



SaskWater

**Annual Report
2020-21**

TABLE OF CONTENTS

| | |
|--|-----------|
| About SaskWater | 1 |
| Corporate Profile | 2 |
| Value Proposition | 3 |
| Financial and Operating Highlights | 4 |
| Systems Map | 5 |
| Letter of Transmittal | 6 |
| Year at a Glance | 8 |
| Letters to Stakeholders | 10 |
| Management Discussion and Analysis | 12 |
| Core Lines of Business | 14 |
| Strategic Plan and Balanced Scorecard | 20 |
| <i>Customer Driven</i> | 22 |
| <i>Pursuing Excellence</i> | 28 |
| <i>Valuing Employees</i> | 34 |
| <i>Succeeding Financially</i> | 40 |
| • 2020-21 Financial Results | 40 |
| • Risk Management | 45 |
| • Management's Report on Internal Control over Financial Reporting | 52 |
| • Independent Auditor's Report | 53 |
| • Financial Statements and Notes | 54 |
| Setting Our Course | 78 |
| <i>Corporate Social Responsibility at SaskWater</i> | 78 |
| • Economic Prosperity | 79 |
| • Social Responsibility | 80 |
| • Environmental Stewardship | 82 |
| Corporate Governance | 84 |
| <i>Board of Directors</i> | 88 |
| <i>Executive</i> | 90 |
| <i>Corporate Directory</i> | 91 |



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 68 communities, 10 rural municipalities, 79 rural pipeline groups, 15 industrial and 243 commercial and domestic end-user customers.

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

SaskWater's services directly and indirectly reach approximately 108,000 people in Saskatchewan.

In order to provide these services, SaskWater owns 10 water treatment plants, three wastewater facilities, including 15 kilometres of wastewater force main, 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 2020-21 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

| | Year Ended March 31 2021 | Year Ended March 31 2020 |
|---|--------------------------------|--------------------------------|
| Financial Highlights (\$ thousands): | | |
| Total revenue | \$ 63,284 | \$ 59,457 |
| Total expenses | 52,648 | 49,474 |
| Operating income | 10,636 | 9,983 |
| Net finance expense | (2,291) | (1,631) |
| Net income | \$ 8,345 | \$ 8,352 |
| Other comprehensive income | (493) | 148 |
| Total comprehensive income | \$ 7,852 | \$ 8,500 |
| Dividends | \$ 6,259 | \$ 4,176 |
| Debt ratio | 49.25% | 50.00% |
| Operating Highlights (cubic metres): | | |
| Non-potable water distributed | 34,777,970 | 36,766,347 |
| Potable water distributed | 8,326,669 | 7,788,003 |

SYSTEMS MAP

Current Service Areas in Saskatchewan

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

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





LETTER OF TRANSMITTAL

Moose Jaw, July 2021

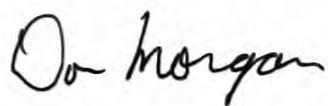
To His Honour
The Honourable Russ Mirasty, S.O.M., M.S.M.
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Dear Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Water Corporation for the fiscal year ending March 31, 2021, in accordance with The Saskatchewan Water Corporation Act.

The Financial Statements included in this annual report are in the form approved by Crown Investments Corporation of Saskatchewan as required by The Financial Administration Act, 1993 and have been reported on by the auditors.

Respectfully submitted,

A handwritten signature in black ink that reads "Don Morgan".

Honourable Don Morgan, Q.C.
Minister Responsible for
Saskatchewan Water Corporation



YEAR AT A GLANCE

ON TASK



Spent \$17.1 million on capital projects in 2020–21 with SaskWater's investment comprising \$9.7 million of this total. Of the total expenditure, \$1.7 million went to projects serving new customers, and \$3.0 million to projects supporting the growth of existing customers



Spent \$7.7 million on system upgrades, while infrastructure maintenance spending totaled \$4.7 million



Implemented SaskWater's business continuity plan to transition employees to work from home where possible and to improve sanitizing procedures and safety at workplaces where this was not possible, as required by COVID-19 restrictions and public safety guidelines



Received approval through the Investing in Canada Plan for federal/provincial funding of a potable water supply transmission pipeline to the Village of Edenwold, and the replacement of a pipeline segment on SaskWater's Saskatoon East Potable Water Supply System



Negotiated an asset transfer agreement that gives the Village of Edenwold ownership of its water supply system infrastructure and commits SaskWater to Certified Operation and Maintenance (COM) services for a term of 20 years



Finalized the purchase of potable water from the City of Lloydminster's water treatment plant (WTP) to supply SaskWater's Prairie North Regional Potable Water Supply System, to be partially funded through the New Building Canada Fund (NBCF)



Renegotiated and signed key service agreements with Melville, White City, Lac La Ronge Regional Water Corp, the Northern Village of Air Ronge, K+S Potash Canada, Mosaic-Colonsay and Cargill



Engaged a consultant to study existing regional water supply systems and develop a tool to measure the long-term financial implications and savings for participating communities



Analyzed areas south of Highway 55 to identify where regional cooperation would benefit customers through economies of scale, sustainable water supply and service improvements



Signed new COM agreements with the Eston Kindersley Water Administration Board and the Resort Village of Metinota, as well as one new ROAM remote monitoring agreement



Completed 2020 Waterworks and Sewage Works System Assessment reports in 30 northern communities to assess their infrastructure needs



Initiated user acceptance testing of SaskWater's soon-to-be implemented Enterprise Resource Planning system, which will introduce integrated business applications with significant benefits for SaskWater services, and enhanced customer service



Initiated feasibility studies for the Northeast Regional Solid Waste Management project to implement regional solid waste management in the province's northeast

GETTING RESULTS



Decommissioned and demolished the original Melville WTP, completing the final phase of SaskWater's Melville Regional Potable Water Supply System Upgrade



Installed a new clarifier, additional filters and backup power for the Codette Lake Regional Water Supply System WTP in Melfort. The \$9.4 million project is partially funded through the NBCF



Completed the Pierceland Wastewater Lagoon Expansion and Upgrade, which received grant funding through the NBCF



Replaced two canal road crossings and one large diameter cross drain, removed an unused private road crossing and inspected six timber bridges/road crossings on the Saskatoon Southeast Non-potable Water Supply System



Retrofit the Gravelbourg WTP to use more affordable ultrafiltration modules, which increase production capacity and decrease operating costs



Rehabilitated the geothermal wells supplying the Temple Gardens Hotel & Spa, and negotiated an agreement to take ownership of the wells from the City of Moose Jaw



Reached substantial completion of the Lac La Ronge Regional Waste Management Corporation's regional landfill expansion, including an access road, new landfill cell, leachate ponds and operations buildings



Enabled 39 SaskWater operators to upgrade or maintain their water and wastewater certifications. Seven of these operators achieved the province's highest standard, bringing the number of SaskWater Level 4-certified operators to 12



Finalized and gained Board of Directors' approval for a six-year strategic plan for implementation in 2021–22 and continuing through to 2026–27



Introduced SaskWater's brand strategy and launched the redesigned website



Completed predesign and site selection for the Northwest (Hwy 155) Regional Solid Waste Management project to implement regional solid waste management in this area



Installed 250 solar panels at the Cory Booster pump station, the third project of its kind for SaskWater. The panels have the potential to generate approximately 150,000 kWh of energy annually

LETTERS TO STAKEHOLDERS

Chair's Message

On behalf of the SaskWater Board of Directors, it is my pleasure to present the 2020–21 SaskWater Annual Report.

The report puts a spotlight on the company's successes this year. It outlines the projects that will increase service reliability and safety, describes how SaskWater is positioning itself to serve new customers and relates how the organization has successfully managed during the COVID-19 pandemic. Despite the challenges thrown its way in 2020–21, SaskWater continued its support of a stronger Saskatchewan by providing critical services, making prudent investments and paying dividends of \$6.26 million to the Province.

This fiscal year marks the conclusion of SaskWater's current multi-year strategic plan, which has driven steady progress for the corporation. Comparing SaskWater's position at the end of the previous plan in 2014, to where it stands now at the end of 2020–21, growth is significant. Revenues have climbed from \$43.9 million to \$63.3 million, net assets have increased from \$316.4 million to

\$375.2 million and earnings have increased from \$5.5 million to \$7.9 million.

One of the Board's top priorities this year was the development of a new strategic plan, approved in October 2020. The plan covers the period from 2021–22 to 2026–27 and is aligned with the Saskatchewan Growth Plan. The emphasis remains on customers and on positioning the corporation to best meet their needs, which in turn will promote continued growth for the corporation.

SaskWater is supporting the Province's strong economic recovery plan in the post-pandemic environment. Thanks to important planning and relationship building this year, capital projects proceeding in 2021–22 include a new potable water pipeline to the Village of Edenwold and the replacement of a pipeline segment on its Saskatoon East Potable Water Supply System, both receiving partial funding from the Investing in Canada Plan.

Working hand in hand with the expected capital expenditures, the corporation's procurement policy is aligned with the government's best value

approach and updates made in 2020 better reflect the direction of the government to help grow Indigenous participation in the economy.

Within the Saskatchewan Growth Plan is a commitment to reducing carbon emissions, which falls in line with a key SaskWater value to respect and support the environment in which we work. SaskWater made an important contribution this year through the installation of 250 solar panels at the Cory Booster pump station. This is the third SaskWater location where solar energy is helping to make a difference in reducing the company's carbon footprint.

The important achievements and plans for the future described in this report are made possible by the dedicated staff at SaskWater and on behalf of the Board, I would like to express our thanks and appreciation.

Lastly, I would like to acknowledge and thank Silvia Martini, who joined the SaskWater Board in February 2014. She served the last three years as Chair and stepped down in November 2020. Silvia was an inspirational leader and a great believer in what SaskWater can accomplish.

Michael Gering
Acting Chair of the Board





President's Message

Across the globe, the dominant story this year was the COVID-19 pandemic. SaskWater is an essential service provider and the corporation's mission to provide safe, reliable and sustainable water and wastewater services for Saskatchewan was tested in ways never before experienced. I would like to acknowledge the efforts of everyone at SaskWater for going the extra mile. Our staff adapted to changing conditions, put their shoulders to the wheel to get through the challenges and followed the necessary health and safety protocols.

Having a Business Continuity Plan that included a Pandemic Preparedness Plan prior to the onset of the pandemic proved extremely beneficial to SaskWater. These plans essentially predetermined who would be involved, their roles, potential problems that could be encountered and what actions to take. They provided vital information like critical minimum staffing levels at each facility, measures to protect employees and critical communications planning. Responding to the ever-changing situation, SaskWater's

Business Continuity Team met daily or weekly, and maintained regular reporting to the Board. It is with great satisfaction the corporation reports no pandemic-related service disruptions were experienced during the year.

SaskWater prides itself on providing safe, reliable and sustainable services. Upgrades made to infrastructure this year demonstrate our continuous commitment to this objective. SaskWater executed major projects, including an \$9.4 million expansion and upgrade of its regional water treatment plant (WTP) in Melfort and the \$3.4 million expansion of the Pierceland Wastewater Lagoon, both partially funded by the New Building Canada Fund. A retrofit of the Gravelbourg WTP was another notable project to address that system's long-term performance.

In 2020-21, SaskWater successfully moved forward with the Prairie North Regional Potable Water Supply System. The project will source water from the City of Lloydminster and distribute it to the communities of Marshall and Lashburn through a new pipeline. Once constructed, the system will be expandable to accommodate other new customers in the future.

We plan to leverage successes like these to expand services to more communities and businesses in the province. Our strategy is focused on regional service opportunities, particularly in areas where communities in need of new water services solutions are willing to cooperate with neighbouring communities and rural residents. Work is underway to identify future regional systems and we are actively engaged in discussions with a number of communities.

While SaskWater brings proven technical expertise and investment dollars to any potential opportunity, we recognize there is more to developing new or expanded regional systems. It is crucial that we cultivate trust between all regional partners and encourage collaboration on the optimal solution to serve their collective needs. Senior government funding in support of new infrastructure is also of critical importance to ensure solutions are affordable for residents and end users.

I invite you to read this annual report to gain a full appreciation of the success SaskWater enjoyed this year, the commitment of our team of employees and the work underway for the future.



Doug Matthies
President and CEO

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) highlights key factors that influenced SaskWater's operations and financial results for the year ended March 31, 2020–21. The MD&A should be read in conjunction with the audited financial statements and accompanying notes, which have been prepared in accordance with International Financial Reporting Standards.

The information has been prepared and organized to assist readers in understanding the business services offered by SaskWater, where the company operates, key aspects of the strategic plan and results achieved during the year.

The MD&A contains certain forward-looking statements that are subject to inherent uncertainties and risks. Many of these risks are described in the Risk Management section of the MD&A. All forward-looking statements reflect the corporation's best estimates and assumptions based on information available at the time the statements were made. However, actual results and events may vary significantly from those anticipated.

SaskWater's primary lines of business are the provision of potable and non-potable water, which make up approximately 92 per cent of all water sales and services revenue. The remaining eight per cent of water sales and services revenue

is derived from a combination of wastewater services, certified operation and maintenance (in which SaskWater provides operator management services but does not own the facilities) and support to northern Saskatchewan communities and First Nations as further described in the Lines of Business section.

Potable water services are largely provided to municipalities while non-potable water services are typically for large industrial businesses. Potable water sales are influenced by weather conditions over the summer months in particular, population changes within individual communities and changes to the customer base, such as securing a new customer community. Non-potable water sales are concentrated within the potash sector in the province and are sensitive to global market conditions within the sector. Events at individual customer locations can also influence non-potable water sales, as fires at two industrial facilities in the past two years resulted in reduced demand at those locations.



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, 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, Gravelbourg, 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, Gravelbourg, Melville and Meadow Lake. Together, these systems supply potable water directly to 23 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 2020–21, SaskWater delivered 8.3 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 2020–21, SaskWater delivered 34.8 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 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 2020–21, SaskWater received and treated 1.1 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 17 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.

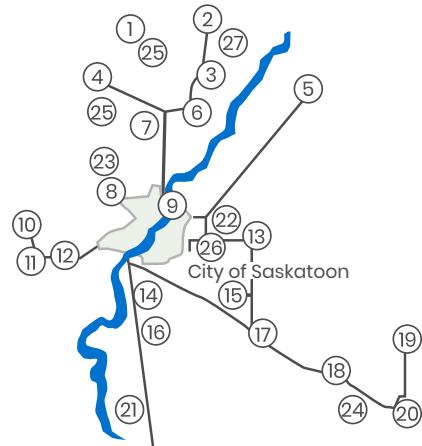
COM also provides regulatory reporting and consultation, emergency planning, remote monitoring and customer support services.

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

Our Water Supply Systems

SASKATOON AREA

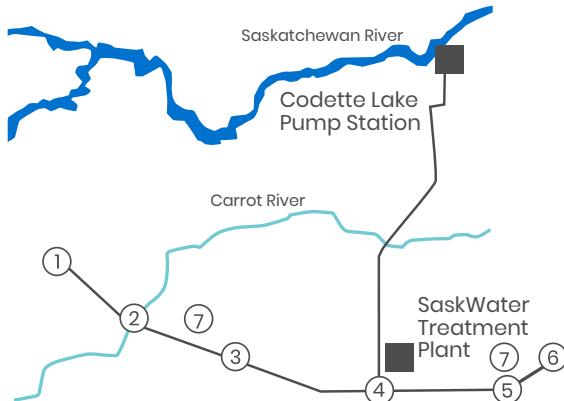
Potable Water Supply System



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

MELFORT AREA

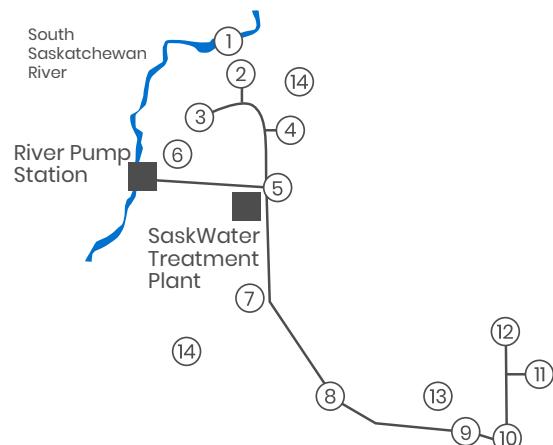
Potable Water Supply System



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

WAKAW-HUMBOLDT AREA

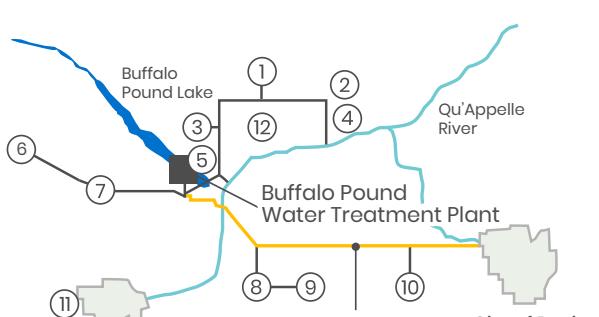
Potable Water Supply System



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

BUFFALO POUND AREA

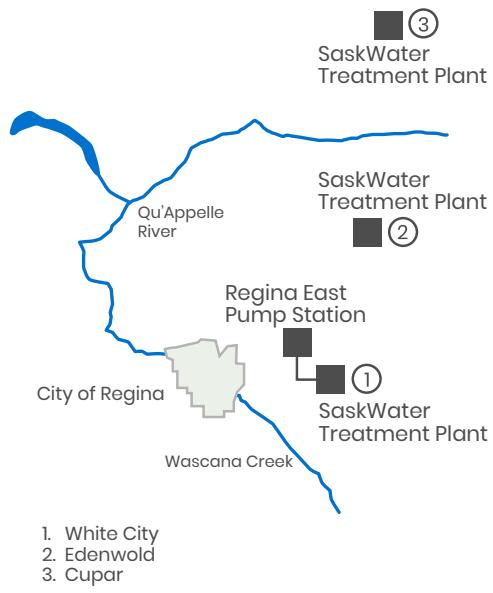
Potable Water Supply System



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

REGINA EAST

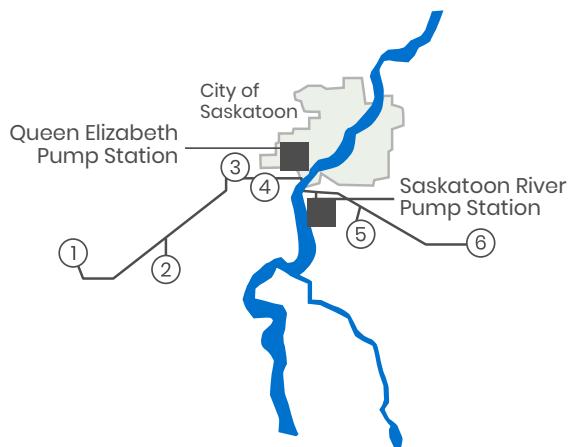
Potable Water Supply System



1. White City
2. Edenwold
3. Cupar

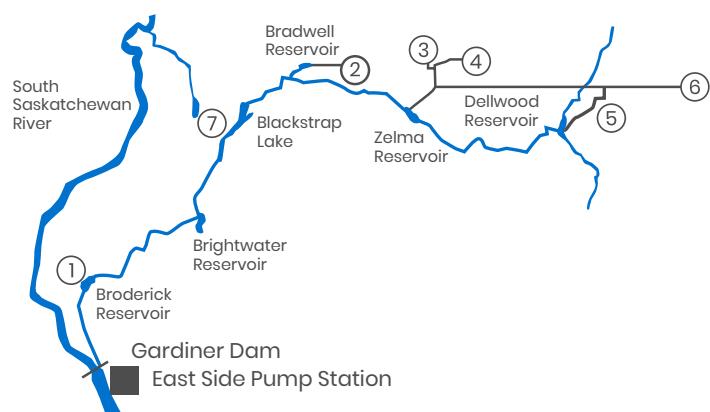
SASKATOON AREA

Non-potable Water Supply System



SASKATOON SOUTHEAST

Non-potable Water Supply System

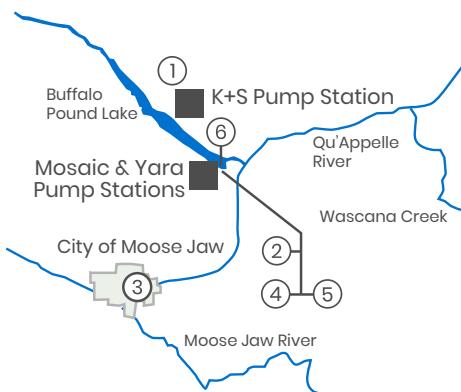


1. Broderick
2. PCS Allan
3. Mosaic Potash Colonsay ULC
4. Viscount

5. PCS Lanigan
6. BHP Jansen
7. Shields

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 2020–21 SaskWater's Northern Engineering unit provided project management services on 39 projects on behalf of the Ministry of Government Relations and northern communities. Of the projects, 24 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 2020–21, SaskWater trained more than 65 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 58 SaskWater and customer-owned facilities across the province, 24 hours a day, 7 days a week.

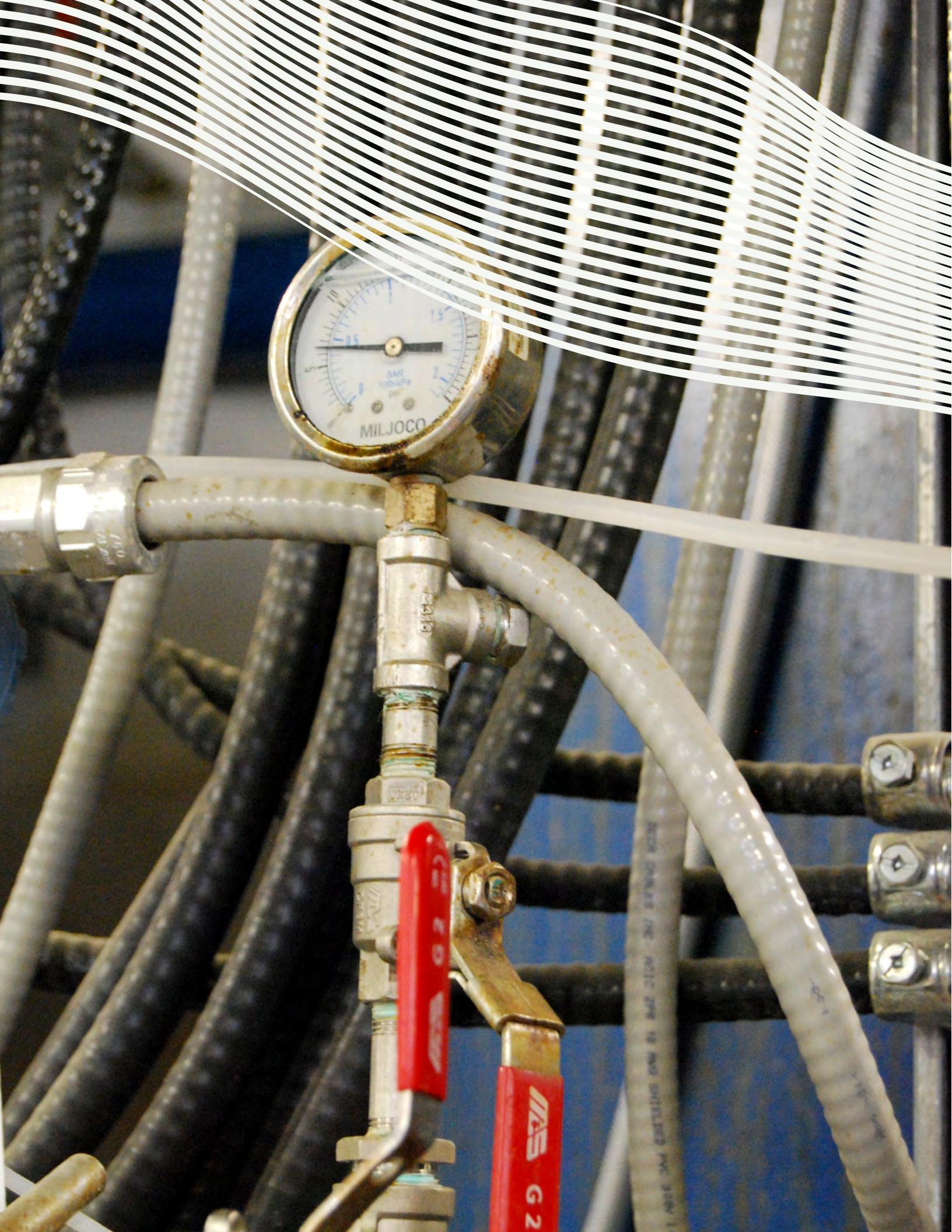
ROAM employs certified operators who monitor water treatment plants, wastewater treatment plants and distribution systems. On its own facilities, remote monitoring helps SaskWater increase safety, improve service, enhance water quality monitoring and reduce costs.

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

The close of the 2020–21 fiscal year marks the end of a five-year cycle of strategic planning at SaskWater. SaskWater's 2015–16 to 2020–21 strategic plan provided a guidepost to achieve the corporation's long-term vision and identified a path to achieve SaskWater's mission, values, corporate goals and objectives. The strategic plan was annually reviewed by the Board of Directors in consultation with SaskWater staff and executive. It was also approved by Crown Investments Corporation (CIC) to ensure that all provincial Crown corporations meet the goals and objectives set by the provincial government. This strategic plan ensured SaskWater's mission to provide safe, reliable and sustainable potable and non-potable water to Saskatchewan residents and industry was carried out. It built 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 identified four key priorities:

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

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

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

By **Pursuing Excellence**, SaskWater delivered efficient and effective services in a socially and environmentally responsible manner.

The **Valuing Employees** goal identified the importance of providing a safe, supportive and rewarding workplace for employees so that they could excel.

Succeeding Financially addressed the responsibility to increase shareholder value and maintain the financial sustainability of the corporation.

SaskWater measures its progress on its strategic goals and objectives through the Performance Management Program and monitors success through the balanced scorecard. The corporate balanced scorecard identifies the measures and 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 section in the annual report 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.

As we conclude the final year of this strategic plan and assess its results, we look forward to the possibilities of a new plan being ushered in for 2021–22 to 2026–27. This plan has revised vision, mission and value statements, along with new priorities and goals for the corporation. This strategic plan launched in April 2021, and more detailed information can be found on SaskWater's website at www.saskwater.com.

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 Professionalism Teamwork Safety Innovation Environment | Your Partner in Water | Growth, Diversification and Competitive Readiness |

CUSTOMER DRIVEN

PURSUING EXCELLENCE

VALUING EMPLOYEES

SUCCEEDING FINANCIALLY

| Goals | Objectives | Balanced Scorecard Measures |
|---|------------|---|
| Identify & pursue targeted growth | | Committed Capital in New Growth |
| | | Net Investment Value of Qualified Projects in the Queue |
| | | % Time Met RFS Timelines |
| Enhance customer experience | | Customer Satisfaction Survey |
| | | System Reliability Index |
| | | Asset Renewal and Replacement |
| Strengthen customer partnerships & stakeholder relationships | | Water Quality Index |
| | | Corporate Operating Ratio |
| | | Corporate Productivity per FTE |
| Ensure safe, reliable & efficient infrastructure | | Employee Engagement Survey |
| | | Retention Rate |
| | | Lost Time Injury Severity Rate (LTIS) |
| Ensure water is safe & reliable | | Total Recordable Injury Rate (TRIR) |
| | | |
| | | |
| Advance competitiveness, affordability & efficiency | | |
| | | |
| | | |
| Create a workplace culture that promotes innovation & teamwork | | |
| | | |
| | | |
| Recruit & retain qualified people | | |
| | | |
| | | |
| Provide a workplace that promotes safety & employee health & well-being | | |
| | | |
| | | |
| Achieve ROE targets | | |
| | | |
| | | |
| Operate within debt ratio | | |
| | | |
| | | |





Q1 CUSTOMER DRIVEN

KEY STRATEGIC OBJECTIVES

- Identify & pursue targeted growth
- Enhance customer experience
- Strengthen customer partnerships & 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."

PROACTIVE PROJECTS

Upcoming pipeline projects ensure sustainability for SaskWater customers

Two SaskWater projects will get a financial boost and a summer start date thanks to grant program funding announced in 2020–21.

SaskWater is set to build a potable water pipeline in the Village of Edenwold, connecting the village to the Town of Balgonie, at an estimated cost of \$2.4 million. Between the federal and provincial government contributions, the grant will cover up to 73 per cent of the total eligible project cost.

This project will allow Edenwold to purchase potable water from Balgonie and have it delivered via the new 18-kilometre potable water supply transmission pipeline. Balgonie's potable water is supplied by the Pilot Butte Water Treatment Plant, which uses a reverse osmosis treatment process. The plant's water is sourced from three wells fed by the Zehner Aquifer. This long-term, sustainable solution will be designed to meet Edenwold's current and future water needs.

In addition, grant funding allocated to SaskWater's Saskatoon East Potable Water Supply System will be used to replace an important portion of pipeline on the outskirts of Saskatoon. By replacing this 3-kilometre section, SaskWater can continue to provide reliable and sustainable water services to the communities of Allan, Bradwell, Clavet and Elstow, as well as the RM of Blucher and the RM of Corman Park. This water supply system also provides potable water to 21 rural pipeline groups, including the Lost River Water Co. Ltd, Highway 41

Water Utility and the Dundurn Rural Water Utility. The estimated cost of this project is \$3.4 million, with up to \$2.5 million of the eligible cost provided by the federal and provincial governments.

Both initiatives will be funded by the Investing in Canada Plan under the program's Green Infrastructure Stream. It's expected that construction on these projects will be complete by the end of 2021.

MAKING CONNECTIONS

Regional water supply system to serve Marshall and Lashburn

In early 2021, SaskWater cemented its plans to build a potable regional water supply system east of the City of Lloydminster.

The pipeline project kicked into high gear in February when SaskWater finalized an agreement to purchase potable water from the City of Lloydminster's water treatment plant (WTP) and distribute it along the pipeline. SaskWater will own and operate the regional system and ensure that a safe and reliable supply of water is delivered to its customers.

SaskWater has already established water supply agreements with the communities of Marshall and Lashburn, the first customers to be served by the new system. The Prairie North Regional Potable Water Supply System will be designed to support future growth, while balancing the affordability of

the project, which has benefited from federal and provincial grant funding.

"The development of this regional supply system will improve the quality of the potable water and quantity available to residents that are currently supplied by individual wells and water treatment plants in their respective communities," explained Nish Prasad, SaskWater Manager, Customer Growth and Engagement. "It will also provide significant opportunities for the region, including economic development opportunities and future population growth."

The project aligns with SaskWater's objective to create regional water supply systems that connect several communities to a long-term, sustainable water supply.



A grant of \$8.1 million for the project was announced on March 26, 2019, under the New Building Canada Fund Provincial-Territorial Infrastructure Component. The program has the federal and provincial governments sharing two-thirds of the estimated project cost, while SaskWater invests the remaining one-third share on behalf of the customers. The estimated \$12 million project includes the development of a connection point with a pump station near the City

of Lloydminster and approximately 34 kilometres of pipeline extending to the Town of Lashburn.

The first two kilometres of pipeline extending from the Lloydminster WTP are slated to be installed by SaskWater early in 2021–22 to support a wastewater infrastructure initiative by the City of Lloydminster. The remainder of the pipeline is scheduled for construction starting in April of 2022.

GAINING GROUND

New water treatment plant allows for demolition of dated facility

SaskWater's newest water treatment plant (WTP) now stands on its own in a Melville lot, just adjacent to a gravelled area that was the long-time home of the city's original WTP.

The transition from old to new was quite seamless for SaskWater and Director of Operations Rynette Moore-Guillaume credits the efforts of the operations and engineering staff directly involved.

"The old water treatment plant certainly provided numerous challenges and our operators continued to make repairs to keep it running and meeting regulations," she said. "Our new facility uses a simpler treatment process and our operators appreciate the efficiency and effectiveness of the plant."

In June of 2020, the Melville WTP had been operational for nearly three months when SaskWater's efforts turned to the decommissioning of the previous plant.

The original Melville WTP was built in 1959, with expansions in 1984 and 1990. When city officials recognized a need to replace the infrastructure, they reached out to SaskWater. On June 27, 2016, Melville signed a water supply agreement with SaskWater to build the new WTP, supply wells and 30-kilometre connecting pipeline that now serve the area.

In the interim, SaskWater purchased the existing assets and operated the system until the new Melville Regional Potable Water Supply System was commissioned in March of 2020.

Due to the age of the original building, a prudent approach was required for demolition, including the use of a negative pressure system for asbestos abatement and removal. The exterior of the building was left intact, while the inside was carefully emptied. Once the appropriate occupational health and safety clearances were issued, the contractor severed the wastewater lines and demolition was completed on July 17, 2020.

“

Our new facility uses a simpler treatment process and our operators appreciate the efficiency and effectiveness of the plant.

Rynette Moore-Guillaume
SaskWater Director of Operations

”



SaskWater

Balanced Scorecard

| STRATEGIC OBJECTIVE | MEASURE | 3-YEAR TARGET (2019-20 – 2021-22) | *3-YEAR RESULT 2019-20 – 2021-22 | INDICATOR LIGHT | 3-YEAR TARGET (2021-22 – 2023-24) |
|-----------------------------------|-----------------------------------|--------------------------------------|-------------------------------------|-----------------|--------------------------------------|
| IDENTIFY & PURSUE TARGETED GROWTH | 1 Committed Capital in New Growth | \$14.2M | \$15.0M | ● | N/A |

*As of April 1, 2021

| STRATEGIC OBJECTIVE | MEASURE | 2020-21 TARGET | 2020-21 RESULT | INDICATOR LIGHT | 2021-22 TARGET | 2022-23 TARGET | 2023-24 TARGET | 2024-25 TARGET | 2025-26 TARGET |
|--|---|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| IDENTIFY & PURSUE TARGETED GROWTH | 2 Net Investment Value of Qualified Projects in the Queue | \$42.5M | \$22.1M | ● | N/A | N/A | N/A | N/A | N/A |
| ENHANCE CUSTOMER EXPERIENCE | 3 % Time Met RFS Timelines | 85% | 100% | ● | N/A | N/A | N/A | N/A | N/A |
| STRENGTHEN CUSTOMER PARTNERSHIPS & STAKEHOLDER RELATIONSHIPS | 4 Customer Satisfaction Survey | N/A | N/A | ● | 8.50 | N/A | 8.50 | N/A | 8.50 |

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

2020-21 represents the final year of SaskWater's current strategic plan. As the balanced scorecard results demonstrate, SaskWater was successful in meeting most of our long-term strategic goals and we look to carry that momentum into the new six-year strategic plan, beginning in 2021-22. In developing the new strategic plan, all Balanced Scorecard Measures were compared to the new strategic goals and objectives to determine their relevance to the new plan. As a result of this review, SaskWater identified Balanced Scorecard Measures that will carry over to the new plan, those that must be altered to fit the new goals or objectives and those that can be discontinued, as they no longer align with the upcoming strategic plan. For measures that will be eliminated in the new strategic plan, this year's results will show not available (N/A) where the subsequent years' targets would typically be reported.

SaskWater is committed to supporting economic growth and providing outstanding customer service. We remain dedicated to achieving ambitious growth objectives, prioritizing customer experience and driving results. SaskWater continues to pursue the objectives of our **Customer Driven** goal by identifying measures that promote growth opportunities and customer service, and by measuring timeliness and responsiveness to service requests.

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, the most current financial data available at the time the target was set. SaskWater was able to achieve this three-year target prior to the deadline.

SaskWater signed two new water supply agreements in 2020–21. In the spring of 2021, SaskWater received approval to move forward with the new Prairie North Regional Potable Water Supply System. This system will supply potable water, purchased from the City of Lloydminster, to the communities of Marshall and Lashburn. SaskWater also signed an agreement with the Town of Balgonie and the Village of Edenwold, allowing for the construction of an 18-kilometre pipeline from the treated water reservoir in Balgonie to Edenwold. SaskWater anticipates that both projects will begin construction in 2021, with the Edenwold pipeline to begin service at the end of 2021.

The *Net Investment Value of Qualified Projects* in the Queue assists SaskWater in meeting our 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. To determine the appropriate target, each project is evaluated and the potential capital spend required for SaskWater to commence the project is identified. The measure's target of \$42.5 million represents a capital commitment three times the size of the three-year capital target assigned to the *Committed Capital in New Growth* measure (\$14.2 million in 2020–21). Achieving the *Net Investment Value of Qualified Projects* in the Queue target allows SaskWater to continually meet our growth targets now and into the future. While SaskWater was off target for this measure at the end of 2020–21, this was the result of internal

resources being focused on securing new capital project agreements with existing customers rather than on pursuing new leads. Proceeding with this staffing priority allowed SaskWater to achieve our three-year *Committed Capital in New Growth* goal.

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

- Non-complex – 76 days
- Medium complex – 140 days
- Highly complex – 182 days
- Certified operation and maintenance (COM) – 42 days
- Remote oversight and monitoring (ROAM) – 42 days

In 2020–21, SaskWater received eight RFSs, which included two medium complex, four COM and two ROAM requests. SaskWater successfully delivered a response to all requests within the allotted times. SaskWater has achieved a previously identified goal of reducing response times for each category by 30 per cent compared to 2014 RFS response timelines.

The *Customer Satisfaction Survey* is carried out on a biennial basis. SaskWater did not conduct a *Customer Satisfaction Survey* in 2020–21 and plans to issue one in 2021–22.



02

PURSUING EXCELLENCE

KEY STRATEGIC OBJECTIVES

- Ensure safe, reliable & efficient infrastructure
- Ensure water is safe & reliable
- Advance competitiveness, affordability & efficiency

"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."

UPGRADE ADDS CAPACITY AND GROWTH POTENTIAL

Pierceland lagoon expansion project comes in under budget

The Pierceland Wastewater Lagoon Expansion and Upgrade wrapped up in November 2020, on time and under budget – the latter being the tougher target for SaskWater.

"Mother Nature served up some challenges, but we're pleased with the outcome of the Pierceland

Lagoon project," said Daryl Bunnell, SaskWater Manager, Construction Engineering.

He explained that the Pierceland area experienced record rainfall during the past construction season, resulting in 61 lost working days.

"Despite this, Wilco Contractors Southwest was able to complete the project successfully," Bunnell added.

The \$3.4 million project included the expansion and upgrading of Pierceland's lagoon to replace the aging and undersized infrastructure, which had several deficiencies. The new clay-lined, engineered lagoon is designed to meet regulations for the quality of effluent released and provide future capacity.

The new primary cell and the upgraded secondary cell are ready for use. This project was partially funded by the provincial and federal governments with up to \$2.1 million of eligible costs provided through the New Building Canada Fund.

EXPANSION ENHANCES SYSTEM RELIABILITY

Melfort upgrades complete despite challenging conditions

2020-21 provided definite challenges for the upgrade project on the Codette Lake Regional Water Supply System, but the SaskWater team successfully completed project construction and were moving into commissioning by year end.

Expansion of the system's regional water treatment plant (WTP) in Melfort began in early April 2020, roughly the same time that Saskatchewan residents were being asked to work from home due to the risk of COVID-19 transmission.

"COVID-19 restrictions and severe weather conditions last year have affected the progress of the Melfort water treatment plant project,"

acknowledged George Magalang, SaskWater Project Manager. "But these constraints did not stop the contractor from doing what they were supposed to do."

Thanks to a robust safety plan, including very detailed COVID-19 precautions established by SaskWater and its general contractor, NAC Constructors Ltd., the project was already between 70 to 75 per cent complete by the end of 2020. This included a new foundation for the expansion area, installation of a pre-engineered building to house it, replacement of the yard piping and delivery of major equipment.



Going into 2021, the contractor was set for installation of the process mechanical, electrical and building mechanical components. They forged ahead, completing work on two reservoirs, and the installation of a new clarifier and generator set. The project had reached 90 per cent completion by the end of the fiscal year on March 31, 2021. Despite periods of excessive rain, high winds and unseasonal snowstorms that hampered progress at several phases of the project, the commissioning phase was underway and the projected completion date had shifted by only a month.

The Melfort WTP is the system's hub. It supplies water to approximately 9,000 users from the City of Melfort, the Melfort Rural Pipeline Association and other surrounding towns and villages. The original WTP was built in 1958 and underwent upgrades in 1972. It had been operating with a single clarifier, which was added during the 1994 expansion done shortly after SaskWater purchased the plant.

Thanks to the newly added clarifier and filters, the load on the original clarifier unit will be reduced and it can be taken offline for major maintenance and cleaning. This will ensure that two functional clarifiers continue to be available on the system.

The new backup power generator should prevent service interruptions on the system due to power failure. This reduces the likelihood of Precautionary Drinking Water Advisories, which are required when a power outage causes a pipeline to depressurize.

These upgrades enhance the reliability and safety of the system and promise a 40- to 50-year lifespan for the WTP. The WTP upgrade in Melfort received federal and provincial funding through the New Building Canada Fund. The projected total cost of the project is \$9.4 million. The project completion date is estimated to be July 2021.

These constraints did not stop the contractor from doing what they were supposed to do.

George Magalang
SaskWater Project Manager



Balanced Scorecard

| STRATEGIC OBJECTIVE | MEASURE | 2020-21 TARGET | 2020-21 RESULT | INDICATOR LIGHT | 2021-22 TARGET | 2022-23 TARGET | 2023-24 TARGET | 2024-25 TARGET | 2025-26 TARGET |
|---|---|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| | | | | | | | | | |
| ENSURE SAFE, RELIABLE & EFFICIENT INFRASTRUCTURE | 5 System Reliability Index | 19.69 | 19.87 | ● | N/A | N/A | N/A | N/A | N/A |
| | 6 Asset Renewal and Replacement | 3.9% | 4.0% | ● | 2%-4% | 2%-4% | 2%-4% | 2%-4% | 2%-4% |
| ENSURE WATER IS SAFE & RELIABLE | 7 Water Quality Index | 0.988 | 1.000 | ● | 0.989 | 0.990 | 0.991 | 0.992 | 0.993 |
| ADVANCE COMPETITIVENESS, AFFORDABILITY & EFFICIENCY | 8 Corporate Operating Ratio | 0.70 | 0.67 | ● | 0.67 | 0.67 | 0.66 | 0.66 | 0.65 |
| | 9 Corporate Productivity per FTE (\$000) | \$458 | \$479 | ● | \$458 | \$449 | \$473 | \$473 | \$508 |

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 to our continued success.

SaskWater's **Pursuing Excellence** goal outlines five measures that evaluate success in meeting our 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 on four main factors: unplanned service interruptions, length of interruptions, compliance with interruption procedures and water loss. Each component contributes to the index, with 20.00 being a perfect score. The 2020-21 *System Reliability Index* result is on target, either nearing or exceeding the targets for all four index factors. Sustained investment into SaskWater's asset base and SaskWater's stringent

asset management program continue to improve the measure's results on an annual basis.

The *Asset Renewal and Replacement* measure was on target for 2020-21. SaskWater's *Asset Renewal and Replacement* projects proceeded as scheduled and came in on budget.

Systems Reliability Index Factor Results

| | 2020-2021 Factor Target | 2020-2021 Results |
|---|-------------------------|-------------------|
| Unplanned Service Interruption Factor (USIF) | 22 | 11 |
| Length of Interruption Factor (LIF) | 93.75% | 91% |
| Planned Service Interruption Factor (PSIF) | 95% | 100% |
| Water Loss Factor (WLF) | 2.50% | 1.88% |

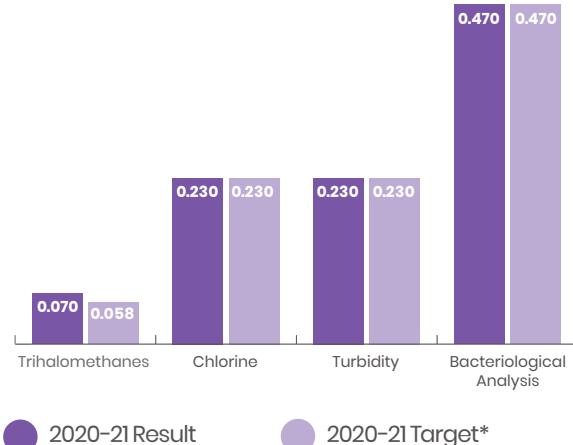


The *Water Quality Index* measure identifies four critical factors that determine whether SaskWater is achieving high-quality water throughout our potable water systems. The factors include chlorine, turbidity, bacteriological analysis and trihalomethanes (THMs). For the target calculation, each factor 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 2020–21, with all SaskWater systems meeting each of the *Water Quality Index* factors. Full details regarding the 2020 water quality results can be found in SaskWater’s 2020 *Water Quality Report* located at www.saskwater.com/publication-articles/water-quality-reports.

SaskWater was successful in meeting our efficiency and productivity targets in 2020–21. The *Corporate Operating Ratio* measure quantifies corporate efficiency by considering total operating and overhead costs in relationship to overall revenue. SaskWater surpassed this 2020–21 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 2020–21 result for this measure was also above target.

SaskWater’s efficiency and productivity measures are driven by our 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

WATER QUALITY INDEX FACTOR RESULTS



*Target represents minimum threshold

collaboration initiatives where resources and expertise are shared amongst Saskatchewan’s Crown sector. Since that time, estimates show SaskWater has saved over \$17.2M in efficiency savings, either through cost reduction, cost avoidance, procurement decisions or new sources of revenue from existing programs and/or services. 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, the GHG Committee and participation within Crown collaboration, SaskWater continues to identify and reduce overall corporate expenses.

KEY STRATEGIC OBJECTIVES

- Create a workplace culture that promotes innovation & teamwork
- Recruit & retain qualified people
- Provide a workplace that promotes safety & employee health & well-being

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

03 VALUING EMPLOYEES

GOING WITH THE FLOW

Flexibility and virtual tools sustain progress of ERP project

SaskWater's Enterprise Resource Planning (ERP) project has been a significant multi-year undertaking with implications for all aspects of the corporation. Throwing a global pandemic into the mix added to the complexity, yet the project team managed major strides forward in 2020–21.

Once implemented, the ERP system will provide employees with access to real-time data, streamline daily operations, allow staff to collaborate more efficiently and effectively and facilitate general workflow.

"We have made excellent progress in terms of testing and refining the modules designed for our different business units," said SaskWater Vice President Jacquie Gibney. "This has required a substantial commitment of time and effort by a number of people across the organization, and COVID-19 certainly has made things more challenging."

In 2020–21, after months of module design, data preparation and demos, the ERP team was able to get their hands on the modules and become

familiar with what they helped design. Our implementation partner, Novamodus (formerly Vigilant Consulting), was set to provide in-person assistance during the two initial testing rounds and the user acceptance testing (UAT), but the plan had to be adjusted. Instead, the team participated in virtual sessions as required by COVID-19 restrictions and pushed ahead with the project.

“We saw tangible results from the detailed prep work, and could test the features in a safe environment, identify things that weren’t working

as intended and fix some issues,” said Amanda Zarubin, SaskWater Director of Corporate Services. “After having seen what the system will look like and what it will accomplish, we’re excited about what is to come.”

As the fiscal year came to a close in March, UAT was nearing completion and module-specific training materials were being prepared, along with plans to proceed with end-user training and implementation in 2021-22.

PLANNING AHEAD

Our COVID-19 response

When COVID-19 emerged in early 2020, SaskWater faced a challenge we couldn’t have fathomed, but were prepared for.

Fortunately, SaskWater had developed a Business Continuity Plan that ensures we can continue to provide critical products and services in the event of an emergency or disaster, including infectious disease outbreaks.

The plan provided a framework to keep the corporation moving forward, but as pandemic response measures stretched into a year-long reality, flexibility and innovation were essential in determining the specifics of day-to-day operations.

“In order to protect our employees and continue to provide the services our customers expect, SaskWater has had to adjust how we do things as the restrictions and requirements changed,” explained SaskWater President Doug Matthies.

Like companies everywhere, SaskWater implemented remote working conditions in late March and began the 2020-21 fiscal year with approximately half of our staff working from home. Virtual meetings and conference calls became the norm and a dedicated team continued to monitor provincial restrictions, update guidelines and protocols and communicate changes to staff.

This team also expedited precautionary measures to protect SaskWater employees who still worked on-site. Operators in our facilities and in the field were provided extra safety protocols and alternate work schedules to limit the risk of in-person contact as they kept our water and wastewater plants operational.

“SaskWater provides an essential service. People need water to survive,” said Matthies.

SaskWater also provides service to large industrial customers that qualified as allowable business services when a state of emergency was declared in the province.

“We responded quickly and implemented measures to ensure that our employees would be protected and our customers were provided with their vital water services,” he added.

SaskWater followed the guidelines and public health orders set out by the Saskatchewan Health Authority. We ensured staff had access to necessary personal protective equipment, installed protective barriers between workspaces, increased efforts to disinfect and sanitize the workplace and implemented physical distancing and scheduling practices to minimize close contact. Thanks to proactive strategies, there were no service interruptions for SaskWater customers as a result of COVID-19.

Despite the adversity faced in 2020-21, SaskWater employees showed tremendous resiliency and flexibility, and were able to advance significant corporate initiatives, complete major construction projects and keep operations on track financially.

SaskWater’s Business Continuity Team continues to monitor the COVID-19 situation. Our employees’ health and safety, and providing essential water and wastewater services to our customers remain our top priorities.

DEFINING MOMENTS

SaskWater brand project provides foundation for new website and ongoing initiatives

SaskWater's official brand launch was held in February 2021, and was the culmination of numerous internal workshops, interviews and surveys. Through these efforts, each of SaskWater's employees contributed to defining our SaskWater brand.

With their input, clear statements were created to identify our brand's purpose, vision and essence, as well as what sets us apart from competitors.

"As we embody these statements, customers will see exactly who we are, why we do what we do and the high standard that we set for every interaction," explained Courtney Mihalicz, SaskWater Manager, Corporate Communications.

What employees expressed is that they strive to be remembered for demonstrating customer focus, innovation and unmatched expertise.

"We want our customers to feel that they had a refreshing experience while dealing with SaskWater. We want to be known as more than a supplier – we want to create trusted partnerships with our customers," she added.

Employees now have brand resources they can turn to when performing daily tasks or initiating new projects – tools that can guide their decision-making, their communication with customers and other external stakeholders, or in navigating internal relationships. The brand project included a review of the corporation's visual brand identity in terms of the logo, and the colours and graphics used in external publications. It also prompted the redesign and launch of our website.

Employee workshops identified ways to make the website more effective for serving our customers, growing our business and representing our brand.

After an extensive content audit of the old website and consideration of our new strategic plan, www.saskwater.com was reimagined to provide a more positive online experience for potential and existing customers, and to ensure that the general public recognizes who we are and what we do.

The new website features improved performance on desktop and mobile devices, content that targets our specific market, ease of navigation and tools to help potential customers initiate a conversation with us.

SaskWater's brand launch provided a timely transition to the roll-out of a new corporate strategic plan for SaskWater in 2021–22. This six-year plan is carefully and purposefully aligned with the brand and our vision of what success looks like for SaskWater.

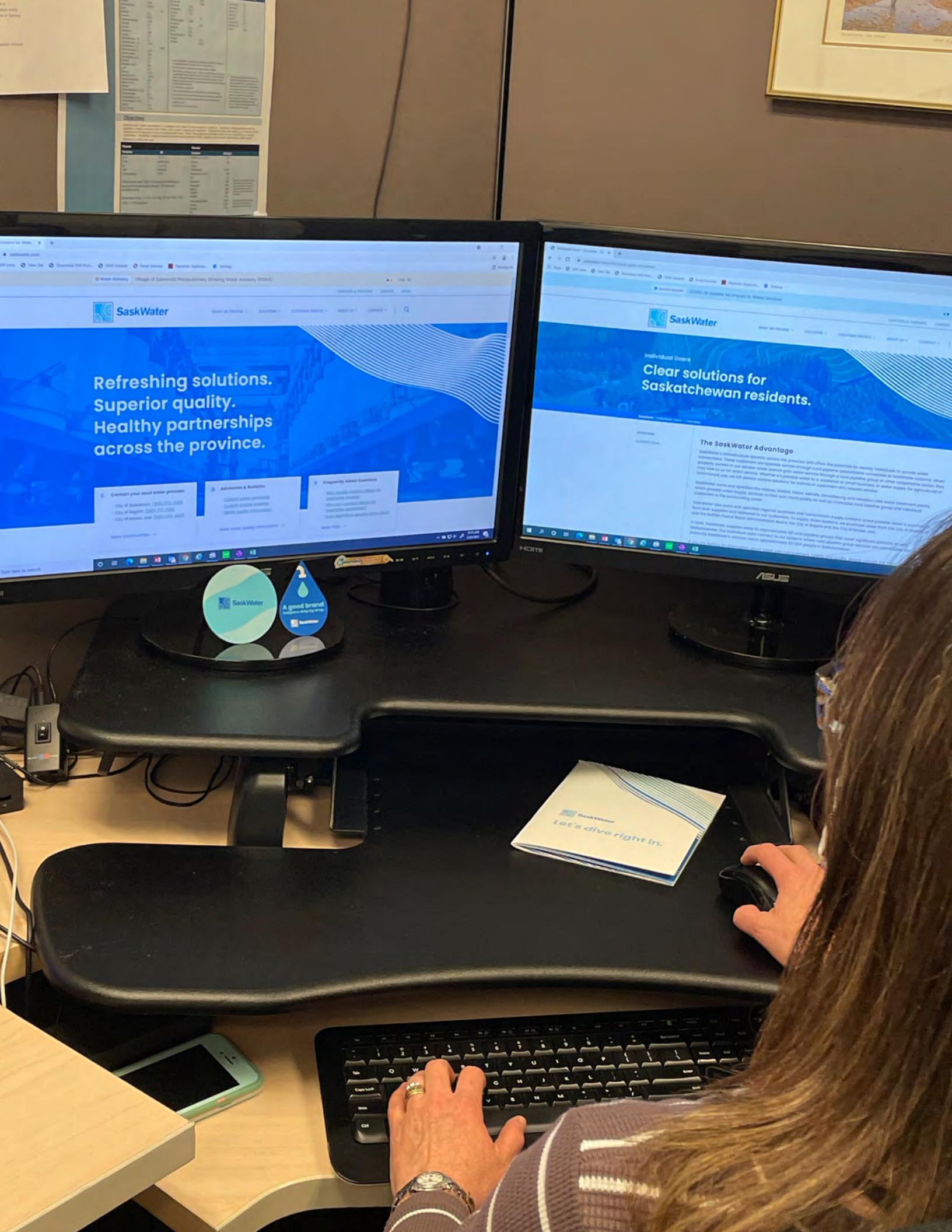
“

We want to be known as more than a supplier – we want to create trusted partnerships with our customers.

Courtney Mihalicz

SaskWater Manager, Corporate Communications

”



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 132 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; 84 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 2020–21, 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. Unfortunately, due to COVID-19, employees were unable to attend the training this year; however, the percentage of staff who have taken this training is 83 per cent. There are now four dates set in 2021–22 for employees to attend the Indigenous Cultural Awareness Program online.

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

(45 per cent) have attended. Several employees were scheduled to attend this training in 2020–21; however, COVID-19 made an interactive workshop impossible to attend. SaskWater will begin registering employees for this important training once provincial restrictions are lifted and social distancing is no longer required.

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. Due to quarantine requirements and related training cancellations, the number of employees accessing this type of training in 2020–21 was significantly reduced compared to previous years. However, during that time, five employees continued to access SaskWater's Tuition and Book Reimbursement policy, and even completed post-secondary programs.

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 three eight-month co-op placements in 2020–21 at its Moose Jaw, Wakaw and Melfort locations.



Balanced Scorecard

STRATEGIC OBJECTIVE

| MEASURE | 2020–21 TARGET | 2020–21 RESULT | INDICATOR LIGHT | 2021–22 TARGET | 2022–23 TARGET | 2023–24 TARGET | 2024–25 TARGET | 2025–26 TARGET | |
|---|---|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|------|
| CREATE A WORKPLACE CULTURE THAT PROMOTES INNOVATION & TEAMWORK | 10 Employee Engagement Survey | 76% | 68% | ● | N/A | 77% | N/A | 78% | N/A |
| RECRUIT AND RETAIN QUALIFIED PEOPLE | 11 Retention Rate | 92% | 92% | ● | ● 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) | 3.08 | 1.16 | ● | ● 1.44 | 1.44 | 1.44 | 1.44 | 1.44 |
| | 13 Lost Time Injury Severity Rate (LTIS) | 12.31 | 12.73 | ● | N/A | N/A | N/A | N/A | N/A |

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 our employees. Our **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 our success.

The *Employee Engagement Survey*, conducted biennially, tracks the effectiveness of employee engagement management strategies. SaskWater's employee engagement results were lower than target. A number of factors may have influenced the engagement score, including a labour disruption, staffing changes and the COVID-19 pandemic. However, these alone are unlikely to explain the overall impact to the engagement score. SaskWater will work with employees to address underlying concerns and solutions that promote better employee wellness and engagement.

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 are considered to be at the higher end of the benchmark range. SaskWater met the 2020–21 target, finishing the year at target with 92 per cent retention.

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 2020–21 that resulted in lost time. Both measures were on target for 2020–21.

SaskWater's Safety Program was fully engaged in 2020–21 in response to the unprecedented impacts of the global pandemic. Following an extended work-from-home period for almost half of SaskWater's staff, the Occupational Health & Safety (OH&S) team identified methods and procedures for employees returning to the office when it was safe to do so. Updates were also made to our Pandemic Response Plan to properly navigate the organization through the COVID-19 pandemic. Despite COVID restrictions, SaskWater's OH&S team continued their work to identify the top high-risk work tasks for SaskWater and develop appropriate safe work procedures. SaskWater identified 29 Safe Work Practices, which will be formalized into policy. Originally scheduled for release in 2020–21, SaskWater's Hearing Conservation Program was delayed as a result of the pandemic and will be moved to 2022.

04

SUCCEEDING FINANCIALLY

2020–21 RESULTS

Total income generated in 2020–21 was \$7.9 million, compared to \$8.5 million in 2019–20. Income from operations was the same in each year at approximately \$8.3 million, prior to recording \$0.5 million in unrealized losses in the current year largely due to changes in the market value of investments held to retire long-term debt (\$0.2 million gain in 2019–20).

KEY STRATEGIC OBJECTIVES

- Achieve ROE targets
- Operate within debt ratio

“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.”

EARNINGS



● 2020-21 Result ● 2019-20 Result

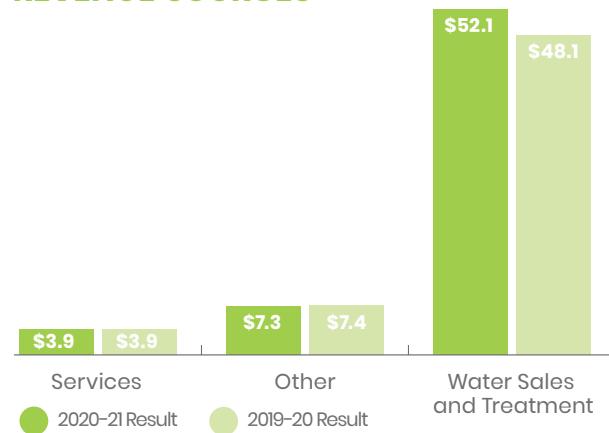
TOTAL REVENUE



● 2020-21 Result ● 2019-20 Result

Revenue in the year increased by 6.4 per cent, largely on the strength of a \$4 million increase in potable water sales. There were three primary contributors to the increase: providing a full year of service versus a partial year to a significant customer signed in the latter portion of last year; new infrastructure on a substantial system came into service at the start of the year while a corresponding rate plan adjustment came into effect; and the hot summer bolstered water sales. Revenue from all other water sales and services combined was approximately \$26.8 million in each year. Other income was fairly constant at approximately \$7.3 million in each year, which is primarily related to amortization of contributions received from customers or from federal and provincial grant programs to help offset capital construction costs.

REVENUE SOURCES



The COVID-19 pandemic had negligible impact on revenue over the course of the year. SaskWater customers continued to pay their accounts and no additional liquidity or collection risk arose in the year.

Expenses increased in total by approximately \$3.2 million to generate the additional revenue,

with \$1.7 million of this relating to depreciation on assets in service. Bulk water purchases are primarily associated with the Saskatoon potable water supply system, which uses water purchased from the City of Saskatoon. During the year, Saskatoon and SaskWater completed arrangements for the transition of two industrial businesses to be directly served by the city as the land they are located on had been annexed within city limits in a previous year. The loss of these two customers offset the increased demand for potable water by municipal customers in the region, which explains why the expense is unchanged between the two years despite the increase in potable water revenue.

TOTAL OPERATING EXPENSES

| |
|---------------|
| \$52.6 |
| \$49.5 |

● 2020-21 Result ● 2019-20 Result

The public health measures necessary during the pandemic resulted in reduced expenses for travel, training and the deferral of some non-essential repairs and maintenance. These impacts are largely related to the need to maintain physical distancing and restriction on the size of gatherings.

Interest expense on funds borrowed to finance capital investments rose by \$100,000 to \$2.6 million in 2020-21. Investment income fell by approximately \$600,000 in the year, as \$6.5 million in debt retirement funds were redeemed in 2019-20 to pay off long-term debt that matured during the year. The corporation also realized a significant gain on the sale of the investments when they were redeemed.

Capital Investment

SaskWater spent \$17.1 million on various capital projects in 2020–21 (\$24.4 million in 2019–20). The majority of the funds were to support growth and system upgrades for existing customer communities. Capital investment was lower in 2020–21, as investments to support two significant customer projects were coming to an end in 2019–20, and negotiating agreements to support a new regional supply system took longer than expected this year, which pushed the project start date to 2021–22. SaskWater recorded approximately \$7.4 million as contributions from customers and grant agencies in the year to help offset the capital cost of projects.

Major projects in the year included upgrades to the water treatment plant in Melfort that serves approximately 9,000 residents in the region, expansion and upgrades to the Pierceland wastewater lagoon, demolition of the old Melville WTP, continuation of upgrades to the canals on the Saskatoon Southeast Non-Potable Water Supply System, the installation of solar panels at the Cory Booster pump station and development of the Enterprise Resource Planning system.

Liquidity and Capital Resources

SaskWater's debt ratio was 49.2 per cent at March 31, 2021 (50 per cent at March 31, 2020). 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 March 31, 2021 |
|--|------------|-------------------------------|
| Short Term (promissory notes) | \$ 30.0 | \$ 7.5 |
| Total (including short term) | \$ 130.0 | \$ 88.9 |

Key Financial Data

| (\$ millions) | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---------------------------|------------------------------|------------------------------|
| Total Assets | \$375.2 | \$372.0 |
| Return on Equity | 10.9% | 11.3% |
| Debt Ratio | 49.2% | 50.0% |
| Dividends Declared | \$6.259 | \$4.176 |



New Accounting Standards in the Current Year

SaskWater adopted the following new and amended standards and interpretations effective April 1, 2020:

Amendments to the Conceptual Framework for Financial Reporting

The corporation has adopted the amendments to the Conceptual Framework for Financial Reporting (The Conceptual Framework) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of The Conceptual Framework, the Corporation has applied The Conceptual Framework prospectively. The amendments provide revisions to The Conceptual Framework, a comprehensive set of concepts for financial reporting. The adoption of the amendments to The Conceptual Framework have not had a significant impact on the financial statements.

Amendments to IAS 1, Presentation of Financial Statements and amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The corporation has adopted the amendments to IAS 1, Presentation of Financial Statements (IAS 1) and amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of IAS 1 and IAS 8, the corporation has applied the amendments to IAS 1 and IAS 8 prospectively. The amendments refine the definition of material in IAS 1 and align the definitions used across International Financial Reporting Standards and other publications. The adoption of the amendments to IAS 1 and IAS 8 have not had a significant impact on the financial statements.

2021–22 Outlook

SaskWater's focus remains on regionalization. We endeavour to identify areas in the province where communities and their rural neighbours are in need of a new water supply and would, potentially, work together to find solutions. SaskWater is also investigating opportunities where process water, or non-potable water, is needed for industrial use. These are typically multi-year projects as the proponents conduct their own business feasibility analysis and secure their financing before new infrastructure is built.

Earnings are expected to be \$7 million in 2021–22, generating a return on equity of 8.9 per cent and in line with SaskWater's long-term return on equity target of nine per cent. The major factor for the reduction in earnings from 2020–21 is an expected decrease in potable water sales, due in part to changes in servicing arrangements for some of SaskWater's customers and in part to reflect historical average water use in customer communities. In addition, pandemic safety measures are anticipated to ease over the course of the year, including physical distancing and travel restrictions, leading to increased spending on travel, training and addressing deferred maintenance.

Capital expenditures are expected to be \$23.7 million in 2021–22 and include work on the early phases of a new regional municipal system and investments to ensure the safe and reliable operation of various existing systems.

Future Accounting Changes

A number of new standards, amendments to standards and interpretations of standards have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, the

application of which is effective for periods after April 1, 2021. The corporation does not expect the implementation of these new accounting pronouncements to have a significant impact on its accounting policies or financial statements.

Key Financial Data (\$ millions)

| Year | Total Comprehensive Income | Revenue | Total Assets | Return on Average Equity | Debt Ratio |
|----------------|----------------------------|---------|--------------|--------------------------|------------|
| 2020–21 | \$7.9 | \$63.3 | \$375.2 | 10.9% | 49.2% |
| 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% |

Key Operational Data

| Year | Total Customer Accounts | Total Sales Volumes (million cubic metres) | Kilometres of Potable and Non-potable Pipeline | Full-Time Equivalent Employees |
|----------------|-------------------------|--|--|--------------------------------|
| 2020–21 | 415 | 44.2 M M ³ | 942 | 132.1 |
| 2019–20 | 415 | 45.6 M M ³ | 942 | 128.8 |
| 2018–19 | 415 | 48.7 M M ³ | 967 | 129.7 |
| 2017–18 | 414 | 44.7 M M ³ | 964 | 126.9 |
| 2016–17 | 414 | 43.9 M M ³ | 935 | 123.9 |
| 2015–16 | 411 | 46.8 M M ³ | 935 | 120.0 |

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 ERM 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 2020–21 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 to be recognized as a competitive service provider.

SaskWater is pursuing strategies internally to mitigate the impact of this risk. These include:

- development of a strategic plan and business plan
- implementing a brand strategy
- development of a targeted marketing strategy, including annual review of growth targets
- development and training of the 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 used by SaskWater 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 business operations
- pursuing growth opportunities that focus on diversifying the customer base, with an emphasis on regional water supply systems

Dependency on third party suppliers

SaskWater purchases potable water supply 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 subjected to rate increases from third party suppliers with little warning. As such, the corporation is unable to pass that cost directly onto customers. Depending on the period of time when the rate change occurs and the corporation's ability to pass the cost along, 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, this can result in customers deciding to pursue projects on their own without SaskWater 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.

Mitigation measures include:

- collaborating with customers, 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

The quality of water for drinking water is important 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 source water can have implications on 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 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 water and drinking water
- ensuring that 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, inclement weather, 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. There is a risk that customers will have no water for consumption or production purposes, which will impact their 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 systems that require critical asset upgrades
- emergency response plans for individual facilities
- vulnerability assessments, including site security
- contact procedures to notify customers in cases of service interruptions
- 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
- encouraging customers to have water storage reserves to meet their needs in cases of service interruption; in extreme circumstances, water may be hauled from other locations
- liability insurance
- having regular meetings with the management, staff and/or union to discuss any issues related to policy, mandate, corporate direction and/or legislative changes

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 to 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 these risks 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

Security of Water Supplies

A secure supply of water can be impacted for a variety of reasons, including climate change, restrictions on use by the regulator, natural hazards, severe weather conditions, competing uses, water contamination (see Contamination of Water Supplies on page 46) and economic conditions. This can impact the demand for water services and the ability to supply existing customers, restrict growth opportunities and impact the financial position of the corporation and the reputation of the corporation as a provider of water.

Changes to climate can have implications relating to water supply. The province naturally experiences cycles of wet and dry years; however, a changing climate may exacerbate this. Cycles of drought are inevitable and there will be pressure to meet increased customer demands and to encourage customers to reduce their consumption to ensure sustainability of watersheds. With prolonged periods of dry conditions, demand will increase, which may result in a corresponding decrease in the supply of source water. In extreme drought situations, there is a high probability that drought measures would be put in place by the regulator.

Weather conditions can impact operations and revenues. Demand for water during the warm summer months is generally greater than during the cooler months in fall, winter and spring, due to additional requirements for water in connection with outside water use. SaskWater has historically seen municipal demand variation in accordance with temperature, rainfall level and frequency, particularly during the summer months. Extreme weather events can cause damage to water supply facilities and/or power supplies to water facilities, disrupting the reliable supply of water. These events can also impact the quality/quantity of source water.



Mitigation measures include:

- minimum purchase requirements in contracts to protect the corporation from revenue loss
- focus on efficiency to control costs
- volume and usage forecasting
- communication with the Water Security Agency regarding water supply issues
- monitoring regulatory requirements and implementing them as required
- provision of conservation messaging for customers

Changing Regulatory Environment

SaskWater's water and wastewater operations are subject to stringent regulatory requirements that govern the environment, health and safety, quality of water provided to customers, water allocation rights and the manner in which SaskWater collects, treats, discharges and disposes of wastewater.

The federal government continually reviews water and wastewater regulations, and these changes are generally adopted by the provincial regulator. Regulatory requirements for wastewater have become more stringent, requiring different timelines for upgrades depending on the condition of water treatment facilities.

Regulatory and/or policy changes in other areas may also impact SaskWater's corporate, operational and engineering activities. Any changes to policies and/or legislation regarding greenhouse gas emissions, labour relations or corporate business functions could have some material impact.

Mitigation measures to manage this risk include:

- maintaining a solid working relationship with the shareholder, and provincial and federal regulatory agencies
- actively participating in consultation reviews of potential regulatory changes
- designing facilities with the potential for future regulatory changes in mind

- completing the capital budget in conjunction with assessments for regulatory compliance
- ongoing training of certified operators to ensure facilities are operated in accordance with regulations

Business Continuity

Disruptions at the head office building (i.e., fire), IT disruption events, Human Resources events such as strike and/or pandemic, and/or disruptions at regional facilities present several risks, including business failure, financial instability, data security, negative impacts to employees and to the corporation's reputation.

Throughout 2020–21, and ongoing, SaskWater has enacted its Business Continuity Plan (BCP) to manage operations during the COVID-19 pandemic. The pandemic has the potential for substantial impacts on employees, the corporation's reputation, operations and finances. COVID-19 has tested our resilience and ability to adapt to a changing business environment. At the beginning of 2020, SaskWater was able to implement a strong response to the pandemic shutdown and adapt to the social, economic and business challenges it had caused. The corporation continued to provide safe and reliable water services to its customers and keep its employees safe. During COVID-19, SaskWater's approach to business continuity has shown resiliency in the face of challenging times. SaskWater employees have demonstrated their commitment to this organization and its customers by continuing to provide reliable water services and carrying out duties in less than ideal situations.

As COVID-19 carries on, SaskWater will continue to monitor the impacts and take precautions to provide safe and reliable water to customers, maintain operations and keep employees safe.

Strategies in place to mitigate the risk to SaskWater include:

- the BCP, which includes a Pandemic Plan, Pandemic Return to Work Plan and Strike Contingency Plan

- the Strategic Response Team meeting weekly to monitor the impacts of COVID-19 and regular communication being provided to all employees
- establishing an off-site Incident Command Centre in Moose Jaw, as part of the BCP, with a backup at the Regina shop in the event that head office is unavailable
- an Emergency Response Plan

- guidelines and protocols for employees in the office and essential services staff working in the field to protect the health and safety of our staff
- a COVID-19 dashboard provided on a regular basis to the corporation's Board of Directors, outlining impacts to SaskWater's business and employees
- the Executive Team meeting every day to check in and monitor operations

Balanced Scorecard

| STRATEGIC OBJECTIVE | MEASURE | 2020-21 TARGET | 2020-21 RESULT | INDICATOR LIGHT | 2021-22 TARGET | 2022-23 TARGET | 2023-24 TARGET | 2024-25 TARGET | 2025-26 TARGET |
|--|-----------------------------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| | | | | | 2021-22 TARGET | 2022-23 TARGET | 2023-24 TARGET | 2024-25 TARGET | 2025-26 TARGET |
| ACHIEVE RETURN ON EQUITY TARGETS APPROVED BY SHAREHOLDER | 14 Return on Equity | 8.1% | 10.9% | ● | 8.9% | 8.2% | 10.3% | 9.7% | 11.0% |
| OPERATE WITHIN DEBT RATIO APPROVED BY SHAREHOLDER | 15 Debt to Debt and Equity | 50.5% | 49.2% | ● | 50.1% | 50.7% | 50.6% | 51.7% | 53.4% |

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 demonstrate financial health and success. Two priority areas for our Succeeding Financially goal include: achieving the return on equity targets approved by the shareholder and operating within a debt ratio approved by the shareholder.

Despite the potential financial limitations that could have resulted from the pandemic, SaskWater managed to exceed our *Return on Equity* target. SaskWater also successfully met the *Debt to Debt and Equity* target for 2020-21. The corporation

carried out construction projects despite the challenges presented by the pandemic, which allowed SaskWater to finish on target.

The continued financial success experienced by SaskWater has been achieved largely through the corporation's focus on growth. The signing of new potable and non-potable customers, alongside improving onerous water supply agreements signed prior to 2005, has resulted in financial stability for SaskWater.



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, 2021
- 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, 2021, 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, 2021

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, 2021, 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, 2021

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, 2021, 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, 2021, 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, 2021
Regina, Saskatchewan

Statement of Comprehensive Income

for the year ended
(thousands of dollars)

| | March 31 2021 | March 31 2020 |
|--|------------------|------------------|
| Revenue (note 4) | | |
| Water sales and treatment | \$ 52,031 | \$ 48,117 |
| Services | 3,956 | 3,951 |
| Other | 7,297 | 7,389 |
| | <u>63,284</u> | <u>59,457</u> |
| Expenses | | |
| Salaries and benefits | 14,257 | 13,681 |
| Operations, maintenance and administration | 11,074 | 10,140 |
| Depreciation | 14,762 | 13,041 |
| Bulk water purchases | 11,669 | 11,718 |
| Saskatchewan taxes | 886 | 894 |
| | <u>52,648</u> | <u>49,474</u> |
| Net income before the following | 10,636 | 9,983 |
| Finance income | 330 | 895 |
| Finance expense | (2,621) | (2,526) |
| Net finance expense (note 5) | (2,291) | (1,631) |
| Net income | 8,345 | 8,352 |
| Other comprehensive (loss) income | | |
| Debt retirement fund change in fair value | (412) | 144 |
| Realized gains on debt retirement fund redemptions | - | 384 |
| Re-classification of realized gains to net finance expense | - | (384) |
| Net actuarial (loss)/gains on retiring allowance | (81) | 4 |
| | <u>(493)</u> | <u>148</u> |
| Total comprehensive income | \$ 7,852 | \$ 8,500 |

See accompanying notes

Statement of Financial Position

as at
(thousands of dollars)

| | March 31 2021 | March 31 2020 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 1,271 | \$ 1,912 |
| Trade and other receivables (note 6) | 8,409 | 9,023 |
| Prepaid expenses and inventories (note 7) | 1,351 | 1,239 |
| Current portion of deferred charges (note 8) | 15 | 13 |
| | <hr/> 11,046 | <hr/> 12,187 |
| Deferred charges (note 8) | 278 | 268 |
| Investment - debt retirement funds (note 9) | 13,510 | 11,410 |
| Right-of-use assets (note 10) | 3,221 | 3,532 |
| Property, plant and equipment (note 11) | <hr/> 347,120 | <hr/> 344,610 |
| | <hr/> \$ 375,175 | <hr/> \$ 372,007 |
| Liabilities and Province's Equity | | |
| Current liabilities | | |
| Trade and other payables (note 12) | \$ 6,130 | \$ 7,714 |
| Notes payable (note 13) | 7,500 | 10,994 |
| Dividends payable (note 14) | 2,085 | 1,549 |
| Current portion of deferred credits (note 15) | 35 | - |
| Current portion of deferred revenue (note 16) | 6,846 | 6,856 |
| Current portion of provisions (note 17) | 864 | 169 |
| Current portion of lease liabilities (note 18) | 783 | 707 |
| Current portion of long-term debt (note 19) | <hr/> 3,900 | <hr/> - |
| | <hr/> 28,143 | <hr/> 27,989 |
| Deferred credits (note 15) | 285 | - |
| Deferred revenue (note 16) | 188,379 | 187,812 |
| Provisions (note 17) | - | 265 |
| Lease liabilities (note 18) | 2,497 | 2,855 |
| Long-term debt (note 19) | 77,493 | 76,393 |
| Employee benefits (note 20) | <hr/> 691 | <hr/> 599 |
| | <hr/> 297,488 | <hr/> 295,913 |
| Province's equity | | |
| Equity advance (note 21) | 8,700 | 8,700 |
| Accumulated other comprehensive (loss) income | (158) | 335 |
| Retained earnings | <hr/> 69,145 | <hr/> 67,059 |
| | <hr/> 77,687 | <hr/> 76,094 |
| | <hr/> \$ 375,175 | <hr/> \$ 372,007 |
| Commitments and contingencies (note 22) | | |
| See accompanying notes | | |

On behalf of the Board:


Chair


Director

Statement of Changes in Equity

for the year ended
(thousands of dollars)

| | Equity Advances | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total |
|--------------------------------|-----------------|---|-------------------|------------------|
| Balance, March 31, 2019 | \$ 8,700 | \$ 187 | \$ 62,883 | \$ 71,770 |
| Net income | — | — | 8,352 | 8,352 |
| Other comprehensive income | — | 148 | — | 148 |
| Dividends | — | — | (4,176) | (4,176) |
| Balance, March 31, 2020 | 8,700 | 335 | 67,059 | 76,094 |
| Net income | — | — | 8,345 | 8,345 |
| Other comprehensive loss | — | (493) | — | (493) |
| Dividends | — | — | (6,259) | (6,259) |
| Balance, March 31, 2021 | \$ 8,700 | \$ (158) | \$ 69,145 | \$ 77,687 |

See accompanying notes

Statement of Cash Flows

for the year ended
(thousands of dollars)

| | March 31 2021 | March 31 2020 |
|--|------------------|------------------|
| Operating activities | | |
| Net income | \$ 8,345 | \$ 8,352 |
| Items not affecting cash from operations: | | |
| Depreciation | 14,762 | 13,041 |
| Impairment of assets | 241 | - |
| Amortization of deferred revenue | (6,891) | (6,908) |
| Amortization of provisions | (212) | (256) |
| Addition to provisions | 618 | - |
| Employee benefits | 11 | 55 |
| Net financing expense | 2,291 | 1,631 |
| (Gain)/loss on disposal of property, plant and equipment | (157) | 8 |
| Change in non-cash working capital items: | | |
| Trade and other receivables | 614 | (1,420) |
| Prepaid expenses and inventories | (112) | (348) |
| Deferred charges | (12) | 13 |
| Deferred credits | 320 | - |
| Trade and other payables | (1,620) | (2,561) |
| Deferred revenue | 7,448 | 4,084 |
| Interest paid | (2,494) | (2,756) |
| Interest received | 75 | 100 |
| Cash provided by operating activities | 23,227 | 13,035 |
| Investing activities | | |
| Property, plant and equipment expenditures | (17,228) | (24,042) |
| Proceeds on disposal of property, plant and equipment | 376 | 1,037 |
| Cash used in investing activities | (16,852) | (23,005) |
| Financing activities | | |
| Lease payments | (582) | (599) |
| Proceeds from long-term debt | 5,000 | 9,593 |
| Repayment of long-term debt | - | (9,593) |
| Advance of notes payable | 4,008 | 20,033 |
| Repayment of notes payable | (7,502) | (9,039) |
| Debt retirement fund installments | (2,217) | (1,929) |
| Debt retirement fund redemptions | - | 6,506 |
| Dividends paid | (5,723) | (5,136) |
| Cash (used in) provided by financing activities | (7,016) | 9,836 |
| Decrease in cash | (641) | (134) |
| Cash, beginning of year | 1,912 | 2,046 |
| Cash, end of year | \$ 1,271 | \$ 1,912 |

See accompanying notes

Notes to the Financial Statements

March 31, 2021

(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 20, 2021.

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 24) 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 10 – right-of-use assets
- Note 11 – depreciation of property, plant and equipment
- Note 16 – deferred revenue
- Note 17 – provisions
- Note 18 – lease liabilities
- Note 20 – measurement of employee benefits
- Note 22 – commitments and contingencies

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

2. Basis of preparation (continued)

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, 2020:

Amendments to the Conceptual Framework for Financial Reporting

The Corporation has adopted the amendments to the Conceptual Framework for Financial Reporting (The Conceptual Framework) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of The Conceptual Framework, the Corporation has applied The Conceptual Framework prospectively. The amendments provide revisions to The Conceptual Framework, a comprehensive set of concepts for financial reporting. The adoption of the amendments to The Conceptual Framework have not had a significant impact on the financial statements.

Amendments to IAS 1, *Presentation of Financial Statements* and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

The Corporation has adopted the amendments to IAS 1, *Presentation of Financial Statements* (IAS 1) and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of IAS 1 and IAS 8, the Corporation has applied the amendments to IAS 1 and IAS 8 prospectively. The amendments refine the definition of material in IAS 1 and align the definitions used across IFRS standards and other publications. The adoption of the amendments to IAS 1 and IAS 8 have not had a significant impact on the financial statements.

g) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations of standards have been issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), the application of which is effective for periods after April 1, 2021. The Corporation does not expect the implementation of these new accounting pronouncements to have a significant impact on its accounting policies or financial statements.

h) COVID-19 impact assessment

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The Corporation has experienced a slight decrease in the sale of non-potable water to industrial and commercial customers, which was offset by increases in the sale of potable water for domestic and residential use. There have also been some additional costs incurred to mitigate the risks of the outbreak. Through the year ended March 31, 2021 the pandemic has not resulted in any material impact on the financial results of the Corporation.

Any prolonged restrictions in the future could disrupt business activities, which could negatively affect one or more factors that are essential for maintaining regular operations of the Corporation including, but not limited to, availability of employees for delivery of goods and services, availability of supplies and equipment for operations and planned construction projects as well as demand for the Corporation's products and services. The ultimate duration and magnitude of the impact on the economy and consequential financial effects on the Corporation, is unknown at this time.

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.

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

3. Significant accounting policies (continued)

a) Revenue recognition (continued)

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.

Leased Assets

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, 2021 short-term, low value and variable lease payments were determined to be \$519 (March 31, 2020 - \$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.

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

3. Significant accounting policies (continued)

d) Leases (continued)

The Corporation applies judgment in determination of the lease term for certain lease contracts with renewal options. The assessment of whether the Corporation is reasonably 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 fair value through other comprehensive income (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 other comprehensive income (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, 2021

(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.

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

3. Significant accounting policies (continued)

k) Employee benefits (continued)

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 and lease liabilities, 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.

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 24).

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.

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

3. Significant accounting policies (continued)

n) Financial instruments (continued)

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.

4. Revenue

| | March 31 2021 | March 31 2020 |
|---|------------------|------------------|
| Water sales and treatment | | |
| Potable water supply | \$ 29,212 | \$ 25,238 |
| Non-potable water supply | 22,109 | 22,225 |
| Wastewater treatment | 710 | 654 |
| | 52,031 | 48,117 |
| Services | | |
| Certified operations & maintenance | 2,573 | 2,404 |
| Project management | 4 | 17 |
| Northern project management | 552 | 781 |
| Operator training | 757 | 714 |
| Leak detection | 10 | 12 |
| Remote monitoring | 60 | 23 |
| | 3,956 | 3,951 |
| Other | | |
| Amortization of customer contributions | 6,243 | 6,577 |
| Amortization of government grants – capital related | 611 | 331 |
| Miscellaneous revenue | 443 | 481 |
| | 7,297 | 7,389 |
| | \$ 63,284 | \$ 59,457 |

At March 31, 2021 the Corporation has \$194,224 (March 31, 2020 – \$194,631) 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.

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

5. Finance income and expenses

| | March 31 2021 | March 31 2020 |
|---|-------------------|-------------------|
| Finance income | | |
| Debt retirement fund earnings | \$ 295 | \$ 402 |
| Realized gains on redemption of debt retirement funds | - | 384 |
| Other finance income | 35 | 115 |
| Fund earnings capitalized to qualifying assets | - | (6) |
| | 330 | 895 |
| Finance expenses | | |
| Interest expense on short-term debt | 22 | 140 |
| Interest expense on long-term debt | 2,494 | 2,601 |
| Amortization of discount and commissions | 8 | 13 |
| Unwinding of discount on provisions | 24 | 39 |
| Unwinding of discount on lease liabilities | 84 | 85 |
| Other interest expense | - | 1 |
| Borrowing costs capitalized to qualifying assets | (11) | (353) |
| | 2,621 | 2,526 |
| Net finance expense | \$ (2,291) | \$ (1,631) |
| Interest capitalization rate | 0.10% | 1.90% |

6. Trade and other receivables

| | March 31 2021 | March 31 2020 |
|--|------------------|------------------|
| Trade receivables | | |
| Trade receivables | \$ 6,279 | \$ 6,339 |
| Accrued receivables | 2,143 | 2,745 |
| Other receivables | 10 | 10 |
| | 8,432 | 9,094 |
| Expected credit losses | (23) | (71) |
| | \$ 8,409 | \$ 9,023 |
| Expected credit losses, opening balance | | |
| Accounts written-off | \$ 71 | \$ 70 |
| Provision adjustments | (62) | - |
| | 14 | 1 |
| Expected credit losses, ending balance | \$ 23 | \$ 71 |

The Corporation's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 24.

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

7. Prepaid expenses and inventories

| | March 31 2021 | March 31 2020 |
|------------------|------------------|------------------|
| Prepaid expenses | \$ 749 | \$ 598 |
| Inventories | 602 | 641 |
| | \$ 1,351 | \$ 1,239 |

8. Deferred Charges

| | March 31 2021 | March 31 2020 |
|---|------------------|------------------|
| Balance, beginning of the year | \$ 281 | \$ 294 |
| Deferred charges – additions | 25 | - |
| Amortization of deferred charges | (13) | (13) |
| | 293 | 281 |
| Less: Current portion of deferred charges | (15) | (13) |
| Non-current balance, end of the year | \$ 278 | \$ 268 |

Deferred charges represent discounts and commissions on long-term debt issuances. Discounts and commissions are paid upon receipt of the debt issue and amortized over the life of the debt.

9. Investment – debt retirement funds

Under conditions attached to certain advances from the Province of Saskatchewan, 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 -0.4% for the year ended March 31, 2021 (5.3% for the year ended March 31, 2020). The changes in the carrying amount of debt retirement funds are as follows:

| | March 31 2021 | March 31 2020 |
|---|------------------|------------------|
| Debt retirement funds, beginning of year | \$ 11,410 | \$ 15,057 |
| Installments | 2,217 | 1,929 |
| Redemptions | - | (6,506) |
| Earnings | 295 | 786 |
| Change in fair value of debt retirement funds | (412) | 144 |
| Debt retirement funds, end of year | \$ 13,510 | \$ 11,410 |

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

| | |
|---------|-----------------|
| 2021/22 | \$ 775 |
| 2022/23 | 775 |
| 2023/24 | 754 |
| 2024/25 | 754 |
| 2025/26 | 737 |
| | \$ 3,795 |

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

10. Right-of-use assets

| | Buildings | Vehicles | Equipment | Total |
|--|-----------------|-----------------|--------------|-----------------|
| Cost | | | | |
| Opening balance at April 1, 2019 | \$ — | \$ — | \$ — | \$ — |
| Implementation of IFRS 16 | 3,017 | 776 | 80 | 3,873 |
| Additions | — | 193 | 10 | 203 |
| Balance at March 31, 2020 | 3,017 | 969 | 90 | 4,076 |
| Additions | — | 270 | — | 270 |
| Disposals | — | (90) | (5) | (95) |
| Balance at March 31, 2021 | \$ 3,017 | \$ 1,149 | \$ 85 | \$ 4,251 |
| Accumulated depreciation | | | | |
| Opening balance at April 1, 2019 | \$ — | \$ — | \$ — | \$ — |
| Amortization | 293 | 216 | 35 | 544 |
| Balance at March 31, 2020 | 293 | 216 | 35 | 544 |
| Amortization | 294 | 197 | 35 | 526 |
| Disposals | — | (38) | (2) | (40) |
| Balance at March 31, 2021 | \$ 587 | \$ 375 | \$ 68 | \$ 1,030 |
| Carrying amounts | | | | |
| Opening balance at March 31, 2020 | \$ 2,724 | \$ 753 | \$ 55 | \$ 3,532 |
| Balance at March 31, 2021 | \$ 2,430 | \$ 774 | \$ 17 | \$ 3,221 |

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

11. Property, plant and equipment

| | Buildings | Water Facilities | Maintenance & Office Equipment | Assets under Construction | Land | Held for Sale | Total |
|--|-----------|------------------|--------------------------------|---------------------------|----------|---------------|------------|
| Cost | | | | | | | |
| Balance at March 31, 2019 | \$ 2,152 | \$ 422,202 | \$ 6,922 | \$ 32,125 | \$ 1,726 | \$ 421 | \$ 465,548 |
| Additions | - | - | 258 | 24,131 | - | - | 24,389 |
| Transfers | 126 | 49,415 | 1,257 | (50,959) | 161 | - | - |
| Disposals | (46) | (531) | (414) | (443) | - | (421) | (1,855) |
| Balance at March 31, 2020 | 2,232 | 471,086 | 8,023 | 4,854 | 1,887 | - | 488,082 |
| Additions | 31 | 10 | 11 | 17,094 | - | - | 17,146 |
| Transfers | - | 9,323 | 340 | (9,663) | - | - | - |
| Disposals | (42) | (1,647) | (29) | - | (8) | - | (1,726) |
| Balance at March 31, 2021 | \$ 2,221 | \$ 478,772 | \$ 8,345 | \$ 12,285 | \$ 1,879 | - | \$ 503,502 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at March 31, 2019 | \$ 1,405 | \$ 125,376 | \$ 4,899 | \$ - | \$ 106 | \$ | \$ 131,786 |
| Depreciation | 67 | 11,858 | 572 | - | - | - | 12,497 |
| Disposals | (46) | (385) | (274) | - | - | (106) | (81) |
| Balance at March 31, 2020 | 1,426 | 136,849 | 5,197 | - | - | - | 143,472 |
| Depreciation | 68 | 13,877 | 291 | - | - | - | 14,236 |
| Impairment of assets | - | 241 | - | - | - | - | 241 |
| Disposals | (33) | (1,507) | (27) | - | - | - | (1,567) |
| Balance at March 31, 2021 | \$ 1,461 | \$ 149,460 | \$ 5,461 | \$ - | \$ - | \$ - | \$ 156,382 |
| Carrying amounts | | | | | | | |
| Balance at March 31, 2020 | \$ 806 | \$ 334,237 | \$ 2,826 | \$ 4,854 | \$ 1,887 | \$ - | \$ 344,610 |
| Balance at March 31, 2021 | \$ 760 | \$ 329,312 | \$ 2,884 | \$ 12,285 | \$ 1,879 | \$ - | \$ 347,120 |

At March 31, 2021 the Corporation had property, plant and equipment that was fully depreciated and still in use with a cost of \$31,261 (March 31, 2020 - \$27,163).

For the year ended March 31, 2021, capitalized borrowing costs related to the acquisition of land and construction of new assets amounted to \$11 (March 31, 2020 - \$347), with a capitalization rate of 0.1% (March 31, 2020 - 1.9%).

During the year ended March 31, 2021 there were additions of \$12 to field equipment to operate certain previously impaired cost generating units, resulting in an impairment expense of \$12 (March 31, 2020 - \$0). There were additions of \$781 to a cost generating unit that was not previously impaired, which resulted in an impairment of \$229.

For the year ended March 31, 2021 there was no impairment recovery (March 31, 2020 - \$0).

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

12. Trade and other payables

| | March 31 2021 | March 31 2020 |
|------------------|------------------|------------------|
| Trade payables | \$ 1,669 | \$ 2,120 |
| Interest payable | 632 | 596 |
| Other payables | 3,829 | 4,998 |
| | \$ 6,130 | \$ 7,714 |

The Corporation's exposure to liquidity risk related to trade and other payables is disclosed in Note 24.

13. Notes payable

| | March 31 2021 | March 31 2020 |
|--------------------|------------------|------------------|
| Amount outstanding | \$ 7,500 | \$ 10,994 |
| Interest rate | 0.108% | 0.768% |
| Due date | 31-May-21 | 28-Apr-20 |

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, 2020 - \$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 24.

14. Dividends payable

| | March 31 2021 | March 31 2020 |
|--------------------------------|------------------|------------------|
| Balance, beginning of the year | \$ 1,549 | \$ 2,509 |
| Dividends declared | 6,259 | 4,176 |
| Payments remitted | (5,723) | (5,136) |
| Balance, end of the year | \$ 2,085 | \$ 1,549 |

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

Notes to the Financial Statements

March 31, 2021
(thousands of dollars)

15. Deferred Credits

| | March 31 2021 | March 31 2020 |
|---|------------------|------------------|
| Balance, beginning of the year | \$ - | \$ - |
| Deferred credits – additions | 325 | - |
| Amortization of deferred credits | (5) | - |
| | <u>320</u> | - |
| Less: Current portion of deferred revenue | (35) | - |
| Non-current balance, end of the year | <u>\$ 285</u> | <u>\$ -</u> |

Deferred credits represent premiums on long-term debt issuances. Premiums are received upon receipt of the debt issue and amortized over the life of the debt.

16. Deferred revenue

| | March 31 2021 | March 31 2020 |
|---|-------------------|-------------------|
| Balance, beginning of the year | \$ 194,668 | \$ 197,492 |
| Net deferred revenue additions | 7,448 | 4,084 |
| Amortization of deferred revenue | (6,891) | (6,908) |
| | <u>195,225</u> | 194,668 |
| Less: Current portion of deferred revenue | (6,846) | (6,856) |
| Non-current balance, end of the year | <u>\$ 188,379</u> | <u>\$ 187,812</u> |

17. Provisions

| | March 31 2021 | March 31 2020 |
|---|------------------|------------------|
| Balance, beginning of the year | \$ 434 | \$ 651 |
| Settlements during the year | (164) | (185) |
| Provisions reversed during the year | (48) | (71) |
| Provisions added during the year | 618 | - |
| Unwinding of the discount on provisions | 24 | 39 |
| | <u>864</u> | 434 |
| Less: Current portion of provisions | (864) | (169) |
| Non-current balance, end of the year | <u>\$ -</u> | <u>\$ 265</u> |

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

17. Provisions (continued)

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.

During the year the Corporation entered into an arrangement to terminate the existing agreement once a new water supply source and system are constructed. The Corporation will contribute to the construction of the new system in conjunction with customer, of which the Corporation's contribution is anticipated to be equal to the provisions added during the year. The current contract remains in effect until the new service is commissioned, at which time it will be terminated and any remaining obligations and provisions will be removed. The construction of the new system will occur in fiscal 2021-22 and as such all related provisions become current.

18. Lease liabilities

| | March 31 2021 | March 31 2020 |
|--|------------------|------------------|
| Total future minimum lease payments | \$ 3,638 | \$ 3,981 |
| Less: Future finance charges on leases | (358) | (419) |
| Present value of lease liabilities | 3,280 | 3,562 |
| Less: Current portion of lease liabilities | (783) | (707) |
| | \$ 2,497 | \$ 2,855 |

The weighted average discount rate applied is 1.75% - 4.81% (March 31, 2020 - 1.75% - 2.80%).

As at March 31, 2021, scheduled future minimum lease payments and the present value of lease liabilities are as follows:

| | Future minimum lease payments | Present value of lease liabilities |
|----------------------------|--|---|
| Less than one year | \$ 783 | \$ 707 |
| Between one and five years | 1,672 | 1,483 |
| More than five years | 1,183 | 1,090 |
| | \$ 3,638 | \$ 2,855 |

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 right-of-use asset and lease liabilities accordingly.

Notes to the Financial Statements

March 31, 2021
(thousands of dollars)

19. Long-term debt

| Date of Maturity | March 31, 2021 | | March 31, 2020 | |
|---|------------------------|---------------------------|--------------------|---------------------------|
| | Coupon Rate (per cent) | Effective Rate (per cent) | Outstanding Amount | Effective Rate (per cent) |
| 01-Dec-21 | 2.96 | 2.96 | 3,900 | 2.96 |
| 01-Mar-24 | 5.32 | 5.32 | 2,100 | 5.32 |
| 10-Apr-25 | 5.05 | 5.05 | 1,700 | 5.05 |
| 02-Jun-27 | 2.65 | 2.75 | 5,000 | 2.75 |
| 03-Dec-30 | 4.32 | 4.32 | 9,000 | 4.32 |
| 12-Dec-35 | 3.29 | 3.29 | 2,407 | 3.29 |
| 10-Jan-36 | 3.18 | 3.18 | 2,400 | 3.18 |
| 03-Nov-36 | 2.94 | 2.94 | 4,575 | 2.94 |
| 10-Apr-37 | 3.20 | 3.20 | 2,800 | 3.20 |
| 11-May-37 | 3.02 | 3.02 | 2,600 | 3.02 |
| 03-Mar-38 | 3.15 | 3.15 | 5,000 | 3.15 |
| 01-Mar-41 | 3.29 | 3.29 | 10,718 | 3.29 |
| 01-Mar-41 | 3.16 | 3.16 | 4,600 | 3.16 |
| 02-Jun-50 | 3.10 | 3.23 | 10,000 | 3.23 |
| 01-Sep-39 | 2.39 | 2.39 | 4,500 | 2.39 |
| 01-Mar-40 | 2.20 | 2.20 | 5,093 | 2.20 |
| 02-Jun-30 | 2.20 | 1.51 | 5,000 | N/A |
| | | | | - |
| Less: Current portion of long-term debt | | | 81,393 | 76,393 |
| | | | (3,900) | - |
| | | | \$ 77,493 | \$ 76,393 |

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

| | |
|------------|------------------|
| 2021/22 | \$ 3,900 |
| 2022/23 | - |
| 2023/24 | 2,100 |
| 2024/25 | - |
| 2025/26 | 1,700 |
| Thereafter | 73,693 |
| | \$ 81,393 |

By Order-in-Council 171/2014 SaskWater is authorized to borrow up to an aggregate principal amount of \$130 million (March 31, 2020 - \$130 million) inclusive of the \$30 million in temporary borrowings referenced in Note 13. 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 24.

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 9).

Notes to the Financial Statements

March 31, 2021
(thousands of dollars)

20. 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 2021 | March 31 2020 |
|----------------------------|------------------|------------------|
| Balance, beginning of year | \$ 599 | \$ 548 |
| Expenses | 11 | 55 |
| Actuarial losses/(gains) | 81 | (4) |
| Balance, end of year | \$ 691 | \$ 599 |

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 | 1.80% | 2.60% |
| Inflation rate | 2.25% | 2.25% |
| Average remaining service life | 12.2 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, 2021 was \$888 (March 31, 2020 - \$843).

21. 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.

| | March 31 2020 | March 31 2020 |
|-----------------------|-------------------|-------------------|
| Gross long-term debt | \$ 81,393 | \$ 76,393 |
| Notes payable | 7,500 | 10,994 |
| Debt retirement funds | (13,510) | (11,410) |
| Net debt | 75,383 | 75,977 |
| Total equity | 77,687 | 76,094 |
| Capitalization | \$ 153,070 | \$ 152,071 |
| Debt ratio | 49.2% | 50.0% |

The Corporation has complied with all externally imposed restrictions on its debt for the year ended March 31, 2021..

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

22. Commitments and contingencies

a) Contractual commitments

As of March 31, 2021, the Corporation has outstanding commitments of \$4,431 (March 31, 2020 - \$15,836) 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.

23. 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 2021 | March 31 2020 |
|--|------------------|------------------|
| Salaries, wages and short-term employee benefits | \$ 666 | \$ 649 |
| Post-employment benefits | 48 | 46 |
| | \$ 714 | \$ 695 |

24. 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.

Notes to the Financial Statements

March 31, 2021

(thousands of dollars)

24. Financial instruments and risk management (continued)

a) Fair values (continued)

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

| Financial instruments | Classification ¹ | Level ² | March 31, 2021 | | March 31, 2020 | |
|------------------------------|-----------------------------|--------------------|-------------------|-----------------|----------------|-------------------|
| | | | Asset (Liability) | Carrying Amount | Fair Value | Asset (Liability) |
| Financial assets | | | | | | |
| Cash | FVTPL | 1 | \$ 1,271 | \$ 1,271 | \$ 1,912 | \$ 1,912 |
| Trade and other receivables | AC | N/A | 8,409 | 8,409 | 9,023 | 9,023 |
| Debt retirement funds | FVOCI | 2 | 13,510 | 13,510 | 11,410 | 11,410 |
| Financial liabilities | | | | | | |
| Trade and other payables | OL | N/A | (6,130) | (6,130) | (7,714) | (7,714) |
| Notes payable | OL | N/A | (7,500) | (7,500) | (10,994) | (10,994) |
| Dividends payable | OL | N/A | (2,085) | (2,085) | (1,549) | (1,549) |
| Long-term debt | OL | 2 | (81,393) | (89,222) | (76,393) | (81,115) |

¹Classification 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

²Fair 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 or decrease of approximately +/- \$135,000 (March 31, 2020 - +/- \$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, 2021 and March 31, 2020. 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, 2021

(thousands of dollars)

24. 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, 2021 | | | | |
|--------------------------|------------------|-----------------|-------------------|------------------------|-------------------|
| | 6 months or less | 7 – 12 months | Subsequent 1 year | Subsequent 3 – 5 years | More than 5 years |
| Trade and other payables | \$ 6,130 | \$ - | \$ - | \$ - | \$ - |
| Notes payable | 7,500 | - | - | - | - |
| Dividends payable | 2,085 | - | - | - | - |
| Long-term debt | 1,294 | 5,194 | 2,472 | 10,950 | 101,274 |
| | \$ 17,009 | \$ 5,194 | \$ 2,472 | \$ 10,950 | \$ 101,274 |

| | 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 |
| | \$ 21,502 | \$ 1,239 | \$ 6,377 | \$ 9,075 | \$ 99,686 |

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

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.

Notes to the Financial Statements

March 31, 2021
(thousands of dollars)

24. Financial instruments and risk management (continued)

d) Credit risk (continued)

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 2021 | March 31 2020 |
|-------------------------------|------------------|------------------|
| Cash | \$ 1,271 | \$ 1,912 |
| Trade receivables | | |
| Current | 5,928 | 5,571 |
| 31 – 60 days | 7 | 7 |
| 61 – 90 days | 95 | 657 |
| 91 – 180 days | 100 | 11 |
| Over 180 days | 149 | 93 |
| Subtotal | 6,279 | 6,339 |
| Expected credit losses | (23) | (71) |
| | 6,256 | 6,268 |
| Accrued and other receivables | 2,153 | 2,755 |
| Debt retirement funds | 13,510 | 11,410 |
| | \$ 23,190 | \$ 22,345 |

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, 2021, the Corporation had a balance of \$23 (March 31, 2020 – \$71) 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, 2021, 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, 2021, 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.”

WHAT DRIVES OUR EFFORTS

Corporate Social Responsibility and Sustainability at SaskWater

Corporate Social Responsibility and Sustainability at SaskWater is the practice of addressing current and future corporate needs while protecting and enhancing economic, social and environmental resources. The corporation's business is reliant on a financially stable bottom line, a healthy environment, strong communities and industries, a satisfied and engaged workforce and strong

partnerships with stakeholders and the shareholder. SaskWater's *Corporate Social Responsibility and Sustainability Policy*, approved by the Board of Directors in 2013, supports the wise use of our economic, social and environmental resources.

OUR THREE GUIDING PRINCIPLES

SaskWater's Policy

As a corporation, SaskWater contributes to the province's well-being by helping to build healthy, vibrant communities and a thriving Saskatchewan economy. We endeavour to do so through sustainable practices. These efforts are guided by policy 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 encourage the procurement of goods and services from Indigenous suppliers and contractors and 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 2020–21, SaskWater:
 - enhanced its Enterprise Risk Management program and supporting policy by implementing risk appetite statements. 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
 - renewed SaskWater's strategic plan, 2021–26
- 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 2020–21, SaskWater continued implementing the recommendations from the review, including an updated overhead allocation methodology.
 - obtained a federal/provincial infrastructure grant that allowed the corporation to renegotiate a long-term legacy agreement
 - 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

KIND WORDS

“

Thank you for sponsoring the Virtual Polar Plunge for Special Olympics Saskatchewan. Your support makes a difference in the lives of individuals with an intellectual disability, and creates more inclusive communities across the province.

Special Olympics Saskatchewan

”

- In 2020–21, SaskWater made a substantial investment to upgrade the water treatment plant in the City of Melfort to protect the quality of water on the system and support future growth of the community. Local contractors have been involved with the upgrade project.
- In 2020–21 SaskWater's investment in upgrades to the lagoon in the Village of Pierceland ensured the community's capacity for future growth and its ongoing compliance with environmental regulations. Local contractors have been involved with the project.
- 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 Director of Engineering sits on a Crown collaboration committee, examining Indigenous procurement in the province. In 2020–21, SaskWater engaged the services of six Saskatchewan vendors who identified their company as Indigenous or declared Indigenous content in their proposal. SaskWater also updated our Indigenous Procurement Policy and Procedures to further encourage Indigenous content in SaskWater procurement.

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 2020–21:
 - SaskWater and the City of Saskatoon held a virtual water forum on November 26, 2020. This forum was an opportunity for SaskWater to highlight the role it plays in delivering water to communities and rural pipeline groups surrounding the City of Saskatoon. The forum allowed SaskWater to seek input from customers about the corporation's relationship with Saskatoon as a supplier. An update on the Master Water Supply agreement was also provided to attendees. The forum was well attended and customers provided feedback that they appreciated the two parties coming together to provide presentations on service, rates and future developments.

“

SaskWater's support allowed us to make improvements to our center, specifically the addition of educational toys and equipment to enhance the children's learning. These projects ensure we can continue to provide our families with the support they need and wouldn't be possible without fundraising and sponsorship.

”

Vanscoy Early Learning Center

- A meeting of the Highway 9 Regional Potable Water Supply System was held in January 2021. This meeting was an opportunity for all communities that provided letters of support for the project to meet and discuss the project. The Investing in Canada Infrastructure Program grant, endorsed provincially and forwarded to the federal government for approval, was also discussed.
- SaskWater's customer engagement process gives municipal, industrial and rural pipeline group customer 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. To reduce transmission risks of COVID-19, SaskWater delivered customer engagement sessions using virtual platforms in 2020–21. Sessions were held with 10 customer groups, including:
 - the Village of Edenwold
 - the Town of White City
 - Bunge Canada Holdings Inc.
 - the Town of Gravelbourg
 - the Dundurn Rural Water Utility
 - the Rural Municipality of Corman Park
 - the Town of Dalmeny
 - the Village of Bethune
 - the Line 19 Water Pipeline Utility
 - the Lakeside RV Trailer Park Ltd.
- As one of Saskatchewan's commercial Crown corporations, SaskWater embraces social responsibility to make positive contributions to Saskatchewan communities. In 2020–21, requests for support through SaskWater's Community

Investment program decreased due to the impact COVID-19 had on the ability for communities and organizations to hold public events and fundraisers. Despite receiving fewer requests, we sponsored 28 events in 20 communities throughout the year. SaskWater's Community Investment Policy's categories of support include: Community Enhancement, First Nations/Diversity and Partnership.

In the category of Community Enhancement, in 2020–21, SaskWater provided sponsorships to several of our customer communities through a range of opportunities, including:

- the Town of Marshall's fundraising efforts to support upgrades to the community's skate park
- annual support for the Moose Jaw Health Foundation
- the Food Pantry food bank supporting the communities of Dundurn and Hanley
- the Town of Hepburn's public skating program
- the Kindersley & District Plains Museum drive-thru Christmas lights fundraiser
- financial support to Habitat for Humanity Moose Jaw for their build project

In the category of First Nations/Diversity, in 2020–21, SaskWater provided support to events and organizations, including:

- a Saskatchewan Polytechnic bursary – Student Emergency Fund – COVID-19
- the Special Olympics Saskatchewan Polar Plunge fundraiser
- Frontier College's Indigenous Summer Literacy Camps program in Saskatchewan

“

2020 was the year our Saskatchewan Polytechnic community came together, showed its resilience, and demonstrated its dedication to ensuring student success. Our donors are an important part of this success. We could not have done it without the support received from SaskWater. Thank you for generously contributing to education and prioritizing student success in 2020.

”

Saskatchewan Polytechnic



SaskWater's Partnership-related support in 2020–21 included:

- the Saskatchewan Science Centre
- Shad Canada's virtual design and engineering experience
- a Saskatchewan Polytechnic bursary in the Water Resources diploma program
- a donation to the Ronald McDonald House on behalf of all our customers in lieu of Christmas cards
- SaskWater employs qualified operators and supports their professional development by maintaining and upgrading 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. To facilitate this work, SaskWater has developed and implemented an application called Water Analysis and Validation (WAV). WAV allows SaskWater to collect all water data (Supervisory Control and Data Acquisition data, lab test data and field test data) in one spot, validate and sort it, and more easily report on it.
- SaskWater's continued commitment to providing a safe and healthy workplace for all employees has been critical in protecting our essential workers throughout the ongoing global pandemic. SaskWater implemented its Pandemic Plan in response to COVID-19 and responded with timely adjustments to public health orders as they were imposed. Employees who could effectively work from home did so, while our operations teams implemented strategies and extra measures to limit contact with other groups. Our continued focus is on ensuring that SaskWater employees

are safe and feel safe while in the workplace, and to provide the tools and strategies to achieve this. Our employees' health and safety, and providing water and wastewater services to our customers, remain our top priorities.

- SaskWater supports a representative workforce through core training opportunities. While some of the more interactive programming SaskWater typically participates in was paused due to COVID-19 concerns, several SaskWater employees engaged in online leadership training courses in 2020–21.
- 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. While volunteer opportunities were not a possibility in 2020–21 due to COVID-19, employees were still able to participate in office fundraisers, generating funds to support campaigns such as Prostate Cancer Canada's Plaid for Dad and the Terry Fox Run.

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.

“

During these difficult times, we at the Food Pantry have witnessed a heightened necessity for food assistance in our communities and surrounding areas. Our goal is to reduce or eliminate hunger while promoting the value of nutrition, overall good health, self-esteem and hope. SaskWater graciously donated funds that will go a long way in helping us fulfill our goals. We believe in community helping community and would like to thank SaskWater from the bottom of our hearts for being a part of, and truly caring about our community.

”

***The Food Pantry,
Dundurn, Hanley and area***

- 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.
- SaskWater set an emissions intensity target to reduce greenhouse gas (GHG) emissions by 20 per cent in 2020 from 2006 levels. As of 2019, SaskWater has achieved a 31 per cent reduction, with 444 tonnes of GHG emissions per 1 million cubic metres of water pumped or treated.

This target was revised in 2020 to reduce GHG emissions by 40 per cent in 2030 from 2005 levels. 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 Cory Booster Pump Station 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.
- SaskWater recently launched a new strategic plan, with one of the priorities focusing on corporate social responsibility, in particular with an emphasis on both social and environmental responsibility. Over the next several years, SaskWater will be examining and rolling out a new program that will outline areas of focus for SaskWater in these two areas.
- Executive and employee representatives participated in several think tank discussions regarding water security in the province and potential solutions and opportunities for the future.
- A category for Environment/Sustainability is designated within our Community Investment Policy. In 2020–21, SaskWater supported initiatives such as:
 - the Lake Diefenbaker Task Force on aquatic invasive species
 - the Nature Conservancy of Canada's habitat enhancement projects
 - the Saskatchewan Polytechnic Hannin Creek Education and Applied Research Centre





06

CORPORATE GOVERNANCE

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 stakeholders and the goals for which the corporation is governed.

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.”

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 (CIC) of Saskatchewan 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:

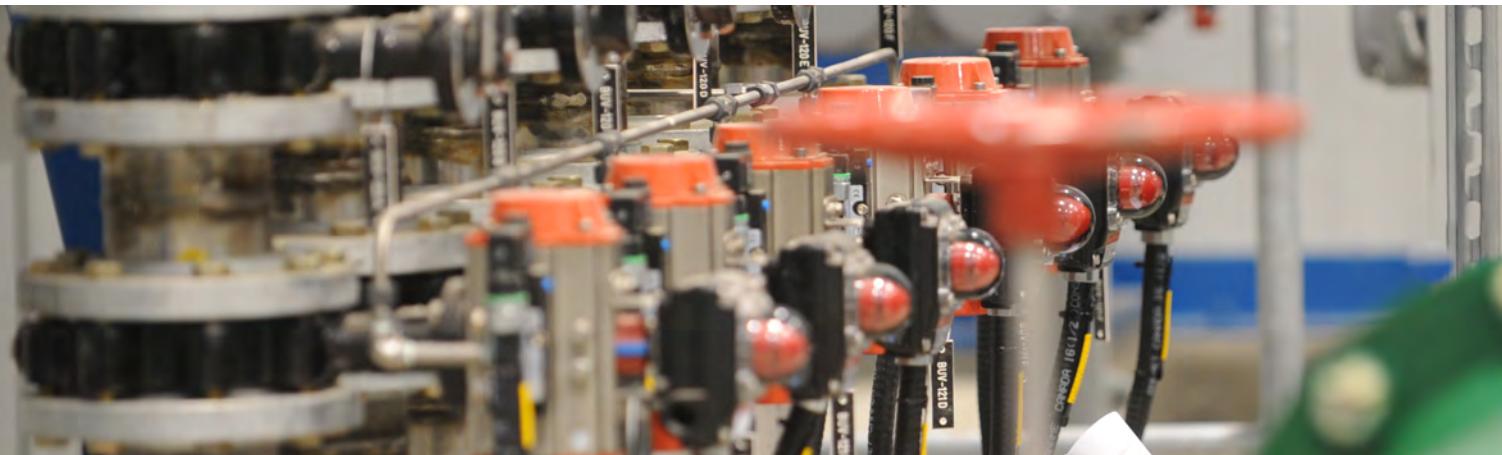
- customer focus to provide the best possible service that is high quality, accessible and affordable
- infrastructure for economic development in Saskatchewan
- development of an effective workforce while striving to contain growth in the workforce
- financial and fiscal sustainability

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 states 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. The complement decreased to eight (8) independent Directors effective November 30, 2020, due to the resignation of Board Chair Silvia Martini, for personal reasons. 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 eight (8) times in 2020–21.

Committees

In 2020–21, 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 2020–21

Current committee members (appointed to committee on November 21, 2018): Michael Gering (Chair), Alison Green, Patricia Hughes, Richard Porter, Silvia Martini (ex officio) until her resignation effective November 30, 2020.

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 five (5) meetings in 2020–21.

Current committee members (appointed to committee on November 21, 2018): Linda Jijian (Chair), Bill Hutchinson, Jeff Richards, Glenda Whalen, Silvia Martini (ex officio) until her resignation effective November 30, 2020, Michael Gering (ex officio) effective December 1, 2020.

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 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 required to comply with the CSA governance guidelines, the corporation has used them to benchmark its corporate governance practices.

SaskWater's Corporate Governance policies and practices can be found in the 2020–21 Corporate Governance Statement posted to our website at www.saskwater.com. The link to this document can be found in the About Us section under Leadership.

Outgoing Board chair sets tone for SaskWater strategy

Before resigning from SaskWater's Board of Directors in November of 2020, Board Chair Silvia Martini was passionate about setting SaskWater on a path of growth and success.

She was integral in developing a new 6-year strategic plan for SaskWater, launching in 2021–22, which includes a clear vision to become Saskatchewan's choice for water services.

"Silvia has been a strong voice for SaskWater and an advocate for strategy, innovation, growth, risk assessment and risk taking," said Doug Matthies, SaskWater President. "She has also been deeply

concerned about the wellbeing of staff and supported efforts to invest in our people and ensure their safety."

Martini was appointed to the SaskWater Board of Directors in 2014. Prior to taking on the role of Board Chair in November of 2017, she served as Chair of the Governance and Corporate Responsibility Committee.

Martini joined SaskWater with nearly 40 years of business and leadership success as Vice President of Interlink Research, Inc., and Principal of Martini Consulting. She is known for value-based leadership that spurs innovation and collaboration. As an advocate for Saskatchewan to be a leader in sustainable economic and community development, she steered SaskWater toward such endeavours.

Martini has worked 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. In 2020 she was recognized with the Saskatchewan Order of Merit for her decades of community service.

Since Martini's resignation Michael Gering, Vice Chair of SaskWater's Board of Directors, has been serving as the Acting Chair.



BOARD OF DIRECTORS



Michael Gering

Glenda Whalen

Patricia Hughes

Michael Gering

Acting 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 Canadian Association of Oilwell Drilling Contractors 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 was 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 who are married and two grandchildren.

Top priority in Glenda's life is serving her community. She is currently serving as Board Chair for the Qu'Appelle Lioness Club and is past Chair of the Qu'Appelle Public Library Branch of the Southeast Regional Library. She also actively served on many local Boards in her community. Glenda's passions are travelling, reading and lifelong learning!

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

Patricia Hughes

Prince Albert

Patricia Hughes currently has her own consulting business. 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 as a volunteer 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. As well, she is a Director with Hatchet Lake Development Limited Partnership. Patricia has recently graduated and obtained her ICD.D Corporate Director designation from Rotman

School of Business, University of Toronto, in 2020.

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.

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.

**Richard Porter**

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 Pro.Dir Certification through the Johnson-Shoyama Graduate School of Public Policy and Brown Governance, and has completed the academic requirements for the Directors Education Program offered by the Institute of Corporate Directors (ICD).

Bill Hutchinson

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 the Executive Director of the Weyburn Work-Kin Shop. He also serves on Weyburn City Council, and in that role serves on a number of committees, including the Police Commission. He is also the Council representative on the City of Weyburn Youth Council.

Jeff has served for seven years on the Board of the Weyburn Credit Union and is currently the Vice Chair. He enjoys serving in a governance role and as such, has completed governance training, including the Credit Union Director Achievement (CUDA) program, and holds the ICD.D designation from the Institute of Corporate Directors at the Rotman School of Business.

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

Jeff Richards

Alison Green

Regina

Alison Green was a Director of the SOCO Board and Chair of the Audit and Finance Committee before joining the Board of SaskWater in 2019. She is a Regina native, and completed a B.A. (French), BAdmin degree (Accounting) and CMA designation (now CPA, CMA) at the University of Regina. She also has a Certified Financial Planner designation (CFP) and received the Chartered Director (C. Dir) designation in 2015 through The Directors College, McMaster University.

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

In her volunteer life, Alison has been a Rotarian for over 20 years and is a past Director of the Rotary Club of Regina. She served for several years on the National Board and National Audit Committee of the CNIB, as well as the CNIB Division Board, and has been an Ambassador with the Regina Chamber of Commerce.

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 33 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 1988, he worked in the private-sector accounting firm 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 human resources, occupational health and safety, information technology, policy and planning, risk management, corporate communications, business development and customer service 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 30 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, wastewater treatment and management, project management and operator training.

Eric has over 35 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

Ryan Evans

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

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