



**SaskWater**

Annual Report  
2019-20

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## ABOUT SASKWATER

SaskWater is Saskatchewan's commercial Crown water utility, helping communities, First Nations and industry gain access to reliable and professional water and wastewater services.

The history of SaskWater goes back to 1966, when we began operations as the Saskatchewan Water Supply Board. The head office was relocated from Regina to Watrous in 1977, and in 1984, the Saskatchewan Water Corporation was created with its head office in Moose Jaw. All the personnel and property of the former Board were transferred to the new corporation. In 2002, SaskWater received a new mandate to operate exclusively as a commercial water utility.

SaskWater provides professional water and wastewater services to 66 communities, 10 rural municipalities, 79 rural pipeline groups, 17 industrial and 243 commercial and domestic end-user customers.

In addition, SaskWater remotely monitors facilities for four communities and provides operator training to 29 Saskatchewan First Nations.

SaskWater's services directly and indirectly reach approximately 107,000 people in Saskatchewan.

In order to provide these services, SaskWater owns 10 water treatment plants, three wastewater facilities, including 15 kilometres of wastewater forcemain, 140 kilometres of canal and 942 kilometres of potable and non-potable water pipeline. SaskWater also owns or leases 43 booster and pump stations.

Supporting economic growth and the people of Saskatchewan has always been at the core of SaskWater's purpose. As Saskatchewan's communities and industries grow with the province's expanding economy, SaskWater works hard to supply its customers with the infrastructure, customer service and water resources they need to prosper.



## CORPORATE PROFILE

**SaskWater is committed to providing the highest level of service to its customers. That promise is reflected in the corporation's vision, mission and values.**

### Vision

- We are the best at connecting water for life and growth, partnering for a better tomorrow.

### Mission

- To provide safe, reliable and sustainable water and wastewater services for Saskatchewan.

### Values

- **INTEGRITY** – We act ethically with respect, honesty, courtesy and fairness.
- **PROFESSIONALISM** – We provide quality, expertise and excellence in the delivery of our services, and we are accountable for our actions.
- **TEAMWORK** – We promote co-operation and commitment to achieve our common goals.
- **SAFETY** – We are committed to safety in all aspects of our operations.
- **INNOVATION** – We pursue continuous improvement and innovative solutions.
- **ENVIRONMENT** – We respect and support the environment and communities where we live and work.

SaskWater has defined four strategic goals to guide the corporation: CUSTOMER DRIVEN, PURSUING EXCELLENCE, VALUING EMPLOYEES and SUCCEEDING FINANCIALLY. Our 2019–20 Annual Report provides details on how we are accomplishing all four goals.

## SASKWATER'S VALUE PROPOSITION TO ITS CUSTOMERS

- SaskWater employees hold diverse levels of certification for water and wastewater systems, allowing for early problem diagnosis and troubleshooting.
- SaskWater's knowledge of Saskatchewan's regulatory requirements and our operational expertise allow customers to focus on their core business while we ensure permit requirements and quality standards are met.
- SaskWater's remote monitoring system provides customers with the safety and security of having their facilities monitored 24 hours a day by trained operations personnel.
- SaskWater's engineering team provides flexible solutions and project management services to meet the unique needs of customers from concept through to construction.
- SaskWater has the ability to invest in water and wastewater systems and our integrated asset management program ensures timely investment in existing assets. This allows customers to invest their dollars in other areas beneficial to their business or community.
- SaskWater provides grant application support, enhancing our customers' ability to access capital funding and municipal grants.
- SaskWater utilizes established knowledge and innovation exchange networks and is committed to adopting innovative ideas and technologies.
- As a provincial Crown utility, SaskWater has strong working relationships with regulatory and other government agencies, consultants and contractors that enable access to best practices.
- SaskWater's existing, well-maintained infrastructure allows for efficient and cost-effective regional solutions.
- SaskWater's Community Investment program supports Saskatchewan communities through sponsorships and donations.

# FINANCIAL AND OPERATING HIGHLIGHTS

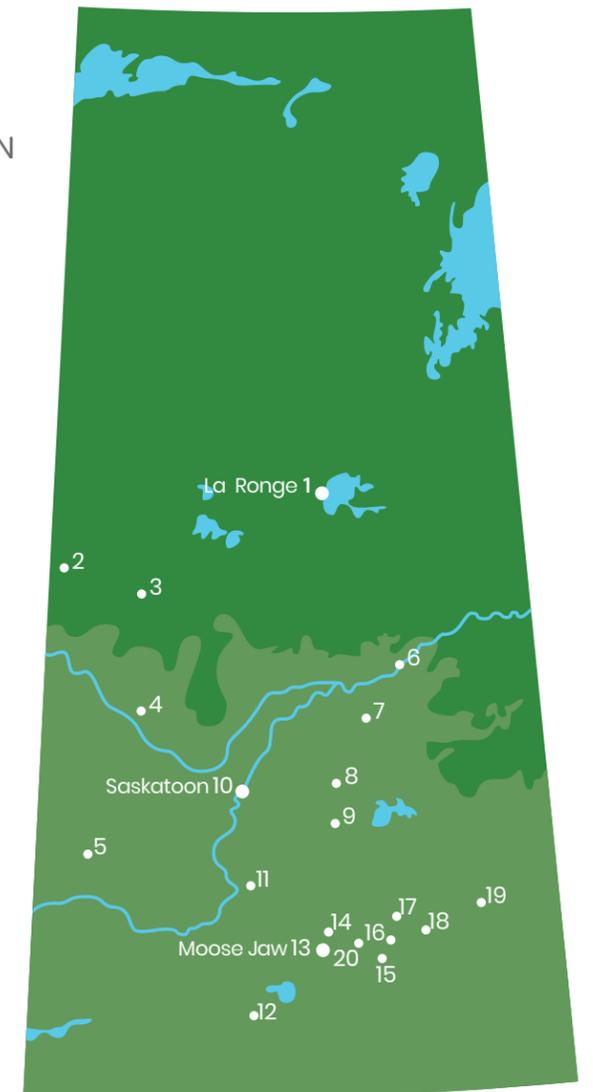
| Financial Highlights (\$ thousands): | Year Ended<br>March 31<br>2020 | Year Ended<br>March 31<br>2019 |
|--------------------------------------|--------------------------------|--------------------------------|
| Total revenue                        | \$ 59,457                      | \$ 57,290                      |
| Total expenses                       | 49,474                         | 47,833                         |
| Operating income                     | 9,983                          | 9,457                          |
| Net finance expense                  | (1,631)                        | (1,967)                        |
| Net income                           | \$ 8,352                       | \$ 7,490                       |
| Other comprehensive income           | 148                            | 363                            |
| Total comprehensive income           | \$ 8,500                       | \$ 7,853                       |
| Dividends                            | \$ 4,176                       | \$ 3,745                       |
| Debt ratio                           | 50.00%                         | 46.10%                         |
| Operating Highlights (cubic metres): |                                |                                |
| Non-potable water distributed        | 36,766,347                     | 39,884,765                     |
| Potable water distributed            | 7,788,003                      | 7,838,396                      |

# SYSTEMS MAP

## Current Service in Saskatchewan

SaskWater currently owns and/or operates potable, non-potable and wastewater infrastructure in the following locations/regions:

- 1 LA RONGE REGION
- 2 PIERCELAND
- 3 MEADOW LAKE
- 4 MEOTA-COCHIN-JACKFISH LAKE REGION
- 5 KINDERSLEY
- 6 NIPAWIN
- 7 MELFORT REGION
- 8 WAKAW-HUMBOLDT REGION
- 9 HANLEY-WATROUS-LANIGAN REGION
- 10 SASKATOON REGION
- 11 ELBOW
- 12 GRAVELBOURG
- 13 MOOSE JAW
- 14 BUFFALO POUND REGION
- 15 WHITE CITY
- 16 EDENWOLD
- 17 CUPAR
- 18 FORT QU'APPELLE
- 19 MELVILLE
- 20 RM OF SHERWOOD



# LETTER OF TRANSMITTAL

Moose Jaw, June 2020

To His Honour  
The Honourable Russ Mirasty, S.O.M., M.S.M.  
Lieutenant Governor of Saskatchewan  
Province of Saskatchewan

Dear Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Water Corporation for the fiscal year ending March 31, 2020.

The report includes the financial statements, duly certified by auditors for the corporation, in the form approved by the Treasury Board and in accordance with *The Saskatchewan Water Corporation Act*.

I have the honour to be your obedient servant.

Sincerely,  
Bronwyn Eyre



Minister Responsible for  
Saskatchewan Water Corporation



# MINISTER'S MESSAGE

It is my pleasure to present SaskWater's 2019-20 Annual Report and to reflect on some of the Crown corporation's achievements throughout the past year.

SaskWater achieved a substantial project milestone in March, 2020, with the commissioning of the new Melville Regional Water Supply System. This project, which began in 2016, was aimed at completely redeveloping the city's potable water supply service. The Melville system now benefits from a new water treatment plant, new supply wells, a well control station and a water supply pipeline. This new infrastructure, funded in part through a grant from the Governments of Canada and Saskatchewan, showcases the level of dependability and expertise that SaskWater brings to its customers.

SaskWater has also reached a significant agreement with the City of Meadow Lake for the purchase of its water treatment plant, together with a 30-year water supply agreement. The corporation took over operation of the system in January, 2020, making Meadow Lake the sixth city to be served by SaskWater.

These two projects represent a significant portion of the corporation's investments of \$20.4 million on capital projects in 2019-20. Infrastructure maintenance totalled \$3.0 million, which speaks to SaskWater's commitment to service, reliability and financial sustainability.

SaskWater's responsible fiscal approach generated net income of \$8.35 million in 2019-20, outpacing previous years' earnings, and the Crown corporation paid a dividend of \$4.17 million to the province.

This past year's accomplishments point to SaskWater's commitment to the government's Crown Sector Priorities and demonstrate a strong customer focus, as SaskWater continues to make significant investments in provincial infrastructure. These projects contribute to private sector engagement and keep our skilled labour force working to strengthen our Saskatchewan economy.

Despite the unprecedented challenges brought on by the COVID-19 pandemic, SaskWater continues to provide unmatched quality and expertise and to deliver safe, reliable and sustainable water and wastewater services. Ongoing initiatives, including to evaluate and update business processes and implement new technology, will further improve that level of service, as SaskWater strives to help build healthy, vibrant communities in Saskatchewan.

Sincerely,  
Bronwyn Eyre



Minister Responsible for  
Saskatchewan Water Corporation



# YEAR AT A GLANCE

## JOBS WELL DONE



Invested \$20.4 million on capital projects in 2019-20, with \$15.4 million going into new customer expansion projects.



Invested \$1.3 million of capital spending into system upgrades, while infrastructure maintenance spending totaled \$3.0 million.



Signed a 30-year Water Supply Agreement with the City of Meadow Lake to own and operate the Meadow Lake water treatment plant.



Completed a significant data mining project with the Water Security Agency to identify areas where regional water systems may be feasible in the near future.



Garnered support to develop grant applications for regional potable water supply systems in four areas identified through the data mining project.



Contributed 151 employee volunteer hours in support of community initiatives.



Provided project management services for 38 projects on behalf of the Ministry of Government Relations and northern communities.



Signed agreements with two new ROAM remote monitoring customers in Northern Saskatchewan.



Signed renegotiated service agreements with Yara Belle Plaine and the Village of Codette, and negotiated terms for a new 20-year service agreement with White City.



Optimized operations at the Gravelbourg water treatment plant to reduce chemical costs and improve operating efficiency.



Resolved 5,597 inquiries for SaskWater line location information received through the Sask 1st Call service.



Recognized by SaskBusiness Magazine as one of the Top 100 Companies of Saskatchewan.

# GETTING RESULTS



Completed construction and commissioning of the new Melville Regional Potable Water Supply System. This project received grant funding from the Clean Water and Wastewater Fund.



Completed the design for upgrades to the regional water treatment plant in Melfort. The project received grant funding through the New Building Canada Fund.



Completed design for the Pierceland Wastewater Lagoon Expansion and Upgrade Project, which received grant funding from the New Building Canada Plan.



Replaced five canal crossings and two large diameter cross drains, removed three unused private crossings and inspected 11 timber bridges on the Saskatoon Southeast Non-potable Water Supply System canals.



Initiated 13 new water and sewer capital projects on behalf of the Ministry of Government Relations and northern communities. The projects are approved under the New Building Canada Fund grant program.



Reached 88 per cent completion on the Lac La Ronge Regional Waste Management Corporation's regional landfill expansion, including an access road, new landfill cell, leachate ponds and operations buildings.



Completed feasibility studies for the Northwest (Hwy 155) Regional Waste Management project. This project is helping communities to implement regional solid waste management in this area.



Continued planning work for the Southwest Regional Potable Water Supply System, which received grant funding approval through the New Building Canada Fund.



Advanced the Prairie North Regional Potable Water Supply System project through ongoing discussion and planning with partner communities. This project is approved for grant funding through the New Building Canada Fund.

# FACES AND PLACES



Trained and equipped employees to perform drone topographic surveys, including imagery video, for use in tasks such as pipeline route selection, overland/aerial site inspections, material quantity calculations, and surveying otherwise inaccessible areas.



Partnered with Southeast College in Weyburn to offer management and leadership workshops intended to build on employees' core business, supervisory and leadership skills.



Improved the cybersecurity acumen of SaskWater staff and systems through regular phishing tests, resulting in a consistent lowering of the corporation's phish risk score.



Created a draft five-year strategic plan for implementation in 2021-22 and continuing through to 2025-26.



Introduced an updated Return to Work program to facilitate seamless transitions and appropriate support for employees returning from medical or disability leave.



Negotiated a new six-year collective agreement with in-scope employees.



Activated SaskWater's business continuity plan on two occasions, with successful outcomes.



Launched the second phase of SaskWater's Enterprise Resource Management project, designed to introduce best-in-class integrated business applications with significant benefits for SaskWater services and enhanced customer service.



Awarded the title of WorkSafe Saskatchewan Mission: Zero Top 100 Company in 2019-20.



Completed the Advanced Metering Infrastructure project, allowing SaskWater to gather real-time data regarding water consumption.



Developed the Water Analysis and Validation water data storage application to facilitate data entry, reporting and analytics and provide better access to the information SaskWater customers look for.



Installed 250 solar panels at the Melville Regional Potable Water Supply System well site with the potential to generate approximately 171,000 kWh of energy annually.



# LETTERS TO STAKEHOLDERS

## Chair's Message

On behalf of the Board of Directors, it gives me great pleasure to participate in presenting the 2019-20 Annual Report for SaskWater to our shareholder and stakeholders.

Included within this report are a number of stories about SaskWater's accomplishments. Evidenced is the culture of a highly purpose-driven organization focused on its customers, and supportive of its resilient and innovative teams. This culture is so intrinsic to the core of SaskWater, resulting in a high level of engagement.

Over the course of the year, the Board received several reports about SaskWater staff proactively engaging with customers and non-customers alike. We listened as management brought forward thoughtful solutions to various challenges. Their approach reflected a dialogue with stakeholders to understand their concerns balanced with a willingness to be flexible and a sense of fair treatment for all customers. The corporation is

also embracing new technology and new ideas to ensure it is well-positioned to respond to the needs of customers now and into the future.

Two challenges in particular were unique to this year, and never before experienced in SaskWater's history.

The first was a labour disruption impacting several of the provincial Crown corporations, beginning in October 2019. Despite the obvious differences at the bargaining table, in-scope and out-of-scope employees were able to negotiate SaskWater's first ever essential services agreement, to ensure customers continued to receive essential water services to keep their communities safe. The strike was eventually resolved and a new six-year collective bargaining agreement was ratified by both the Board and the in-scope employees in November 2019.

The second unique challenge was the onset of the COVID-19 pandemic. In the later months of the fiscal year, the Board and management began to closely monitor what was

happening in other parts of the world and ensured our pandemic plan was updated and ready to be called upon if required. Subsequently, on March 18, 2020, when the Premier of Saskatchewan declared a State of Emergency, the corporation was able to move swiftly and relatively seamlessly to shift approximately half of SaskWater's employees to a work from home situation, while taking protective measures for the other half of employees required to continue operating our facilities to ensure customers received the essential water they needed.

I am also very pleased to report that the Board and management began work to develop a new five-year strategic plan, which will be finalized in 2020-21 and take effect in 2021-22. In leading up to this work a number of external speakers addressed the Board to help ensure the corporation is thinking broadly and with our minds wide open to the pace of change.

As we forge a clear path for SaskWater's future, we will be driven by intelligence, integrity, collaboration and possibility.

## President's Message

SaskWater enjoyed a number of successes this year as a result of our focus on customers and ensuring we meet their needs. I wish to thank our dedicated and highly-skilled employees for their commitment to service excellence, their "failure is not an option" attitude, their enthusiasm, and their drive to find ways we can improve.

We believe in listening to our customers and providing them with the service and information they need to successfully build their communities and businesses. In return, they help us plan how we can meet their long-term needs and infrastructure requirements on a sustainable basis.

Elsewhere in this report you will read in more detail about a number of the successes this customer focus brought, including our highest ever overall customer satisfaction survey results, gaining the confidence of the City of Meadow Lake to entrust us with their water supply needs for the next 30 years, and the

completion of the largest municipal infrastructure investment in our history, on budget, for the City of Melville and area.

For many communities, we believe it will become increasingly necessary to explore ways to cooperate on regional services, if they are to keep their residents supplied with safe and reliable water. SaskWater can bring value and expertise to those discussions and help develop solutions to ensure their future.

SaskWater is currently engaged in six areas of the province exploring new regional systems. These are at various stages, from conceptual design, to negotiating water supply agreements, to detailed design. Working collaboratively is a key part of the process, as is attempting to secure grant support to keep the cost to residents at an affordable level.

The world is changing and we know the importance of keeping pace to keep our own costs down and to respond to customers quickly. We are proud to have achieved a 100 per cent success rating in responding to customer service requests in

our established timelines. We have a number of examples of adopting technology to improve service. Key on this list is our implementation plan for new Enterprise Resource Planning software and the initiation of the plan's first phase. Staff were trained and equipped in the use of drones to perform topographical surveys. We also developed a water analysis and validation program to improve our ability to use the enormous amount of data generated from the electronic monitoring of our water supply systems.

Our employees are critical in achieving the service and growth demonstrated in this year's results, which is why we are investing in their development and safety. SaskWater partnered with the Southeast College in Weyburn for a series of workshops designed to build our next level of leaders. We continued to develop our safety program and safety culture, and were thrilled to enjoy a record of no lost time injuries in 2019-20.

We have a strong team at SaskWater and we look forward to extending our record of effective service to our customers and our shareholders into the future.



**Silvia Martini**  
Chair of the Board



**Doug Matthies**  
President and CEO

# MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) considers key influences on SaskWater growth opportunities, existing business services, key strategies going forward, performance measures, 2019-20 financial results, the outlook for 2020-21, business risks and corporate governance. The MD&A should be read in conjunction with the audited financial statements for the year ending March 31, 2020.

## Key Influences

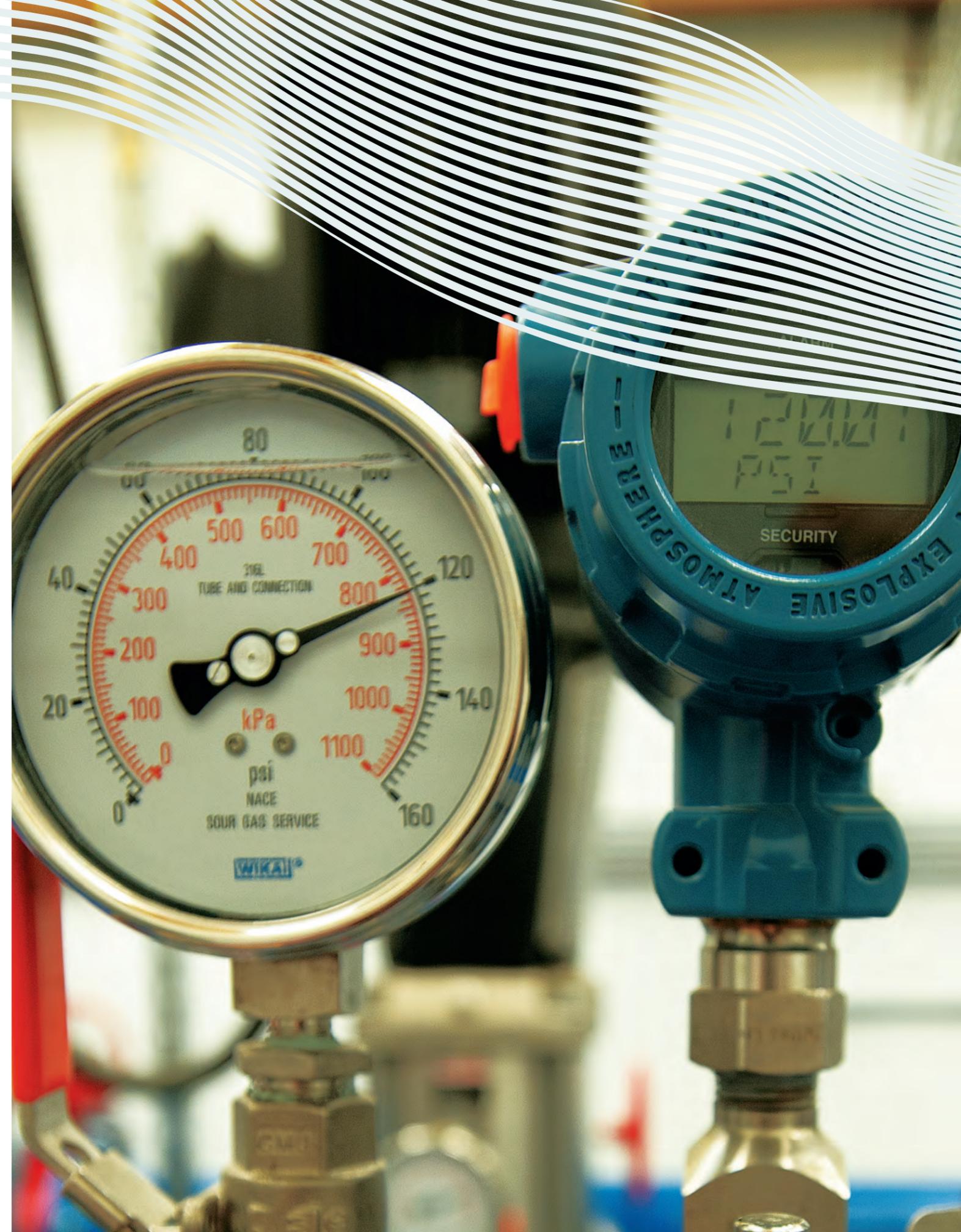
SaskWater is a commercial Crown corporation providing water utility services. The corporation's activities are confined to the province of Saskatchewan in accordance with the government's SaskFirst Investment Policy.

SaskWater's revenues are largely derived from potable water distributed to municipalities, non-potable water provided to large industrial customers, and other services largely involving the use of our professional engineering and certified operations staff.

Revenues can be significantly influenced by the success of our business growth, for example total revenues in 2019-20 were \$59.5 million, or almost triple what they were 10 years ago in 2009 at \$20.8 million. Potable water consumption is significantly influenced by weather conditions in the first six months of the fiscal year, when hot or wet conditions impact people's use of water for such things as lawns and garden care. For non-potable water revenue, 77 per cent is derived from potash customers. As potash is a key resource globally, what is happening in the global market place has a significant influence on Saskatchewan mining companies, and hence SaskWater.

As a water utility, SaskWater is extensively involved in infrastructure. In some circumstances we produce our own potable water, while in other cases we purchase potable water from other facilities and distribute it through a network of pipelines. As a result, our operating expenses are largely concentrated in three areas: the amortization of infrastructure (26 per cent), the purchasing of potable water (24 per cent), and the salaries of the staff operating our systems and business (28 per cent).

SaskWater strives to be efficient in our use of resources in order to keep costs down for our customers. Between growing the business and managing costs, net income from operations has increased from less than \$500,000 in 2009 to more than \$8 million in 2019-20.



# SASKWATER'S CORE LINES OF BUSINESS

- potable water supply
- non-potable water supply
- wastewater treatment and management
- certified operation and maintenance (COM)
- project management
- water and wastewater training
- ROAM remote monitoring
- leak detection audits

## Potable Water Supply

SaskWater's potable water services deliver safe and reliable drinking water to municipalities, First Nations, rural pipeline groups and businesses, ensuring communities continue to grow and thrive. All potable water delivered by SaskWater is suitable for human consumption, complying with all applicable regulations. Municipalities represent the largest consumers of potable water.

The majority of SaskWater's municipal customers own and operate their local distribution systems and manage the relationship with their residents. SaskWater provides wholesale water delivery service to the community, which then delivers the service to its residents.

## Stand-Alone Systems

SaskWater's mandate enables the corporation to purchase and operate municipal water infrastructure or to construct new water supply and treatment systems. SaskWater currently owns and operates stand-alone systems in White City, Pierceland, Edenwold, Gravelbourg and Cupar.

## Regional Systems

For many rural communities, a regional water system is the most cost-effective and sustainable solution to their water needs. SaskWater infrastructure located across the province provides regional solutions for municipalities and First Nations. SaskWater's support and expertise helps the communities it serves find solutions that reduce their long-term capital needs and operating costs.

SaskWater owns and operates the Wakaw-Humboldt, Codette Lake, Elbow, Melville and Meadow Lake regional potable water systems. These systems consist of a single treatment plant that produces and distributes potable water to surrounding communities through a pipeline network. Water treatment plants for these regional systems are located in Wakaw, Melfort, Elbow, Melville and Meadow Lake. Together, these systems supply potable water directly to 21 communities and several rural pipeline groups.

SaskWater also owns and operates two regional potable water systems where the water is purchased from other suppliers. SaskWater purchases potable water from the City of Saskatoon and delivers it to surrounding communities, industries, other commercial businesses and rural pipeline groups through an extensive pipeline network. SaskWater also purchases potable water from the Buffalo Pound Water Administration Board, the City of Regina and the City of Moose Jaw, sourced from the Buffalo Pound Water Treatment Plant, and delivers it to customers in the surrounding areas.

In 2019–20, SaskWater delivered 7.8 billion litres of high-quality drinking water.

## Non-Potable Water Supply

Industry is the largest driver of SaskWater's non-potable water services, relying on SaskWater to construct, manage and operate the dependable water supply system it requires. Water delivered through a non-potable water supply system does not meet the regulated requirements for human consumption, but has numerous industrial, commercial and agricultural applications.

The majority of SaskWater's non-potable water supply is delivered in large volumes to industrial customers for processing and manufacturing operations, including potash mines and fertilizer manufacturers.

Municipal customers also purchase non-potable water from SaskWater. These customers own water treatment facilities and perform their own treatment processes prior to residential delivery.

SaskWater owns and operates non-potable water systems in the areas surrounding Saskatoon and Buffalo Pound Lake, and along the Saskatoon Southeast Water Supply system.

In 2019–20, SaskWater delivered 36.8 billion litres of non-potable water.

## Wastewater Treatment and Management

SaskWater recognizes the need for environmentally sustainable wastewater treatment and disposal solutions. That's why its wastewater treatment and management services aim for zero discharge to the environment. Whether it's a simple lagoon-based treatment, a complex mechanical treatment system or effluent irrigation, SaskWater strives to provide wastewater solutions that are eco-conscious. In fact, SaskWater's research into environmentally sustainable wastewater disposal even spurred the development of an effluent disposal process involving a woodlot with zero discharge to the environment.

SaskWater owns and operates wastewater facilities in Nipawin, Pierceland and Fort Qu'Appelle. The Pierceland facility is a stand-alone system. The Nipawin and Fort Qu'Appelle facilities are regional wastewater systems serving multiple customers either through force mains or dump stations for commercial truck haulers.

In 2019–20, SaskWater received and treated 1.0 billion litres of wastewater.

## Certified Operation and Maintenance (COM)

SaskWater lends its expertise in various ways to support customers that own their infrastructure. SaskWater contracts with 15 communities and rural pipeline groups to provide certified operation and maintenance of their water and wastewater systems, including:

- non-potable water supply
- water and wastewater treatment plants
- treated water storage facilities
- distribution systems
- wastewater collection and disposal

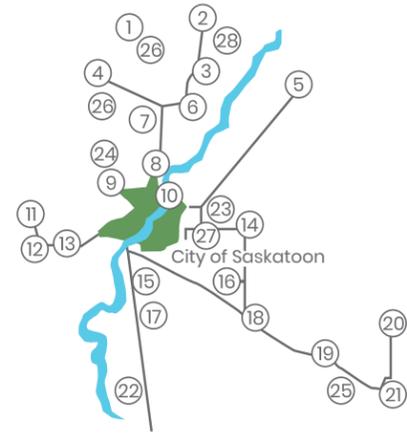
The above services are supervised or performed by certified operators.

COM also provides regulatory reporting and consultation, emergency planning, remote monitoring and customer support services.

SaskWater is able to offer the services of its qualified certified operators to communities and rural pipeline groups located near our existing operating centres.

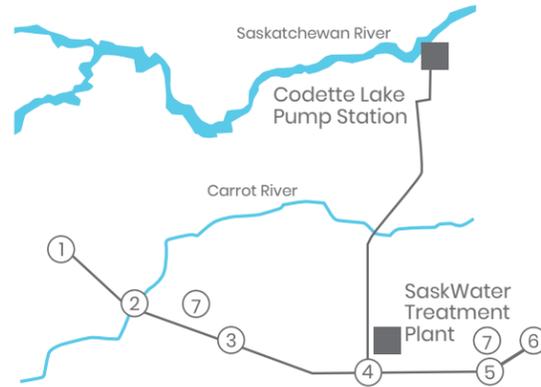


**SASKATOON AREA**  
Potable Water Supply System



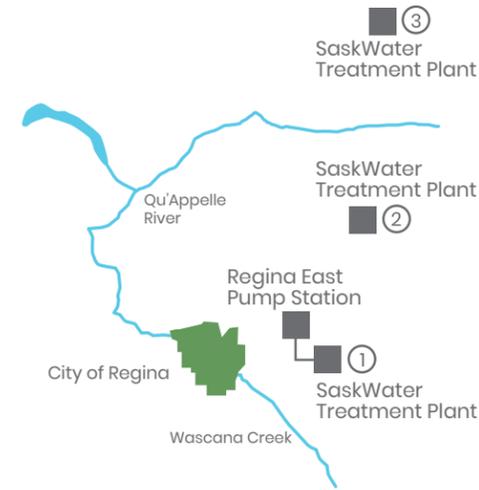
- |                             |                                    |                                     |
|-----------------------------|------------------------------------|-------------------------------------|
| 1. Hepburn                  | 10. Akzo Chemicals                 | 20. Elstow                          |
| 2. Hague                    | 11. Sloboshan Ent. Ltd.            | 21. Allan                           |
| 3. Osler                    | 12. Prairie Pride Chick Sales Ltd. | 22. Dundurn Rural Water Utility     |
| 4. Dalmerney                | 13. Chemtrade West                 | 23. Highway 41 Rural Water Utility  |
| 5. Aberdeen                 | 14. Sunset Estates                 | 24. Yellowhead Industrial Park      |
| 6. Warman                   | 15. Grasswood                      | 25. Allan South Rural Water Utility |
| 7. Martensville             | 16. Cargill Ltd.                   | 26. Intervally Inc.                 |
| 8. ERCO Worldwide           | 17. Casa Rio/Wood Meadow           | 27. Lost River Water Co.            |
| 9. BizHub Developments Ltd. | 18. Clavet                         | 28. Sask Valley Rural Water Utility |
|                             | 19. Bradwell                       |                                     |

**MELFORT AREA**  
Potable Water Supply System



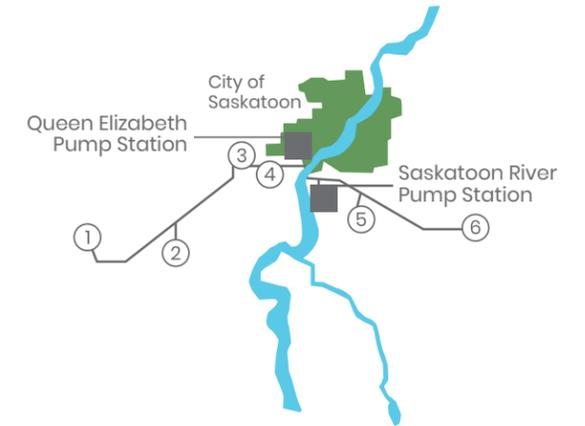
1. Weldon
2. Kinistino
3. Beatty
4. Melfort
5. Star City
6. Star City Farming
7. Melfort Rural Pipeline Association

**REGINA EAST**  
Potable Water Supply System



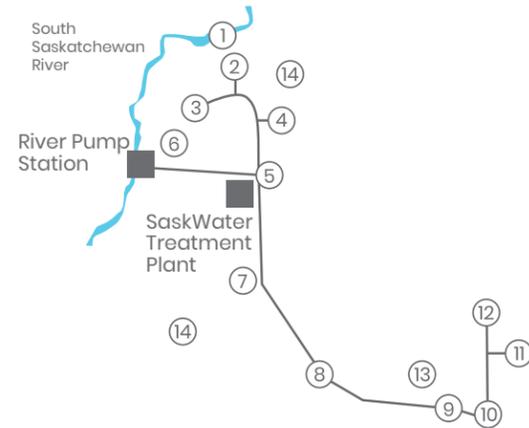
1. White City
2. Edenwold
3. Cupar

**SASKATOON AREA**  
Non-potable Water Supply System



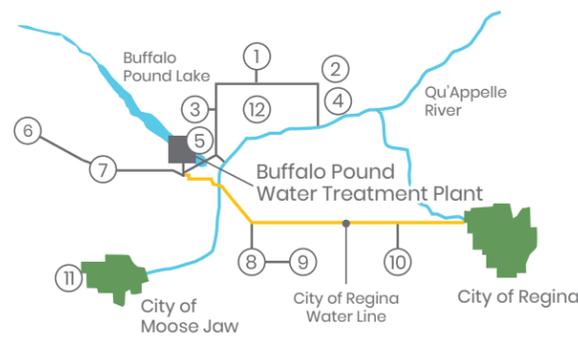
- |                          |  |
|--------------------------|--|
| 1. Agrium Potash         | 5. Golf Courses (WGCC/SGCC/Greenbryre) |
| 2. Vanscoy               | 6. Cargill                             |
| 3. PCS Cory and SPI/ATCO |  |
| 4. Cedar Villa           |  |

**WAKAW-HUMBOLT AREA**  
Potable Water Supply System



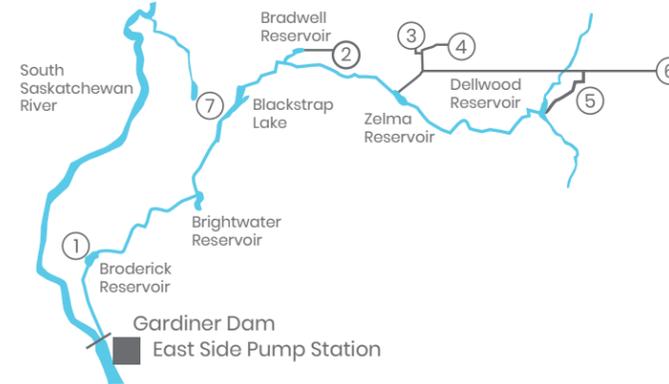
- |                            |  |
|----------------------------|--|
| 1. St. Louis               | 8. Bruno                                     |
| 2. Hoey                    | 9. Humboldt                                  |
| 3. St. Isidore-de-Bellevue | 10. Muenster                                 |
| 4. Domremy                 | 11. Anaheim                                  |
| 5. Wakaw                   | 12. Lake Lenore                              |
| 6. One Arrow First Nation  | 13. SHL Pipeline Association                 |
| 7. Cudworth                | 14. North Central Rural Pipeline Association |

**BUFFALO POUND AREA**  
Potable Water Supply System



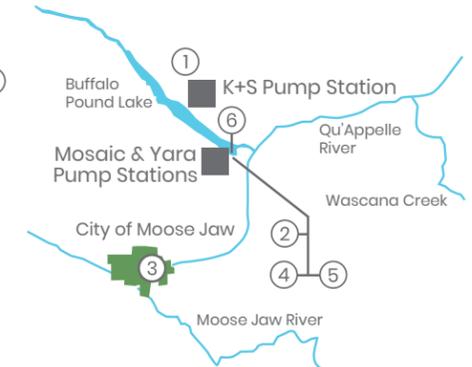
- |                                  |  |
|----------------------------------|--|
| 1. Bethune                       | 7. Tuxford                                       |
| 2. Arm River Farming             | 8. Yara Belle Plaine Inc.                        |
| 3. Buffalo Plains Cattle Company | 9. K+S Windsor Salt Ltd.                         |
| 4. Disley                        | 10. Grand Coulee                                 |
| 5. K+S Potash Canada             | 11. Caron/Mortlach Regional Public Utility Board |
| 6. Marquis                       | 12. Dufferin Water Assoc.                        |

**SASKATOON SOUTHEAST**  
Non-potable Water Supply System



- |                               |                |
|-------------------------------|----------------|
| 1. Broderick                  | 5. PCS Lanigan |
| 2. PCS Allan                  | 6. BHP Jansen  |
| 3. Mosaic Potash Colonsay ULC | 7. Shields     |
| 4. Viscount                   |                |

**BUFFALO POUND AREA**  
Non-potable Water Supply System



1. K+S Potash Canada
2. Terra Grain Fuels Inc.
3. Temple Gardens Mineral Spa
4. Yara Belle Plaine Inc.
5. Mosaic Potash Belle Plaine
6. Waldorf Ranch

## Project Management

SaskWater provides project management services for customers undertaking large water and wastewater infrastructure projects. Through the planning and design stages to the construction and financing, SaskWater has the expertise and experience to provide complete project management services.

SaskWater also plans and manages the design and construction of water and wastewater infrastructure in Northern Saskatchewan on behalf of the Ministry of Government Relations. From its Prince Albert office, SaskWater provides ongoing technical advice to northern communities and First Nations for maintenance and expansion of their water and wastewater infrastructure, including responding to community emergencies related to that infrastructure.

In 2019–20 SaskWater's Northern Engineering unit provided project management services on 38 projects on behalf of the Ministry of Government Relations and northern communities. Of the projects, 27 were funded by the New Building Canada Fund and Clean Water and Wastewater Fund grant programs.

## Water and Wastewater Training

SaskWater works on behalf of Indigenous Services Canada to provide operations training to Saskatchewan First Nations. In 2019–20, SaskWater trained over 70 water and wastewater operators at 29 First Nations.

The goal of SaskWater's training program is to assist in providing a safe water supply to residents and to safeguard their valuable water and wastewater infrastructure investment. The program began in 1978, and has evolved over the years to suit the specific water and wastewater operational needs of First Nations communities as they adapt to frequently changing technology and increasingly stringent regulatory requirements.

Benefits to First Nations communities include:

- enhanced quality of water and wastewater operations
- emergency technical assistance as required
- limited service disruptions and threats to public water quality and supply

- progressive operator development, including certification tutorial support
- annual water consumption records collection and reporting, representation at project management team meetings on behalf of First Nations receiving new facilities or significant facility upgrades and, upon request, participation in relevant stakeholder meetings

## ROAM Remote Monitoring

ROAM – Remote Oversight and Monitoring – provides continuous monitoring of water and wastewater facilities for customers who wish to retain both ownership and operation of their systems.

Partnering with TransGas (a subsidiary of SaskEnergy), SaskWater currently uses a Supervisory Control and Data Acquisition (SCADA) system to remotely monitor 57 SaskWater and customer-owned facilities across the province 24 hours a day, 7 days a week.

ROAM employs certified operators who monitor water treatment plants, wastewater treatment plants and distribution systems. On its own facilities, remote monitoring helps SaskWater increase safety, improve service, enhance water quality monitoring and reduce costs.

The benefits for the customer include providing a higher level of service to residents and customers through constant monitoring and the ability to respond proactively to plant fluctuations and troubleshooting, potentially saving time and money.

## Leak Detection Audits

SaskWater provides leak detection audits using noise correlator technology to detect subsurface water leaks on distribution systems. Our team of highly qualified professionals is trained and equipped to support our customers with this industry best practice for maintenance and asset management.

This service strengthens SaskWater's commitment to provide safe, high-quality water to Saskatchewan communities as leaks of any size can damage infrastructure, contaminate a water supply, deprive a community of considerable revenue and waste a valuable natural resource.



# STRATEGIC PLAN AND BALANCED SCORECARD

SaskWater's 2015 to 2020-21 strategic plan outlines the road map to achieving the corporation's long-term vision and identifies a path to achieving SaskWater's mission, values, corporate goals and objectives. The strategic plan is annually reviewed by the Board of Directors in consultation with SaskWater staff and executive. It is also approved by Crown Investments Corporation (CIC) to ensure that all provincial Crown corporations are meeting the goals and objectives set forth by the provincial government.

This strategic plan ensures SaskWater's mission to provide safe, reliable and sustainable potable and non-potable water to Saskatchewan residents and industry is carried out. It builds on our commitment to the customer, the continued growth of our organization, our responsibilities as a provincial Crown corporation, and the health and wellness of all SaskWater employees.

The strategic plan identifies four key priorities:

- Customer Driven
- Pursuing Excellence
- Valuing Employees
- Succeeding Financially

Maintaining a **Customer Driven** priority assures that SaskWater will provide excellent, high-quality customer service to all existing and future customers. SaskWater partners with its customers to ensure that their needs are being met and that continued satisfaction of service is achieved and maintained.

SaskWater understands its role in maintaining healthy and vibrant communities in Saskatchewan.

Through **Pursuing Excellence**, SaskWater will deliver efficient and effective services in a socially and environmentally responsible manner.

The **Valuing Employees** goal speaks to the importance of providing a safe, supportive and rewarding workplace for employees so that all employees can excel.

As SaskWater finds success in the above priorities, it will progress toward its goal of **Succeeding Financially**. SaskWater will continue to increase shareholder value by maintaining the financial sustainability of the corporation.

SaskWater measures its progress on its strategic goals and objectives through the Performance Management Program and reports on its success through the balanced scorecard. The corporate balanced scorecard identifies targets that challenge the corporation in its implementation of short-term and long-term plans. Performance results are reported to CIC quarterly, and SaskWater is accountable to the shareholder for meeting its targets.

Each of the following four sections discusses SaskWater's corporate goals, outlines the balanced scorecard targets and results for those goals and identifies the corporate initiatives that support SaskWater's strategic direction.

Typically, SaskWater includes forward-looking targets for each measure; however, given the uncertainty surrounding the COVID-19 pandemic, performance targets for 2020-21 and beyond will not be included in the balanced scorecard summaries.

## STRATEGIC DIRECTION

| VISION   | MISSION   | VALUES  | RALLY STATEMENT       | STRATEGIC FOCUS                                   |
|--|---|---|-----------------------|---|
| We are the best at connecting water for life and growth, partnering for a better tomorrow. | To provide safe, reliable and sustainable water and wastewater services for Saskatchewan. | Integrity<br>Professionalism<br>Teamwork<br>Safety<br>Innovation<br>Environment | Your Partner in Water | Growth, Diversification and Competitive Readiness |



| Goals                  | Objectives  | Balanced Scorecard Measures  |
|------------------------|---|--|
| CUSTOMER DRIVEN        | Identify targeted growth opportunities and service offerings                              | Committed Capital in New Growth<br>Net Investment Value of Qualified Projects in the Queue |
|                        | Improve timeliness and responsiveness to service requests                                 | % Time Met RFS Timelines   |
|                        | Strengthen customer partnerships and stakeholder relationships                            | Customer Satisfaction Survey   |
| PURSUING EXCELLENCE    | Ensure our infrastructure is safe, reliable and efficient                                 | System Reliability Index<br>Asset Renewal and Replacement                                  |
|                        | Continue to provide safe and reliable water that meets or exceeds regulatory requirements | Water Quality Index  |
|                        | Identify and implement efficient and effective business and operational processes         | Corporate Operating Ratio<br>Corporate Productivity per FTE                                |
| VALUING EMPLOYEES      | Create a challenging and rewarding workplace  | Employee Engagement Survey   |
|                        | Recruit and retain qualified people   | Retention Rate   |
|                        | Provide a workplace that promotes safety and employee health and well-being               | Lost Time Injury Severity Rate (LTIS)<br>Total Recordable Injury Rate (TRIR)               |
| SUCCEEDING FINANCIALLY | Achieve return on equity targets approved by shareholder                                  | Return on Equity   |
|                        | Operate within debt ratio approved by shareholder   | Debt to Debt and Equity  |

# 01

## CUSTOMER DRIVEN

### KEY STRATEGIC OBJECTIVES

- Identify targeted growth opportunities and service offerings
- Improve timeliness and responsiveness to service requests
- Strengthen customer partnerships and stakeholder relationships

*“We are committed to providing exceptional and innovative service to ensure high customer satisfaction. We will demonstrate that we are trustworthy, we care and we deliver.”*



### A fresh start

The commissioning of the new Melville Regional Potable Water Supply System marked a momentous occasion for SaskWater in 2019–20. SaskWater officially began operating the system’s new water treatment plant (WTP) in March 2020. Since 2016, SaskWater has developed two wells, added a well control building and installed a 30-kilometre pipeline from the wells to the newly constructed WTP in Melville. The project received \$10.2 million in grant funding from the Clean Water and Wastewater Fund.

Tim Jansen, SaskWater Manager, Construction Engineering, said the new plant improves the efficiency, reliability and longevity of the system, and ensures the approximately 6,000 users are receiving impeccable quality in their drinking water.

“The taste is very pleasing. I can’t get enough of it,” Jansen said. “The treatment process is less complicated, removing many of the challenges the old plant had. It’s a remarkable achievement, thanks to all involved.”

Melville officials were also pleased to see the joint Melville–SaskWater project complete and operational.

“Our city and our regional participants will now be provided with quality water for many years to come,” said Melville Mayor Walter Streeelasky. “We are grateful for the financial support provided by the federal and provincial governments. The combined efforts and support will serve to enhance Melville’s ability to grow and prosper well into the future.”

## NEW TO THE TEAM

### Meadow Lake becomes sixth Saskatchewan city to work with SaskWater

In 2019–20, SaskWater and the City of Meadow Lake kicked off a 30-year partnership that establishes SaskWater as the new owner and operator of the city’s water treatment plant (WTP).

“SaskWater is honoured to be the city’s provider of choice,” said SaskWater President Doug Matthies, of the agreement reached in November 2019. “We are committed to putting our expertise and resources to work to provide the best quality of water services to the City of Meadow Lake and we look forward to strengthening the valuable partnership established between us.”

The water supply agreement between Meadow Lake and SaskWater includes the sale of the city’s WTP to the Crown corporation. The Meadow Lake WTP also supplies nearby Flying Dust First Nation. With the addition of Meadow Lake, SaskWater now provides water services to six Saskatchewan cities.

“We are confident that SaskWater’s experience will benefit the city and ensure a safe, dependable water supply for our citizens,” said Meadow Lake Mayor Merlin Seymour. “This partnership provides a long-term solution to many of the city’s water supply challenges.”

SaskWater became the owner and operator of the Meadow Lake WTP, its reservoirs and non-potable water supply in January of 2020. In addition, SaskWater provides certified operating services related to the distribution system and wastewater collection in Meadow Lake. The city retained ownership of its municipal water distribution network and wastewater infrastructure.

Four staff members working at the plant at the time of purchase retained their employment and

have been welcomed to the SaskWater team. The plant’s operators can now rely on staffing support through SaskWater’s network of relief operators and benefit from SaskWater’s remote monitoring services, available 24/7 in all of its facilities.

As the quality of the source water in Meadow Lake has provided challenges for the community in past years, treating it requires a complex approach. Sheldon Jacobson, SaskWater Manager, District Operations, led the transition of the WTP to SaskWater. He is confident the corporation has the resources and experience to further refine the treatment process in Meadow Lake.

“We have a lot of good and knowledgeable people who work well together, resulting in successful transitions and the efficient optimization of plants,” Jacobson explained. “We have done a lot of investigative work in Meadow Lake and, while we have more work to do, we are definitely on the right path.”

Chad Braun, SaskWater Account Manager for Meadow Lake, said solid teamwork throughout SaskWater departments allowed him to present Meadow Lake with an agreement that meets the long-term needs of the community at a competitive price.

“This is a very exciting accomplishment for the project team,” Braun explained. “Those involved made this initiative a top priority and that effort is reflected in the trust that was earned with Meadow Lake.”

Braun hopes this success will pave the way for more SaskWater initiatives in the region.





## Balanced Scorecard

| STRATEGIC OBJECTIVE  | MEASURE                           | 3-YEAR TARGET (2019-20 – 2021-22) | *3-YEAR RESULT (2019-20 – 2021-22) | INDICATOR LIGHT | 3-YEAR TARGET (2022-23 – 2024-25) |
|--|-----------------------------------|-----------------------------------|------------------------------------|-----------------|-----------------------------------|
| IDENTIFY TARGETED GROWTH OPPORTUNITIES AND SERVICE OFFERINGS | 1 Committed Capital in New Growth | \$14.2M                           | \$11.1M                            | ●               | N/A                               |

\*As of April 1, 2019

| STRATEGIC OBJECTIVE  | MEASURE   | 2019-20 TARGET | 2019-20 RESULT | INDICATOR LIGHT | 2020-21 TARGET | 2021-22 TARGET | 2022-23 TARGET | 2023-24 TARGET | 2024-25 TARGET |
|--|---|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| IDENTIFY TARGETED GROWTH OPPORTUNITIES AND SERVICE OFFERINGS   | 2 Net Investment Value of Qualified Projects in the Queue | \$42.5M        | \$41.2M        | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |
| IMPROVE TIMELINESS AND RESPONSIVENESS TO SERVICE REQUESTS      | 3 % Time Met RFS Timelines                                | 85%            | 100%           | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |
| STRENGTHEN CUSTOMER PARTNERSHIPS AND STAKEHOLDER RELATIONSHIPS | 4 Customer Satisfaction Survey                            | 8.50           | 8.66           | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |

Note: Due to the uncertainty associated with COVID-19, performance targets for 2020-21 and beyond are not included for this reporting year.

### LEGEND

- EXCEEDED TARGET BY 20% OR GREATER
- ON TARGET
- SLIGHTLY OFF TARGET BY UP TO 20%
- OFF TARGET BY GREATER THAN 20%
- TARGET INFORMATION NOT AVAILABLE

At SaskWater, we are committed to supporting economic growth and enhancing quality of life in Saskatchewan. To achieve this outcome, SaskWater remains dedicated to attaining its ambitious growth objectives. SaskWater believes it will achieve growth through excellent customer service and meeting and exceeding our customer expectations. SaskWater has a suite of measures to monitor these outcomes in our **Customer Driven** goal.

For growth, SaskWater uses two measures: *Committed Capital in New Growth* and *Net Investment Value of Qualified Projects in the Queue*. The *Committed Capital in New Growth* measure promotes growth by targeting \$14.2 million in new customer capital commitments over the next three years. This represents both signed capital commitments for new customers, as well

as negotiated capital upgrades with existing customers. The *Committed Capital in New Growth* measure allows SaskWater to assess growth in three-year segments, which is more indicative of SaskWater's sales cycle timeline. The \$14.2 million target represents a 12.5 per cent increase from the net book value of SaskWater's property, plant and equipment in 2016-17. SaskWater is confident that a multi-year target will allow a clearer picture of SaskWater's growth potential to emerge.

On November 27, 2019, SaskWater signed a service agreement with the City of Meadow Lake for the purchase of the City's water treatment facility. The community of Meadow Lake represents an increase of roughly 5,500 people to SaskWater's overall potable line of business. SaskWater purchased the facility for \$7 million. This is in addition to two

service agreements SaskWater signed in 2018-19 for \$4.1 million. In total, SaskWater has \$11.1 million in total capital commitments. SaskWater is on pace to meet its three-year capital growth goal.

The *Net Investment Value of Qualified Projects in the Queue* measure assists SaskWater in meeting its overall growth goal. The measure assesses SaskWater projects that have a high probability of being signed to a service agreement within the next three years. As part of the measure, each project is evaluated and the potential capital spend required for SaskWater to commence with the project is determined. The measure's target of \$42.5 million represents a capital commitment three times the size of the three-year capital target of \$14.2 million assigned to the *Committed Capital in New Growth* measure. Maintaining this target allows SaskWater to continually meet its growth targets now and into the future. SaskWater successfully met its *Net Investment Value of Qualified Projects in the Queue* target for 2019-20.

SaskWater uses two measures that assess SaskWater's responsiveness and overall relationship with the customer. SaskWater achieved both targets. The *% Time Met Request for Service (RFS)* tracks the percentage of time SaskWater successfully meets its internal targets for creating a formal response to a customer request for service (RFS). SaskWater's response timelines are as follows:

- Non-complex – 80 days
- Medium-complex – 147 days
- Highly complex – 190 days
- Certified operation and maintenance (COM) – 49 days
- Remote oversight and monitoring (ROAM) – 49 days

In 2019-20, SaskWater received four RFSs, which included two medium complex, one ROAM and one COM request. SaskWater successfully delivered a response to all requests within the allotted time. SaskWater's goal is to reduce response times for each category by 30 per cent from 2014 RFS response timelines by the year 2020-21.

SaskWater continues to drive customer service excellence and prioritize our relationship with the customer. SaskWater conducted its biennial Customer Satisfaction Survey and exceeded targeted customer satisfaction. Customers continue to value SaskWater's commitment to delivering high-quality, potable and non-potable water, our commitment to safety and communication, and the positivity and professionalism demonstrated by our employees.

# 02

## PURSuing EXCELLENCE

### KEY STRATEGIC OBJECTIVES

- Ensure that our infrastructure is safe, reliable and efficient
- Continue to provide safe and reliable water that meets or exceeds regulatory requirements
- Identify and implement efficient and effective business and operational processes

*“We will be recognized as a leader in operations and regional systems by delivering safe and reliable water and wastewater services and providing innovative solutions to improve the efficiency, effectiveness and long-term sustainability of our business and systems.”*



### Gains in Gravelbourg

Process changes implemented at the Gravelbourg water treatment plant (WTP) in 2019–20 have yielded promising results in terms of efficiencies at the SaskWater facility.

“Under normal operating conditions, we should see an increase in production and a decrease in chemical use continue,” explained Darin Orb, SaskWater Manager, District Operations.

Operating the Gravelbourg WTP under optimized conditions cuts chemical costs by 25 per cent and provides an overall 13 per cent increase in water production, with a corresponding decrease in wastewater production.

Since performing upgrades in 2012, SaskWater has provided high-quality water to the Town of Gravelbourg, year-round. However, the complex composition and seasonal variation of the WTP’s source water require a complicated treatment process, and frequent filter cleaning was leading to excess wear and tear on components and increased water waste.

Two years ago, SaskWater’s Engineering unit took the proactive step of performing an autopsy on used filtration membranes at the WTP, which uncovered process solutions for prolonging the component’s lifespan.

Resulting efforts by Operations staff to optimize the WTP in the past year are expected to extend the lifespan on the filtration membranes by approximately one year, improving both the operational and financial performance of the facility.

SaskWater continues to examine solutions to operational challenges caused by seasonal changes in the quality of the source water.

## A COLLABORATIVE EFFORT

### Regional water treatment plant expansion begins in Melfort

As the 2019–20 fiscal year was ending, SaskWater was just beginning the construction phase of a major upgrade project on the Codette Lake Regional Water Supply System.

By early March 2020, final designs were approved for the expansion of the system’s regional water treatment plant (WTP) in Melfort, and construction crews were scheduled to be on-site in early April. The project was progressing smoothly within a framework that was new to SaskWater’s Major Projects team.

“What’s noteworthy about this project is the method of delivery. It’s the first substantial design-build project SaskWater’s ever done,” explained Chris Robart, Manager of Construction Engineering.

Robart explained how the design-build approach brings an engineer and contractor into the project early in the planning process. They are provided with an outcome, performance requirements and a budget for the project, and then must collaborate on the most effective solution to win the bid.

“With this approach, the relationship between owner, contractor and engineer is much more harmonious,” Robart said. “It’s always better to have more minds working on something.”

The WTP is the hub of the Codette Lake Regional Water Supply System, which supplies water to approximately 9,000 users from the City of Melfort, the Melfort Rural Pipeline Association and other nearby towns and villages. The WTP was built in 1958 and underwent upgrades in 1972, though the clarifiers installed during these earlier phases are now out of service, as is the original section of the plant. A single clarifier remains in use, added during the 1994 expansion done by SaskWater shortly after purchasing the plant. A new clarifier and additional filters will be part of the current upgrades. Having a second clarifier will reduce the load on the existing unit and permit it to be taken offline for maintenance and cleaning.

Backup power will also be added to the system, reducing the likelihood of Precautionary Drinking Water Advisories, which are required when a power outage causes a pipeline to depressurize.

These upgrades will enhance the reliability and safety of the system and reduce the risk of service interruption, thereby improving overall service.

SaskWater engaged the services of MPE Engineering Ltd. and NAC Constructors Ltd. on this project. Both companies worked with SaskWater to reach the completed design milestone and facilitate an efficient transition to the construction phase.

Projects following a more traditional design-bid-build process would require a completed engineering design prior to going to tender for a construction contractor. Robart explained how this typically results in a longer overall time frame and makes a project susceptible to costly change orders during construction.

With the design-build process, the general contractor offers crucial feedback on the design, providing more cost certainty prior to construction, which made sense for a grant-funded project like the upgrades in Melfort. The project will receive two-thirds of its funding through the New Building Canada Fund, setting the project’s total eligible costs at \$8.46 million.

“I think the design-build process will benefit SaskWater customers in the long term,” said Brad Dunlop, SaskWater’s Account Manager for the Melfort area. “When there may be various ways to arrive at an outcome that meets the customers’ needs, this ensures innovative solutions are found while keeping costs in check.”

In Melfort, for example, a retrofit of the existing WTP was originally considered, but the design-build proposals suggested an expansion could be done within the same budget while substantially increasing the system’s lifespan.

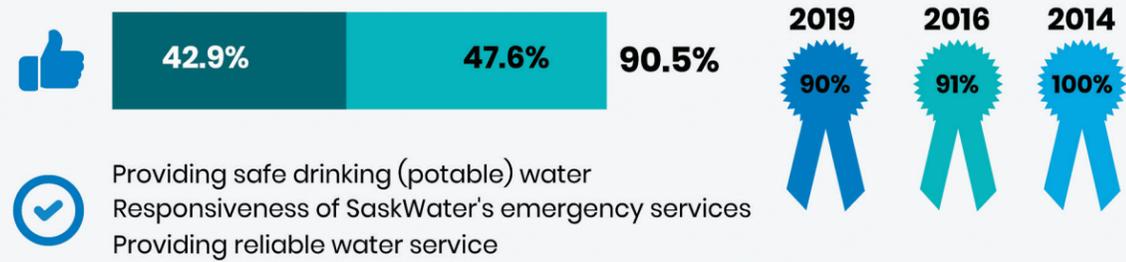
The upgrades to the regional WTP in Melfort are scheduled for completion in June 2021.



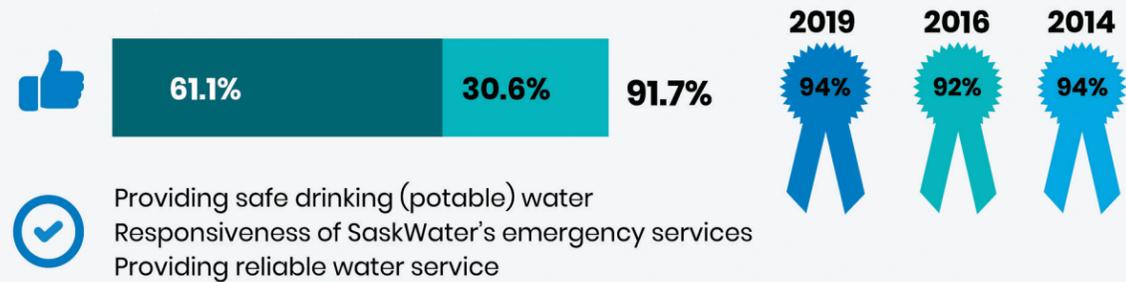
# 2019 BIENNIAL CUSTOMER SATISFACTION



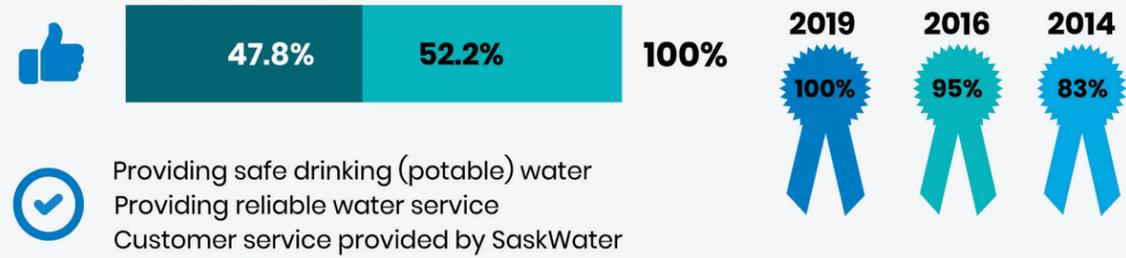
## ASSOCIATIONS



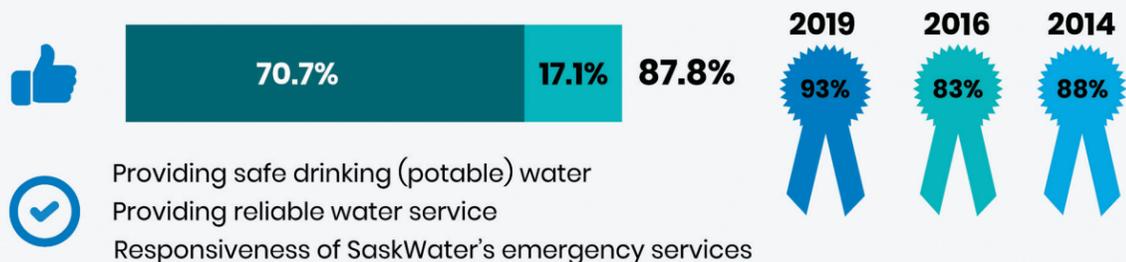
## COMMUNITY



## INDUSTRY



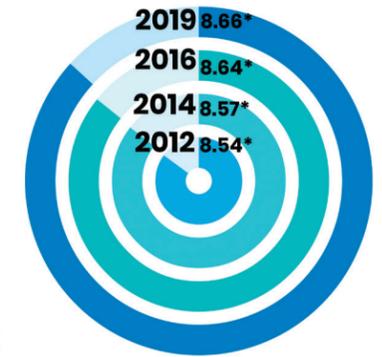
## SINGLE USER



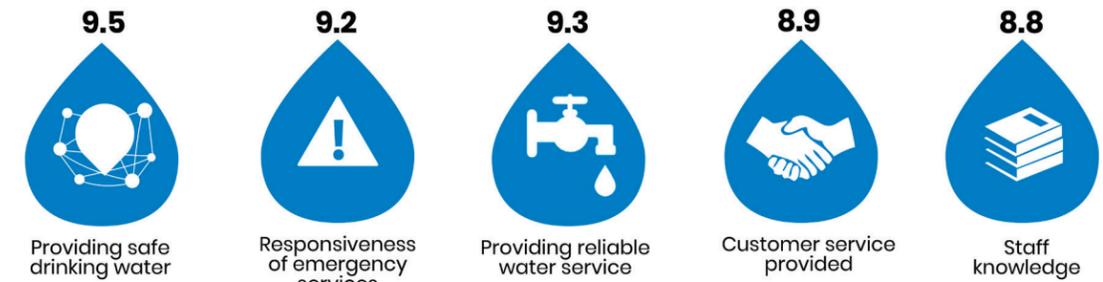
## Overall Satisfaction



Overall satisfaction remains strong (91.8% of customers are satisfied).



## Areas of Highest Satisfaction\*



## Perception of Fair Prices



Customers continue to believe that service prices are fair.  
 Those who rated 7 to 10.



## Level of Agreement with Cost Distribution



Customers are more likely to say that residents and industry should pay the full cost of water treatment and distribution.

## Likelihood to Recommend Service



\* Average on 10 point scale

A total 121 Interviews were completed by telephone

## Field dates

September 18, 2019 to October 16, 2019

## Balanced Scorecard

### STRATEGIC OBJECTIVE

|  | MEASURE                                  | 2019-20 TARGET | 2019-20 RESULT | INDICATOR LIGHT | 2020-21 TARGET | 2021-22 TARGET | 2022-23 TARGET | 2023-24 TARGET | 2024-25 TARGET |
|--|--|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| ENSURE OUR INFRASTRUCTURE IS SAFE, RELIABLE AND EFFICIENT                                  | 5 System Reliability Index               | 19.69          | 20.00          | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |
|  | 6 Asset Renewal and Replacement          | 3.6%           | 2.2%           | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |
| CONTINUE TO PROVIDE SAFE AND RELIABLE WATER THAT MEETS AND EXCEEDS REGULATORY REQUIREMENTS | 7 Water Quality Index                    | 0.987          | 0.998          | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |
| IDENTIFY AND IMPLEMENT EFFICIENT AND EFFECTIVE BUSINESS AND OPERATIONAL PROCESSES          | 8 Corporate Operating Ratio              | 0.71           | 0.71           | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |
|  | 9 Corporate Productivity per FTE (\$000) | \$448          | \$462          | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |

Note: Due to the uncertainty associated with COVID-19, performance targets for 2020-21 and beyond are not included for this reporting year.

### LEGEND

- EXCEEDED TARGET BY 20% OR GREATER
- ON TARGET
- SLIGHTLY OFF TARGET BY UP TO 20%
- OFF TARGET BY GREATER THAN 20%
- TARGET INFORMATION NOT AVAILABLE

Ensuring SaskWater delivers safe and reliable potable, non-potable and wastewater services is integral for SaskWater's continued success.

SaskWater's **Pursuing Excellence** goal outlines five measures that evaluate SaskWater's success in meeting its infrastructure, water quality and internal operating targets. SaskWater customers can expect high-quality, safe drinking water that meets and/or exceeds regulatory requirements, delivered in the most efficient and economically sustainable manner possible.

The *System Reliability Index* tracks the reliability and efficiency of SaskWater's systems and services. This measure's success is based upon four main features: unplanned service interruptions, length of interruptions, compliance with interruption procedures and water loss. Each individual factor contributes to the index, with 20.00 being a perfect score. The 2019-20 *System Reliability Index* result is on target, meeting or exceeding the targets for all four index factors. Sustained investment into SaskWater's asset base and SaskWater's stringent asset management program continues to improve the measure's results on an annual basis.

The *Asset Renewal and Replacement* measure was below target for 2019-20. SaskWater establishes a percentage of the budget to be allocated to asset renewal and replacement projects. Several projects originally scheduled for 2019-20 were either delayed or cancelled. Reasons for project cancellations or delays were varied; however, the majority were the result of circumstances outside of SaskWater's control. SaskWater was unable to find ancillary projects that could have been responsibly expedited into 2019-20.

### Systems Reliability Index Factor Results

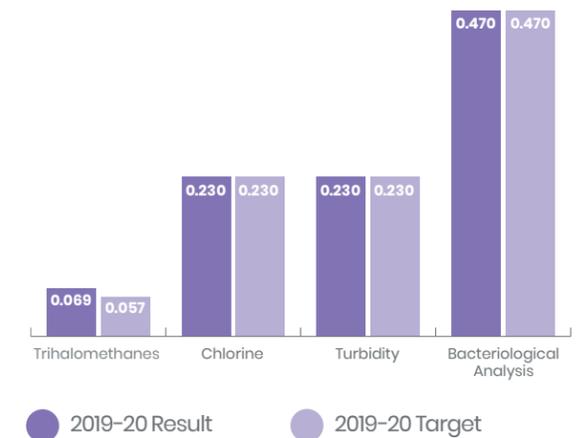
|   | 2019-2020 Factor Target | 2019-2020 Results |
|---|-------------------------|-------------------|
| <b>Unplanned Service Interruption Factor (USIF)</b> | 20                      | 15                |
| <b>Length of Interruption Factor (LIF)</b>          | 93.75%                  | 100%              |
| <b>Planned Service Interruption Factor (PSIF)</b>   | 95%                     | 100%              |
| <b>Water Loss Factor (WLF)</b>                      | 2.50%                   | 1.91%             |

The *Water Quality Index* measure identifies four critical factors that determine whether SaskWater is achieving high-quality water throughout SaskWater's potable water systems. The factors include chlorine, turbidity, bacteriological analysis and trihalomethanes (THMs). For the target calculation, each factor is given a weighted percentage based on risk and impact associated with their potential presence in the water source. The *Water Quality Index* measure was on target for 2019-20, with all SaskWater systems meeting each of the *Water Quality Index* factors. Full details regarding 2019 water quality results can be found in SaskWater's annual *Water Quality Report* located at [https://www.saskwater.com/media/publications/water\\_quality\\_report\\_saskwater\\_2019](https://www.saskwater.com/media/publications/water_quality_report_saskwater_2019)

SaskWater was successful in meeting its efficiency and productivity targets for 2019-20. The *Corporate Operating Ratio* measure quantifies this relationship by considering total operating and overhead costs in relationship to overall revenue. SaskWater achieved its 2019-20 target. Similarly, the *Corporate Productivity per FTE* measure tracks employee productivity by using a ratio of earned revenue to the number of FTEs in the organization. An FTE is all paid hours worked, including overtime hours. The 2019-20 result for this measure is above target.

SaskWater's efficiency and productivity measures are driven by SaskWater's corporate growth and focus on corporate efficiency and Crown collaboration. Since 2015-16, SaskWater has maintained an efficiency program that tracks and quantifies corporate efficiencies, including Crown collaboration initiatives where resources and expertise are shared amongst Saskatchewan's Crown sector. Additionally, SaskWater's Greenhouse Gas (GHG) Committee targets the reduction of SaskWater's overall GHG emissions. These initiatives typically represent operational efficiencies as well. As a result of SaskWater's Efficiency Program, Greenhouse Gas Committee and participation within Crown collaboration, SaskWater has experienced a reduction in overall corporate expense.

### WATER QUALITY INDEX FACTOR RESULTS



# 03

## VALUING EMPLOYEES

### KEY STRATEGIC OBJECTIVES

- Create a challenging and rewarding workplace
- Recruit and retain qualified people
- Provide a workplace that promotes safety and employee health and well-being

*"We provide employees with opportunities and challenges in an environment that is safe, inclusive, respectful and supportive to maximize their potential."*



### A tight squeeze

A strong safety culture is important to SaskWater and recent efforts to enhance safety awareness are showing results.

SaskWater encourages occupational health and safety training for employees and offers various opportunities to upgrade knowledge and skills. Among the skills regularly required of SaskWater Operations staff is Confined Space Entry and Rescue Training. In early 2019-20, when recently trained and recertified staff suggested a hands-on practice drill in the field to supplement their coursework, SaskWater managers were happy to oblige.

"Putting theory into practice helps identify unforeseen challenges that can arise with a rescue situation and prepares staff to react appropriately when the pressure is on," explained Darin Orb, Manager, District Operations, who oversaw the simulation drill.

Rynette Moore-Guillaume, Director, Operations, said the employees deserve to be proud of their efforts. "Management can offer training, but when the staff are going the extra mile to implement it, they're placing the kind of value on safety that's going to prevent incidents and keep our people safe," she said.

SaskWater intends to continue similar drills to supplement existing safety initiatives, which have prompted a marked improvement in safety reporting. More than 10,000 digital safety forms were completed in 2019-20.

## CHANGE FOR THE BETTER

### Implementing the tools and technology to excel

In the fast-paced corporate world, it is important that employees are equipped with the skills, abilities and tools they need to provide great customer service. In 2019-20, SaskWater juggled a number of initiatives designed to put its employees at the front of the pack, ready to deliver the unmatched service its customers expect.

"SaskWater is evolving to ensure that it can meet the needs of our customers and stakeholders," said Jacquie Gibney, SaskWater Vice President, Corporate and Customer Service.

Change took many forms throughout the year, ranging from new individual training opportunities, to brand development, to preparations for the pending overhaul of business applications.

One project saw SaskWater partner with Southeast College in Weyburn to design a series of management and leadership workshops intended to build on employees' core business, supervisory and leadership skills. A total of 15 employees participated.

"SaskWater's commitment to valuing people is demonstrated through investment in programs that develop practical skills and thereby positively impact the employee experience for everyone in the organization," explained Amanda Zarubin, SaskWater Director, Corporate Services.

Training in occupational health and safety for employees continued in 2019-20, to upgrade employee knowledge and skills with an emphasis on building a strong safety culture through incident reporting, technology upgrades and working alone safety guidelines.

As a result, SaskWater saw near miss and incident reporting improve by 30 per cent, while achieving zero lost time injuries and only one recordable injury.

Through increased tracking SaskWater's safety team hopes to prevent employees from being impacted to any degree in the future.

"Reporting a near miss provides an opportunity to educate others on being proactive rather than reactive,"

explained SaskWater's Occupational Health and Safety Manager, Miles Yeroschak. He noted crews have also engaged in more proactive training exercises this year.

Continuing with its ongoing marketing strategy and brand positioning project, SaskWater took an introspective look at what its employees want the SaskWater brand to portray. Through workshops, staff helped define the values and behaviours they hope will be associated with the SaskWater brand. Employees were also engaged in designing tools to support customers based on the results of a customer interview process.

"This work allows us to create and support better customer experiences – which is exactly the brand we are striving for – while preparing the SaskWater team to live the brand," explained Courtney Mihalicz, SaskWater Manager, Corporate Communications.

SaskWater also launched the first two phases of its business transformation project in 2019-20. This Enterprise Resource Planning (ERP) project, will improve automation and integration of key business processes related to financials, procurement, project management, enterprise asset management, human capital management and customer engagement. Ultimately, SaskWater's business applications will be upgraded to best-in-class integrated applications, offering significant benefits for SaskWater services and enhanced customer service.

"Employees will have improved access to tools and systems to support them, which will positively impact customer and stakeholder relations," said Gibney. She explained that with leading-edge ERP solutions, the data required to make effective decisions about the corporation's future is easily available.

"The world is changing and becoming more technologically advanced," Gibney added. "SaskWater must adapt in order to stay relevant, or risk falling behind."

While Phase 2 involves execution of the implementation plan, this important business transformation project will continue into next year.



# OUR PEOPLE

## Employees

At SaskWater, employees are the corporation's most important asset and provide a valuable connection to our customers, industry contacts and the general public.

SaskWater has approximately 131 employees working out of headquarters in Moose Jaw and offices in Regina, Saskatoon and Prince Albert, as well as the locations identified on the systems map on page 5.

SaskWater operates in a unionized environment; 86 of our permanent employees are members of the UNIFOR Union, Local 820.

## Diversity

At SaskWater, we understand the importance of a diverse workforce to support our operations and help us continue to be an innovative and forward-looking corporation.

SaskWater supports a representative workforce. Strategies include attraction, retention, training and promotion of those who fall into the Saskatchewan Human Rights Commission representative categories: women in under-represented positions, visible minorities, Indigenous people and persons with disabilities.

In 2019–20, members of these designated equity groups represented 27 per cent of SaskWater's workforce. To further support diversity, we continue to deliver an Indigenous Cultural Awareness Program to SaskWater employees. This year, six of our employees attended this program, bringing the percentage of staff who have taken this training to 90 per cent.

As part of their core training, SaskWater employees attend Crucial Conversations, a two-day interactive communication skills development workshop, aimed at contributing to a respectful working environment. Since this became part of the core training in 2016–17, 61 active employees (47 per cent) have attended, with an additional 19 employees already scheduled to attend in 2020–21.

## Training

SaskWater encourages and supports training in the areas of ongoing education, professional development and occupational health and safety for employees. Training is offered to upgrade employee knowledge and skills. This increases organizational effectiveness by raising overall employee performance and engagement. In 2019–20, 83 employees took part in training initiatives.

## Education

In the water and wastewater industry, education is important. Investing in post-secondary education is investing in SaskWater's future employees and the future workforce of Saskatchewan.

SaskWater's co-op terms show our commitment to recruiting promising young talent in Saskatchewan. SaskWater provided two eight-month co-op placements in 2019–20 at its Wakaw and Melfort locations.

## Balanced Scorecard

| STRATEGIC OBJECTIVE   | MEASURE                                  | 2019–20 | 2019–20 | INDICATOR LIGHT | 2020–21 | 2021–22 | 2022–23 | 2023–24 | 2024–25 |
|---|--|---------|---------|-----------------|---------|---------|---------|---------|---------|
|   |  | TARGET  | RESULT  |                 | TARGET  | TARGET  | TARGET  | TARGET  | TARGET  |
| CREATE A CHALLENGING AND REWARDING WORKPLACE                                | 10 Employee Engagement Survey            | N/A     | N/A     | ●               | N/A     | N/A     | N/A     | N/A     | N/A     |
| RECRUIT AND RETAIN QUALIFIED PEOPLE   | 11 Retention Rate                        | 92%     | 94%     | ●               | N/A     | N/A     | N/A     | N/A     | N/A     |
| PROVIDE A WORKPLACE THAT PROMOTES SAFETY AND EMPLOYEE HEALTH AND WELL-BEING | 12 Total Recordable Injury Rate (TRIR)   | 3.13    | 1.27    | ●               | N/A     | N/A     | N/A     | N/A     | N/A     |
|   | 13 Lost Time Injury Severity Rate (LTIS) | 15.63   | 0.00    | ●               | N/A     | N/A     | N/A     | N/A     | N/A     |

Note: Due to the uncertainty associated with COVID-19, performance targets for 2020-21 and beyond are not included for this reporting year.

### LEGEND

- EXCEEDED TARGET BY 20% OR GREATER
- ON TARGET
- SLIGHTLY OFF TARGET BY UP TO 20%
- OFF TARGET BY GREATER THAN 20%
- TARGET INFORMATION NOT AVAILABLE

SaskWater supports the growth and well-being of its employees. The **Valuing Employees** goal focuses on two main strategic objectives: creating a challenging and rewarding workplace and creating a workplace that promotes safety and employee health and well-being. SaskWater maintains four measures to gauge its success.

The *Employee Engagement Survey* is conducted biennially to track the effectiveness of employee engagement management strategies. SaskWater did not conduct an *Employee Engagement Survey* in 2019–20. The next *Employee Engagement Survey* is scheduled for 2020–21.

The *Retention Rate* measure tracks resignations/terminations and monitors trends that help inform workforce planning. Targets for this measure were set using benchmarks and historical data, and the targets for this measure are considered to be at the higher end of the benchmark range. SaskWater met the 2019–20 target with a 94 per cent retention rate.

SaskWater measures two types of Injury Rate measures: *Total Recordable Injury Rate (TRIR)* and *Lost Time Injury Severity Rate (LTIS)*. Each measure's

ultimate goal is to reduce all workplace injuries to zero. *TRIR* is calculated at the point in which an occupational injury requires medical treatment beyond standard first aid. *LTIS* calculates the number of days in which employees miss work as a result of an injury. SaskWater had one recordable injury in 2019–20; however the injury did not result in any lost time.

SaskWater's Safety Program continued to implement new safety measures. New policies and programs implemented during the year include the Chemical Safety Program, the Return to Work Program and the Contractor Safety Management Program. SaskWater also made updates to its Corporate Emergency Response Plan in order to properly navigate the organization through the COVID-19 pandemic. For 2020–21, SaskWater's Occupational Health & Safety team will identify the top high-risk work tasks for SaskWater and develop appropriate safe work procedures. SaskWater is also developing a Hearing Conservation Program scheduled to be released for next year.

# 04

## SUCCEEDING FINANCIALLY



### KEY STRATEGIC OBJECTIVES

- Achieve return on equity targets approved by shareholder
- Operate within debt ratio approved by shareholder

*“We are committed to sustainable financial growth that provides value to our shareholder, while offering competitive rates and supporting provincial growth through strategic investments and partnerships.”*

## 2019-20 FINANCIAL RESULTS

Earnings for 2019-20 are \$8.5 million.

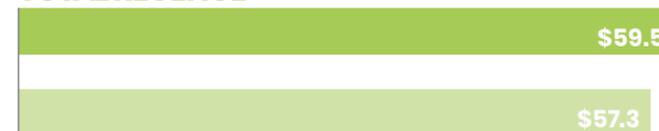
Total revenues increased by \$2.2 million to \$59.5 million for the current year, up from \$57.3 million in 2018-19. This is a 3.8 per cent increase over the last fiscal year.

### EARNINGS



● 2019-20 Result ● 2018-19 Result

### TOTAL REVENUE

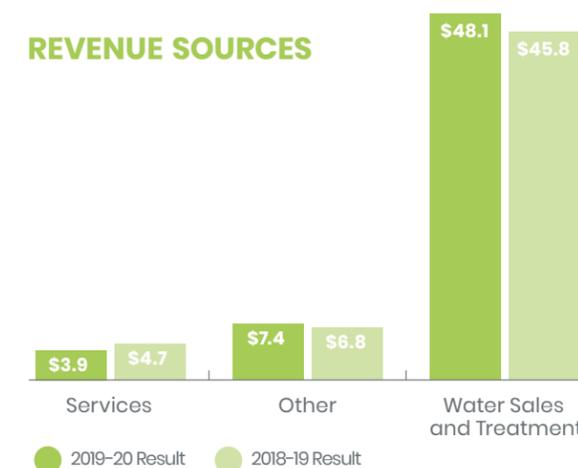


● 2019-20 Result ● 2018-19 Result

Revenues from water sales and treatment for the year increased by 5.1 per cent over 2018-19. Overall, potable water volumes were within 1 per cent of last year’s volumes, with the most notable change being lower volumes used by a manufacturing customer due to a fire at their plant. This was offset by the addition of Meadow Lake as a new potable water customer, beginning January 1, 2020. Potable water revenues increased by approximately \$1.6 million, largely attributable to the addition of Meadow Lake and increased revenues in areas where water is purchased from third parties, as rate increases were required to keep up with bulk water supply increases. Non-potable water sales fell approximately 7.8 per cent as potash customers reduced overall consumption in line with market conditions. Potash companies experienced a strong first quarter, but all implemented production cutbacks or mine closures over the remaining three quarters of 2019-20. Despite the decrease in consumption, revenues increased 1.6 per cent due to contractual increases and take or pay, or minimum charge contract requirements.

Revenues from other services include project management engineering, certified operation and maintenance, and training and support to a number of First Nations communities. Certified operation and maintenance revenues were up \$0.1 million or 3.6 per cent because of a full year’s revenue, compared to eight months in the previous year, for a new customer that began service in August 2018. Project management revenues were negligible in 2019-20 as project management

### REVENUE SOURCES

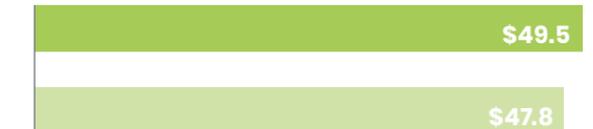


● 2019-20 Result ● 2018-19 Result

is an on demand service line, with significant focus on the potash industry, and there was very little demand for the service this past year. The remainder of the service lines of business stayed relatively consistent year over year.

Other revenues experienced an increase of \$0.6 million with the majority of that coming from increased amortization of customer contributions, offsetting associated depreciation with the addition of new infrastructure put in service during the year.

### TOTAL OPERATING EXPENSES



● 2019-20 Result ● 2018-19 Result

Total operating expenses increased by \$1.6 million or 3.4 per cent to \$49.5 million for the year, up from \$47.8 million in 2018-19.

Salaries and benefits increased during the year by \$0.2 million or 1.3 per cent as compared to 2018-19. With the addition of Meadow Lake, SaskWater required additional staff to operate the facility which accounted for the majority of the increase.

Operations Maintenance and Administration (OM&A) expenses for the year decreased by \$0.2 million or 2.2 per cent as compared to 2018-19. In line with decreased project management revenues, the associated OM&A expenses to support project management work decreased \$0.5 million. This was partially offset by annual licensing costs for new Enterprise Resource Planning (ERP) software. During the year, SaskWater developed an implementation plan for the new ERP software. Implementation began in March 2020, and is expected to run through fiscal 2022.



Depreciation of property, plant and equipment rose \$0.7 million over 2018-19 primarily as a result of investment in new facilities. During 2019-20, SaskWater invested \$15.4 million for new customer and growth-related infrastructure as well as \$5.0 million for replacement, upgrade-related infrastructure and equipment purchases during the year.

Bulk water purchases are amounts paid to buy potable water from other treatment plants, which is then distributed to SaskWater customers, in lieu of SaskWater building its own water treatment plant (WTP). This is largely paid to the City of Saskatoon, with some purchases also from the Buffalo Pound Water Administration Board, the City of Regina and the City of Moose Jaw. Bulk water purchases during the year were \$0.8 million or 7.8 per cent higher than 2018-19, mainly as a result of rate increases applied by treatment plant owners in those areas.

Net finance expense decreased by \$0.3 million compared to 2018-19. The largest factor in the change was realized gains on debt retirement fund redemptions, which amounted to \$0.4 million. This was offset by additional interest costs in line with additional debt required to partially fund our capital program.

## Capital Investment

During the year, \$24.4 million was spent on capital projects, including new construction and expansion of facilities, existing infrastructure refurbishment and asset management programs. SaskWater invested \$20.4 million from its own source funds and the remainder was received from customers as contributions in aid of capital. Major projects or purchases in the current year include:

- The substantial completion of the new Melville WTP, non-potable supply wells and pipeline. The majority of the work during the year focused on the completion of the WTP. The plant became operational late in March 2020 and we began a new contract with Melville effective April 1, 2020.
- The acquisition of the Meadow Lake WTP assets. SaskWater took over ownership of the assets January 1, 2020.

Total investment in new customer assets and expansion of existing infrastructure was \$15.4 million.

Upgrades to existing infrastructure totaled \$1.3 million as work began on the Melfort WTP clarifier and building expansion project. Also included was a \$0.4 million of investment in our greenhouse gas reduction program.

SaskWater also refurbished over \$2.2 million in assets on the Saskatoon Southeast Water Supply (SSEWS) canal system. The work included improved flow monitoring, bridge inspections and repairs, the replacement of several inline culverts as well as several cross drains that allow natural drainage to cross the canal.

## Key Financial Data

| (\$ millions)             | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---------------------------|------------------------------|------------------------------|
| <b>Total Assets</b>       | \$372.0                      | \$359.7                      |
| <b>Return on Equity</b>   | 11.3%                        | 10.7%                        |
| <b>Debt Ratio</b>         | 50.0%                        | 46.1%                        |
| <b>Dividends Declared</b> | \$4.176                      | \$3.745                      |

## Liquidity and Capital Resources

SaskWater secures capital investment dollars through a combination of internally generated cash from operations and from debt arranged through the Government of Saskatchewan, Ministry of Finance. The maximum short-term borrowing and maximum total borrowing are established by order-in-council as follows:

| Financing (\$ millions)              | Authorized | Outstanding at<br>March 31, 2020 |
|--------------------------------------|------------|----------------------------------|
| <b>Short Term (promissory notes)</b> | \$ 30.0    | \$ 11.0                          |
| <b>Total (including short term)</b>  | \$ 130.0   | \$ 87.4                          |

## New Accounting Standards in the Current Year

SaskWater adopted the following new and amended standards and interpretations effective April 1, 2019:

### IFRS 16 Leases

Effective April 1, 2019, the Corporation has adopted the new accounting standard for leases, IFRS 16. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. As part of transition to the new standard SaskWater elected to adopt IFRS 16 using the modified retrospective approach. Therefore, comparative information has not been restated and continues to be reported under the previous standard, IAS 17.

As part of the initial application of IFRS 16, the Corporation has utilized the following recognition exemptions and practical expedients:

- applied the exemption not to apply the requirements to short-term leases and leases for which the underlying asset is low value;
- to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- not to apply the requirements to leases for which the lease term ends within 12 months of the date of initial application;
- not to reassess contracts not previously identified as a lease under IAS 17 or IFRIC 4 at the date of initial application;
- using hindsight to determine the lease term where the contract contains options to extend or terminate the lease.

## 2020-21 Outlook

For 2020-21, SaskWater will continue our focus on growing the core lines of business, concentrating on our ongoing efforts to pursue regional opportunities to leverage economies of scale and achieve a lower life cycle cost for potential customer communities. Continued efforts to maximize cost efficiencies and explore opportunities for collaboration will also be a priority. Additional strategic projects for the coming year will include the implementation of new Enterprise Resource Planning software as well as an updated strategic plan, a brand project and executing a capital plan that will help ensure services continue to be provided and address growth opportunities.

While SaskWater is anticipating another productive and successful year operationally, the effects and impacts of the COVID-19 pandemic create some uncertainties. Management has assessed and continues to monitor the current impact of COVID-19 on its operations. The magnitude and duration of COVID-19 remains uncertain and, if it causes significant disruption for an extended period of time, the impacts to SaskWater will likely increase. Potential impacts include loss of revenue, potential supply chain disruption, challenges associated with a remote workforce and potential asset impairment.

From an investment perspective, SaskWater has planned for a number of water and wastewater infrastructure projects in the province.

Investments will include:

- Pierceland Lagoon Expansion – Upgrades to facility for regulation compliance
- Melfort WTP and Clarifier Upgrade – System reliability associated with contract re-negotiations
- White City – Pipeline expansion
- SSEWS Canal Improvements – Structure replacement program
- ERP Implementation
- General Asset Management Projects

## Future Accounting Changes

The following standards or amendments to standards have been issued but are not effective for the year ended March 31, 2020:

Amendments to the *Conceptual framework for financial reporting*

Amendments to IAS 1 *Presentation of financial statements*

Amendments to IAS 8 *Accounting policies, Change in Accounting Estimates and Errors*

The corporation is reviewing the amendments to determine the potential impact to the financial statements and disclosure but at this time expects that there will be minimal impact as a result of the amendments to the standards.

### Key Financial Data (\$ millions)

| Year     | Total Comprehensive Income | Revenue | Total Assets | Return on Average Equity | Debt Ratio |
|----------|----------------------------|---------|--------------|--------------------------|------------|
| 2019-20  | \$8.5                      | \$59.5  | \$372.0      | 11.3%                    | 50.0%      |
| 2018-19  | \$7.9                      | \$57.3  | \$359.7      | 10.7%                    | 46.1%      |
| 2017-18  | \$8.2                      | \$56.9  | \$351.9      | 12.5%                    | 46.6%      |
| 2016-17  | \$6.5                      | \$53.0  | \$338.1      | 11.0%                    | 44.7%      |
| 2015-16  | \$5.6                      | \$48.0  | \$328.9      | 10.3%                    | 45.7%      |
| 2015-16* | \$7.4                      | \$59.0  | \$328.9      | 13.7%                    | 45.7%      |

2015-16\* – Data is for the 15-month period from January 1, 2015 – March 31, 2016

### Key Operational Data

| Year     | Total Customer Accounts | Total Sales Volumes (million cubic metres) | Kilometres of Potable and Non-potable Pipeline | Full-Time Equivalent Employees |
|----------|-------------------------|--|--|--------------------------------|
| 2019-20  | 415                     | 45.6 M M3                                  | 942  | 128.8                          |
| 2018-19  | 415                     | 48.7 M M3                                  | 967  | 129.7                          |
| 2017-18  | 414                     | 44.7 M M3                                  | 964  | 126.9                          |
| 2016-17  | 414                     | 43.9 M M3                                  | 935  | 123.9                          |
| 2015-16  | 411                     | 46.8 M M3                                  | 935  | 120.0                          |
| 2015-16* | 411                     | 57.4 M M3                                  | 935  | 120.0                          |

2015-16\* – Data is for the 15-month period from January 1, 2015 – March 31, 2016

## RISK MANAGEMENT

Providing safe, reliable and sustainable water and wastewater services is subject to risks that can affect the achievement of SaskWater's strategic goals and objectives. SaskWater manages risk through an Enterprise Risk Management (ERM) program designed to minimize the impact of risks and enable the corporation to achieve business goals and performance objectives. To ensure consistent risk management, SaskWater has implemented an Enterprise Risk Management Policy that provides an approach to manage risks and establishes the roles and responsibilities throughout the organization.

The Executive Committee is responsible for identifying risks that impact the corporation's strategic objectives and for implementing mitigation measures to manage those risks. The Board of Directors provides oversight to ensure an acceptable risk management program is in place. As part of this oversight, the Board receives an annual update that provides a broad overview of the top risks and their mitigation measures.

The following discussion outlines the top 2019-20 corporate risks and the strategies implemented to address them.

### Changing Competitive Market

SaskWater's growth strategy is dependent on the development, acquisition and operation of municipal, regional and industrial water and/or wastewater systems in Saskatchewan. As part of this strategy, SaskWater is looking to broaden current services and to expand into new service areas and lines of business.

SaskWater's major competitors are municipalities themselves. Communities choose to operate their own water and wastewater facilities either because they view third party services as too expensive, or do not want to lose control of their water and wastewater services. Larger municipalities often provide regional services to adjacent communities as a revenue generation strategy.

Increased competition by municipalities may result in the loss of new business opportunities or result in non-renewal or loss of existing service contracts. Municipalities are assumed to operate their water service with lower overhead costs, with little to no profit requirements, resulting in the perception that municipal operation of water services can be achieved at less cost than SaskWater. This perception is a challenge for SaskWater in terms of being recognized as a competitive service provider.

The mitigation strategies for this risk include:

- development of strategic plan and business plan
- implementing a brand strategy
- development of targeted marketing strategy, including annual review of growth targets
- development and training of business development group
- obtaining feedback from customers regarding customer relations and service
- maintaining an external presence at key customer events, such as the Saskatchewan Urban Municipalities Association and Saskatchewan Association of Rural Municipalities conventions

### Financial Dependence on Industrial Customers

The majority of SaskWater's revenues are from resource-based industrial customers, and are therefore susceptible to the fluctuations within the resource sector. This is a challenge as many of SaskWater's industrial customers are served through volumetric-based rates.

The resource sector is subject to global market forces and significant production swings. Demand for resources is influenced by many global economic and environmental factors, such as commodity price, formation or changes in corporate consortiums, population, global trade environment and weather/climate conditions. As economic conditions have a significant influence on the consumption patterns of industrial customers, any change to production and investment decisions could either negatively or positively impact the demand for services offered by SaskWater.

The strategies SaskWater uses to mitigate this risk include:

- an annual review of potable and non-potable rates using an industry standard cost of service methodology
- identifying minimum purchase requirements in contracts to offset the effect of volatility in service needs
- reinforcing a corporate culture to identify and implement cost-efficient operations
- pursuing business development activities that focus on diversifying the customer base in other areas, with an emphasis on leveraging existing regional water supply systems



## Dependency on third party suppliers

SaskWater purchases potable water from several third party suppliers and redistributes it to SaskWater customers along a pipeline route. These systems use existing infrastructure to keep overall costs low for the end-user. With these arrangements, SaskWater is reliant on the third party supplier to provide reliable potable water that meets regulatory requirements. SaskWater may be impacted when third party suppliers are unable to meet their obligations due to technical or infrastructure issues, because of concerns relating to source water quality or due to their own growth plan requirements. In the vast majority of cases, third party suppliers are meeting their obligations and often meet or exceed regulatory requirements.

SaskWater is also subjected to rate increases from third party suppliers with little warning. In these instances, the corporation is unable to pass on that cost directly to customers. Depending on the timing of the rate change, the period of time it's implemented for and the corporation's ability to pass on the cost, it has a direct impact on cost recovery. In order to mitigate the above concerns, SaskWater continues to build and maintain positive relationships with its third party suppliers.

## Grant Funding

The availability of grants has both a positive and negative impact on SaskWater's growth prospects. Grants provide the necessary capital dollars required to make a project viable, by lowering customer rates; however, they can also result in customers deciding to pursue projects on their own without SaskWater's involvement. Delays in grant funding can also impede growth expectations, where customers may choose to wait for grants, rather than proceed with their own water or wastewater project.

The mitigation strategies for this risk include:

- collaborating with customers, and government and non-government stakeholders on grant programs that would best support community needs

- maintaining awareness of grant programs and building strong relationships with program administrators to ensure all information required is provided
- promoting regional systems that would serve a larger population base, allowing for more per capita benefit from grant dollars

## Contamination of Water Supplies

For drinking water, high-quality standards are essential to the health and well-being of the public. Contamination of drinking water, either by biological pathogens or chemical pollutants, can cause illness. In the case of biological contamination, boil water advisories are put in place to protect human health.

Contamination of potable water systems can result from factors such as inadequate or inappropriate treatment processes, failure to maintain appropriate levels of residual chlorine in water supplies or external contaminants entering potable water systems.

Contamination of source water can occur from naturally occurring compounds, chemicals in groundwater systems and pollution from man-made sources. Contamination of source water can be the result of one incident or due to long-term exposure that can degrade the quality of water over time.

The contamination of potable supplies and/or the source water can have implications to service delivery and may require costly infrastructure upgrades and/or an alternate supply of water.

Consequently, potable water is a highly regulated resource, and any issues that may occur require urgent response. If a contamination were to occur, services might be either suspended or reduced until the contamination is cleared.

SaskWater's operations are monitored with stringent water treatment standards and controls covering quality of treated water; the number, frequency and form of water quality testing; and mandatory improvement to the water treatment

processes, if required. SaskWater strives to meet or exceed the regulatory requirements for treatment on all of its potable water supply systems to ensure the health and safety of customers.

Other mitigation strategies include:

- a corporate Water Quality Policy, whereby the corporation is required to meet or exceed provincial water quality regulations at its owned water treatment and supply facilities and Certified Operation and Maintenance sites
- extensive water quality testing and reporting
- ensuring system operators meet or exceed the regulatory requirements for education and training
- working closely with the regulatory agencies regarding SaskWater's waterworks infrastructure and participating in consultations about potential future regulatory changes
- a remote monitoring system that is operated 24 hours a day, 365 days a year, to augment manual operations and provide instant alarms in case of problems
- procedures to notify customers about precautionary drinking water advisories or boil water orders
- researching, testing and implementing new technologies and techniques to improve the quality of source and drinking water
- Quality Control and Quality Assurance and Emergency Response plans are in place
- day-to-day management and oversight of facilities

## Service Interruptions and Failures

Water and wastewater works are subject to potential service interruptions, such as asset failures, which could impact customer satisfaction and the corporation's reputation and financial position. SaskWater has systems and assets, including water and wastewater treatment facilities and/or equipment, pipelines, pump stations and

booster stations. Some of these assets may require replacement due to their age and/or condition. Aging assets are expensive to maintain, operate and replace and have the potential to result in service interruptions if not properly maintained.

SaskWater's water and wastewater infrastructure is subject to other operational risks, including mechanical failure, accidents, storms, power failure and other *force majeure* events. Any of these situations may result in service interruptions.

Service interruptions can have an impact on both SaskWater and its customers. Customers run the risk of having no water for consumption or production purposes, which will impact customer satisfaction. With any service interruption, SaskWater runs the risk of negative impacts to revenue.

Strategies in place to mitigate these risks include:

- an asset management system to proactively manage asset refurbishment
- targeted capital spending on asset refurbishment for all of SaskWater's systems, particularly for those systems that require critical asset upgrades
- emergency response plans in place for individual facilities
- vulnerability assessments, including site security
- contact procedures to notify customers in cases of service interruption
- remote monitoring 24 hours a day, 365 days a year, to provide instant alarms in case of problems
- systems designed with some redundancy to minimize downtime
- third party system audits every five years to identify potential issues
- customers are encouraged to have water storage reserves to meet their needs in cases of service interruptions; in extreme circumstances, water may be hauled from other locations
- presence of liability insurance



## Employee Engagement

Having a positive relationship with SaskWater's employees is critical to the success of the organization and the provision of safe, reliable water and wastewater services to customers. Employee engagement and empowerment are cornerstones in having a productive and innovative environment. Any changes to the organization that occur due to mandate, corporate decisions and/or legislative changes could result in a misunderstanding by employees and affect relationships, particularly if those changes are not communicated properly.

Negative implications of deteriorating employee relationships are loss of productivity, a decline in employee/employer trust and possible labour disruptions with in-scope employees.

SaskWater manages this risk by:

- promoting its commitment to train staff
- maintaining a competitive remuneration package
- having a commitment to a safe work environment
- implementing an employee performance management system designed to link corporate objectives with individual work plans and to provide constructive feedback on performance
- communicating the corporation's plans and activities via an employee newsletter
- monitoring engagement levels through an employee engagement survey
- having regular meetings with the management, staff and/or union to discuss any issues related to policy, mandate, corporate direction and/or legislative changes

## SaskWater's Brand

Brand is essential to organizations, as it defines how they are unique and influences how programs are delivered to customers. It defines the journey that customers are exposed to when working with an organization and the reputation it has as a service provider. Enhancing SaskWater's brand is important, as strong reputations dictate where people purchase goods and services and where people work.

SaskWater is challenged externally with respect to its brand. SaskWater is not well understood in regard to the service it provides. Confusion exists with provincial government agencies, Crown corporations, municipalities and the general public regarding SaskWater's role in the water sector in Saskatchewan. Much of this confusion is tied to SaskWater's past history, when SaskWater and the Water Security Agency were one entity.

This lack of understanding has limited the opportunities to be invited by potential customers and/or agencies that would be of value/importance to SaskWater and the customer.

Mitigation measures include:

- developing and implementing a brand strategy for SaskWater
- providing a corporate focus on safe, reliable water service supported by policies, training, system maintenance and asset refurbishment
- having a community investment policy targeted at supporting customer communities through sponsorships and donations
- implementing customer engagement meetings to discuss service and issues that customers may have

## Balanced Scorecard

| STRATEGIC OBJECTIVE                                      | MEASURE                    | 2019-20 TARGET | 2019-20 RESULT | INDICATOR LIGHT | 2020-21 TARGET | 2021-22 TARGET | 2022-23 TARGET | 2023-24 TARGET | 2024-25 TARGET |
|--|----------------------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| ACHIEVE RETURN ON EQUITY TARGETS APPROVED BY SHAREHOLDER | 14 Return on Equity        | 9.0%           | 11.3%          | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |
| OPERATE WITHIN DEBT RATIO APPROVED BY SHAREHOLDER        | 15 Debt to Debt and Equity | 54.5%          | 50.0%          | ●               | N/A            | N/A            | N/A            | N/A            | N/A            |

Note: Due to the uncertainty associated with COVID-19, performance targets for 2020-21 and beyond are not included for this reporting year.

### LEGEND

- EXCEEDED TARGET BY 20% OR GREATER
- ON TARGET
- SLIGHTLY OFF TARGET BY UP TO 20%
- OFF TARGET BY GREATER THAN 20%
- TARGET INFORMATION NOT AVAILABLE

SaskWater continues to be a financially viable organization. Two priority areas for the **Succeeding Financially** goal include: achieving the return on equity targets approved by shareholder and operating within a debt ratio approved by shareholder.

The *Return on Equity* measure exceeded target. Four out of five major lines of business, potable, non-potable, certified operation and maintenance and wastewater increased in revenue year-to-year, with project management revenue decreasing.

The *Debt to Debt and Equity* measure was lower than anticipated. This was the result of a less-than-expected capital spend for the year. SaskWater, however, remains below its targeted debt to equity threshold of 60 per cent for the corporation, allowing for future project development and sustained asset investment.

The financial success experienced by SaskWater has been achieved largely through the corporation's growth strategy. SaskWater has also made improvements on the water supply agreements that were signed prior to 2005, which has resulted in financial stability for the corporation.

## Management's Report on Internal Control over Financial Reporting

I, Doug Matthies, the President and Chief Executive Officer, and I, Danny Bollinger, Director, Financial Services and Chief Financial Officer, certify the following:

- a. That we have reviewed the financial statements included in the Annual Report of SaskWater. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2020
- b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of SaskWater do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.
- c. That SaskWater is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskWater has designed internal controls over financial reporting that are appropriate to the circumstances of SaskWater.
- d. That SaskWater conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, SaskWater can provide reasonable assurance that internal controls over financial reporting as of March 31, 2020, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management,



Doug Matthies  
President and CEO



Danny Bollinger  
Director, Financial Services and Chief Financial Officer

May 20, 2020

## Management's Responsibility

Management has prepared the financial statements of the corporation in accordance with International Financial Reporting Standards. The financial data included elsewhere in this report is consistent with these statements and the underlying information from which the corporation prepared them.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the corporation maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the corporation.

Deloitte LLP, the corporation's external auditors, have audited the March 31, 2020, financial statements and their report follows. The Audit and Finance Committee reviews the financial statements and management's discussion and analysis and recommends their approval to the Board of Directors. The Board of Directors of SaskWater has examined and approved the statements.

On behalf of the corporation,



Doug Matthies  
President and CEO



Danny Bollinger  
Director, Financial Services and Chief Financial Officer

May 20, 2020

## Independent Auditor's Report

To the Members of the Legislative Assembly  
Province of Saskatchewan

### Opinion

We have audited the financial statements of Saskatchewan Water Corporation (the "Company"), which comprise the statement of financial position as at March 31, 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the 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 Company as at March 31, 2020, and its financial performance and its cash flows for the year 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 Company 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.

### 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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..

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  
May 20, 2020  
Regina, Saskatchewan

## Statement of Comprehensive Income

for the year ended  
(thousands of dollars)

|  | March 31<br>2020 | March 31<br>2019 |
|--|------------------|------------------|
| <b>Revenue (note 4)</b>                                    |                  |                  |
| Water sales and treatment                                  | \$ 48,117        | \$ 45,765        |
| Services   | 3,951            | 4,689            |
| Other  | 7,389            | 6,836            |
|  | <u>59,457</u>    | <u>57,290</u>    |
| <b>Expenses</b>  |                  |                  |
| Salaries and benefits                                      | 13,681           | 13,499           |
| Operations, maintenance and administration                 | 10,140           | 10,367           |
| Depreciation   | 13,041           | 12,293           |
| Bulk water purchases                                       | 11,718           | 10,873           |
| Saskatchewan taxes   | 894              | 801              |
|  | <u>49,474</u>    | <u>47,833</u>    |
| <b>Net income before the following</b>                     | <b>9,983</b>     | <b>9,457</b>     |
| Finance income   | 895              | 368              |
| Finance expense  | (2,526)          | (2,335)          |
| <b>Net finance expense (note 5)</b>                        | <b>(1,631)</b>   | <b>(1,967)</b>   |
| <b>Net income</b>  | <b>8,352</b>     | <b>7,490</b>     |
| Other comprehensive income                                 |                  |                  |
| Debt retirement fund change in fair value                  | 144              | 353              |
| Realized gains on debt retirement fund redemptions         | 384              | —                |
| Re-classification of realized gains to net finance expense | (384)            | —                |
| Net actuarial gains on retiring allowance                  | 4                | 10               |
|  | <u>148</u>       | <u>363</u>       |
| <b>Total comprehensive income</b>                          | <b>\$ 8,500</b>  | <b>\$ 7,853</b>  |

See accompanying notes

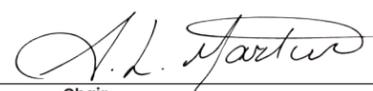
## Statement of Financial Position

as at  
(thousands of dollars)

|  | March 31<br>2020  | March 31<br>2019  |
|--|-------------------|-------------------|
| <b>Assets</b>                                      |                   |                   |
| <b>Current assets</b>                              |                   |                   |
| Cash   | \$ 1,912          | \$ 2,046          |
| Trade and other receivables (note 6)               | 9,023             | 7,603             |
| Prepaid expenses and inventories (note 7)          | 1,239             | 891               |
| Current portion of deferred charges                | 13                | 13                |
|  | <u>12,187</u>     | <u>10,553</u>     |
| <b>Deferred charges</b>                            | 268               | 281               |
| <b>Investment - debt retirement funds (note 8)</b> | 11,410            | 15,057            |
| <b>Right-of-use assets (note 9)</b>                | 3,532             | —                 |
| <b>Property, plant and equipment (note 10)</b>     | 344,610           | 333,762           |
|  | <u>\$ 372,007</u> | <u>\$ 359,653</u> |
| <b>Liabilities and Province's Equity</b>           |                   |                   |
| <b>Current liabilities</b>                         |                   |                   |
| Trade and other payables (note 11)                 | \$ 7,714          | \$ 10,290         |
| Notes payable (note 12)                            | 10,994            | —                 |
| Dividends payable (note 13)                        | 1,549             | 2,509             |
| Current portion of deferred revenue (note 14)      | 6,856             | 6,359             |
| Current portion of provisions (note 15)            | 169               | 190               |
| Current portion of lease liabilities (note 16)     | 608               | —                 |
| Current portion of long-term debt (note 17)        | —                 | 9,593             |
|  | <u>27,890</u>     | <u>28,941</u>     |
| <b>Deferred revenue (note 14)</b>                  | 187,812           | 191,133           |
| <b>Provisions (note 15)</b>                        | 265               | 461               |
| <b>Lease liabilities (note 16)</b>                 | 2,954             | —                 |
| <b>Long-term debt (note 17)</b>                    | 76,393            | 66,800            |
| <b>Employee benefits (note 18)</b>                 | 599               | 548               |
|  | <u>295,913</u>    | <u>287,883</u>    |
| <b>Province's equity</b>                           |                   |                   |
| Equity advance (note 19)                           | 8,700             | 8,700             |
| Accumulated other comprehensive income             | 335               | 187               |
| Retained earnings                                  | 67,059            | 62,883            |
|  | <u>76,094</u>     | <u>71,770</u>     |
|  | <u>\$ 372,007</u> | <u>\$ 359,653</u> |

Commitments and contingencies (note 20)

See accompanying notes

On behalf of the Board:    
Chair Director

## Statement of Changes in Equity

for the year ended  
(thousands of dollars)

|                                | Equity<br>Advances | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Retained<br>Earnings | Total            |
|--------------------------------|--------------------|--|----------------------|------------------|
| <b>Balance, March 31, 2018</b> | \$ 8,700           | \$ (176)   | \$ 59,138            | \$ 67,662        |
| Net income                     | —                  | —  | 7,490                | 7,490            |
| Other comprehensive income     | —                  | 363  | —                    | 363              |
| Dividends                      | —                  | —  | (3,745)              | (3,745)          |
| <b>Balance, March 31, 2019</b> | <b>8,700</b>       | <b>187</b>   | <b>62,883</b>        | <b>71,770</b>    |
| Net income                     | —                  | —  | 8,352                | 8,352            |
| Other comprehensive income     | —                  | 148  | —                    | 148              |
| Dividends                      | —                  | —  | (4,176)              | (4,176)          |
| <b>Balance, March 31, 2020</b> | <b>\$ 8,700</b>    | <b>\$ 335</b>  | <b>\$ 67,059</b>     | <b>\$ 76,094</b> |

See accompanying notes

## Statement of Cash Flows

for the year ended  
(thousands of dollars)

|   | March 31<br>2020 | March 31<br>2019 |
|---|------------------|------------------|
| <b>Operating activities</b>                           |                  |                  |
| Net income  | \$ 8,352         | \$ 7,490         |
| Items not affecting cash from operations:             |                  |                  |
| Depreciation  | 13,041           | 12,293           |
| Amortization of deferred revenue                      | (6,908)          | (6,361)          |
| Amortization of provisions                            | (256)            | (208)            |
| Employee benefits                                     | 55               | 34               |
| Net financing expense                                 | 1,631            | 1,967            |
| Loss on disposal of property, plant and equipment     | 8                | 5                |
| Change in non-cash working capital items:             |                  |                  |
| Trade and other receivables                           | (1,420)          | 2,158            |
| Prepaid expenses and inventories                      | (348)            | 161              |
| Deferred charges                                      | 13               | (253)            |
| Trade and other payables                              | (2,561)          | 2,555            |
| Deferred revenue                                      | 4,084            | 686              |
| Interest paid   | (2,756)          | (2,401)          |
| Interest received                                     | 100              | 50               |
| <b>Cash provided by operating activities</b>          | <b>13,035</b>    | <b>18,176</b>    |
| <b>Investing activities</b>                           |                  |                  |
| Property, plant and equipment expenditures            | (24,042)         | (24,163)         |
| Proceeds on disposal of property, plant and equipment | 1,037            | 166              |
| <b>Cash used in investing activities</b>              | <b>(23,005)</b>  | <b>(23,997)</b>  |
| <b>Financing activities</b>                           |                  |                  |
| Lease payments  | (599)            | —                |
| Proceeds from long-term debt                          | 9,593            | 10,000           |
| Repayment of long-term debt                           | (9,593)          | —                |
| Advance of notes payable                              | 20,033           | —                |
| Repayment of notes payable                            | (9,039)          | (5,000)          |
| Debt retirement fund installments                     | (1,929)          | (1,991)          |
| Debt retirement fund redemptions                      | 6,506            | —                |
| Dividends paid  | (5,136)          | (1,900)          |
| <b>Cash provided by financing activities</b>          | <b>9,836</b>     | <b>1,109</b>     |
| <b>Decrease in cash</b>                               | <b>(134)</b>     | <b>(4,712)</b>   |
| <b>Cash, beginning of year</b>                        | <b>2,046</b>     | <b>6,758</b>     |
| <b>Cash, end of year</b>                              | <b>\$ 1,912</b>  | <b>\$ 2,046</b>  |

See accompanying notes

# Notes to the Financial Statements

March 31, 2020

(thousands of dollars)

## 1. General information

The Saskatchewan Water Corporation (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office and principal place of business is 200-111 Fairford Street East, Moose Jaw, SK, S6H 1C8.

The Corporation was established on July 1, 1984 under the authority of *The Water Corporation Act* which remained in effect until September 30, 2002. On October 1, 2002 *The Saskatchewan Water Corporation Act* was proclaimed.

By virtue of *The Crown Corporations Act, 1993*, the Corporation has been designated as a subsidiary of Crown Investments Corporation of Saskatchewan (CIC). Accordingly, the financial results of the Corporation are included in the consolidated financial statements of CIC, a Provincial Crown corporation. As the Corporation is a Provincial Crown corporation, it is not subject to Federal or Provincial income taxes in Canada, but is subject to Provincial corporate capital tax.

The principal activity of the Corporation is to construct, acquire, manage or operate water facilities and to provide services in accordance with any agreements that it enters into pursuant to *The Saskatchewan Water Corporation Act*.

## 2. Basis of preparation

### a) Statement of compliance

The Corporation's financial statements are prepared by management in accordance with International Financial Reporting Standards (IFRS). These financial statements were approved and authorized for issue by the Board of Directors on May 21, 2020.

### b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 3(n).
- Provisions defined in Note 3(h).
- Employee benefit obligations defined in Note 3(k).

### c) Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Corporation's functional currency.

### d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date under current market conditions (exit price). The Corporation's own credit risk and the credit risk of the counterparty have been taken into account in determining the fair value of financial assets and liabilities. The Corporation has classified the fair value of its financial instruments as level 1, 2, or 3 (Note 22) as defined below:

Level 1 — Fair Values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Corporation has immediate access.

Level 2 — Fair Values are determined using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Debt retirement funds are valued at closing period-end unit prices received from the Saskatchewan Ministry of Finance. In all other circumstances, valuations are determined with reference to similar actively traded instruments. All long-term debt obligations are estimated using discounted cash flow analysis based on current market yields for similar arrangements.

Level 3 — Fair values are determined based on inputs for the asset or liability that are not based on observable market data.

### e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the accounting policy in Note 3, and the following notes:

- Note 6 — trade and other receivables
- Note 9 — right-of-use assets
- Note 10 — depreciation of property, plant and equipment
- Note 14 — deferred revenue
- Note 15 — provisions
- Note 16 — lease liabilities
- Note 18 — measurement of employee benefits
- Note 20 — commitments and contingencies

### f) New standards and interpretations that came into effect during the year

The Corporation adopted the following new and amended standards and interpretations effective April 1, 2019:

IFRS 16 Leases

Effective April 1, 2019, the Corporation has adopted the new accounting standard for leases, IFRS 16. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Corporation elected to adopt IFRS 16 using the modified retrospective approach on transition. Comparative information has not been restated and continues to be reported under IAS 17, Leases.

# Notes to the Financial Statements

March 31, 2020

(thousands of dollars)

## 2. Basis of preparation (continued)

The impact on the financial statements as at April 1, 2019 is as follows:

|                                      | March 31<br>2019 | Adjustments<br>as a result<br>of IFRS 16<br>adoption | April 1<br>2019 |
|--------------------------------------|------------------|--|-----------------|
| <b>Assets</b>                        |                  |  |                 |
| Right-of-use assets                  | \$ —             | \$ 3,873   | \$ 3,873        |
|                                      | <b>\$ —</b>      | <b>\$ 3,873</b>                                      | <b>\$ 3,873</b> |
| <b>Liabilities</b>                   |                  |  |                 |
| Current portion of lease liabilities | \$ —             | \$ 264   | \$ 264          |
| Lease liabilities                    | \$ —             | \$ 3,609   | \$ 3,609        |
|                                      | <b>\$ —</b>      | <b>\$ 3,873</b>                                      | <b>\$ 3,873</b> |

As part of the initial application of IFRS 16, the Corporation has utilized the following recognition exemptions and practical expedients:

- applied the exemption not to apply the requirements to short term leases and leases for which the underlying asset is low value;
- not to reassess contracts not previously identified as a lease under IAS 17 or IFRIC 4 at the date of initial application;
- to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- not to apply the requirements to leases for which the lease term ends within 12 months of the date of initial application;
- using hindsight to determine the lease term where the contract contains options to extend or terminate the lease.

As at March 31, 2019, the Corporation's commitment for future lease payments, which is now included in the initial amount of the lease liabilities was \$4,173. The Corporation recognized \$3,873 of lease liabilities on the initial application of IFRS 16 on April 1, 2019 at a weighted average discount rate of 2.0%.

The following reconciliation to the opening balance for lease liabilities as at April 1, 2019 is based upon the lease obligations and commitments as at March 31, 2019:

|   | April 1<br>2019 |
|---|-----------------|
| <b>Operating lease commitments at March 31, 2019</b>                        | <b>\$ 4,173</b> |
| Present value impact  | (337)           |
| Short-term and low value leases included in the operating lease commitments | 37              |
| <b>Lease liabilities at April 1, 2019</b>                                   | <b>\$ 3,873</b> |

IFRS 16 changes how the Corporation accounts for leases previously classified as operating leases under IAS 17 and IFRIC 4. For contracts meeting the definition of a lease under IFRS 16, but not meeting the exception for short-term or low value leases, the Corporation:

- Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the remaining lease payments discounted at the Corporation's incremental borrowing rate or rate implicit in the lease;
- Recognizes depreciation on the right-of-use assets and interest expense on the lease liabilities in the statement of comprehensive income; and
- Recognizes principal repayments on lease liabilities as financing activities and interest payments on lease liabilities as operating activities in the statement of cash flows.

Under IFRS 16, right of use assets are tested for impairment in accordance with IAS 36, Impairment of Assets. This replaces the previous requirement to recognize a provision for onerous lease contracts.

The right-of-use asset is initially measured at an amount equal to the lease liability and is adjusted for any payments made at or before the commencement date, less any lease incentives received. The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the interest rate implicit in the leases cannot be readily determined, the Corporation uses its incremental borrowing rate.

### g) New standards and interpretations not yet adopted

The following standards or amendments to standards have been issued but are not effective for the year ended March 31, 2020 that may have an impact on the financial statements:

| Standards or amendments to standards   | Effective Date  |
|--|-----------------|
| Amendments to the Conceptual framework for financial reporting                     | January 1, 2020 |
| Amendments to IAS 1 Presentation of financial statements                           | January 1, 2020 |
| Amendments to IAS 8 Accounting policies, Change in Accounting Estimates and Errors | January 1, 2020 |

It is expected that these changes will have little to no impact to the financial statements of the Corporation.

# Notes to the Financial Statements

March 31, 2020

(thousands of dollars)

## 2. Basis of preparation (continued)

### h) COVID-19 impact assessment

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. In response to COVID-19 the Government of Saskatchewan and the Corporation have instituted a 6 month payment deferral program with no interest. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of revenue, potential supply chain disruption, challenges associated with a remote or unavailable workforce and potential asset impairment.

## 3. Significant accounting policies

### a) Revenue recognition

The Corporation recognizes revenue when it transfers control over a promised good or service, a performance obligation under the contract, to a customer and where the Corporation is entitled to consideration as a result of completion of the performance obligation. Depending on the terms of the contract with the customer, revenue recognition can occur at a point in time or over time. When a performance obligation is satisfied, revenue is measured at the transaction price that is allocated to that performance obligation. For contracts where non-cash consideration is received, revenue is recognized and measured at the fair value of the non-cash consideration.

Customer contracts may include the transfer of multiple goods and services. Where the Corporation determines that the multiple goods and services are not distinct performance obligations, they are treated as a single performance obligation. There are currently no contracts that contain significant financing components. Revenue is classified as water sales and treatment, services and other revenue depending on the nature of each distinct performance obligation.

Contract costs for obtaining a customer contract are recognized as expenses as incurred unless they create an asset related to future contract activity that the Corporation expects to recover.

Significant judgement may be required to determine the number of distinct performance obligations within a contract and the allocation of transaction price to multiple performance obligations in a contract, and to determine whether the Corporation acts as a principal or agent for certain performance obligations. When multiple performance obligations are identified in a contract, the transaction price is allocated based on the stand-alone selling price of each performance obligation specified separately in the contract. If stand-alone selling price is not observable, the Corporation estimates the stand-alone selling price for each distinct performance obligation based on the related expected cost plus margin of each distinct performance obligation. The Corporation is acting as a principal when the Corporation controls the goods or services before transfer to the customer. The Corporation is acting as an agent when it is obliged to arrange for the provision of the goods and services by another party that are not controlled by the Corporation before transfer to the customer. When the Corporation acts as an agent, the revenue is recognized net of any related costs incurred.

The Corporation's principle sources of revenue and methods applied to the recognition of these revenues in these financial statements are as follows:

#### Water sales and treatment revenues

The contracts with customers for the supply of each of potable water, non-potable water and wastewater treatment primarily consist of perpetual contracts that are effective until terminated by the customer or the Corporation. The Corporation provides a series of distinct goods or services, which are simultaneously received and utilized by the customers. Each of the performance obligations is satisfied over time using the output method for recognition of revenue, i.e. the units of each good or service supplied to the customer which is when control of the good or service has been transferred to or from the customer as it passes through the delivery point.

Revenues are calculated based on the customer's usage of the goods during the period, at the applicable rates as per the terms of the respective contracts. Customers are generally billed on a monthly basis and payment is generally due within 30 days of billing the customer.

#### Services revenues

The contracts with customers for the supply of certified operations & maintenance and remote monitoring services primarily consist of perpetual contracts that are effective until terminated by the customer or the Corporation. The contracts with customers for the supply of each of project management, northern project management, operator training, and leak detection services primarily consist of short and medium term contracts that are effective until the end of the term, when the performance obligation is fulfilled or they are terminated by the customer or the Corporation. Certain service contracts include multiple services, each of which the Corporation has determined to typically constitute distinct performance obligations. Each of the performance obligations in these contracts relate to the provision of a series of distinct services, which are simultaneously received and utilized by the customers as the services are provided. Performance obligations under service contracts such as certified operations and maintenance, operator training, leak detection and remote monitoring are satisfied over time using the output method. Time and disbursement contracts such as once contained in ancillary certified operations and maintenance, project management and northern project management are satisfied over time using the input method.

Revenues are calculated based on the services provided to the customer during the period, at the applicable rates as per the terms of the respective contracts. These revenues include an estimate of the value of services provided to the customers in the reporting period and billed subsequent to the reporting period. Customers are generally billed within a month and payment is generally due within 30 days of billing the customer.

#### Other revenues

The contracts with customers that result in deferred revenues primarily consist of perpetual contracts that are effective until terminated by the customer or the Corporation. Recognition of the deferred revenue is described in Note 3 (j).

Revenues are calculated based on the goods or services provided to the customer during the period, at the applicable rates as per the terms of the respective contracts. Customers are generally billed within a month and payment is generally due within 30 days of billing the customer.

### b) Contract assets and liabilities

A contract liability is recorded when the Corporation receives consideration before the performance obligations have been satisfied. Contract liabilities related to customer contributions are described in Note 3 (j). A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation when that right is conditional on something other than the passage of time. The Corporation recognizes unconditional rights to consideration separately as a receivable. Contract assets and receivables are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

### c) Inventories

Maintenance materials and treatment supplies inventory are recorded at the lower of weighted average cost and net realizable value. The net realizable value of inventory is the estimated market price for the same or similar items. Materials and supplies are charged to inventory when purchased and then expensed or capitalized when used.

### d) Leases

At the inception of a contract, the Corporation determines whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# Notes to the Financial Statements

March 31, 2020

(thousands of dollars)

## 3. Significant accounting policies (continued)

### d) Leases (continued)

#### Leased Assets (as Previously Reported under IAS 17 Leases)

In accordance with IAS 17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The asset is then recorded at the beginning of the lease at the lower of the fair value of the leased asset or the present value of the lease payment. A corresponding amount is recognized in the Statement of Financial Position, as current and long term lease liability, even if some of these payments are payable up-front at the date of inception of the lease. The interest element of leasing payments represents a portion of the capital balance outstanding and is charged to net income over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognized as expenses when payments are made over the life of the contract. All costs related to the lease are expensed when occurred.

#### Leased Assets (IFRS 16)

The Corporation assesses whether a contract is or contains a lease, at inception of the contract. The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Corporation recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. For the year ended March 31, 2020 short-term, low value and variable lease payments were determined to be \$531.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Corporation uses its incremental borrowing rate.

Each lease payment is allocated between the liability and interest so as to achieve a constant rate on the finance balance outstanding. The interest component is included in finance expense. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A corresponding adjustment is made to the right-of-use asset or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation applies judgment in determination of the lease term for certain lease contracts with renewal options. The assessment of whether the Corporation is reasonable certain to exercise such options impacts the lease term, which could significantly affect the amount of lease liabilities and right of use assets recorded on the initial recognition of the lease contract.

### e) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets for those projects that are under construction for a period greater than six months. Assets under construction are recorded as in progress until they are available for use, at which time they are transferred to property, plant and equipment.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization are determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income as incurred.

When property, plant and equipment is disposed of or retired, the related cost, accumulated depreciation and any accumulated impairment losses are eliminated. Any resulting gains or losses are reflected in net income for the period.

### f) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in net income on a straight-line balance basis over the estimated useful lives of each part of an item of property, plant and equipment and right of use assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The depreciation rates used for asset classes are as follows:

| Property, plant and equipment              | Rate            |
|--|-----------------|
| Building                                   | 2.50% to 5.00%  |
| Water facilities                           | 2.00% to 10.00% |
| Maintenance equipment and office equipment | 5.00% to 33.33% |

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the remaining term of the lease contract.

Depreciation methods, estimated useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

### g) Impairment

#### i) Financial assets

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost; and debt instruments designated as FVOCI. The Corporation uses a matrix to determine the lifetime expected credit losses for trade receivables. Debt instruments and other receivables that are determined to have low credit risk at the reporting date are measured at 12-month ECL. The Corporation considers a debt instrument to have low credit risk when its credit risk rating is A or higher (investment grade).

The Corporation uses historical patterns for the probability of default, the timing of collection and the amount of the incurred credit loss, which are adjusted based on management's judgment about whether current economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realizing security, or the financial asset is 365 days or more past due.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

# Notes to the Financial Statements

March 31, 2020

(thousands of dollars)

## 3. Significant accounting policies (continued)

### g) Impairment (continued)

#### ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. Where a reasonable and consistent basis can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

### h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense. Currently the only provision recognized relates to onerous contracts.

### i) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation recognizes any impairment loss on the assets associated with that contract.

### j) Deferred revenue

#### Government grants

Government grants are recognized initially as deferred revenue at fair value when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in net income on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are recognized in net income on a systematic basis over the useful life of the asset.

#### Customer contributions

Customer contributions are received from customers, generally in the form of cash, to assist in the construction of assets to provide services to the contributing customers. Prior to the commencement of construction these amounts are recorded as infrastructure deposits. As construction occurs these amounts are transferred to deferred revenue.

When completion of the construction is determined to be a separately identifiable performance obligation, these amounts are recognized directly into net income. When completion of construction is not determined to be separate from the ongoing supply or services performance obligation, these amounts are transferred to deferred revenue and recognized in net income over the term of the contract with the customer. If the contract does not specify a period or automatically continues in effect after an initial term, the revenue shall be recognized over a period no longer than the useful life of the related assets used to provide the ongoing service.

### k) Employee benefits

#### i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income in the periods during which services are rendered by employees.

#### iii) Defined benefit retirement allowance plan

The Corporation's obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods. As at December 31 of each year the future benefit is actuarially determined using the projected benefit method. Any actuarial gains or losses are recognized in other comprehensive income and the Corporation will transfer any actuarial gains or losses from other equity to retained earnings in the year it is recognized in other comprehensive income.

### l) Finance income and expense

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in net income, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net income using the effective interest method.

# Notes to the Financial Statements

March 31, 2020

(thousands of dollars)

## 3. Significant accounting policies (continued)

### m) Equity advance

The Corporation periodically receives funding from its parent and sole equity holder, Crown Investments Corporation of Saskatchewan. Funding is first analyzed to determine whether the funding is a transaction with the equity holder in their capacity as an equity holder, i.e. equity injection, or whether the funding would be available to other parties for a specific purpose. If there is no requirement to comply with certain conditions relating to the operating activities of the Corporation, the funding is recorded as an equity advance. If the Corporation must comply with certain past or future conditions relating to the operating activities of the Corporation, and the funding could be available to other parties for a specific purpose, the funding is recorded as a government grant (see Note 3(j)).

### n) Financial instruments

The Corporation classifies its financial instruments into one of the following categories: amortized cost (AC); fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI); and other liabilities (OL) (Note 22).

All financial instruments are measured at fair value on initial recognition and recorded on the statement of financial position. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows of the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred or in a transaction where the Corporation neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset but does not retain control of the asset. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

The Corporation initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Corporation also derecognizes a financial liability when there is a substantial modification of the terms of an existing financial liability or a part of it. In this situation, a new financial liability under the new terms is recognized at fair value, and the difference between the carrying amount of the financial liability or part of the financial liability extinguished and the new financial liability under the new terms is recognized in profit or loss.

#### i) Amortized cost

A financial asset is measured at amortized cost if both of the following criteria are met: The asset is held to collect its contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. Financial assets included within this category are initially recognized at fair value and subsequently measured at amortized cost, less impairment losses. The Corporation has classified trade and other receivables as amortized cost financial assets.

#### ii) Fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if both of the following criteria are met: the objective of the business model is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. The Corporation may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. This election is made for each separate investment. Financial assets included within FVOCI are initially and subsequently measured at fair value. Movements in the carrying amount should be recorded through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. Where the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss as a reclassification adjustment. The Corporation has classified debt retirement funds as FVOCI assets.

#### iii) Fair value through profit or loss (FVTPL)

A financial asset is measured at FVTPL if they do not meet the criteria of amortized cost or FVOCI. This includes all derivative financial assets. The Corporation may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis. Financial assets included within FVTPL should be measured at fair value with all changes recorded through profit or loss. The Corporation has classified Cash as FVTPL.

#### iv) Other liabilities

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Upon derecognition, all gains and losses are also recognized in profit or loss.

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 4. Revenue

|   | March 31<br>2020 | March 31<br>2019 |
|---|------------------|------------------|
| <b>Water sales and treatment</b>                    |                  |                  |
| Potable water supply                                | \$ 25,238        | \$ 23,267        |
| Non-potable water supply                            | 22,225           | 21,874           |
| Wastewater treatment                                | 654              | 624              |
|   | <u>48,117</u>    | <u>45,765</u>    |
| <b>Services</b>                                     |                  |                  |
| Certified operations & maintenance                  | 2,404            | 2,321            |
| Project management                                  | 17               | 709              |
| Northern project management                         | 781              | 867              |
| Operator training                                   | 714              | 753              |
| Leak detection                                      | 12               | 7                |
| Remote monitoring                                   | 23               | 32               |
|   | <u>3,951</u>     | <u>4,689</u>     |
| <b>Other</b>  |                  |                  |
| Amortization of customer contributions              | 6,577            | 6,035            |
| Amortization of government grants – capital related | 331              | 326              |
| Miscellaneous revenue                               | 481              | 475              |
|   | <u>7,389</u>     | <u>6,836</u>     |
|   | <u>\$ 59,457</u> | <u>\$ 57,290</u> |

At March 31, 2020 the Corporation has \$194,631 (March 31, 2019 - \$197,492) of contract liabilities recorded as deferred revenue in the statement of financial position related to contributions received from customers and government grants. Revenue will be recognized in future periods related to this balance, as described in Note 3 (j), over periods ranging up to 50 years.

### 5. Finance income and expenses

|   | March 31<br>2020  | March 31<br>2019  |
|---|-------------------|-------------------|
| <b>Finance income</b>                                 |                   |                   |
| Debt retirement fund earnings                         | \$ 402            | \$ 326            |
| Realized gains on redemption of debt retirement funds | 384               | –                 |
| Other finance income                                  | 115               | 42                |
| Fund earnings capitalized to qualifying assets        | (6)               | –                 |
|   | <u>895</u>        | <u>368</u>        |
| <b>Finance expenses</b>                               |                   |                   |
| Interest expense on short-term debt                   | 140               | 53                |
| Interest expense on long-term debt                    | 2,601             | 2,437             |
| Amortization of discount and commissions              | 13                | 7                 |
| Unwinding of discount on provisions                   | 39                | 51                |
| Unwinding of discount on lease liabilities            | 85                | –                 |
| Other interest expense                                | 1                 | 2                 |
| Borrowing costs capitalized to qualifying assets      | (353)             | (215)             |
|   | <u>2,526</u>      | <u>2,335</u>      |
|   | <u>\$ (1,631)</u> | <u>\$ (1,967)</u> |
| Net finance expense                                   |                   |                   |
|   | <u>1.90%</u>      | <u>0.80%</u>      |

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 6. Trade and other receivables

|   | March 31<br>2020 | March 31<br>2019 |
|---|------------------|------------------|
| Trade receivables                       | \$ 6,339         | \$ 5,295         |
| Accrued receivables                     | 2,745            | 2,372            |
| Other receivables                       | 10               | 6                |
|   | <u>9,094</u>     | <u>7,673</u>     |
| Expected credit losses                  | (71)             | (70)             |
|   | <u>\$ 9,023</u>  | <u>\$ 7,603</u>  |
|   | March 31<br>2020 | March 31<br>2019 |
| Expected credit losses, opening balance | \$ 70            | \$ 68            |
| Provision adjustments                   | 1                | 2                |
|   | <u>\$ 71</u>     | <u>\$ 70</u>     |

The Corporation's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 22.

### 7. Prepaid expenses and inventories

|                  | March 31<br>2020 | March 31<br>2019 |
|------------------|------------------|------------------|
| Prepaid expenses | \$ 598           | \$ 398           |
| Inventories      | 641              | 493              |
|                  | <u>\$ 1,239</u>  | <u>\$ 891</u>    |

### 8. Investment – debt retirement funds

Under conditions attached to the Canada Pension Plan Investment Board long-term debt issues from the Province of Saskatchewan's General Revenue Fund (GRF), the Corporation is required (on an annual basis) to invest an amount at least equal to one per cent of the related outstanding debt. The investments, referred to as debt retirement funds, are administered by Saskatchewan's Ministry of Finance. The investments in debt retirement funds are held by the Province of Saskatchewan. The yield on the investments was 5.3% for the year ended March 31, 2020 (4.9% for the year ended March 31, 2019). The changes in the carrying amount of debt retirement funds are as follows:

|   | March 31<br>2020 | March 31<br>2019 |
|---|------------------|------------------|
| Debt retirement funds, beginning of year      | \$ 15,057        | \$ 12,387        |
| Installments                                  | 1,929            | 1,991            |
| Redemptions                                   | (6,506)          | –                |
| Earnings                                      | 786              | 326              |
| Change in fair value of debt retirement funds | 144              | 353              |
|   | <u>\$ 11,410</u> | <u>\$ 15,057</u> |

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 8. Investment – debt retirement funds (continued)

Debt retirement fund installments due in each of the next five years are as follows:

|         |           |              |
|---------|-----------|--------------|
| 2020/21 | \$        | 764          |
| 2021/22 |           | 725          |
| 2022/23 |           | 725          |
| 2023/24 |           | 704          |
| 2024/25 |           | 704          |
|         | <b>\$</b> | <b>3,622</b> |

### 9. Right-of-use assets

|                                  | Buildings       | Vehicles      | Equipment    | Total           |
|----------------------------------|-----------------|---------------|--------------|-----------------|
| <b>Cost</b>                      |                 |               |              |                 |
| Opening balance at April 1, 2019 | \$ —            | \$ —          | \$ —         | \$ —            |
| Implementation of IFRS 16        | 3,017           | 776           | 80           | 3,873           |
| Additions                        | —               | 193           | 10           | 203             |
| Disposals                        | —               | —             | —            | —               |
| <b>Balance at March 31, 2020</b> | <b>\$ 3,017</b> | <b>\$ 969</b> | <b>\$ 90</b> | <b>\$ 4,076</b> |
| <b>Amortization</b>              |                 |               |              |                 |
| Opening balance at April 1, 2019 | \$ —            | \$ —          | \$ —         | \$ —            |
| Amortization                     | 293             | 216           | 35           | 544             |
| Disposals                        | —               | —             | —            | —               |
| <b>Balance at March 31, 2020</b> | <b>\$ 293</b>   | <b>\$ 216</b> | <b>\$ 35</b> | <b>\$ 544</b>   |
| <b>Carrying amounts</b>          |                 |               |              |                 |
| Opening balance at April 1, 2019 | \$ —            | \$ —          | \$ —         | \$ —            |
| <b>Balance at March 31, 2020</b> | <b>\$ 2,724</b> | <b>\$ 753</b> | <b>\$ 55</b> | <b>\$ 3,532</b> |

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 10. Property, plant and equipment

|   | Buildings       | Water Facilities  | Maintenance & Office Equipment | Assets under Construction | Land            | Held for Sale | Total             |
|---|-----------------|-------------------|--------------------------------|---------------------------|-----------------|---------------|-------------------|
| <b>Cost</b>                               |                 |                   |                                |                           |                 |               |                   |
| Balance at March 31, 2018                 | \$ 2,474        | \$ 409,911        | \$ 7,010                       | \$ 20,815                 | \$ 1,726        | \$ —          | \$ 441,936        |
| Additions                                 | 37              | 64                | 274                            | 24,003                    | —               | —             | 24,378            |
| Transfers                                 | (359)           | 12,615            | 13                             | (12,690)                  | —               | 421           | —                 |
| Disposals                                 | —               | (388)             | (375)                          | (3)                       | —               | —             | (766)             |
| <b>Balance at March 31, 2019</b>          | <b>2,152</b>    | <b>422,202</b>    | <b>6,922</b>                   | <b>32,125</b>             | <b>1,726</b>    | <b>421</b>    | <b>465,548</b>    |
| Additions                                 | —               | —                 | 258                            | 24,131                    | —               | —             | 24,389            |
| Transfers                                 | 126             | 49,415            | 1,257                          | (50,959)                  | 161             | —             | —                 |
| Disposals                                 | (46)            | (531)             | (414)                          | (443)                     | —               | (421)         | (1,855)           |
| <b>Balance at March 31, 2020</b>          | <b>\$ 2,232</b> | <b>\$ 471,086</b> | <b>\$ 8,023</b>                | <b>\$ 4,854</b>           | <b>\$ 1,887</b> | <b>\$ —</b>   | <b>\$ 488,082</b> |
| <b>Depreciation and impairment losses</b> |                 |                   |                                |                           |                 |               |                   |
| Balance at March 31, 2018                 | \$ 1,424        | \$ 114,108        | \$ 4,553                       | \$ —                      | \$ —            | \$ —          | \$ 120,085        |
| Depreciation                              | 87              | 11,637            | 569                            | —                         | —               | —             | 12,293            |
| Transfers                                 | (106)           | —                 | —                              | —                         | —               | 106           | —                 |
| Disposals                                 | —               | (369)             | (223)                          | —                         | —               | —             | (592)             |
| <b>Balance at March 31, 2019</b>          | <b>1,405</b>    | <b>125,376</b>    | <b>4,899</b>                   | <b>—</b>                  | <b>—</b>        | <b>106</b>    | <b>131,786</b>    |
| Depreciation                              | 67              | 11,858            | 572                            | —                         | —               | —             | 12,497            |
| Disposals                                 | (46)            | (385)             | (274)                          | —                         | —               | (106)         | (811)             |
| <b>Balance at March 31, 2020</b>          | <b>\$ 1,426</b> | <b>\$ 136,849</b> | <b>\$ 5,197</b>                | <b>\$ —</b>               | <b>\$ —</b>     | <b>\$ —</b>   | <b>\$ 143,472</b> |
| <b>Carrying amounts</b>                   |                 |                   |                                |                           |                 |               |                   |
| Balance at March 31, 2019                 | \$ 747          | \$ 296,826        | \$ 2,023                       | \$ 32,125                 | \$ 1,726        | \$ 315        | \$ 333,762        |
| Balance at March 31, 2020                 | \$ 806          | \$ 334,237        | \$ 2,826                       | \$ 4,854                  | \$ 1,887        | \$ —          | \$ 344,610        |

At March 31, 2020 the Corporation had property, plant and equipment that was fully depreciated and still in use with a cost of \$27,163 (March 31, 2019 - \$24,740).

For the year ended March 31, 2020, capitalized borrowing costs related to the acquisition of land and construction of new assets amounted to \$347 (March 31, 2019 - \$215), with a capitalization rate of 1.9% (2019 - 0.8%).

During the year ended March 31, 2020 there were no additions to any category of property, plant and equipment to operate certain previously impaired cost generating units, resulting in an impairment expense of \$0 (March 31, 2019 - \$0).

For the year ended March 31, 2020 there was no impairment recovery (March 31, 2019 - \$0).

During the year ended March 31, 2019 the Corporation made the decision to sell an office/shop building that was utilized by our operations department with a book value of \$315. The decision to sell was made as the building no longer met our operational needs. All of the facts required to classify the asset as held for sale were met during the previous year with an arms length sale transaction agreed to and taking place in April, 2019. As such the asset was moved from Buildings into Held for Sale during the previous year and was disposed of in the year ended March 31, 2020.

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 11. Trade and other payables

|                  | March 31<br>2020 | March 31<br>2019 |
|------------------|------------------|------------------|
| Trade payables   | \$ 2,120         | \$ 3,790         |
| Interest payable | 596              | 611              |
| Other payables   | 4,998            | 5,889            |
|                  | <b>\$ 7,714</b>  | <b>\$ 10,290</b> |

The Corporation's exposure to liquidity risk related to trade and other payables is disclosed in Note 22.

### 12. Notes payable

|                    | March 31<br>2020 | March 31<br>2019 |
|--------------------|------------------|------------------|
| Amount outstanding | <b>\$ 10,994</b> | <b>\$ —</b>      |
| Interest rate      | <b>0.768%</b>    | <b>N/A</b>       |
| Due date           | <b>28-Apr-20</b> | <b>N/A</b>       |

By Order-in-Council 171/2014 and subject to the maximum sum of \$130 million of total debt, SaskWater is approved to borrow from time to time by way of temporary loans from the Province of Saskatchewan or from any Chartered bank, credit union or other person, amounts not exceeding the aggregate principle sum of \$30 million (March 31, 2019 - \$30 million) at any time outstanding, such borrowing to be by way of bank overdraft, line of credit, or in any other manner that SaskWater may determine.

The Corporation's exposure to interest rate and liquidity risk related to notes payable is disclosed in Note 22.

### 13. Dividends payable

|                                | March 31<br>2020 | March 31<br>2019 |
|--------------------------------|------------------|------------------|
| Balance, beginning of the year | \$ 2,509         | \$ 664           |
| Dividends declared             | 4,176            | 3,745            |
| Payments remitted              | (5,136)          | (1,900)          |
|                                | <b>\$ 1,549</b>  | <b>\$ 2,509</b>  |

As a subsidiary of CIC, the Corporation declares and remits dividends accordingly.

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 14. Deferred revenue

|   | March 31<br>2020  | March 31<br>2019  |
|---|-------------------|-------------------|
| Balance, beginning of the year            | \$ 197,492        | \$ 203,167        |
| Net deferred revenue additions            | 4,084             | 686               |
| Amortization of deferred revenue          | (6,908)           | (6,361)           |
|   | 194,668           | 197,492           |
| Less: Current portion of deferred revenue | (6,856)           | (6,359)           |
|   | <b>\$ 187,812</b> | <b>\$ 191,133</b> |

### 15. Provisions

|   | March 31<br>2020 | March 31<br>2019 |
|---|------------------|------------------|
| Balance, beginning of the year                | \$ 651           | \$ 808           |
| Settlements during the year                   | (185)            | (192)            |
| Provisions reversed increased during the year | (71)             | (16)             |
| Unwinding of the discount on provisions       | 39               | 51               |
|   | 434              | 651              |
| Less: Current portion of provisions           | (169)            | (190)            |
|   | <b>\$ 265</b>    | <b>\$ 461</b>    |

The Corporation had an onerous contract related to a potable system at the beginning of the year. The system has a significant contract in effect until December 31, 2022. The Corporation evaluates the system's provision on an annual basis and the changes to the provision were related to system performance that was different than anticipated.

### 16. Lease liabilities

|  | March 31<br>2020 | March 31<br>2019 |
|--|------------------|------------------|
| Total future minimum lease payments        | \$ 3,981         | \$ —             |
| Less: Future finance charges on leases     | (419)            | —                |
|  | 3,562            | —                |
| Less: Current portion of lease liabilities | (608)            | —                |
|  | <b>\$ 2,954</b>  | <b>\$ —</b>      |

The weighted average discount rate applied is 1.75% - 2.80%.

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 16. Lease liabilities (continued)

As at March 31, 2020, scheduled future minimum lease payments and the present value of lease liabilities are as follows:

|                            | Future<br>minimum<br>lease<br>payments | Present<br>value of<br>lease<br>liabilities |
|----------------------------|--|---|
| Less than one year         | \$ 690                                 | \$ 608                                      |
| Between one and five years | 1,785                                  | 1,573                                       |
| More than five years       | 1,506                                  | 1,381                                       |
|                            | <b>\$ 3,981</b>                        | <b>\$ 3,562</b>                             |

The lease liabilities consist of the Corporation's leases for vehicles, office equipment and office facilities. Any leases that include renewal options where the Corporation was reasonably certain to exercise the options were included in the ROU asset and lease liabilities accordingly.

### 17. Long-term debt

| Date of<br>Maturity                     | March 31, 2020               |                                 |                       | March 31, 2019                  |                       |
|---|------------------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|
|   | Coupon<br>Rate<br>(per cent) | Effective<br>Rate<br>(per cent) | Outstanding<br>Amount | Effective<br>Rate<br>(per cent) | Outstanding<br>Amount |
| 01-Sep-19                               | —                            | —                               | \$ —                  | 4.16                            | \$ 4,500              |
| 01-Mar-20                               | —                            | —                               | —                     | 4.14                            | 5,093                 |
| 01-Dec-21                               | 2.96                         | 2.96                            | 3,900                 | 2.96                            | 3,900                 |
| 01-Mar-24                               | 5.32                         | 5.32                            | 2,100                 | 5.32                            | 2,100                 |
| 10-Apr-25                               | 5.05                         | 5.05                            | 1,700                 | 5.05                            | 1,700                 |
| 02-Jun-27                               | 2.65                         | 2.75                            | 5,000                 | 2.753                           | 5,000                 |
| 03-Dec-30                               | 4.32                         | 4.32                            | 9,000                 | 4.32                            | 9,000                 |
| 12-Dec-35                               | 3.29                         | 3.29                            | 2,407                 | 3.29                            | 2,407                 |
| 10-Jan-36                               | 3.18                         | 3.18                            | 2,400                 | 3.18                            | 2,400                 |
| 03-Nov-36                               | 2.94                         | 2.94                            | 4,575                 | 2.94                            | 4,575                 |
| 10-Apr-37                               | 3.20                         | 3.20                            | 2,800                 | 3.20                            | 2,800                 |
| 11-May-37                               | 3.02                         | 3.02                            | 2,600                 | 3.02                            | 2,600                 |
| 03-Mar-38                               | 3.15                         | 3.15                            | 5,000                 | 3.15                            | 5,000                 |
| 01-Mar-41                               | 3.29                         | 3.29                            | 10,718                | 3.29                            | 10,718                |
| 01-Mar-41                               | 3.16                         | 3.16                            | 4,600                 | 3.16                            | 4,600                 |
| 02-Jun-50                               | 3.10                         | 3.23                            | 10,000                | 3.23                            | 10,000                |
| 01-Sep-39                               | 2.39                         | 2.39                            | 4,500                 | N/A                             | —                     |
| 01-Mar-40                               | 2.20                         | 2.20                            | 5,093                 | N/A                             | —                     |
|   |                              |                                 | 76,393                |                                 | 76,393                |
| Less: Current portion of long-term debt |                              |                                 | —                     |                                 | (9,593)               |
|   |                              |                                 | <b>\$ 76,393</b>      |                                 | <b>\$ 66,800</b>      |

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 17. Long-term debt (continued)

Long-term debt repayments in each of the next five years are as follows:

|            |                  |
|------------|------------------|
| 2020/21    | \$ —             |
| 2021/22    | 3,900            |
| 2022/23    | —                |
| 2023/24    | 2,100            |
| 2024/25    | —                |
| Thereafter | 70,393           |
|            | <b>\$ 76,393</b> |

By Order-in-Council 171/2014 SaskWater is authorized to borrow up to an aggregate principal amount of \$130 million (March 31, 2019 - \$130 million) inclusive of the \$30 million in temporary borrowings referenced in Note 14. All of the above loans are payable to the Province of Saskatchewan's GRF with interest payable semi-annually. The Corporation's exposure to interest rate and liquidity risk related to long-term debt is disclosed in Note 22.

Under conditions attached to certain advances from the Province of Saskatchewan the Corporation is required to pay annually, into debt retirement funds administered by the Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding (Note 8).

### 18. Employee benefits

#### a) Defined benefit retiring allowance plan

The amounts related to the defined benefit retiring allowance plan for executive, management employees and members of the UNIFOR Union are as follows:

|                            | March 31<br>2020 | March 31<br>2019 |
|----------------------------|------------------|------------------|
| Balance, beginning of year | \$ 548           | \$ 524           |
| Expenses                   | 55               | 34               |
| Actuarial gains            | (4)              | (10)             |
| Balance, end of year       | <b>\$ 599</b>    | <b>\$ 548</b>    |

An actuarial assessment is required to be completed each calendar year as at December 31 in conjunction with reporting requirements of the plan. The significant actuarial assumptions adopted in measuring the Corporation's annual accrued benefit liability are:

|                                |            |            |
|--------------------------------|------------|------------|
| Discount rate                  | 2.60%      | 3.10%      |
| Inflation rate                 | 2.25%      | 2.25%      |
| Average remaining service life | 11.9 years | 11.9 years |

The discount rate was based on the yield curve for Saskatchewan provincial bonds whose duration approximates the duration of the liabilities.

#### b) Defined contribution pension plan

The Corporation's employees participated in the Public Employees Pension Plan (the Plan), a defined contribution pension plan. The Corporation's contributions to the Plan include making regular payments into the Plan equal to 160% of the required amounts contributed by employees for current service. The total amount paid to the Plan for the year ended March 31, 2020 was \$843 (March 31, 2019 - \$848).

### 19. Equity advance and capital disclosure

The Corporation does not have share capital. However, the Corporation has received advances from CIC to form its equity capitalization. The advances reflect an equity investment in the Corporation by CIC.

The Corporation's debt management plan is built on the goal of ensuring the capacity to meet long-term obligations and ensuring financial health, while achieving the growth plans of the Corporation.

As a Crown corporation, SaskWater receives its long-term capital funding primarily from the Saskatchewan Ministry of Finance. SaskWater also has access to a \$30 million line of credit.

The Corporation's capital consists of notes payable, long-term debt and equity, less debt retirement funds.

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 19. Equity advance and capital disclosure (continued)

|                       | March 31<br>2020  | March 31<br>2019  |
|-----------------------|-------------------|-------------------|
| Gross long-term debt  | \$ 76,393         | \$ 76,393         |
| Notes payable         | 10,994            | –                 |
| Debt retirement funds | (11,410)          | (15,057)          |
| Net debt              | 75,977            | 61,336            |
| Total equity          | 76,094            | 71,770            |
| Capitalization        | <b>\$ 152,071</b> | <b>\$ 133,106</b> |
| Debt ratio            | <b>50.0%</b>      | <b>46.1%</b>      |

The Corporation has complied with all externally imposed restrictions on its debt for the year ended March 31, 2020.

### 20. Commitments and contingencies

#### a) Contractual commitments

As of March 31, 2020, the Corporation has outstanding commitments of \$15,836 (March 31, 2019 - \$10,884) for construction contracts and consulting agreements primarily relating to assets under construction and other service contracts

#### b) Litigation

The Corporation has provided, in its accounts, for any known claims from lawsuits or other legal proceedings for which there is material risk of liability to the Corporation in accordance with management's best estimates and the advice received from legal counsel. The Corporation intends to account for any differences which may arise between amounts provided and amounts expended in the period in which the claims are resolved.

### 21. Related party transactions

#### a) Related parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). The Corporation has elected to take partial exemption under IAS 24 Related Party Disclosures which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. The Corporation also pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance. Taxes paid are recorded as part of the cost of those purchases.

#### b) Compensation of key management personnel

Key management personnel include the President and Vice President positions. The compensation related to key management for employee services is shown below:

|  | March 31<br>2020 | March 31<br>2019 |
|--|------------------|------------------|
| Salaries, wages and short-term employee benefits | \$ 649           | \$ 644           |
| Post-employment benefits                         | 46               | 45               |
|  | <b>\$ 695</b>    | <b>\$ 689</b>    |

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 22. Financial instruments and risk management

#### a) Fair values

Fair values are 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. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

The following summarizes the classification, carrying amounts and fair values of the Corporation's financial instruments:

| Financial instruments        | Classification <sup>1</sup> | Level <sup>2</sup> | March 31, 2020<br>Asset (Liability) |            | March 31, 2019<br>Asset (Liability) |            |
|------------------------------|-----------------------------|--------------------|-------------------------------------|------------|-------------------------------------|------------|
|                              |                             |                    | Carrying Amount                     | Fair Value | Carrying Amount                     | Fair Value |
| <b>Financial assets</b>      |                             |                    |                                     |            |                                     |            |
| Cash                         | FVTPL                       | 1                  | \$ 1,912                            | \$ 1,912   | \$ 2,046                            | \$ 2,046   |
| Trade and other receivables  | AC                          | N/A                | 9,023                               | 9,023      | 7,603                               | 7,603      |
| Debt retirement funds        | FVOCI                       | 2                  | 11,410                              | 11,410     | 15,057                              | 15,057     |
| <b>Financial liabilities</b> |                             |                    |                                     |            |                                     |            |
| Trade and other payables     | OL                          | N/A                | (7,714)                             | (7,714)    | (10,290)                            | (10,290)   |
| Notes payable                | OL                          | N/A                | (10,994)                            | (10,994)   | –                                   | –          |
| Dividends payable            | OL                          | N/A                | (1,549)                             | (1,549)    | (2,509)                             | (2,509)    |
| Long-term debt               | OL                          | 2                  | (76,393)                            | (81,115)   | (76,393)                            | (81,658)   |

<sup>1</sup>Classification details are as follows:

FVTPL - Fair value through profit and loss

AC - Amortized cost

FVOCI - Fair value through other comprehensive income (loss)

OL - Other liabilities at amortized cost

<sup>2</sup>Fair values are determined using a fair value hierarchy as follows:

Level 1 - Where quoted prices are readily available from an active market.

Level 2 - Valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates.

Level 3 - Valuation for the asset or liability that are not based on observable market data.

Not applicable (N/A) - Financial instruments that are carried at values which approximate fair value.

#### b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Debt retirement funds are monies set aside to retire outstanding debt upon maturity. The Corporation is required to pay annually into debt retirement funds which are held and invested by the Saskatchewan Ministry of Finance. The impact of a 1% fluctuation in market prices related to these investments would have an increase of decrease of approximately +/- \$110,000.

The Corporation is exposed to interest rate risk on the maturity of its long-term debt. However, in the current low interest rate environment, these risks are considered low. Interest rate risk on these expected future borrowings are managed, based on the refinancing needs of the Corporation, using derivative financial instruments when deemed appropriate. The Corporation had no derivative financial instruments in place to offset interest rate risk as of March 31, 2020 and March 31, 2019. The change in rate would have no impact on net income due to classification of long-term debt as other liabilities.

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 22. Financial instruments and risk management (continued)

#### c) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. The Corporation manages cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of the Corporation's financial liabilities:

|                          | March 31, 2020   |                 |                   |                        |                   |
|--------------------------|------------------|-----------------|-------------------|------------------------|-------------------|
|                          | 6 months or less | 7 – 12 months   | Subsequent 1 year | Subsequent 3 – 5 years | More than 5 years |
| Trade and other payables | \$ 7,714         | \$ –            | \$ –              | \$ –                   | \$ –              |
| Notes payable            | 11,000           | –               | –                 | –                      | –                 |
| Dividends payable        | 1,549            | –               | –                 | –                      | –                 |
| Long-term debt           | 1,239            | 1,239           | 6,377             | 9,075                  | 99,686            |
|                          | <b>\$ 21,502</b> | <b>\$ 1,239</b> | <b>\$ 6,377</b>   | <b>\$ 9,075</b>        | <b>\$ 99,686</b>  |
|                          | March 31, 2019   |                 |                   |                        |                   |
|                          | 6 months or less | 7 – 12 months   | Subsequent 1 year | Subsequent 3 – 5 years | More than 5 years |
| Trade and other payables | \$ 10,290        | \$ –            | \$ –              | \$ –                   | \$ –              |
| Notes payable            | –                | –               | –                 | –                      | –                 |
| Dividends payable        | 2,509            | –               | –                 | –                      | –                 |
| Long-term debt           | 5,828            | 6,327           | 2,258             | 12,543                 | 88,884            |
|                          | <b>\$ 18,627</b> | <b>\$ 6,327</b> | <b>\$ 2,258</b>   | <b>\$ 12,543</b>       | <b>\$ 88,884</b>  |

Future cash flows from operations and availability under existing credit facilities will be adequate to support these financial liabilities.

## Notes to the Financial Statements

March 31, 2020  
(thousands of dollars)

### 22. Financial instruments and risk management (continued)

#### d) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Corporation is not exposed to a significant concentration of credit risk. The maximum credit risk to which the Corporation is exposed as at the following dates, is limited to the fair value of the financial assets recognized as follows:

|                               | March 31 2020    | March 31 2019    |
|-------------------------------|------------------|------------------|
| Cash                          | \$ 1,912         | \$ 2,046         |
| Trade receivables             |                  |                  |
| Current                       | 5,571            | 4,902            |
| 31 – 60 days                  | 7                | 112              |
| 61 – 90 days                  | 657              | 190              |
| 91 – 180 days                 | 11               | 17               |
| Over 180 days                 | 93               | 74               |
| Subtotal                      | 6,339            | 5,295            |
| Expected credit losses        | (71)             | (70)             |
|                               | 6,268            | 5,225            |
| Accrued and other receivables | 2,755            | 2,378            |
| Debt retirement funds         | 11,410           | 15,057           |
|                               | <b>\$ 22,345</b> | <b>\$ 24,706</b> |

Provisions for credit losses are maintained and regularly reviewed by the Corporation based on an lifetime expected credit losses. Historically, the Corporation has not written-off a significant portion of its accounts receivable balances. At March 31, 2020, the Corporation had a balance of \$71 (March 31, 2019 - \$70) recorded in the expected credit losses account.

Debt retirement funds are on deposit with, and being administered by, the Saskatchewan Ministry of Finance. At March 31, 2020, the Ministry has invested these funds primarily in Provincial government and Federal government bonds with varying maturities to coincide with related long-term debt maturities and are managed based on this maturity profile and market conditions. As such, the related credit risk associated with these investments as at March 31, 2020, is considered low.

# 05

## SETTING OUR COURSE

### CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY PRINCIPLES

- Economic Prosperity
- Social Responsibility
- Environmental Stewardship

*“Our emphasis on corporate social responsibility and sustainability keeps us on course to protect and enhance economic, social and environmental resources, as we address current and future corporate needs.”*



### Corporate Social Responsibility and Sustainability at SaskWater

SaskWater’s success relies on a stable bottom line, a healthy environment, strong rural communities and industries, an engaged workforce and successful partnerships – with both stakeholders and shareholders.

SaskWater aims to help build healthy vibrant communities and a thriving Saskatchewan economy through sustainable practices and the wise use of our most precious resources. SaskWater’s Corporate Social Responsibility and Sustainability Policy, approved by the Board of Directors in 2013, guides these efforts by the corporation based on three principles: economic prosperity, social responsibility, and environmental stewardship.

### Economic Prosperity

At SaskWater, we strive to achieve economic prosperity through accountable and transparent governance. We are committed to creating financial stability for our shareholders and supporting Saskatchewan industry while reducing or minimizing the cost to provide quality service that is valued by customers. Where feasible, we maximize the procurement of goods and services from Indigenous suppliers and contractors and encourage the development of local employment opportunities in communities where SaskWater operates.

To show our commitment to accountable and transparent governance and long-term financial stability, in 2019–20, SaskWater:

- Implemented an Enterprise Risk Management program and supporting policy. Every year, the corporation identifies corporate risks and assesses the top 10 against likelihood and impact. Top risks are identified in the annual report for public disclosure and submitted to Crown Investments Corporation.
- Produced an annual report that documents the performance of the corporation via the Balanced Scorecard and financial reports for public consumption

To address long-term financial stability for the corporation, SaskWater:

- Has a cost of service rate methodology in place, designed to recover the full cost of providing service, including a rate of return. In 2018–19, SaskWater undertook an external review of the cost of service rate methodology and approach to ensure that the policies and methodology applied today are appropriate given current business conditions and utility best practices. In 2019–20, SaskWater began implementing the recommended changes from the review.
- Implemented a bill redesign for our purchase and transmission systems to increase transparency relating to water costs for those systems
- Renegotiated several long-term legacy agreements to bring rates closer to the cost to provide service

- Implemented efficiency initiatives to manage costs and create value for customers through effective services
- Participated in Crown collaboration efforts to identify services and resources that can be shared to reduce overall Crown costs

In 2019–20, SaskWater made a substantial investment with the purchase of the water treatment plant (WTP) in the City of Meadow Lake. The operators are now employed by SaskWater and their knowledge and skills continue to benefit the community. In addition, local contractors were brought in to update WTP signage.

SaskWater is committed to a best value procurement approach within the parameters of all relevant trade agreements. Wherever possible, SaskWater evaluates procurement options to maximize the use of local resources, recognizing that – other factors being equal – experience, knowledge and familiarity with a region bring added value to a project. This creates opportunities for small- and medium-sized businesses in and around Saskatchewan to bid on SaskWater contracts and ensures the best value for SaskWater and its customers through a fair, open and transparent bidding process.

To explore new ways of engaging Indigenous vendors, SaskWater’s Vice President of Engineering sits on a Crown collaboration committee, examining Indigenous procurement in the province. In 2019–20, SaskWater engaged the services of seven Saskatchewan vendors who identified their company as Indigenous or declared Indigenous content in their proposal.

## KIND WORDS

“

SaskWater has been a fantastic partner over the last few years . . . they not only donate their money but also their time to come out and help with the builds that we’ve had. We thank them for their support, and we look forward to continue building our relationship with them while building more homes here in Moose Jaw.

”

**Heidi Tiller,**

Co-chair, Fund Development Committee, Habitat for Humanity, Moose Jaw

## Social Responsibility

As a socially responsible corporation, SaskWater looks to improve the overall well-being of its customer communities while contributing to a healthy economy and positive business environment. That's why we support organizations in our customer communities that enrich the lives of residents through numerous events and initiatives. SaskWater also promises our customers a superior quality of water and wastewater services that meet or exceed provincial water and wastewater regulations. We are committed to hiring a representative workforce and keeping our employees positively engaged. Through these efforts we will continue to nurture strong customer and business relationships.

SaskWater conducts community consultations to provide a forum for communities and individuals to learn and ask questions about SaskWater projects that may impact them. During 2019–20:

- A community open house and information meeting took place in Meadow Lake in May 2019, to address questions and concerns regarding SaskWater's pending purchase of the city's WTP.
- Three regional meetings were held to develop the Southwest Regional Water Supply System project. After the initial regional meeting in the Town of Cabri in April 2019, attended by SaskWater Engineering and Customer Growth and Engagement representatives, SaskWater was asked to prepare a grant application on behalf of this group. Additional regional meetings in Cabri and the Village of Abbey were held to discuss the progress of this project.
- SaskWater held five regional meetings in January 2020, to discuss the potential opportunity and benefits of regionalizing

water supply systems and to determine if there was sufficient interest in those areas to pursue grant opportunities for a regional system. Information sessions were held in the towns of Herbert, Midale, Wadena, Oxbow and Preeceville. In total, attendees of these meetings represented 31 Saskatchewan villages, towns and rural municipalities.

- An information meeting was held in October 2019 for stakeholders of SaskWater's Prairie North Regional Potable Water Supply System project. The meeting was held in the RM of Wilton with representatives from the RM of Wilton, and towns of Lashburn and Marshall in attendance.

SaskWater's customer engagement process gives municipal representatives the opportunity to ask questions about the services they receive from SaskWater, understand how the system is performing and identify and discuss current and future capital and operational requirements. SaskWater delivered customer engagement sessions to nine customer groups in 2019–20, including:

- the Town of White City
- the Town of Gravelbourg and Thomson Lake
- the Dundurn Rural Pipeline Association
- the RM of Corman Park
- Saskatoon Area Potable Water Supply System customers
- the City of Melville
- Elbow Regional Water Supply System customers
- Codette Lake Regional Water Supply System customers
- the Village of Pierceland

As one of Saskatchewan's commercial Crown corporations, SaskWater embraces our social responsibility to make positive contributions to Saskatchewan communities. In 2019–20, we sponsored and/or provided promotional items for 98 events in 37 communities. SaskWater's Community Investment Policy's categories of support include: Community Enhancement, First Nations/Diversity and Partnership.

Community Enhancement is important to SaskWater, and in 2019–20, we continued to provide sponsorships to several of our customer communities through a wide range of opportunities, including:

- the Village of Viscount and Village of Marquis fundraising efforts to build new playgrounds
- annual support for the Moose Jaw Health Foundation
- the Town of Hague and Town of Dalmeny fundraising efforts to build spray parks
- the Town of Bruno's artificial ice project
- a donation to the Gravelbourg Cares Shuttle Service
- financial support to Habitat for Humanity Moose Jaw for their build project
- events such as fundraiser dinners, rodeos, golf tournaments, fish and boat derbies and music jamborees

In the category of First Nations/Diversity, we provided support to events and organizations, including:

- a Saskatchewan Polytechnic bursary for the Indigenous student summer transition program
- Saskatchewan Alexander Graham Bell Association for the Deaf and Hard of Hearing
- 2019 Treaty 4 Gathering

Partnership-related support included:

- the 2019 Saskatchewan Airshow
- the 2020 Scotties Tournament of Hearts
- a Saskatchewan Polytechnic bursary in the water resources diploma program
- a donation to the Children's Wish Foundation on behalf of all of our customers in lieu of Christmas cards
- sponsorship of the University of Regina's Faculty of Engineering and Applied Science Project Day

SaskWater is also committed to using our Community Investment program to offer educational experiences to students in our customer communities. Some of the ways we accomplished this in 2019–20 included:

- Using the benefits of our Saskatchewan Science Centre corporate membership to send students to the science centre
- Supporting science camps presented by EYES – Educating Youth in Engineering and Science

“Saskatchewan's wildlife species and rich natural diversity make the Nature Conservancy of Canada's conservation work crucial. With the support of organizations like SaskWater, we can continue to conserve Saskatchewan's natural areas, including further restoration work on Thunder Creek.”

**Vanessa Headford,**  
Senior Development Officer, Nature Conservancy of Canada,  
Saskatchewan Region

“The donation from SaskWater has been truly appreciated by our committee. It brings us closer to achieving our goal of building a spray park in our community for everyone to enjoy!”

**Hague Spray Park Committee**

SaskWater employs qualified operators and supports their professional development to maintain and upgrade certifications that help them ensure our water supply systems are performing at or above required standards. Operators also have access to remote monitoring and a network of relief operators to ensure our facilities are always properly supervised.

SaskWater is committed to providing a safe workplace for all employees. We encourage and support training in occupational health and safety for employees. Training is offered to upgrade employee knowledge and skills and an emphasis has been placed on building a strong safety culture through incident reporting, technology upgrades and working alone safety guidelines. SaskWater was identified as a WorkSafe Saskatchewan Mission: Zero Top 100 Company in 2019–20.

SaskWater supports a representative workforce through core training opportunities, including Crucial Conversations and an Indigenous Cultural Awareness Program.

SaskWater encourages staff participation in the Good Food Box program to promote healthy eating habits and support Hunger in Moose Jaw.

SaskWater offers its employees a Health and Wellness benefit that encourages them to stay active and make healthy lifestyle choices within their communities, which has spillover benefits for local businesses.

SaskWater encourages staff initiatives that benefit community groups and causes that are important to its employees. In 2019–20, SaskWater staff volunteered on a local build project for Habitat for Humanity, participated in a corporate kayak race at a KidSport fundraiser and answered phones for the Moose Jaw Health Foundation's annual radiothon. Various office fundraisers generated funds to support campaigns such as Prostate Cancer Canada's Plaid for Dad, the Terry Fox Run, Tim Horton's Camp Day, Kinsmen Telemiracle and a holiday food drive.

## Environmental Stewardship

Protecting our natural environment is fundamentally important to the ongoing success of SaskWater. As we provide vital water supply and wastewater services to our customers, we ensure the environment is protected through careful compliance with relevant national and provincial regulations, standards and guidelines. Within our operations, we strive to develop efficiencies that conserve precious natural resources and take every opportunity to promote the value of water in our society and the need to preserve it.

SaskWater promotes the value of water and water conservation information within our customer communities and to the general public.

SaskWater provides an excellent resource for water conservation information at [www.saskwater.com](http://www.saskwater.com).

SaskWater facilitates school tours of our WTPs.

SaskWater set an emissions intensity target to reduce greenhouse gas (GHG) emissions by 20 per cent in 2020 from 2006 levels. As of 2018, SaskWater has achieved a 26 per cent reduction with 478 tonnes of GHG emissions per 1 million cubic metres of water pumped or treated.

This target will be revisited in 2020 to set GHG emissions targets for the next 10 years. SaskWater's Greenhouse Gas Committee meets regularly to review potential initiatives to reduce GHG emissions. The committee has implemented initiatives, including:

- Installing solar panels at the Wakaw WTP and Melville wells to increase the use of renewable energy and reduce GHG emissions
- Replacing inefficient lighting with more efficient LED lighting
- Implementing a pump optimization program to lower power consumption by reducing average operating pressures in water supply lines
- Reducing employee travel by implementing remote access to facilities for diagnostic and troubleshooting purposes

Water conservation is critical to our operations. SaskWater takes an active approach to minimizing water loss on its water supply systems. The target is a water loss rate of 2.5 per cent or less. SaskWater is undertaking a targeted asset renewal and replacement program for its systems that are aging and experiencing high water loss. (See the System Reliability Index measure in the Balanced Scorecard on page 32)

We actively participate in corporate recycling of paper, plastics, electronics and batteries.

The Global Institute for Water Security was invited to share current and future research and understandings with SaskWater's Board of Directors, executives and employees regarding a changing climate and water security, globally, regionally and locally.

Executive and employee representatives participated in several think tank discussions regarding water security in the province and potential solutions and opportunities for the future.

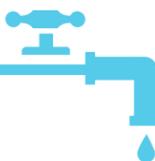
Employee volunteers assisted with community garden upkeep and harvesting for the Mosaic Community Food Farm.

A category for Environment/Sustainability has been designated within our Community Investment Policy. In 2019–20, SaskWater supported initiatives such as:

- The Saskatchewan Prairie Conservation Action Plan's environmental education programs
- The Nature Conservancy of Canada's habitat enhancement projects
- The Saskatchewan Polytechnic Hannin Creek Education and Applied Research Centre
- Providing the following communities with water bottle filling stations for use in local facilities to discourage the use of disposable water bottles:
  - Melfort
  - Kindersley
  - Humboldt
  - Melville

“SaskWater exceeded our expectations and helped make the event fun and successful. Whatever they promised, they delivered – they participated in the total event and provided additional support by entering a canoe in our corporate challenge . . . their presence was felt and they were always ready to assist.”

**John Eberl,**  
Committee Chair, Kayak for KidSport, Moose Jaw



# 06

## CORPORATE GOVERNANCE

### CONTRIBUTORS TO CORPORATE GOVERNANCE:

- The shareholder
- Board of Directors
- Management

*“Effective corporate governance results in a well-run, high-performing and transparent organization, accountable to the public it serves.”*



### What It Means

Corporate governance is generally accepted as the set of processes, customs, policies, laws and institutions that affect how a corporation is directed, administered or controlled.

Corporate governance includes the relationships among the stakeholders and the goals for which the corporation is governed.

### A Vision for all Crown Corporations

SaskWater shares in the vision that the provincial government has defined for the Crown sector. This vision is for "...a secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing a high quality of life for all."

### Crown Corporation Structure

SaskWater is a statutory Crown corporation governed by *The Saskatchewan Water Corporation Act, 2002*, and is subject to the provisions of *The Crown Corporations Act, 1993*.

Crown Investments Corporation of Saskatchewan (CIC) is the Province of Saskatchewan's holding company for its commercial Crown corporations, including SaskWater, and has authority to establish direction for SaskWater related to certain matters set out in legislation.

Through the Chair, who is an independent director, the Board of Directors is accountable to the Minister Responsible for SaskWater.

### Roles and Responsibilities

The Government of Saskatchewan represents the public's interests and sets the vision for the Crown sector. Government approves and rescinds Crown Board appointments.

The CIC Board sets strategic direction for the Crown sector, sets public policy expectations, approves performance standards, allocates capital, and monitors and evaluates the Crown corporation's performance throughout the year.

The Minister Responsible for SaskWater keeps informed of Crown activities and functions as the communications channel between the Crown corporation and its stakeholders, including government, the legislature and the public.

CIC develops policy on Crown corporations and communicates and monitors strategic shareholder direction and policy to the corporation.

SaskWater's Board oversees the overall direction of the business activities of the corporation to achieve the performance targets and is responsible for the approval and implementation of the corporation's strategic plan and performance plan.

### Direction to the Crown Sector

The CIC Board provides direction to SaskWater that is reflected in our strategic, business and operational plans. CIC priorities include:

- customer focus to provide the best possible service that is high quality, accessible and affordable infrastructure for economic development in Saskatchewan
- development of an effective workforce while striving to contain growth in the workforce financial and fiscal sustainability
- CIC also provides direction to SaskWater for such things as programs, reporting processes and procedures, policies and administrative or legislative matters.

*Source: Crown Sector Strategic Plan*





## Board of Directors

The SaskWater Board of Directors terms of reference state that the Board will have a minimum of three (3) members and a maximum of ten (10). As of November 20, 2019, the SaskWater Board consisted of nine (9) independent directors. All are appointed for a set term by the Lieutenant Governor in Council, who also designates the Chair and Vice Chair. Subject to applicable legislation, directors are appointed for a fixed term and their appointments can be renewed at expiry.

## Responsibilities and Duties

The Board is responsible for SaskWater's stewardship while fostering success consistent with SaskWater's mandate. The Board works with management to oversee corporate operations, including:

- setting corporate direction
- guiding strategic planning processes
- executing performance evaluations
- annual and quarterly monitoring and reporting functions
- assisting in business plan development and approval
- monitoring processes and systems used to achieve sustainable operations

The SaskWater Board of Directors met seven (7) times in 2019–20.

## Committees

In 2019–20, the Board had two (2) standing committees to undertake detailed reviews and provide in-depth supervision in key areas of responsibility.

The Committees of the Board were:

- Audit and Finance, and Governance and Corporate Responsibility

*Audit and Finance Committee* – held four (4) meetings in 2019–20

Current Committee Members (appointed to committee on November 21, 2018): Michael Gering (Chair), Alison Green, Patricia Hughes, Richard Porter, Silvia Martini (ex officio).

The Audit and Finance Committee helps the Board fulfill its financial accountability by:

- overseeing the corporation's budget, financial operations and results
- reviewing internal controls established by management and the Board
- participating in internal and external audit processes
- monitoring the adequacy and condition of capital assets
- reviewing and making recommendations on capital activities
- ensuring appropriate systems are in place to identify and manage risk

*Governance and Corporate Responsibility Committee* – held four (4) meetings in 2019–20

Current Committee Members (appointed to committee on November 21, 2018): Linda Jijian (Chair), Bill Hutchinson, Jeff Richards, Glenda Whalen, Silvia Martini (ex officio).

The Governance and Corporate Responsibility Committee reviews and maintains SaskWater's governance practices and oversees the Board's nominating and governance activities, including:

- evaluating the performance of Board committees, Board Chair, individual directors and the President/CEO
- recommending Board and Committee structure, composition and mandate
- ensuring Board orientation and opportunities for professional development
- articulating the roles and responsibilities of the Board
- overseeing compensation policies and collective bargaining mandate

## Governance Practices

The SaskWater Board has implemented a comprehensive set of governance practices and is committed to clear disclosure of its governance practices in accordance with current best practice disclosure standards.

On June 30, 2005, the Canadian Securities Administrators (CSA) National Policy 58-201 on Corporate Governance Guidelines and National Instrument 58-101 on Governance Disclosure Rules came into effect. The CSA standards supersede the Toronto Stock Exchange Corporate Governance

Guidelines, which the Board used previously to assess its practices. The Governance and Social Corporate Responsibility Committee has reviewed the Guidelines with a view of adapting the Board's governance practices to the guidelines, where effective and beneficial. Although SaskWater is not legally required to comply with the CSA governance guidelines as it does not have shared capital and is not a reporting issuer, it works towards those guidelines that are applicable and benchmarks its corporate governance practices against the CSA National Policy.

SaskWater's approach to corporate governance is substantially consistent with the guidelines set out in the Canadian Securities Administrators (CSA) National Policy 58-201 – Corporate Governance Guidelines and National Instrument 58-101 – Disclosure of Corporate Governance Practices. SaskWater's Corporate Governance policies and practices can be found in the following section.

# BOARD OF DIRECTORS



Silvia Martini

Michael Gering

Glenda Whalen

## Silvia Martini

**Chair**  
**Saskatoon**

Silvia Martini is Vice President of Interlink Research, Inc., and Principal of Martini Consulting. With almost 40 years of successive business and leadership success, Silvia brings to the Board a strong, strategic mindset, supported by critical thinking. She is known for value-based leadership, and for stewarding innovative and collaborative cultures.

She has contributed her leadership strengths and competencies to community through decades of service leadership working with, and on, boards of directors such as the Greater Saskatoon Chamber of Commerce, The Word On The Street Festival in Saskatoon and boards addressing change and challenge. Described as a “thought leader,” Silvia is a staunch advocate for Saskatchewan’s leadership potential in sustainable economic and community development. She has celebrated with her teams a wide range of achievements, creating new platforms from which success continues to this day.

Silvia is a graduate of the Edwards School of Business (EBAC), and obtained her Chartered Director (C. Dir.) designation from The Directors College. Over the years, Silvia has been the recipient of a number of awards, including the Raj Manek 2016 Above and Beyond Award.

Prior to her appointment as Chair in 2017, Silvia served as Vice Chair of the SaskWater Board and Chair of the Governance and Corporate Responsibility Committee.

## Michael Gering

**Vice Chair**  
**Swift Current**

Michael Gering is President and CEO of Diamond Energy Services in Swift Current, a company he founded in 1996. He has worked in the oilfield industry since 1985. He is also a member of the RM of Swift Current Council.

Michael and his wife are long-time residents of Swift Current. Over the years, he has supported his community through his involvement in Swift Current Minor Hockey and the South Saskatchewan Female Hockey League, and as a member of the Great Plains College Board of Directors. He has also participated on numerous other community and fundraising committees. Michael currently sits on the CAODC Board of Directors.

Michael completed the Johnson and Shoyama Board Governance Program. He currently serves as Chair of the SaskWater Board Audit and Finance Committee.

## Glenda Whalen

**Qu’Appelle**

Glenda Whalen is a small business owner in Saskatchewan. After many years working in the field of education, she pursued her Bachelor of Fine Arts degree at the University of Regina, graduating with distinction, and was employed as a contracted designer.

Glenda and her husband are owners and operators of a grain farm in the RM of South Qu’Appelle. They have two grown sons and one grandson. Nik is married and is a Regina firefighter and Travis is engaged to be married and is a high school teacher.

Top priority in Glenda’s life is serving her community. She is currently serving as Board Chair for both the Qu’Appelle Lioness Club and the Qu’Appelle Library Branch of the Southeast Regional Library. She also actively served as a board member on the James Hamblin School Council, Qu’Appelle Soccer Association (founding member), Indian Head Broncs Football and Chiefs Hockey. Glenda’s passions are travelling, reading and lifelong learning!

Glenda obtained her Chartered Director (C. Dir.) designation from The Directors College.

## Patricia Hughes

**Prince Albert**

Patricia Hughes works at Transwest Air in Business Development. In addition, she and her husband Brad actively farm in Tisdale at the family farm.

Patricia and Brad reside in Prince Albert. They have two grown sons. Logan is pursuing his education in Human Resources at Edwards School of Business. Brett is apprenticing as an Agriculture Technician.

Patricia is actively involved with Community Futures. She is currently a Director on her local board, Prince Albert Community Futures, as well as Chair of Community Futures Saskatchewan, Vice-Chair of Pan West Community Futures and President for Community Futures Network of Canada.

Patricia has served on other local boards and continues to be very active in her community, participating in several fundraising initiatives that support local organizations.



Patricia Hughes

Richard Porter

Bill Hutchinson

Linda Jijian

Jeff Richards

Alison Green

## Richard Porter

**Warman**

Richard Porter is the owner and CEO of Shellbrook Crushing, Shellbrook Trucking and several related businesses. Richard has gained a wealth of knowledge and experience as an employer dealing with large staffs and government contracts. He has a good working knowledge of both sides, as employer and employee.

Community involvement is a large part of Richard’s life and over the years he has been very active with the Kinsmen Club, Telemiracle and as Chair of the Parkland School Division Board. He was a councillor in the RM of Canwood for 10 years and served as Reeve for four years.

Richard has served on and chaired several committees, including the Fundraising Committee for the Parkland Integrated Health Centre in Shellbrook.

## Bill Hutchinson

**Regina**

Bill Hutchinson’s career in the private and public sectors spans four decades. Highlights include building a successful architectural practice, four terms as a member of Regina City Council and two terms as a member of Saskatchewan’s Legislative Assembly.

As a City Councillor, Bill chaired the Regina Planning Commission and served on the Regina Regional Economic Development Authority, the Board of Police Commissioners and the Saskatchewan Urban Municipalities Association. While an MLA, he was Minister of Municipal Affairs, Minister of First Nations and Metis Relations and Minister of Tourism, Parks, Culture and Sport.

Volunteer activity has included service on more than 20 community and provincial boards, notably SIAST (now Saskatchewan Polytechnic), SaskBuilds and the University of Regina Senate.

## Linda Jijian

**Regina**

Linda Jijian is the Manager of Governance and Compliance with SaskCentral. Her experience includes research and development, wealth management, workshop facilitation and strategic planning. Her current role supports credit unions in meeting their federal and provincial legislative and regulatory obligations in the areas of governance and compliance. She also assumes the role of provincial Ombudsman as part of the provincial government’s consumer protection directive.

Linda received her ProDir Certification through the Johnson Shoyama Graduate School of Public Policy and Brown Governance, and has also completed the academic requirements for the Directors Education Program offered by the Institute of Corporate Directors (ICD).

Linda has served on various boards and has chaired various committees. She currently serves as Chair of the SaskWater Board Governance and Corporate Responsibility Committee.

## Jeff Richards

**Weyburn**

Jeff Richards is currently the Executive Director of the Weyburn Wor-Kin Shop. After more than a decade as a small business owner, he has spent the last 10 years in senior leadership roles in the public and private sectors. Most recently he was elected to Weyburn City Council. He currently serves on the Police Commission and is the Council representative on the City of Weyburn Youth Council.

Jeff and his wife raised their family in Weyburn and are strong supporters of community and the arts. He has served as a Director on a number of organizations, including the Weyburn Credit Union (currently as Vice Chair),

the Weyburn Chamber of Commerce and Estevan Chamber of Commerce, in addition to chairing the Weyburn and District United Way and the Weyburn Regional Planning Commission.

Over the years, Jeff has invested in himself through numerous professional development programs, including the Credit Union Director Achievement (CUDA) Program, and he is currently enrolled in the Institute of Corporate Directors (ICD), Directors Education Program from the Rotman School of Management at the University of Toronto.

## Alison Green

**Regina**

Alison Green joined SaskWater’s Board of Directors in November 2018. Prior to that, she was a Director of the SOCO Board and Chair of the Audit and Finance Committee.

Alison is a Regina native, and completed her Bachelor of Administration degree and CMA designation (now CPA, CMA) at the University of Regina. She also has a Certified Financial Planner designation (CFP) and obtained her Chartered Director (C. Dir.) designation in 2015 from The Directors College.

Alison has a background in finance, having worked in the energy sector, banking industry and public accounting. She is a tax specialist at Saveway Tax Services in Regina where she enjoys providing tax and accounting services to individuals, families and business clients.

In her volunteer life, Alison has been a Rotarian for over 20 years and was a Director of the Rotary Club of Regina. She has served on the National Board and Division Board of CNIB, and has recently been an Ambassador with the Regina Chamber of Commerce.

| CSA CORPORATE GOVERNANCE POLICY, NP 58-201, AND DISCLOSURE INSTRUMENT, NI 58-101F1 (SUMMARY)   | COMMENTS AND DISCUSSION   | DOES SASKWATER ALIGN? |
|--|---|-----------------------|
| <b>COMPOSITION OF THE BOARD</b>  |   |                       |
| <b>NP 58-201, section 3.1</b>  |   |                       |
| 3.1 The board should have a majority of independent directors.   | All directors on the SaskWater Board (9 out of 9) are independent.  | Yes                   |
| <b>NI 58-101F1, sections 1(a) to (d)</b>   |   |                       |
| 1 (a) Disclose the identity of directors who are independent;  | <b>Silvia Martini, Chair:</b> INDEPENDENT<br>– Vice President of Interlink Research, Inc.   | Yes                   |
| (b) Disclose the identity of directors who are not independent and the basis for that determination;   | <b>Michael Gering:</b> INDEPENDENT<br>– President of Diamond Energy Services Inc.   |                       |
| (c) Disclose whether the majority of directors are independent; and  | <b>Alison Green:</b> Independent<br>– Tax Accountant  |                       |
| (d) Disclose whether a director is a director of any other issuer that is a reporting issuer.  | <b>Patricia Hughes:</b> INDEPENDENT<br>– Business Development Officer, TransWest<br><b>Bill Hutchinson:</b> INDEPENDENT<br>– Consultant<br><b>Linda Jijian:</b> INDEPENDENT<br>– Manager, Governance & Compliance, SaskCentral<br><b>Richard Porter:</b> INDEPENDENT<br>– Retired<br><b>Jeff Richards:</b> INDEPENDENT<br>– Vice President of Strategic Development, Southeast College/Executive Director, Weyburn War-Kin Shop<br><b>Glenda Whalen:</b> INDEPENDENT<br>– Small business owner<br><br>The determination of independence is made by the Governance and Corporate Responsibility Committee and is based on an assessment of the requirements in Multilateral Instrument 52-110, Audit Committees.<br><br>Section 1(d) does not apply to SaskWater as SaskWater does not have share capital and is not an issuer.  |                       |
| <b>NP 58-201, section 3.2</b>  |   |                       |
| 3.2 The chair of the board should be an independent director who is the effective leader of the board and who ensures that the board's agenda will enable it to successfully carry out its duties. | The Chair of the Board is an independent director who provides leadership in board organization, processes, effectiveness and renewal, serves as liaison between the Board and the shareholder and ensures Board agendas reflect an effective balance between the role of the Board and that of management.   | Yes                   |
| <b>NI 58-101F1, section 1(f)</b>   |   |                       |
| 1 (f) Disclose whether the chair of the board is an independent director; disclose the identity of the chair and describe the role of the chair.   | Silvia Martini is the Chair of the Board and she is an independent director. The Chair reports to the Board and ultimately to the shareholder and is responsible for presiding over meetings of the Board and ensuring that the Board discharges its fiduciary and legal responsibilities. The Chair's primary duties include: <ul style="list-style-type: none"> <li>• chairing meetings of the Board and ensuring meetings are properly convened and business is conducted legally;</li> <li>• working with the CEO and the Corporate Secretary to set Board meeting schedules and establish agendas;</li> <li>• monitoring meeting attendance and encouraging full participation by directors at meetings;</li> <li>• communicating with directors between meetings;</li> <li>• taking a lead role in assessing and addressing any concerns related to Board, committee or director performance;</li> <li>• assisting directors to achieve full utilization of individual abilities;</li> <li>• promoting an open and constructive working relationship between senior management and the Board;</li> <li>• working with committee chairs to maintain effective communications and division of responsibilities;</li> <li>• providing advice and counsel to the CEO and senior management;</li> <li>• representing the shareholder's interests and perspective to management, and representing management's views to the shareholder; and</li> <li>• in conjunction with the CEO, developing productive relationships and representing the Corporation with the shareholder and key stakeholders.</li> </ul> | Yes                   |

| CSA CORPORATE GOVERNANCE POLICY, NP 58-201, AND DISCLOSURE INSTRUMENT, NI 58-101F1 (SUMMARY)   | COMMENTS AND DISCUSSION   | DOES SASKWATER ALIGN? |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
|--|---|-----------------------|--------------------|-----------------------|------|----------------|------|--------------|------|-----------------|------|-----------------|------|--------------|------|----------------|------|---------------|------|---------------|------|-----|
| <b>MEETINGS OF INDEPENDENT DIRECTORS</b>   |   |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| <b>NP 58-201, section 3.3</b>  |   |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| 3.3 The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not present.   | As a Standing Agenda item, the Board holds an in-camera session without management present at each regular meeting of the Board. All directors participate in the sessions, except where a director has a conflict with an item under discussion.   | Yes                   |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| <b>NI 58-101F1, section 1(e)</b>   |   |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| 1(e) Disclose whether the independent directors hold regularly scheduled meetings at which members of management are not present; disclose the number of such meetings held in the previous 12 months; if such meetings are not held, disclose what the board does to facilitate open and candid discussion among independent directors. | There were seven (7) Board meetings held in 2019-20, and during three regular meetings, in-camera sessions without management present but including all directors, were held.<br><br>Board practices that facilitate open and candid discussion and independent judgment by directors include: <ul style="list-style-type: none"> <li>• holding in-camera sessions of no fixed duration where directors are encouraged to raise any issues of concern;</li> <li>• having an independent director as Chair of the Board;</li> <li>• clearly delineating the division of responsibilities between Board and management; and</li> <li>• providing for the Board/directors to access external advice.</li> </ul> The Board is satisfied that its governance practices foster full and open discussion and debate and that it retains the independence of mind to make decisions in the best interests of the Corporation and the shareholder. | Yes                   |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| <b>NI 58-101F1, section 1(g)</b>   |   |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| 1 (g) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.   | The Board held seven (7) meetings in 2019-20. The number of Board meetings attended by each director in 2019-20 is set out below. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Director</th> <th>Meetings Attended*</th> </tr> </thead> <tbody> <tr> <td>Silvia Martini, Chair</td> <td>7(7)</td> </tr> <tr> <td>Michael Gering</td> <td>6(7)</td> </tr> <tr> <td>Alison Green</td> <td>7(7)</td> </tr> <tr> <td>Patricia Hughes</td> <td>7(7)</td> </tr> <tr> <td>Bill Hutchinson</td> <td>7(7)</td> </tr> <tr> <td>Linda Jijian</td> <td>7(7)</td> </tr> <tr> <td>Richard Porter</td> <td>6(7)</td> </tr> <tr> <td>Jeff Richards</td> <td>5(7)</td> </tr> <tr> <td>Glenda Whalen</td> <td>7(7)</td> </tr> </tbody> </table>   | Director              | Meetings Attended* | Silvia Martini, Chair | 7(7) | Michael Gering | 6(7) | Alison Green | 7(7) | Patricia Hughes | 7(7) | Bill Hutchinson | 7(7) | Linda Jijian | 7(7) | Richard Porter | 6(7) | Jeff Richards | 5(7) | Glenda Whalen | 7(7) | Yes |
| Director   | Meetings Attended*  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Silvia Martini, Chair  | 7(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Michael Gering   | 6(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Alison Green   | 7(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Patricia Hughes  | 7(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Bill Hutchinson  | 7(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Linda Jijian   | 7(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Richard Porter   | 6(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Jeff Richards  | 5(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| Glenda Whalen  | 7(7)  |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |
| *For the purposes of this report, members who attended meetings in part were considered to be present.   |   |                       |                    |                       |      |                |      |              |      |                 |      |                 |      |              |      |                |      |               |      |               |      |     |

**BOARD MANDATE**

| NP 58-201, section 3.4   |  |                        |
|--|--|------------------------|
| <p>3.4 The board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the corporation and responsibility for:</p> <p>(a) to the extent possible, satisfying itself as to the integrity of the CEO and executive and that they have created a culture of integrity throughout the organization;</p> <p>(b) adopting a strategic planning process and approving at least annually a strategic plan, which takes into account, among other things, the opportunities and risks of the business;</p> <p>(c) identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;</p> <p>(d) succession planning, including appointing, training and monitoring senior management;</p> <p>(e) adopting a communications policy for the Corporation;</p> <p>(f) the integrity of the corporation's internal control and management information systems; and</p> <p>(g) developing the corporation's approach to corporate governance, including a set of principles and guidelines specific to the corporation.</p> <p>The written mandate should also address measures for receiving feedback from stakeholders (for example, a process for stakeholders to contact independent directors); and the expectations and responsibilities of directors, including basic duties to attend meetings and review materials in advance.</p> | <p>The Board has written Terms of Reference that contain the majority of the elements required by the Policy. The Terms of Reference outline the Board's principal duties and responsibilities, including responsibility to function as stewards of the corporation and to:</p> <ul style="list-style-type: none"> <li>provide leadership in setting the Corporation's long-range strategic direction and annually approve the Corporation's overall strategic plan;</li> <li>participate in identifying the principal risks of the business in which the Corporation is engaged and oversee the implementation of appropriate systems to manage the risks;</li> <li>appoint the CEO, evaluate the performance of senior management and ensure effective succession planning processes;</li> <li>adopt policies and processes to enable effective communication with the shareholder, stakeholders and the public; and</li> <li>monitor the integrity of the Corporation's internal control and management information systems.</li> </ul> <p>The Board has approved Terms of Reference for directors where the expectations and responsibilities of individual directors are delineated.</p> <p>SaskWater regularly surveys internal and external stakeholders to obtain feedback about corporate activities. The Chair of the Board participates in a forum established by CIC, which is composed of the chairs of all subsidiary Crown Boards and senior CIC officials, where issues of mutual interest and concern are shared.</p> <p>Elements of the Policy not specifically identified in the Terms of Reference for the Board include (a) and (g). Respecting (a), the Board has established practices that promote a culture of ethical business conduct (see discussion under section 3.8 of NP 58-201). With respect to (g) the Board has delegated responsibility to the Governance and Corporate Responsibility Committee to oversee the Corporation's approach to corporate governance.</p> | Substantial compliance |

| NI 58-101F1, section 2                                     |  |     |
|--|--|-----|
| <p>2 Disclose the text of the board's written mandate.</p> | The Board's principal responsibilities are described above. The text of the Board's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board. | Yes |

**POSITION DESCRIPTIONS**

| NP 58-201, section 3.5   |  |     |
|--|--|-----|
| <p>3.5 The board should: develop clear position descriptions for the chair of the board and the chair of each board committee; together with the CEO, develop a position description for the CEO delineating management's responsibilities; develop or approve corporate goals and objectives that the CEO is responsible to meet.</p> | <p>The Board has approved Terms of Reference for the Board, the Chair of the Board, the Chair of each committee, each committee and individual directors and has adopted a Position Description for the CEO. The Terms of Reference outline the key areas of focus for each committee and can be obtained by contacting the Corporate Secretary to the Board.</p> <p>The CEO's Position Description sets out the CEO's primary accountabilities and responsibilities. The Board Terms of Reference address management duties, and a Final Authorization Policy, applicable to monetary and non-monetary matters, sets out those matters that require Board approval and delegates other matters to management.</p> <p>The Governance and Corporate Social Responsibility Committee annually recommends performance indicators for the Corporation and personal goals for the CEO that are approved by the Board. The Board annually approves a business plan that includes corporate objectives, priorities and performance indicators. The CEO is responsible to see that the Corporation achieves the business plan and to meet any other targets assigned by the Board.</p> | Yes |

**NI 58-101F1, sections 3(a) and (b)**

|   |  |     |
|---|--|-----|
| <p>3 (a) Disclose whether the board has developed written position descriptions for the chair of the board and the chair of each board committee and, if not, describe how the board delineates the role and responsibilities of each such position.</p> <p>(b) Disclose whether the board and CEO have developed a written position description for the CEO.</p> | The Board has developed written position descriptions for the Chair of the Board, the Chair of each committee and the CEO. | Yes |
|---|--|-----|

**ORIENTATION & CONTINUING EDUCATION**

| NP 58-201, sections 3.6 and 3.7  |   |     |
|--|---|-----|
| <p>3.6 The board should ensure new directors receive comprehensive orientation and fully understand the role of the board and committees, the contribution individual directors are expected to make and the nature and operation of the business.</p> <p>3.7 The board should provide continuing education opportunities for all directors to enhance their skills and abilities and ensure their knowledge of the corporation's business is current.</p> | <p>Management provides new directors with a comprehensive orientation to the business and the industry. CIC delivers a training program that focuses on the skills that directors need to do their jobs, effective board processes and best practices in corporate governance. Other development opportunities made available to directors are described below.</p> | Yes |

**NI 58-101F1, sections 4(a) and (b)**

|   |   |     |
|---|---|-----|
| <p>4 (a) Describe the measures taken to orient new directors to the role of the board, committees and directors, and to the nature of the Corporation's business.</p> <p>(b) Describe the measures taken to provide continuing education opportunities for all directors.</p> | <p>All new directors receive an orientation session delivered by management. The orientation session addresses key industry trends, critical business risks and challenges, the strategic plan, organizational structure and responsibilities of senior staff. New directors are able to meet informally with senior managers to learn about the business.</p> <p>Each year, CIC sponsors a comprehensive education program for directors of CIC subsidiary Crown boards. The program has focused on the key roles and responsibilities of boards, committees and directors, the skills directors need to effectively discharge their responsibilities, and best practices and new developments in corporate governance. Directors can participate in external development opportunities related to their duties as directors where authorized by the Corporation or the Board.</p> | Yes |
|---|---|-----|

**CODE OF BUSINESS CONDUCT AND ETHICS**

| NP 58-201, section 3.8  |  |     |
|---|--|-----|
| <p>3.8 The board should adopt a written code of business conduct and ethics applicable to directors, officers and employees of the corporation designed to promote integrity and deter wrongdoing. The code should address:</p> <p>(a) conflicts of interest, including transactions and agreements where a director or officer has a material interest;</p> <p>(b) protection and proper use of corporate assets and opportunities;</p> <p>(c) confidentiality of corporate information;</p> <p>(d) fair dealing with the Corporation's security holders, customers, suppliers, competitors and employees;</p> <p>(e) compliance with laws, rules and regulations; and</p> <p>(f) reporting of illegal or unethical behaviour.</p> | <p>Board members must comply with the <i>Directors' Code of Conduct</i>, which was developed by CIC and applies to the directors of all its subsidiary Crown boards. Officers and employees of the Corporation and its subsidiaries must comply with SaskWater's Code of Business Conduct and Ethics Policy.</p> <p>Both Codes are designed to promote integrity and deter wrongdoing, address the elements of the Policy as they apply to a Crown corporation and provide a mechanism to report illegal or unethical behavior.</p> <p>In 2019, all SaskWater employees completed a policy review of SaskWater's code of Business Conduct and Ethics and Conflict of Interest Policies and were required to sign a new Conflict of Interest disclosure form.</p> | Yes |

|                                  |   |   |     |
|----------------------------------|---|---|-----|
| <b>NI 58-101F1, section 5(a)</b> |   |   |     |
| 5 (a)                            | <p>Disclose whether the board has adopted a written code of ethical business conduct for the directors, officers and employees of the Corporation; how to obtain a copy of the Code; how the board monitors compliance with the Code; and reference any material change report in the most recent financial year relating to any conduct of a director or officer that constitutes a departure from the Code.</p> | <p>A copy of the <i>Directors' Code of Conduct</i> can be obtained by contacting CIC.</p> <p>Committees of the Board monitor compliance with the <i>Directors' Code</i> and the Business Code. The Governance and Corporate Responsibility Committee monitors compliance with Corporate donation and sponsorship policies and is responsible to administer, monitor and enforce the <i>Directors' Code</i>. The Chair of the Committee reports to the Board at each regular meeting any such issues addressed by the Committee and submits an annual report to the Board regarding compliance with the <i>Directors' Code</i>.</p> <p>The Audit and Finance Committee monitors the financial performance of the Corporation and assists the Board to meet its responsibilities respecting accounting and financial reporting, risk management, internal controls and accountability. The Committee interacts directly with the internal and external auditors, who report to the Committee concerning, among other things, any instances of illegal or improper treatment of corporate assets.</p> <p>The Governance and Corporate Responsibility Committee monitors compliance with environmental, health and safety and human resource programs, including compliance with the Business Code.</p> <p>SaskWater does not have share capital and is not an issuer. Therefore, no material change reports have been filed.</p> | Yes |

|                               |   |   |     |
|-------------------------------|---|---|-----|
| <b>NP 58-201, section 3.9</b> |   |   |     |
| 3.9                           | <p>The board should monitor compliance with the Code and any waivers granted for the benefit of directors and executive officers should be granted by the board or a board committee. Any waivers for a material departure from the Code for any directors or officers should disclose full details of the material change.</p> | <p>The Board has delegated to its Committees the responsibility to monitor compliance with the Codes of Conduct. The Committees report any issues dealt with pursuant to the Codes to the full Board.</p> <p>No waivers from either Code have been granted to any director or officer in 2019-20.</p> | Yes |

|                                  |   |  |     |
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| <b>NI 58-101F1, section 5(b)</b> |   |  |     |
| 5 (b)                            | <p>Describe steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements where a director or officer has a material interest.</p> | <p>Where a director has, or may be perceived to have, a personal interest in a transaction being considered by the Corporation, the director is responsible to declare any such interest at the meeting where the matter is considered and not to participate in discussions about or vote on the matter.</p> <p>Management monitors agenda items to identify any issues where a director may have a material interest and such items are not distributed to the director.</p> | Yes |

|                                  |   |  |     |
|----------------------------------|---|--|-----|
| <b>NI 58-101F1, section 5(c)</b> |   |  |     |
| 5 (c)                            | <p>Describe other steps the board takes to encourage and promote a culture of ethical business conduct.</p> | <p>The Board encourages and promotes a culture of ethical business conduct by following current best practices in corporate governance. These practices are reinforced by open and honest discussion about business issues at Board meetings and at informal gatherings between the Board and senior management.</p> <p>The Board expects management to act ethically in its business dealings, in accordance with all applicable legislation, the Business Code of Conduct and any directives or policies of the Board or the shareholder. Issues arising under the Business Code of Conduct are reported to and monitored by the Governance and Social Responsibility Committee and management reports to the Governance and Social Responsibility Committee respecting significant issues that have arisen pursuant to the whistle-blowing policy. Whistle-blowing reports may also be made directly to the Chair of the Governance and Corporate Responsibility Committee.</p> | Yes |

#### NOMINATION OF DIRECTORS

|                                |  |  |     |
|--------------------------------|--|--|-----|
| <b>NP 58-201, section 3.10</b> |  |  |     |
| 3.10                           | <p>The board should appoint a nominating committee composed of entirely independent directors.</p> | <p>The Governance and Social Responsibility Committee functions as the Nominating Committee. All five (5) members of the Governance and Social Responsibility Committee, including the Committee Chair, are independent directors.</p> | Yes |

|   |   |   |                        |
|---|---|---|------------------------|
| <b>NI 58-101F1, sections 6(a) and (b)</b> |   |   |                        |
| 6(a)                                      | <p>Describe the process by which the board identifies new candidates for board nomination.</p>  | <p>Appointments of Directors of SaskWater are a decision made by the Government through an Order in Council. The Governance and Corporate Responsibility Committee may, through their responsibility as nominating committee, recommend qualified nominees to the SaskWater Board for consideration and to have those nominees be recommended for consideration to the CIC Board and ultimately the Government.</p> <p>The Board, through the Governance and Corporate Responsibility Committee, reviews the composition and skill sets of directors annually with a view to maintaining an appropriate mix of expertise, experience and diversity on the Board to support the strategic direction and operating needs of the Corporation.</p> <p>The Governance and Corporate Responsibility Committee is responsible for identifying the skill sets needed on the Board, developing and maintaining a skills profile that delineates the competencies of current directors and identifies any skill gaps and may seek and recommend to the Board nominees that have the required competencies to fill any identified gaps. In addition to competencies and skills, the appointment practices encourage diversity in the composition of the Board. In seeking candidates, the Committee may receive recommendations from the directors, senior management and the shareholder. Potential candidates may be interviewed to determine their overall fit with the needs of the Board, any conflicts that would preclude their effective participation and whether they have the time to devote to board work. The Committee may recommend a list of candidates for each vacant position to the Board which in turn recommends a list of recommended candidates to the shareholder for approval. The shareholder has the legislative authority to make board appointments.</p> <p>The Committee believes that following best practices related to Board appointments, maintaining a skills matrix and recruiting candidates who possess the required combination of skills, background and diversity to add value to Corporate decision-making supports an objective nomination process.</p> | Substantial compliance |
| (b)                                       | <p>Disclose whether the board has a nominating committee composed entirely of independent directors and, if not, describe the steps the board takes to encourage an objective nomination process.</p> |   |                        |

|                                |   |  |                        |
|--------------------------------|---|--|------------------------|
| <b>NP 58-201, section 3.11</b> |   |  |                        |
| 3.11                           | <p>The nominating committee should have a written charter establishing the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual directors or subcommittees) and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate outside advisors necessary to permit it to carry out its work. Where a third party has a legal right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.</p> | <p>The Governance and Corporate Responsibility Committee has written Terms of Reference setting out its purpose and principal responsibilities, which includes the Committee's ability to nominate candidates for appointment to the Board, as well as the other elements of the Policy except member qualifications and the ability to delegate tasks. The Committee has authority to engage outside advisors to assist it in performing its duties, subject to the approval of the Board. The shareholder has the right to nominate candidates for appointment to the Board.</p> | Substantial compliance |

|                                  |   |   |     |
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| <b>NI 58-101F1, section 6(c)</b> |   |   |     |
| 6 (c)                            | <p>If the board has a nominating committee, describe the responsibilities, powers and operation of the committee.</p> | <p>The Governance and Social Responsibility Committee performs the functions of a nominating committee, and its Terms of Reference describe the responsibilities, powers and operation of the Committee. The Committee is appointed by the Board, serves in an advisory capacity and makes recommendations to the Board within its area of responsibility. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.</p> | Yes |

|                                |  |   |     |
|--------------------------------|--|---|-----|
| <b>NP 58-201, section 3.12</b> |  |   |     |
| 3.12                           | <p>The board should adopt a nomination process, which considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and considers the personality and other qualities of each director. The board should also consider the appropriate size of the board, with a view to effective decision-making, and should consider the advice and input of the nominating committee.</p> | <p>The Board's nomination process is described above, and it meets the guidelines of the Instrument.</p> <p>As the Committee responsible for the Board's approach to corporate governance, the Committee makes recommendations to promote timely and effective decision-making.</p> | Yes |

|                                |  |   |                        |
|--------------------------------|--|---|------------------------|
| <b>NP 58-201, section 3.13</b> |  |   |                        |
| 3.13                           | <p>The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees.</p> | <p>The Governance and Corporate Responsibility Committee, serving as the nominating committee, may recommend qualified candidates for appointment to the Board.</p> <p>The shareholder has the right to nominate candidates for appointment to the Board.</p> | Substantial Compliance |

| CSA CORPORATE GOVERNANCE POLICY, NP 58-201, AND DISCLOSURE INSTRUMENT, NI 58-101F1 (SUMMARY)  | COMMENTS AND DISCUSSION  | DOES SASKWATER ALIGN?   |                        |             |                       |             |  |            |                                |            |                              |       |  |
|---|--|---|------------------------|-------------|-----------------------|-------------|--|------------|--------------------------------|------------|------------------------------|-------|--|
| <b>NP 58-201, section 3.14</b>  |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| 3.14  | In making its recommendations, the nominating committee should consider: the competencies and skills that the board considers necessary for the board as a whole to possess; the competencies and skills of existing directors; the competencies and skills of each nominee; and whether each new nominee can devote sufficient time and resources to board work.  | The process followed by the Governance and Corporate Responsibility Committee complies with that set out in the Policy and is described above.  | Substantial Compliance |             |                       |             |  |            |                                |            |                              |       |  |
| <b>COMPENSATION</b>   |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| <b>NP 58-201, section 3.15</b>  |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| 3.15  | The board should appoint a compensation committee composed entirely of independent directors.  | The Governance and Social Responsibility Committee performs the functions of a compensation committee. All five (5) of the members of the Governance and Social Responsibility Committee, including the Committee Chair, are independent directors.   | Yes                    |             |                       |             |  |            |                                |            |                              |       |  |
| <b>NI 58-101F1, sections 7(a) and (b)</b>   |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| 7(a)  | Describe the process by which the board determines compensation for the directors and officers of the Corporation.   | All members of the Governance and Corporate Responsibility Committee, which serves as the compensation committee, are independent directors.<br>CIC has the legislative authority to fix remuneration levels and set expense guidelines for directors. The Governance and Corporate Responsibility Committee has authority to recommend to the Board (and the CIC Board) adjustments to directors' compensation. The Committee receives quarterly reports respecting the remuneration received by members of the Board, and reports any anomalies to the Board. | Yes                    |             |                       |             |  |            |                                |            |                              |       |  |
| (b)   | Disclose whether the board has a compensation committee composed entirely of independent directors and, if not, describe the steps the board takes to ensure an objective process for determining such compensation.   | Each director receives an annual retainer for acting as a Board member. The remuneration levels established by CIC for members of the Board are set out below.  |                        |             |                       |             |  |            |                                |            |                              |       |  |
| <b>Director Remuneration Schedule</b>   |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| <table border="1"> <tbody> <tr> <td>Board Chair retainer</td> <td>\$20,000.00</td> </tr> <tr> <td>Board member retainer</td> <td>\$14,000.00</td> </tr> <tr> <td>Audit &amp; Finance Committee Chair retainer</td> <td>\$2,600.00</td> </tr> <tr> <td>Other Committee Chair retainer</td> <td>\$2,000.00</td> </tr> <tr> <td>Committee member meeting fee</td> <td>\$650</td> </tr> </tbody> </table>   |  |   | Board Chair retainer   | \$20,000.00 | Board member retainer | \$14,000.00 | Audit & Finance Committee Chair retainer | \$2,600.00 | Other Committee Chair retainer | \$2,000.00 | Committee member meeting fee | \$650 |  |
| Board Chair retainer  | \$20,000.00  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| Board member retainer   | \$14,000.00  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| Audit & Finance Committee Chair retainer  | \$2,600.00   |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| Other Committee Chair retainer  | \$2,000.00   |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| Committee member meeting fee  | \$650  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| A copy of CIC's remuneration and expense guidelines for directors can be obtained by contacting the Corporate Secretary to the Board.   |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| CIC has established a framework for executive compensation, and the Board can approve compensation packages within that framework. The Board has delegated responsibility for addressing and making recommendations concerning management compensation issues to the Governance and Corporate Responsibility Committee. All decisions regarding Executive compensation fall within CIC policy and the executive compensation paid is annually disclosed in the payee disclosure list posted on the CIC website.                       |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| The Governance and Corporate Responsibility Committee reviews and recommends to the Board: changes to the design of the Corporation's overall compensation and benefits plans; management compensation packages that reflect industry standards; performance compensation programs; and annual Corporate indicators, including a sub-set used to determine performance compensation for senior management. In discharging this function, the Committee has the ability to retain external advisors, subject to approval by the Board. |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| <b>NP 58-201, section 3.16</b>  |  |   |                        |             |                       |             |  |            |                                |            |                              |       |  |
| 3.16  | The compensation committee should have a written charter establishing the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations (including any authority to delegate to individual directors or subcommittees) and manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate outside advisors necessary to permit it to carry out its work. | The Board has approved Terms of Reference for the Governance and Social Responsibility Committee, which addresses the Committee's responsibilities with respect to compensation, as well as the other elements of the Policy except member qualifications and the ability to delegate tasks. The Committee has authority to engage outside advisors to assist it in performing its duties, subject to the approval of the Board.  | Substantial Compliance |             |                       |             |  |            |                                |            |                              |       |  |

| CSA CORPORATE GOVERNANCE POLICY, NP 58-201, AND DISCLOSURE INSTRUMENT, NI 58-101F1 (SUMMARY) | COMMENTS AND DISCUSSION   | DOES SASKWATER ALIGN?   |                        |
|--|---|---|------------------------|
| <b>NI 58-101F1, section 7(c)</b>   |   |   |                        |
| (c)  | If the board has a compensation committee, describe the responsibilities, powers and operation of the committee.  | The Governance and Corporate Responsibility Committee serves as the compensation committee, and its Terms of Reference describe the Committee's responsibilities respecting compensation issues, as well as the powers and operation of the Committee. The Committee is appointed by the Board, serves in an advisory capacity and makes recommendations to the Board within its area of responsibility. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.   | Yes                    |
| <b>NP 58-201, section 3.17</b>   |   |   |                        |
| 3.17   | The compensation committee should be responsible for: reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining the CEO's compensation level based on the evaluation; making recommendations to the board respecting non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and reviewing executive compensation prior to public disclosure. | The Governance and Corporate Responsibility Committee annually recommends to the Board the CEO's performance targets, and leads the annual performance evaluation process for the CEO. The CEO's performance is assessed against the established corporate objectives and the CEO's individual targets. The results of the CEO's performance are approved by the full Board, and are used in determining compensation.<br><br>Respecting non-CEO officer compensation, the Committee is responsible for recommending to the Board management compensation packages, performance compensation programs and annual performance targets. The Board reviews and approves the achievement of corporate targets annually and the extent to which the targets are achieved determines management's eligibility for performance compensation.<br><br>Executive compensation decisions are subject to any guidelines established by CIC. As a Crown corporation, SaskWater does not have equity-based plans.<br><br>Director compensation is determined by CIC.<br><br>Executive compensation information is available to the public through publication of Crown payee reports. The Board of Directors reviews executive compensation as outlined in the Payee Disclosure Report prior to public disclosure.  | Substantial Compliance |
| <b>OTHER BOARD COMMITTEES</b>  |   |   |                        |
| <b>NI 58-101F1, section 8</b>  |   |   |                        |
| 8  | If the board has standing committees of the board, other than audit, compensation and nominating committees, identify the committees and describe their function.   | The Board has the Audit and Finance Committee and the Governance and Social Responsibility Committee.   | Yes                    |
| <b>BOARD ASSESSMENTS</b>   |   |   |                        |
| <b>NP 58-201, section 3.18</b>   |   |   |                        |
| 3.18   | The board, its committees and each individual director should be regularly assessed. An assessment should consider: with respect to the board or committees, its mandate or charter; with respect to an individual director, the applicable position description(s), as well as the competencies and skills each individual director brings to the board.   | Board, Board Chair, Committee Chair and Committee evaluations as well as director peer assessments are performed annually on a 3-year cycle, with comprehensive Board and Board Chair evaluations being conducted one year, Committee Chair and Committee evaluations being conducted the following year and director peer evaluations done the third year. The evaluations take into consideration the elements of the Policy.<br><br>In 2019-20, Board and Board Chair evaluations were conducted.  | Yes                    |
| <b>NI 58-101F1, section 9</b>  |   |   |                        |
| 9  | Disclose whether the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution and, if yes, describe the process used.   | The Governance and Corporate Responsibility Committee oversees the implementation of the above evaluation processes, and uses an external consultant in the case of director peer assessments. The evaluations are survey-based, using an instrument developed by CIC in consultation with an outside consultant and with Crown board members.<br><br>Board, Chair, Committee and Director performance is measured against the duties and expectations set out in their respective Terms of Reference and the specific standards outlined in the evaluation instruments. The purpose of the evaluations is to identify areas where the Board, Committee, Chair or Director is managing well and to highlight areas that may benefit by additional focus and attention.<br><br>Directors complete surveys to provide feedback in writing on the effectiveness and contribution of the Board, Committees, Chairs and individual directors. The Board Chair or a third party may follow up the written responses with interviews of directors to elicit additional concerns or suggestions for improvement.<br><br>The Governance and Corporate Responsibility Committee prepares reports outlining the evaluation results, which are submitted to the Board for review and approval. The Committee recommends follow-up action required as a result of recommendations made in the evaluation reports, and tracks implementation of any action items. | Yes                    |
| <b>CSA NATIONAL POLICY 58-101 DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES</b>               |   |   |                        |
| 10   | Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.  | The appointment and removal of directors is the prerogative of the Lieutenant Governor in Council pursuant to <i>The Saskatchewan Water Corporation Act</i> . Director appointments are not subject to term limits.   | No                     |

|  |  |                    |
|--|--|--------------------|
| 11 (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.  | CIC has a written "Board of Directors' Appointment Policy". While the policy does not specifically refer to the identification and nomination of women directors, it requires Crown boards to include "diversity candidates". The term "diversity candidates" is not defined but it is interpreted as including women, Aboriginal persons, people with disabilities and visible minorities. A copy of the "Board of Directors' Appointment Policy" can be obtained by contacting the Corporate Secretary to the Board. | Partial Compliance |
| (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: <ul style="list-style-type: none"> <li>(i) a short summary of its objectives and key provisions;</li> <li>(ii) the measures taken to ensure that the policy has been effectively implemented;</li> <li>(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy; and</li> <li>(iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.</li> </ul> | CIC maintains statistics regarding diversity of each Crown board, including progress made in the percentage of women serving on Crown boards. Annually, CIC forwards information to the shareholder to be considered when board appointment decisions are made. The information includes the skill sets required for the board and diversity statistics.<br><br>As of March 31, 2020, the SaskWater Board was comprised of five (5) women out of a total of nine (9) members (56%).                                    | Partial Compliance |
| 12 Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.  | It is the responsibility of Executive Council to consider the level of representation of women on the Board.   | Partial Compliance |
| 13 Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.   | Executive Officer appointments are made by the CEO in consultation with the Board. The CEO considers the level of representation of women in Executive Officer positions, along with other relevant factors, when making Executive Officer appointments.   | Yes                |
| 14 (a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.  | Although the CIC policy requires Crown boards to include "diversity candidates", the CIC policy does not adopt a specific target for representation of women on the Board.   | No                 |
| (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.   |  |                    |
| (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.  | SaskWater does not currently have a target regarding women in Executive Officer positions.   | No                 |
| (d) If the issuer has adopted a target referred to in either (b) or (c), disclose: <ul style="list-style-type: none"> <li>(i) the target; and</li> <li>(ii) the annual and cumulative progress of the issuer in achieving the target.</li> </ul>   |  |                    |
| 15 (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.  | The Board is currently composed of nine (9) members, five (5) of which are women (56%).  | Yes                |
| (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.   | Currently, one (1) of the three (3) Executive Officers is female (33.3%).  | Yes                |



# EXECUTIVE



## Doug Matthies

**President and CEO**

Doug Matthies has served as President and CEO of SaskWater since July 1, 2010. Prior to joining SaskWater, he served in several senior capacities in the provincial government, including Deputy Minister of Finance, Deputy Minister of Agriculture and Food, General Manager of the Saskatchewan Crop Insurance Corporation and General Manager of the Saskatchewan Pension Plan.

Doug has over 30 years' experience in the provincial government in several areas, including strategic planning, policy analysis and development, financial management, program operations, public accountability, legislative and regulatory processes, and stakeholder relations and consultations. Prior to joining government in 1987, he worked in the private-sector accounting firm of Clarkson and Gordon and later the firm Arscott Hill & Matonovitch.

Doug has served on several boards over the course of his career, including organizations in the fields of international trade, agricultural research, transportation and financial institutions. He has also been a member of various federal-provincial working groups, inter-ministry working groups and community groups.

Doug is a Chartered Professional Accountant (CPA) with a Bachelor of Administration (Distinction) degree from the University of Regina. He has also obtained his Chartered Director (C. Dir.) designation from The Directors College.

## Jacquie Gibney

**Vice President, Corporate and Customer Service**

Jacquie Gibney became Vice President, Corporate and Customer Service at SaskWater in September 2014. She is responsible for corporate services, information technology, policy and planning, risk management, corporate communications and business development for the corporation.

Prior to joining SaskWater, Jacquie held several positions with Farm Credit Canada, including Director of Corporate Communications and Change Management and Director of Strategy and Government Relations. She also spent over 20 years with the Saskatchewan Ministry of Agriculture in a variety of senior capacities, including Assistant Deputy Minister responsible for industry development.

Jacquie has over 29 years of public sector experience, including agriculture finance, policy and program development, corporate communications, strategic planning, government relations, research and business development.

Jacquie has a Bachelor of Science in Agriculture degree from the University of Saskatchewan and a Master's degree in Business Administration.

## Eric Light

**Vice President, Operations and Engineering**

Eric Light assumed the duties of Vice President, Operations and Engineering in June 2014. He is responsible for managing the delivery of SaskWater's core business – the operation, maintenance and service delivery for the supply of potable and non-potable water to communities and industries, and for the engineering functions to manage new capital projects and support operations. Other lines of business falling under Eric's direction include certified operation and maintenance of customer-owned infrastructure and operator training.

Eric has over 34 years of engineering and management experience and has been with SaskWater since 1986. He has a Bachelor of Applied Science (Distinction) degree in Regional Systems Engineering from the University of Regina, as well as his Master of Engineering degree in Civil Engineering from the University of Saskatchewan. He is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan.

# CORPORATE DIRECTORY



## Doug Matthies

President and CEO

## Danny Bollinger

Director, Financial Services

## Operations and Engineering

### Eric Light

Vice President, Operations and Engineering

### Vacant

Director, Engineering

### Rynette Moore-Guillaume

Director, Operations

### Kevin Cudmore

Manager, Northern Engineering

## Corporate and Customer Service

### Jacquie Gibney

Vice President, Corporate and Customer Service

### Randy Avery

Director, Customer Growth and Engagement

### Amanda Zarubin

Director, Corporate Services

### Ingrid Newton

Manager, Strategic Planning and Policy

### Courtney Mihalicz

Manager, Corporate Communications

### Paul Mayson

Manager, IT Services

## Office Locations

### SaskWater Head Office

200-111 Fairford Street East  
Moose Jaw, SK S6H 1C8  
(306) 694-3098  
Toll-free: 1-888-230-1111

### Prince Albert

800 Central Avenue  
McIntosh Mall  
Prince Albert, SK S6V 6G1

### Regina

225-A Hellen Drive  
RM of Sherwood, SK S4K 0A3

### Saskatoon

#5-1925 1st Avenue North  
Saskatoon, SK S7K 6W1



[saskwater.com](http://saskwater.com)

200-111 Fairford Street East  
Moose Jaw, SK S6H 1C8

**Toll-free: 1-888-230-1111**  
**Inquiry: (306) 694-3098**