

2023 Annual Report
Fighting against forced labour
and child labour in supply chains
act, s.c. 2023, c.9

Introduction

REPORTING ENTITY DETAILS

Reporting entity's legal name: **ENMAX Corporation**

Financial reporting year: **January 1- to December 31, 2023**

Joint report for: **ENMAX Corporation, ENMAX Power Corporation and ENMAX Energy Corporation**

Sector/industry: **Utilities**

Location: **Headquarters in Calgary, Alberta**

ENMAX Corporation is a corporation that has a place of business and assets in Canada, imports goods into Canada, and controls entities (ENMAX Power Corporation and ENMAX Energy Corporation) that import goods into Canada.

Hereinafter ENMAX Corporation, ENMAX Power Corporation and ENMAX Energy Corporation will collectively be referred as "ENMAX".

BUSINESS NUMBERS

ENMAX Corporation: 883105132

ENMAX Power Corporation: 872884895

ENMAX Energy Corporation: 870024940

Report Summary

STEPS TAKEN TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR IN ENMAX'S SUPPLY CHAIN:

- ✂ Conducted an internal supplier mapping exercise to identify risks of forced labour and/or child labour in activities and supply chains.
- ✂ Initiated an assessment of tier one suppliers with high potential for risks of forced and child labour through a Modern Slavery Questionnaire.
- ✂ Conducted Modern Slavery training for all employees in supply chain management department, which was facilitated by the Chartered Institute of Procurement & Supply ("CIPS").
- ✂ Ensured that ENMAX executives and leaders are aware of the obligations, enforcement, and offences of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023, c. 9 ("Act") and support the development of a risk management program.
- ✂ Worked cross functionally with various internal stakeholders and functions, including Legal, Compliance, ESG, and Supply Chain.
- ✂ Engaged with external consultants for their expertise and advise on identifying and addressing the issues of forced labour and/or child labour in our supply chain.
- ✂ Initiated the update of various due diligence policies to include more scrutiny of human rights.

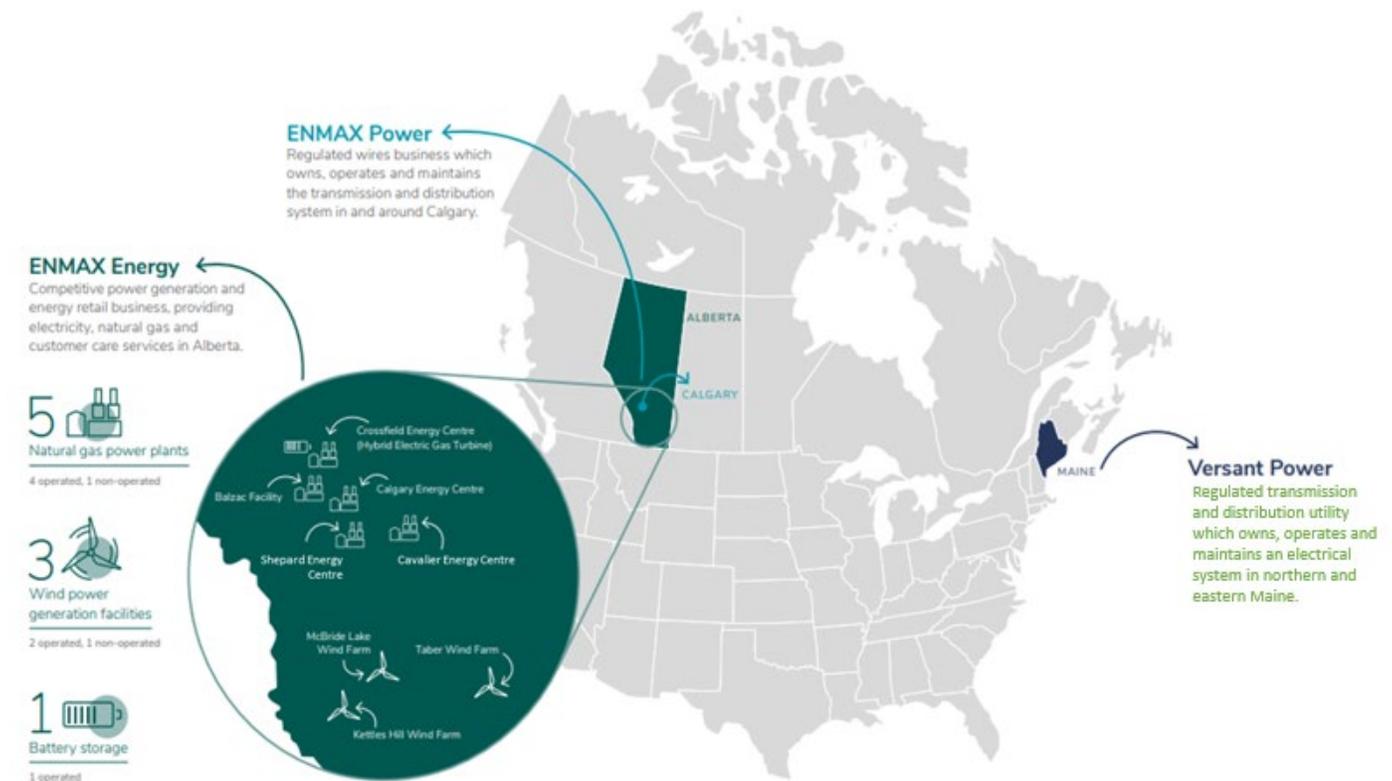
ENMAX Structure & Activities

COMPANY OVERVIEW

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 to 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.

LAND ACKNOWLEDGEMENT

In the spirit of reconciliation, we respectfully acknowledge that we live and work on the traditional lands of Indigenous Peoples. ENMAX headquarters is in Calgary, in southern Alberta, the traditional territory of the Blackfoot Confederacy, comprised of the Siksika, Kainai, Piikani, and Amskapi Piikuni Nations; the Tsuut'ina Nation; and the îyârhe Nakoda Nations of Chiniki, Bearspaw, and Goodstoney; and home to citizens of the Métis Nation, as well as many diverse Indigenous people who have made the city their home. In Maine, we operate on the traditional lands of the Wabanaki people. We are committed to strengthening relationships with Indigenous Nations and peoples in all communities where we operate, through respect and collaboration.



OUR SUBSIDIARIES

ENMAX Power Corporation is our regulated Alberta-based wires business through which we own, operate, and maintain the transmission and distribution system in and around Calgary. This system serves approximately 570,000 customers across 1,089 square kilometres. We are investing now and into the future over \$300 million annually in system growth and maintenance to ensure we can reliably meet our customers' energy needs. Our ENMAX Power business is subject to the oversight of the Alberta Utilities Commission.

ENMAX Energy Corporation is our Alberta-based competitive generation and retail business, providing electricity, natural gas, and customer care services to approximately 747,000 customers throughout the province. Our Customer Care Centre, located in Calgary, serves our customers, and works on behalf of The City of Calgary under a service contract to bill for The City's residential water, sanitary and storm sewer, solid waste disposal and recycling services. Our ENMAX Energy business maintains a 1,522 MW generation portfolio, made up of 86 per cent natural gas and 14 per cent wind.

Versant Power is our electric transmission and distribution utility which owns, operates, and maintains an electrical system in northern and eastern Maine. It is fully regulated by the Maine Public Utilities Commission and the Federal Energy Regulatory Commission.

ENMAX's supply chains, policies and due diligence, supplier risk management, and workforce empowerment practices apply to all the Canadian subsidiaries.

OUR PURPOSE

Lighting the way to a brighter energy future.

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

OUR GOVERNANCE APPROACH

At ENMAX, our Board of Directors (the "Board" or "Directors") and Executive Team (the "Executive") are committed to high standards of corporate governance. We believe that sound corporate governance practices contribute to shareholder value, trust, and confidence in ENMAX.

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. 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.

We have several committees with oversight of ENMAX's ESG targets and practices including:

- Audit Committee
- Corporate Governance Committee
- Human Resources Committee
- Safety, Environment and Sustainability Committee

OUR SHAREHOLDER RELATIONSHIP

ENMAX Corporation 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.

OUR WORKFORCE

In 2023, ENMAX's total Canadian workforce consists of 1,681 employees. 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.

ENMAX Supply Chain

To support ENMAX's corporate, capital, and operational core functions, our supply chain department operates in a centralized manner, procuring materials and services for all parts of our business, including the regulated power business, competitive generation, retail services, and corporate functions in Canada.

ENMAX's supply chains consist of local, national, and international third-party goods and services providers who support our business.

MAJOR PURCHASE CATEGORIES

- ✎ Electrical Instrumentation Material and Equipment
- ✎ Field Services
- ✎ Information Technology
- ✎ Construction Services
- ✎ Power Generation Material and Services
- ✎ Professional Services
- ✎ Direct Trades
- ✎ Vehicle Fleet
- ✎ Fuels, Chemicals and Gases

SUPPLIER LANDSCAPE

In 2023, ENMAX purchased products and services from approximately 1,200 tier one (direct) suppliers. 99% of the tier one suppliers are based in North America, with Canada accounting for nearly 85%, USA nearly 15%, and less than 1% from international sources outside North America.

ENMAX tier one suppliers that are not located in Canada and USA have headquarters in Ireland, Australia, UK, Switzerland, Singapore, and Austria. The suppliers outside Canada and USA primarily provide IT software and technology solutions to ENMAX.

ENMAX Policies & Due Diligence

WHY IT MATTERS TO ENMAX

We are guided by strong principles of accountability, transparency and ethics in our decision making and behaviour. We expect all directors, officers, and employees of ENMAX to 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.

PRINCIPLES OF BUSINESS ETHICS POLICY

This policy establishes the appropriate and expected behaviour of ENMAX Personnel for maintaining ENMAX's reputation for honesty and integrity. One of the key principles of the policy states compliance with all applicable laws, which would include the Act. The policy applies to ENMAX Corporation and its subsidiaries, ENMAX Power Corporation and ENMAX Energy Corporation.

Our Board reviews and approves the 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. Annually, all employees acknowledge their responsibility to perform their duties at ENMAX in accordance with the [Principles of Business Ethics Policy](#).

SAFE AND RESPECTFUL WORKPLACE STANDARD

This is a Standard developed by ENMAX with the purpose of promoting a safe and respectful workplace and preventing inappropriate behaviour and references the Alberta Human Rights Act. Although not specific to our supply chain, these Standards cultivate a culture of a safe and respectful workplace.

ENMAX ESG FRAMEWORK

ENMAX is advancing progress in energy affordability, reducing emissions, adapting to a changing climate, while enabling a diverse and inclusive team and ensuring continued access to safe and reliable energy. In 2023, ENMAX advanced progress against our ESG framework, which includes climate change and the energy transition, energy affordability, diversity, inclusion and belonging, and governance.

ENMAX Supplier Risk Management

SUPPLIER MAPPING

In alignment with the United Nations Guiding Principles on Business and Human Rights (UNGP), we acknowledge the potential risks of forced labour and child labour within our supply chain. Our understanding, consistent with the UNGP, suggests that our primary exposure to forced labour typically lies beyond the first tier of our supply chain.

In 2023, ENMAX examined its suppliers to identify the potential risks of modern slavery, including forced labour and child labour, in the supply chain. We performed a preliminary review of our tier one suppliers for risks of modern slavery based on the following key criteria:

1. Country of location: modern slavery has a higher prevalence in certain jurisdictions or locations;
2. Industry sector: certain industries present higher risks of modern slavery compared to others; and
3. Product/commodity: some products or commodities are deemed higher risk in terms of modern slavery.

The highest risk classification is where a supplier satisfies all three criteria, followed by medium risk where two criteria are satisfied, and low risk is where the supplier satisfies only one criterion. Based on this initial mapping, none of ENMAX's tier one suppliers is classified as high-risk. ENMAX acknowledges that the exposure to forced and child labour risk may lie further down in the supply chain beyond tier one rather than arising directly from our business activities and will assess the risks by expanding the supplier mapping over time.

SUPPLIER ASSESSMENT

ENMAX requested suppliers who have been identified with a potential risk based on product/commodity or country of location to complete a Modern Slavery Supplier Questionnaire. The responses provided pursuant to the questionnaire will allow ENMAX to learn more about the steps they take within their operations to detect and address modern slavery risks.

This questionnaire was sent to these suppliers in January 2024 and responses will be analyzed in 2024.

REPORTING CONCERNS

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 the ENMAX 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. Where there is a conflict, the Board ensures the applicable Director does not participate in discussions or vote on matters.

The hotline will also be included in the Supplier Code of Conduct that is being developed in 2024, for suppliers to utilize in case of any non-compliance with the Code.

MEASURES TAKEN

Through the preliminary supplier risk mapping and assessment, ENMAX did not find any instances of forced and/or child labour in the supply chain; therefore, we did not need to deploy any remediation measures. As ENMAX's supplier risk assessment process evolves, we will establish the necessary remediation procedures.

2024 INITIATIVES IN PROGRESS

We are creating a roadmap to enhance the integration of sustainable procurement considerations and opportunities, including child, and forced labour, into our supply chain management strategies and initiatives.

As part of ongoing efforts to create and maintain an ethical supply chain, our 2024 plans include the development of the following elements:

- ✦ Implementation of the Supplier Code of Conduct;
- ✦ Sourcing a supplier onboarding portal;
- ✦ Creating supplier assessment questions for Request for Proposals and onboarding; and
- ✦ Enhancing existing policies and due diligence procedures.

ENMAX Workforce Empowerment

MODERN SLAVERY TRAINING

In 2023, ENMAX invested in educating and training all supply chain management employees to recognize the risks of modern slavery in our business and supply chains. The "Modern Slavery Training" course was facilitated by CIPS, which is a global membership organisation and a leading professional education and training provider in supply chain.

The training consisted of two four-hour online sessions and included:

- ✦ Identifying the importance of modern slavery within our supply chain;
- ✦ Recognizing the different types of modern slavery (including child and forced labour) and signs that it may be present;
- ✦ Overview of mapping the supply chain and explore ways of creating transparency; and
- ✦ Introducing tools and techniques to help prevent modern slavery.

This training was provided to all Supply Chain Management employees, which consisted of 17 members including individual contributors, team leads, managers, Director, and VP.

ENMAX's Executive has also been briefed, through a memo and presentation, about the obligations, enforcement, and offences of the Act and the Board of Directors has also been informed.

POLICIES AND DUE DILIGENCE TRAINING

ENMAX requires all employees, including our contractors as assigned, to complete an online training on the Principles of Business Ethics Policy, Safe and Respectful Workplace, and Code of Conduct. The training is developed and delivered internally at ENMAX and is mandatory for all employees to complete annually.

PROGRAM EFFECTIVENESS

ENMAX's supply chain risk management program is still being developed. We are in the process of mapping our current state while concurrently developing interim and long-term plans with measures to assess the effectiveness of this program.

In 2023, members from the Legal, Compliance, ESG, and Supply Chain teams began collaborating to develop due diligence practices at ENMAX. In 2024, ENMAX will establish a committee, which will include various members from across the organization, to continue to review, develop, and implement the supply chain risk management program.

The plan for the next few years includes establishing risk identification and mitigation processes, along with implementing relevant metrics to evaluate progress. ENMAX aims to work towards reducing the risk of forced and/or child labour that may exist in our supply chains as part of our future vision.

EXPERT CONSULTATION

ENMAX acknowledges the complexity of addressing forced labour and child labour, and therefore, we actively engage with consultants, industry peers, and various stakeholders to identify best practices. This collaborative approach allows us to stay updated on the latest developments in ethical sourcing and improves our efforts in reducing the risk of modern slavery in our supply chains.

In 2023, ENMAX retained the services of third-party consultants to advise on the requirements and implications of the Act, assist us with reporting, support the development and implementation of the supply chain risk management program and develop our supplier assessment questionnaire.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Charles Ruigrok

Title: Chairman of the Board of Directors

Date: May 23, 2024

I have the authority to bind ENMAX Corporation

Signature:

