electric service. After a 2020 incident when an osprey built a nest on a utility pole in Lamoine, Versant Power crews wanted to prevent a future safety risk to the birds while helping to ensure the reliability of its services. Versant Power employees designed and built an alternate osprey nesting platform close by. The platform was built with osprey preferences in mind and required Versant's environmental team as well as the expertise of outside environmental groups, including the Maine Department of Inland Fisheries and Wildlife. Because ospreys like to be at the tallest point above the water, Versant Power crews replaced an existing utility pole with a taller one. Crews installed a square platform with no coverings, as the birds prefer to look down and hunt for fish below without any obstructions. The platform includes a camera (powered by EarthCam) which is powered entirely by solar energy and is situated on a newly built osprey platform overlooking the Mud Creek.

Versant Power crews installed three more osprey nesting platforms in high-risk areas (Deer Isle, Caribou and Machias) in 2022. Over the years, Versant Power has built 22 nesting platforms in total.

Osprey are also common in Calgary's fish-bearing waterbodies. ENMAX maintains and monitors 17 nesting platforms to provide safe places for osprey to nest. ENMAX installed an additional osprey nesting platform in the newly built community of Rockland Park in 2022.

AC2024-0413
ATTACH 6
ISC: UNRESTRICTED

Social

IN THIS SECTION

ENMAX team members come together for a mini give-back to fill bags with candy for Calgary Distress Centre volunteers (foreground); and birthday bags for children of families accessing The Calgary Foodbank (background).

Employee safety

WHY IT MATTERS TO ENMAX

Safety is a core value that underpins our company culture. A solid safety record is also crucial in attracting and retaining talent and maintaining a positive reputation.

2022 HIGHLIGHTS

- **Consistently tracked and refined our safety metric—proactive incident rate (PAIR)—to transition our focus from lagging to leading indicators.**
- **Enhanced our safety culture by embracing human performance philosophy.**

Our approach

Our robust safety policies, procedures and systems guide our work so everyone can go home safe at the end of the day. Our Occupational Health and Safety Handbook sets out our fundamental rules, called the Rules to Live By (commonly referred to in other industries as lifesaving rules). The rules are simple, succinct reminders of the most critical safety hazards that have caused serious injury or worker loss of life in our industry.

A strong safety culture

We encourage a proactive safety culture where every individual takes responsibility and ownership for safety, regardless of their position or work environment. We build our safety culture by continually enhancing our safety communications, broadening our safety awareness and strengthening our safety governance. We also collect employee sentiment on safety, which enables us to establish a baseline for comparison in future years.

Some things we do to improve our safety culture include embedding the concept of human performance philosophy (read more on page 36) and maintaining strong safety governance. Across ENMAX, we have several Joint Worksite Committees (JWCs) that include a mix of leaders, front line workers and individual contributors who meet monthly to discuss worksite safety, past incidents and lessons learned. We also have an Executive Safety and Environment Committee that includes executives from across the ENMAX group of companies, including Versant Power. The committee provides oversight of safety and environment performance and ensures alignment with policy and strategy.

Additionally, ENMAX is a member of Electricity Canada's Occupational Health & Safety Committee, which provides opportunities to share and learn from peer companies across Canada.

Our safety processes

Hazard identification and assessment is how we determine and evaluate both the existing and potential hazards in our work. Our key safety processes related to hazards include:

Hazard identification
Our hazard identification program covers activities across all business units. In addition, ENMAX Energy implemented the Assess and Share Knowledge (ASK) program to provide a formal process for workers to proactively discuss how they will perform a job, share knowledge and insights, document the conversation and report findings back to the observer and their supervisor.

An enhanced tailboard process
Workers must also complete a field-level hazard assessment to proactively identify and control hazards in their work areas and environment. At ENMAX Power and Versant Power, these are called tailboards and are completed by our field teams in real-time on electronic devices. We have integrated ENMAX Energy's work permit process into a single electronic tailboard process and are working towards full implementation. Standardizing and consolidating this process will enable improved tracking of hazard trends and create better alignment across ENMAX.

Hazard ranking
We rank all identified hazards based on their probability, severity and frequency. The rankings enable us to prioritize and maintain quality data around the hazards observed in the field and allow us to prioritize all corrective actions so they can be monitored through to completion.

In November 2022, ENMAX received the Electricity Canada President's Award of Excellence for Employee Safety in the Distribution category.

Focusing on high-risk activities and common injuries

We have customized safety programs that target:

Driving
ENMAX mitigates driving risks through the use of: 1) electronic monitoring devices in mobile fleet vehicles that track driver behaviour data to help reduce unsafe driving, 2) extra safety measures for our heavy-duty mobile fleet (greater than 11,794 kilograms) such as licence class audits and specialized driver safety training courses, 3) a driving simulator that teaches about distractions and 4) supplementary training following any driving incidents. Given Versant Power's large service territory, employees must drive long distances for work (6.3 million kilometres in 2022). To reduce the risk of vehicle accidents, Versant Power is diligent about auditing qualifications for specific driver class licences, reinforcing driver skills in its apprenticeship program and assisting workers with driver training. In recent years, we have directed additional focus towards distracted driving awareness for both ENMAX and Versant Power.

Electrical contact
Electrical hazards pose high risks to our employees, contractors and the public. We follow strict lockout/tagout requirements to safely shut down and isolate or disconnect equipment to protect workers from unexpected releases of energy. ENMAX Power's apprentice training program provides new workers with proper supervision and support and, as part of our journeyman refresher program, our Alberta powerline technicians go through annual reviews and assessments of key high-risk activities.

Versant Power has an in-house four-and-a-half-year apprenticeship program for line workers. In 2022, six apprentices completed the program and received their First-Class Line Worker status and 42 are currently in various stages of progression. In addition to apprenticeship training, about 200 operations employees received additional training in 2022 on topics such as Equal Potential Grounding (EPZ), Three Phase Bank Troubleshooting, and new line equipment.

Slips, trips and falls
Slips, trips and falls are a common cause of injuries in Alberta and Maine compounded by winter weather. At our facilities, we invest in housekeeping efforts such as plowing and salting. We provide frequent up-front messaging prior to known hazards, such as windstorms or heavy snowfall. We send bulletins to leaders to speak at safety meetings and provide reminders about common hazards. ENMAX and Versant Power each have employee-based safety committees that provide opportunities to discuss these bulletins and lessons learned from past incidents. We also encourage the use of traction aids, such as proper footwear (like ice cleats) and the use of salt de-icers to place onto snow and ice in high-traffic areas.

Field and office ergonomics
Approximately half of Versant Power's injuries are soft tissue injuries. To help address these, the company has a field ergonomics program in collaboration with an occupational therapist and three internal resources. The program assesses field workers completing tasks and recommends improvements.

Safety training saves a life

Each year as part of its ongoing safety training program, Versant Power provides refresher training on cardiopulmonary resuscitation (CPR) and the use of automated external defibrillators (AEDs) to its line workers.

On a cold winter day in February 2022, a crew of Versant Power line technicians (who had just taken their CPR/AED refresher training that morning) needed these vital skills to save a coworker's life.

Their fellow line worker had suffered a heart attack while shoveling snow near a pole replacement site. Several coworkers immediately performed CPR, used an AED and continued chest compressions until an ambulance arrived. Emergency medical technicians arriving on site indicated that their actions had saved the life of their coworker, who has since recovered and returned to work.

Progress in 2022

To advance our vision of being a leader in proactive safety, in 2022 we progressed our focus on leading indicators and strengthened our safety culture through the normalization of human error.

Moving towards a more proactive approach to safety

Using leading indicators effectively requires a perspective shift—from the traditional approach of *minimizing negative* safety behaviours to *increasing positive* safety behaviours. Key ways we are shifting our approach and metrics tracking include:

Tracking and refining our proactive metric
We developed a company-wide proactive incident rate (PAIR) calculation that combines several leading indicators and measures them as a frequency rate. In developing this metric, we collaborated and leveraged lessons learned from Versant Power, who have measured and linked their PAIR metric to performance for all team members since 2016. We are now tracking a single PAIR metric consistently across the organization using a dashboard. We also formed a company-wide working group in 2022 to examine and refine how we measure PAIR.

Learning from near misses
We take all our near misses seriously and consider them an opportunity to learn and improve before somebody gets hurt. We experienced eight near misses in 2022 that were considered serious. We conducted a root cause analysis for each serious near miss and identified corrective actions and learning opportunities to prevent future incidents.

Enhancing our safety culture

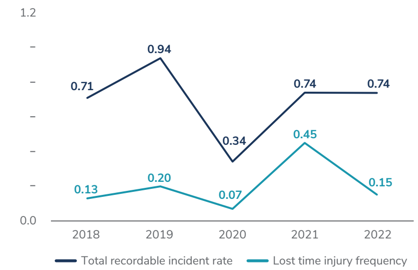
We enhanced our safety culture in 2022 by:

Embracing human performance philosophy
We are integrating the philosophy of human and organizational performance into our safety management approach and processes. The philosophy emphasizes that because human error is normal, we must build processes and procedures that are error tolerant and allow our workers to successfully manage complexity and variability and fail safely when incidents happen. This philosophy is founded on five principles: human error is normal, blame fixes nothing, context drives behaviour, learning is essential, and how leaders respond to errors and incidents matters.

We also circulate communications following incidents, share corrective actions across the organization to promote learning and have developed learning teams to support continuous improvement.

Focusing on high-risk tasks
At ENMAX Power, we have increased our focus on high-risk tasks (HRTs). HRTs are activities that are most likely to result in serious harm or injury, such as live line tasks or work in manholes. We developed an HRT app in 2022 for our field workers to identify and rank the HRTs where we can further mitigate risk. We then developed Learning Teams to find ways to make the work even safer.

SAFETY METRICS – ENMAX
injuries per 200,000 hours worked



While we experienced an increase in our lost time injury frequency rate in 2021, we were able to reduce it in 2022 through our focus on enhancing our safety culture, improving our safety processes, and improving our planning and execution of high risk work.

Note these statistics exclude Versant Power.

SAFETY METRICS – VERSANT POWER	2020	2021	2022
Proactive Incident Report (PAIR) rate (Proactive measures per 200,000 hours worked)	867	1,020	**1,031**
Total recordable incident rate (Injuries per 200,000 hours worked)	0.94	0.67	**1.63**
Lost time injury frequency (Injuries per 200,000 hours worked)	0	0	**0**

We continue to work to reduce Versant Power's total recordable incident rate by focusing on proactive reporting, additional peer-to-peer training, implementation of the Safety Classification Learning model, and better communication of incident investigations and lessons learned from those events.

Contractor safety

WHY IT MATTERS TO ENMAX

Our contractors are a valued and essential part of our workforce. Taking care to select contractors with best-in-class safety records and effectively managing contractor safety leads to improved engagement, alignment, stronger working relationships and improved safety for all.

2022 HIGHLIGHTS

Versant Power advanced its implementation of ISNetworld and updated its contractor safety program.

Our approach

We work alongside contractors who partner and collaborate with the ENMAX team. In some of our business units, we also work with contracted companies, which are third parties that do work on our behalf.

Contractor safety

In our ENMAX Energy-operated generation facilities, the majority of our workers are employed by a single contracted company. The site management teams perform regular site observations and undertake the ASK process to verify that safety protocols and procedures are being followed and the work is safe. At our Alberta corporate office locations, contractors may include security guards, cleaners or crews completing facility upgrades to ENMAX Place or our South Service Centre. We oversee contractors working at our office locations to verify they are performing daily field-level hazard assessments and they have the proper hazard reporting protocols in place.

Working with safe companies

At ENMAX Power and Versant Power, we work with contracted companies that provide construction, maintenance and other services. We hold all contracted companies we work with to high safety standards.

Choosing safe contractors
As part of ENMAX's contractor selection process, each contractor must be registered with ISNetworld, an online contractor and supplier management platform used to prequalify and monitor contractors. Each contracted company must fully demonstrate technical capabilities, adequate safety practices and have appropriate insurance in place.

We meet with selected companies to audit these items and review that they have adequate safety and environmental management systems in place. We ask questions regarding safety practices including their exposure hours, incidents, serious near misses and hazard reporting practices. In some contracts, we ask them to provide us with their improvement initiatives over a three-year period. An internal dashboard allows us to monitor this data and informs decisions. We continually seek opportunities to improve the way we work with our contractors and may periodically re-evaluate our minimum safety requirements.

In Maine, Versant Power advanced its implementation of ISNetworld (read more on page 66) and updated its contractor safety program to combine environment and safety components, streamlining contractor onboarding.

Contractor management
To promote a consistent approach from the third parties that do work on our behalf:
– Our field inspectors are onsite daily to verify that contractors use the approved safety and work procedures.
– We hold monthly meetings with contracted companies, including a quarterly scorecard review between the contracted company's management and our safety team, supply chain management and management to review incidents, hazard reporting and the status of any corrective actions.
– We monitor all contracted companies to confirm that any incidents are followed up with an investigation, corrective actions and preventative measures.

Emergency preparedness and crisis management

WHY IT MATTERS TO ENMAX

Reliable power generation and delivery depends on both maintaining our assets and on restoring power when outages or emergencies occur. The last several years have intensified our resolve to enhance our resiliency and ensure business continuity and power delivery through a variety of crises.

2022 HIGHLIGHTS

- **Advanced our business continuity planning through workshops, identifying our critical business processes and impacts.**
- **Completed 12 emergency exercises and advanced our preparedness for extreme weather events.**

Our approach

We use the internationally recognized Incident Command System (ICS) to manage our emergency response. ICS is a standardized command and control system used to manage emergency incidents. We maintain a regularly reviewed Incident Management Plan, which contains all emergency response plans and protocols. Our emergency preparedness is tailored to our power generation and transmission and distribution teams:

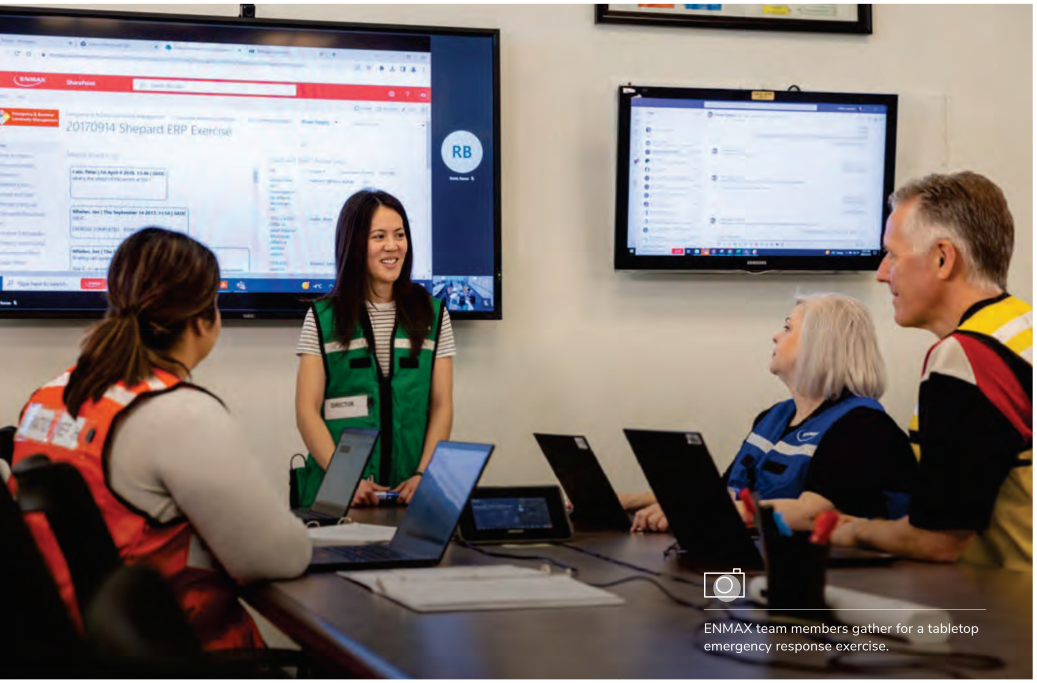
Power generation

Emergency preparedness at ENMAX Energy means ensuring our generation facility control centre, field and power plant employees are equipped to respond safely, while complying with all requirements of the Alberta Interconnected Electrical System. Our employees receive emergency response training as part of their operational training and during regular emergency exercises. Each year, we conduct a combination of full-scale and virtual tabletop exercises, and pandemic-type exercises are now part of our scenarios.

Transmission and distribution

ENMAX Power is a partner member of the Calgary Emergency Management Agency (CEMA), which plans and coordinates emergency services and resources during major emergencies and disasters in Calgary. We participate in all their drills, exercises and preparedness planning, along with our neighbouring utilities. This collaboration supports public and staff safety, minimizes damage to electrical infrastructure, and allows for faster recovery and return to normal operations, resulting in less disruption to our customers. As a key CEMA member, we have seats at their Emergency Operations Centre, which opens during disasters or major emergencies and acts as The City of Calgary's coordination centre. To test the real-time effectiveness of our response, we also complete one full-scale exercise per year with one of our closest mutual assistance partners, EPCOR. These exercises are multi-agency, multi-jurisdictional activities involving the mobilization of emergency personnel, equipment and resources, as if a real incident had occurred. Our aim is to complete one emergency response exercise per quarter.

Employee at our Cavalier Energy Centre conducting daily operations monitoring.



ENMAX team members gather for a tabletop emergency response exercise.

We completed 12 emergency exercises in 2022 and advanced our preparedness for extreme weather events.

Progress in 2022

In addition to expanding our personnel trained in ICS at ENMAX, we completed 12 emergency exercises across all business areas in 2022. The exercises included a combination of cybersecurity exercises and full-scale and/or virtual tabletop exercises.

Preparing for emergencies

Calgary saw both record low and record high temperatures and Western Canada experienced extreme events including forest fires in 2022. Although our assets were not significantly impacted, we dedicated time and focus to prepare for these types of events.

ENMAX Energy and ENMAX Power participated in 12 tabletop emergency exercises during 2022. Tabletop emergency exercises are sessions in which team members discuss their roles during an emergency and their responses to a particular situation, with a facilitator guiding participants through the scenario.

Versant Power completed its annual System Emergency Operations Plan tabletop review exercise in 2022, involving all Emergency Operations Center leads in a storm response scenario. From this exercise, Versant Power incorporated process improvements and learnings into the plan for use in future emergency restoration events.

ENMAX participated in two multi-agency exercises to practice coordination with other agencies:

- The annual province-wide “black start” exercise held by Alberta Electric System operator (AESO). A “black start”-capable power generation facility is a power plant that can provide the first minimum amount of electric power needed to activate the power grid in case of a complete blackout caused by an unforeseen emergency situation.
- The Alberta Coordinated Resilience Exercise (ACRE) organized by AESO. ACRE is a province-wide cyber incident response exercise focused on communications during a response and how the AESO would interface with energy market participants and external entities during such an incident.

We prepare for a variety of incidents including cybersecurity and extreme weather events. Some examples of our 2022 exercise scenarios included heavy rains resulting in river flooding, an extreme cold event, conditions that are conducive to pole fires, pandemic-related staffing loss prior to a maintenance outage and simulating a fire at our battery installation at Crossfield Energy Centre.

Advancing our business continuity planning

Through numerous workshops with leaders from nearly every business unit at ENMAX in 2022, we identified our most critical business processes and the impacts if each were disrupted. Using a standard risk framework, we assessed the impacts of disruption and developed a list of the most critical processes. We are now examining the technology that supports these processes to understand our disaster recovery capability, including what could cause a system to go down, how long it would take to restore, and the impact of disruption or data loss on the process. Our next step is to identify and implement improvements to our disaster recovery capability and to build out business continuity plans for critical processes. We intend to use ISO 22301:2019—an international standard for business continuity management—to inform our future path.

Public safety

WHY IT MATTERS TO ENMAX

Public safety around electricity is extremely important. We are active in promoting the safe use of electricity in the community.

Our approach

We are committed to keeping the public safe while conducting our business. In our operations, one of the most significant risks to public safety is electrical contact with underground or overhead distribution lines or transformers. We strive to do our part to protect, educate and inform the public about electrical safety risks through the following:

Timely communication about outages

As power outages can impact public safety (for example, if traffic lights go out), we maintain the ENMAX Power Trouble Response Hotline for reporting outages and offer our Calgary Outage Portal Map to publicly communicate outage location, cause and estimated time of restoration. Versant Power also maintains a live outage map with outage information and estimated restoration times.

Protecting the public and our assets

Many types of digging or excavations can pose hazards to the public, workers and the environment. In Alberta, before excavating we encourage individuals to use Alberta One-Call, a free service that notifies ENMAX Power. Additionally, our ground disturbance guidelines provide requirements that companies and individuals must comply with when exposing buried ENMAX Power cables or equipment. In Maine, Versant Power is a member of the Dig Safe® system, a communication network similar to Alberta One-Call, that notifies Versant Power prior to any intended ground disturbance by the public.

Providing power safety education

We continue to broadly share our Hazardous Electrical Awareness Tutorial (HEAT), a free safety presentation available to the public and first responders. The presentation demonstrates how to work safely near electrical infrastructure in Calgary and what to do if there is a failure in the system. To further promote power safety awareness, ENMAX's safety team has long provided the same important messages in a 90-minute presentation to contractors and first responders, such as firefighters and police officers. ENMAX returned to providing this session in person in 2022, offering it more than 38 times (with an attendance of 814 workers). Versant Power has a public safety team composed of employees who volunteer to provide safety training for fire and police departments (including the Maine State Police Academy), emergency medical technicians and other civic organizations. In 2022, Versant Power shared a video about electrical safety near powerlines to raise public awareness on this topic and is developing a new school-aged program in which a safety specialist will visit fourth-grade classrooms to provide a presentation on electrical safety.

Promoting electricity safety through the ENMAX Rodeo & Safety Expo

We host annual public events to bring awareness to electricity safety. Our ENMAX Rodeo & Safety Expo is a family-friendly event that showcases the technically complex roles of powerline technicians and rewards the safe and proficient execution of necessary skills through a series of fun, competitive events. More than 40 powerline technicians from across the province participated.

The event highlights the critical importance of safety as a core value and celebrates the essential role powerline technicians have in our everyday lives. This event includes our rodeo competition, safety expo, trade show and family fun zone. More than 1,500 people attended in 2022.

See photos from the 2022 event.

Diversity, inclusion and belonging

WHY IT MATTERS TO ENMAX

We believe that diverse views improve decision-making and contribute to improved financial and operational performance. A diverse and inclusive workforce fosters unique perspectives that enhance our culture, spark creativity, foster innovation and create value.

2022 HIGHLIGHTS

All people leaders across ENMAX completed inclusive leadership competency training.

Our approach

Across our organization, we work to foster a culture of inclusion that embraces diversity and allows everyone to feel respected, valued and like they belong. We do not tolerate any form of harassment at ENMAX. Our *Safe and Respectful Workplace Standard* guides our efforts around fostering a healthy and respectful workplace. Team members complete training to understand this standard when they join the organization and undertake annual refresher training. We maintain a Diversity, Inclusion and Belonging Executive Steering Committee to progress initiatives, identify opportunities for improvement and provide governance and direction on diversity and inclusion matters.

Diversity and inclusion roadmap

Our three-year Diversity, Inclusion and Belonging roadmap outlines our aspirations to achieve cultural transformation and plans our approach to improve diversity and inclusion. Year one of the roadmap, in which we focused on building foundational structures and enhancing internal practices, is now complete.

Supporting equal access to opportunities

We are committed to the principles and practices of equal employment opportunity. In Maine, our commitments are formalized in Versant Power's *Diversity and Inclusion Policy*. As a federal contractor in Alberta and Maine, we are required to employ and promote the advancement of qualified persons with disabilities, minorities, women, Indigenous individuals and veterans. To meet the requirements, Versant Power maintains an objective external third-party audit and completes an annual filing of its Equal Employment Opportunity and Veterans' Employment and Training Service reports.

Versant Power also developed an Affirmative Action Plan that sets specific targets to increase its underrepresented populations through outreach efforts and training programs.

Ongoing supports for mental wellness

We believe strong mental health is foundational for developing a culture of inclusion and the skills we gain from having difficult conversations related to mental health make our culture more welcoming. We continue to invest in our team's mental and physical wellbeing. To create a space where we promote psychological safety and wellbeing, we offer access to headversity for our employees and their families.

The *headversity* app provides video and audio lessons, articles and practice tools to help employees build key resiliency skills and mental health awareness. We also offer our Mental Fitness program, which provides a variety of ongoing sessions and webinars to help our employees keep their brains and emotional health in shape. Read about our new 2022 activities related to mental wellness on page 44. In Maine, Versant Power added mental health awareness sessions delivered by a licensed clinical practitioner to its annual all-employee Safety Training Days curriculum.

Progress in 2022

Over the past year, we have worked towards more inclusive leadership and have encouraged dialogue and awareness around inclusion. The following efforts support our vision of building a workforce that is reflective of our communities and where everyone has a sense of belonging.

Improving our policies and systems

Our policies establish appropriate and expected behaviour and form the foundation to building a more inclusive culture.

Vendor and customer practices
We completed assessments of our customer and vendor practices using the Centre for Global Inclusion's Global Diversity, Equity & Inclusion Benchmarks (GDEIB) as per our ESG target in 2022. We held a focus group with representatives at different levels of the organization. Using the GDEIB assessment as a framework, we benchmarked our current customer and marketing practices. Building upon this foundation, a committee will identify goals to progress our practices.

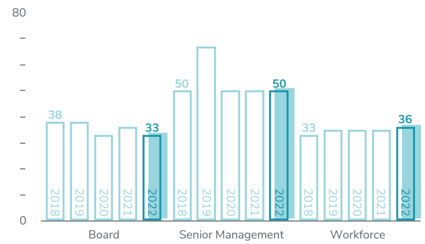
Fostering inclusive and empathetic leadership

We want to foster a culture where employees feel a sense of belonging and believe that this starts with inclusive leadership. Inclusive leaders respect the uniqueness of each individual and create an environment where all individuals can unlock their potential, thrive and grow.

Inclusive leadership training
In 2020, we set a target for all senior leaders (directors and above) to complete inclusive leadership competency training. In 2021, this training was completed by all our senior leaders and by all other people leaders in Alberta in 2022. The training supports leaders in understanding their own unconscious bias, the business case for diversity, inclusion and belonging, as well as how to leverage a team's unique identities and ways of working. It also equips leaders with tips to start healthy conversations about diversity and inclusion with their teams. Now that all people leaders have taken the training, we are moving to a sustainment model in which all newly hired leaders take the training as they take on new leadership roles.

Sessions for leaders on empathy and more
As part of our annual Leadership Summit for all people leaders, we offered four training sessions. One was a 50-minute empathy and inclusion session, completed by 72 leaders, which featured practical tips for becoming a more empathetic leader in one's day-to-day work. The other sessions included psychological safety, team cohesion and crucial accountability.

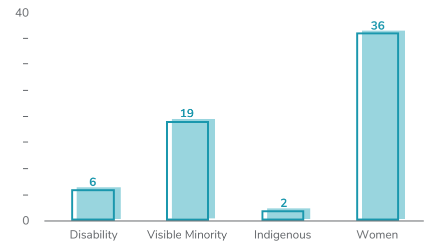
WOMEN AT VARIOUS LEVELS
per cent



We have gender balance in senior management roles (senior vice-president and above), but will continue working on promoting diversity, inclusion and belonging across the entire organization.

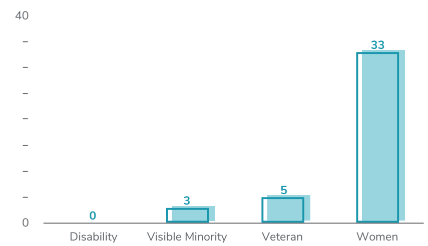
We believe that a culture where employees feel a sense of belonging starts with inclusive leadership.

2022 REPRESENTATION IN OUR WORKFORCE – ALBERTA
per cent



As a federal contractor, ENMAX reports in alignment with the Federal Contractors Program for Employee Equity. Categories are not inclusive of all diversity groups. Workforce demographics outside of gender are based on self-disclosed data from 69% of our workforce.

2022 REPRESENTATION IN OUR WORKFORCE – MAINE
per cent



As a federal contractor in Maine, we are required to employ and promote the advancement of qualified persons with disabilities, minorities, women, and veterans.

Developing a culture of inclusion

Through organizational and employee-led initiatives, ENMAX is creating momentum that is advancing inclusion and belonging organizationally. Employees and leaders are increasingly demonstrating their readiness and willingness to support, participate in and co-create an inclusive culture. Our focus in 2022 included broadening our employee resource group, ENPower, and creating more opportunities for employees to initiate and participate in inclusion activities.

Standing against bullying and harassment
ENMAX team members were encouraged to wear pink on Pink Shirt Day (February 23) and were provided with information on how to stand against bullying and harassment, including where to turn for help. Pink Shirt Day began in 2007 when a student in Nova Scotia was bullied for wearing a pink shirt to school. It has since been recognized annually worldwide as a day to stand against bullying.

Introducing diversity training
As part of its corporate mandatory training in 2023, Versant Power plans to launch a new training course for leaders with an emphasis on diversity and inclusion.

ENMAX team members in Alberta participated in Orange Shirt Day to honour the lost children and survivors of residential schools in Canada and recognize the lasting impacts of residential schools.

Growing our Indigenous awareness

We are actively working to grow our understanding of Indigenous histories and culture through learning opportunities, observances and events.

Learning about Indigenous histories
As part of National Indigenous History Month in June 2022, ENPower provided employees in Alberta the opportunity to advance their Indigenous awareness and celebrate the culture of First Nations, Inuit and Métis Peoples. Employees had the opportunity to participate in land acknowledgment information sessions led by two Elders from Siksika Nation and attend culture celebration events promoting Indigenous artisans and performers. Our Leadership Summit featured Indigenous cultural content including a traditional dancer and drum performance.

Orange Shirt Day
In Alberta, in recognition of the National Day for Truth and Reconciliation on September 30, we participated in Orange Shirt Day across ENMAX. This is a day to recognize the history of residential schools in Canada and to honour the survivors and their communities. We again invited employees in 2022 to post on our intranet site about what Orange Shirt Day means to them (in terms of their recognition of the experiences of residential school survivors) and to share how they planned to advance their own learning. We saw a 30 per cent increase in employee posts made and more meaningful actions compared to 2021. We also promoted orange shirts internally though our community partner, Trellis, which received funds from every orange shirt sold to employees.

Supporting holistic wellness

We strive to help our employees maintain balance across different health dimensions including financial, physical and mental wellbeing.

Building a healthy workplace
In Alberta, ENMAX observed Healthy Workplace Month in October to empower our employees to do their best, take care of themselves and help others. We provided sessions and webinars on a variety of health-related topics from physical wellness (Man Van and optometry services) to financial wellness (budgeting and pension planning) culminating in our first in-person Wellness Fair since 2019.

Understanding barriers to wellness
In support of both Healthy Workplace Month and ongoing diversity, inclusion and belonging work, ENMAX united with community partners to host a panel discussion on Barriers to Wellness for Marginalized Communities. The conversation was an opportunity to shed light on the experiences of those living with marginalized identities and the barriers to accessing care for mental health and wellness.

Buddy Up program
We piloted the Buddy Up program with our ENMAX Power field services crew in June. Buddy Up is a national campaign aimed at decreasing men's suicide rates and is delivered by the Centre for Suicide Prevention. This suicide prevention program by men for men encourages real conversations with friends and provides ways to support those who are struggling with thoughts of suicide. The Buddy Up program included a virtual discussion session and an employee challenge, and started some good conversations about a topic not usually talked about.

Supporting mental wellness
ENMAX continued its focus on supporting mental health in 2022 with several sessions for both leaders and employees including:

- A psychological safety session for leaders as part of our Leadership Summit.
- Engaging external expertise to provide a mental fitness program for all employees.
- A burnout session for leaders led by external experts.
- The headversity app (available to all employees).
- The Working Mind from the Mental Health Commission of Canada (call centre employees).
- Mental Health Navigator from Teladoc (all employees, dependents, parents and parents-in-law).
- Comprehensive benefit coverage for psychological services (all employees and dependents).
- Implementation of new Employee and Family Assistance Program with option for virtual, telephone and in-person appointments. Employees and family members can select the therapist of their choice based on gender, language spoken, cultural and spiritual backgrounds, and continue to see the same therapist through our extended health care benefits once free sessions have been used.

Wellness
Versant Power continued its wellness initiative that includes mental wellbeing and financial and physical health. They offered monthly wellness newsletters and hosted wellness events during the month of May to recognize Mental Health Awareness Month. The wellness committee participated in Safety Days in September to recruit new committee members and to offer employees a survey to learn more about their wellness interests. In November, the wellness committee launched an employee recipe book.

Versant Power also engaged external experts to provide training on understanding mental health, understanding and addressing burnout, and building resilience. Targeted sessions were delivered specifically for leaders and for all employees.

We are working to support our employees in maintaining balance through open conversations, acceptance and holistic wellness.

Supporting the 2SLGBTQ+ community

In September, tens of thousands of people gathered to watch more than 160 parade entries march down 9th Avenue in Calgary for the Calgary Pride Parade. ENMAX is proud to have sponsored the Calgary Pride Parade and Festival for the last six years. ENMAX team members, their families and pets marched with our bubble-blowing ENMAX bucket truck and handed out 9,000 Pride flags to attendees along the route. Our support of Calgary Pride provides purposeful opportunities for us to show up for our 2SLGBTQ+ customers and team members.

Employee engagement and development

WHY IT MATTERS TO ENMAX

Fostering the potential of our people is critical to our success as an organization. Engaged employees have fewer safety incidents, are healthier and more customer-focused, and feel valued, respected and invested in their own success. Strong employee engagement and development improves organizational effectiveness and contributes to a more satisfied workforce, increased retention and a better bottom line for our Shareholder.

2022 HIGHLIGHTS

- **Completed fourth annual employee engagement survey, with results showing a meaningful improvement in engagement.**
- **Expanded our Coaching 101 program for leaders with a Coaching 201 program to provide opportunities for practical application of skills.**

Our approach

At ENMAX, we care about how committed, invested and engaged our team members are. We understand that learning and development are critical factors in employee engagement, and therefore target our programs to support employee growth by providing opportunities for career development. We complete annual employee engagement surveys and are working to ingrain employee engagement into daily practices.

In Maine, Versant Power offers professional development, and human resources programs and practices such as employee engagement surveys, succession planning for key positions and a tuition reimbursement policy. Versant Power's talent acquisition practice is to source talent from the local service territory.

Progress in 2022

Over the past year, we have continued to measure and improve our employee engagement and have worked to support the learning, development and advancement of our team members in the following ways:

Measuring engagement

At ENMAX, we have conducted an annual employee engagement survey through Gallup since 2019. After each of these surveys, results are shared with all employees. All employees are involved in action planning within their teams. We maintained our very high employee participation rate in 2022, and continue to exceed the average participation rate of 87 per cent among electricity service provider peers according to Gallup. In comparison to our first survey, we now have an additional 250 engaged employees.

In the survey, there are a set of questions that measure a "culture of inclusion" index. Gallup's inclusion index measures three fundamental qualities of inclusive culture: respect, strengths and trust. ENMAX's inclusion mean scores have increased year over year since 2019. We were encouraged to see increases in all three dimensions of the 'culture of inclusion' index, which suggests that employees feel our workplace operates with respect and integrity and that ENMAX is committed to building the strengths of each employee. Overall, our results in 2022 show improvements (that are statistically significant, according to Gallup) across Gallup's core engagement questions.

Versant Power launched its second engagement survey through Gallup in September 2022. The survey results showed improvements across each of Gallup's core engagement questions and that Versant Power continues to score high on engagement. To follow up on the survey results, leaders will be developing and implementing action plans in early 2023. Versant Power's HR team is delivering monthly newsletters to leaders to provide additional education, resources and guidance on creating engagement within their teams. The newsletter covers a monthly theme and includes a related podcast, article or webinar.

New options for flexible work

Mindful that employees' needs are shifting, ENMAX introduced a more flexible work arrangement in 2022. Our new hybrid work model enables employees to work from the office on Tuesdays, Wednesdays and Thursdays, with the option to work from home (for employees whose positions allow) on Mondays and Fridays. Through these flexible work options, employees are better able to meet their obligations outside of work and enjoy improved work-life balance.

ENMAX was selected as one of Alberta's Top 75 Employers (2022).

Learning and development

Our goal in 2022 was to build on the learning opportunities offered to leaders in 2021 with a focus on skills and capabilities useful in regularly changing environments. In addition to skill development, our learning opportunities created a sense of belonging and connection for participants. We advanced our learning and development offerings this year through:

Talent mobility
We continued to mature our talent programs and develop leaders in our organization through ongoing focus on development needs, internal mobility, project work and succession planning. Development plans include providing targeted leadership development opportunities, from offering education to target specific needs to providing opportunities for leaders to gain skills development experience. ENMAX's succession practices enhance cross-functional awareness of our talent pool, identify development areas and mitigate the risk of unexpected leadership vacancies. In 2022, we moved to a development-oriented talent assessment process using four categories that promote more meaningful discussion about an individual's potential, performance and follow-up development activity.

Industry acumen
This program provides industry-related information and technical knowledge for those new to ENMAX or the electricity industry. In 2022, 105 employees participated in a revamped program that provided new self-paced e-learning content, offered sessions hosted by ENMAX's own senior leaders and shared industry knowledge from Western Energy Institute speakers.

Mentorship
We continued our internal mentorship program, which matched 150 pairs of mentors and mentees in 2022 and established formal mentoring relationships over six months. Many of these relationships continue informally following completion of the formal program.

Communication for leaders
We launched two programs to provide communication tools to ENMAX leaders in Alberta. First, more than 31 directors and vice presidents received *Communication for Senior Leaders*, a four-week training program with one-on-one coaching that helps senior-level leaders craft a compelling vision, clear messaging and cultivate a leadership presence through their communications. Stemming from positive feedback about the first program, we launched Speaking as a Leader. In 2022, 50 mid-level leaders participated in this popular four-week program and learned how to communicate a powerful message in a concise and clear manner.

Senior leadership coaching
We continued our partnership with a Calgary-based executive coaching firm to provide a group of 18 senior leaders with individualized coaching to support leadership and personal development growth. An additional 17 alumni participants continue to be supported through this program by accessing supplementary coaching support on an as-needed basis.

Coaching 201
In 2022, ENMAX built on Coaching 101 (a three-hour introduction to coaching program for 78 leaders focusing on building fundamental coaching skills) with a new Coaching 201 program. The new program saw over 30 per cent of the leaders who completed Coaching 101 continue to engage in deeper conversations and receive support in the practical application of their emerging coaching skills.

Unions

WHY IT MATTERS TO ENMAX

We welcome the contributions of organized labour and respect the right of our employees to associate. More than 60 per cent of our workforce is represented by union members of the International Brotherhood of Electrical Workers (IBEW) Local 254 and the Canadian Union of Public Employees (CUPE) Local 38. Forty nine per cent of Versant Power's workforce is represented by the IBEW.

Our approach

We endeavour to be proactive in our communications and transparent as decisions are made. We consult with union representatives in advance of policies or business initiatives that directly impact union members. Collective bargaining agreements for both unions have a well-defined and documented process for raising grievances.

Collective agreements

ENMAX engaged in negotiations with the IBEW in 2022, reaching a tentative agreement which was ratified by the IBEW membership and began collective bargaining with CUPE in Alberta. In Maine, Versant Power successfully negotiated an extension to its collective agreement with the IBEW.

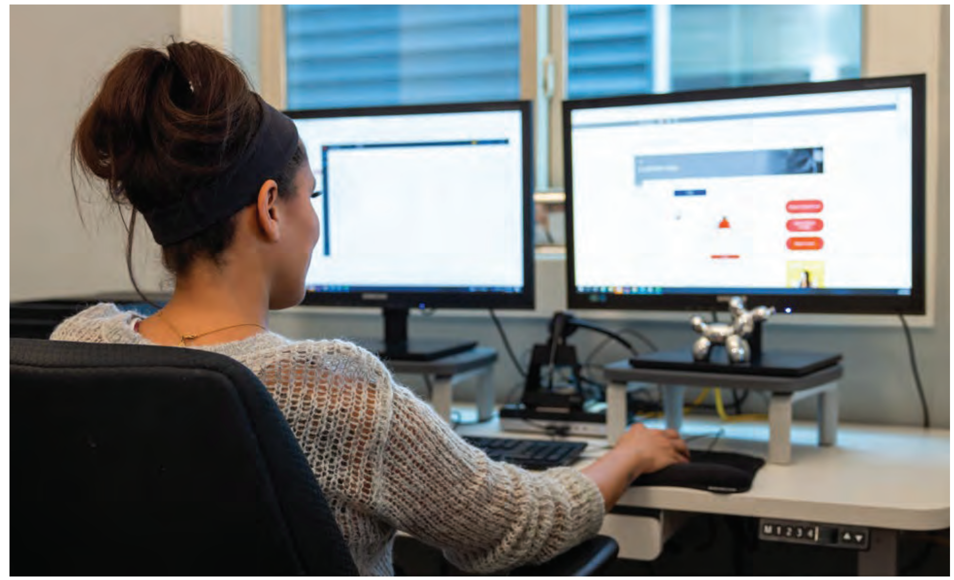
Valuing our collaborative relationships

We value the positive relationships we have with our bargaining unit representatives. Some of the most common matters we work with our unions on are compensation, job stability and outsourcing. We strive for open two-way dialogue to enable effective issue resolution. To promote collaborative union relationships in Alberta, some of the structures we have in place include:

Employee Relations Council
This council (which is a bargaining item within the IBEW) is a way to work through issues or concerns that need to be resolved outside of active bargaining.

Bid Committee
This committee includes representation from the IBEW and ENMAX management and meets as required to discuss any changes to job descriptions or qualifications.

Job Evaluation Committee
Any significant changes to job descriptions go to this committee for discussion and agreement. The committee includes representation from the CUPE and the ENMAX labour relations and total rewards teams.



Collaborating to improve work flexibility

ENMAX's flexible work arrangement (see previous page sidebar) was originally introduced as a pilot program. After receiving overwhelmingly positive feedback, we worked with our union partners to implement the new hybrid work model as a permanent program. We are aligned in making the program work with operational efficiencies and are committed to working through these changes.

Energy affordability

WHY IT MATTERS TO ENMAX

Electricity is an essential need, and energy affordability is critical to our customers' quality of life. We aim to help eliminate barriers for vulnerable customers that may impact or inhibit access to safe, reliable and affordable electricity.

2022 HIGHLIGHTS

Exceeded our target to spend at least 30 per cent of our community investment budget on energy affordability.

Increased our funding to three of our long-standing community partners to support basic needs.

Our approach

We manage our energy affordability efforts across Alberta and Maine through a cross-functional Energy Affordability Working Group overseen by an Energy Affordability Steering Committee. The steering committee is responsible for providing strategic direction that promotes continued attention and action on the topic of energy affordability. The working group is responsible for knowledge sharing and progress tracking. We centre our efforts on supporting customers at each stage of the affordability lifecycle:

- Crisis management – relief to customers in energy-need crisis through agency partnerships.
- Prevention – programming to reduce barriers to affordable-energy access.
- Conservation – sustainable and efficient energy solutions, tools, education and awareness.

We have a range of community partnerships and customer programs in place to improve access to energy:

Supporting vulnerable customers
In both Alberta and Maine, we have a dedicated payment arrangements team that offers payment arrangements or installment plans to assist customers struggling to pay their electricity and/or natural gas bill and also connects customers with community resources. To further support vulnerable customers with essential services, ENMAX has long-standing relationships with Trellis Society, Distress Centre Calgary, United Way of Calgary and Area, Aboriginal Friendship Centre of Calgary, Bissell Centre (Edmonton), and United Way of Central Alberta.

In Maine, Versant Power works closely with state and county programs that qualify customers to receive assistance for heating. When customers qualify for heating assistance or for a means-tested program through Maine's Department of Health and Human Services, they also qualify to receive assistance through Versant Power's Low Income Assistance Program, which provides an annual credit on electric bills for income-qualified applicants each year they apply. Low-income residential customers who fall behind on electricity bills may also be eligible for the company's Arrearage Management Program, which applies a forgiveness credit to overdue balances for on-time payments of current bills. In 2022, this program allowed 89 per cent of the customers in arrears to become current.

Helping customers understand and optimize energy use
We have tools to enable customers to take greater control over how they use energy through monthly reports on their energy use, bill comparisons, energy-saving tips and more. In Alberta, for customers who have chosen a competitive retail plan with ENMAX Energy, we offer My Energy IQ™ and in Maine, we offer home energy reports through OPower.

Demand-side management
ENMAX continues to advocate for the development of a demand-side management (DSM) program. DSM programs encourage customers to reduce their electricity use by shifting their usage to avoid periods of high demand on the distribution system and/or through investment in energy-efficiency measures. DSM programs are common across many North American jurisdictions. Customers enjoy many benefits of utility-led DSM programs such as reduced electricity costs and decreased environmental impacts. ENMAX requires approval from the Alberta Utilities Commission to proceed with any DSM program.

Understanding your bill
We use our websites as one tool to help customers better understand their bill. Our Understanding your Bill pages, in Alberta and Maine, show an example of what an average customer's bill could resemble.

ENMAX employee volunteering at Silvera For Seniors to improve home efficiency.

Progress in 2022

Our Energy Affordability Working Group brought together key team members from across the organization to connect our combined efforts in 2022 as we continue to advance energy affordability initiatives for our customers.

Targeted community investment

We set a target in 2020 to spend at least 30 per cent of our community investment budget each year on activities and organizations that support customers at the various stages of the energy affordability lifecycle. In 2022, 35 per cent of our community investment budget was directed towards energy affordability. In addition, a one-time emergency fund outside of the community investment budget was donated to the United Way of Calgary and Area for crisis support, which brought the total to 42 per cent.

Energy affordability pilots

Over the course of the year, we implemented several pilot programs to help improve access to energy. Pilots also enable learnings that help to build future energy affordability programs. ENMAX Energy spent a total of $1.7M on programs and pilots in 2022 to support energy affordability.

Energy saving kits
We achieved our target to deliver 1,000 energy saving kits by the end of 2022. The kits are designed to support customers who have higher-than-average energy use through energy conservation and efficiency practices. The kits include clear information on how to save energy as well as products that create energy savings like LED light bulbs and insulating weatherstripping.

Energy efficiency workshops pilot
Recognizing that education is a key part of energy affordability, we partnered with Green Calgary to deliver tailored energy efficiency workshops during 2022. The workshops provide energy efficiency strategies, tips on understanding your bill and other energy-saving content customized to the unique interests of each group (e.g., newcomers to Calgary or those who live in apartments). Through our partnership, we completed 35 workshops and reached 402 people. We received feedback indicating that the workshop content was useful and that most participants were applying one or more of the energy-savings tips learned in the workshop. We are continuing the workshops into 2023 and are working with Green Calgary to develop digital content that can be shared more broadly.

Load limiter pilot
We strive to understand different ways we can effectively support customers who are experiencing financial difficulties. In summer 2022, ENMAX ran a pilot project to use load limiters—rather than completing full disconnections—for our regulated rate customers struggling to pay their bill. A load limiter is a device installed on a customer's meter that allows the furnace and a few lights to run, but will turn the power off if too much electricity is used at one time. The purpose of the pilot was to understand the benefits of installing load limiters as an alternative action. Between July and October, more than 3,100 load limiters were installed, 500 of which were measured for the pilot.

Providing billing relief

Equalized Payment Plan
ENMAX Energy enhanced and relaunched its Equalized Payment Plan in 2022 to give customers the ability to take their energy charges over the year and redistribute them into equal amounts each month. Some organizations refer to this as budget billing. The enhancements included improvements to the customer experience of the program, including providing customers the ability to self-serve on the ENMAX website. Budget billing directly helps customers avoid price spikes associated with higher seasonal demand and variable pricing. Versant Power also provides a budget billing option (read more on page 63).

Bill credits
In addition to the implementation of programs and pilots, ENMAX and Versant Power support government-led affordability initiatives.

In Maine, Versant Power worked with state government officials to distribute two separate bill credits to provide bill relief to customers and offset the increase in supply cost seen in 2022. The first was a one-time US$90 bill credit to about 8,000 customers funded through the Maine Department of Economic and Community Development for low-income customers. The second credit was a one-time utility account credit of more than US$2,000 distributed to over 2,900 Maine medium-class businesses. This credit was funded through the Governor's Maine Jobs & Recovery Plan.

In Alberta, ENMAX Energy and ENMAX Power worked with the provincial government to distribute an electricity rebate to customers to partially offset the rising cost of energy. The rebate was a monthly $50 credit applied to all residential and small business customer bills for a six-month period.

Long-term partnership with Trellis Society

For more than 20 years, ENMAX has partnered with Trellis to support people in crisis and prevent further trauma, such as homelessness, from occurring.

Trellis Society works with people of all ages and backgrounds to help them grow, overcome barriers, and reach their full potential. "We often meet people at an intersection in their life when they are the most vulnerable. Times when basic needs such as a home, groceries, heat and electricity are in jeopardy," notes Jeff Dyer, Trellis Society CEO.

In 2022, we celebrated reaching the milestone of $1 million of cumulative giving for Trellis programs and the people they serve.

Over the years, ENMAX has provided a variety of supports including direct utility subsidy and support, empowering people through energy savings workshops and volunteering.

"ENMAX continues to be our partner in creating solutions that provide immediate and long-term impact for Calgarians who need support."

JEFF DYER, CEO, TRELLIS SOCIETY

Collaborating with industry to advance energy affordability

ENMAX initiated an industry working group in 2022, called CARE (Customer Affordability Resources for Energy Education) to work together towards energy affordability. The group includes Alberta energy retailers, with representation from the Alberta Utilities Commission and the Utilities Consumer Advocate (UCA). Through CARE, participants exchange ideas, find consensus and discuss energy affordability programs already in place. A key near-term goal for the group was to leverage existing information from the UCA to create an industry fact sheet with a retailer focus that summarizes current programs and resources to assist vulnerable or struggling customers. The fact sheet was completed and posted on the UCA's website and is available for circulation amongst different retailers or providers, their call centres, social service, provincial and municipal government agencies.

Supporting basic needs in our communities

As part of our commitment to support energy affordability efforts, we continued to focus on basic needs funding through support of our long-standing community partners, Trellis Society, Distress Centre Calgary, United Way of Calgary and Area, Aboriginal Friendship Centre of Calgary, Bissel Centre (Edmonton), and United Way of Central Alberta. These partnerships support the crisis intervention stage of the energy affordability lifecycle and allow us to direct people to organizations to get the help they need. Increasing our support of these agencies means that more families and individuals will have access to funding for essential needs and services.

In Maine, Versant Power also focused on basic needs funding with significant giving directed towards:

Low-income heating assistance
To provide individuals in Versant Power's service territory with emergency assistance during the cold months, funding was provided to Aroostook County Action Program, Penquis Action Program and Downeast Community Partners.

Housing security
The pandemic affected some families' ability to keep up with bills and afford safe shelter. Many area shelters receive state and federal funding but face restrictions on who qualifies for help. Versant Power provided funding to Bangor Area Homeless Shelter, Emmaus Homeless Shelter, Community Care, The Northern Lighthouse, and Maine Veterans' Homes to support their efforts in providing reliable short- and long-term housing.

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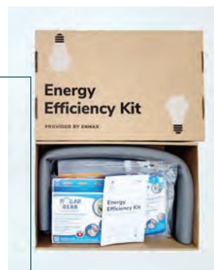
SPOTLIGHT

How we support access to energy

ENMAX is committed to supporting customers at each stage of the energy affordability lifecycle. Some of the ways we work with community partners to improve access to energy include:



Energy efficiency

We are providing $150,000 over two years and 200 energy efficiency kits to the Alberta Ecotrust Foundation to support its Energy Poverty Reduction and Home Upgrades Program for Calgarians. The program provides residents living in energy inefficient homes with education and fully subsidized energy efficiency upgrades to reduce their energy burden.

200
energy efficiency kits

260
solar projects on-line

Solar generation in Maine

Versant Power brought 260 solar projects on-line in 2022, including community and residential roof-top solar installations. These projects generate solar credits that are used to offset customers' monthly electricity bills.

111
organizations have benefited

Grants to communities

Since 2015, ENMAX has contributed $690,000 to the Energizing Spaces Fund. The Fund provides grants to community groups across Calgary to pay for energy efficient appliances or outdoor and rink lighting to help community associations reduce their environmental footprint and create safe and enjoyable spaces. Now in its eighth year, the Fund is administered by the Federation of Calgary Communities and has supported 111 organizations to replace 148 appliances, 28 rinks with new lights and six safety light projects. Energy cost savings, as a result of improved energy efficiency, can be reinvested in programs for community association residents.

12
affordable housing units with solar panels

Renewable and more affordable power

ENMAX oversaw solar installations on 12 affordable housing units (totalling 440 kW DC) as part of a partnership with Attainable Homes Calgary to bring renewable power to its new Martindale development. Attainable Homes Calgary is a non-profit organization, created and owned by The City of Calgary, which helps moderate-income Calgarians achieve quality home ownership. Each unit is designed to be highly energy efficient and includes a rooftop solar panel installation.

ABOVE

The latest solar installation supported by ENMAX. REACH at Martindale is a 12-building multi-family development with an arrangement of regular and stacked townhomes and includes 116 residential homes.

13
community associations with solar panels

Solar power for community associations

We supported the installation of solar panels on 13 community association buildings across Calgary in 2022, with 17 more scheduled to be completed in the first half of 2023. This initiative is part of the ENMAX Community Solar Fund, a partnership between ENMAX and The City of Calgary to support renewable energy. ENMAX Energy provides both the solar equipment and oversight of the installation of the solar panels at no cost to the community association.

ABOVE

The new solar panels at the Glenbrook Community Association in Southwest Calgary.

Community investment and economic impact

WHY IT MATTERS TO ENMAX

Our investments and employee volunteer contributions make a positive impact in the communities where we operate. We continually strive to do our part to build stronger and more resilient communities.

2022 HIGHLIGHTS

- **$3.7 million contributed in cash, in kind and through matching of employee donations to Alberta and Maine community organizations in 2022.**
- **Continued to focus on maximizing social impact and supporting basic needs.**

Our approach

We are committed to supporting our communities in Alberta and Maine through sponsorships, donations, partnerships and employee volunteerism. Both ENMAX and Versant Power have been working to enhance our partnerships and focus our funding to directly target community needs and make an even bigger difference.

We aim to annually invest at least one per cent of our pre-tax profits in our communities and we achieved this goal in 2022. ENMAX engages the London Benchmarking Group Canada (LBG) to review our community investment performance. LBG's assessment includes ENMAX's cash donations, donations in kind and employee volunteer time, resulting in a more holistic view of our overall community contribution.

Progress in 2022

Last year, we donated $3.7 million across Alberta and Maine. ENMAX contributed $3.08 million in cash, in kind and through matching of employee donations to local agencies, and Versant Power contributed more than US$486,000 (approximately C$632,000).

Over the past year at ENMAX we:
- Have allocated 42 per cent of our community investment budget to activities and organizations that support customers at various stages of the energy affordability lifecycle.
- Have announced a contribution of $150,000 over two years and 200 energy efficiency kits to the Alberta Ecotrust Foundation (see previous page).
- Are actioning our strategy for future community investment spending to increase the proportion of basic needs funding to 40 per cent by 2025.

In Maine, Versant Power:
- Has allocated 34 per cent of its community investment budget on activities and organizations that help advance energy affordability.
- Has launched a charitable matching program, called Power Match, to match donations from customers to those who struggle to pay their electricity bill but are unable to qualify for income-based assistance.
- Continued its campaign with the United Way in support of serving basic needs.

ENMAX's priority funding areas

Essential needs
Families experiencing poverty often struggle to overcome the challenges of everyday life and meet their basic needs. We understand the importance of a warm meal, clean clothing and a safe place to sleep. This is why we are passionate about supporting non-profit organizations that help meet these critical basic needs for vulnerable families.

Energy safety, education and efficiency
Whether it is in the classroom or the community, we strive to educate community members about electricity and how it relates to customers, young and old.

Enriching communities
We care about the wellbeing of our communities. We are committed to supporting initiatives that build vibrant communities and organizations that help our customers thrive.

Scholarships
We believe strongly in supporting the workforce of tomorrow. As part of this, ENMAX offers various student scholarships in the areas of environmental leadership, trades, electrical engineering and business.

Employee volunteerism and giving

ENMAX returned to in-person volunteering activities in 2022. We created a successful new process to connect employee teams seeking volunteerism-based team-building opportunities with our community partners. ENMAX team members contributed 4,630 volunteer hours to support community organizations last year, including packing food hampers at the Calgary Food Bank, a yard clean up at Children's Cottage, installing energy efficiency items at Silvera for Seniors, and our popular holiday light set ups at Alberta Children's Hospital, The Alex, Brenda's House, Heritage Park and Confederation Park.

Our Season of Giving campaign is our annual employee giving program that provides our employees the chance to give back and engage with their community in ways that matter to them. ENMAX supports this by matching employee donations, offering grants for personal volunteering and recognizing teams who came together to make a difference during the campaign.

Through its *Good Neighbor Employee Volunteer Program* and United Way campaign, Versant Power matches employee giving in Maine. Employees returned to volunteerism in 2022, contributing more than 700 hours of time and using Good Neighbor funds for programming important to them. Versant honored employees' wishes to provide gifts to children for the holidays and to spread holiday cheer by donating the funds to three organizations.

Our team members volunteer to remove logos from ENMAX work wear for donation to the Calgary Drop-In Centre.

Versant Power team members participated in the Big Brothers and Big Sisters Plane Pull fundraising event.

ENMAX employees set up Christmas lights at Silvera For Seniors.

Creating a positive economic impact

Providing access to safe and reliable energy is one of the ways we enable economic development. Reliable energy access is correlated to improved economic trade and growth, increased safety, comfort and security, better employment opportunities and is critical to supporting overall quality of life.
In addition to our mission of providing safe, reliable and affordable energy, our extended financial strategy includes returning a stable and growing dividend to The City of Calgary. The dividend we pay to The City of Calgary, in addition to municipal taxes and other sources of income, helps fund public transit, water supply and treatment services as well as parks and recreation amenities. As part of our business, we develop infrastructure projects that create enduring improvements for the Province of Alberta and future generations. We also generate value through the jobs we create, the materials we purchase and our community investments. We are transparent about our financial position and results and share our annual and quarterly financial reports and our Annual Report on Governance and Compensation on our website.

ENMAX team members contributed 4,630 volunteer hours to support community organizations last year.

Community relations

WHY IT MATTERS TO ENMAX

Our relationships with people and communities across our operations are an important part of our success. We are committed to understanding their needs and interests and work to maintain positive relationships through open communication and respect.

Our approach

We supply safe and reliable power to all our customer groups, which include residential, commercial, industrial, and institutional customers as well as developers, builders and Indigenous communities. Through the course of our daily operations, we also work with many municipal and provincial elected officials, government agencies, advocacy groups and industry consultants.

ENMAX Power's electrical distribution service area spans more than 1,000 square kilometres (km²) in and around Calgary. We work to engage with any individuals or organizations that have distribution lines coming to their home or building, whether or not ENMAX Energy is their chosen electricity and natural gas provider.

From a broader perspective, ENMAX also works with anyone who could be impacted by our operations or who has an interest in our company, including regulators, municipalities, rural landowners, developers, new businesses, elected officials, the media and the general public.

Ongoing engagement with individuals or communities impacted by our projects

We promote two-way communication in the following ways:

- We offer a variety of contact avenues on our contact page in the areas of residential customer care, business customer care, and power and meter services.
- We elicit feedback from customers through our *Voice of the Customer* surveys.
- We also learn what individuals and communities want through monthly engagement activities with various advocacy groups (e.g., representatives of developers, builders or electrical contractors).
- When we submit a proposal to the regulator to explain a proposed rate increase, we make those submissions available to our customers and the public on our website.
- We disclose direct contact information on our website, including access to our Board of Directors.
- We provide advance notification of any planned Calgary distribution system outages, offer an outage map and heavily engage on social media to alert customers about outages.
- Our customer relations team handles inquiries and complaints promptly. In response to common concerns about outage locations, causes and estimated restoration timeframes, we installed a robust customer-facing interactive voice response system in 2019 to improve outage communications (see page 25 to read about our Outage Management System).
- We are open to receiving questions and concerns and encourage individuals to call us or get in touch with us through our Live Chat.

We have a dedicated team of 250 employees who work in our customer care centre in Alberta.

Engaging during project development in Alberta

Development or alteration to transmission lines, substations or generation facilities can impact a variety of groups. We ensure compliance with the Alberta Utilities Commission (AUC) Rule 007 stakeholder consultation guidelines for all our projects. Rules may require notification or consultation with potentially affected landowners, customers, Indigenous communities or other stakeholders. This may involve sending a project information package, door knocking to directly engage or hosting an open house. People with comments or questions are encouraged to contact us through our dedicated community relations phone line and email. Our community relations team work closely with our regulatory and project teams to ensure compliance with AUC requirements and an understanding of concerns for consideration in our project development and permitting.

Engaging with people and communities in Maine

Versant Power's service territory extends across 26,900 km² in northern and eastern Maine. Versant Power aims to maintain positive relationships with people or communities impacted by its projects, including property owners, municipalities, lawmakers, elected officials, regulators, advocacy groups interested in energy policy and affordability, and business and development organizations. Nearly all of Versant Power's transmission right-of-way areas are easements (i.e., Versant Power does not own the land, but the easements provide Versant Power with access to the property). Versant Power believes in being good stewards of the land and being respectful, open and collaborative with all landowners. Any time field workers require special access through woodlands, temporary licenses or leases are obtained prior to any work being done. It is Versant Power's practice to record before and after video inventory and to complete any mitigations or inspections with the property owner.

A right-of-way is pictured behind Versant Power's Orono substation in Maine.

Working with Indigenous communities

ENMAX President and CEO Mark Poweska and Tsuut'ina Nation Chief Roy Whitney at the Relationship Agreement Signing Ceremony.

WHY IT MATTERS TO ENMAX

The relationships we forge with Indigenous communities are meaningful to us. Our fundamental guiding principles—communication and trust—are instrumental in developing open and honest relationships. While our generation assets are located within the traditional territory of Treaty Seven Nations, we predominantly engage with the Tsuut'ina Nation. As our neighbours, we value our relationship with the Tsuut'ina Nation and respect its values and culture.

Moving forward with mutual trust and respect

In November 2022, ENMAX came together with representatives of Tsuut'ina Nation to celebrate two significant milestones: the renewal and re-negotiation of the Electrical Distribution Agreement with Tsuut'ina and the signing of a first-of-its-kind Relationship Agreement.

Electrical Distribution Agreement
ENMAX Power entered into a new 20-year agreement which has been modernized to reflect changes since the previous agreement, which was entered into in 1991. The renewed agreement governs how ENMAX Power provides electrical distribution services to Tsuut'ina Nation and how we construct, operate and maintain the electric distribution system on the eastern side of Tsuut'ina Nation.

Relationship Agreement
ENMAX entered into a Relationship Agreement with the Tsuut'ina Nation setting out principles by which Tsuut'ina and ENMAX will work and collaborate together on community investment, training, employment and contracting and new business opportunities. The agreement establishes a platform for meaningful, effective and transparent communication and information sharing.

Collaborating on future opportunities

Employment opportunities
In partnership with Wright Tree Service, we hosted a job fair to share information on tree trimming, including grounds worker and apprenticeship positions within their organization.

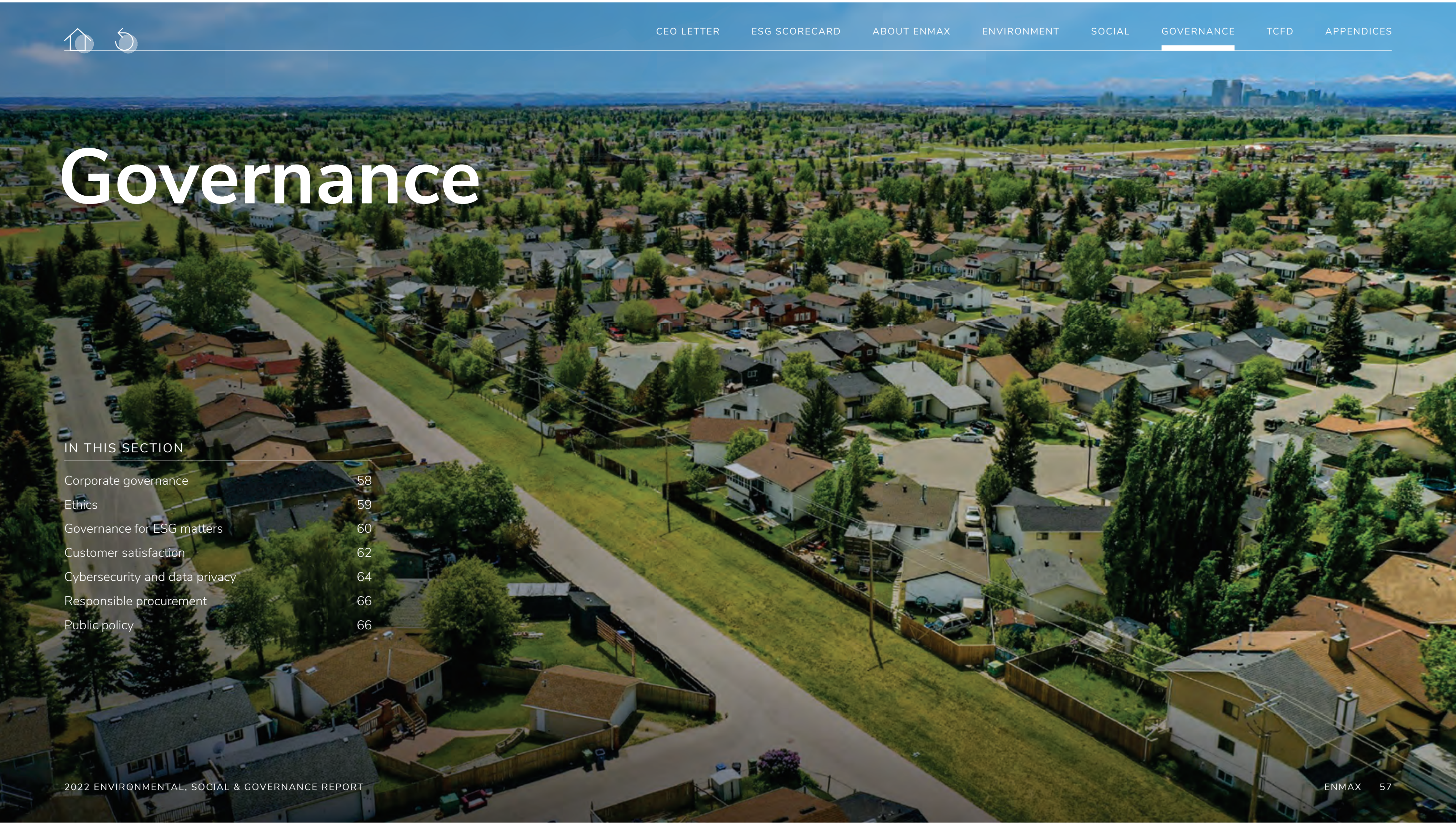
On behalf of ENMAX Power, Wright Tree Service conducts regular maintenance work on Tsuut'ina lands including tree trimming and vegetation management for public safety and to ensure trees and bushes do not interfere with the operation of the distribution system.

Connecting new homes
Since 2021, we have been working with Tsuut'ina Nation on an initiative to connect several new-build homes on the Nation. Working closely with the Nation and three Nation-owned builders, we are adding new electrical infrastructure including distribution lines, poles and transformers, with more than 16 homes connected to date and 19 applications for new connections received in 2022. Connecting these new homes is allowing us to continue providing Tsuut'ina Nation families with safe and reliable power.

Investing in Indigenous communities

We look to support the economic and social development of Indigenous communities. As one of our areas of focus, we support education programs that assist Indigenous Peoples in advancing their knowledge and skills and support the celebration of Indigenous culture. In 2022, we continued our partnership with the Aboriginal Friendship Centre of Calgary, supporting the essential needs of the urban Indigenous community in Calgary.

Over the past two years, we have increased our focus on basic needs funding across Alberta, which includes an Indigenous focus. Funding was directed to the Tsuut'ina Food Bank, the United Way of Central Alberta's Lights On Fund (which benefits the Red Deer Native Friendship Society), and to Edmonton Bissell Centre Community Bridge Program (which supports Bent Arrow working with the Indigenous community).



Governance

IN THIS SECTION

Corporate governance

WHY IT MATTERS TO ENMAX

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

Our approach

Although ENMAX is not required to publicly file an annual information form or a proxy circular for our annual general meeting, we have released an annual disclosure document regarding our governance and executive compensation practices for more than 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 framework of good governance.

Our Board of Directors and executive team meet with Calgary's City Council quarterly, including a meeting with City Council and Administration to present ENMAX's budget each fall. We meet annually with The City of Calgary's Audit Committee to review our financial, risk management and governance practices in detail. We also hold an annual general meeting that is open to all members of the public.

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, 2022, 11 out of 12 of our directors were considered "independent" for the purposes of applicable Canadian securities law policies.

Board diversity

We believe that having 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 2SLGBTQ+ community, and other factors that may enhance ENMAX's ability to deliver value to our Shareholder. The Board Diversity Policy also includes diversity targets to maintain or exceed a Board composition in which: 1) at least 30 per cent of our directors are women and 2) at least one member of the Board is from an underrepresented group, relative to the communities served by ENMAX. As of December 31, 2022, 33 per cent of the members of the Board of Directors are women and 17 per cent of the members of the Board of Directors self-identify as a member of an underrepresented group.

Board evaluation and assessment

The Board undertakes an annual evaluation process to assess its performance and ensure the Board is providing effective oversight. The Corporate Governance Committee uses the results to identify actions for improvement, confirm the Board of Directors possess the desired expertise and skillsets, review succession planning and determine educational opportunities.

GOVERNANCE SNAPSHOT

ETHICS	
Code of Conduct for directors, officers and employees	Yes
BOARD COMPOSITION AND INDEPENDENCE	
Size of Board	12
Number of independent directors	11
Separate Chair and CEO	Yes
Independent Chair	Yes
Comprehensive Board assessment process	Yes
Directors that are financially literate	92%
Board meetings held in 2022*	19
Average meeting attendance	99%
BOARD RENEWAL AND DIVERSITY	
Annual election of directors	Yes
Average age of directors	61
Mandatory retirement age	No
Average director tenure	3.4 years
Women Board members	33%
Board members that identified as members of underrepresented groups	17%
Board Diversity Policy	Yes

All chart information as of December 31, 2022.

* Total number of regularly scheduled Board and Committee meetings during 2022.

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, 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 2022, 1,877 individuals completed this training.

Reporting concerns and conflicts of interest

ENMAX has a confidential ethics hotline where individuals can anonymously express concerns about inappropriate business conduct through a confidential third-party service. Submissions to the ethics hotline are reported to ENMAX's Corporate 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 initiatives and business strategy. The Board is also responsible for the company's risk profile.

As an enhancement to our ESG framework, ESG oversight moved to a newly formed Safety, Environment and Sustainability Committee as of January 1, 2023.

The Committee was developed to support the Board in fulfilling its role by (a) reviewing our progress and performance against our ESG targets (b) reviewing periodic reports related to developments, trends, best practices, risks, and issues related to our ESG targets and reporting, and (c) recommending for approval the publication of our annual ESG Report. In addition to their mandates, each of the four Board committees oversees and provides guidance on different ESG-related topics:

BOARD/BOARD COMMITTEE*	ESG TOPICS	
Board of Directors	– Corporate strategy – ESG targets – Enterprise risk management – COVID-19 pandemic	– Shareholder relations – Compliance – Disclosure
Corporate Governance Committee	– Business ethics and integrity – Board diversity – Enterprise Risk	– IT/cybersecurity – Board education – Board governance
Human Resources Committee	– Talent and culture – Diversity and inclusion	– ESG compensation link
Safety, Environment and Sustainability Committee	– Safety and health – Environment – ESG progress and performance	– Sustainability – Social governance
Audit Committee	– Financial reporting – Internal controls and procedures	– Tax strategy

This table reflects our governance structure as of January 1, 2023.

ESG Governance

Includes representatives from across the organization with the following experience:

- Sustainability
- Shareholder Relations
- Governance
- Legal
- Safety
- Environment
- Treasury
- Finance
- IT
- Risk
- Compliance
- Communications
- Community
- Marketing
- Operations
- Human Resources
- Supply Chain
- Customer Relations
- Public Policy
- Audit

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 Safety, Environment and Sustainability 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.

In 2022, we 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 including climate action into our executive compensation strategies as success in these areas is critical to ENMAX's long-term success and sustainability.

ESG Working Group
We formed an ESG Working Group with people from across the organization in 2020. 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.

Safety and environmental management systems

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 work in accordance with the Alberta Safety Codes Act, which governs public safety. 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 help us satisfy provincial safety standards. To maintain our CoR, we must subject our safety management system to a third-party recertification audit that includes employee interviews at all levels, a review of documentation and observations of workplace conditions and practices every three years. We completed our latest recertification audit in November 2022 and were recertified.
- Our environmental management system is modeled after the requirements of Electricity Canada's Sustainable Electricity™ program and is 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.

In 2022, we embedded ESG targets into our Long-Term Incentive Plan for leaders (directors and above).

Customer satisfaction

WHY IT MATTERS TO ENMAX

As a provider of energy products and services, ENMAX Energy serves approximately 725,000 residential, commercial and industrial customers in Alberta. Versant Power serves approximately 164,000 customers in Maine.

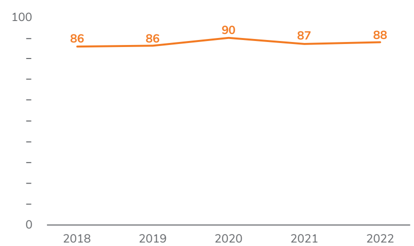
Our approach

We take 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 680,000 contacts (including chat, email and phone contacts) per year. Additionally, we receive approximately 45,000 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 ALBERTA
per cent



Customer satisfaction increased slightly in 2022 compared to 2021. We continue to invest time and resources in understanding our customers' needs.

Note: Chart data excludes Versant Power.

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. Versant Power 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.

CUSTOMER SATISFACTION IN MAINE (VERSANT POWER)

METRIC	TARGET*	2022 PERFORMANCE
Responsiveness to customer calls (calls answered in 30 seconds)	80%	**68.40%**
Call abandonment rate	<7%	**6.60%**
Bill error rate	<0.40%	**0.24%**

We met our target for bill error rate and call abandonment rate but fell short of our target to answer 80 per cent of calls in 30 seconds. In 2022, we hired and trained additional Customer Service Representatives to continue to work to improve our responsiveness to customer calls.

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

Survey shows strong customer approval
A survey conducted by a leading public opinion survey firm in February 2022 confirmed Versant Power's strong customer satisfaction across several key performance indicators. The survey reached 401 Versant Power customers and indicated that:

- 67 per cent of Versant Power customers say they are satisfied with the company.
- A large majority of customers give high approval to the job Versant is doing, including:
  - 88 per cent approval on reliability of electricity service.
  - 86 per cent approval on timeliness of restoring service after storms.
  - 77 per cent approval on timeliness and accuracy of bills.
  - 71 per cent approval on responsiveness to customer requests for information or service.

We serve more than 889,000 residential, commercial and industrial customers in Alberta and Maine*.

* Excludes ENMAX Power sites.

SPOTLIGHT

How we listen to our customers

In Alberta and Maine we are committed to understanding and responding to the changing needs of our customers.

How we listen to our customers

How ENMAX is listening

An extremely cold winter, coupled with energy market volatility, has meant higher-than-normal customer call volumes in 2022. Some of the ways we supported our customers over the past year include:

Proactive communication

Our customer care agents are always looking for ways to help our customers save money through fixed rates, energy saving tips and more. We regularly reach out to communicate options (such as our EasyMax® plan and Equalized Payment Plan), which can provide relief from the volatility of energy market prices.

Ongoing feedback

Our Voice of the Customer survey provides consistent customer feedback enabling us to continually improve our practices. We also have Customer Enablement Specialists, who contact customers proactively to resolve more complex issues.

Highly trained customer care agents

To enable high-quality customer service, ENMAX onboards new agents with a five-week comprehensive online training program, followed by four weeks of highly supportive coaching and direct support from leaders on their first calls. In recent years, we have focused additional training on empathy, inclusion and difficult conversations. We have a dedicated payment arrangements team trained to work with customers who may be struggling to pay their electricity and/or natural gas bill by offering payment arrangements and connecting customers with resources for assistance.

We provide training to our customer care agents on empathy, handling customers with kindness, improving listening skills, asking relevant questions and reducing resolution time.

WANT TO LEARN MORE?

Click here to take a tour of ENMAX's Customer Care Centre in Calgary.

How Versant Power is listening

As a regulated utility, Versant Power has both an obligation and privilege to serve customers in its service territory. Maine experienced a significant increase in electricity supply costs coupled with a rise in inflation in 2022. Versant Power worked to listen to its customers in 2022 by:

Developing a customer experience strategy

The strategy is meant to be Versant Power's guide for customer interactions and help inform its current investment strategy in customer-facing technology and processes. To date, Versant Power has established a Customer Mission, Vision and Values that it intends to incorporate into all future customer interactions. Versant Power expects to roll the strategy out to all its employees in 2023.

Redesigning its bills

Versant Power rolled out a newly redesigned bill for its customers in November 2022, based on input solicited from customers and stakeholders in Maine. The redesigned bill has a more user-friendly layout and provides additional clarity and transparency on the charges customers see on their bill. Versant Power provided helpful information about the redesign through its website, social media channels and bill inserts.

Promoting budget billing

After receiving feedback that customers were unaware of Versant Power's existing budget billing program, a successful campaign was carried out (including a bill insert, mailings and social media) early in the year to raise awareness amongst its customers. The budget billing program gives customers the ability to take their energy charges over the year and equalize them month by month.

Cybersecurity and data privacy

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 other external parties requires that we uphold the personal information standards set out in Alberta's *Personal Information Protection Act* with respect to the proper collection, use, disclosure and storage of personal information.

2022 HIGHLIGHTS

- **Developed an automated process to consistently measure our compliance with Center for Internet Security controls.**
- **Updated our information classification standard to improve our data retention and organization practices.**

Our approach

We continuously monitor the global geopolitical situation and act proactively to maintain and strengthen our cybersecurity posture. We also exercise diligence in monitoring and assessing third-party risks. Our cybersecurity practices are constantly advancing through alignment with the following frameworks:

NIST Cybersecurity Framework
The National Institute of Standards and Technology (NIST) framework is considered a best practice in cybersecurity for utilities. ENMAX is standardizing our alignment to NIST across the business.

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

Progress in 2022

Over the past year, we have evolved our approach to encompass a more holistic view of security. We also improved our collaboration across the organization through a common strategy, alignment on practices, more integrated processes, improved information sharing and enhanced threat intelligence.

Refining our incident response

We have continued to refine and mature 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 incidents. More than 30 of our employees (including IT, risk and business continuity) completed ICS training in 2022 to enable a more inclusive and coordinated response to incidents.

We participated in an Alberta-focused cyber incident response exercise in November organized by the Alberta Electric System operator (AESO). This exercise focused on communications during a response and how the AESO would interface with energy market participants and external entities during such an incident. We also participated in Electricity Canada's CEO-level cyber tabletop exercise in November. The goal of this exercise was to explore senior-level collaborative response to a cybersecurity threat at the national level and to examine the resilience of those communications during a crisis.

Alignment to the Centre for Internet Security (CIS) controls

We built an automated process for measuring our compliance with the CIS controls. A dashboard provides current metrics, giving us an immediate snapshot of our maturity and progress towards implementing these standard controls.

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. We started tracking cyber metrics in 2022 and adopted cybersecurity as a component of incentive pay, effective for 2023.

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 are logged and auditable. Every customer service agent in our customer care team receives data privacy and protection training when hired.

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.

We updated our information classification standard in 2022 to improve our data retention and organization practices. The updated standard included reductions to our email retention timeframes and a decrease in our allowable file-sharing size.

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 ethics, safety and environmental practices.

2022 HIGHLIGHTS

Completed a baseline assessment of our procurement practices to support the development of a Sustainable Procurement Strategy by the end of 2023.

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 37.

Progress in 2022

- ENMAX has set a new target to develop a Sustainable Procurement Strategy by the end of 2023. To better understand the current state of our procurement practices and identify gaps, we completed a baseline assessment in 2022 based on guidance from ISO 20400:2017, an international standard for sustainable procurement. The assessment involved a review of our procurement processes, our peer companies and feedback from employees involved in procurement activities across our business units.
- Versant Power began implementing ISNetworld with support from ENMAX in 2021 and has now completed onboarding of more than 95 vendors. Versant Power assisted its small contractors with the safety questionnaire in 2022. Versant Power plans to revise the questionnaire in 2023 to make it easier for contractors to complete it on their own and plans to develop prerequisite training for contractors that can be verified through ISNetworld.

Supply chain resiliency

The COVID-19 pandemic, coupled with geopolitical factors, continued to affect global supply chains in 2022 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 well in advance of need, securing alternate sources of supply, monitoring changes in the market and working with our business units to advance demand planning.

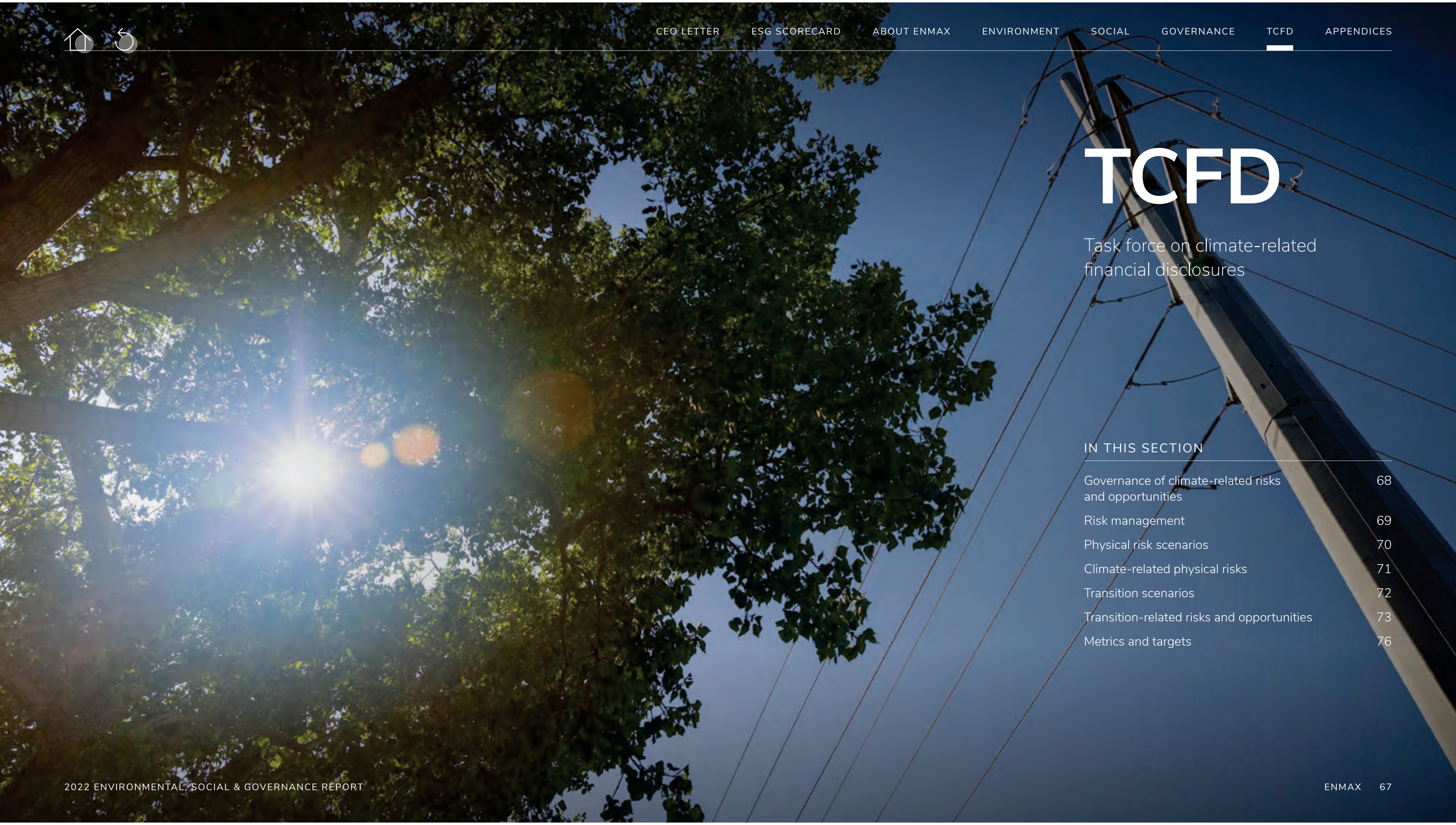
Public policy

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 engagement includes 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. Versant Power reports lobbying activities to the Maine Commission on Governmental Ethics and Election Practices and also reports qualifying political activities to the Maine Public Utilities Commission. 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 (IPPSA), the Edison Electric Institute and the Western Energy Institute.



TCFD

Task force on climate-related financial disclosures

IN THIS SECTION

TCFD recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) provides recommendations for effective climate-related disclosures that can promote more informed investment, credit and insurance underwriting decisions. The following pages outline our responses to these recommendations. We recognize that climate change is an important and complex issue that impacts businesses and communities. ENMAX is committed to playing an active role in the energy transition and in addressing climate change.

Governance of climate-related risks and opportunities

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

Board oversight

At ENMAX, the Board of Directors has the highest level of oversight for climate-related risks and opportunities. The Board's role is to oversee ENMAX's strategy and the development of its ESG targets, ensure alignment between ESG efforts and business strategy and hold responsibility for the organization's risk profile. In 2023, oversight for ESG matters, including climate, moved to a newly formed Safety, Environment and Sustainability Committee to provide increased focus on these topics.

The **Safety, Environment and Sustainability Committee** supports the Board in fulfilling its role by:

- Discussing and reviewing ESG and climate-related matters at Board meetings.
- Approving the publication of our annual ESG report.
- Making recommendations regarding the development and ongoing refinement of our ESG targets.
- Reviewing our progress and performance against our ESG targets.
- Reviewing periodic reports related to developments, trends, best practices, risks and issues related to our ESG targets and reporting.

The **Corporate Governance Committee** supports the Board in fulfilling its role by:

- Reviewing quarterly reports on ENMAX's enterprise risk. Our risks include environmental and social risks, climate-related risks and opportunities such as extreme weather events, carbon regulations and transition-related electricity demand changes.

Board skills

To support informed decision making, we added climate-related competencies as one of the desired skills for our Board of Directors in 2022. Knowledge in this area will help us better navigate the energy transition and evaluate climate-related risks and opportunities.

Management's role

To better understand and manage the full spectrum of climate-related risks and opportunities, we have three teams that support our Executive Team. Two teams are focused on risk management and the other on finding opportunities.

The **Risk Management Committee (RMC)** is an executive-level committee whose role is to oversee our Enterprise Risk Management program. The committee supports business units in identifying and assessing risks and then consolidates information to be presented to the Corporate Governance Committee and the Board. Once risks have been identified, each area of the business where the risks reside is responsible for implementing risk management plans.

The **Commodity Risk Management Committee (CRMC)** is similar to the RMC but focuses exclusively on identifying and managing our exposure to natural gas and electricity market risks. This committee oversees our commodity hedging program and manages risks for our offset and Renewable Energy Certificate commercial activities.

The **Energy Market Policy Committee (EMPC)** is an executive-level committee whose role is to identify and assess how changes to Alberta market and carbon policy impact our competitive energy business. The committee studies generation, transmission, pricing carbon policy and related topics.

Risk management

Effective risk management empowers us to actively identify, assess and mitigate risks to our business. 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.

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 program helps us monitor and evaluate financial, reputational, regulatory, environmental and social risks.

Risk identification

As part of our ERM program, we identify and group risks into nine categories that include operational, financial, regulatory, customer- and cybersecurity-related risks. Although the categories remain relatively unchanged, the specific risks within each category are reviewed quarterly. To support a broad understanding of risk across the company, we also identify and evaluate emerging risks, which include ESG and transition-related risks, as well as technology disrupters and innovators. Even if some of those risks do not meet our criteria for top risks, we discuss them with the Executive Team and the Board of Directors quarterly. We incorporate climate-related risks into the most impacted risk categories within our existing ERM program.

The most relevant physical risks are summarized on page 71 and the most relevant transition-related risks are discussed on pages 73-75.

Our largest power generation facility, Shepard Energy Centre, is the most efficient natural gas-fuelled combined-cycle facility operating in Canada today, as measured by tonnes of CO_2 per megawatt hour (MWh).

Risk assessment

For each of our identified risk categories, we evaluate the level of residual risk (after current mitigation is in place). We also use specific signposts (e.g., results of a local or federal election, publication of a regulation) to ensure consistency of risk evaluation and provide guidelines for risk assessments. Quarterly, a group of subject matter experts and senior leaders across the business reviews our top risk categories and their assessment to make sure they remain accurate. Our risk group updates the Board of Directors on changes to risk assessments and/or new risks each quarter.

Risk mitigation plans

Once risks have been identified and assessed, then the development of mitigation and management plans is the responsibility of the impacted business unit. Mitigation plans are summarized and shared with our risk group to inform our risk assessment.

Risk integration

We incorporate climate-related risks into different aspects of our business by:

- Providing a quarterly ERM update to our Executive Team and Board of Directors with any new observations or issues related to our key risk areas and an overall assessment of our corporate-wide risk level.
- Considering the impact that new investments have on our greenhouse gas (GHG) emissions profile.
- Incorporating extreme weather events into emergency preparedness (read more on page 39).
- Commodity risk forecasting and management.
- Severe weather planning at Versant Power to ensure resources are available for potential infrastructure impacts.

Physical risk scenarios

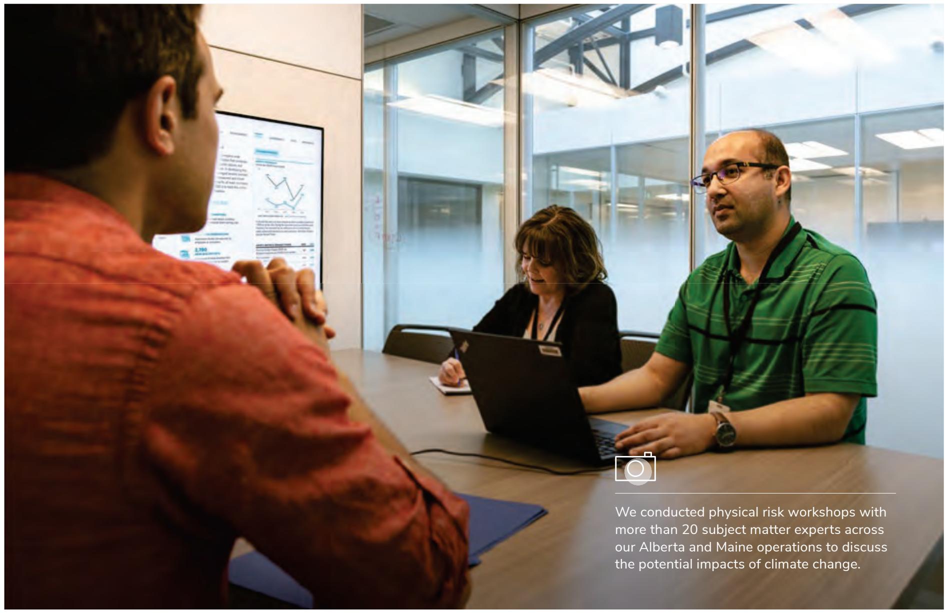
To prepare for and adapt to climate change, ENMAX has undertaken scenario work to understand the risks and opportunities that a changing climate may present for our business over the long term. We conducted physical risk workshops in 2022, with more than 20 subject matter experts across our operating areas in Alberta and Maine to discuss the potential impacts of climate change on our assets.

Physical risk scenarios commonly use the Intergovernmental Panel on Climate Change (IPCC) scenarios; however as such scenarios are global in nature they do not provide the information we require to assess local impacts. We therefore chose to use Climate Projections for Calgary (developed by The City of Calgary), which leverages the IPCC model with the highest carbon concentration (IPCC model RCP 8.5)—and therefore the most severe outcomes—and applies it to the Calgary region.

We began by evaluating each of our ENMAX Corporation, ENMAX Power and ENMAX Energy assets against nine relevant climate hazards: extreme heat, higher average temperatures, wildfire, drought, short duration high intensity storms, severe storms (tornadoes, hail, high winds), high winds (convective storms and strong wind gusts), river flooding and heavy snowfall. We also examined Versant Power assets after adding hurricanes and sea-level rise to the list of hazards. To streamline the discussions, hazards with similar outcomes were grouped (for example, extreme heat and higher average temperatures were examined together). Securing appropriate expertise—such as facility operators and our own Geographic Information System team members, who supplied several useful maps and models—proved invaluable to the analysis.

We completed follow-up sessions to develop recommended actions. The analysis confirmed that we had already identified our most important climate hazards. Our next steps will be to work with our enterprise risk management and business continuity teams to identify potential items for our risk registry and business continuity exercises.

Climate scenario analysis is a multi-year process. We will continue to discuss and develop more detailed climate models to better understand the climate hazards and potential changes to future power demand.



We conducted physical risk workshops with more than 20 subject matter experts across our Alberta and Maine operations to discuss the potential impacts of climate change.

Elevating our organizational knowledge of climate

We created the Climate Action Working Group in 2022 which brings together representatives from across the ENMAX group of companies to increase organizational knowledge and engagement on climate-related risks, opportunities and actions.

The employee-led group will provide regular reports to its Executive Sponsor on the progress of climate-related initiatives.

Climate-related physical risks

The ENMAX group of companies operates in two distinct geographical regions with different types and levels of climate-related physical risks. The following is a summary of the results of our physical scenario workshops and of our key mitigation activities.

	ALBERTA AND MAINE					MAINE	
CLIMATE HAZARD	**Floods**	**Drought**	**Storms**	**Wildfires**	**Heat**	**Hurricanes/Storms**	**Sea level rise**
POTENTIAL IMPACT	Severe flooding can: – Limit access to water for power generation. – Restrict or prevent access to substations and other critical infrastructure. – Damage infrastructure.	Prolonged drought can: – Increase load for our transmission and distribution wires. – Limit access to water for power generation. – Impact our ability to effectively operate our facilities.	Impact will likely be local, specifically, storms can: – Knock down poles or wires. – Result in localized flooding due to blockage of storm drains. – Bring large hail, causing property damage. – Increase the risk of vehicle accidents and therefore damage to poles.	More frequent and severe fires can: – Increase risk of damage to facilities or wires. – Impact air quality for air intake at power generation plants.	Higher average temperatures can: – Increase generation and load. – Increase wear and tear on equipment and wires. – Impact health and wellbeing of crews.	On average at Versant Power, two out of three power outages are caused by trees. The trees in Maine can typically grow 25 to 30 metres tall, while the average power pole reaches 10 to 14 metres, meaning trees can easily fall on powerlines. Heavy winds, rain, ice and heavy snowfalls can make the risks of tree falls even greater.	Sea level rise and storm surge can submerge assets and cause outages.
WHAT ARE WE DOING TO MITIGATE?	– Revised our internal mapping to include flood inundation zones and evacuation zones (provided annually by The City of Calgary) after the 2013 Calgary flood. – Continue to engage closely with Calgary Emergency Management Agency (CEMA) partners to maintain alignment and coordinate responses with these valuable partners. – In 2022, we held a flood-related tabletop exercise involving representatives from field services, senior leadership, communications and system operations. – Review our flood action plan annually.	– Our areas of operation are characterized as low-to-medium baseline water stress[1]. – Continue working to reduce our freshwater use and optimize water use at our operated facilities. – Minimize freshwater use through water recycling and treatment processes and by using 100 per cent reclaimed water at our Shepard Energy Centre. Read more on page 17.	– Our operations control centre proactively monitors and prepares for a variety of weather events that Environment Canada identifies as a "Watch" or "Warning" such as strong winds, heavy rain, severe hail, tornadoes and heavy snowfalls. – We hold seven to eight emergency response exercises each year with several focused on weather-related events. We also join CEMA to participate in exercises they host.	– Our operations include the use of fibre glass cross arms that greatly minimize the risk of pole fires due to extreme weather changes. – We use extensive air inlet filtration systems to limit the impact of smoke particulate on our facilities and protect the efficiency of our gas turbines. We continuously monitor the filtration systems to plan replacements.	– Many of our critical equipment in substations have monitoring systems that allow us to monitor, track and measure equipment condition due to higher ambient temperature. – We have heating, ventilation and air conditioning (HVAC) maintenance programs and a root cause analysis program which mitigate the risk of recurring heat-related failures.	– Each year, Versant Power covers more than 3,000 kilometres trimming trees and working with landowners to remove trees identified as threats to the reliability of the system. To proactively address the issue, about 10 per cent of the operational budget is spent on vegetation management. – Our reliability program includes replacing aging assets, covering conductors and completing a wide range of inspections to inform our maintenance plans. Read more on page 24.	– In 2023, we will overlay our assets on sea level rise maps to identify areas of future risk.

[1] Using the World Resources Institute's Aqueduct™ Water Risk Atlas, https://www.wri.org/aqueduct.

Transition scenarios

In 2022, we started a preliminary multi-year scenario analysis exercise to examine how the changes described in different transition scenarios could impact our company. As a first step, we looked at transition scenarios since they present the most relevant risks and opportunities to ENMAX in the short- to medium-term.

We began by developing models to assess our resiliency and test our strategy against a range of future possible climate-related policy and market conditions. This work can inform our business planning and enable the incorporation of important climate-related risks into our decision making. The first elements from our scenario analysis to be integrated into our business plan are carbon price, commodity price and policy application. To inform our analysis, we leveraged the energy demand assumptions in the International Energy Agency's (IEA) Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE). Carbon pricing and future electricity demand were incorporated from scenarios within Canada's Energy Future 2021 (developed by the Canada Energy Regulator).

Our discussions used these scenarios as book ends. STEPS provides a more conservative, business-as-usual view with its own challenges. The NZE shows a faster, more aggressive energy transition. We compared assumptions in our business plans with market and policy assumptions in both scenarios to evaluate a range of outcomes.

The NZE requires substantial growth in clean energy technology including renewables, electric vehicles (EVs), battery storage, hydrogen-based fuels and energy efficiency. As these technologies advance, development costs are projected to decrease. The NZE forecasts that fossil fuel use will decrease and remaining natural gas assets used for power generation will be combined with emissions reduction initiatives such as CCUS. Energy demand will increase with further electrification and population growth but will be partially offset by energy efficiency improvements. The NZE assumes electricity generation will reach net-zero emissions globally by 2040, sales of new internal combustion engine passenger cars will end by 2035, and carbon pricing or similar policy instruments will be implemented by most countries globally.

Ongoing scenario analysis will enable ENMAX to assess energy transition-related risks and ensure our business strategy evolves to mitigate these risks and take advantage of opportunities. We are encouraged by our learnings from these scenarios. We plan to continue expanding and improving our scenario analysis to better inform how our Enterprise Risk Management (ERM) program addresses climate-related risks and to support strategic action on climate change.

As part of our efforts to reduce our GHG emissions we are transitioning our mobile fleet by incorporating zero emission vehicles.

Transition-related risks and opportunities

The electricity sector, as a key player in a lower-carbon future, is experiencing rapid transformation as it responds to the opportunity of electrification, enables growth in distributed forms of renewable energy and embraces lower carbon sources of energy as part of the energy transition. Advancements in transportation electrification, energy storage and energy efficiency are accelerating this transition. Organizations like ENMAX have a critical role to play in supporting customers and enabling opportunity throughout this transition.

Transition-related risks and opportunities include regulatory, market and technological changes that result from the energy transition and could impact our company. Some of these changes present both a risk and opportunity for our organization.

A component that makes ENMAX more resilient to these changes is that our power generation portfolio is composed entirely of wind power and natural gas-fuelled generation.

There is still uncertainty about the pace and detailed implementation of some of the regulatory and policy changes we are monitoring. At ENMAX, we support a measured approach to the energy transition that maintains continued system reliability and affordability for customers. We believe that federal and/or provincial funding can support environmental goals while keeping customers' needs in mind.

TREND OR EVENT	WHAT IS THE RISK?	WHAT IS THE OPPORTUNITY?	WHAT IS ENMAX DOING TO MITIGATE THE RISK? OR TO TAKE ADVANTAGE OF THE OPPORTUNITY?
REGULATORY			
Current GHG regulation We expect GHG regulation to become more restrictive over time. Our power generation facilities could experience higher annual operating costs due to changes in GHG pricing and regulations, such as carbon pricing, and/or other policy changes.	For the last few years, there has been regulatory uncertainty in Alberta regarding whether the provincial or federal carbon tax would apply. In January 2023, the Alberta regulation received equivalency until 2030, which has reduced this uncertainty. The carbon tax in the Province will match the Federal tax and will reach $170/tonne of CO_2 by 2030. This will increase carbon compliance costs and wholesale power prices.	Increases in carbon costs will have consumers seeking options for electrification, which will result in an increase in electricity demand and the need for more investment in the distribution system.	We have set a target to reach net-zero scope 1 and scope 2 emissions, with an interim target of 70 per cent reduction by 2030 from 2015 levels. Working towards those targets, we are currently evaluating: – Carbon capture – Utility-scale renewables – Batteries – Offsets
Canada's commitment to net zero by 2050 The Canadian *Net-Zero Emissions Accountability Act* became law in 2021 and is supported by Canada's 2030 Emissions Reduction Plans published in March 2022.	The main risk is a limit on combustion of fossil fuels. This can have a secondary impact of reducing industrial electricity demand, which could impact ENMAX.	Any potential reduction in industrial electricity demand may partially be offset by increases in residential electricity demand as electrification becomes a substitute for fossil fuels in different applications (e.g., passenger vehicles, residential heating).	
Net-zero electricity by 2035 As part of Canada's commitment to net-zero emissions, the Federal Government announced its intention for the electricity sector to reach that goal much earlier (by 2035).	This could have a significant impact on ENMAX generation facilities unless CCUS funding is made sufficiently available to have CCUS installed at our natural gas power generation facilities. This could, in turn, increase rates. There is still uncertainty about the role that offsets can play in this proposed regulation and whether natural gas peaker plants will be allowed to operate after 2035.	As part of this commitment, Canada announced a plan to deploy $5 billion to advance clean power generation, transmission and storage across Canada. If support is sufficient, it would support the acceleration of progress towards our target. The Canadian Federal Budget 2023 announced that the government will consult on the development of a broad-based approach to "carbon contracts for difference" that aims to make carbon pricing even more predictable, while supporting the investments needed to build a competitive clean economy and help meet Canada's climate goals.	In November 2022, our project for a potential carbon capture unit at the Shepard Energy Centre advanced to Phase 2 in the Federal Net-Zero Accelerator (NZA) process. Additionally, Shepard Energy Centre received a commitment for just over $3 million in funding from the Government of Alberta. Details on page 17.
U.S. Inflation Reduction Act The U.S. *Inflation Reduction Act* increased financial support for technologies and projects to support the energy transition, like carbon capture and green hydrogen.	This regulation initially created asymmetrical benefits between the U.S. and Canada, which could impact economic feasibility and/or timelines of carbon capture projects.	The Canadian Federal government announced additional Investment Tax Credits in the Federal Budget 2023 to support clean electricity in Canada.	

TREND OR EVENT	WHAT IS THE RISK?	WHAT IS THE OPPORTUNITY?	WHAT IS ENMAX DOING TO MITIGATE THE RISK? OR TO TAKE ADVANTAGE OF THE OPPORTUNITY?
Clean Fuel Regulations The Clean Fuel Regulations requires liquid fossil fuel primary suppliers (i.e., producers and importers) to reduce the carbon intensity of their liquid fossil fuels used in Canada from 2016 levels.	The main risk is a limit on production of fossil fuels. This can have a secondary impact of reducing industrial electricity demand, which could impact ENMAX.	This regulation will increase the costs of gasoline and diesel to Alberta users, which may accelerate the move to electric vehicles. This can result in an increase in electricity demand and the need for more investment in the distribution system. It may also create opportunity for ENMAX to receive investment funding toward EVs for our fleet.	ENMAX is taking steps to quantify the impacts of EV adoption on the grid (read more about our Charge Up pilot) but we believe we are well positioned to support an increase in electricity demand related to electrification of transportation.
Regulatory support for hydrogen In 2022, Alberta published a Hydrogen Roadmap supporting natural gas and hydrogen blending for heating. Canada has a Hydrogen Strategy to position us as a world-leading producer, user and exporter of clean hydrogen and to set the country on a path to meet its climate goals.	If either the federal or provincial support is not equally applied, the risk might be an uneven benefit to existing or new generation facilities that can be located closer to hydrogen production facilities, which may pose a disadvantage for ENMAX.	The Alberta Roadmap shows support for leveraging current natural gas heating infrastructure and a more gradual transition. The federal strategy can create financial incentives to replace natural gas with hydrogen (partially or fully) at some of our generation facilities. Our retail natural gas business would have to adapt to the changing landscape and look for opportunities to supply hydrogen services as a substitute.	At this point in time, hydrogen is not economically feasible for ENMAX. We continue to monitor advancements in hydrogen technology.
MARKET			
Natural gas pricing Market changes will likely result in highly volatile natural gas prices.	Increases in natural gas prices result in an increase to our electricity generation costs. This can impact our electricity and natural gas customers.	Volatile prices can mean that retail offerings are more appealing to customers. By having more electricity volumes under contract, ENMAX can more effectively manage our generation portfolio, load and GHG compliance obligations.	To reduce the risk, we have a hedging program on the power generation side that allows us to manage commodity risk exposures within levels approved by the Board and the CEO. Read more about how we are helping vulnerable customers on pages 48-51.
Increases in renewables coming on stream Renewable power generation (such as wind and solar) is increasing in the Province.	An influx of renewable power generation sources coming on-stream could impact the reliability of the grid due to their intermittent nature and will require more electricity transmission infrastructure, which may add costs to customer bills.	More renewable power generation lowers the emissions intensity of the grid overall and offers ENMAX new investment opportunities in emissions-free generation. More renewables may also increase the availability of offsets to be used as compliance tools in achieving our net-zero target.	ENMAX Power, ENMAX Energy and Versant Power each to conduct a pilot project to advance the energy transition by the end of 2023.
Increased demand for electricity Beneficial electrification, defined as replacing direct fossil fuel use with electricity in a way that reduces overall emissions, is expected to be a driver for increased electricity demand.	As owners and operators of transmission and distribution assets, risks are related to the investments required to support the transmission and distribution of increased load and generation and of non-traditional disruptive participants.	This presents a significant opportunity for our power generation and electricity service provider sides of the business.	ENMAX is well positioned to support an increase in electricity demand.
Electric vehicle adoption The federal government has announced that all new light-duty vehicles sold in Canada will be zero emission by 2035, with an interim sales target of at least 50 per cent by 2030. There are additional proposed changes that would support accelerated adoption.	As owners and operators of transmission and distribution assets, risks are related to the investments required to support the transmission and distribution of increased load and generation.	The expected pace of EV adoption and the fact that charging will likely be done at home or work is expected to increase electricity demand for utilities like ours.	We are currently undertaking pilot projects, both in our own mobile fleet and for customers, to better understand the impact of this opportunity on the grid.
Geopolitical events The current war in Ukraine is disrupting global supply chains and increasing concerns about energy security. Other unforeseen external events could cause market and/or supply chain disruptions.	Sourcing materials from countries that are impacted by geopolitical events carries the risk of longer delivery times, increased prices and lack of availability from preferred suppliers which could result in sourcing less sustainable materials and supplies.	Conversation about enhancing North American energy security could positively impact policy or regulatory development in Canada and the U.S. Developing alternate supply plans that may more closely align with sustainable procurement practices.	As a power producer and electricity service provider, we continue to participate and support developments that can strengthen energy security. ENMAX is developing a Sustainable Procurement Strategy. This strategy will be considered when sourcing alternate supply caused by geopolitical risks.

TREND OR EVENT	WHAT IS THE RISK?	WHAT IS THE OPPORTUNITY?	WHAT IS ENMAX DOING TO MITIGATE THE RISK? OR TO TAKE ADVANTAGE OF THE OPPORTUNITY?
TECHNOLOGY			
Advancement in battery technology Energy storage will play a larger role in the future as costs for battery storage technologies decline.	Energy storage technology is still in early stages of development (scale and cost challenges) and therefore does not pose a significant risk to our company.	Energy storage can create an opportunity to supplement our portfolio.	We are operating a battery storage system at Crossfield Energy Centre, which is a hybrid electric gas turbine. Read more
Advancement in other technologies As they progress, technologies such as hydrogen, carbon capture technology and advanced metering will play an important role in the future.	Technology-related risks are related to the timing of investment. Early investment can lead to increased cost. Delayed investment can lead to missed opportunities.	Advancements in technology present great opportunities for us to meet our net-zero target.	To support innovation and technology development in a way that can lower risk for our company, we are investing in Energy Impact Partners. We are evaluating the feasibility of carbon capture at our Shepard Energy Centre. We support several technology developments, such as: – Two-way power flow – Electric mobile fleet – Advanced metering Provincial and federal funding can accelerate technology advancements. These advancements reduce technology costs over time and help to maintain energy affordability for customers.
REPUTATION			
Perception around fossil fuel electricity generation Increased awareness and societal or investor activism around fossil fuels.	Customer perceptions of fossil fuels are increasing pressure on companies to reduce emissions.	ENMAX has a strong history of continual improvement in emissions reduction and will continue to seek cost-effective ways to reach environmental goals.	We have set a target to reach net-zero scope 1 and scope 2 emissions, with an interim target of 70 per cent reduction from 2015 levels. Read more.

Metrics and targets

We currently focus on our GHG emissions as our main climate-related risk but continue to incorporate our understanding of other climate-related risks and opportunities into the refinement of our ESG targets.

The table below summarizes our targets that relate to reducing transition risks or physical risks (e.g., water scarcity) and how we are taking advantage of transition-related opportunities.

CLIMATE-RELATED TARGETS	BENEFITS
Achieve net-zero scope 1 and 2 emissions by 2050.	– Reduces carbon regulation exposure. – Aligns with The City of Calgary and Government of Canada commitments.
Achieve 70% reduction of scope 1 and scope 2 GHG emissions by 2030 from 2015 levels.	– Reduces carbon regulation exposure.
Transition 35% of our mobile fleet to zero emission vehicles (ZEV) by 2030.	– Promotes advancements in medium-duty and heavy-duty mobile fleet electrification. – Enables learnings about mobile fleet electrification. – Promotes reduced GHG emissions and longer asset lifecycles. – Reduces overall mobile fleet operating expenses.
Offset 100% of our building GHG emissions (scope 1 and scope 2) annually.	– Supports our larger net-zero target and aligns with our values. – Supports renewable energy development.
ENMAX Power, ENMAX Energy and Versant Power each to conduct a pilot project to advance the energy transition by the end of 2023.	– Underscores our commitment to supporting the energy transition and increasing the resiliency of the electric grid.

ENMAX has been publicly disclosing its scope 1 and 2 GHG emissions since 2009. See our performance for the last five years in the table to the right. Read more about our GHG reduction initiatives on pages 12-19.

GHG EMISSIONS (KILOTONNES CO_2E)	2018	2019	2020	2021	2022
EQUITY SHARE					
Scope 1 emissions	2,880	2,899	2,975	3,127	**3,242**
Scope 2 emissions	15	14	25	24	**24**
OPERATIONAL CONTROL					
Scope 1 emissions	3,262	3,362	3,475	3,451	**3,676**
Scope 2 emissions	13	13	21	21	**21**

Note: Minor updates were made as a result of a third party review of our emissions data.

A Versant power system technician at work on the University of Maine campus.

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ATTACH 6
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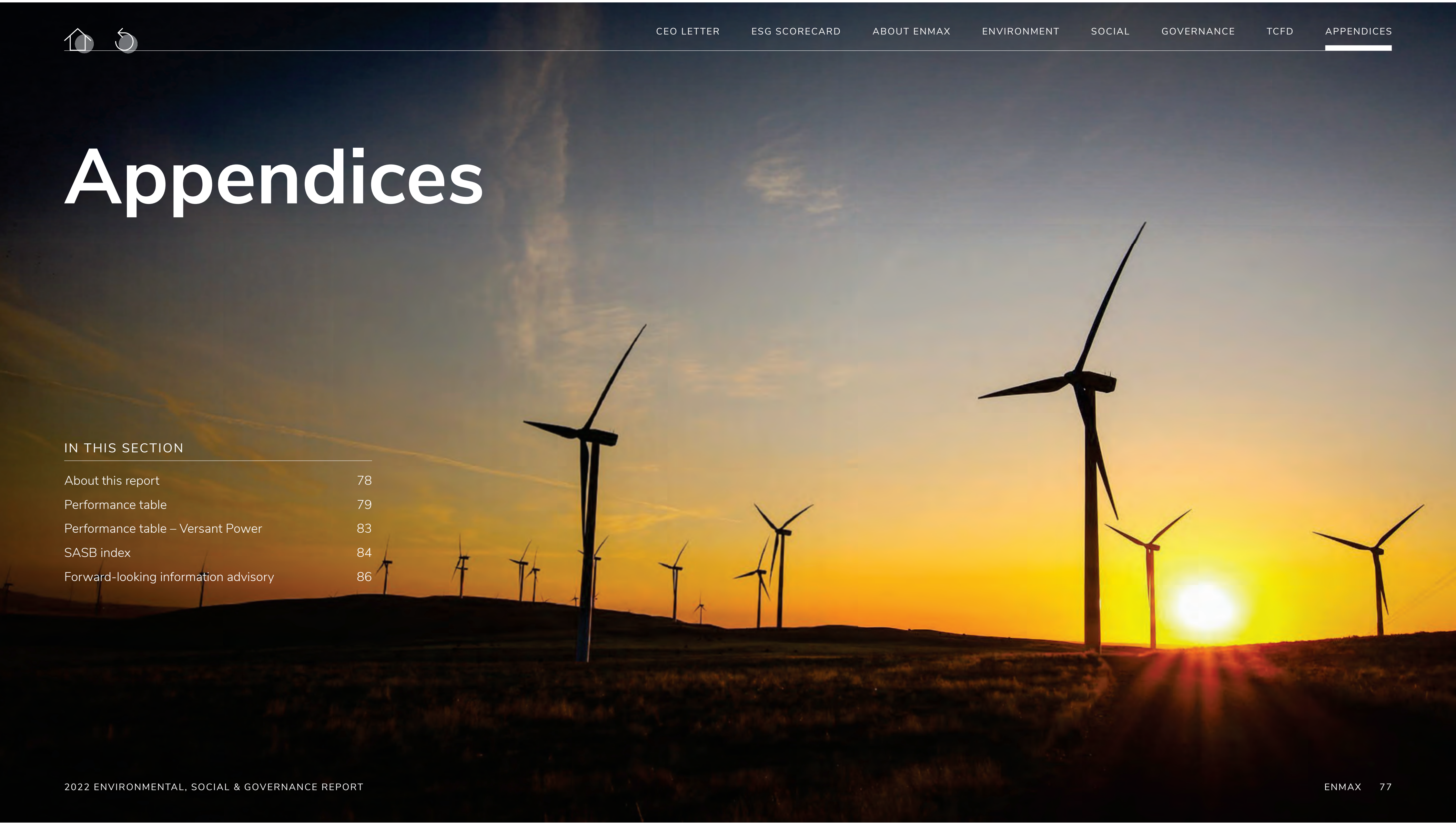

Appendices

IN THIS SECTION

About this report

This report communicates the ESG initiatives and key metrics that demonstrate ENMAX's progress to date and our commitment to continual advancement.

- The terms ENMAX, our, we, us, and the organization, refer to the ENMAX group of companies unless otherwise noted.
- The data included in tables and charts in this report reflects the performance of our companies in Alberta (ENMAX Corporation, ENMAX Power, ENMAX Energy) and, unless otherwise noted, excludes Versant Power. When data is available for Versant Power, it is provided separately and noted accordingly.
- Qualitative information about the operations and achievements of Versant Power is provided throughout the report and noted explicitly with "Versant Power" or "in Maine."
- Unless otherwise indicated, this report covers data and qualitative information for the year ended December 31, 2022. When available, historical data is provided for four years.
- For all of our targets, the date stated indicates by year end of the stated year. For example, completing an activity by 2023, means completion by the end of 2023.
- For our companies in Alberta, we report environmental and social performance for all assets over which we have operational control. This means we report 100 per cent of data related to environment, human resources, safety and business practices for assets we operate. The only exception to this principle is in accounting for greenhouse gas (GHG) emissions that we report based on financial ownership (see next point).
- We report GHG emissions using guidance from the Greenhouse Gas Protocol, developed by the World Resources Institute and the World Business Council for Sustainable Development, and account for our GHG emissions based on financial ownership (equity share approach). Reporting under the equity approach means that we include ENMAX's proportional output share of the emissions from our Shepard Energy Centre, 50 per cent from our Balzac facility, and GHG emissions associated with structured power agreements such as Energy Service Agreements where ENMAX is responsible for carbon compliance obligations. Following this principle, our 2015 baseline for our net-zero target includes GHG emissions related to our Power Purchase Arrangements (PPAs). GHG emissions for prior years have been restated under the equity share approach.
- Unless otherwise noted, data does not cover third-party service providers.
- Unless otherwise noted, financial data is in Canadian dollars and environmental data is in metric units.
- The accuracy of this report is of significant importance to our company. Senior management, our internal auditors and relevant staff have reviewed key information and believe it is an accurate representation of our performance. In some instances, estimates are made based on best-available information and records at the time of writing.
- See Forward-looking Information Advisory (on page 86) for information regarding estimates and other forward-looking statements contained in this report.

Aligning with ESG reporting standards

We cross-reference our disclosures in this report to the following recognized standards:

Read our caution regarding forward-looking statements on page 86.

Performance table

OPERATIONS	UNITS	2018	2019	2020	2021	2022
Electric utility						
Number of customers served (ENMAX Energy)[1]	number	667,700	674,800	690,861	711,233	**725,370**
Electricity sold to customers in Alberta	GWh	19,668	19,250	17,891	15,509	**14,405**
Electricity delivered in Calgary service area	GWh	9,520	9,332	9,050	9,271	**9,483**
Power generation						
Generation capacity, equity based	MW	1,506	1,506	1,509	1,512	**1,522**
Net Energy Output (electricity generated), equity based	MWh	7,869,096	7,889,814	8,372,681	8,505,430	**8,940,035**
Natural gas	MWh	7,256,454	7,309,027	7,636,598	7,857,367	**8,296,491**
Wind	MWh	604,230	570,769	713,197	640,238	**643,544**
District Energy[2]	MWh	8,412	10,018	22,885	7,825	**NR**
Transmission and distribution						
Total km wire in Calgary	km	9,751	9,908	9,694	9,891	**9,862**
Number of distribution transformers	number	53,540	54,258	54,754	55,451[3]	**56,198**
Number of utility poles	number	61,413	61,408	65,054	64,934[3]	**64,875**

ENVIRONMENT	UNITS	2018	2019	2020	2021	2022
GHG emissions (equity)[4]						
Scope 1 emissions	kilotonnes CO_2e	2,880	2,899	2,975	3,127[5]	**3,242**
Scope 2 emissions	kilotonnes CO_2e	15	14	25	24	**24**
Total GHG emissions	kilotonnes CO_2e	2,895	2,913	3,000	3,151	**3,266**
GHG emissions intensity (Scope 1 only)	tCO_2e/MWh	0.39	0.39	0.39	0.37	**0.36**

NR = not reported

Notes

1. ENMAX Energy customers include electricity and/or natural gas customers, as well as sites that we bill for city services such as water.
2. ENMAX completed the sale of its District Energy Centre facility in May 2021.
3. 2021 count updated due to improved calculation methods.
4. We report GHG emissions based on financial ownership (equity) which means we include ENMAX's proportional share of the emissions from our Shepard Energy Centre, 50 per cent from our Balzac facility, and GHG emissions associated with structured power agreements such as Energy Service Agreements in which ENMAX is responsible for carbon compliance obligations. Following this principle, our 2015 baseline includes GHG emissions related to our Power Purchase Agreements (PPAs). Our GHG emissions from 2017-2020 have been restated since the publication of our 2020 ESG report to account for changes in methodology. The changes represent less than 1 per cent of our total GHG emissions.
5. Minor updates were made as a result of a third party review of our emissions data.

ENVIRONMENT CONT'D	UNITS	2018	2019	2020	2021	2022
GHG emissions (operational control)[6]						
Scope 1 emissions	kilotonnes CO_2e	3,262	3,362	3,475	3,451	**3,676**
Scope 2 emissions	kilotonnes CO_2e	13	13	21	21	**21**
GHG emissions intensity (Scope 1 only)	tCO_2e/MWh	0.38	0.38	0.37	0.37	**0.37**
Scope 1 GHG emissions by source (ENMAX Energy only)						
Natural gas combustion	tonnes CO_2e	3,254,004	3,352,027	3,452,622	3,427,566	**3,668,533**
Fugitive	tonnes CO_2e	887	1,336	818	590	**745**
Fleet[7]	tonnes CO_2e	50	153	25	NR	**NR**
SF_6	tonnes CO_2e	0	0	0	0	**0**
Flaring	tonnes CO_2e	NR	NR	NR	NR	**NR**
Other	tonnes CO_2e	0	0	0	0	**238**
Energy transition						
Scope 1 GHG emissions covered under emissions-limiting regulations[8]	per cent	NR	NR	100	100	**100**
Scope 1 GHG emissions covered under emissions-reporting regulations	per cent	NR	NR	100	100	**100**
Grid Resiliency						
Investment in Calgary's Transmission and Distribution (T&D) System and other assets	$ million	228	305	259	253	**273**
Reliability and availability						
System Average Interruption Duration Index (SAIDI)[9]	hours	0.54	0.42	0.47	0.53	**0.50**
System Average Interruption Frequency Index (SAIFI)[9]	# interruptions per customer	0.80	0.72	0.54	0.62	**0.65**
Customer Average Interruption Duration Index (CAIDI)[9]	hours	0.68	0.58	0.87	0.86	**0.77**
Average generation plant availability factor	per cent	93.4	93.3	98.7	91.9	**93**
Air quality[10]						
NOx intensity[11]	kg/MWh	0.18	0.18	0.21	0.23	**0.23**
NOx (excluding N_2O)	tonnes	1,657	1,612	1,926	2,102	**2,250**
Particulate matter (PM_{10})	tonnes	14	15	15	12	**16**
SOx	tonnes	16	16	17	13	**18**
NOx in or near areas of dense population	tonnes	1,253	1,231	1,312	1,637	**1,837**
PM_{10} in or near areas of dense population	tonnes	13	13	14	10	**15**
SOx in or near areas of dense population	tonnes	15	15	15	10	**16**

Notes

6. To allow comparability with historical information, we also provide GHG emissions under operational control which means 100 per cent of GHG emissions from facilities which we operate regardless of financial ownership.
7. Beginning in 2021, fleet related emissions (that in previous years were included under ENMAX Energy) are included in corporate scope 1 emissions.
8. Emissions-limiting regulations include carbon tax.
9. Excludes Versant Power.
10. Air quality data is limited to air emissions from power generation facilities, excluding Balzac Facility.
11. The calculation methodology for NOx intensity values were reviewed in 2022 resulting in correction as now noted.

ENVIRONMENT CONT'D	UNITS	2018	2019	2020	2021	2022
Water management						
Water consumption intensity[12]	m^3/MWh	0.70	0.69	0.69	0.67	**0.74**
Water consumption	million m^3	6.06	6.18	6.57	6.14	**7.03**
Total water withdrawn	million m^3	7.51	7.61	8.11	7.66	**8.64**
Fresh	million m^3	1.97	2.09	2.10	2.28	**2.28**
Non-potable (Reclaimed)	million m^3	5.54	5.52	6.00	5.37	**6.36**
Total water discharged	million m^3	1.41	1.40	1.53	1.50	**1.60**
Spills[13]						
Significant spills, number	number	0	1	2	3	**4**
Significant spills, volume	litres	0	552	2,516	2,177	**779**

SOCIAL	UNITS	2018	2019	2020	2021	2022
Employee and contractor safety						
Total recordable incident rate (TRIR)	injuries per 200,000 hours worked	0.71	0.94	0.34	0.74	**0.74**
Lost time injury frequency rate	injuries per 200,000 hours worked	0.13	0.20	0.07	0.45	**0.15**
Fatalities	number	0	0	0	0	**0**
Near misses – serious	number	8	6	1	12	**8**
Public safety						
Number of public injuries	number	0	0	0	0	**0**
Number of public fatalities	number	0	0	0	0	**0**
Employees						
Total number of employees	number	1,744	1,797	1,692	1,651	**1,690**
Employee turnover rate	per cent	12	8	9	11	**8**
Training and development						
Average hours of training per year per participant (excludes mandatory)	hours	19	12	8	11	**14**

Notes

12. Our water consumption intensity is calculated using our net output MWH, operational basis.

13. All significant spills are spills of more than 500 litres in alignment with industry standards (including EC) for sustainability reporting. At ENMAX all releases to the environment are reported to our Environment personnel, who report to Alberta Environment and Parks (AEP) any release in excess of one gram of Polychlorinated Biphenyl (PCB) concentration from in-service equipment or two parts per million or greater of PCB from stored equipment, any release that has the potential to cause an adverse effect, or any release that has the potential to contravene an AEP facility operating approval.

SOCIAL CONT'D	UNITS	2018	2019	2020	2021	2022
Diversity and inclusion						
Employees who completed respect in the workplace training	number	1,750	1,859	1,793	1,684	**1,619**
Total number of incidents of discrimination reported[14]	number	0	0	0	1	**1**
Women at various levels						
Board	per cent	38	38	33	36	**33**
Sr. Mgmt (Senior VP and above)	per cent	50	67	50	50	**50**
Total Workforce	per cent	33	35	35	35	**36**
Unions						
Employees covered by a collective bargaining agreement	per cent	62	61	62	63	**63**
Energy affordability						
Number of residential and small commercial customer electric disconnections for nonpayment[15]	number	19,841	14,903	6,006	14,018	**9,328**
Customers reconnected[16]	number	NR	NR	3,869	11,540	**7,185**
Community investment						
Community investment	million $	3.8	3.5	2.8	3.3	**3.7**

GOVERNANCE	UNITS	2018	2019	2020	2021	2022
Customer satisfaction						
Customer satisfaction	out of 100%	86%	86%	90%	87%	**88%**
Anti-corruption and anti-competition						
Number of legal cases regarding corrupt practices	number	0	0	0	0	**0**
Number of significant legal actions for anti-competitive, anti-trust behaviour	number	0	0	0	0	**0**
Physical and cybersecurity						
Number of phishing tests conducted	number	4	8	14	11	**15**
Employees who received cybersecurity training	number	1,747	1,856	1,792	1,832	**1,882**

Notes

14. The matter was investigated under the Safe & Respectful Workplace Policy with full resolution.

15. Disconnection data includes both disconnections and load limiter installations. 2020 disconnections are lower than previous years due to ENMAX halting disconnection activities for most of the year due to the deferral program related to the COVID-19 pandemic. The 2022 disconnections are lower due to the Load Limiter Pilot. The number of customer electric disconnects for nonpayment or vacancies includes residential and small business customers.

16. Total reconnections, not necessarily within 30 days. Reconnections may not happen due to extended vacancies or customer changes in provider.

Performance table – Versant Power

COMPANY CONTEXT	UNITS	2020	2021	2022
Electric utility				
Number of customers served	number	166,236	162,000	**164,000**
Electricity sold to customers	GWh	1,971	1,995	**2,054**
Electricity delivered	GWh	1,938	2,075	**2,050**
Transmission and distribution				
Total km wires	km	12,022	12,022	**11,834**
Number of distribution transformers	number	68,000	68,000	**68,000**

ENVIRONMENT	UNITS	2020	2021	2022
GHG Emissions				
Scope 1 emissions	tonnes CO_2e	NA	NA	**6,890**
Scope 2 emissions	tonnes CO_2e	NA	NA	**1,370**
Spills				
Significant spills, number	number	0	0	**0**
Significant spills, volume	litres	0	0	**0**
Reliability				
System Average Interruption Duration Index (SAIDI)	hours	5.03	3.63	**5.43**
System Average Interruption Frequency Index (SAIFI)	# interruptions per customer	2.27	1.97	**2.46**
Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	hours	2.21	1.84	**2.21**

SOCIAL	UNITS	2020	2021	2022
Energy affordability				
Number of residential customer electric disconnections for nonpayment	number	65	1,292	**924**
Number of residential customer electric disconnections reconnected	number	6	962	**691**
Employees				
Total number of employees	number	433	454	**497**
Number of employees covered by collective bargaining agreements	per cent	55	51	**49**
Employee and contractor safety				
Proactive Incident Report (PAIR) Rate	proactive measures per 200,000 hours worked	867	1,020	**1,031**
Total recordable incident rate (TRIR)	injuries per 200,000 hours worked	0.94	0.67	**1.63**
Lost time injury frequency rate	injuries per 200,000 hours worked	0.00	0.00	**0.00**
Fatalities	number	0	0	**0**
High potential near misses	number	0	3	**3**
Diversity and inclusion				
Women in the workforce	per cent	NR	NR	**33**
Communities				
Community investment	USD $	NR	NR	**486,096**
Volunteered hours	hours	NR	298	**700**

NA = Not applicable

NR = Not reported

SASB index

Below are the metrics and references to qualitative descriptions in this report that align with the Sustainability Accounting Standards Board (SASB) standard for *electric utilities and power generators*. SASB is a non-profit organization with the goal of enabling businesses around the world to identify, manage and communicate financially-material sustainability information to their shareholders and providers of capital. This index excludes Versant Power.

SASB INDEX	SASB SUGGESTED DISCLOSURES	2022 DATA
GHG emissions & energy resource planning		
IF-EU-110a.1	Gross global scope 1 emissions (operational control) [tonnes CO_2e]	3,675,298
IF-EU-110a.1	Gross global scope 1 emissions (equity) [tonnes CO_2e]	3,241,660
IF-EU-110a.1	Percentage of scope 1 emissions covered under emissions-limiting regulations	100%
IF-EU-110a.1	Percentage of scope 1 emissions covered under emissions-reporting regulations	100%
IF-EU-110a.2	GHG emissions associated with power deliveries	not reported
IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and performance against targets	pages 4-5, 12-19, 73, 76
IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	not applicable
Air quality		
IF-EU-120a.1	NOx (excluding N_2O) [tonnes]	2,250
IF-EU-120a.1	SOx [tonnes]	18
IF-EU-120a.1	Particulate matter (PM_{10}) [tonnes]	16
IF-EU-120a.1	Lead (Pb)	not applicable
IF-EU-120a.1	Mercury (Hg)	not applicable
IF-EU-120a.1	Percentage of NOx in or near areas of dense population	82%
IF-EU-120a.1	Percentage of SOx in or near areas of dense population	89%
IF-EU-120a.1	Percentage of particulate matter (PM_{10}) in or near areas of dense population	94%
Water management		
IF-EU-140a.1	Total water withdrawn (fresh and non-fresh) [million m^3]	8.64
IF-EU-140a.1	Percentage of water withdrawn that is fresh	100%*
IF-EU-140a.1	Total water consumed [million m^3]	7.03
IF-EU-140a.1	Percentage of water withdrawn and consumed in regions with High or Extremely High Baseline Water Stress	not reported
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	not reported
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	page 29

* Reclaimed wastewater meets the criteria for freshwater under the Alberta Water Act.

SASB INDEX	SASB SUGGESTED DISCLOSURES	2022 DATA
Coal ash management		
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	not applicable
IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	not applicable
Energy affordability		
IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	not reported
IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month [reporting currency]	not reported
IF-EU-240a.3	Number of residential customer electric disconnections for nonpayment	9,328[15]
IF-EU-240a.3	Percentage of customers reconnected (not necessarily within 30 days)	77%
IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	pages 7, 48-53
Workforce health & safety		
IF-EU-320a.1	Total recordable incident rate (TRIR)	0.74
IF-EU-320a.1	Fatalities	0
IF-EU-320a.1	Near misses (serious)	8
End-use efficiency & demand		
IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	not applicable
IF-EU-420a.2	Percentage of electric load served by smart grid technology	not reported
IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	not reported
Nuclear safety & energy management		
IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	not applicable
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	not applicable
Grid resiliency		
IF-EU-550a.1	Number of incidents of non-compliance with physical standards or regulations	not reported
IF-EU-550a.1	Number of incidents of non-compliance with cybersecurity standards or regulations	not reported
IF-EU-550a.2	System Average Interruption Duration Index (SAIDI) [hours]	0.50
IF-EU-550a.2	System Average Interruption Frequency Index (SAIFI) [number of interruptions per customer]	0.65
IF-EU-550a.2	Customer Average Interruption Duration Index (CAIDI), inclusive of major event days [hours]	0.77

Forward-looking information advisory

This report contains certain forward-looking statements and forward-looking information (collectively referred to as “forward-looking information”) about our current intentions, expectations, estimates and projections about the future, as well as targets that we have set for future business conditions, in each case based on certain assumptions made by us in light of our experience and perception of historical trends. Forward-looking information in this report is identified by words such as “aim”, “ambition”, “anticipate”, “believe”, “can”, “committed”, “confident”, “continue”, “develop”, “enhance”, “ensure”, “estimate”, “expect”, “focus”, “goal”, “improve”, “increase”, “integrate”, “invest”, “maintain”, “plan”, “potential”, “priority”, “reduce”, “remain”, “strategy”, “strive”, “target”, “vision” and “will”, or similar words or expressions and includes suggestions of future outcomes. Although ENMAX believes that the expectations represented by such forward-looking information are reasonable, there is no assurance that events will occur in accordance with such expectations. Readers are cautioned not to place undue reliance on forward-looking information as actual results may differ materially from those expressed or implied.

Forward-looking information in this report includes, but is not limited to, statements about: our vision for achieving net-zero scope 1 and scope 2 GHG emissions by 2050 and our targets in implementing this vision; plans to purchase GHG offsets in 2023; our plans to reduce or offset GHG emissions by 2030 from a 2015 baseline and our strategies to achieve that, including the transition of a portion of our mobile fleet to zero emission vehicles by 2030 and offsetting 100 per cent of our building GHG emissions (scope 1 and 2) annually; our plans to develop GHG Action Plans for our GHG-emitting facilities; options we are considering to enhance ESG performance through new technologies; our plans for ENMAX Power, ENMAX Energy and Versant Power to each conduct a pilot project to advance the energy transition in 2023; our plans to continue progressing actions against the diversity, inclusion and belonging roadmap and to update and expand categories of workforce diversity measurement and our intent to survey all employees in 2023; our plans to provide inclusiveness training and training regarding the history of Indigenous Peoples in 2023; our plans regarding communication of opportunities for improvements in hydrovac slurry management; our expectations regarding our completion of oil spill cleanup by the end of 2023; our plans to invest in activities and organizations that support customers in the energy affordability lifecycle; our goal to conduct six pilot projects for energy access and affordability by 2025, Versant Power’s plans to complete two of the six pilot projects; plans to implement a medium-duty mobile fleet electrification pilot project, including the anticipated phases leading to completion; plans for the FEED study to evaluate the technical and financial feasibility of integrating a carbon capture unit at our Shepard Energy Centre and the opportunity to make this facility home to one of the first commercial-scale natural-gas combined-cycle carbon capture units in North America; plans to install rooftop solar panels on community association buildings in the first half of 2023; other plans for the installation of solar generating facilities and the use of two-way power flow on our secondary systems; the expected impacts of the energy transition arising from current energy trends; expectations regarding future federal, state and provincial government regulatory programs, including changes in carbon pricing and GHG regulations; our efforts to improve our safety culture; our plans to improve our risk management strategies; our plans to continue our hybrid work model; our plans regarding training for customer facing teams in 2023; plans to roll out a customer experience strategy to employees in 2023; Versant Power’s plans to develop and implement an action plan to address results of its engagement survey; Versant Power’s plan to create a diversity, inclusion and belonging roadmap by end of 2023 and to launch a new diversity and inclusion-related training course for leaders in 2023; our plans to integrate Versant Power’s data with ENMAX’s; Versant Power’s plans to complete additional undersea cable replacement projects in 2023; Versant Power’s plans to improve customer interaction; our plans to incorporate our operations in Maine into more ESG target areas; our plans to maintain Board of Directors composition of at least 30% women and at least one other member from an underrepresented group; our plans to develop a sustainable procurement strategy by the end of 2023; our plans to implement AMI meters in Calgary; and expectations regarding information to be included in future ESG reports.

This forward-looking information is based on certain assumptions, including: that ENMAX will have the financial, human and other resources available to carry out its plans and meet its targets; that laws and regulations will not change in a material way in a manner that requires significant changes to our plans or to our targets; that general economic conditions will not change materially; that technological changes will not occur in a material way that affects our ability to carry out our plans and meet our targets; that our relationship with our Shareholder (The City of Calgary), our employees and applicable unions, our lenders, and our applicable communities, including Indigenous communities, do not vary significantly in the future in a manner that requires significant changes to our plans or targets or the ability to meet our GHG reduction and other ESG targets; that unexpected external events will not occur that affects the business generally and our plans and strategies; and other assumptions as to the businesses of ENMAX generally, and of Versant Power, not changing materially in the foreseeable future.

There are risk factors and uncertainties that could cause our actual results to differ materially from those set forth in the forward-looking information contained herein. These include risks to ENMAX meeting our 2030 and 2050 climate and GHG emissions reductions targets and further ambitions, including: ENMAX’s ability to develop, access or implement some or all of the technology necessary to efficiently and effectively operate assets and achieve expected future results; the commercial viability of emissions reduction strategies and related technology and products; uncertainty regarding the status of offsets, including due to renewable energy generation, recognition under future government policies and by ESG rating organizations and the measurability of offsets to count as emissions reductions. There are also general risks with respect to ENMAX meeting its ESG targets, commitments, ambitions and strategies in the manner expected, including: restrictions on access to resources needed to meet our plans and targets; increased operating, capital and compliance costs; increasing consideration of ESG factors by parties with whom we have relationships, including among credit rating agencies, lenders and investors, which may impact ENMAX’s ability to access capital required to finance growth and sustaining capital expenditures; our ability to receive necessary regulatory and operating approvals in a timely manner; maintenance of key relationships with government and other regulatory bodies; risks associated with technology and its application to ENMAX’s business; risks associated with reputation of companies that generate electricity from fossil fuels and litigation related thereto; changes in general economic, market and business conditions; the effectiveness of ENMAX’s risk management program; ENMAX’s ability to develop, access or implement some or all of the technology necessary to efficiently and effectively achieve expected future results; the occurrence of unexpected events such as fires, extreme flooding, other severe weather, equipment failures, transportation incidents and other accidents or similar events; unexpected cost increases or technical difficulties in building or maintaining our facilities; availability of, and our ability to attract and retain qualified human resources in a timely and cost-efficient manner; risks associated with climate change and our assumptions relating thereto; changes in the regulatory framework in any of the locations in which we operate, including changes to regulatory approval processes and tax, environmental, greenhouse gas, carbon, climate change and other laws or regulations; potential changes to market expectations and practices related to human resources, diversity and governance practices; risks relating to threats from cybersecurity and other technological challenges; and the occurrence of unexpected events such as pandemics, terrorist threats, foreign conflicts and related geopolitical events and the instability resulting therefrom.

In addition, there are risks that the effect of actions taken by us in implementing targets, commitments and ambitions for ESG focus areas may have a negative impact on our existing business, plans and future results from operations.

It is not possible to predict precisely how the future will unfold and as such, each scenario is inherently uncertain. Our assumptions may prove to be incorrect or inadequate. Events or factors currently unknown to us could materialize and materially affect the outcome of a particular scenario or lead to a scenario not considered, which scenario may adversely affect our operations and financial condition.

All estimates and targets contained in this report are made as of the date of the report based on currently available information. ENMAX undertakes no obligation to update or revise any forward-looking information except as required by law.

Audit Committee Mandate

Pursuant to Section 4.1 of the Amended and Restated Bylaw of ENMAX Corporation (the "**Corporation**" or "**ENMAX**"), a committee of the Board of Directors (the "**Board**") to be known as the "Audit Committee" (the "**Committee**") is established. The Committee has the oversight responsibility and specific duties described below.

1. COMMITTEE MANDATE

a. The Corporate Governance Committee will review this Mandate and associated workplan annually, or as it otherwise deems appropriate, and recommend to the Board any changes it considers necessary or desirable.

b. This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Corporation. While this Mandate should be interpreted in the context of applicable law, as well as in the context of the Corporation's constating documents, it is not intended to establish any legally binding obligations.

2. COMMITTEE COMPOSITION

a. The Committee will be comprised of a minimum of four directors.

b. The Chair of the Board shall serve as an ex-officio and non-voting member of the Committee.

c. Each member of the Committee shall be independent within the meaning of National Instrument 52-110 – *Audit Committees*, as may be amended or replaced from time to time.

d. Each member of the Committee shall, at all times, be familiar with, and have experience in, the duties and responsibilities set forth in this Mandate.

e. No member of the Committee shall serve on the audit committees of more than three corporate entities (including ENMAX), unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

f. At the time of their appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

g. At least one member of the Committee shall have experience as a certified public accountant, chief financial officer or corporate controller of similar experience, or demonstrably meaningful experience overseeing such functions as a senior executive officer.

h. The membership of the Committee, including the role of Committee Chair, will be reviewed annually by the Corporate Governance Committee.

i. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed by the Board, or ceases to be a member of the Board.

j. Where a vacancy occurs in Committee membership, it may be filled by the Board at any time; provided, however, that if the Committee has fewer than four members as a result of a vacancy, such vacancy must be filled by no later than the next scheduled meeting of the Board.

3. COMMITTEE CHAIR

The Committee Chair will have the responsibilities outlined in ENMAX's Board Leadership Expectations. If the Committee Chair is not present at any meeting of the Committee, the Committee Chair will, in advance of the meeting, designate another member of the Committee to serve as Committee Chair for such meeting, failing which the members of the Committee present at such meeting may appoint a Committee Chair for such meeting from their number.

4. COMMITTEE SECRETARY

The Corporation's Corporate Secretary, or designee, will attend and be the secretary of all Committee meetings.

5. COMMITTEE MEETINGS

The time and place of Committee meetings and the procedures at such meetings will be determined by the Committee members, provided that:

a. No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum. In circumstances where a quorum cannot be constituted, the Board Chair may be considered in establishing quorum and will be entitled to vote for the duration of the meeting.
b. The Committee shall meet as often as the Committee considers appropriate to fulfill its responsibilities, but, in any event, shall meet at least once per fiscal quarter.
c. Any member of the Committee (including the Chair of the Board), the Corporation's internal and external auditors, the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee by notifying the Corporation's Corporate Secretary, who will notify the members of the Committee at least 24 hours in advance of the meeting.
d. The Corporation's external auditors are entitled to receive notice of, to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officer or employee of the Corporation, legal counsel, advisor or other person whose attendance it considers necessary or desirable in order to carry out its responsibilities.
e. The Committee Chair will establish the agenda for each meeting of the Committee, taking into consideration the recommendations of the other members of the Committee, the Board, the Corporation's internal and external auditors, as well as management.
f. Briefing materials will be provided to the Committee as far in advance of Committee meetings as practicable.
g. The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. However, the Committee Chair may report orally to the Board on any matter in their view requiring the immediate attention of the Board.

6. DUTIES & RESPONSIBILITIES

The Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's financial accounting and reporting process, the integrity of the Corporation's financial statements, internal controls over financial reporting, external financial audit process, compliance with financial and accounting regulatory requirements, independence and performance of the internal and external auditor, and include the specific duties set out below.

a. COMMITTEE INVESTIGATIONS

i. The Committee has the authority to investigate any activity of the Corporation.
ii. The Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Corporation's management and employees and the books and records of the Corporation.
iii. All employees, officers and directors of the Corporation are to cooperate as requested by the Committee.

iv. All information received by the Committee in connection with any investigation will be made available for examination by any director of the Corporation upon request to the Chair of the Committee.

b. DISCLOSURE DOCUMENTS

i. Review the annual audited financial statements of the Corporation, the external auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and financial performance ("**MD&A**"). After completing its review, if advisable, the Committee shall approve and recommend the annual financial statements and the related MD&A for Board approval.

ii. Review the interim financial statements of the Corporation, the auditors' review report thereon, if any, and any related MD&A. After completing its review, if advisable, the Committee shall approve and recommend the interim financial statements and any related MD&A for Board approval, unless the Board has delegated to the Committee the authority to provide such approval, in which case it shall approve such materials as it sees fit.

iii. In conducting its review of the Corporation's annual and interim financial statements and related MD&A, the Committee shall, among other things: (a) meet with management and the Corporation's internal and external auditors; (b) review the disclosures in the financial statements; and (c) review the audit report or review report, if any, prepared by the Corporation's external auditors.

iv. Review the financial disclosure in any prospectus, offering memorandum or other securities offering document of the Corporation, as well as press releases disclosing, or based upon, financial results of the Corporation and any other publicly disseminated material financial disclosure.

c. INTERNAL CONTROLS AND FINANCIAL REPORTING PROCESSES

i. Inquire of the Chief Executive Officer and the Chief Financial Officer regarding the processes followed by them in preparing any certifications, including any areas of concern or challenge, any matters that may have a material effect on the financial statements and other related matters.

ii. Review management's report on the effectiveness of internal controls over financial reporting.

iii. Review all significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including:

    1. the Corporation's critical accounting policies, including any changes in its selection or application of such policies;
    2. management's process for formulating sensitive accounting estimates and the reasonableness of such estimates;
    3. the effects of alternative accounting methods on the Corporation's financial statements;
    4. any off-balance sheet arrangements;
    5. any requirements relating to complex or unusual transactions; and
    6. any significant recorded or unrecorded audit adjustments.

iv. Review all material related-party transactions in accordance with the Corporation's Principles of Business Ethics Policy.

v. Establish and maintain procedures for:

    1. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including through ENMAX's Safety and Ethics Helpline; and

2. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, including through ENMAX's Safety and Ethics Helpline.

Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it will direct the Committee Chair to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the Corporation's Corporate Secretary to reach a satisfactory conclusion.

d. EXTERNAL AUDITORS

i. Review and, if advisable, recommend for Board approval, the nomination of the Corporation's external auditors.
ii. If a change in the Corporation's external auditors is proposed, review all issues related to the change and the planned steps for an orderly transition.
iii. In collaboration with management, lead the annual performance assessment of the Corporation's external auditors.
iv. Assess the effectiveness of the working relationship between the Corporation's external auditors and management.
v. Communicate its expectations regarding external auditor performance.
vi. Annually review and approve the external auditors' audit plan and audit fees.
vii. Review annual and quarterly reports from the Corporation's external auditors, including with respect to:
    1. any significant risk areas or issues identified by the Corporation's external auditors;
    2. any corrected or uncorrected misstatements and disclosure deficiencies; and
    3. any problems or difficulties and management's response.
viii. Hold discussions with the Corporation's external auditors regarding, among other things:
    1. any material changes to the external auditors' audit plan;
    2. the Corporation's critical accounting policies and critical accounting and other significant estimates and judgements underlying the Corporation's financial statements;
    3. material changes in accounting policies and practices and their impact on the Corporation's financial statements;
    4. alternative treatments of financial information within International Financial Reporting Standards (IFRS) related to material items that have been discussed with management, ramifications of the use of such alternative treatments, and the treatment preferred by the Corporation's external auditors;
    5. material written communications between the Corporation's external auditors and management, including, but not limited to, the management letter and schedule of unadjusted differences;
    6. their assessment of the Corporation's internal controls over financial reporting; and
    7. such other matters as are required by applicable auditing standards to be discussed by the auditors with the Committee.
ix. Approve, in advance, any audit services and permissible non-audit services to be performed by the Corporation's external auditors that it deems advisable in accordance with applicable laws and Board approved policies and procedures, and adopt and implement policies for such pre-approval.

x. Review all reportable events, including disagreements, unresolved issues and consultations with the Corporation's external auditors and receive and review all reports prepared by the Corporation's external auditors in connection therewith.

xi. Assess the independence of the Corporation's external auditors, taking into account, among other things, the extent of audit-related and non-audit-related services provided by the Corporation's external auditors and the fees paid thereto in connection therewith.

xii. At least annually, and before the Corporation's external auditors issue their report on the annual financial statements:

1. obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Corporation;
2. discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors; and
3. obtain written confirmation from the external auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which they belong.

xiii. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

xiv. At least annually, obtain and review a report by the Corporation's external auditors describing:

1. the external auditors' internal quality-control procedures; and
2. any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to external audits carried out by the external auditors, and any steps taken to deal with such issues.

e. INTERNAL AUDIT

i. Review the appointment, evaluation and termination of the Corporation's Internal Auditor.

ii. Review the activities and organizational structure of the internal audit function, as well as the qualifications of personnel to ensure the objectivity and independence of the internal audit function.

iii. Review the internal audit function responsibility, budget, and staffing and discuss the adequacy thereof with the Corporation's external auditors.

iv. Review and approve the Internal Audit Charter, multi-year Internal Audit Plan and Annual Internal Audit Plan for the upcoming fiscal year ensuring that the Corporation's internal auditors are reviewing all of the Corporation's business units to ensure that appropriate internal controls are in place.

v. Review reports and analysis from the Corporation's Internal Auditor including their results of planned activities for the quarter and findings and recommendations made to management as well as management's response to and remediation steps taken as a result of audit findings.

vi. Review an annual report from the Corporation's Internal Auditor detailing the regular examination of the Chief Executive Officer and executive expenses and perquisites, including use of the Corporation's assets.

vii. Periodically review with the Corporation's internal auditors any significant difficulties, disagreements with management, or scope restrictions encountered in the course of their work.

f. COMPLIANCE

i. Review, on a quarterly basis, with management, the external auditors and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, or the manner in which these matters have been disclosed in the financial statements.

ii. Annually review a certificate from an officer of the Corporation respecting withholdings and payment obligations contained in the Directors and Officers Liability Statutory Overview.

g. OTHER

i. Review the financing plans and material internal and external financing activities of the Corporation.

ii. Review and, if advisable, recommend for Board approval, any financing transactions of $50 million or greater contemplated by the Corporation.

iii. Oversee the Corporation’s consolidated capital expenditure budgets and Board approved capital and operating expenditures.

iv. Review the structuring and performance of any material project that may impact the Corporation’s consolidated capital structure, credit ratings and internal controls.

v. On an as needed basis, review legal entity structure changes and material partnering arrangements.

vi. Annually recommend for Board consideration and approval a Shareholder dividend.

vii. Annually review the Corporation’s insurance programs for adequacy and obtain legal advice on the content of the Corporation’s insurance contracts every three years.

viii. Annually review the Corporation’s hedging program, limits and risk tolerance and recommend any changes to the Board; review any Board-level exceptions related to the enforcement of the hedging program.

ix. Once every three years, or earlier as required, review any Board Level Policies that have been assigned to the Committee, with a view to ensuring that appropriate controls exist, are being implemented, and are in compliance with statutory and regulatory requirements, and recommend any changes to the Board for approval.

7. ACCESS TO MANAGEMENT, BOOKS, RECORDS AND EXTERNAL ADVISORS

a. The Committee may conduct or authorize investigations into or studies of matters within the Committee’s scope of responsibilities and duties as described above, and shall have the authority to seek, retain and terminate external legal counsel or other consultants, accountants or other advisors from a source independent of management, with notice to either the Chair of the Board or the Chief Executive Officer of the Corporation, as deemed appropriate by the Committee to properly discharge its obligations to the Corporation, and to set and pay the respective compensation for these advisors. The Corporation shall provide appropriate funding, as determined by the Committee, for the services of these advisors. The Board will be kept apprised of both the selection of the advisors and the advisors’ findings through Committee reports to the Board.

b. The Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Corporation’s management and employees and the books and records of the Corporation.

8. IN-CAMERA MEETINGS

As part of each meeting of the Committee, the Committee shall hold an *in-camera* session, at which management and non-independent directors of the Board are not present, and the agenda for each

Committee meeting will afford an opportunity for such a session. The Committee will invite the Corporation's internal and external auditors to participate in a portion of each such *in-camera* session.

2022 Annual Report on Governance and Compensation

At ENMAX, we power the potential of people, businesses, and communities by safely and responsibly providing electricity and energy services in a way that matters to them now and in the future. We are pleased to present our 2022 Annual Report on Governance and Compensation, which marks 13 years of voluntary public disclosure of our governance and compensation practices and reflects our commitment to transparency and good corporate governance.

It was a year of transition for ENMAX, businesses and individuals as pandemic-related restrictions were largely lifted in 2022. Global challenges including supply chain disruptions, the war in Ukraine and broad inflationary pressure led to increased volatility in commodity markets. Additional pressures were experienced following the pandemic, including labour shortages, demand for wage increases and exploration of new ways to work and collaborate. Against this backdrop, affordability and reliability have become a greater focus for electricity providers and customers as consumption and demand patterns evolve.

Our electricity grid must continue to deliver power reliably, while enabling the transition to diverse energy sources, withstanding increasingly severe weather events and adapting to changing customer expectations. Through our subsidiaries, ENMAX Power Corporation and Versant Power, we are committed to connecting our customers to safe and reliable electricity through prudent cost management and strategic capital investment to optimize the existing grid in alignment with our focus on energy affordability. Through ENMAX Energy Corporation, we are committed to advancing a cleaner energy future for the benefit of our customers.

Strong Financial Performance

ENMAX has a strong fiscal foundation built on careful cost management and capital investment, ensuring the delivery of safe and reliable power to our customers. We maintained strong financial performance in 2022 as high commodity prices, record output from natural gas-fuelled generation assets and increased volume of electricity distributed to customers led to an 18 per cent increase in revenues and a 37 per cent increase in Comparable Net Earnings (CNE) from 2021. CNE for the year were $274 million, compared with $200 million in 2021, driven by changes in adjusted EBITDA as well as interest on debt, depreciation and tax movements. Adjusted earnings for the year before interest, taxes, depreciation and amortization (adjusted EBITDA), were $737 million compared to $609 million in 2021, higher commodity pricing and increased plant availability in ENMAX Energy. Net earnings for the year ending December 31, 2022, were $296 million, consistent with the prior year.

Shareholder Value

ENMAX is proud to continue providing a growing dividend to our sole Shareholder, The City of Calgary. We declared a dividend for 2022 in the amount of $82 million, marking a 32 per cent increase relative to 2021. ENMAX has grown The City of Calgary's initial $280 million transfer of assets to a shareholder's equity of almost $3.1 billion as of December 31, 2022. Since this sole investment by The City of Calgary in 1998, we have contributed close to $1.3 billion in dividends to The City, enhancing its revenues and, in turn, providing for reinvestment in Calgary's communities.

Community Investment

We are committed to meeting the needs of our customers and communities and ensuring their energy is safe, reliable, and sustainable. In 2022, our Alberta Customer Care team continued to be responsive to our customers and achieved an 88 per cent customer satisfaction rating. We continued to support energy affordability initiatives for our customers in recognition of the increased cost of living and market volatility. ENMAX invested $3.7 million into the communities of Alberta and Maine, including funding to partner agencies for energy affordability programs for vulnerable customers, energy efficiency education and conservation programs. We also provided $150,000 and 200 energy efficiency kits to the Alberta Ecotrust Foundation to help individuals reduce their energy costs and carbon footprint. From preparing food bank hampers to making seniors' homes more energy efficient, our team members volunteered over 4,500 hours in 2022 and raised over $160,000 for nearly 200 charitable organizations. Giving back is part of who we are at ENMAX, and our team members live this every day.

ENMAX Leadership

Our Board of Directors (Board) and Executive Team have ultimate responsibility for the Company's success, including oversight of strategy to successfully guide ENMAX in an electricity market facing rapidly emerging technological trends and climate targets. Our goal is to provide forward-thinking and customer-centric energy solutions that work for today and provide for a better tomorrow.

Ensuring ENMAX has the right team and talent in place is a core responsibility of the Board, and succession planning was a priority governance matter in 2022 as we welcomed our new President & Chief Executive Officer, Mark Poweska, and two new Directors, Nipa Chakravarti and Byron Neiles, to the Board. We also saw the retirement of long-standing Directors, Greg Melchin, the former Board Chair, and Kathleen Sendall, the former Chair of our Governance Committee.

Environmental, Social and Governance (ESG) Leadership

At ENMAX, we support a sustainable approach to the energy transition that maintains system reliability and affordability for customers. The Board is proud of our strong ESG performance, as demonstrated in our 2022 ESG Report. This report is aligned with recognized ESG reporting standards and reflects our long-term commitment to sustainable business practices.

ENMAX advanced progress against our ESG framework—deepening our commitment to the community, advancing electrification, investing in grid resilience, enabling a diverse and inclusive team, and ensuring access to safe and reliable energy.

The electricity sector is experiencing rapid transformation as it responds to the opportunity of electrification, enables growth in distributed forms of renewable energy and embraces lower-carbon energy sources as part of the energy transition. As a key player, we are committed to enhancing our ESG performance through the exploration and adoption of technologies that can help reduce the emissions associated with our business. ENMAX has a critical role in supporting customers and enabling opportunities through this transition. We believe that federal and/or provincial funding can support these goals while keeping customers' needs in mind.

Safety is a core value that underpins our company culture. Our robust safety policies, procedures and systems guide our work so everyone can go home safe at the end of the day. We encourage a proactive safety culture where every individual takes responsibility and ownership for safety, regardless of their position or work environment. We build our safety culture by continually enhancing our safety communications, broadening our safety awareness and strengthening our safety governance. ENMAX also supports the health, well-being and engagement of our team members and we're proud to be recognized for the fifth consecutive year by Mediacorp Canada as one of *Alberta's Top 75 Employers* (2023) and one of *Canada's Greenest Employers* (2023) for the eleventh time since 2009. We also received the *Electricity Canada* President's Award for Safety Excellence in Distribution (2022). These recognitions reflect our commitment to operate responsibly and bring sustainable energy solutions to the communities we serve.

ENMAX is committed to preserving and enhancing the confidence and trust of our Shareholder and customers, and we are proud of our sustainable operations which prioritize our customers, communities, and the environment. On behalf of the ENMAX Board of Directors and Executive Team, thank you for your ongoing support.

Charles Ruigrok Chair of the Board of Directors	Mark Poweska President & Chief Executive Officer

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About ENMAX

Headquartered in Calgary, Alberta, with operations across Alberta and Maine, ENMAX Corporation ("**ENMAX**") is a leading provider of electricity services, products and solutions. Through its subsidiaries, ENMAX Power Corporation and Versant Power, ENMAX owns and operates transmission and distribution utilities in Calgary, Alberta, and northern and eastern Maine, safely and reliably delivering electricity to all Calgary homes and businesses and approximately 164,000 customers in Maine. Through ENMAX Energy Corporation, ENMAX owns and operates 1,522 MW of generation and offers a range of innovative electricity, natural gas and energy services to approximately 725,000 residential, commercial and industrial customers across Alberta. ENMAX is a private corporation, and The City of Calgary is its sole shareholder.

About This Document

As our sole shareholder is The City of Calgary (the "**Shareholder**"), and as an essential part of the communities we serve, ENMAX is committed to providing transparency regarding its operations, finances, governance and executive compensation. This document is part of delivering on that transparency and is provided in addition to our annual and interim financial reports and annual Environmental, Social and Governance Report (the "**ESG Report**"). Although ENMAX is not required to publicly file an annual information circular comparable to those of publicly listed companies, ENMAX strives to provide disclosure regarding governance and executive compensation that is consistent with public company disclosure. Our disclosure practices are informed by the requirements applicable to public companies.

INFORMATION CONTAINED IN THIS REPORT IS DATED AS OF DECEMBER 31, 2022, UNLESS OTHERWISE SPECIFIED. References to responsibilities of specific Board committees have been updated throughout to reflect current oversight, due to a change in our Board's committee structure that came into effect January 1, 2023.

Our Governance Approach

Our Corporate Governance Philosophy and Practices

At ENMAX, our Board of Directors (the "**Board**" or "**Directors**") and Executive Team (the "**Executive**") are committed to the highest standards of ethical conduct and corporate governance. We believe that sound corporate governance practices contribute to Shareholder value, trust and confidence in ENMAX. Ultimately, our governance practices are built on the belief that how we earn profits is equally as important as the level of profits we earn.

ENMAX's governance practices are key to how we make decisions. Our governance framework guides how we assign accountability, delegate authority, and determine resources to support and enhance our decision-making process. Our framework also helps to ensure our corporate values are always reflected in the work we do. The Board is committed to maintaining high standards of corporate governance, and regularly reviews and updates its principles and policies to meet evolving best practices, expectations and legal requirements.

Our approach to governance and the disclosure of our practices is informed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Our governance framework is based on the following principles:

- Diverse expertise-based Board that promotes continued responsible growth and success;
- Clear definition of roles and responsibilities, making for effective decision-making;
- Delegation to committees of the Board (the "**Committees**") to ensure the Board's mandate is appropriately carried out;
- Accountability through annual evaluation of the Board, Directors, and our President & CEO;
- Established enterprise risk management system; and
- Commitment to clear communications with our Shareholder and other stakeholders.

Ethical Business Conduct

The Board expects all Directors, officers and employees of ENMAX to act with honesty, integrity and impartiality. This allows ENMAX to earn and maintain the trust of our Shareholder, employees, stakeholders, customers and the communities in which we operate. Our Principles of Business Ethics Policy ("**Business Ethics Policy**") contains principles and guidelines for ethical behaviour and describes the governance and corporate culture we want to develop and preserve. The Board reviews and approves the Business Ethics Policy at least once every three years and works closely with the Executive to promote a strong governance culture that influences ENMAX at every level. All employees sign an acknowledgment that they have read, understand and will comply with the Business Ethics Policy and complete regular training on the policy.

ENMAX has a confidential ethics hotline where employees can anonymously express concerns about inappropriate business conduct through a confidential third party. Every report regarding potential violations of the Business Ethics Policy is reported to ENMAX's Corporate Governance Committee. 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 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 she or he is conflicted.

Members of the public can obtain a copy of our Business Ethics Policy by contacting the Corporate Secretary at governance@enmax.com or can view a copy on our corporate website.

Environmental, Social and Governance Matters

Throughout our history, ENMAX has held a commitment to building a sustainable future through our operating practices.
At ENMAX, we are proud of our strong history of achievements in environmental, social and governance ("**ESG**") practices and performance. Highlights from our 2022 ESG Report are provided on the following page, demonstrating our evolution as a responsible corporate citizen and future-oriented electricity service provider.

Our ESG Report is aligned with recognized ESG reporting standards and reflects ENMAX's long-term commitment to a clean energy future, sustainable business practices and development, as well as to creating value for our Shareholder. Members of the public can obtain a copy of our ESG Report by contacting the Corporate Secretary at governance@enmax.com or can view a copy on our corporate website.

ENMAX, Alberta 2022 ESG Highlights

The ENMAX group of companies is a leading provider of electricity services, products and solutions. We are headquartered in Calgary, Alberta, with operations across Alberta and Maine. Through our subsidiaries, ENMAX Power Corporation and Versant Power, we own and operate transmission and distribution utilities that safely and reliably deliver electricity to customers in Calgary and northern and eastern Maine.

Through ENMAX Energy Corporation, we own and operate power generation facilities and offer a range of electricity and natural gas products and services to our customers. At ENMAX, we are proud of our strong history of achievements in environmental, social and governance (ESG) practices and performance. Below is a selection of highlights from our 2022 ESG Report which demonstrate our evolution as a responsible corporate citizen and future-oriented energy provider.

OPERATIONS

Served
~725,000
residential, commercial and industrial customers in Alberta

Maintained
335 km
of transmission lines and
8,629 km
of distribution lines in and around Calgary

Provided
1,522 MW
generation capacity

Remained
TOP QUARTILE
for reliability among Canadian utilities

ENVIRONMENT

Announced plans to study feasibility of **CARBON CAPTURE** at our Shepard Energy Centre

Achieved
65%
REDUCTION
in scope 1 and scope 2 GHG emissions towards our net-zero target

Began quantifying our
SCOPE 3 EMISSIONS

800 kW
OF SOLAR
The solar panels in our secondary network pilot are generating electricity and exporting excess energy back to the grid

Continued testing two medium-duty electric vehicles towards our target to **TRANSITION 35%** of our mobile fleet to zero emission vehicles by 2030

SOCIAL

Entered into a new
20-YEAR
distribution agreement with the Tsuut'ina Nation

Progressed the next phase of our **EV SMART CHARGING PILOT** to test the effectiveness of incentives on electric vehicle charging behaviour

Contributed
~$3 million
to Alberta community organizations and directed
35%
of our community investment budget to energy affordability

Achieved safety record of **0.74** total recordable injury frequency (TRIF)

GOVERNANCE

Customer Care responded to
>680,000
calls, emails and web chats

Achieved
88%
customer satisfaction

CYBERSECURITY PREPAREDNESS
>30 employees completed Incident Command System training to enable a more coordinated response to incidents

LEADERSHIP
100% of senior leaders completed inclusive leadership training to enable a culture of belonging

33%
of the members of our Board of Directors are women

Versant Power, Maine 2022 ESG Highlights

Versant Power is a regulated electricity transmission and distribution utility in the state of Maine, owned by ENMAX Corporation. As the second-largest utility in the state, we provide electricity and customer care services to residential, commercial and industrial customers.

Versant Power is fully regulated by the Maine Public Utilities Commission and the Federal Energy Regulatory Commission. Below is a selection of highlights from our activities included in ENMAX's 2022 ESG Report which illustrate some of our environmental, social and governance (ESG) accomplishments.

OPERATIONS

Served
~164,000
customers in northern and eastern Maine

Maintained
1,267 miles
of transmission lines and
6,350 miles
of distribution lines across a
10,400 square miles
service territory

Installed
65
INTELLIGENT DEVICES
in Maine since 2019 to reduce outage duration and improve reliability

Invested
>US $60 million
to maintain and improve Maine's electricity system

ENVIRONMENT

Supported
260
distributed generation projects

Covered
>2,000 miles
and **INVESTED ~10%** of operational budget on tree and vegetation management to protect our wires and maintain reliability

Completed a
6-mile
UNDERSEA CABLE
replacement to Swan's Island, home to 350 year-round residents

Designed and built
3 NESTING PLATFORMS
(22 built in total over the years) to protect birds that tend to nest around our transmission and distribution wires

SOCIAL

Achieved
ZERO
lost time injuries

497
employees at Versant Power
42
individuals enrolled in our in-house, four-and-a-half-year apprenticeship program for lineworkers

Completed our second employee engagement survey and received results showing we have a **HIGHLY ENGAGED WORKFORCE**

Contributed
>US $480,000
to Maine community organizations

ENERGY AFFORDABILITY
Supported vulnerable customers through our Low Income Assistance Program, our Arrearage Management Program, and Power Match

GOVERNANCE

Governed by a Board of Directors with the majority of representatives from Maine, including four independent directors

Introducing a
REDESIGNED BILL
to provide a more user-friendly layout and additional clarity on charges

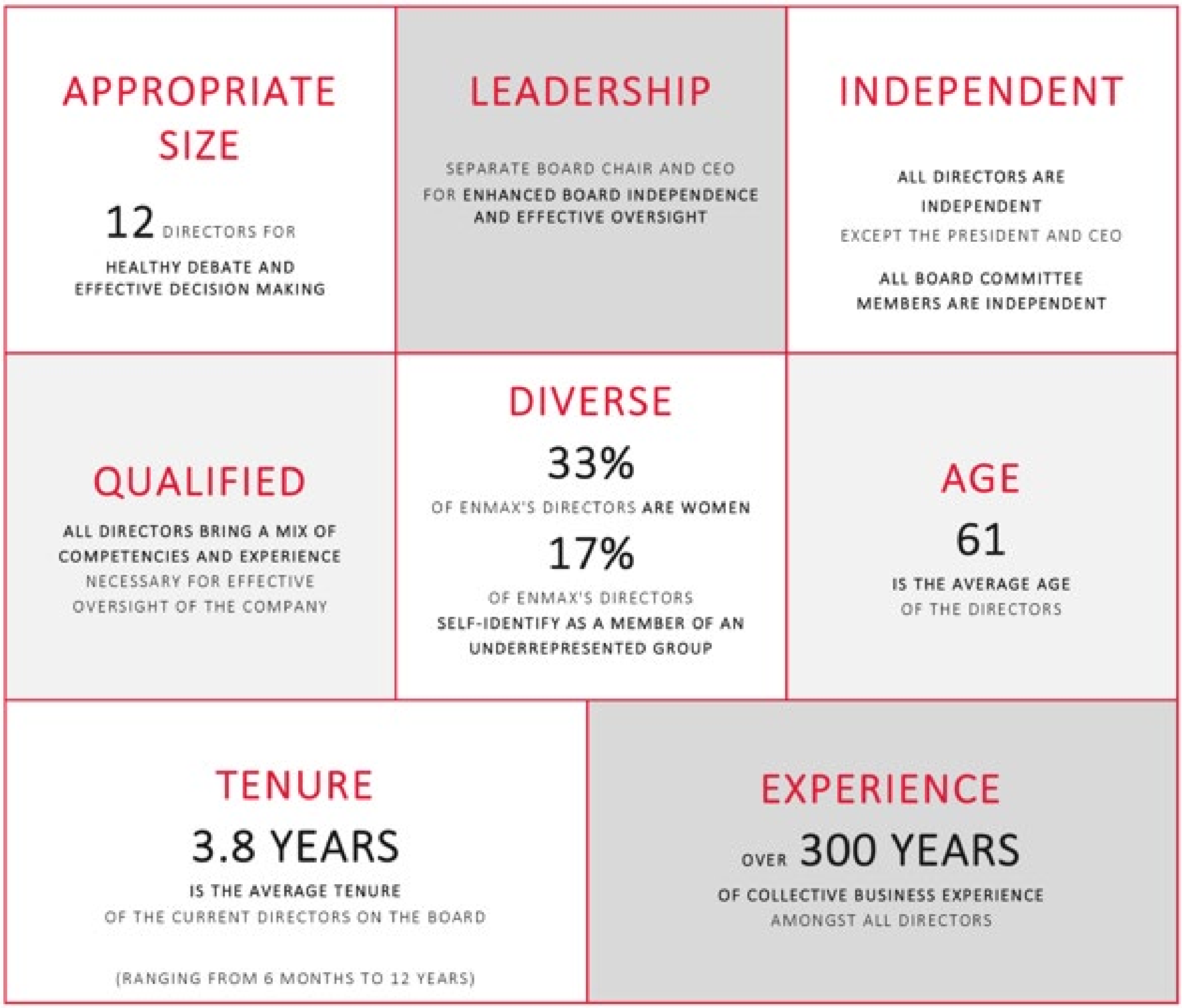
86%
APPROVAL
on timeliness of restoring service after storms, based on a customer survey

10-WEEK
training program to onboard new customer care representatives

Our Board of Directors

ENMAX's Board of Directors is responsible for the overall stewardship and oversight of the Corporation. The Board has substantive knowledge of the Corporation's business, acts as an advisor to the Executive Team, and ultimately monitors the performance of the Corporation. Members of the Board are elected by the Shareholder following an extensive recruitment process that includes the use of a third-party recruitment firm to identify candidates for the Board who possess the necessary experience and skillsets desired to complement the Director Skills Matrix found on page 21.

ENMAX's Board is comprised of 12 Directors. These Directors have the necessary mix of skills, experience and qualifications for proper oversight and effective decision-making. A full biography of each Director can be found on pages 9 to 14. The full set of skills each Director brings to ENMAX's Board is also set out in the Director Skills Matrix.



BOARD CHAIR

Charles Ruigrok

Calgary, AB

Age 66

Independent

Financially Literate

Ex-Officio Member:
- Audit Committee
- Corporate Governance Committee
- Human Resources Committee
- Safety, Environment and Sustainability Committee

Education and Designation:
- Bachelor of Science (Civil Engineering)
- Master of Engineering (Civil Engineering)
- Professional Engineer
- ICD.D Designation

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
None

Charles Ruigrok joined the ENMAX Board in 2010 and is the Chair of the Board, having previously served as Chair of ENMAX's Audit Committee and as Board Chair of Versant Power, ENMAX's Maine-based transmission and distribution business. Mr. Ruigrok also served as ENMAX's President & CEO, on an interim basis, between 2011-2012 and 2021-2022.

With over 40 years of business and executive experience in the energy industry, Charles brings an extensive understanding of ENMAX and its operations to the Board. Charles previously held the position of CEO of Syncrude Canada Ltd., and spent 26 years at Imperial Oil, where he held various senior executive positions including Vice President of Oil Sands Development and Research.

Charles is a past director of Syncrude Canada Ltd., Rainbow Pipeline Company, Progas Limited, the Alberta Chamber of Resources, Petroleum Technology Alliance Canada and Soane Energy LLC. He also served as a member of the Board of Governors of the Canadian Association of Petroleum Producers.

2022 Meeting Attendance:
Meetings Attended: 18 / 19 | Attendance Record: 95%

PRESIDENT AND CEO

Mark Poweska

Calgary, AB
Age 54

Non-Independent

Financially Literate

Committee Memberships:
The President & CEO is not a member of any ENMAX Board Committees

Education and Designation:
- Bachelor of Science (Mechanical Engineering)
- Professional Engineer

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
None

Mark Poweska joined ENMAX in September 2022 as President and CEO and serves as Board Chair of Versant Power, ENMAX's Maine-based regulated transmission and distribution business. He previously served as President and CEO at Hydro One, where he led the launch of their strategy with a focus on safety, efficiency, customer service and community partnership.

Before joining Hydro One in 2019, Mark was the Executive Vice President, Operations at BC Hydro. He oversaw all aspects of operations in the organization's electric system, serving approximately four million residential, commercial and industrial customers. During his tenure, Mark successfully led the merger of the former transmission and distribution organization with the generation organization to form one operations group with revenues of approximately $5 billion. Mark joined BC Hydro in 1993 and worked in several parts of the organization, including engineering, construction and procurement.

Mark graduated from the University of Saskatchewan with a degree in mechanical engineering. He currently serves on the Board of Directors for the 2025 Invictus Games and participates on the CD Howe Energy Policy Council. He previously served on the Board of the Western Energy Institute, as Chair of the Board of Directors of the Ontario Energy Association, and was a Board Advisor to Yukon Energy.

2022 Meeting Attendance:
Meetings Attended: 11 / 11 | Attendance Record: 100%

Nipa Chakravarti

Calgary, AB

Age 52

Independent

Financially Literate

Committee Memberships:
- Audit Committee
- Corporate Governance Committee

Education and Designation:
- Chartered Professional Accountant
- Bachelor of Commerce

Areas of Expertise:
- Commodities/Wholesale Electricity Trading
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
None

Nipa Chakravarti joined the ENMAX Board in 2022 and has had an extensive career bringing innovation to teams including finance, operations, systems and procurement. Nipa is currently Senior Vice President, Marketing at Inter Pipeline Ltd., where she has held senior management roles since 2018. She also serves on the Board of the Prostate Cancer Centre.

Prior to joining Inter Pipeline Ltd., Nipa served as the Chief Transformation Officer and as Vice President of Information Technology for TransAlta Corporation, held the position of Vice President of Customer Service at FortisAlberta, and was a Senior Manager, Consulting at KPMG.

Nipa holds a Bachelor of Commerce degree in finance from Queen's University and is also a Chartered Professional Accountant.

2022 Meeting Attendance:
Not applicable. Ms. Chakravarti joined the ENMAX Board in December 2022.

Laura Formusa

Toronto, ON

Age 68

Independent

Financially Literate

Committee Memberships:
- Audit Committee
- Human Resources Committee (Chair)

Education and Designation:
- Bachelor of Laws
- ICD.D Designation

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
- Tantalus Systems Corp.

Laura Formusa joined the ENMAX Board in 2017 and is the Chair of the Human Resources Committee. She is currently also Board Chair of Tantalus Systems Corp., and a director of 407 International Inc. and Equitable Life Insurance Company of Canada. Laura has also served on the Board of Governors of York University, in addition to other directorships.

Laura has over 30 years of experience in the utilities industry. She was President and Chief Executive Officer of Hydro One Inc. from 2007 until her retirement at the end of 2012. Prior to that, she was Vice President, General Counsel and Corporate Secretary of Hydro One.

Laura obtained a Bachelor of Laws degree from Osgoode Hall Law School, holds the Institute of Corporate Directors Designation, ICD.D and is the recipient of an Honorary Doctor of Laws from Ryerson University and Ontario Tech University. She was inducted into the Top 100 Most Powerful Women in Canada's Hall of Fame by the Women's Executive Network.

2022 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%

Daryl Fridhandler, K.C.

Calgary, AB

Age 66

Independent

Financially Literate

Committee Memberships:
- Human Resources Committee
- Safety, Environment and Sustainability Committee

Education and Designation:
- Bachelor of Arts
- Bachelor of Laws
- Master of Laws
- ICD.D Designation
- King's Counsel

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Energy Sector
- Financial
- Human Resources
- Political and/or Government
- Risk Management

Public Board Memberships:
None

Daryl Fridhandler joined the ENMAX board in 2021 and has over 35 years of legal experience. He is currently a partner with Burnet, Duckworth & Palmer, LLP in the firm's business law group. In addition, Daryl has significant business experience, specifically as founder and director of numerous private and public companies.

Daryl is actively involved in the Calgary community. He currently serves as the Board Chair of the Alberta Ballet Company. His previous involvement in the Calgary community includes serving as co-chair and a Board member of the Contemporary Calgary Arts Society, as a Governor of Mount Royal University, Governor of the Alberta University of the Arts (formerly ACAD), Commissioner of the Calgary Police Commission and Chair of Calgary Economic Development.

Daryl holds a BA from McGill University, an LLB from Dalhousie University, an LLM from New York University and a designation from the Institute of Corporate Directors. He received a Queen's Counsel appointment in 2004 and the Alberta Centennial Medal for community service in 2005.

2022 Meeting Attendance:
Meetings Attended: 12 / 12 | Attendance Record: 100%

Eric Markell

La Quinta, CA

Age 71

Independent

Financially Literate

Committee Memberships:
- Audit Committee (Chair)
- Safety, Environment and Sustainability Committee

Education and Designation:
- Bachelor of Economics
- Master of Public Administration

Areas of Expertise:
- Commodities / Wholesale Electricity Trading
- Community Building and Leadership
- Corporate Governance / Legal
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Political and/or Governmental
- Project Management & Engineering
- Risk Management

Public Board Memberships:
None

Eric Markell joined the ENMAX Board in 2016 and is currently the Chair of the Audit Committee. Eric is a member of the Board of Trustees of the United States Eventing Association Foundation, a 501(c)(3) entity where he also serves as a member of its Investment Committee.

Eric is also a director of Enpower Wadham Corp. and founder of Markell & Company LLC (private, consulting practice). Eric is also a member of the Board of Directors of The Hudson Renewable Energy Institute, a not-for-profit entity that advocates for the wise and expanded use of clean electric power sources.

Eric has over 35 years of experience in the utility and power industry which includes experience in corporate finance, accounting, regulatory relations and rate-making, asset acquisition, generation operation and construction, project finance and project development.

Before joining ENMAX, Eric held various senior executive positions, including Chief Financial Officer, Chief Resource Officer and Chief Strategy Officer of Puget Energy Inc. and Puget Sound Energy. In addition, Eric served as Vice President and Chief Financial Officer of United American Energy Corp. Eric is also a past Treasurer and Controller of Central Hudson Gas & Electric Corporation and the past Vice President and Treasurer of the New York State Energy Research & Development Authority.

2022 Meeting Attendance:
Meetings Attended: 14 / 14 | Attendance Record: 100%

Barbara Munroe

Calgary, AB

Age 59

Independent

Financially Literate

Committee Memberships:
- Corporate Governance Committee (Chair)
- Human Resources Committee

Education and Designations:
- Bachelor of Commerce (Finance)
- Bachelor of Laws
- ICD.D Designation

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Energy Sector
- Environmental, Sustainability and Safety
- Human Resources
- Political and/or Government
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
- Crescent Point Energy Corp.
- Willow Biosciences Inc.

Barbara Munroe joined the ENMAX Board in 2021 and is the Chair of the Corporate Governance Committee. Barbara is also currently the Board Chair of Crescent Point Energy Corp. and is Chair of the Governance and Compensation Committee for Willow Biosciences Inc. Barbara is actively involved in volunteer and non-profit organizations, including the Alberta Cancer Foundation as Vice Chair, Board of Trustees, and a Member of the Impact Engagement Committee (not for profit).

Barbara has over 25 years of experience as a lawyer and executive in diverse industries. She held various senior executive positions at WestJet Airlines from 2011 to 2019, most recently as Executive Vice President, Corporate Services & General Counsel. Barbara also served as Assistant General Counsel, Upstream at Imperial Oil Ltd. from 2008 to 2011, and the Senior Vice President, General Counsel & Corporate Secretary for SMART Technologies Inc. from 2000 to 2008. Prior to her in-house roles, Barbara practiced corporate commercial law at Blake, Cassels & Graydon, LLP for ten years.

Barbara received the Lexpert Zenith Award for Women in Law, an award that recognized her work in the advancement of women in the legal profession. Barbara holds a Bachelor of Commerce degree in finance and a Bachelor of Laws degree, both from the University of Calgary.

2022 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%

Byron Neiles

Calgary, AB

Age 58

Independent

Financially Literate

Committee Memberships:
- Human Resources Committee
- Safety, Environment and Sustainability Committee

Education and Designation:
- Master of Business Administration
- Bachelor of Arts (Political Science)

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Energy Sector
- Environmental, Sustainability and Safety
- Human Resources
- Political and / or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
None

Byron Neiles joined the ENMAX Board in 2022 and has close to 30 years of experience in the energy industry. He is currently the Executive Vice President & Chief Administrative Officer at Enbridge Inc. in Calgary, where he leads the IT, human resources, real estate, supply chain management, public affairs, communications and sustainability teams and had previously held roles as Senior Vice President, Major Projects and Enterprise Safety and Operational Reliability.

Prior, Byron served as Vice President of Customer, Regulatory & Public Affairs, and Legal Affairs with Enbridge Gas Distribution in Ontario and formerly served in corporate affairs roles with natural gas and power utilities. He has also served as a policy advisor to two Canadian federal energy ministers.

Byron holds an MBA from the University of Calgary, a Bachelor of Arts degree in political science from the University of Regina and is a graduate of the Advanced Management Program at Harvard Business School. He is co-chair of the annual Global Business Forum in Banff, a trustee of the Makadiff Sports and Calgary Philharmonic Orchestra Foundations and serves as member of the Dean's Management Advisory Council at the Haskayne School of Business at the University of Calgary as well as a member of cabinet of the OWN Cancer Campaign with the Alberta Cancer Foundation.

2022 Meeting Attendance:
Not applicable. Mr. Neiles joined the ENMAX Board in December 2022.

Dr. Chika Onwuekwe, K.C.

Calgary, AB

Age 56

Independent

Committee Memberships:
- Corporate Governance Committee
- Safety, Environment and Sustainability Committee (Chair)

Education and Designations:
- Bachelor of Laws
- Master of Laws (2)
- Ph.D. Law
- King's Counsel

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Energy Sector
- Environmental, Sustainability and Safety
- Human Resources
- Political and/or Government
- Risk Management
- Technology & Cybersecurity

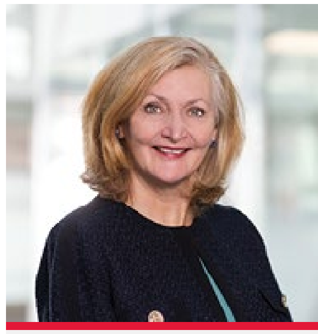
Public Board Memberships:
None

Dr. Chika Onwuekwe joined the ENMAX Board in 2021 and is Chair of the Safety, Environment and Sustainability Committee. Chika has over 20 years of legal and executive experience. He is also currently the Vice President, Legal, General Counsel and Corporate Secretary of Trican Well Service Ltd. and serves as a Director of the Association of Corporate Counsel, Alberta Chapter. He is actively involved in volunteer and non-profit organizations, including as Co-Chair of the BlackNorth Initiative Mentorship and Sponsorship Committee, Chair of the BlackNorth Initiative Alberta Chapter, and former Trustee of the Nigerian Canadian Association of Calgary.

Chika was previously the General Counsel of PTW Energy Services Ltd. and in addition to his executive experience, practiced corporate commercial law at MLT Aikens (formerly MacPherson Leslie Tyerman LLP) and Norton Rose Canada LLP (formerly Macleod Dixon LLP). He was previously an Assistant Professor of Law and Society at the University of Calgary and an Adjunct Professor of Business Law at LBS Pan-African University in Lagos.

Chika has received many acknowledgements during his career, including a Queen's Counsel appointment from the Province of Alberta in 2020 and various awards for his volunteerism and service to the Black community in Canada. He holds LL.M and Ph.D. degrees from the University of Saskatchewan, an LL.M. from the University of Lagos and an LL.B from Nnamdi Azikiwe University, Awka, Nigeria. He is also a registered Trademark Agent (Canada).

2022 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%



Elise Rees

Vancouver, BC

Age 64

Independent

Financially Literate

Committee Memberships:
- Audit Committee
- Corporate Governance Committee

Education and Designation:
- Bachelor of Arts (Hons)
- Chartered Professional Accountant
- ICD.D Designation

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and / or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
- Artemis Gold Inc.
- K-Bro Linen Systems Inc.

Elise Rees joined the ENMAX Board in 2016. She is also a director and Audit Committee Chair of Artemis Gold Inc. and K-Bro Linen Systems Inc. Elise has over 35 years of experience in public accounting. She spent 18 years as a partner with Ernst & Young, LLP and 14 of those years focused on acquisitions, mergers and corporate restructuring. Elise has also been the global client-coordinating partner for services to the BC Credit Union Industry.

Elise has been recognized many times during her career. She was awarded the Influential Woman in Business Award in 2007 and the Ernst & Young Rosemarie Meschi Award for Advancing Gender Diversity in 2007. In addition, she has been recognized for her leadership with the designation of Fellow Chartered Professional Accountant and Fellow Chartered Accountant in 2010, and received the Community Builder Award from Association of Women in Finance in 2012. She was also recognized as a Top 100 Most Powerful Women in Canada by the Women's Executive Network in 2015.

2022 Meeting Attendance:
Meetings Attended: 14 / 14 | Attendance Record: 100%

William Taylor

Portsmouth, NH

Age 58

Independent

Financially Literate

Committee Memberships:
- Corporate Governance Committee
- Safety, Environment and Sustainability Committee

Education and Designation:
- Bachelor of Applied Science (Civil Engineering)
- Professional Engineer
- Corporate Director Certificate

Areas of Expertise:
- Commodities / Wholesale Electricity Trading
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management

Public Board Memberships:
None

William (Bill) Taylor joined the ENMAX Board in 2020 and has over 30 years of experience in the energy sector. Bill is also the President of Pathfinder Advisors LLC.

Before joining ENMAX, Bill spent 21 years at TransCanada Corporation (now TC Energy) where he held various senior executive positions. Bill held the position of Executive Vice-President and Division President, Energy at TransCanada Corporation and prior to that, held various senior executive positions, including Senior Vice-President, Power. He was responsible for profitability and growth of the company's power business, non-regulated gas storage and its non-regulated joint ventures in Canada and the United States.

Bill has extensive experience in renewable power, having developed large-scale solar projects in Ontario as well as wind facilities in Quebec and Maine. Bill also oversaw operations of one of New England's largest hydropower systems for TransCanada.

Bill is a past director of Canadian Electricity Association, Independent Power Producers of New York, Independent Market Operator in Ontario, TransCanada Turbines, Bruce Power, and the Portlands Energy Centre.

2022 Meeting Attendance:
Meetings Attended: 14 / 14 | Attendance Record: 100%

Bruce Williamson

Spring, TX

Age 64

Independent

Financially Literate

Committee Memberships:
- Audit Committee
- Human Resources Committee

Education and Designation:
- Bachelor of Arts (Business Administration)
- Master of Business Administration

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management

Public Board Memberships:
None

Bruce Williamson joined the ENMAX Board in 2020. He has over 30 years of extensive experience in the energy sector. Prior to joining ENMAX, Bruce held many senior executive positions, including President and CEO of Southcross Energy Partners, Cleco Corporation and Dynegy Corporation. Prior to these roles, Bruce was the President and CEO of Duke Energy Global Markets. Bruce also spent four years with PanEnergy Corp as SVP, Finance and Corporate Development and prior to that, he spent 14 years with Shell Oil and various Shell affiliates in a variety of positions, primarily in exploration and production and finance where he rose to be Assistant Treasurer of Shell Oil Company.

Bruce was previously Board Chairman and CEO of Southcross Energy Partners, Southcross Holdings and Cleco Corporation, and was Chairman of the Board and CEO of Dynegy Inc. He was an independent board member of Questar Corporation, and served on the UH Chancellor's National Advisory Council. He currently serves on the University of Houston Bauer School of Business Dean's Advisory Board and Energy Advisory Board. He also serves on Houston Methodist The Woodlands Hospital's Patient and Family Advisory Council and assists in the stroke rehabilitation and recovery program with the Houston Methodist Neurology and Neurosurgery departments.

2022 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%.

Governance Structure

The Board consists of twelve Directors (including ENMAX's President & CEO) and is chaired by an independent director. Charles Ruigrok assumed the role of Chair of the Board in December 2022, upon the retirement of Greg Melchin from the Board.

Members of the Board are elected by the Shareholder following an extensive recruitment process that includes the use of a third-party recruitment firm to identify candidates for the Board who possess desired experience and skillsets to complement the Director Skills Matrix found on page 21. The Board assigned responsibility to three Committees during 2022: the Audit Committee, the Governance Committee and the Safety & Human Resources Committee (the "SHRC"). The Board reviewed its Committee structure during 2022 to ensure alignment with key focus areas, organizational long-term priorities, and to maintain an effective balance of duties and use of resources. As a result, ENMAX increased its number of Committees to four, and reallocated responsibilities.

The new Committee structure was implemented January 1, 2023, accompanied by strengthened Committee mandates and workplans, and now includes an Audit Committee, Corporate Governance Committee, Human Resources Committee, and Safety, Environment and Sustainability Committee. The mandates of the Board, each Committee, individual Directors and those in Board leadership roles can be found on our corporate website along with Board, Committee, and Policy information. The composition of the ENMAX Committees is detailed on the following page.

Director Independence

Independent Directors bring a fundamental benefit to a corporation—objectivity. Having a majority of independent Directors helps provide assurance that decisions are made in the best interests of ENMAX. The Corporate Governance Committee and the Board review the independence status of the Directors annually to ensure that the Board is composed of a majority of Directors who can provide independent, varied and experienced perspectives. The independence of potential Board nominees is also reviewed when considering nominations.

Directors' independence is determined in accordance with National Instrument 52-110 – *Audit Committees*. A Director is considered independent only when she or he has no direct or indirect material relationship with ENMAX. Board members must provide information about their business and other relationships with ENMAX or our employees. They must also advise the Board if there are any material changes to their circumstances or relationships that could affect the assessment of independence.

The only non-independent Director on the Board is ENMAX's President & CEO.

Audit Committee

ENMAX's Audit Committee consisted of seven Directors in 2022 and was chaired by Eric Markell. Following the restructuring of the Board committees on January 1, 2023, the Committee now consists of six Directors. All Audit Committee members are independent Directors. The Board ensures that financial expertise resides in the Audit Committee. Members must be financially literate or become financially literate within a reasonable period after appointment.

Financial literacy is determined in accordance with National Instrument 52-110 – *Audit Committees*. To be considered financially literate, members of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by ENMAX's financial statements. In addition, the Audit Committee Mandate requires that at least one member of the Audit Committee have accounting or related financial management expertise.

Currently, all Audit Committee members are financially literate. Audit Committee members demonstrate financial literacy through previous senior executive and leadership experience, work in the financial sector and/or through extensive directorship experience.

Corporate Governance Committee

Formerly the Governance Committee, the committee in 2022 consisted of seven Directors and was chaired by Kathleen Sendall until her retirement in December 2022. Barbara Munroe assumed the role of chair of the committee following Ms. Sendall's retirement.

Effective January 1, 2023, the committee was renamed to become the Corporate Governance Committee after the Board Committees were restructured to move ESG matters to a new Safety, Environment and Sustainability Committee. The Committee now consists of six Directors who are all independent Directors. The Board ensures that governance expertise resides in the Corporate Governance Committee. Such expertise is gained through previous senior executive and leadership experience and/or extensive legal or directorship experience.

Human Resources Committee

Formerly the Safety & Human Resources Committee (the "**SHRC**"), the committee in 2022 consisted of seven Directors and was chaired by Laura Formusa.

Effective January 1, 2023, the committee was renamed to the Human Resources Committee (the "**HRC**"), after safety and environmental oversight was moved to a new Safety, Environment and Sustainability Committee. The HRC now consists of six Directors and continues to be chaired by Laura Formusa. All members are independent Directors. The Board ensures that human resources and compensation expertise resides in the HRC. Such expertise is gained through previous senior executive and leadership experience and/or through extensive directorship experience.

Safety, Environment and Sustainability Committee

The new Safety, Environment and Sustainability Committee (the "**SESC**") came into effect January 1, 2023 and consists of six Directors. It is chaired by Chika Onwuekwe and all members are independent Directors. The Board ensures that safety, environment and ESG expertise resides in the SESC. Such expertise is gained through previous senior executive and leadership experience and/or through extensive directorship experience.

COMMITTEE STRUCTURE
EFFECTIVE JANUARY 1, 2023

Audit Committee

Eric Markell (Chair)
Nipa Chakravarti
Laura Formusa
Elise Rees
Bruce Williamson
Charles Ruigrok (Ex-Officio)

Corporate Governance Committee
(formerly the Governance Committee)

Barbara Munroe (Chair)
Nipa Chakravarti
Chika Onwuekwe
Elise Rees
Bill Taylor
Charles Ruigrok (Ex-Officio)

Human Resources Committee
(formerly the Safety & Human Resources Committee)

Laura Formusa (Chair)
Daryl Fridhandler
Barbara Munroe
Byron Neiles
Bruce Williamson
Charles Ruigrok (Ex-Officio)

Safety, Environment and Sustainability Committee

Chika Onwuekwe (Chair)
Daryl Fridhandler
Eric Markell
Byron Neiles
Bill Taylor
Charles Ruigrok (Ex-Officio)

ESG Governance

The Board has ultimate oversight of ENMAX's strategy and approach to its ESG, ensuring alignment with ENMAX's business strategy, priorities, risk profile and decision-making. In 2022, the Board was supported by the Governance Committee in fulfilling its ESG oversight, an enhancement made in 2021 to ENMAX's governance framework. Effective January 1, 2023, the newly formed Safety, Environment and Sustainability Committee now supports the Board, with its oversight of ENMAX's ESG targets and practices, including approach to climate-related issues, as well as related disclosure inclusive of ENMAX's ESG Report. ENMAX's ESG Report is available on our corporate website.

Directors' Attendance

The Directors strive to attend all Board meetings and meetings of Committees of which they are members. In 2022, an overall attendance rate of 99 per cent was achieved for scheduled meetings by our Directors. Board members may optionally attend meetings of any Board Committee, whether or not they are a member. Through this, Board members can both contribute to and gain comfort with the level of knowledge, engagement and participation of those on other Committees.

As a matter of good governance, each Board and Committee meeting agenda includes dedicated time for in-camera sessions with and without the President & CEO. In the instance of the Audit Committee, in-camera sessions are also held separately at each meeting with the external and internal auditors.

Outside of formally scheduled meetings, the Board and Committee chairs attend planning meetings with the Executive and periodic informal briefings with the Shareholder.

DIRECTORS' ATTENDANCE DURING 2022 (BOARD & COMMITTEE MEETINGS)

Director	Meeting Attendance	Meetings Held[1]	Attendance Record
Nipa Chakravarti[2]	N/A	N/A	N/A
Laura Formusa	15	15	100%
Daryl Fridhandler[3]	12	12	100%
Eric Markell	14	14	100%
Greg Melchin[4]	19	19	100%
Barbara Munroe	15	15	100%
Byron Neiles[2]	N/A	N/A	N/A
Chika Onwuekwe	15	15	100%
Mark Poweska	6	6	100%
Elise Rees	14	14	100%
Charles Ruigrok	18	19	95%
Kathleen Sendall[4]	15	15	100%
Bill Taylor	14	14	100%
Bruce Williamson	15	15	100%
TOTAL	172	173	99%

1 *Total number of regularly scheduled Board and Committee meetings during the 2022 year. This does not include Shareholder meetings, Director education sessions, or special meetings held for CEO and Director Recruitment.*

2 *Nipa Chakravarti and Byron Neiles joined the ENMAX Board on December 2,2022 but did not participate in any meetings as a Director in 2022.*

3 *Daryl Fridhandler was not appointed to any Committees until March 2022, following his appointment to the Board in December 2021.*

4 *Greg Melchin and Kathleen Sendall retired from the ENMAX Board on December 2, 2022.*

Director Education, Evaluation and Succession Planning

Director Orientation

The Board fosters a culture that encourages incoming Directors to fully participate in Board activities as soon as possible. All new Directors undergo a comprehensive orientation which addresses ENMAX's governance structure, the Board's mandate and the nature and scope of our operations.

The orientation program is designed to ensure that incoming Directors can assume responsibilities quickly, maximizing their contribution and the capacity of the Board. Our orientation program includes one-on-one meetings with members of the Board, Executives, and others such as our internal and external auditors. New Directors are initially invited to attend all Committee meetings, and site visits are also arranged to enable direct knowledge of our operations. The orientation program includes a mix of in-person and virtual onboarding, including virtual site tours. Two new Directors joined the Board during 2022.

All Board materials, which include key governance, financial and policy information, are available for Directors at all times via our confidential Board portal.

Director Education

Our ongoing education program is overseen by the Corporate Governance Committee. Our education program provides Directors with focused information on topics pertinent to ENMAX's business, and with opportunities to build and maintain the collective set of skills, abilities and experiences needed to effectively oversee ENMAX's governance practices, operational performance, and long-term strategy execution.

The program has various components, including attendance at conferences and seminars, internal and external speakers during meetings, visiting ENMAX facilities and accessing different parts of our operations. Each Director is entitled to be reimbursed by ENMAX, up to a set value annually, for attending continuing education courses and conferences that are of benefit to them in their role on the Board.

In addition, as part of the annual board evaluation process, Directors are asked to suggest topics of interest for future education sessions, and topics are chosen for presentation from internal and external sources based on such feedback.

During 2022, the Board attended educational seminars by external professional organizations or by members of the Executive and senior management relating to a variety of matters, as set out in the table below. In addition, all of our Directors are offered membership in, and are members of, the Institute of Corporate Directors ("ICD"), a not-for-profit association promoting the effectiveness of Canadian directors and boards. Through membership in ICD and other organizations, Directors are provided the opportunity to attend educational opportunities on current topics of interest to boards of directors in Canada

DIRECTOR EDUCATION SESSIONS HELD IN 2022

Topic*	Date	Participants
Alberta Generation Landscape	May 19, 2022	All Directors
ENMAX Facilities Tours: Shepard Energy Centre and South Service Centre *(optional)*	August 16, 2022	All Directors
Energy Transition	August 17, 2022	All Directors
Advanced Metering Infrastructure and Carbon Capture Usage and Storage	October 11, 2022	All Directors
Versant Power Tour (Bangor Area Service Territory Tour) *(optional)*	October 24, 2022	All Directors
Evolution of Alberta's Electricity Market and ENMAX's Strategy Journey	October 25, 2022	All Directors
Director Fiduciary Duties	November 30, 2022	All Directors
Environmental Commodities Trading	November 30, 2022	All Directors
Electricity Fundamentals in Canada Course *(Electricity Canada) (optional)*	N/A	All Directors

** Does not include policy, legislation and industry information provided as part of regular Board activities.*

Director Evaluation and Board Performance Assessment

The Board undertakes an annual self-evaluation process to assess its performance and overall effectiveness, as well as that of the Board Committees, the Board Chair, and individual Directors. The evaluation process involves the solicitation of input from each Director through comprehensive questionnaires, is designed to stimulate thoughts regarding performance and improvements on key evaluation areas, and is used as a reference tool to enhance the effectiveness and adequacy of the Board. For 2022, the Board engaged an external advisor to perform the evaluation and report on board effectiveness.

The annual evaluations may include questions regarding the following themes:

- ENMAX's overall strategy, business, performance and culture;
- Board and Committee effectiveness;
- Board composition and succession;
- Corporate governance;
- An assessment of their own performance as Directors;
- An assessment of their peer Directors on the Board; and
- An assessment of the Board Chair.

Results of these questionnaires are compiled, and the Board Chair and the Chair of the Corporate Governance Committee analyze the results of the assessments. The Chair of the Corporate Governance Committee analyzes the results of any Board Chair assessment without the Board Chair's involvement. The results of the annual evaluations are presented to both the Corporate Governance Committee and the Board.

Each Director also completes an annual self-assessment of his or her skills and experience in key areas for serving on our Board, which is reviewed by the Corporate Governance Committee. This information assists the Corporate Governance Committee in identifying any gaps in the Board's collective skill set and informs the Corporate Governance Committee's succession planning and recruitment process. The results of this assessment are also reflected in the Director Skills Matrix included on page 21 of this Report.

The evaluation process assists the Corporate Governance Committee and the Board in assessing overall Board performance and the contributions of each Director. The Corporate Governance Committee uses the results to identify actions for improvement and to determine education opportunities in order to ensure Director expertise is fully utilized. This process also helps the Board to build and maintain the collective set of skills, abilities and experiences needed to effectively oversee ENMAX's long-term performance and strategy execution.

Skills & Expertise

The Board believes a diverse mix of strategic skills and expertise is critical to ensuring effective oversight of ENMAX's complex operations. The Board has developed a matrix of the essential skills collectively required for effective Board operations (the "**Director Skills Matrix**"). The Director Skills Matrix is kept current to reflect ENMAX's strategy. The Director Skills Matrix supports the Board's efforts to ensure an optimal balance of skills in the event of Director retirement or succession requirements, as well as changing business requirements.

Each year the Corporate Governance Committee and the Board review the Director Skills Matrix to ensure it accurately reflects the skills and experience essential to the performance of ENMAX's Board. The current Director Skills Matrix is found on page 21 of this Report.

Director Succession Planning

When reviewing the Director Skills Matrix, the Corporate Governance Committee assesses the needs of the Board to ensure essential skills and expertise is maintained for effective Board operations, in consideration of Director retirement and succession requirements, and that the diversity of the Board is reflective of the industry and markets in which ENMAX operates. The Corporate Governance Committee typically follows the recruitment process detailed below when proposing new Board members for election:

- The Corporate Governance Committee will retain an external, independent recruitment advisor to identify and evaluate candidates with required skills and experience;
- The Shareholder is invited to refer names of potential candidates with suitable skills and experience to the independent recruitment advisor for consideration;
- Once engaged, the Corporate Governance Committee reviews the advisor's list of potential appointees taking into account, among other things, the skills and experience of each individual and their ability to contribute to the Board, and the Board Diversity Policy;
- The Corporate Governance Committee determines a shortlist of candidates for an interview process;
- After the interview process, the Corporate Governance Committee determines the potential appointees that are best suited to become members of the Board;
- The Corporate Governance Committee requests approval of the above-noted potential appointees by the Board; and
- ENMAX proposes the Board-approved potential appointees for election by the Shareholder.

The Board has not adopted a mandatory retirement age or term limits for individual Directors. Without having a mandatory retirement age or term limits, we have experienced turnover on our Board that has brought Directors with new perspectives, abilities and approaches. This has complemented the depth of knowledge and insight about our company and business operations that some of our more long-standing Directors have developed over time. As of the date hereof, the average tenure of the Directors is approximately four years.

Diversity

ENMAX recognizes that having a mix of highly qualified Directors from diverse backgrounds brings different perspectives and experience to the boardroom to generate healthy discussion, debate and effective decision-making. During succession planning and recruitment processes, ENMAX considers the diversity of its Board membership and balances this with the knowledge and experience required to complement the existing skills of the Board as a whole.

As a reflection of ENMAX's commitment to diversity, ENMAX is a signatory to the Leadership Accord on Diversity, Equity and Inclusion, headed by Electricity Human Resources Canada. ENMAX is also a member of the 30% Club Canada, an organization that supports businesses having an aspirational goal of maintaining or exceeding a board and executive composition in which at least 30 per cent are women.

The Board adopted a Board-level diversity policy (the "Diversity Policy") in 2020. The Diversity Policy provides that, when selecting Director candidates and assigning chair roles for the Board and its Committees, diversity will be considered. For the purposes of the Diversity Policy, the diversity criteria includes gender, age, residency, race, culture, ethnicity, people with disabilities (including invisible and episodic disabilities), members of the 2SLGBTQ+ community and other factors that may enhance ENMAX's ability to deliver value to its Shareholder. As of 2023, the Diversity Policy also includes targets that: (i) at least 30 per cent of ENMAX's Directors are women; and (ii) at least one member of the Board is from an underrepresented group, relative to the communities served by ENMAX.

The Corporate Governance Committee is responsible for monitoring the implementation and effectiveness of the Diversity Policy on an annual basis and will report its findings to the Board and recommend any changes to the Diversity Policy, as appropriate.

Four of the 12 Directors (33 per cent) are women and two Directors (17 per cent) self-identify as members of an underrepresented group. In addition, three of the seven members of the Executive Team (43 per cent) are women.

ENMAX Director Skills Matrix*

Key Skills	Nipa Chakravarti	Laura Formusa	Daryl Fridhandler	Eric Markell	Barbara Munroe	Byron Neiles	Chika Onwuekwe	Mark Poweska	Elise Rees	Charles Ruigrok	Bill Taylor	Bruce Williamson
Commodities / Wholesale Electricity Trading	✓			✓							✓	
Community Building and Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate Governance / Legal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customer Experience	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Electricity Utility Sector	✓	✓		✓				✓	✓	✓	✓	✓
Energy Sector	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Environmental, Sustainability and Safety		✓		✓	✓	✓	✓	✓	✓	✓		✓
Financial	✓	✓	✓	✓				✓	✓	✓		✓
Human Resources	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Political and/or Government	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Project Management & Engineering	✓	✓		✓		✓		✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technology	✓	✓			✓	✓	✓	✓		✓		

Skill Area	Skill Descriptor
Commodities / Wholesale Electricity Trading	Senior executive or consulting experience in commodity or wholesale electricity trade operations.
Community Building and Leadership	Significant experience and demonstrated leadership in the areas of community building and relations. Experience and capacity to engage and build relationships with a diverse set of stakeholders. May include experience with non-profits and the public sector.
Corporate Governance / Legal	Senior executive, board member or consulting experience in corporate governance and legal matters applicable to business. (Note: Legal skill area represents a variety of legal areas and is not limited to a lawyer.)
Customer Experience	Senior executive or consulting experience with retail-level customers in the utility industry or another customer-focused service industry.
Electricity Utility Sector	Senior executive experience in electric utility (e.g. regulated rate) involving retail transmission, distribution and/or generation. (Note: Energy Sector Skill area captures competitive electricity.)
Energy Sector	Senior executive or consulting experience in the competitive energy, electricity or natural gas markets, combined with a strong knowledge of ENMAX's strategy, markets, competitors, financials, operational issues, regulatory concerns and technology. May have technical training and formal education in this regard (e.g. engineering degree).
Environmental, Sustainability and Safety	Thorough understanding and experience in environmental, climate, sustainability and health and safety frameworks (legal, regulatory and policy) applicable to business and broader energy industry.
Financial	Senior executive experience or consulting in financial accounting and reporting and corporate finance, especially with respect to debt and equity markets. Comprehensive knowledge of internal financial controls and reporting standards. Expertise in auditing, evaluating or analyzing financial statements. May have formal education in this regard.
Human Resources	Senior executive experience or relevant board committee participation with an understanding of compensation, benefit and pension programs, human capital planning, legislation and agreements. Executive compensation expertise including base pay, incentives, equity and perquisites, and an understanding of retention, succession, training and recruitment.
Political and/or Government	Experience in or with senior levels of municipal, provincial or federal government, and/or senior management experience in political and public consultation.
Project Management & Engineering	Senior executive experience in large-scale infrastructure projects or capital investment programs. May include formal education in this regard.
Risk Management	Senior executive experience in analyzing exposure to risk and successfully determining appropriate mitigants to best handle such exposure.
Technology & Cybersecurity	Senior executive or consulting experience with technology applicable to electricity system. Includes Information Technology and cybersecurity.

* *Information current as at May 23, 2023.*

Board Operations

When making decisions, the Board acts under their fiduciary duty to keep the best interests of ENMAX in mind. To ensure balanced business decisions are reached, the Board also carefully weighs the interests of stakeholders, including our Shareholder, customers, employees, suppliers and communities in which we operate, including the environment, governments, regulators and the general public.

Board Oversight of CEO

The Board is responsible for selecting and retaining ENMAX's President & CEO, and when hiring a CEO, designates a Committee of Directors to actively manage the selection process. Once appointed by the Board, the President & CEO is responsible for managing ENMAX's affairs. Key responsibilities involve articulating the vision for ENMAX, developing and implementing a strategic plan consistent with ENMAX's vision, mission and values, all the while creating value for the Shareholder. The HRC reviews the President & CEO's annual objectives before recommending them to the Board for approval.

The President & CEO is accountable to the Board and the HRC, and the Board conducts a formal review of performance once a year. The Board has also established a job description for the President & CEO, and places limits on contracting and spending authority under ENMAX's delegation of authority and employee spending policy.

Executive Succession Planning

The Board believes that talent management and succession planning are critical for business success. Accordingly, ENMAX approaches succession planning as a dynamic, ongoing process that involves systematically identifying, assessing and developing leadership capabilities and business acumen. ENMAX's approach to succession planning is aligned with our business strategy and is connected to our values. Our objective is to attract, retain and motivate highly qualified and high-performing individuals from a diverse recruitment pool who deliver results for ENMAX in a manner that demonstrates our commitment to our Shareholder, employees, stakeholders, customers and the communities in which we operate.

The HRC, in collaboration with the Board, oversees succession planning at ENMAX. With respect to ENMAX's President & CEO, the HRC is responsible for ensuring that a succession planning process is in place for this role and for reviewing that process on an annual basis. In addition, our President & CEO and Chief Human Resources Officer (the "**CHRO**") work collaboratively with the HRC to identify internal successors for each of ENMAX's senior management positions. The HRC and the Board also receive assurances that the Executive and appropriate levels of management engage in talent management, including development and succession planning for employees.

To facilitate succession planning at ENMAX, the HRC, with support from the CHRO, conducts reviews on progress and developments in human resource development matters. In addition, the Board sets aside dedicated time each year to review and consider succession and workforce development strategies in order to confirm and improve ENMAX's capacity to meet future strategic objectives and replenish critical organizational roles. Such reviews are conducted under a variety of scenarios. Our management succession planning process includes the identification of high potential candidates. If required, the HRC is empowered to retain independent consultants to assist the HRC in fulfilling its succession planning mandate. Succession planning will continue to be an important area of focus for the Board and the HRC going forward.

Board Oversight of the Executive and Employees

The HRC and Board formally review the performance of the overall organization, President & CEO, and the Executive on an annual basis. They also review and approve ENMAX's compensation and benefit programs in accordance with the HRC mandate. The HRC and Board consider compensation and benefits in alignment with similar companies and market practices, to ensure the attraction and retention of the talent required to achieve the organization's business objectives.

Variable compensation is a useful tool and the HRC and Board periodically evaluate ENMAX's variable compensation programs to ensure they are appropriately balanced and provide recognition for individual, business unit and corporate performance. The HRC and Board actively oversees the variable plan design including metrics and targets and has access to external expertise in compensation practices appropriate for the nature, scope, and complexity of ENMAX's activities.

Strategic Planning

The President & CEO and the Executive are responsible for developing ENMAX's strategic plan and presenting it to the Board for approval. The Board holds a special meeting each year to review and test the plan and consider the strategic opportunities and risks facing ENMAX's business.

The Executive also develops and presents a multi-year operating plan and annual budget to the Board for approval.

Managing and Assessing Risk

The Board has overall responsibility for the oversight of risk at ENMAX. Risk takes different forms for ENMAX given the complexity and breadth of our operations and can include safety, physical security, cybersecurity, people, customers, external environment, financial, operational, policy/government and regulatory, among other risks.

ENMAX uses a formalized enterprise risk management system to effectively manage and assess risk, which includes an Enterprise Risk Management Policy and a separate Commodity Risk Management Policy. The Board receives regular updates on emerging areas of risk or changes to ENMAX's risk profile. The enterprise risk management system involves a systematic approach to identifying, assessing, reporting and managing significant risks. Defined principles are approved by the Board to help identify and mitigate uncertainties that can negatively affect ENMAX's ability to achieve corporate and business objectives. In addition, the Corporate Governance Committee has specific risk management responsibilities, including quarterly reviews of the enterprise risk management system and process and the cyber risk program.

Internal Controls

The Board and its Committees are responsible for monitoring the integrity of ENMAX's internal controls and management information systems. The Audit Committee is responsible for overseeing the internal controls, including controls over accounting and financial reporting systems.

ENMAX's Executive is responsible for establishing and maintaining an adequate system of internal control over financial reporting to provide reasonable assurance that public reporting of financial information is reliable and accurate, that ENMAX's transactions are appropriately accounted for, and that ENMAX's assets are adequately safeguarded. The Internal Auditor reports directly to the Chair of the Audit Committee and provides quarterly reports to the Audit Committee.

External Auditors

Deloitte LLP are ENMAX's external auditors and are appointed by the Shareholder annually. The Audit Committee is responsible for reviewing the auditor's performance, fees, qualifications, independence and the audit of ENMAX's financial statements. To ensure independence, the Audit Committee pre-approves all services the external auditors provide. On an annual basis, the Committee recommends the appointment of the external auditor to the Board, who then recommends approval to the Shareholder for the ensuing year.

The following summarizes fees paid to the external auditors for the years ending December 31, 2022 and 2021.

EXTERNAL AUDITOR FEES

	2022	2021
Audit Fees	$836,995	$857,276
Non-Audit Fees	N/A	$280,875
Total Fees	$836,995	$1,138,151

Conflicts of Interest & Related Party Transactions

Pursuant to our Business Ethics Policy, all ENMAX Directors, Executives, employees and contractors are required to disclose any situation that may create a conflict of interest between their personal interests and those of ENMAX. Furthermore, such persons are required to review and comply with our Conflict of Interest Standard, which provides direction and measures to assist ENMAX personnel in effectively dealing with any actual, potential or perceived conflict of interest. In accordance with such policies, ENMAX Directors, Executive, employees and contractors are prohibited from participating in, or influencing, any decision by ENMAX in which they have a conflict of interest.

ENMAX interprets the concept of a “conflict of interest” broadly as referring to any situation where an undisclosed personal interest influences, or could appear to influence, the decisions of an ENMAX Director, Executive, employee or contractor in the performance of his or her duties at ENMAX. Personal interests include matters involving ENMAX personnel directly, an immediate relative, or a business enterprise in which ENMAX personnel or his or her family has an interest, financial or otherwise.

The Corporate Governance Committee is responsible for advising the Board when a conflict of interest or potential conflict of interest arises. Directors must declare any actual, potential or perceived conflict of interest to the Board Chair. In addition, Directors are required to acknowledge and sign the Directors’ Code of Conduct upon becoming a Director and to keep relevant information current by annually filing a Declaration of Interest form. In their annual questionnaires, Directors are also required to disclose any possible conflict between their duty to act in the best interests of ENMAX and their self-interests. These questionnaires assist ENMAX in identifying and monitoring possible related party transactions.

There were no material conflicts of interests or related party transactions reported by the Board, the President & CEO or the Executive in 2022.

Corporate Cease Trade Orders and Bankruptcies

No director or officer of ENMAX has, or within the past 10 years, been involved in a corporate cease trade order or bankruptcy as described in National Instrument 51-102 – *Continuous Disclosure Obligations*, Form 5 – Information Circular, except as noted below.

Daryl Fridhandler served as a Director and Chairman of the Board for Palliser Oil and Gas Corporation, a public oil and gas company that filed for creditor protection under the *Companies’ Creditors Arrangement Act* (the “CCAA”) in February 2015. The company was instead placed into receivership, and subsequently petitioned into bankruptcy. Mr. Fridhandler resigned from his position on the Board in February 2015.

Elise Rees served as a Director at Great Panther Mining Inc. After filing for creditor protection through the CCAA. Great Panther Mining Inc. received a cease trading order in September 2022. Ms. Rees subsequently resigned from the Board in September 2022, having previously resigned as Chair of its Audit Committee the year prior. Ms. Rees remained on the Board for a period of time to assist the company as they tried to address the operational issues leading to the CCAA. Great Panther Mining filed for Bankruptcy in December 2022 and a Court appointed trustee took over the company. Ms. Rees was not party to the CCAA process or the bankruptcy process.

Board Compensation Practices

ENMAX provides its independent Board members with a compensation package of fixed-fee retainers and meeting fees. The package provides competitive remuneration for the responsibilities, time commitments and accountability of Board members. As the only non-independent Director, the President and CEO does not receive compensation for their role on the Board.

The Board maintains a list of industry peers (the "**Board Peer Group**") by which to benchmark appropriate Director compensation levels, and compensation is targeted at the 50th percentile of the Board Peer Group. The Board periodically engages an independent consultant to provide compensation information and advice relative to the Board Peer Group.

ENMAX's Board Peer Group is made up of the entities shown in the following chart:

BOARD PEER GROUP

Company	Corporate Head Office	Industry Classification	Ownership Structure
AltaLink, L.P.	Alberta	Electric Utilities	Limited Liability Partnership
ARC Resources Ltd.	Alberta	Oil and Gas Exploration and Production	Autonomous / Publicly Traded
ATCO Ltd.	Alberta	Multi-Utilities	Autonomous / Publicly Traded
BC Hydro	British Columbia	Electric Utilities	Government
Bruce Power LP	Ontario	Independent Power Producers and Energy Traders	Limited Liability Partnership
Capital Power Corporation	Alberta	Independent Power Producers and Energy Traders	Autonomous / Publicly Traded
Chevron Canada Resources Limited	Alberta	Multi-Sector Holdings	Subsidiary
Emera Inc.	Nova Scotia	Electric Utilities	Autonomous / Publicly Traded
Enbridge Gas Distribution	Ontario	Gas Utilities	Subsidiary
EPCOR Utilities Inc.	Alberta	Electric Utilities	Government
FortisAlberta Inc.	Alberta	Electric Utilities	Subsidiary
FortisBC Energy Inc.	British Columbia	Electric Utilities	Subsidiary
Fortis Inc.	Newfoundland	Electric Utilities	Autonomous / Publicly Traded
Hydro One Inc.	Ontario	Electric Utilities	Government / Publicly Traded
Manitoba Hydro-Electric Board	Manitoba	Electric Utilities	Government
Ontario Power Generation Inc.	Ontario	Electric Utilities	Government
Saskatchewan Power Corporation	Saskatchewan	Electric Utilities	Government
SaskEnergy Incorporated	Saskatchewan	Gas Utilities	Government
TransAlta Corporation	Alberta	Independent Power Producers and Energy Traders	Autonomous / Publicly Traded

Director Compensation Framework

Ensuring that qualified, focused and talented Directors comprise the Board is essential in order to achieve ENMAX's strategic objectives, and to provide effective guidance to and oversight of management. The Corporate Governance Committee is responsible for reviewing Director compensation and recommending any compensation adjustments to the Board. In reviewing Director compensation, the Corporate Governance Committee considers the following matters:

- The complexity of ENMAX's business and corporate strategy;
- The expected time commitment of the current Directors;
- The overall expertise and experience required for Directors on ENMAX's Board; and
- The need for compensation that is fair and is in alignment with ENMAX's Peer Group, to allow ENMAX to attract highly qualified individuals.

The compensation for the independent Directors is approximately the median of ENMAX's Board Peer Group. The Board compensation framework is set out in the table below.

Type	Remuneration
Annual Retainer: - Board Chair - Committee Chair - Individual Director	 $187,200 | Paid as $46,800 per quarter $114,600 | Paid as $28,650 per quarter $98,300 | Paid as $24,575 per quarter
Meeting Fees: - Board, Committee, - Shareholder and Special - Meetings	$1,500 | Paid per meeting attended

Director Expenses

ENMAX reimburses Directors for costs associated with attending meetings or functions, including travel, hotel accommodation and meals. Directors keep records of expenses, including receipts. The Board Chair approves all Director expenses and the Audit Committee Chair approves Board Chair expenses. ENMAX's Internal Audit team audits all Director and Board Chair expenses on an annual basis, and the audit results are reported to the Audit Committee each May. No matters of concern were identified for the year ending December 31, 2022.

2022 Total Compensation

The table on page 27 details the total amount ENMAX paid to each independent Director in 2021 and 2022. Of note:

- ENMAX's President & CEO serves on the Board but does not serve on any Committees or receive Director compensation. Mark Poweska was appointed President & CEO of ENMAX in September 2022. Prior to Mr. Poweska's appointment, Charles Ruigrok assumed this role on an interim basis, during which time he did not receive Director compensation. For details on compensation for the President & CEO of ENMAX, please see page 46.
- "Board and Committee Meeting Fees" includes all compensation that each Director received during the year for attending regularly scheduled Board and Committee meetings.
- "Shareholder & Special Meeting Fees" for 2021 and 2022 includes all compensation that Directors received for attending special meetings held regarding CEO succession and Director recruitment, education sessions, and meetings with the shareholder including an annual meeting with The City of Calgary's Audit Committee.

Throughout 2022, the Board held special meetings to address CEO succession matters and Board succession matters. Where the Board delegated responsibilities to committees other than the Audit, Governance or Safety & Human Resources Committees, fees for meetings are reflected under the "Shareholder and Special Meeting Fees" column of the below table entitled "Director Total Compensation".

Director Total Compensation[1]

ENMAX DIRECTORS	Annual Retainer		Board & Committee Meeting Fees[2]		Shareholder & Special Meeting Fees[3]		Travel[4]		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Nipa Chakravarti[5]	8,014	N/A	4,500	N/A	1,500	N/A	0	N/A	14,014	N/A
Laura Formusa	114,600	114,600	27,000	27,000	39,000	27,000	9,000	1,500	189,600	170,100
Daryl Fridhandler	98,300	7,479	28,500	N/A	16,500	N/A	1,500	0	144,800	7,479
Eric Markell	114,600	101,578	28,500	27,000	24,000	16,500	10,500	1,500	177,600	146,578
Greg Melchin[6]	172,448	187,200	36,000	33,000	46,500	39,000	1,500	0	256,448	259,200
Barbara Munroe[7]	99,629	49,150	28,500	15,000	22,500	15,000	1,500	0	152,129	79,150
Byron Neiles[5]	8,014	N/A	3,000	N/A	1,500	N/A	0	N/A	12,514	N/A
Chika Onwuekwe[6]	98,300	49,150	28,500	15,000	24,000	15,000	1,500	0	152,300	79,150
Elise Rees	98,300	98,300	28,500	25,500	25,500	18,000	7,500	1,500	159,800	143,300
Charles Ruigrok[8]	31,822	91,555	7,500	22,500	3,000	27,000	1,500	0	43,822	141,055
Kathleen Sendall[6]	105,569	111,990	28,500	27,000	22,500	31,500	1,500	0	158,069	170,490
Bill Taylor	98,300	98,300	28,500	25,500	37,500	25,500	9,000	1,500	173,300	150,800
Bruce Williamson	98,300	98,300	27,000	27,000	37,500	27,000	10,500	1,500	173,300	153,800
Total									1,807,695	1,435,071

[1] *All fees noted above are paid in Canadian dollars. For 2021, Total Compensation includes fees paid to former director Richard Shaw, who retired from the ENMAX Board in June 2021.*

[2] *Includes all regularly scheduled Board and Committee meetings held.*

[3] *Includes all Shareholder meetings, Director education sessions, CEO and Director recruitment meetings, and a City Audit Committee meeting.*

[4] *Travel in early 2021 was halted due to the COVID-19 pandemic work-from-home order and US/CDN travel restrictions.*

[5] *Nipa Chakravarti and Byron Neiles joined the ENMAX Board on December 2, 2022 and attended meetings as guests prior to their official appointment as Directors.*

[6] *Greg Melchin and Kathleen Sendall retired from the ENMAX Board on December 2, 2022.*

[7] *Barbara Munroe became Chair of the Corporate Governance Committee on December 2, 2022, following the retirement of Kathleen Sendall.*

[8] *Charles Ruigrok acted as President & CEO (interim) until the appointment of Mark Poweska as President & CEO in September 2022. Charles became Board Chair on December 2, 2022, following the retirement of Greg Melchin.*

Our Approach to Executive Compensation

Compensation Principles

At ENMAX, we compensate, reward and recognize employees at every level of the organization based on their contributions toward our business outcomes. We strive to attract, motivate, and retain a high-performance workforce. To accomplish this, our compensation programs are designed to meet the following objectives:

- Attract and retain key talent by providing compensation that is competitive with ENMAX's peer group for ENMAX's Executives, as found on page 30 of this report (the "Executive Peer Group");
- Encourage behaviours that generate outcomes aligned with our business strategy and risk profile;
- Align employee interests with our business objectives by supporting a pay-for-performance culture that rewards strong performance and reduces variable compensation paid in the event of certain business goals not being met;
- Promote responsible and transparent compensation policies and processes; and
- Provide flexibility to respond to continuously evolving market and governance practices.

Our approach to the disclosure of executive compensation is informed by National Instrument 51-102 – *Continuous Disclosure Obligations*, specifically Form F6 – Statement of Executive Compensation.

Pay Positioning

In order to support our compensation objectives, ENMAX's compensation structure is designed to provide target total direct compensation at the median (50th percentile) of our established Executive Peer Group for performance that meets expectations. Compensation for an individual may vary from the median based on a variety of factors, including:

- Scope of the role within ENMAX;
- Key skills and contributions of the individual;
- Tenure and experience in the role; and
- Other considerations related to attraction and retention.

Executive Peer Group

Our compensation program must be competitive to ensure we can attract and retain the executive talent required to achieve our business objectives. We benchmark our compensation structure and its competitiveness annually relative to our Executive Peer Group. This comparison reflects the market within which ENMAX competes for executive talent with companies that have similar business operations. ENMAX's Executive Peer Group has a significant presence in Alberta, reflecting local pay practices and competitive pressures.

We periodically review our Executive Peer Group selection criteria and the companies included within our Executive Peer Group for continued relevance and appropriateness. On an annual basis, the HRC reviews the positioning of each Executive within the context of ENMAX's compensation structure, competitive pay levels, and internal relativity; if appropriate, adjustments are made. The last comprehensive Executive Peer Group review was conducted in 2019. Annual reviews continue to be conducted to ensure the continued suitability of the Executive Peer Group and to consider changes such as mergers or major changes in business direction.

The following criteria have been used to develop our current Executive Peer Group:

Criteria	Focus	Rationale
Industry	• Electric, Gas & Multi Utilities • Oil & Gas Exploration & Production • Independent Power Producers & Energy Traders • Oil & Gas Storage & Transportation • Oil & Gas Equipment & Services	Industries in which relevant skills and experience at the executive level are typically found, as well as similarity in business focus. Also reflects that organizations in some of these industries operate under a similar regulatory framework as ENMAX and have similar lines of business.
Ownership Structure	• Government organizations • Autonomous, publicly-traded companies • Subsidiary organizations • Non-Autonomous organizations	Reflects the ownership structure of ENMAX, with responsibilities to the Shareholder, and considers that executive talent can be sourced from a variety of organizations.
Size	• Similar in size to ENMAX (i.e., approximately 0.5x to 2x ENMAX's revenue)	Reflects the scope and complexity of operations, and level of infrastructure required to operate in this industry.
Geography	• Based in Canada • Representation of Alberta-based organizations	Reflects the pay practices and competitive environment within which ENMAX competes for executive talent in Alberta and, more broadly, Canada.

Our Executive roles are assessed relative to the most directly comparable positions in the Executive Peer Group, considering such factors as position responsibilities, span of control, management level, reporting relationships, and strategic focus.

As previously noted, ENMAX's Executive Peer Group was reviewed in 2019. Our Executive Peer Group for Executive compensation purposes is comprised of different entities than those used for Director compensation. See our current Executive Peer Group on page 30.

ENMAX'S EXECUTIVE PEER GROUP

Company	Province	Industry Classification	Ownership Structure
Alectra Inc.	Ontario	Electric Utilities	Government
Algonquin Power & Utilities Corp.	Ontario	Multi-Utilities	Autonomous / Publicly Traded
AltaGas Ltd.	Alberta	Gas Utilities	Autonomous / Publicly Traded
AltaLink LP	Alberta	Electric Utilities	Subsidiary
ATCO Ltd.	Alberta	Multi-Utilities	Autonomous / Publicly Traded
BC Hydro & Power Authority	British Columbia	Electric Utilities	Government
Bruce Power LP	Ontario	Electric Utilities	Limited Liability Partnership
Capital Power Corporation	Alberta	Independent Power Producers and Energy Traders	Autonomous / Publicly Traded
Chevron Canada Resources Ltd.	Alberta	Oil and Gas Exploration and Production	Subsidiary
Emera Inc.	Nova Scotia	Electric Utilities	Autonomous / Publicly Traded
Enbridge Gas Inc.	Ontario	Gas Utilities	Subsidiary
Enerflex Ltd.	Alberta	Oil and Gas Equipment and Services	Autonomous / Publicly Traded
EPCOR Utilities Inc.	Alberta	Electric Utilities	Government
FortisAlberta Inc.	Alberta	Electric Utilities	Subsidiary
FortisBC Energy Inc.	British Columbia	Gas Utilities	Subsidiary
Hydro One Ltd..	Ontario	Electric Utilities	Government / Publicly Traded
Keyera Corp.	Alberta	Oil and Gas Storage and Transportation	Autonomous / Publicly Traded
Manitoba Hydro-Electric Board	Manitoba	Electric Utilities	Government
Ontario Power Generation Inc.	Ontario	Electric Utilities	Government
Saskatchewan Power Corp.	Saskatchewan	Electric Utilities	Government
Toronto Hydro Corporation	Ontario	Electric Utilities	Government
TransAlta Corp.	Alberta	Independent Power Producers and Energy Traders	Autonomous / Publicly Traded
Vermilion Energy Inc.	Alberta	Oil and Gas Exploration and Production	Autonomous / Publicly Traded

Compensation Components

Our Executive compensation program is comprised of the following elements:

Compensation Element	Link To Compensation Objectives	Link To Business Objectives
	Fixed Compensation	
Salary	• Competitiveness • Income Security • Recognize skills and leadership, and reflect degree of accountability	Competitive pay ensures high quality talent in order to achieve the business objectives.
Pension	• Competitiveness • Income Security • Retention	Competitive pension ensures high quality talent in order to achieve the business objectives.
Benefits	• Competitiveness • Health and Wellbeing	Competitive benefits and our commitment to employee wellness ensures quality talent in order to achieve business objectives.
Perquisites	• Competitiveness	Competitive perquisites ensure high quality talent in order to achieve business objectives.
	Variable (Or “At Risk” Compensation)	
ENMAX Short-Term Incentive Annual Variable Pay Plan (“**AVPP**”)	• Competitiveness • Pay-for-performance • Retention	Rewards the achievement of short-term objectives measured at the Corporate, Business Unit, and Individual level during the year. Competitive pay ensures high quality talent in order to achieve business objectives.
Versant Power Short Term-Incentive Balanced Scorecard (“**BSC**”)	• Competitiveness • Pay-for-performance • Retention	Rewards the achievement of short-term objectives measured at the entity and Individual level during the year. Competitive pay ensures high quality talent in order to achieve business objectives.
ENMAX & Versant Power Long-Term Incentive Plan (“**LTIP**”)	• Competitiveness • Pay-for-performance • Retention	Rewards the achievement of longer-term business and strategic objectives measured over a 3-year period. Competitive pay ensures high quality talent in order to achieve business objectives.

Our AVPP, BSC and LTIP are designed to:

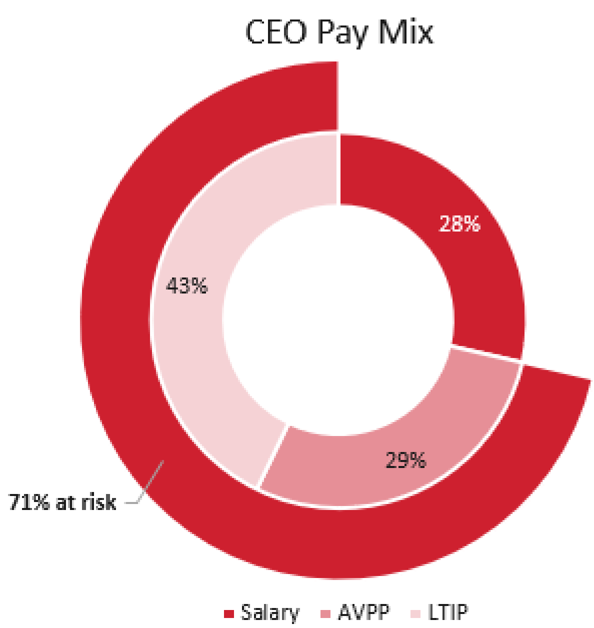
1. Provide a greater pay-for-performance focus aligned with the achievement of our strategic goals;
2. Strengthen the alignment of participants’ interests with our Shareholder; and
3. Better align the full range of compensation opportunities with market levels.

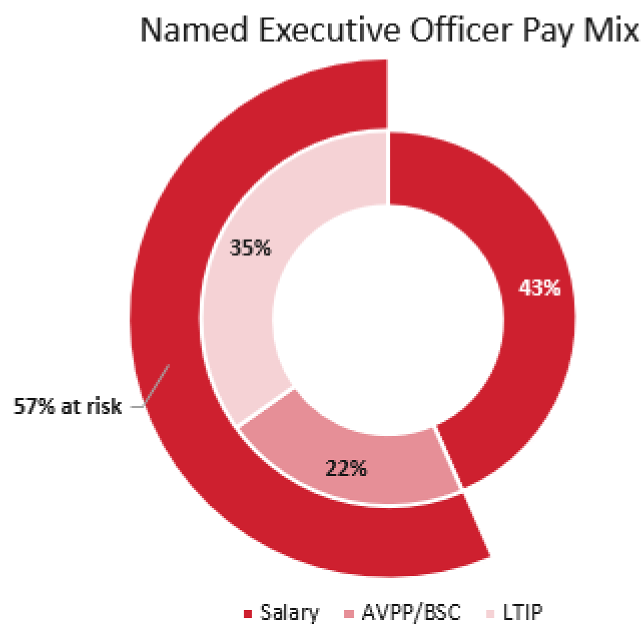
Pay Mix

Our total direct compensation is comprised of salary and variable pay, and excludes pension, benefits and perquisites. A targeted pay mix is determined for each Executive in consideration of competitive practices, internal relativity, and the role's scope of responsibility. The targeted mix between the compensation elements varies depending on the Executive's ability to impact short-term and long-term business results, and to reflect competitive practices.

The actual pay will vary from target pay mix based on an assessment of multiple factors (discussed in Pay Positioning on page 28) and is reviewed annually by the Board Chair and the HRC (for the CEO); and the CEO and the HRC (for the CEO's direct reports) to ensure that ENMAX's compensation objectives are being achieved. The actual pay varies from year to year based on performance and other factors.

Our executive compensation structure has been developed in order to provide the majority of compensation in the form of variable, or "at-risk" pay to ensure alignment with performance and our Shareholder's interests.





Compensation Governance at ENMAX

Mandate of the Human Resources Committee

The HRC is responsible for the oversight of ENMAX's compensation programs for executives. Specific compensation accountabilities of the HRC include:

- Oversee key compensation and human resources policies and programs;
- Review the compensation philosophy and programs to ensure alignment with business objectives;
- Review the CEO's assessment of the performance of their direct reports;
- Review and recommend to the Board for approval the compensation of the CEO's executive direct reports;
- Oversee the pension plans; and
- Assess certain human resources-related risks, including pension risk, and workforce development and retention risks.

Compensation Approval Process

The HRC meets quarterly with special meetings convened as required over the course of the year. The CEO provides recommendations to the HRC on compensation-related issues based on information and analysis prepared by the Executive with input from external compensation consultants and experts.

The HRC considers a variety of information in reviewing the CEO's recommendations and makes a recommendation to the Board for their approval. The Board reviews the recommendation and has ultimate authority to approve it.

COMPENSATION APPROVAL PROCESS FOR PRESIDENT & CEO

Analysis	Recommendations	Approval
Board Chair and HRC Chair are informed by performance results and compensation consultants.	HRC following review of recommendations of Board Chair and HRC Chair.	Board of Directors

COMPENSATION APPROVAL PROCESS FOR PRESIDENT & CEO'S DIRECT REPORTS

Inputs	Analysis	Recommendations	Approval
• Corporate Business Unit and Individual Business results • Market data analysis and competitive practices provided by Willis Towers Watson • Information from compensation consultants	Analysis of data collected from inputs conducted by the President & CEO	HRC following review of President & CEO's recommendations	Board of Directors

Compensation Risk Mitigation

As noted, the HRC regularly reviews the compensation programs for continued appropriateness and, from time to time, makes modifications to align with evolving market and good governance practices.

Highlights of practices that mitigate compensation-related risks are as follows:

Risk Mitigating Process	Description
Oversight Responsibility	All Executive compensation-related decisions are reviewed and approved by the HRC and the Board. The Board has ultimate oversight and accountability for Executive compensation at ENMAX. In preparing its recommendations, the HRC has access to its own independent advisor to provide input from an external perspective.
Competitive Positioning	Our compensation philosophy targets compensation to be delivered near the 50th percentile, with the ability to pay at, above, or below the targeted level based on performance and other relevant factors. The overall pay levels and pay mix are established by referencing market levels and do not value any one compensation element.
Pay Mix	A significant portion of Executive compensation is delivered in variable pay, through the AVPP/BSC and LTIP. Performance is assessed over multiple time horizons (one year through the AVPP and BSC, and three years through the LTIP), with a greater emphasis on long-term performance for Executives. Multiple, overlapping performance periods ensure that there is an ongoing focus on long-term sustainability of performance.
Measuring Performance	Performance is assessed in our AVPP/BSC and LTIP using a variety of metrics at the Corporate, Business Unit, and Individual levels. The metrics have been selected to provide a balanced focus on various financial and operating results that ultimately support our business strategy. Multiple metrics reduce the emphasis on one metric and provide a more holistic view of performance. Specific performance goals, such as the threshold, target, and maximum for each metric, are reviewed annually by the HRC for continued appropriateness and relevance; the performance range is adjusted for upcoming performance periods as appropriate.
Incentive Program Caps	Incentive program payouts are capped in order to ensure that excessive payments do not occur in years of extraordinary performance. AVPP payouts are capped at 150% of target, BSC payouts are capped at 200% of target, and LTIP payouts are capped at 200% of the grant.
Incentive Claw-backs	A claw-back provision is in place for ENMAX AVPP and LTIP which seeks recoupment of variable compensation (or adjustment of future payments) in the event of material restatement of financials and intentional fraud or misconduct that caused or partially caused the need for restatement. See detail below.

Compensation “Claw-Backs”

A compensation “claw-back” provision for ENMAX’s variable pay programs applies to the President & CEO, Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents.

The determination of payments under ENMAX’s variable pay programs is based on assumptions and representations provided by the Executive. The Board reserves the right to seek repayment of past payments made and/or amend any future payments in situations where:

- The amount of variable pay received by the Executive or former Executive was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of, or affected by, a material restatement of all or a portion of ENMAX’s financial statements;
- The Executive or former Executive engaged in intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- The amount of variable pay received would have been lower had the financial results been properly reported.

Compensation Advisors

ENMAX engages advisors as follows:

- Willis Towers Watson is ENMAX's actuary and, as such, provides actuarial services for defined benefit supplemental retirement plan values for eligible Executive plan member as applicable;
- Willis Towers Watson acts as a management Executive Compensation consultant; and
- Consulting services from Meridian Compensation Partners, LLC is provided to the HRC.

Fees paid by ENMAX to external compensation advisors are outlined below. This reflects when fees were paid and may not align with when work commenced or ended.

COMPENSATION ADVISOR FEES

Company	Services	2022 Fees	2021 Fees
Willis Towers Watson (Retained by management)	Executive Pension Disclosure	\$5,000	\$5,250
Willis Towers Watson (Retained by management)	Executive Compensation Consulting	\$37,179	\$37,239
Meridian Compensation Partners, LLC (Retained by HRC)	Executive Compensation Consulting	\$1,771	\$5,313

Our Named Executive Officers

In September, ENMAX welcomed Mark Poweska as President & CEO. Mr. Poweska assumed the role from ENMAX Director Charles Ruigrok, who was acting as interim President & Chief Executive Officer during the executive search process. ENMAX's named executive officers ("NEOs") for the 2022 year are as follows:

- Mark Poweska, President & Chief Executive Officer;
- Charles Ruigrok, Former President & Chief Executive Officer (Interim);
- Preet Dhindsa, Former Executive Vice President, Finance & Chief Financial Officer;
- Jana Mosley, President, ENMAX Power;
- John Flynn, President, Versant Power;
- Erica Young, Chief Legal Officer, EVP Corporate Development

The biographies for the NEOs named above who remain executives of ENMAX as of the date of this report are as follows:

Mark Poweska

PRESIDENT & CEO

Mark Poweska joined ENMAX in September 2022 as President and CEO and serves as Board Chair of Versant Power, ENMAX's Maine-based regulated transmission and distribution business. He previously served as President and CEO at Hydro One, where he led the launch of their strategy with a focus on safety, efficiency, customer service and community partnership.

Before joining Hydro One in 2019, Mark was the Executive Vice President, Operations at BC Hydro. He oversaw all aspects of operations in the organization's electric system, serving approximately four million residential, commercial and industrial customers. During his tenure, Mark successfully led the merger of the former transmission and distribution organization with the generation organization to form one operations group with revenues of approximately $5 billion. Mark joined BC Hydro in 1993 and worked in several parts of the organization, including engineering, construction and procurement.

Mark graduated from the University of Saskatchewan with a degree in mechanical engineering and is a Professional Engineer. He currently serves on the Board of Directors for the 2025 Invictus Games and participates on the CD Howe Energy Policy Council. He previously served on the Board of the Western Energy Institute, as Chair of the Board of Directors of the Ontario Energy Association, and was a Board Advisor to Yukon Energy.

Charles Ruigrok

FORMER PRESIDENT & CEO (INTERIM)

Charles Ruigrok served as ENMAX's President & CEO, on an interim basis, between 2011-2012 and 2021-2022.Charles joined the ENMAX Board in 2010 and is the Chair of the Board, having previously served as Chair of ENMAX's Audit Committee and as Board Chair of Versant Power, ENMAX's Maine-based transmission and distribution business.

With over forty years of business and executive experience in the energy industry, Charles brings an extensive understanding of ENMAX and its operations to the Board. Charles previously held the position of CEO of Syncrude Canada Ltd. and also spent 26 years at Imperial Oil, where he held various senior executive positions, including Vice President of Oil Sands Development and Research.

Charles is a past director of Syncrude Canada Ltd., Rainbow Pipeline Company, Progas Limited, the Alberta Chamber of Resources, Petroleum Technology Alliance Canada and Soane Energy LLC. He also served as a member of the Board of Governors of the Canadian Association of Petroleum Producers.

Jana Mosley

PRESIDENT, ENMAX POWER

Jana Mosley is responsible for ENMAX's regulated transmission and distribution (wires) business in Calgary. She also directs ENMAX's power infrastructure engineering and maintenance services.

With over two decades of industry experience, Jana has worked for various utilities, industrial consumers, generators, and the Alberta Electric System Operator. Prior to joining ENMAX in 2015, Jana served as President for Similan Consulting Inc. and advised companies across North America on electricity policy application, connection to the transmission grid, utility operations and project management.

She holds a Bachelor of Science in Electrical Engineering from the University of Manitoba, is a Registered Professional Engineer with APEGA, has a Project Management Professional designation and an ICD.D designation, and completed the Advanced Management Program from Harvard Business School. In addition to her role at ENMAX, she serves on the board of the Western Energy Institute, Women+Power, and Women in Communication and Technology and is a 2022 Calgary Influential Women in Business award winner.

John Flynn

PRESIDENT, VERSANT POWER

John Flynn joined as President of Versant Power in 2020, and is responsible for ENMAX's Maine-based regulated transmission and distribution business. With more than 400 employees and 10,400 square miles of service territory, Versant Power delivers essential electricity services to over 165,000 customers across northern and eastern Maine.

John has over 30 years of utility industry experience in New England and throughout the United States. An energetic and dynamic leader, he brings expertise in large utility project execution, strategic planning, business development, risk management, financial expertise and regulatory acumen. Prior to joining Versant Power, John led the Strategy & Public Affairs team for Vermont Electric Co. and held previous roles as Global Head of Strategy & Development and Senior Vice President of Strategy & Development with National Grid, as well as leadership positions within American Transmission Company and American Electric Power.

Originally from Connecticut, John graduated from Fairfield University with a bachelor's degree in accounting and received further executive education from the University of Michigan School of Business and the Massachusetts Institute of Technology's Sloan School.

Erica Young

CHIEF LEGAL OFFICER, EVP CORPORATE DEVELOPMENT

Erica Young is the Chief Legal Officer and Executive Vice President of Corporate Development for ENMAX. Erica oversees the legal, regulatory, compliance, government relations, public policy, shareholder relations, environmental, social and governance and corporate secretarial matters across the ENMAX companies. Erica serves on the Board of Versant Power, ENMAX's Maine-based regulated transmission and distribution business.

Erica has 20+ years of legal, regulatory and transactional experience in private practice and in-house roles, primarily focused in the energy industry. Prior to joining ENMAX in 2016, Erica served as SVP, General Counsel at NaturEner Energy Canada, where she was responsible for legal, regulatory and commercial matters in Alberta and for cross-border transmission. Erica also served as General Counsel of Total Energy Services, a TSX-listed oil and gas services company. She began her career in the Toronto office of Blake, Cassels & Graydon LLP, where she had a diverse corporate, securities and governance practice.

Erica holds a Bachelor of Arts and Education from Lakehead University, a Bachelor of Laws from Osgoode Hall Law School and an Advanced Certificate in U.S. Energy Law from the UC Berkeley School of Law. Erica also completed the Advanced Finance Program at The Wharton School, University of Pennsylvania. In addition to her role at ENMAX, Erica serves on the board of Electricity Canada and the Kids Cancer Care Foundation of Alberta.

2022 Executive Compensation

Setting Each Compensation Component

Our compensation programs are designed to support ENMAX's business objectives, allowing us to successfully execute our human resources strategy and support a high-performing culture by aligning pay with performance. In determining our Executives' compensation in a given year, the HRC considers a comprehensive set of factors, which includes:

- External market data for comparable positions within our Executive Peer Group;
- Assessment of ENMAX's performance;
- Assessment of performance of the CEO and the CEO's direct reports;
- Each Executive's potential to contribute to our strategic direction and long-term value creation for our Shareholder; and
- Any operating environmental factors affecting the shareholder, and the communities and customers that ENMAX serves.

Salaries

Salaries are established at a level that is competitive in the market for similar roles and reflects the nature and level of the position, the level of skill, knowledge, and experience each individual brings to their role, and each individual's level of performance.

The following table provides 2022 annualized base salaries for each of the NEOs effective April 1, 2022. Please see the Summary Compensation Table on **page 46** for actual compensation paid in 2022.

ANNUALIZED SALARIES

Name / Position	2022 Salary (Annualized)	2021 Salary (Annualized)	% Change
Mark Poweska, President & CEO	$750,000	N/A	N/A
Charles Ruigrok, Former President & CEO (Interim)[1]	N/A	N/A	N/A
Preet Dhindsa, Former Executive Vice President, Finance & CFO	$410,000	$400,000	2.5%
Jana Mosley, President, ENMAX Power	$399,000	$380,000	5.0%
John Flynn, President, Versant Power[2]	$442,578 (US$340,000)	$407,453 (US$325,000)	4.6%
Erica Young, Chief Legal Officer, EVP Corporate Development	$375,000	$339,900	10.3%

[1] *Given the interim nature of Mr. Ruigrok's appointment as President & CEO, his compensation was set as an all-inclusive monthly retainer amount, in lieu of participating in AVPP, LTIP, benefits plans, pension contributions or other allowances. Actual compensation paid to Mr. Ruigrok in this role during 2022 and 2021 is disclosed on **page 48**. Compensation paid to Mr. Ruigrok for his service as a Director is disclosed on **page 27**. Mr. Ruigrok did not receive compensation for his role on the Board while serving as President & CEO (Interim).*

[2] *All compensation is reported in Canadian currency. U.S. currency was converted to Canadian currency using the average Canada / U.S. exchange rate as used in preparing the Corporation's consolidated financial statements. The average exchange rate was USD $1 to CDN $1.2537 in 2021, and USD $1 to CDN $1.3017 in 2022.*

Annual Variable Pay Plan – ENMAX

Program Design

ENMAX's Annual Variable Pay Plan ("**AVPP**") provides for competitive compensation that reflects ENMAX's overall financial performance, achievement of key performance indicators ("**KPIs**") related to each business unit or functional area over which an Executive has oversight, and individual performance. The AVPP is designed to:

- Provide clear and quantifiable performance expectations by establishing threshold, target, and maximum performance levels, with payouts that are reflective of the level of performance achieved;
- Improve line-of-sight by ensuring an appropriate weighting on corporate, business unit and individual performance;
- Focus business unit KPIs on key success objectives of safety, operational excellence, financial performance, customer and people;
- Ensure that each KPI is thoughtfully developed by considering participants' ability to impact performance;
- Allow for increased differentiation of payouts based on individual contributions and performance; and
- Ensure a competitive payout opportunity at various levels of performance.

The range of payouts (expressed as a percentage of salary) based on 2022 performance of the current ENMAX NEOs is as follows:

AVPP PAYOUT RANGES

Position	Below Threshold Performance (% of Salary)	Threshold Performance (% of Salary)	Target Performance (% of Salary)	Maximum Performance (% of Salary)
President & CEO	0%	50.0%	100.0%	150.0%
Other NEOs	0%	25.0%	50.0%	75.0%

The weighting of each component of performance varies by organization level, as shown below for the NEOs. Performance scores for each component can range from 0 per cent of target for performance below threshold, 50 per cent of target for threshold performance, to 150 per cent of target for maximum performance. AVPP payouts are capped at 150 per cent of target.

AVPP COMPONENT WEIGHTINGS

Corporate Performance	Business Unit Performance	Individual Performance
• Safety (total recordable injury frequency) • Profitability as measured by EBITDA • Cost Management as measured by Gross OM&A (Operations, Maintenance & Administration cost control)	• Select KPIs that drive success at a Business Unit level in the areas of cost control, project delivery and performance	• Measures success on personal performance goals
President & CEO: 80% weight	N/A	20% weight
Other NEOs: 50% weight	30% weight	20% weight

The Board retains overall discretion for all AVPP payouts.

2022 Payouts

The HRC considers a range of key factors in determining recommended compensation levels for all NEOs and such recommendations are then submitted to the Board for approval. In any given year, actual AVPP payouts for the NEOs may be more or less than target levels. The specific payouts associated with the AVPP are outlined below and in the Summary Compensation Table on **page 46**.

The following provides the targeted performance at the corporate level, and ENMAX's actual results relative to its targeted performance. The resulting payout factors for safety, profitability (EBITDA) and cost management (Gross OM&A) are shown and are calculated based on actual performance relative to pre-established threshold, target, and maximum performance levels for 2022.

ENMAX was above target corporate KPI performance for 2022.

2022 AVPP CORPORATE PERFORMANCE

Performance Measure	2022 Target Performance	2022 Actual Performance	Payout Factor
Safety – TRIF (25% weight)[1]	0.86	0.74	112%
Profitability - EBITDA (55% weight)[2]	$532 Million	$604 Million	150%
Cost Management – Gross OM&A (20% weight)[3]	$512 Million	$496 Million	131%
Corporate Performance Payout Factor: 137%[4]			

[1] *TRIF – Total Recordable Injury Frequency. A lower result on this measure is desirable.*

[2] *EBITDA – Earnings before Interest, Tax, Depreciation and Amortization. A higher result on this measure is desirable.*

[3] *Gross OM&A – Operations, Maintenance, and Administration. A lower result on this measure is desirable.*

[4] *As approved by the HRC and subsequently by the Board on March 8, 2023.*

In 2022, ENMAX's individual business units drove performance by setting KPIs associated with business unit specific targets. Performance metrics varied between business units and included KPIs such as safety, operational excellence, financial performance, customer and people. The table below highlights the performance payout factor of each business unit.

2022 AVPP BUSINESS UNIT PERFORMANCE

Business Unit Performance Payout Factor	Performance Payout Factor
ENMAX Power	127%
ENMAX Energy	144%
Corporate Functions[1]	135%

[1] *Corporate Functions results are calculated based on the weighted average of Business Unit scores relative to the net OM&A allocation. In 2022 the weighted average for the Corporate Functions score is 53% Power and 47% Energy.*

Individual goals aligned to ENMAX's strategy are established at the beginning of the year, specific to each NEO and his or her area of responsibility. Individual performance is then assessed by the Board. For 2022, each of the NEOs met or exceeded their individual performance objectives.

Based on the corporate, business unit, and individual performance achieved, the overall payout factor, target and actual AVPP payouts for each NEO, based on 2022 performance, is presented below.

2022 AVPP INDIVIDUAL PERFORMANCE

					AVPP Payout Range (% of Salary)			Payout for 2022 Performance	
Name/Position	Corporate Factor	Business Unit Factor	Individual Factor	Overall Payout Factor	Threshold	Target	Maximum	$ Value	% Of Salary[1]
Mark Poweska President & CEO	137%	N/A	110%	131.6%	50%	100%	150%	$258,139	132%
Preet Dhindsa Former Executive Vice President, Finance & CFO	137%	135%	100%	129.0%	25%	50%	75%	$262,813	65%
Jana Mosley President, ENMAX Power	137%	127%	125%	131.6%	25%	50%	75%	$259,369	66%
Erica Young Chief Legal Officer, EVP Corporate Development	137%	135%	125%	134.0%	25%	50%	75%	$245,280	67%

[1] *Salary reflects 2022 eligible earnings.*

Balanced Scorecard – Versant Power

Program Design

Versant Power's Balanced Scorecard ("**BSC**") provides for competitive compensation that reflects Versant Power's overall financial performance, achievement of key performance indicators ("**KPIs**"), and individual performance. The BSC is designed to:

- Provide clear and quantifiable performance expectations by establishing threshold, target, and maximum performance levels, with payouts that are reflective of the level of performance achieved;
- Focus KPIs on key success objectives of safety, project delivery and financial performance;
- Ensure that each KPI is thoughtfully developed by considering participants' ability to impact performance;
- Allow for increased differentiation of payouts based on individual contributions and performance; and
- Ensure a competitive payout opportunity at various levels of performance.

The range of payouts (expressed as a percentage of salary) based on 2022 performance of the current Versant Power NEO is as follows:

BSC PAYOUT RANGES

Position	Below Threshold Performance (% of Salary)	Threshold Performance (% of Salary)	Target Performance (% of Salary)	Maximum Performance (% of Salary)
John Flynn President, Versant Power	0%	25.0%	50.0%	100.0%

Performance scores for the Corporate component can range from 0 per cent of target for performance below threshold, 50 per cent of target for threshold performance, to 200 per cent of target for maximum performance. Individual performance scores can range from 0 per cent of target to 150 per cent of target for maximum performance. The results of the two performance scores are multiplied to determine the final individual payout percentage. BSC payouts are capped at 200 per cent of target.

BSC COMPONENTS

Corporate Performance	Individual Performance
• Safety • People • Customer • Asset Management • Financial	• Measures success on personal performance goals
0% - 200%	0% - 150%

The Versant Board retains overall discretion for all BSC payouts.

2022 Payouts

The Board considers a range of key factors in determining recommended compensation levels for all NEOs and such recommendations are then submitted to the Versant Board for approval. In any given year, actual BSC payouts for the NEOs may be more or less than target levels. The specific payouts associated with the BSC are outlined below and in the Summary Compensation Table on page 46.

The following provides the weighted performance measures at the corporate level, and Versant Power's actual results relative to its targeted performance. The resulting payout factors are shown and are calculated based on actual performance relative to pre-established threshold, target, and maximum performance levels for 2022.

Versant Power was at target corporate KPI performance for 2022.

2022 BSC CORPORATE PERFORMANCE

Performance Measure	Payout Factor
Safety – Build a Strong Safety Culture (20% weight)	200%
People – Develop and Maintain a Strong and Sustainable Workforce (10% weight)	100%
Customer – Maintain Key Service Quality Indices (10% weight)	50%
Customer – Improve Customer Satisfaction (10% weight)	200%
Asset Management – T&D Inspection Program, Substation Maintenance, and Vegetation Management Plan (10% weight)	200%
Asset Management – Project Completion (10% weight)	100%
Financial – Net Income (15% weight)	0%
Financial – Cash Flow from Operations (15% weight)	123%
Corporate Performance Payout Factor: 100%[1]	

[1] *For 2022, Versant Power achieved a performance level of 123.5% against the metrics that were approved by the Board. However, given the requirement that the BSC will not pay out beyond target if any financial metric does not meet threshold, the plan payout is at target as approved by the Versant Power Board on February 23, 2023.*

Individual goals aligned to Versant Power's strategy are established at the beginning of the year, specific to each NEO and his or her area of responsibility. Individual performance is then assessed by the ENMAX Board. For 2022, Mr. Flynn exceeded his individual performance objectives.

Based on the corporate and individual performance achieved, the overall payout factor, target and actual BSC payouts for Mr. Flynn, based on 2022 performance, is presented below.

2022 BSC INDIVIDUAL PERFORMANCE

				AVPP Payout Range (% of Salary)			Payout For 2022 Performance	
Name/Position	Corporate Factor	Individual Factor	Overall Payout Factor[1]	Threshold	Target	Maximum	$ Value	% Of Salary[1]
John Flynn[2] President, Versant Power	100%	125%	125%	25.0%	50.0%	100.0%	$273,326	63%

[1] *Salary reflects 2022 eligible earnings.*

[2] *The 2022 BSC payment for Mr. Flynn is reported in Canadian currency. U.S. currency was converted to Canadian currency using the average Canada / U.S. exchange rate as used in preparing the Corporation's consolidated financial statements. The average exchange rate was USD $1 to CDN $1.2537 in 2021 and 2020, and USD $1 to CDN $1.3017 in 2022.*

Long-Term Incentive Plan

Program Design

ENMAX's CEO, Executive Vice Presidents or subsidiary Presidents, Vice Presidents, Directors, Senior Managers and Versant Power's President, Vice Presidents and eligible Directors are participants in the Long-Term Incentive Plan ("LTIP"). ENMAX's LTIP focuses Executives on sustaining high performance, facilitating attraction and retention of critical talent, and aligns Executives' interests with our focus on creating value for our Shareholder over a long-term time horizon.

The LTIP is designed to provide a greater focus on forward-looking performance over a multi-year period. The LTIP:

- Closely aligns with performance objectives that are viewed to be key success factors of the longer-term strategic plan;
- Encourages cross business unit collaboration to achieve shared goals;
- Strengthens the pay-for-performance focus by measuring results over a forward-looking, three-year performance period;
- Strengthens retention by using a vesting schedule that fully vests at the end of a three-year performance period; and
- Provides alignment with common variable pay and good governance practices in the market.

Performance under the 2020-2022 LTIP is determined based on financial measures, weighted at 75 per cent, and strategic (non-financial) measures, weighted at 25 per cent.

Financial Performance (75% Weight)	Strategic Objectives (25% Weight)
Three-year average of Return on Capital Employed (2020) and Funds From Operations/Debt (2021 & 2022)	2020: • Employee Engagement Score • Top Quartile Safety Score • Customer Satisfaction Score • Stakeholder Impression Survey Score 2021: • Strategy • Structure • Culture • Leadership 2022: • Strategy • Culture • Leadership

Financial and strategic goals are set at the outset of each three-year performance period. The threshold, target and maximum levels of performance are set at the beginning of each year and are the same for all plans that contain that year. At the end of a performance period, the HRC assesses performance against each measure, determines success achieved and makes a recommendation to the Board.

In making its assessment, the HRC considers external factors beyond the participants' control for which they should not be rewarded or

penalized. Performance scores for each measure can range from 0 per cent of target for performance below threshold, 50 per cent of target for threshold performance, 100 per cent for target performance to 200 per cent of target for maximum performance. All LTIP payouts are capped at 200 per cent of target.

At the outset of the performance period, LTIP compensation opportunity is approved by the Board and communicated to program participants. Participants understand that there is no certainty of payout as it is subject to performance and employment on the payment date. LTIP payments are made in the pay period after the HRC meeting following the completion of the performance period.

The Board retains overall discretion for all LTIP payouts.

Historical LTIP grants awarded for the period 2020-2022 are reported on page 47. The 2022 LTIP grants can be found on page 46 in the Summary Compensation Table.

Pension Plans

All ENMAX NEOs in Canada participate in the DC provision of ENMAX's pension plan ("Registered Plan"). In addition, they participate in ENMAX's supplemental retirement plan ("Supplemental Plan"). The Supplemental Plan is an unfunded non-registered pension plan, and it provides benefits under a defined benefit ("DB") provision and a defined contribution ("DC") provision. All participating NEOs are included in the DC provision of the Supplemental Plan. The supplemental benefits payable to the NEOs are calculated consistently with all other members of the Supplemental Plan. As the Supplemental Plan is unfunded, benefits from this plan are paid from ENMAX's general revenues.

ENMAX Defined Contribution Pension Plan

The Registered Plan provides benefits under a DB provision and a DC provision. ENMAX's NEOs in Canada all participate in the DC provision of the Registered Plan and their benefits are calculated consistently with all other DC members. A summary of the DC provisions is provided below:

- Permanent employees are immediately enrolled upon hire, immediately vested in the plan and, therefore, entitled to ENMAX's contributions upon termination or retirement;
- ENMAX contributes 4 per cent of employees' base salary to the plan;
- Employees may make optional contributions between 0 to 4 per cent of base salary, which ENMAX will match at a rate between 50 to 150 per cent based on the employee's age and service;
- Total contributions to the DC provision cannot exceed the "Money Purchase Limit" imposed by the Income Tax Act (Canada), which was $30,780 in 2022; and
- Employees direct their own investments and may invest in various funds covering all major asset classes.

Defined Contribution Supplemental Retirement Plan

Effective March 21, 2006, the DC provision of the Supplemental Plan ("DC SRP") was established for all new employees and existing employees who did not previously qualify for the DB provisions of the Supplemental Plan. The DC SRP is available to employees whose base salary plus actual annual variable pay amounts exceed the annual earnings threshold under the DC provision of the Registered Plan. Other aspects of the DC SRP include:

- Employee contributions are neither permitted nor required; and
- ENMAX makes notional allocations between 6 and 10 per cent (based on age plus service) of pensionable earnings to the employee's notional account balance.

Pensionable earnings are determined as the amount of base salary plus actual annual variable pay in excess of the annual earnings threshold under the DC provision of the Registered Plan.

All ENMAX NEO's in Canada participate in the DC SRP.

401(k) Retirement Plan

The 401(k) Retirement plan is available to eligible Versant Power employees. The Versant Power NEO participates in the 401(k) plan and benefits are calculated consistently with all other 401 (k) members. A summary of the 401(k) provisions is provided below:

- Benefits-eligible employees are enrolled on the first day of the month following 90 days of continuous service;
- 4% of pay, unless otherwise elected, will be deducted from pay before taxes each pay period and contributed to the member's account automatically;
- To receive the Versant Power 401(k) match, employees must complete a year of service (with over 1,000 hours worked in the year). Matches begin on the first payroll of the month following the one year employment anniversary;
- Participating employees may elect to defer 1% to 30% of their income on a pre-tax basis, subject to legal limits;
- Employees aged 50 and older may make additional catch-up contributions subject to legal limits; and
- The 2022 401(k) annual employee elective deferral contribution limit is $20,500.

Additional Benefits

NEOs participate in ENMAX's flex benefit program which may include: extended health, dental, short-term and long-term disability, life and accidental death and dismemberment insurance, critical illness insurance, executive medicals, and health spending or wellness accounts.

Executives also receive an annual perquisite account which can be allocated annually to one or a combination of the following items: an annual perquisite or a health spending account (in addition to the amount provided under the core benefits plan). The value of the flexible perquisite account is $20,000 for the President & CEO, and $15,000 a year for EVP's.

Detailed Compensation Disclosure

Summary Compensation Table

Name / Position	Year	Salary[1]	Other Compensation[2]	Variable Pay: AVPP[3]	Variable Pay: LTIP[4]	Pension Value[5]	Total Compensation[6]
Mark Poweska[7] President & CEO	2022	**$196,154**	**$164,404**	**$258,139**	**$1,125,000**	**$7,846**	**$1,751,543**
Charles Ruigrok[8] Former President & CEO (Interim)	**2022**	**$1,350,000**	**$25,962**	**$0**	**$0**	**$0**	**$1,375,962**
	2021	$294,231	$0	$0	$0	$0	$294,231
Preet Dhindsa[9] Former Executive Vice President, Finance & CFO	**2022**	**$407,462**	**$23,610**	**$262,813**	**$328,000**	**$47,628**	**$1,069,513**
	2021	$304,615	$290,495	$186,729	$293,300	$24,383	$1,099,523
Jana Mosley[10] President, ENMAX Power	**2022**	**$394,177**	**$151,250**	**$259,369**	**$319,200**	**$50,088**	**$1,174,084**
	2021	$367,500	$175,250	$231,709	$304,000	$41,004	$1,119,463
	2020	$334,154	$10,385	$145,190	$247,500	$36,058	$773,287
John Flynn[11] President, Versant Power	**2022**	**$437,321**	**$19,525**	**$273,326**	**$354,062**	**$35,146**	**$1,119,380**
	2021	$407,453	$18,805	$407,453	$305,589	$1,279	$1,140,579
	2020	$31,343	$26,521	$0	$212,215	$0	$270,078
Erica Young[12] Chief Legal Officer, EVP Corporate Development	**2022**	**$366,090**	**$15,552**	**$245,280**	**$300,000**	**$46,749**	**$973,671**
	2021	$339,900	$15,552	$216,856	$271,920	$39,082	$883,310
	2020	$352,973	$216,155	$150,190	$271,920	$43,498	$1,034,736

[1] *Amounts for salary may be higher or lower than the annual salary of the NEO due to the number of pay periods in a year. Please see disclosure regarding NEO annualized salaries on* ***page 38****.*

[2] *Other Compensation reflects perquisite amounts, premiums for company-paid critical illness insurance coverage, relocation costs, signing bonus, retention payments, special effort payments, and vacation bank payouts.*

[3] *Short-Term Incentive earned in year, payable in subsequent year, as approved by the ENMAX HRC & Board and the Versant Power Board.*

[4] *Reflects amounts granted at target, payable at end of the three-year performance period, subject to a performance multiplier and HRC & Board approval.*

[5] *Pension Value reflects the compensatory components of the Registered and the Supplemental Plans.*

[6] *Total Compensation includes salary and other compensation amounts reflective of performance for year indicated. May be payable in future years.*

[7] *Mr. Poweska commenced employment with ENMAX on September 26, 2022. Compensation has been prorated to reflect start date. Other Compensation includes a $159,025 relocation cost payment made in 2022. Mr. Dhindsa's employment with ENMAX terminated on May 17, 2023.*

[8] *Mr. Ruigrok became the President & CEO (Interim) on October 18, 2021. Compensation reflects amount paid for holding the President & CEO (Interim) role. Other Compensation includes vacation pay of $25,962 in 2022.*

[9] *Mr. Dhindsa commenced employment with ENMAX on March 29, 2021. Compensation for 2021 was prorated to reflect start date. Other Compensation includes a $50,000 signing bonus and $228,532 in relocation cost payments made in 2021 and $8,058 in 2022.*

[10] *Ms. Mosley's Other Compensation includes retention payments of $161,500 made in 2021 and $136,250 made in 2022.*

[11] *Mr. Flynn commenced employment with Versant Power on November 30, 2020. Compensation has been prorated to reflect start date. Other Compensation reflects a $20,000 housing allowance payment made in 2020. All compensation is reported in Canadian currency. U.S. currency was converted to Canadian currency using the average Canada / U.S. exchange rate as used in preparing the Corporation's consolidated financial statements. The average exchange rate was USD $1 to CDN $1.2537 in 2021 and 2020, and USD $1 to CDN $1.3017 in 2022.*

[12] *Ms. Young met the definition of a named executive officer in 2022. Other Compensation includes a $200,000 special effort payment made in 2020.*

LTIP Grants Table

The table below summarizes LTIP grants over the last three years and the payment made for the grant following the completion of the performance period. LTIP grant amounts listed are broken out into their respective performance periods.

		LTIP GRANT (FUTURE PAYMENT)			
Name / Position	Year of Grant	Minimum	Target	Maximum	Payment
Mark Poweska[4] President & CEO	2022[1]	$0	$1,125,000	$2,250,000	
	2021[2]	$0	$937,500	$1,875,000	
	2020[3]	$0	$937,500	$1,875,000	$1,265,625
Preet Dhindsa[5] Former Executive Vice President, Finance & CFO	2022[1]	$0	$328,000	$656,000	
	2021[2]	$0	$293,300	$586,600	
	2020[3]	$0	$186,700	$373,400	$252,045
Jana Mosley President, ENMAX Power	2022[1]	$0	$319,200	$638,400	
	2021[2]	$0	$304,000	$608,000	
	2020[3]	$0	$247,500	$495,000	$334,125
John Flynn[6] President, Versant Power	2022[1]	$0	$354,062	$708,125	
	2021[2]	$0	$305,589	$611,179	
	2020[3]	$0	$212,215	$424,430	$311,956
Erica Young Chief Legal Officer, EVP Corporate Development	2022[1]	$0	$300,000	$600,000	
	2021[2]	$0	$271,920	$543,840	
	2020[3]	$0	$271,920	$543,840	$367,092

[1] *Grant for 2022-2024 performance period, payable in 2025.*

[2] *Grant for 2021-2023 performance period, payable in 2024.*

[3] *Grant for 2020-2022 performance period, payable in 2023.*

[4] *Mr. Poweska, upon hire, was provided transition grants for 2020-2022, 2021-2023 and 2022-2024 to partially replace the value of unvested long-term incentives from his previous employer. These transition grants are supported by market practice for executive hires.*

[5] *Mr. Dhindsa, upon hire, was provided transition grants for 2020-2022 and 2021-2023 to partially replace the value of unvested long-term incentives from his previous employer. These transition grants are supported by market practice for executive hires.*

[6] *Mr. Flynn, upon hire, was provided transition grants for 2020-2022 to partially replace the value of unvested long-term incentives from his previous employer. These transition grants are supported by market practice for executive hires. All compensation is reported in Canadian currency. U.S. currency was converted to Canadian currency using the average Canada / U.S. exchange rate as used in preparing the Corporation's consolidated financial statements. The average exchange rate was USD $1 to CDN $1.2537 in 2020 and 2021, and USD $1 to CDN $1.3017 in 2022.*

Pension Plan Tables

ENMAX PENSION PLAN – DEFINED CONTRIBUTION PLAN

The table below presents the benefits accumulated under the DC provision for the 2022 year. The actual benefit payable upon retirement or termination will be the value of the employee's DC account at the time of transfer.

Name / Position	Accumulated Value At Start of Year	Compensatory Change[1]	Accumulated Value At End of Year[2]
Mark Poweska President & CEO	$0	$7,846	$7,952
Preet Dhindsa Former Executive Vice President, Finance & CFO	$30,187	$20,612	$56,517
Jana Mosley President, ENMAX Power	$229,327	$20,537	$232,303
Erica Young Chief Legal Officer, EVP Corporate Development	$215,566	$20,633	$222,148

[1] *Compensatory change includes contributions made by ENMAX on the NEOs' behalf.*

[2] *Includes employee and employer contributions with investment earnings accumulated to December 31, 2021.*

SUPPLEMENTAL RETIREMENT PLAN – DEFINED CONTRIBUTION

The table below presents the benefits accumulated under the DC SRP for the 2022 year. The actual benefit payable upon retirement or termination will be the value within the employee's notional DC SRP account at that time.

Name / Position	Accumulated Value At Start of Year	Compensatory Change[1]	Accumulated Value At End of Year[2]
Mark Poweska[3] President & CEO	$0	$0	$0
Preet Dhindsa Former Executive Vice President, Finance & CFO	$4,896	$27,015	$31,467
Jana Mosley President, ENMAX Power	$67,901	$29,551	$91,333
Erica Young Chief Legal Officer, EVP Corporate Development	$135,161	$26,116	$149,115

[1] *Compensatory change includes allocations by ENMAX to the member's DC SRP in early 2023 in respect of 2022.*

[2] *Includes notional returns on the beginning of year accumulated value and notional allocations made in early 2023 in respect of 2022. Notional returns in 2022 were negative.*

[3] *Mr. Poweska did not meet the DC SRP eligibility requirement in 2022.*

VERSANT POWER 401K

The table below presents the benefits accumulated under the Versant Power 401k for the 2022 year. The actual benefit payable upon retirement or termination will be the value of the employee's 401k account at the time of transfer.

Name / Position	Accumulated Value at Start of Year	Compensatory Change[1]	Accumulated Value at End of Year[2]
John Flynn President, Versant Power	$15,417	$35,146	$80,437

[1] *Compensatory change includes contributions made by Versant Power on the NEOs' behalf converted to CDN. The average exchange rate was USD $1 to CDN $1.3017.*

[2] *Includes employee and employer contributions with investment earnings accumulated to December 31, 2022 converted to CDN. The average exchange rate was USD $1 to CDN $1.3017.*

Please see **page 45** for more information on ENMAX's pension plans.

Employment Agreements & Termination Provisions

All NEO employment agreements meet or exceed the statutory requirements for termination provisions. Amounts to which the NEOs would be entitled upon various termination scenarios are outlined below, as per program documents or other agreements.

	Retirement	Resignation	Termination With Cause	Termination Without Cause	Termination Following a Change of Control[1]
Severance (per Employment Agreement or Offer Letter)	N/A	N/A	N/A	18 or 24 months' severance	18 or 24 months' severance
AVPP (per program Terms and Conditions)	Current target award pro-rated based on service in the year of retirement and multiplied by the average prior three-year performance multiplier. Executive must provide 6 months' notice of intent to retire. Executive must be at least 55 at retirement date and have 5 years' service.	Forfeited	Forfeited	Current target award multiplied by average prior three-year performance multiplier, pro-rated based on service in the year of termination. Plus, current target award multiplied by average prior three-year performance multiplier for the severance period.	Current target award multiplied by average prior three-year performance multiplier, pro-rated based on service in the year of termination. Plus, current target award multiplied by average prior three-year performance multiplier for the severance period.
LTIP (per program Terms and Conditions)	Full payment of all outstanding awards to be paid on normal schedule based on actual performance. Executive must provide 6 months' notice of intent to retire. Executive must be at least 55 at retirement date and have 5 years' service.	Forfeited	Forfeited	Immediate pro-rated vesting of LTIP awards to be paid on termination date based on the number of months employed during each of the LTIP performance periods and based on the prior three-year average performance multiplier.	Full immediate vesting of LTIP awards granted, paid out based on the prior three-year average performance multiplier.

[1] *NEO's are entitled to the amounts referenced in a Change of Control scenario only where there is a Change of Control as well as other changes to the NEO's employment terms. A Change of Control event may be triggered by: the sale of more than fifty percent of the shares of ENMAX to an unrelated third party; the sale by ENMAX of more than fifty percent of its assets to an unrelated third party; or the resignation or removal of more than fifty percent of the members of the Board.*

IF YOU HAVE ANY QUESTIONS REGARDING OUR ANNUAL REPORT ON GOVERNANCE AND COMPENSATION,
PLEASE CONTACT THE CORPORATE SECRETARY AT GOVERNANCE@ENMAX.COM

Contains commercially sensitive information.
Refer to cover page to materials regarding restrictions.

PRINCIPLES OF BUSINESS ETHICS POLICY

Board of Directors		**Date Approved**
		February 29, 2024
Executive Sponsor	**Title**	**Date Approved**
Erica Young	Chief Legal, Regulatory and Commercial Officer	February 29, 2024
Content Owner	**Title**	**Date Approved**
Tracy Coutts	Director, Compliance	February 29, 2024

Review of this Policy is required every three years.

Revision history of this Policy is referenced in Schedule “B”.

This Policy applies to ENMAX Corporation and its Subsidiaries ("ENMAX").

The Board of Directors has the primary responsibility for the approval of this Policy, for charging specific committees of the Board of Directors with the oversight of this specific Policy, and authorizing specific members of the Executive Team to interpret and update this Policy.

Amendments to this Policy may only be approved by resolution of the Board of Directors. However, amendments that only alter the form (and not the substance) of the Policy will not require Board of Directors approval. The Board of Directors reserves the right and responsibility for interpreting this Policy. The Chief Executive Officer is responsible for interpreting this Policy where engagement of the Board of Directors is not necessary. The Executive Sponsor is responsible for updating this Policy.

Any questions about this Policy should be addressed to the Executive Sponsor or Content Owner directly, through a supervisor, or by contacting the ENMAX Compliance Department through compliance@enmax.com.

1.0 PURPOSE

Unless expressly provided herein to the contrary, this Policy applies to all ENMAX Personnel.

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.

2.0 DEFINITIONS

Capitalized and underlined terms used in this Policy are defined in Schedule "A" attached to this Policy.

3.0 PRINCIPLES

3.1 Compliance with all Applicable Laws and this Policy

All Personnel are expected to comply with all Applicable Laws and all aspects of this Policy. This Policy does not specifically address every potential form of unacceptable conduct, and it is expected that all Personnel will exercise good judgment. All Personnel have a duty to comply with the letter and spirit of this Policy.

3.2 Contractors

For greater clarification, in the case of Personnel that are Contractors, this Policy shall apply to only those Contractors that are providing services to ENMAX and that are advised, in writing, of the applicability of this Policy to the provision of those services, and in such cases this Policy shall apply with such necessary and appropriate modifications to recognize that Contractors are not Directors, Officers or Employees of ENMAX.

3.3 Corporate Responsibility

Corporate Responsibility at ENMAX refers to the simple principle that how we conduct our business is equally as important as the profits we earn.

Corporate Responsibility demonstrates our belief in taking personal accountability for all that we do, including safety, customer care, environmental stewardship, and meaningful stakeholder and community engagement. ENMAX and its Personnel will seek to increase competitiveness and maximize value to the shareholder while understanding and embracing corporate responsibility for the impact of ENMAX activities on the environment, consumers, Personnel, communities and the citizens of Calgary, and all other Stakeholders to the extent that is reasonably achievable.

3.4 No Retaliation for Raising Concern

Personnel may submit a complaint regarding a suspected violation of this Policy without fear of dismissal or retaliation. ENMAX prohibits any form of retaliation for raising concerns or reporting possible misconduct in good faith or for assisting in the investigation of possible misconduct. No adverse action will be taken against any individual for making a complaint or disclosing information in good faith. Any Personnel who retaliates in any way against an individual who reports any violation, or suspected violation, of this Policy will be subject to disciplinary action.

4.0 RESPONSIBILITIES AS PERSONNEL, SUPERVISORS AND MANAGERS, AND OFFICERS

4.1 Personnel

All Personnel are required to read and fully understand this Policy. If they do not understand this Policy, Personnel have an obligation to seek advice or guidance from the Content Owner or Executive Sponsor. If Personnel are aware of any conduct involving other Personnel that may violate this Policy, there is an obligation on that individual to report the issue to a supervisor, an Officer of ENMAX, the Content Owner, the Executive Sponsor or the ENMAX Safety and Ethics

Helpline (1-800-661-9675 or www.enmax.confidenceline.net) promptly. Confidentiality will be maintained to the extent consistent with the best interests of the Personnel involved, and ENMAX's obligations under any Applicable Laws.

4.2 Supervisors and Managers

In addition to their responsibilities as Personnel, supervisors and managers are responsible for enabling their direct reports to understand and comply with this Policy. As the first point of contact for Personnel, supervisors and managers need to be a knowledgeable and reliable source of advice.

Supervisors and managers should make it possible for their staff to comfortably express their concerns about possible violations of this Policy. This means advising Personnel when it becomes necessary to disclose their concerns to senior Management.

Supervisors and managers are obligated to escalate suspected violations of this Policy to senior Management of their Business Unit or, if they are concerned about such escalation due to the nature of the suspected violation, to the Executive Sponsor or the Vice President, People and Culture.

4.3 Officers

ENMAX Officers, in addition to their responsibilities as Employees and supervisors, are accountable for ensuring all Personnel are provided with training in relation to this Policy. The Chief Executive Officer is ultimately responsible for ENMAX's compliance with this Policy.

5.0 ETHICAL CONDUCT IN THE WORKPLACE

5.1 Diversity

ENMAX promotes and encourages a culture of diversity, inclusion and acceptance and prohibits any form of Discrimination in hiring and employment practices.

5.2 Harassment

ENMAX treats all Customers, Stakeholders and Personnel with dignity and respect, working together to create a respectful and ethical workplace. Harassments includes intimidating, hostile, offensive, violent, demeaning, threatening or humiliating to any person or group of people within ENMAX, Stakeholders, or customers will not be tolerated. If such behaviour is witnessed, it must be reported to a supervisor, the Executive Sponsor, Content Owner, Vice President, People and Culture or by using the ENMAX Safety and Ethics Helpline (1-800-661-9675 or www.enmax.confidenceline.net).

6.0 ETHICAL CONDUCT IN BUSINESS RELATIONSHIPS

6.1 Suppliers and Stakeholders

ENMAX and its Personnel are committed to fair competition in all dealings with suppliers and Stakeholders. All purchases made on behalf of ENMAX are made honestly and objectively.

6.2 Customers

ENMAX and its Personnel provide Customers with the truthful information required to make informed choices about products and services offered by ENMAX. Personnel shall not take unfair advantage of anyone, including Customers. Taking unfair advantage includes manipulation, concealment, misrepresentation of material facts, or any other unfair dealing practice.

All transactions, including payment arrangements, involving ENMAX accounts of Employees or individuals with a personal association with ENMAX Employees must be processed in accordance with standard ENMAX practices.

ENMAX Employees may access or review their own ENMAX account through online activities such as the customer portal through enmax.com or the ENMAX Energy app as these systems are electronically logged.

Employees must never access or review their own ENMAX accounts through other means unless a valid exception has been approved, and documented within the exception log. Requests for exceptions can be sent to ENMAX Compliance at compliance@enmax.com. The ENMAX Compliance team maintains a log of approved exceptions, performs periodic reviews to ensure logged exceptions remain required, and to annually report to the Executive Sponsor on exceptions granted.

Employees who may be exposed to the ENMAX account of a relative, friend, acquaintance or fellow Employee who they interact with regularly are to turn over any such business transaction to the Customer Support Team for assistance.

6.3 Gifts and Entertainment

ENMAX and its Personnel shall act honestly and with integrity in all business relationships with competitors, potential business partners, suppliers, Customers and government officials. ENMAX and its Personnel shall exercise good business judgment in extending business courtesies. ENMAX and its Personnel shall never accept or offer bribes, favours or "kickbacks" for the purpose of securing business transactions. ENMAX and its Personnel shall ensure that all payments are necessary, lawful and properly documented.

6.3.1 Accepting Gifts

Your supervisor must provide written approval prior to the acceptance of a gift offered with a value greater than $300. Gifts of travel are not to be accepted under any circumstances. If a Third Party offers travel for business purposes and it would not be practicable or reasonable for ENMAX to pay for it directly, your supervisor must provide written approval, including reasons, prior to acceptance. The Chair of the Board of Directors and Chair of the Governance Committee act as “supervisor” to Directors for the purposes of this provision. Travel shall not be accepted from vendors.

In no circumstances should gifts of cash be given or received.

6.3.2 Hosting and Gifts for Government Employees or Government Agency Employees

Approval from the Vice President, Public Policy and Government Relations is required prior to issuing an invitation, or providing or offering a gift, to a government employee or a government agency employee.

6.3.3 Entertainment

There is no specific value limit set for Personnel entertaining or hosting Stakeholders, industry participants, or Customers – nor for Personnel being entertained or hosted by Stakeholders, industry participants, or Customers. In either case, Personnel are expected to be thoughtful and exercise sound and reasonable judgment relative to their role and position at ENMAX.

For clarity, Personnel may be provided with ticket valued over $300 to join the Stakeholder, industry participant, or Customer at an event. If the Stakeholder, industry participant, or Customer will not be attending the event with the Personnel, tickets are considered gifts and cannot exceed the $300 limit for all tickets provided.

Personnel are encouraged to request confirmation from intended recipients of hosted events or entertainment to confirm that the event is compliant with their respective policies.

If there is any doubt about entertainment, a supervisor should be consulted. Directors should consult with the Chair of the Board of Directors and Chair of the Governance Committee for this purpose.

Social activities that could reasonably be associated with ENMAX are to be conducted with propriety and with appropriate regard to all applicable ENMAX Policies, Applicable Laws, and must not be detrimental to ENMAX's reputation in the community.

6.4 Fair Competition

ENMAX believes in competing on fair terms and does not permit Personnel to use proprietary or confidential information from prior employers or place such information on ENMAX's information technology infrastructure.

Where Personnel have previously worked for a competitor, ENMAX and its Personnel shall not attempt to obtain the competitor's proprietary information from that individual.

Personnel shall not conspire with any other party to lessen fair competition or engage in anti-competitive practices including but not limited to price-fixing or bid-rigging.

Personnel shall not, either directly or through a Third Party, misrepresent ENMAX or offer inducements to solicit proprietary information about competitors.

ENMAX and its Personnel protect information about Customers of its regulated products or services from disclosure to affiliated and unaffiliated retailers where doing so would violate Applicable Laws.

ENMAX and its Personnel shall not, directly or indirectly, use outage records to trade or disclose outage records to any external party until those outage records have been made available to the public by the AESO, unless otherwise permitted under the Fair, Efficient and Openly Competitive Regulation or other Applicable Laws.

6.5 Relationships with Non-profit and Professional Organizations

Officers and Employees may perform services for an outside organization during business hours if he/she has received prior consent from a supervisor. If Personnel act as a spokesperson for an organization or speak publicly in a non-business capacity, it must be clear to the audience that he or she is not acting as a representative or expressing the views of ENMAX.

As private citizens, Personnel might choose to take part in the political process, a right that is respected by ENMAX. Personnel, outside of those whose responsibilities include engaging in the political process, may engage in these activities only on their own time, and participation in the political process by Personnel must be kept separate from their duties or association with ENMAX.

6.6 Conducting International Business

This Policy applies to all activities carried out by Personnel on behalf of ENMAX, whether inside or outside of Canada. When conducting business outside Canada, ENMAX and its Personnel are expected to adhere to the local laws and standards to the extent that laws are not in conflict with Canadian law.

6.7 Anti-bribery and Anti-corruption

When conducting ENMAX business activities, ENMAX and Personnel will not make payments of any sort to Public Officials to obtain a favourable decision or to attract or retain business whether inside or outside of Canada.

When conducting ENMAX business activities, ENMAX and Personnel will never offer, ask for, give or receive any form of bribe, kickback or any other type of improper payment, or attempt to gain influence or competitive advantage through improper means. They will ensure that the requirements of all applicable anti-corruption laws are met, including, but not limited to the Corruption of Foreign Public Officials Act. ENMAX shall never offer or give facilitation payments.

Personnel must immediately report to their leader and the Content Owner any anti-corruption or anti-bribery "red flags" or irregularities (i.e., an indication that an agent, business partner, or contractor may have made, or intends to make an illegal offer or payment, or bribe, in connection with ENMAX business activities). Violations of applicable anti-corruption and anti-bribery laws may result in job termination, fines and reputational harm as well as criminal fines and penalties, including imprisonment, for individuals.

7.0 ETHICAL USE OF COMPANY PROPERTY AND INFORMATION

7.1 Confidential and Private Information

ENMAX and its Personnel protect confidential competitive information, Customer Information and Personal Information.

Personnel are responsible for knowing what information must remain in confidence and for seeking clarification from a supervisor if in doubt. In addition, Personnel will not disclose confidential competitive information about ENMAX to anyone outside ENMAX, including family and friends, even after leaving ENMAX's employ, except in the circumstances where disclosure is required by law or by a regulatory authority. Within ENMAX, Personnel will not disclose confidential information to colleagues other than that which is required for the performance of their assigned work.

ENMAX and its Personnel protect all confidential information against theft, fraudulent use, loss, unauthorized access and misuse. ENMAX recognizes that any unauthorized disclosure of confidential information exposes ENMAX to legal, financial, commercial and reputational liability and risks.

7.2 Use of Company Assets

Personnel share the responsibility for protecting ENMAX's assets, which includes physical property, data, intellectual property, credit cards, information networks and commodities, from theft, misuse, damage, loss and neglect.

Whenever ENMAX property is entrusted to Personnel, Personnel have full accountability for it and are required to maintain it in good condition. Personnel shall dispose of ENMAX property only in an approved manner and with the consent of ENMAX.

ENMAX time, property and services, including assets such as stationery, computers and mail services, may normally not be used for a personal or non-business reason. However, because ENMAX recognizes that the work done for ENMAX may take Personnel away from the personal or family aspects of his/her life, limited and reasonable personal or non-business use of these resources is acceptable where the purpose of such is lawful and not contrary to ENMAX's interests or Policies, including this Policy. ENMAX information may never be used for personal or non-business reasons and includes any work Personnel perform outside of ENMAX.

7.3 Accounting and Financial Reporting

All ENMAX financial reports, accounting records, invoices, research and sales reports, expense accounts, time sheets and other financial documents shall accurately and clearly represent the relevant facts and true nature of each transaction, and shall be retained in accordance with ENMAX's records retention policies and Applicable Law. Making false, fictitious or inappropriate entries with respect to any transaction of ENMAX or the disposition of any of ENMAX's assets is prohibited, and no Personnel may engage in any transaction that requires or contemplates the making of such false entries. Personnel are responsible for the accuracy and completeness of any reports or records created or maintained. If Personnel become aware of questionable or suspicious financial transactions or entries, they must disclose them to a supervisor, the Director, Compliance or by using the ENMAX Safety and Ethics Helpline (1-800-661-9675 or www.enmax.confidenceline.net).

8.0 ETHICAL CONDUCT AS INDIVIDUAL EMPLOYEES

8.1 Avoiding Conflict of Interest

A Conflict of Interest occurs when undisclosed personal interests influence, or could appear to influence, the decisions of Personnel in the performance of their duties at ENMAX. Personal interests include matters involving Personnel directly, an Immediate Relative, or a business enterprise in which Personnel or their family has an interest, financial or otherwise.

Personnel must disclose any situation that may create a Conflict of Interest between personal interests and those of ENMAX, particularly where personal interests benefit in any way, or could appear to benefit, from business decisions or knowledge acquired at ENMAX. All Personnel have an obligation to immediately declare any actual, potential or perceived Conflict of Interest to their supervisor or the Director, Compliance, or in the case of Directors, to the Board of Directors.

Personnel shall not participate in or influence any decision by ENMAX where they have a Conflict of Interest.

Directors must declare any actual, potential or perceived Conflict of Interest to the Chair of the Board of Directors. It is the responsibility of each member of the Board of Directors to acknowledge and sign the Directors' Code of Conduct upon becoming a Director of ENMAX and to keep relevant information up to date by filing a *Declaration of Interest* form annually with the Corporate Secretary.

All Personnel must review the ENMAX *Conflict of Interest Standard* which provides direction and measures to assist Personnel in effectively dealing with any actual, potential or perceived Conflict of Interest situations which may arise during employment, during the course of performance of their duties, or when otherwise representing ENMAX.

8.2 Outside Business Activities

Officers and Employees shall not serve as directors of any organization that supplies goods or services to ENMAX, or competes with ENMAX, without the approval of a supervisor and the Content Owner.

Officers and Employees may work for another organization, including a sole proprietorship, as long as it is not a supplier, a commercial or industrial customer or a competitor of ENMAX, and does not affect work performance at ENMAX. Where it is not clear whether external work interferes with a duty to ENMAX, Officers and Employees are required to disclose the circumstances to their supervisor and the Content Owner.

Officers and Employees shall not perform work for other organizations on ENMAX's time or promote any non-ENMAX product or service to others during working hours, without the approval of their supervisor.

Personnel shall not use ENMAX's equipment, supplies, Personnel, or intellectual property for the benefit of another organization, without the approval of a supervisor and the Content Owner. The Chair of the Board of Directors and Chair of the Governance Committee act as "supervisor" to Directors for the purposes of this provision.

8.3 Investments

To ensure there is no Conflict of Interest created through personal investments, Personnel and their Immediate Relatives may not hold an ownership or financial interest in any company that competes with ENMAX or that sells goods and services to ENMAX, except as provided below.

Personnel may own shares in a privately owned or publicly traded company that does business with or competes with ENMAX provided ownership does not exceed five percent of the shares of the company.

The five percent holding restriction does not include investments held through a mutual fund or other arrangement where the Personnel does not directly control or dictate the timing or volume of purchases or sales of the securities.

8.4 Disclosure of Investment Information

Persons or companies in possession of undisclosed information concerning ENMAX may not make use of such information for their own benefit or for the benefit of others. This applies to any information that could influence anyone's decisions with regard to investment in ENMAX, including information about ENMAX's performance and plans and changes to its operations and capital. ENMAX and its Personnel shall ensure that the disclosure of information about ENMAX to the public is timely, factual and accurate and broadly disseminated in accordance with all Applicable Laws. Selective disclosure of such information is improper Personnel shall not disclose such information to any person or company before it is publicly announced. Personnel shall also ensure that when information has not been publicly disclosed it remains confidential. Personnel shall protect such information by sharing it internally only on a need-to-know basis.

9.0 POLICY ADMINISTRATION

9.1 Policy Management

This Policy shall be reviewed every three years by the Board of Directors and will be updated and approved by the Board of Directors. All new versions of the Policy shall be posted on Intramax once approved.

The Executive Sponsor may approve Standards relating to any matters falling within the scope of this Policy.

9.2 Reporting and Potential Consequences of Non-Compliance

Personnel are responsible for compliance with this Policy and any Standards or Procedures that are created pursuant to this Policy. Failure to comply may result in disciplinary action, investigation, or other action by ENMAX that may include, but it not limited to, termination of employment, or in the case of the Board of Directors, termination of directorship.

In addition to acting in compliance with the Policies, Standards, Procedures, and any Applicable Laws, Personnel have the responsibility to report to the Company any violations of Policy, Standard, Procedure, or any Applicable Laws that he or she may discover. All Personnel are assured that they can report such violations without fear of retribution or retaliation. Any Personnel who threatens, retaliates against or harasses any person who has reported in good faith a compliance concern, or is considering reporting such a concern, shall be subjected to disciplinary action, up to and including termination.

All instances of non-compliance with this Policy must be reported to a supervisor, the Director, Compliance, the Executive Sponsor directly, or by using the ENMAX Safety and Ethics Helpline (1-800-661-9675 or www.enmax.confidenceline.net/).

Anyone filing a complaint concerning a suspected non-compliance with this Policy, or with Applicable Laws, must be acting in good faith for believing the information disclosed indicates a suspected non-compliance. Any allegations that prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

All Personnel are required to comply with requests for assistance, information or documentation in support of a suspected non-compliance investigation.

SCHEDULE "A" – DEFINITIONS

Defined Term	Definition
Applicable Laws	means all statutes, bylaws, regulations, ordinances, standards, codes, orders, decrees, restrictions, and rules (including all occupational health and safety requirements) whether federal, provincial, or municipal in origin, of all lawful authorities and applicable regulatory bodies, administrative bodies, tribunals or boards, having jurisdiction in relation to the relevant subject matter in force from time to time during the term of the relevant corporate governance document.
Board of Directors	means the Board of Directors of ENMAX Corporation.
Bribery	when someone gives or promises another person anything of value to obtain a benefit, favourable treatment or business advantage
Business Unit	means a Subsidiary or a unit of shared services headed by a member of the Executive Team.
Chief Executive Officer	means the President and Chief Executive Officer of ENMAX Corporation.
Conflict of Interest	occurs when undisclosed personal interests influence, or even appear to influence, a Director or Personnel's decisions in the performance of their duties at ENMAX.
Content Owner	means an Employee who has been appointed by the Executive Sponsor of a Policy to assist with the Executive Sponsor's Policy accountabilities as determined by the Policies, Standards, Procedures and Forms Standard.
Contract	means an agreement between two or more parties creating obligations that are enforceable or otherwise recognizable at law.
Contactor(s)	means any contractor, sub-contractor, consultant or agent engaged by or on behalf of ENMAX, who is not an Employee.

Defined Term	Definition
Corporate Responsibility	refers to the simple principle that how we conduct our business is equally as important as the profits we earn. Corporate Responsibility demonstrates our belief in taking personal accountability for all that we do, including safety, customer care, environmental stewardship, and meaningful stakeholder and community engagement. ENMAX and its Personnel will seek to increase competitiveness and maximize value to the shareholder while understanding and embracing corporate responsibility for the impact of ENMAX activities on the environment, consumers, Personnel, communities and the citizens of Calgary, and all other Stakeholders to the extent that is reasonably achievable.
Customer	means an individual who uses, or applies to use, ENMAX's products or services, where such individual is a residential Customer or an individual carrying on business alone as a sole proprietorship or in partnership with other individuals.
Customer Information	means information that is uniquely associated with an ENMAX Customer, or could be used to identify an ENMAX Customer, and is not available to the public. This includes strategic information about a Customer's business.
Director	means a member of the Board of Directors.
Discrimination	means any form of unequal treatment based on grounds prohibited under the Alberta Human Rights Act and/or: • Age • Creed (religion) • Gender • Gender Identity • Sexual Orientation • Family status • Marital status • Disability (including mental or physical disabilities) • Race • Ancestry • Place of origin • Ethnic origin • Citizenship

Defined Term	Definition
	• Colour • Record of offences (criminal conviction for a provincial offence, or for an offence for which a pardon has been received) • Association or relationship with a person identified by one of the above grounds • Perception that one of the above grounds applies.
Employee(s)	means a member of the Executive Team or any other person employed by ENMAX on a full or part-time basis.
ENMAX	means ENMAX Corporation and its direct and indirect Subsidiaries, other than Versant Power and its U.S. holding companies and its direct and indirect subsidiaries.
Executive Sponsor	is an Employee with specific Policy development and Management accountabilities as designated by the Chief Executive Officer.
Executive Team	means the Chief Executive Officer and their direct reports, excluding support staff.
Immediate Relative	means a spouse, partner in an adult interdependent relationship as defined in the Adult Interdependent Relationships Act (Alberta), intimate partner, children, brothers, sisters, parents, grandparents, and children, brothers, sisters, parents, or grandparents of spouses or partners in an adult interdependent relationship, including adopted, adoptive, foster, or step, as the case may be. For the purposes of this Policy, such an individual is an Immediate Relative whether or not the individual is currently living with the Personnel.
Management	means an Employee who performs management functions for ENMAX.
Officer(s)	means a member of the Executive Team.
Personal Information	means information about an identifiable individual, but does not include aggregated information that cannot be associated with a specific individual.

Defined Term	Definition
Personnel	means ENMAX Board of Directors, Executive Team, Employees and Contractors.
Policy / Policies	is/are principle based document(s) that contain information and direction in relation to the values and fundamental expectations of ENMAX.
Procedures	are documents designating the steps or processes that provide specific direction in order to achieve a uniform approach to executing a work or business activity. Procedures are composed of steps which, when not executed in a specific order may result in an impact to health, safety, environment, customer service or business (operational, financial, regulatory, etc.) performance.
Public Officials	persons including those who are appointed or elected to discharge a public duty, or persons who hold a position under government or a public department. It also includes elected Chief and Council of First Nation communities.
Stakeholder(s)	means people, groups of people, and organizations that may reasonably affect, be affected by, or perceive themselves to be affected by an ENMAX decision, or business activity
Standard(s)	is a document providing further direction, guidance and requirements that provides greater detail than that provided in a Policy, and reflects Management's expectations.
Third Party	means an individual or organization outside of ENMAX.

SCHEDULE "B" – REVISION HISTORY

Rev No.	Effective Date	Revision History
6	March 11, 2024	Amendments to expand the Anti-bribery and Anti-corruption section. Edits to section 6.2 to reflect current practices in Customer Care. Clarifying treatment of hosted entertainment/tickets. Modify language throughout document to clear up ambiguities.
5	March 25, 2021	Amendments to modify language to increase the value of a gift that can be accepted without supervisor written approval, as well as updated some definitions to ensure defined terms have consistent definitions among the governing document.
4	November 13, 2020	Definitions for Company, ENMAX and Subsidiaries updated with the acquisition of Versant Power.
3	March 26, 2020	Add paragraph to 6.4 to include the prohibition of using proprietary information from a previous employer without the previous employer's consent. Edit some definitions to match the master definition list. Various edits to clean up language.
2	November 30, 2018	Board required review Policy refresh and update Replaced Content Owner with Director, Compliance Update to address Bill 13
1	November 5, 2015	Included 'Directors" in definition of "Personnel". Replaced VP, Corporate Responsibility with VP, Legal Services.

ENMAX	**ENMAX CORPORATION**		**Policy**
	BOARD DIVERSITY		
	Effective Date: March 19, 2024		Pg. 1 of 5
			Verify revision is current prior to use.

Contains commercially sensitive information.
Refer to cover page to materials regarding restrictions.

BOARD DIVERSITY POLICY

Board of Directors		Date Reviewed
		February 29, 2024
Executive Sponsor	**Title**	**Date Approved**
Erica Young	Chief Legal Officer and Executive Vice President Corporate Development	February 15, 2023
Content Owner	**Title**	**Date Approved**
Carmen Cheng	Manager, Talent Strategies	February 8, 2023

Review of this Policy is required annually.

Revision history of this Policy is referenced in Schedule “B”.

This Policy applies to ENMAX Corporation and its Subsidiaries ("ENMAX").

The Board of Directors has the primary responsibility for the approval of this Policy, for charging specific committees of the Board of Directors with the oversight of this specific Policy, and authorizing specific members of the Executive Team to interpret and update this Policy.

Amendments to this Policy may only be approved by resolution of the Board of Directors. However, amendments that only alter the form (and not the substance) of the Policy will not require Board of Directors approval. The Executive Sponsor is responsible for the interpretation and updating of this Policy, and shall ensure policy compliance.

1.0 PURPOSE AND APPLICATION

This Board Diversity Policy (the "**Policy**") sets out the approach to diversity on the Board of Directors of ENMAX. This Policy applies to the Board of Directors.

2.0 DEFINITIONS

Unless otherwise defined in this Policy, capitalized and underlined terms used in this Policy are defined in Schedule "A" attached to this Policy.

3.0 DIVERSITY POLICY STATEMENT

ENMAX values the benefits that diversity can bring to its Board of Directors. ENMAX believes that a diverse Board of Directors will enhance its decision-making and that different perspectives within the Board of Directors is an essential element to effective corporate governance. Diversity on the Board also demonstrates ENMAX's commitment to diversity and inclusion at all levels throughout the organization. ENMAX is committed to fostering an inclusive team, representative of the diversity in the communities it serves.

As a result of the foregoing, the Corporate Governance Committee of the Board of Directors will consider the following principles when recommending candidates to the Board of Directors:

i. the selection of candidates will be based on merit. The selection process will include a review of a candidate's experience, expertise, personal competencies and educational background, among other relevant factors;

ii. during the selection process, diversity criteria will be considered. For the purpose of this Policy, diversity criteria includes gender, age, residency, race, culture, ethnicity, people with disabilities (including invisible and episodic disabilities), members of the 2SLGBTQ+

community and other factors that may enhance ENMAX's ability to deliver value to our shareholder;

iii. the Corporate Governance Committee will seek a balance on the Board of Directors in terms of experience, expertise, diversity and other required competencies;

iv. for each appointment, the Corporate Governance Committee will take appropriate measures to identify candidates that are reflective of this Policy, and will have the authority to engage qualified external advisors;

v. any qualified external advisors engaged to identify candidates for appointment to the Board of Directors will be required to present candidates who assist the Corporation in meeting its diversity commitment; and

vi. the Board of Directors seeks to maintain diversity in membership of its Committees and Board leadership roles and will consider diversity when assigning chair roles for the Board and its Committees.

4.0 BOARD DIVERSITY TARGETS

i. The Board of Directors targets to maintain or exceed a Board composition in which at least 30 percent of Board members identify as women; and

ii. The Board of Directors targets to maintain or exceed a Board composition in which at least one member of the Board of Directors identifies as belonging to an underrepresented group, relative to the communities served by the Corporation.

5.0 POLICY MONITORING AND REPORTING

On an annual basis, the Corporate Governance Committee will:

i. consider the objectives of this Policy as part of the annual performance evaluation of the Board of Directors, committees of the Board of Directors and individual directors;

ii. monitor the implementation and effectiveness of this Policy;

iii. report to the Board of Directors on the findings from these assessments and recommend any changes to this Policy, for consideration and approval.

SCHEDULE "A" DEFINITIONS

Defined Term	Definition
2SLGBTQ+	is an acronym that stands for Two-Spirit, Lesbian, Gay, Bisexual, Transgender, Queer or Questioning and additional sexual orientations and gender identities.
Board of Directors the "Board"	means the Board of Directors of ENMAX Corporation.
Content Owner	means an Employee who has been appointed by the Executive Sponsor of a Policy to assist with the Executive Sponsor's Policy accountabilities as determined by the Policies, Standards, Procedures and Forms Standard.
ENMAX	means ENMAX Corporation and/or its direct and indirect Subsidiaries.
Executive Sponsor	is an Employee with specific Policy development and Management accountabilities as designated by the Chief Executive Officer.
Policy	is/are principle based document(s) that contain information and direction in relation to the values and fundamental expectations of ENMAX.

SCHEDULE "B" – REVISION HISTORY

Rev No.	Effective Date	Revision History
5	March 19, 2024	Reviewed by the Corporate Governance Committee of the Board and no changes were recommended.
4	March 15, 2023	Minor amendments made, including to re-phrase aspirational goals to clear targets, and to include standard language used in Board-level policies with respect to Board oversight.
3	March 23, 2022	Policy reviewed by the Board, no changes required.
2	March 3, 2022	Content Owner updated.
1	March 25, 2021	Policy updated and reviewed by Executive Sponsor and approved by the Board.
0	May 8, 2020	Initial release.

Mark Poweska

PRESIDENT & CEO

Mark Poweska joined ENMAX in September 2022 as President and CEO and serves as Board Chair of Versant Power, ENMAX's Maine-based regulated transmission and distribution business. He previously served as President and CEO at Hydro One, where he led the launch of their strategy with a focus on safety, efficiency, customer service and community partnership.

Before joining Hydro One in 2019, Mark was the Executive Vice President, Operations at BC Hydro. He oversaw all aspects of operations in the organization's electric system, serving approximately four million residential, commercial and industrial customers. During his tenure, Mark successfully led the merger of the former transmission and distribution organization with the generation organization to form one operations group with revenues of approximately $5 billion. Mark joined BC Hydro in 1993 and worked in several parts of the organization, including engineering, construction and procurement.

Mark graduated from the University of Saskatchewan with a degree in mechanical engineering and is a Professional Engineer. He currently serves on the Board of Directors for the 2025 Invictus Games and participates on the CD Howe Energy Policy Council. He previously served on the Board of the Western Energy Institute, as Chair of the Board of Directors of the Ontario Energy Association, and was a Board Advisor to Yukon Energy.

Sheri Primrose

CHIEF FINANCIAL OFFICER

Sheri Primrose joined ENMAX in 2006 and has held progressively senior roles in the organization since then. As Chief Financial Officer, Sheri is responsible for the company's financial functions, including accounting, audit, treasury and corporate finance. In her nearly two decades at ENMAX, Sheri has played critical roles in overseeing the optimization and delivery of strategic financial functions across the company, including the implementation of an integrated system to successfully transform its financial management approach.

Sheri holds an Executive MBA from Smith School of Business at Queen's University, an executive coaching certification from Royal Roads University and a BBA in Accounting from SAIT. She serves on the board of directors at The Alex Community Health Centre.

Jana Mosley

PRESIDENT, ENMAX POWER

As President of ENMAX Power, Jana Mosley is responsible for ENMAX's regulated transmission and distribution business in Calgary. She also directs ENMAX's power infrastructure, engineering and maintenance services.

With over 25 years of industry experience, Jana has worked for various utilities, industrial consumers, generators and the Alberta Electric System Operator. Prior to joining ENMAX in 2015, Jana served as President for Similan Consulting Inc. and advised companies across North America on electricity policy application, connection to the transmission grid, utility operations and project management.

She holds a Bachelor of Science in Electrical Engineering from the University of Manitoba and is a Registered Professional Engineer with APEGA. Jana has a Project Management Professional designation, an Institute of Corporate Directors designation and completed the Harvard Business School's Advanced Management Program. In addition to her role at ENMAX, she serves on the board of the Western Energy Institute, is a 2022 Calgary Influential Women in Business award recipient and is a 2023 Canada's Most Powerful Women: Top 100 Award winner. She is an active mentor and advocate for women and leaders, focused on helping them achieve their full potential.

Greg Retzer

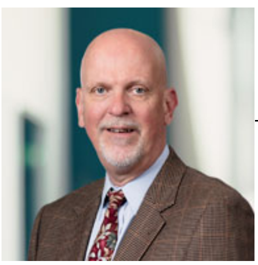
EXECUTIVE VICE PRESIDENT, ENMAX ENERGY

Greg oversees ENMAX Energy and is accountable for ENMAX's competitive energy businesses including electricity generation, retail and customer operations, wholesale commodity trading and commercial programs.

With nearly 30 years of industry experience, Greg's technical background and business acumen bring strong operational performance and safety leadership to the team. He has worked in various senior roles in business operations and development, including positions with the Alberta Electric System Operator (AESO) and Stantec, and has led teams and projects across the U.S. and Canada in the electricity, telecom, engineering and data management industries.

Prior to his role with ENMAX Energy, Greg held the position of Vice President, Field Services with ENMAX Power, leading his team to achieve operational improvements and safety culture advancements.

Greg holds a Bachelor of Science in Geography from the University of Calgary and an MBA from Georgia State University.



John Flynn

PRESIDENT, VERSANT POWER

John Flynn joined as President of Versant Power in 2020, and is responsible for ENMAX's Maine-based regulated transmission and distribution business. With more than 400 employees and 10,400 square miles of service territory, Versant Power delivers essential electricity services to over 165,000 customers across northern and eastern Maine.

John has over 30 years of utility industry experience in New England and throughout the United States. An energetic and dynamic leader, he brings expertise in large utility project execution, strategic planning, business development, risk management, financial expertise and regulatory acumen. Prior to joining Versant Power, John led the Strategy & Public Affairs team for Vermont Electric Co. and held previous roles as Global Head of Strategy & Development and Senior Vice President of Strategy & Development with National Grid, as well as leadership positions within American Transmission Company and American Electric Power.

Originally from Connecticut, John graduated from Fairfield University with a bachelor's degree in accounting and received further executive education from the University of Michigan School of Business and the Massachusetts Institute of Technology's Sloan School.

Erica Young

CHIEF LEGAL, COMMERCIAL AND REGULATORY OFFICER

Erica Young is the Chief Legal, Commercial and Regulatory Officer for ENMAX. Erica oversees the legal, regulatory, compliance, government relations, public policy, shareholder relations, environmental, social and governance and corporate secretarial matters across the ENMAX companies.

Erica has 20+ years of legal, regulatory and transactional experience in private practice and in-house roles, primarily focused in the energy industry. Prior to joining ENMAX in 2016, Erica served as SVP, General Counsel at NaturEner Energy Canada, where she was responsible for legal, regulatory and commercial matters in Alberta and for cross-border transmission. Erica also served as General Counsel of Total Energy Services, a TSX-listed oil and gas services company. She began her career in the Toronto office of Blake, Cassels & Graydon LLP, where she had a diverse corporate, securities and governance practice.

Erica holds a Bachelor of Arts and Education from Lakehead University, a Bachelor of Laws from Osgoode Hall Law School and an Advanced Certificate in U.S. Energy Law from the UC Berkeley School of Law. Erica also completed the Advanced Finance Program at The Wharton School, University of Pennsylvania. In addition to her role at ENMAX, Erica serves on the board of Electricity Canada and the Kids Cancer Care Foundation of Alberta.

Brandie Yarish

CHIEF HUMAN RESOURCES OFFICER, EVP SAFETY AND INFORMATION TECHNOLOGY

Brandie is accountable for ENMAX’s people strategies, organizational development, health, safety and environment programs and practices, as well as the IT and brand, communications and community teams. With over 20 years of human resources and leadership experience across various sectors including technology, life sciences, municipal government and higher education, Brandie has led in unionized and non-unionized environments as well as early stage and mature organizations. Brandie has built and modernized human resources functions while shaping and evolving corporate cultures to attract, retain and align talent to safely and efficiently achieve business strategies. Brandie serves on the Board of Versant Power, ENMAX's Maine-based regulated transmission and distribution business.

Prior to joining ENMAX, Brandie held the position of Associate Vice President, Human Resources at the Southern Alberta Institute of Technology. She obtained a Bachelor of Arts from the University of Victoria and a Master of Business Administration from Royal Roads University and is a designated Chartered Professional in Human Resources while also holding a Coaching Certificate from the Hudson Institute of Santa Barbara, California.

BOARD CHAIR

Charles Ruigrok

Calgary, AB

Age 67

Independent

Financially Literate

Ex-Officio Member:
Audit Committee
Corporate Governance Committee
Human Resources Committee
Safety, Environment and Sustainability Committee

Education and Designation:
Bachelor of Science (Civil Engineering)
Master of Engineering (Civil Engineering)
Professional Engineer
ICD.D Designation

Areas of Expertise:

- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management
- Technology

Public Board Memberships:
None

Charles Ruigrok joined the ENMAX Board in 2010 and is the Chair of the Board, having previously served as Chair of ENMAX's Audit Committee and as Board Chair of Versant Power, ENMAX's Maine-based transmission and distribution business. Mr. Ruigrok also served as ENMAX's President & CEO, on an interim basis, between 2011-2012 and 2021-2022.

With over 40 years of business and executive experience in the energy industry, Charles brings an extensive understanding of ENMAX and its operations to the Board. Charles previously held the position of CEO of Syncrude Canada Ltd., and spent 26 years at Imperial Oil, where he held various senior executive positions including Vice President of Oil Sands Development and Research.

Charles is a past director of Syncrude Canada Ltd., Rainbow Pipeline Company, Progas Limited, the Alberta Chamber of Resources, Petroleum Technology Alliance Canada and Soane Energy LLC. He also served as a member of the Board of Governors of the Canadian Association of Petroleum Producers.

2023 Meeting Attendance:
Meetings Attended: 25 / 25 | Attendance Record: 100%

PRESIDENT AND CEO

Mark Poweska

Calgary, AB
Age 55

Non-Independent

Financially Literate

Committee Memberships:
The President & CEO is not a member of any ENMAX Committees

Education and Designation:
Bachelor of Science (Mechanical Engineering)
Professional Engineer

Areas of Expertise:

- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
None

Mark Poweska joined ENMAX in September 2022 as President and CEO and serves as Board Chair of Versant Power, ENMAX's Maine-based regulated transmission and distribution business. He previously served as President and CEO at Hydro One, where he led the launch of their strategy with a focus on safety, efficiency, customer service and community partnership.

Before joining Hydro One in 2019, Mark was the Executive Vice President, Operations at BC Hydro. He oversaw all aspects of operations in the organization's electric system, serving approximately four million residential, commercial and industrial customers. During his tenure, Mark successfully led the merger of the former transmission and distribution organization with the generation organization to form one operations group with revenues of approximately $5 billion. Mark joined BC Hydro in 1993 and worked in several parts of the organization, including engineering, construction and procurement.

Mark graduated from the University of Saskatchewan with a degree in mechanical engineering. He currently serves on the Board of Directors for the 2025 Invictus Games and participates on the CD Howe Energy Policy Council. He previously served on the Board of the Western Energy Institute, as Chair of the Board of Directors of the Ontario Energy Association, and was a Board Advisor to Yukon Energy.

2023 Meeting Attendance:
Meetings Attended: 25 / 25 | Attendance Record: 100%

Nipa Chakravarti

Calgary, AB

Age 53

Independent

Financially Literate

Committee Memberships:
Audit Committee

Corporate Governance Committee

Education and Designation:
Chartered Professional Accountant

Bachelor of Commerce

Areas of Expertise:
- Commodities/Wholesale Electricity Trading
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
None

Nipa Chakravarti joined the ENMAX Board in 2022 and has had an extensive career bringing innovation to teams including finance, operations, systems and procurement. Nipa is currently Senior Vice President, Marketing at Inter Pipeline Ltd., where she has held senior management roles since 2018. She also serves on the Board of the Prostate Cancer Centre.

Prior to joining Inter Pipeline Ltd., Nipa served as the Chief Transformation Officer and as Vice President of Information Technology for TransAlta Corporation, held the position of Vice President of Customer Service at FortisAlberta, and was a Senior Manager, Consulting at KPMG.

Nipa holds a Bachelor of Commerce degree in finance from Queen’s University and is also a Chartered Professional Accountant.

2023 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%

Laura Formusa

Toronto, ON

Age 69

Independent

Financially Literate

Committee Memberships:
Audit Committee

Human Resources Committee (Chair)

Education and Designation:
Bachelor of Laws

ICD.D Designation

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management
- Technology

Public Board Memberships:
Tantalus Systems Corp.

Laura Formusa joined the ENMAX Board in 2017 and is the Chair of the Human Resources Committee. She is currently also Board Chair of Tantalus Systems Corp., and a director of 407 International Inc. and Equitable Life Insurance Company of Canada. Laura has also served on the Board of Governors of York University, in addition to other directorships.

Laura has over 30 years of experience in the utilities industry. She was President and Chief Executive Officer of Hydro One Inc. from 2007 until her retirement at the end of 2012. Prior to that, she was Vice President, General Counsel and Corporate Secretary of Hydro One.

Laura obtained a Bachelor of Laws degree from Osgoode Hall Law School, holds the Institute of Corporate Directors Designation, ICD.D and is the recipient of an Honorary Doctor of Laws from Ryerson University and Ontario Tech University. She was inducted into the Top 100 Most Powerful Women in Canada's Hall of Fame by the Women's Executive Network.

2023 Meeting Attendance:
Meetings Attended: 17 / 17 | Attendance Record: 100%

Daryl Fridhandler, K.C.

Calgary, AB

Age 67

Independent

Financially Literate

Committee Memberships:
Human Resources Committee

Safety, Environment and Sustainability Committee

Education and Designation:
Bachelor of Arts

Bachelor of Laws

Master of Laws

ICD.D Designation

King's Counsel

Areas of Expertise:

- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Energy Sector
- Financial
- Human Resources
- Political and/or Government
- Risk Management

Public Board Memberships:
None

Daryl Fridhandler joined the ENMAX board in 2021 and has over 35 years of legal experience. He is currently a partner with Burnet, Duckworth & Palmer, LLP in the firm's business law group. In addition, Daryl has significant business experience, specifically as founder and director of numerous private and public companies.

Daryl is actively involved in the Calgary community. He currently serves as the Board Chair of the Alberta Ballet Company. His previous involvement in the Calgary community includes serving as co-chair and a Board member of the Contemporary Calgary Arts Society, as a Governor of Mount Royal University, Governor of the Alberta University of the Arts (formerly ACAD), Commissioner of the Calgary Police Commission and Chair of Calgary Economic Development.

Daryl holds a BA from McGill University, an LLB from Dalhousie University, an LLM from New York University and a designation from the Institute of Corporate Directors. He received a Queen's Counsel appointment in 2004 and the Alberta Centennial Medal for community service in 2005.

2023 Meeting Attendance:
Meetings Attended: 17 / 17 | Attendance Record: 100%

Eric Markell

La Quinta, CA

Age 72

Independent

Financially Literate

Committee Memberships:
Audit Committee (Chair)

Safety, Environment and Sustainability Committee

Education and Designation:
Bachelor of Economics

Master of Public Administration

Areas of Expertise:

- Commodities / Wholesale Electricity Trading
- Community Building and Leadership
- Corporate Governance / Legal
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Political and/or Governmental
- Project Management & Engineering
- Risk Management

Public Board Memberships:
None

Eric Markell joined the ENMAX Board in 2016 and is currently the Chair of the Audit Committee. Eric is a member of the Board of Trustees of the United States Eventing Association Foundation, a 501(c)(3) entity where he also serves as a member of its Investment Committee.

Eric is also a director of Enpower Wadham Corp. and founder of Markell & Company LLC (private, consulting practice). Eric is also a member of the Board of Directors of The Hudson Renewable Energy Institute, a not-for-profit entity that advocates for the wise and expanded use of clean electric power sources.

Eric has over 35 years of experience in the utility and power industry which includes experience in corporate finance, accounting, regulatory relations and rate-making, asset acquisition, generation operation and construction, project finance and project development.

Before joining ENMAX, Eric held various senior executive positions, including Chief Financial Officer, Chief Resource Officer and Chief Strategy Officer of Puget Energy Inc. and Puget Sound Energy. In addition, Eric served as Vice President and Chief Financial Officer of United American Energy Corp. Eric is also a past Treasurer and Controller of Central Hudson Gas & Electric Corporation and the past Vice President and Treasurer of the New York State Energy Research & Development Authority.

2023 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%

Barbara Munroe

Calgary, AB

Age 60

Independent

Financially Literate

Committee Memberships:
Corporate Governance Committee (Chair)
Human Resources Committee

Education and Designations:
Bachelor of Commerce (Finance)
Bachelor of Laws
ICD.D Designation

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Energy Sector
- Environmental, Sustainability and Safety
- Human Resources
- Political and/or Government
- Risk Management
- Technology

Public Board Memberships:
Crescent Point Energy Corp.
Willow Biosciences Inc.

Barbara Munroe joined the ENMAX Board in 2021 and is the Chair of the Corporate Governance Committee. Barbara is also currently the Board Chair of Crescent Point Energy Corp. and is Chair of the Governance and Compensation Committee for Willow Biosciences Inc. Barbara is actively involved in volunteer and non-profit organizations, including the Alberta Cancer Foundation as Vice Chair, Board of Trustees, and a Member of the Impact Engagement Committee (not for profit).

Barbara has over 25 years of experience as a lawyer and executive in diverse industries. She held various senior executive positions at WestJet Airlines from 2011 to 2019, most recently as Executive Vice President, Corporate Services & General Counsel. Barbara also served as Assistant General Counsel, Upstream at Imperial Oil Ltd. from 2008 to 2011, and the Senior Vice President, General Counsel & Corporate Secretary for SMART Technologies Inc. from 2000 to 2008. Prior to her in-house roles, Barbara practiced corporate commercial law at Blake, Cassels & Graydon, LLP for ten years.

Barbara received the Lexpert Zenith Award for Women in Law, an award that recognized her work in the advancement of women in the legal profession. Barbara holds a Bachelor of Commerce degree in finance and a Bachelor of Laws degree, both from the University of Calgary.

2023 Meeting Attendance:
Meetings Attended: 17 / 17 | Attendance Record: 100%

Byron Neiles

Calgary, AB

Age 59

Independent

Financially Literate

Committee Memberships:
Human Resources Committee
Safety, Environment and Sustainability Committee

Education and Designation:
Master of Business Administration
Bachelor of Arts (Political Science)

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Energy Sector
- Environmental, Sustainability and Safety
- Human Resources
- Political and / or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
None

Byron Neiles joined the ENMAX Board in 2022 and has close to 30 years of experience in the energy industry. He is currently the Executive Vice President & Chief Administrative Officer at Enbridge Inc. in Calgary, where he leads the IT, human resources, real estate, supply chain management, public affairs, communications and sustainability teams and had previously held roles as Senior Vice President, Major Projects and Enterprise Safety and Operational Reliability.

Prior, Byron served as Vice President of Customer, Regulatory & Public Affairs, and Legal Affairs with Enbridge Gas Distribution in Ontario and formerly served in corporate affairs roles with natural gas and power utilities. He has also served as a policy advisor to two Canadian federal energy ministers.

Byron holds an MBA from the University of Calgary, a Bachelor of Arts degree in political science from the University of Regina and is a graduate of the Advanced Management Program at Harvard Business School. He is co-chair of the annual Global Business Forum in Banff, a trustee of the Makadiff Sports and Calgary Philharmonic Orchestra Foundations and serves as member of the Dean's Management Advisory Council at the Haskayne School of Business at the University of Calgary as well as a member of cabinet of the OWN Cancer Campaign with the Alberta Cancer Foundation.

2023 Meeting Attendance:
Meetings Attended: 17 / 17 | Attendance Record: 100%

Dr. Chika Onwuekwe, K.C.

Calgary, AB

Age 57

Independent

Committee Memberships:
Corporate Governance Committee
Safety, Environment and Sustainability Committee (Chair)

Education and Designations:
Bachelor of Laws
Master of Laws (2)
Ph.D. Law
King's Counsel

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Energy Sector
- Environmental, Sustainability and Safety
- Human Resources
- Political and/or Government
- Risk Management
- Technology

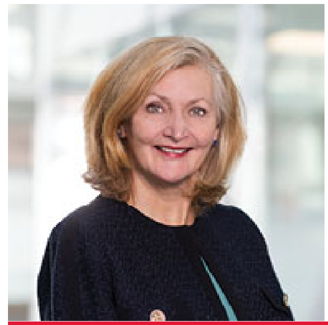
Public Board Memberships:
None

Dr. Chika Onwuekwe joined the ENMAX Board in 2021 and is Chair of the Safety, Environment and Sustainability Committee. Chika has over 20 years of legal and executive experience. He is also currently the Vice President, Legal, General Counsel and Corporate Secretary of Trican Well Service Ltd. and serves as a Director of the Association of Corporate Counsel, Alberta Chapter. He is actively involved in volunteer and non-profit organizations, including as Co-Chair of the BlackNorth Initiative Mentorship and Sponsorship Committee, Chair of the BlackNorth Initiative Alberta Chapter, and former Trustee of the Nigerian Canadian Association of Calgary.

Chika was previously the General Counsel of PTW Energy Services Ltd. and in addition to his executive experience, practiced corporate commercial law at MLT Aikens (formerly MacPherson Leslie Tyerman LLP) and Norton Rose Canada LLP (formerly Macleod Dixon LLP). He was previously an Assistant Professor of Law and Society at the University of Calgary and an Adjunct Professor of Business Law at LBS Pan-African University in Lagos.

Chika has received many acknowledgements during his career, including a Queen's Counsel appointment from the Province of Alberta in 2020 and various awards for his volunteerism and service to the Black community in Canada. He holds LL.M and Ph.D. degrees from the University of Saskatchewan, an LL.M. from the University of Lagos and an LL.B from Nnamdi Azikiwe University, Awka, Nigeria. He is also a registered Trademark Agent (Canada).

2023 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%



Elise Rees

Vancouver, BC

Age 65

Independent

Financially Literate

Committee Memberships:
Audit Committee
Corporate Governance Committee

Education and Designation:
Bachelor of Arts (Hons)
Chartered Professional Accountant
ICD.D Designation

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and / or Government
- Project Management & Engineering
- Risk Management
- Technology & Cybersecurity

Public Board Memberships:
Artemis Gold Inc.
K-Bro Linen Systems Inc.

Elise Rees joined the ENMAX Board in 2016. She is also a director and Audit Committee Chair of Artemis Gold Inc. and K-Bro Linen Systems Inc. Elise has over 35 years of experience in public accounting. She spent 18 years as a partner with Ernst & Young, LLP and 14 of those years focused on acquisitions, mergers and corporate restructuring. Elise has also been the global client-coordinating partner for services to the BC Credit Union Industry.

Elise has been recognized many times during her career. She was awarded the Influential Woman in Business Award in 2007 and the Ernst & Young Rosemarie Meschi Award for Advancing Gender Diversity in 2007. In addition, she has been recognized for her leadership with the designation of Fellow Chartered Professional Accountant and Fellow Chartered Accountant in 2010, and received the Community Builder Award from Association of Women in Finance in 2012. She was also recognized as a Top 100 Most Powerful Women in Canada by the Women's Executive Network in 2015.

2023 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%

William Taylor

Portsmouth, NH

Age 59

Independent

Financially Literate

Committee Memberships:
Corporate Governance Committee

Safety, Environment and Sustainability Committee

Education and Designation:
Bachelor of Applied Science (Civil Engineering)

Professional Engineer

Corporate Director Certificate

Areas of Expertise:
- Commodities / Wholesale Electricity Trading
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management

Public Board Memberships:
None

William (Bill) Taylor joined the ENMAX Board in 2020 and has over 30 years of experience in the energy sector. Bill is also the President of Pathfinder Advisors LLC.

Before joining ENMAX, Bill spent 21 years at TransCanada Corporation (now TC Energy) where he held various senior executive positions. Bill held the position of Executive Vice-President and Division President, Energy at TransCanada Corporation and prior to that, held various senior executive positions, including Senior Vice-President, Power. He was responsible for profitability and growth of the company's power business, non-regulated gas storage and its non-regulated joint ventures in Canada and the United States.

Bill has extensive experience in renewable power, having developed large-scale solar projects in Ontario as well as wind facilities in Quebec and Maine. Bill also oversaw operations of one of New England's largest hydropower systems for TransCanada.

Bill is a past director of Canadian Electricity Association, Independent Power Producers of New York, Independent Market Operator in Ontario, TransCanada Turbines, Bruce Power, and the Portlands Energy Centre.

2023 Meeting Attendance:
Meetings Attended: 15 / 15 | Attendance Record: 100%

Bruce Williamson

Spring, TX

Age 65

Independent

Financially Literate

Committee Memberships:
Audit Committee

Human Resources Committee

Education and Designation:
Bachelor of Arts (Business Administration)

Master of Business Administration

Areas of Expertise:
- Community Building and Leadership
- Corporate Governance / Legal
- Customer Experience
- Electricity Utility Sector
- Energy Sector
- Environmental, Sustainability and Safety
- Financial
- Human Resources
- Political and/or Government
- Project Management & Engineering
- Risk Management

Public Board Memberships:
None

Bruce Williamson joined the ENMAX Board in 2020. He has over 30 years of extensive experience in the energy sector. Prior to joining ENMAX, Bruce held many senior executive positions, including President and CEO of Southcross Energy Partners, Cleco Corporation and Dynegy Corporation. Prior to these roles, Bruce was the President and CEO of Duke Energy Global Markets. Bruce also spent four years with PanEnergy Corp as SVP, Finance and Corporate Development and prior to that, he spent 14 years with Shell Oil and various Shell affiliates in a variety of positions, primarily in exploration and production and finance where he rose to be Assistant Treasurer of Shell Oil Company.

Bruce was previously Board Chairman and CEO of Southcross Energy Partners, Southcross Holdings and Cleco Corporation, and was Chairman of the Board and CEO of Dynegy Inc. He was an independent board member of Questar Corporation, and served on the UH Chancellor’s National Advisory Council. He currently serves on the University of Houston Bauer School of Business Dean's Advisory Board and Energy Advisory Board. He also serves on Houston Methodist The Woodlands Hospital's Patient and Family Advisory Council and assists in the stroke rehabilitation and recovery program with the Houston Methodist Neurology and Neurosurgery departments.

2023 Meeting Attendance:
Meetings Attended: 17 / 17 | Attendance Record: 100%.

ENMAX	ENMAX CORPORATION	Standard
	SAFETY AND ETHICS HELPLINE	
	Effective Date: March 2, 2022	Pg. 1 of 7

Under Policy:
Principles of Business Ethics

Verify revision is current prior to use.

Contains commercially sensitive information.
Refer to cover page to materials regarding restrictions.

SAFETY AND ETHICS HELPLINE STANDARD

Executive Sponsor	Title	Date Approved
Erica Young	Chief Legal Officer and Executive Vice President Corporate Development	February 28, 2020
Content Owner	**Title**	**Date Approved**
Erica Young	Chief Legal Officer and Executive Vice President Corporate Development	Assigned: March 2, 2022

Review of this Standard is required within three years (March 2, 2023).

Revision history of this Standard is referenced in Schedule “B”.

1.0 PURPOSE

The ENMAX Principles of Business Ethics Policy refers to the Safety and Ethics Helpline ("the Helpline") through which Employees and Contractors ("Complainants") may make good faith reports anonymously if they suspect illegal or unethical behavior and are uncomfortable bringing their suspicions to their supervisors.

The Helpline is available 24 hours a day, 365 days a year to all Employees and ENMAX Contractors.

This Standard sets out the measures that will be taken to manage access to reports and to provide responses to Complainants while protecting the privacy of individuals, as appropriate, and the confidentiality of ENMAX information. Questions of interpretation of this Standard should be directed to the Executive Sponsor or Content Owner.

2.0 DEFINITIONS

Capitalized and underlined terms used in this Standard are defined in Schedule "A" attached to this Standard.

3.0 REFERENCES

This Standard directly affects or is directly affected by the following:

- ENMAX Principles of Business Ethics Policy
- Compliance Policy

4.0 ENMAX HELPLINE

4.1 The types of complaints or allegations received through reports on the Helpline can be very broad but generally fall into one of the following categories:

- harassment or discrimination;
- concerns about retaliation;
- respectful workplace;
- corporate policy being misapplied or disregarded;
- misconduct, wrongdoing, theft, etc.;
- insufficient training or workplace support;
- safety issues, accidents, near miss incidents, health concerns;
- fraud or finance related issues; and
- lawsuits or administrative claims.

4.2 The Content Owner will review all complaints filed through the Helpline and will determine who is best suited to conduct an investigation of a complaint based on the following criteria:

- the nature of the complaint;
- the correct background/skill to investigate the matter;
- potential conflicts of interest, due to a relationship (personal or reporting) with any of the parties involved in the investigation; and
- fairness and impartiality.

A complaint from the Helpline may be investigated by a person or team determined to be appropriate and impartial to conduct the investigation by the Content Owner (the "**Investigator(s)**") in any of the following ENMAX departments:

- Human Resources;
- Legal counsel (internal or external);
- Internal Audit; and
- when determined appropriate by the Content Owner, an investigator external to ENMAX.

4.3 Each Investigator is responsible for logging onto the Helpline website and changing the originally assigned Helpline password so that it will be unique and known only to the individual Investigator. It is imperative that each Investigator take care to maintain the confidentiality of his or her password.

In the event of an actual or potential disclosure of a password, the Investigator will immediately, upon discovery:

(a) change the password; and
(b) inform the Content Owner of the disclosure.

4.4 When an Investigator is due to be absent for a week or more, an alternate must be assigned to take over his or her Helpline responsibilities. The Investigator will change his or her password and provide the assignee with the new password and the Investigator(s) username so that the assignee may access the Helpline website in accordance with this Standard in the Investigator's absence. Upon the Investigator's return, the password will once again be changed to something known only to the Investigator.

When an Investigator forgets his or her password, he or she will request a new password from the Content Owner. Upon receipt, this password will be changed once again to something unique known only to the Investigator.

4.5 When an individual ceases to be an Investigator, the Content Owner will be notified to delete that Investigator(s) username from the system. Upon the addition of an

Investigator, one of the existing Investigator(s) will notify the Content Owner to request a new username and password for that individual.

5.0 NOTIFICATION, INVESTIGATION AND RESOLUTION

5.1 All investigations will be conducted in accordance with the Safety and Ethics Helpline Investigation Process Procedure. An initial response shall be provided by the Investigator to the Complainant through the Helpline within one week from the date of the report.

5.2 It is understood that an investigation can only be as good as the information provided in the complaint underlying it and it is therefore possible that an investigation may be inconclusive. In addition, the anonymity of the Complainant may be an obstacle to the investigation and resolution of a matter; whenever this is the case, the Investigator should consider asking the Complainant to reveal their identity and provide assurance that their identity will not be shared with any other Employee of ENMAX, without their prior consent.

5.3 Follow-up information will be provided by the Investigator to the Complainant through the Helpline even when an investigation has been inconclusive.

SCHEDULE "A" – DEFINITIONS

Defined Term	Definition
Board of Directors	means the Board of Directors of ENMAX Corporation.
Complainant(s)	the person who has made a complaint of Inappropriate Behaviour or brings the issue to the attention of the employer.
Content Owner	means an Employee who has been appointed by the Executive Sponsor of a Policy to assist with the Executive Sponsor's Policy accountabilities as determined by the Policies, Standards, Procedures and Forms Standard.
Contractor(s)	means any contractor, sub-contractor, consultant or agent engaged by or on behalf of ENMAX, who is not an Employee.
Employee(s)	means a member of the Executive Team or any other person employed by ENMAX on a full or part-time basis.
ENMAX	means ENMAX Corporation and its direct and indirect Subsidiaries, other than Versant Power and Versant Power's direct and indirect subsidiaries.
Executive Sponsor	is an Employee with specific Policy development and Management accountabilities as designated by the Chief Executive Officer.
Policy/Policies	is/are principle based document(s) that contain information and direction in relation to the values and fundamental expectations of ENMAX that is of sufficient importance that the Chief Executive Officer has determined it shall apply across the corporation to allow Personnel to understand their responsibilities and to guide their decision making and other actions.
Procedures	are documents designating the steps or processes that provide specific direction in order to achieve a uniform

Defined Term	Definition
	approach to executing a work or business activity. Procedures are composed of steps which, when not executed in a specific order may result in an impact to health, safety, environment, customer service or business (operational, financial, regulatory, etc.) performance.
Safety and Ethics Helpline ("the Helpline")	is a helpline through which Employees and Contractors may make good faith reports anonymously and is supported by Xpera through its ConfidenceLine service.
Standard	is a document providing further direction, guidance and requirements that provides greater detail than that provided in a Policy and reflects Management's expectations to all ENMAX Personnel to allow them to understand further responsibilities not articulated in a Policy and to guide their decision making and other actions.

SCHEDULE "B" – REVISION HISTORY

Rev No.	Effective Date	Revision History
4	March 2, 2022	Content Owner updated.
3	October 5, 2020	Definitions for Company, ENMAX and Subsidiaries updated with the acquisition of Versant Power.
2	March 2, 2020	Policy refresh and update
1	March 20, 2014	New Standard
0	April 2, 2014	Final version reviewed and posted

Under Policy:
Human Resources

Verify revision is current prior to use.

Contains commercially sensitive information.
Refer to cover page to materials regarding restrictions.

SAFE AND RESPECTFUL WORKPLACE STANDARD

Executive Sponsor	Title	Date Approved
Brandie Yarish	Chief Human Resources Officer and Executive Vice President, Safety and Community Engagement	April 11, 2022
Content Owner	**Title**	**Date Approved**
Krystal Hein	Vice President, People & Culture	Assigned: July 7, 2023
Jason Doering	VP, Safety, Environment and Support Services	April 12, 2022

Review of this Standard is required annually.

Revision history of this Standard is referenced in Schedule "B".

1.0 PURPOSE & SCOPE

1.1 ENMAX is committed to working in collaboration with its Employees, and its Unions to create a respectful workplace by:

1.1.1 Promoting and maintaining a common understanding of the expectations and behaviours considered appropriate and inappropriate at ENMAX and in the delivery of or access to ENMAX services, and;

1.1.2 Eliminating the hazard of violence and harassment, or controlling if elimination is not reasonably possible, by taking action to prevent and / or deal with Inappropriate Behaviour wherever ENMAX business is being conducted.

1.2 This Standard's purpose is to promote a Safe and Respectful Workplace and prevent Inappropriate Behaviour (See Section 4.2) from becoming a part of ENMAX's workplace by increasing awareness, promoting ENMAX's core values, and identifying processes for early intervention and resolution.

1.3 Support ENMAX's commitment to a workplace environment based on safety, integrity, accountability, service, teamwork, agility, and innovation.

1.4 Establish processes for reducing and responding to incidents of Inappropriate Behaviour. This Standard applies to all Employees of ENMAX.

1.5 Where there is a conflict between this Standard and a Collective Agreement, provisions of the Collective Agreement will be followed.

1.6 This Standard applies to all ENMAX operations and ENMAX Facilities whether owned or leased. This Standard also applies to any locations where ENMAX participates in social, commercial or other events as well as electronic communications.

1.7 For the purposes of this Standard, the definitions of Worksite and Workplace Violence are deemed to include the meanings ascribed to "work site" under the Occupational Health and Safety Act and "Violence" under the Occupational Health and Safety Code, respectively. (As set out in appendix A)

2.0 REFERENCES

- Alberta Human Rights Act
- Alberta Occupational Health and Safety Act ("OHS Act")
- Alberta Occupational Health and Safety Code ("OHS Code")
- Corporate Emergency Response Plan

- Criminal Code of Canada
- Health and Safety Policy
- Human Resources Policy
- Principles of Business Ethics Policy
- Progressive Discipline Standard
- Records Management Standard
- Incident Management Standard for Safety, Environment and Security
- Hazard Management Standard for Safety, Environment and Security
- Threat Management Procedure
- Training Record Standard

3.0 RESPONSIBILITIES

Maintaining a Safe and Respectful Workplace is everyone's responsibility.

3.1 All Employees must

3.1.1 Familiarize themselves with this Standard and associated training.

3.1.2 Create and support a Safe and Respectful Workplace through adherence to the Standard.

3.1.3 Foster a workplace free from Inappropriate Behaviour by behaving in manners consistent with ENMAX's values that support diversity and inclusion.

3.1.4 Report incidents of Inappropriate Behaviour to their immediate supervisor or Employee Relations immediately or as soon as reasonably practicable.

3.1.5 If an incident involves a potential threat to the safety of themselves or others, all Employees must complete a Threat Management Form 20053when reasonably safe to do so.

3.1.6 Cooperate and maintain confidentiality throughout the Investigation process.

3.2 All Supervisors and Managers

3.2.1 Communicate and ensure a Safe and Respectful Workplace for all Employees by adherence to this Standard.

3.2.2 Take appropriate preventative and/or corrective action.

3.2.3 Ensure all Employee rights are respected.

3.2.4 Report incident(s) of Inappropriate Behaviour that are either witnessed or reported by others to Employee Relations or Security where circumstances warrant.

3.2.5 Upon obtaining the outcome of an investigation from Employee Relations, take appropriate disciplinary action where warranted and ensure outcomes are completed.

3.3 Employee Relations

3.3.1 Investigate incidents of Inappropriate Behaviour in a timely and objective manner and make determination on if complaint is founded, unfounded, or made in bad faith.

3.3.2 Make effective and appropriate recommendations for corrective action which may include discipline up to and including termination.

3.3.3 Communicate and report to Executive Leadership instances of concern,

3.3.4 Advise the Complainant and the Respondent of the findings of the Investigation, including if corrective actions have been recommended, while respecting the privacy rights of all parties involved.

3.4 Safety, Environment, Security

3.4.1 Develop and deliver training for all Employee related to workplace violence.

3.4.2 Apply the requirements of the Threat Management Procedure to Violence-related incidents (including risk and hazard assessments).

3.4.3 Participate in investigations of Inappropriate Behaviour involving violence.

3.5 Executive Sponsor

3.5.1 Responsible for interpretation and implementation of this Standard.

4.0 STANDARD

4.1 Principles

4.1.1 All Employees are collectively responsible to ensure ENMAX is a Safe and Respectful Workplace free from Inappropriate Behaviour. All individuals should be treated with dignity and respect as ENMAX is committed to:

a) Maintaining an environment that is free from violence and harassment, which enables individuals to thrive and perform at their full potential in a supportive and engaging workplace.

b) Building a culture where behaviours are in accordance with ENMAX's Values and where Inappropriate Behaviour is not tolerated:

- **Safety**- nobody gets hurt
- **Integrity**- do what's right with courage and conviction
- **Accountability**- own it
- **Service**- act with others in mind
- **Teamwork**- together, we are better and stronger
- **Agility**- adapt and act
- **Innovation**- aim high and create possibilities

4.2 Inappropriate Behaviour

4.2.1 It is not possible to itemize every instance of appropriate or Inappropriate Behaviour. Inappropriate Behaviour is that which is objectionable and / or unwelcome to an individual. Such behaviour serves no valid work-related purpose and can create a poisoned work environment. Inappropriate Behaviour can be any conduct by an individual or group that adversely affects another person's psychological or physical well-being. Inappropriate Behaviour in all forms is a serious offense and must be distinguished between other forms of workplace issues that are not considered inappropriate such as:

a) The imposition of disciplinary measures in accordance with ENMAX Standards.

b) Reasonable managerial authority in directing day to day activities to service legitimate work-related purposes.

Inappropriate Behaviour includes (but is not limited to):

a) Disrespectful Behaviour

b) Discrimination/Harassment

c) Workplace Violence

4.2.2 Disrespectful Behaviour

a) Conduct, comments, actions or gestures which are humiliating, offensive, hurtful or belittling.

b) Repeated: conduct, comments, actions, or gestures which when taken in isolation seem minor but when repeated can lead to a conclusion of harassment.

c) A single incident of enough seriousness to have a significant impact on the recipient or the work environment.

Examples of disrespectful behaviour include, but are not limited to:

- written or verbal comments, actions, gestures or other behaviours or, "jokes" which are humiliating, offensive, hurtful or belittling;
- bullying or intimidation;
- abusing authority;
- yelling or shouting (except where intended to alert another to danger);
- deliberately excluding an employee from relevant work activities or decision making;
- decision-making which is influenced by factors which have no work-related purpose; and
- attempting to discredit an individual by spreading false information.

4.2.3 Discrimination/Harassment

a) Behaviours practices, policies or systems which have a direct or adverse impact based on: race, colour, ancestry, place of origin, religious beliefs, gender, gender identity, gender expression, age, physical disability, mental disability, marital status, family status, source of income, and sexual orientation, or any other ground covered by the Alberta Human Rights Act.

b) Discriminatory or harassing behaviours include comments or actions which are unwelcome, that are based on a prohibited ground of discrimination and result in a negative or poisoned work environment. Examples Include:

- Any previously described Inappropriate Behaviour that is based on a prohibited ground;
- Sexual harassment includes comments or conduct such as: unwelcome advances, requests, comments, physical contact such as unnecessary touching, pinching or jostling or gestures that are suggestive or persistent staring that are of a sexual nature. Implied or

expressed threats of reprisal for refusal to comply with a request of a sexual nature or implied or expressed promises of reward for agreeing to comply with a request of a sexual nature;

- Unwelcome remarks, jokes, taunts, suggestions or speculations about a person's body, attire, sex life, etc.;
- Displays of pornographic or other sexual materials in the form of pictures, electronic mail, graffiti, cartoons or sayings.

4.2.4 Workplace Violence

a) Violence means any act in which an Employee is abused, threatened, intimidated or assaulted in their employment. Workplace Violence is not limited to incidents that occur within a traditional Worksite and can occur at off-site business-related functions. Workplace Violence includes domestic Violence, where there is reason to believe that domestic Violence is likely to expose a worker to a risk of physical injury in the workplace.

b) Violence includes unwanted physical contact or physical attacks such as hitting, kicking, and pushing as well as threatening body language and intimidation tactics that would arouse fear in a reasonable person.

4.3 Confidentiality

Allegations of Inappropriate Behaviour will be handled in a timely manner respecting the privacy rights of all parties involved wherever possible. ENMAX will not disclose the names or any identifying details of the Complainant or Respondent to any person other than those necessary for the purposes of restorative or investigative action, to inform of specific or general threats of violence or potential violence, or as required by law. Failure to preserve the confidentiality of information initially acquired during the complaint and follow up process will result in disciplinary action being taken. Where reasonable, all involved parties (Complainant, Respondent, and witnesses) will be asked to keep details of the Investigation confidential to not obstruct due process of the Investigation.

4.4 Retaliation

Everyone has the right and obligation to report concerns regarding a Safe and Respectful Workplace, in good faith, and without fear of reprisal or retaliation, including a credible threat of adverse action. Any instances or acts of retaliation will be investigated and the involved person(s) will be subject to discipline up to and including termination.

4.5 Training

4.5.1 Training on matters related to this Standard will be provided to all Employees engaged to perform work for ENMAX.

4.5.2 Training records will be created and maintained in accordance with the Training Record Standard.

4.6 Hazard Assessments and Emergency Response Planning

Workplace Violence is considered when performing hazard assessments under the Hazard Management Standard for Safety and Environment

4.7 Reporting an Incident

4.7.1 Steps Prior to Reporting

- Inappropriate Behaviour involving Discrimination/Harassment *or Disrespectful Behaviour.* Where safe and reasonable to do so a person who believes that they are the target of the Inappropriate Behaviour is encouraged to make the offending person aware that the behaviour is unwelcome and request that it cease immediately. If the behaviour is repeated, the person is encouraged to formally report the incident. If the person is not comfortable confronting the offending person, they may formally report the incident without taking the first step of confronting the originator of the unwelcome behaviour.
- Inappropriate Behaviour involving Workplace Violence. A person who believes that they are the target of Workplace Violence must immediately remove themselves from the situation. For serious imminent threats and acts of Violence call 911 Police Emergency immediately. For threats of lower risk, contact ENMAX 24/7 Security (403.514.3100 or 403.689.6310) or their Manager.

4.7.2 Formal Complaint Reporting

- A person who believes or is aware of an instance where a violation of the Safe and Respectful Workplace Standard has occurred must inform either their

Manager, or a member of the Employee Relations team within Human Resources. An Employee can also report incidences of Inappropriate Behaviour through the ENMAX Safety and Ethics HelpLine (1.800.661.9675) or www.enmax.confidenceline.net

- A formal complaint may be made in writing or verbally directly to Employee Relations. Information that will need to be initially gathered may include, (but is not limited to): identification of the individual(s) involved, a detailed description of the incident(s), dates, times, witnesses, etc.
- If the incident involves a potential threat to the safety of themselves or another person, the Employee must complete a Threat Management Form 20053. The Facility and Security Operations Team will ensure the instigation of the ETAT (ENMAX Threat Assessment Team) process for all incidents involving a direct or implied threat of physical Violence, as per the Threat Management Guide.
- This Standard is not intended to prevent or discourage any worker(s) from exercising their rights to pursue action under any other law (e.g., Union grievance, human rights complaint, etc.).

4.7.3 Bad Faith Complaint

All reports made under this Standard shall be made in good faith. Complaints made frivolously, maliciously, or without factual basis may constitute defamation, may be actionable by the Respondent, and may result in disciplinary action, up to and including dismissal.

4.8 Investigating an Incident

4.8.1 Employee Relations, in consultation with the Manager (if appropriate), shall appoint an investigation team. The investigators are responsible for formally and objectively investigating and documenting the incident in a timely manner, determining the factual findings and making recommendations for resolution. The Investigation will follow the principles of due process.

4.8.2 The Complainant, at any stage, may request that the complaint be withdrawn; however, ENMAX may still be obligated to investigate. Continuation of the complaint process will be determined by Employee Relations in consultation with the Executive Sponsor.

4.8.3 In the absence of a formal complaint or a suspected incident of Inappropriate Behaviour, the matter may still be investigated in the interest of protecting and promoting a Safe and Respectful Workplace.

4.9 Outcome

4.9.1 Where it is determined through the Investigation that upholds a violation of the Safe and Respectful Workplace Standard, remedial actions may include: education and training, transfer, demotion, mediation, or formal disciplinary action in accordance with the Progressive Discipline Standard up to and including termination of employment, as determined by the investigators jointly with Management and Employee Relations.

Incidents of a significant nature will be reported to the Executive Sponsor for further follow up if required.

4.10 Additional Support

Employees may access counseling through the Employee and Family Assistance Program (1.800.663.1142). Anyone who is a victim of domestic abuse, Violence or threats outside the workplace is strongly encouraged to contact Human Resources or the Employee and Family Assistance Program for support.

5.0 EXCEPTIONS

Any exceptions to adherence to this Standard shall require the prior written approval of the Executive Sponsor.

SCHEDULE "A" – DEFINTIONS

Defined Term	Definition
Complainant	the person who has made a complaint of Inappropriate Behaviour or brings the issue to the attention of the employer.
Employee	means a member of the Executive Team or any other person employed by ENMAX on a full or part-time basis.
ENMAX	means ENMAX Corporation and its direct and indirect Subsidiaries, other than Versant Power and its U.S. holding companies and its direct and indirect subsidiaries.
Executive Sponsor	is an Employee with specific Policy development and management accountabilities as designated by the Chief Executive Officer.
Form	means a document used to record Data or satisfactory completion of process steps in support of the governing Procedure. It may also be a template used to prepare other documents.
Inappropriate Behaviour	See Section 4.2.
Investigation	a fair and impartial fact-finding process to assess whether the allegation is founded, unfounded or made in bad faith.
Personnel	means ENMAX Board of Directors, Executive Team, Employees and Contractors.
Policy/Policies	is/are principle based document(s) that contain information and direction in relation to the values and fundamental expectations of ENMAX.
Principles of Business Ethics	are statements of ENMAX's Standards of management and operation that apply generally across ENMAX. This document is approved by the Board of Directors of ENMAX Corporation on behalf of ENMAX Corporation and on behalf of ENMAX Power Corporation and ENMAX Energy Corporation in its capacity as shareholder of these Subsidiaries.
Procedures	are documents designating the steps or processes that provide specific direction in order to achieve a uniform approach to executing a work or business activity. Procedures are composed of steps which, when not executed in a specific order may result in an impact to health,

Defined Term	Definition
	safety, environment, customer service or business (operational, financial, regulatory, etc.) performance.
Respondent	the person against whom the complaint has been lodged.
Safe and Respectful Workplace	is one that values safety, diversity and inclusion, dignity of the person, courteous conduct, mutual respect, fairness and equality, professional communication, and collaborative working relationships between people.
Safety and Ethics HelpLine ("HelpLine")	is a helpline through which Employees and Contractors may make good faith reports anonymously and is supported by Xpera through its Confidence Line service.
Standard	is a document providing further direction, guidance and requirements that provides greater detail than that provided in a Policy, and reflects Management's expectations.
Subsidiary/Subsidiaries	means a Company that is, directly or indirectly, controlled by ENMAX, but excludes Versant Power and Versant Power's direct and its U.S. holding companies and its direct and indirect subsidiaries.
Union	means an organization formed by workers from related fields that work for the common interest of its members. Generally speaking, except for management personnel, CUPE (Canadian Union of Public Employees) Local 38 represents all office and clerical employees, while IBEW (International Brotherhood of Electrical Workers) Local 254 represents all other employees at ENMAX.
Worksite	means a location where an Employee or Contractor is engaged in, or is likely to be engaged in, the performance of services for the benefit of ENMAX, and includes any Vehicle or mobile Equipment used by an Employee or Contractor to perform that service.

SCHEDULE "B" – REVISION HISTORY

Rev No.	Effective Date	Revision History
7	July 7, 2023	Content Owner updated.
6	June 30, 2023	Content Owner updated.
5	April 12, 2022	Annual review completed, no content changes. Updated Worksite definition to match other H&S governing documents.
4	March 29, 2021	Removed reference to Contractor, updated definitions and Supervisor responsibilities.
3	December 8, 2020	Content Owner updated.
2	October 1, 2020	Content Owner updated. Definitions for Company, ENMAX and Subsidiaries updated with the acquisition of Versant Power.
1	July 25, 2019	Purpose, scope, principles and confidentiality updated to align with legislative requirements
0	April 23, 2018	Standard and definitions updated, and aligned with Alberta Human Rights Act, and Occupational Health and Safety Act and Code.