



MARCH 10, 2020

**CANADIAN UTILITIES LIMITED**  
**MANAGEMENT PROXY CIRCULAR**  
**NOTICE OF ANNUAL MEETING OF SHARE OWNERS**  
**TO BE HELD ON MAY 6, 2020**





**CANADIAN UTILITIES LIMITED**

An **ATCO** Company

# NOTICE OF ANNUAL MEETING OF SHARE OWNERS

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**When**

**Wednesday, May 6, 2020  
10:00 a.m.**

**Where**

**Virtual Meeting  
Via live audio Webcast  
Online at  
<https://web.lumiagm.com/184007914>**

## **Business of the Meeting**

The meeting's purpose is to:

1. Receive the consolidated financial statements for the year ended December 31, 2019, including the auditor's report on the statements
2. Elect the directors
3. Appoint the auditor
4. Transact other business that may properly come before the meeting.

Holders of Class B common shares registered at the close of business on March 26, 2020 are entitled to vote at the meeting. The management proxy circular dated March 10, 2020 includes important information about what the meeting will cover and how to vote.

By order of the Board of Directors

*[Signed by C. Gear]*

C. Gear  
Corporate Secretary

Calgary, Alberta  
March 10, 2020



## CANADIAN UTILITIES LIMITED

An **ATCO** Company

March 10, 2020

Dear Share Owner:

We wish to invite all holders of Class A non-voting shares and Class B common shares of Canadian Utilities Limited to attend the 93rd annual meeting of Canadian Utilities Limited share owners. The health and safety of you and your family is of paramount importance to us which is why this year **we will hold our annual meeting in a virtual only format via live audio webcast** on Wednesday, May 6, 2020 at 10:00 a.m. Mountain Daylight Time. Details on how to access the meeting can be found on Pages 1 to 7 in the accompanying management proxy circular.

In addition to the formal business of the meeting, you will hear management's review of Canadian Utilities' 2019 operational and financial performance and you will have the opportunity to ask questions and participate during the meeting.

Holders of Class B common shares are entitled to vote on the items of business at the meeting. If you are unable to attend the meeting, you may vote by various methods as described on Pages 1 to 7 in the accompanying management proxy circular.

A webcast of the meeting will be available at [www.canadianutilities.com](http://www.canadianutilities.com) shortly after the meeting. Please visit our website during the year for information about our Company.

We deeply regret not being able to personally welcome you to our annual meeting of share owners - it is truly an occasion that we look forward to every year. However, we eagerly await seeing you next year and celebrating the achievements of your Company in person.

Sincerely,

*[Signed by N.C. Southern]*

*[Signed by S.W. Kiefer]*

N.C. Southern  
Executive Chair

S.W. Kiefer  
President & Chief Executive Officer

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# FREQUENTLY USED TERMS

<b>AST Trust</b>	AST Trust Company (Canada)
<b>Board</b>	Board of Directors of Canadian Utilities Limited
<b>CD&amp;A</b>	Compensation Discussion & Analysis
<b>CEO</b>	Chief Executive Officer
<b>Circular</b>	Canadian Utilities' Management Proxy Circular dated March 10, 2020
<b>Class A shares</b>	Class A non-voting shares of Canadian Utilities
<b>Class B shares</b>	Class B common shares of Canadian Utilities
<b>Code</b>	Code of Ethics
<b>DAD</b>	Designated Audit Director
<b>GBU</b>	Global Business Unit
<b>GOCOM</b>	Corporate Governance - Nomination, Compensation & Succession Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>MTIP</b>	Mid-term Incentive Plan
<b>Non-Registered Share Owner</b>	Your shares are held in the name of a nominee (usually a bank, broker or trust company)
<b>Proxy Form</b>	Form of Proxy
<b>PwC</b>	PricewaterhouseCoopers LLP
<b>Registered Share Owner</b>	Your name appears on your share certificate
<b>SAR</b>	Share Appreciation Right
<b>SEDAR</b>	System for Electronic Document Analysis and Retrieval
<b>Sentgraf</b>	Sentgraf Enterprises Ltd.
<b>VIF</b>	Voting Instruction Form

All information in this management proxy circular is as of March 10, 2020, unless otherwise indicated.

This management proxy circular is provided to enable Canadian Utilities' management team to solicit proxies for use at the annual share owners' meeting for items described in the accompanying notice of this meeting. The cost of management's solicitation is borne by Canadian Utilities. **The meeting will be held in a virtual only format and conducted via live audio webcast. Share owners will not be able to attend the meeting in person. Information share owners will need to attend the meeting online is provided on the following pages.**

Throughout this Circular, *you* and *your* refers to Canadian Utilities Limited share owners.

*We, us, our, Company, Canadian Utilities* and *CU* refer to Canadian Utilities Limited and its subsidiaries, where applicable.

*ATCO* means ATCO Ltd.

# ABOUT THE MEETING

## VIRTUAL ONLY MEETING

This year, to mitigate the risks to the health and safety of our communities, share owners, employees and other stakeholders, we are holding our meeting in a virtual only format via live audio webcast. Share owners will have the equal opportunity to participate in the meeting online regardless of their geographic location.

### Holders of Class B Common Shares

- If you are a Registered Share Owner, please refer to the “Registered Share Owner Voting Instructions” on Page 3.
- If you are a Non-Registered Share Owner, please refer to “Non-Registered Share Owner Voting Instructions” on Page 7.

### Holders of Class A Non-Voting Shares

All holders of Class A Shares may join the meeting as guests. Guests will be able to listen to the meeting and ask questions but will not be able to vote. To join the meeting:

- **Log in online at <https://web.lumiagm.com/184007914>. We recommend that you log in at least 30 minutes before the meeting starts.**
- **Select “Non Voting Share Owners / Guest” and then complete the online form.**

### Conference Call Information

If you are unable to listen to the webcast through your computer or if you would like to participate during the meeting by asking a question through our operator assisted conference call, please call one of the following numbers at least 15 minutes before the meeting starts:

Within Canada and the U.S.:	1 (888) 231-8191
Outside Canada and the U.S.:	1 (647) 427-7450

When prompted, you will be asked to provide the following information:

- Confirm you are joining the **Canadian Utilities Limited Annual General Meeting**
- Your first and last name
- Whether you are joining the call as a share owner or a guest

You will not be able to vote using the operator assisted conference call line.

### WHO CAN VOTE

Canadian Utilities has two classes of common shares – Class A non-voting shares (Class A shares) and Class B common shares (Class B shares). The Class B shares are the only shares that can be voted at the meeting. Each Class B share you own at the close of business on March 26, 2020 entitles you to one vote. The holders of Class A shares are entitled to attend and participate in discussions at share owner meetings but are not entitled to vote.

## SHARE OWNERSHIP RIGHTS

If a person other than a controlling share owner makes a take-over bid to all holders of Class B shares for more than 50 per cent of the Class B shares, then the holders of Class A shares have the right, for the duration of the bid, to exchange their Class A shares for Class B shares. However, if the take-over bid is not completed, then any person who exercised the right to exchange will be required to take back the certificates representing the Class A shares tendered by that person and the right to exchange shall be deemed never to have existed. In addition, the holders of Class A shares have the right to exchange their shares for Class B shares if ATCO Ltd., the present controlling share owner of the Company, ceases to own or control, directly or indirectly, more than 10,000,000 of the Class B shares. In either case, each Class A share is exchangeable for one Class B share, subject to changes in the exchange ratio for certain events such as a stock split or a rights offering.

## MAJORITY SHARE OWNER

	Number of Class B Shares Owned or Controlled	Percentage of Outstanding Class B Shares Owned or Controlled
Majority Share Owner	66,598,846	90.6%

On March 10, 2020, there were 73,503,644 Class B shares outstanding. To the knowledge of the directors and officers of the Company, the only person who beneficially owns, controls or directs, either directly or indirectly, 10 per cent or more of the Class B shares is ATCO Ltd. ATCO owns 66,309,246 Class B shares representing 90.2 per cent of the outstanding Class B shares. ATCO is controlled by Sentgraf Enterprises Ltd. (Sentgraf) which in turn is controlled by the Sentgraf Spousal Trust (the Spousal Trust). Ms. Nancy Southern, Ms. Linda Southern-Heathcott and Mrs. Margaret E. Southern are the trustees of the Spousal Trust. ATCO, Sentgraf and the Spousal Trust are collectively referred to as the Majority Share Owner.

## VOTING PROCESS Q&A

### Q. Am I entitled to vote?

- A.** You are entitled to vote if you were a holder of Class B shares at the close of business on March 26, 2020. Each Class B share entitles its holder to one vote.

### Q. What will I be voting on?



- A.** You are voting on the following matters:
- The election of 11 directors to Canadian Utilities' Board of Directors
  - The appointment of the auditor.

### Q. How will a decision be made at the meeting?

- A.** A simple majority of the votes cast, during the meeting or by proxy, will constitute approval of each matter to be voted on.

**Q. If I submit my proxy form or VIF prior to the meeting, how will my shares be voted?**

**A.** Voting by proxy means you are giving someone else the authority to attend the meeting and vote on your behalf. Simply follow the instructions provided on your proxy form or voting instruction form (VIF) in order to ensure it is properly completed. Once completed, submit your proxy form or VIF using one of the methods shown in the next section. Your shares will be voted as you instruct on the proxy form or VIF. If you properly complete and return your proxy form or VIF but do not specify how you wish the votes to be cast, your shares will be voted as your proxyholder or appointee sees fit. If neither you nor your proxyholder or appointee gives specific instructions, your shares will be voted as follows:

	<b>FOR the election as directors of those nominees set out in this Circular</b>
	<b>FOR the appointment of PricewaterhouseCoopers LLP as Canadian Utilities' auditor</b>

**Q. What if amendments are made to the matters to be decided at the meeting or if other matters are brought before the meeting?**

**A.** The person or persons named in the proxy form or VIF as your proxyholder or appointee, as applicable, will have discretionary authority to vote on amendments or variations to matters identified in the notice of the meeting and on other matters which may properly come before the meeting.

As of the date of this Circular, management is not aware of any amendments or other matters expected to come before the meeting.

**REGISTERED SHARE OWNER VOTING INSTRUCTIONS**

**Q. How do I know if I am a Registered Share Owner?**

**A.** You are a Registered Share Owner if your name appears on your share certificate. If your name is on your certificate, **you have the right to appoint a person or company to represent you as proxyholder and vote your shares at the meeting.**

**Q. Can I attend and vote during the meeting?**

**A.** Registered Share Owners who participate in the meeting online will be able to listen to the meeting, ask questions and vote. You may vote at the meeting by completing a ballot online during the meeting. To join the meeting:

- **Log in online at <https://web.lumiagm.com/184007914>. We recommend that you log in at least 30 minutes before the meeting starts.**
- **Select "Voting Share Owner" and then enter your Control Number and Password "CU2020" (case sensitive).**

The Control Number is located on your form of proxy.



## Q. How do I appoint someone else as my proxyholder?

- A. Step 1 - Complete the proxy form:** Follow the instructions provided on your proxy form in order to ensure it is properly completed. **If you want to appoint a person or company other than the persons named in the enclosed proxy form, strike out the printed names appearing on the proxy form and insert the name of your chosen proxyholder in the space provided. Your proxyholder need not be a Canadian Utilities share owner.**

**Complete your voting instructions, date and sign the proxy form and return it to our registrar and transfer agent, AST Trust, using one of the methods shown on Page 5.**

If the shares are registered in more than one name, all persons in whose names the shares are registered must sign the proxy form.

**Step 2 - Register the proxy form:** If you appoint a person or company other than the persons named in the enclosed proxy form, **you must register your proxyholder as an additional step.** To register a proxyholder, call AST Trust by May 4, 2020 before 5:00 p.m. Eastern Daylight Time:

Within Canada and the U.S.:	1 (866) 751-6315
Outside Canada and the U.S.:	1 (212) 235-5754

Provide AST Trust with the required contact information for your proxyholder so that AST Trust may provide the proxyholder with a Control Number via email. **Without a Control Number, proxyholders will not be able to vote at the meeting.**

## Step 3 - Attend the meeting:

- **Log in online at <https://web.lumiagm.com/184007914>. We recommend that you log in at least 30 minutes before the meeting starts.**
- **Select "Voting Share Owner" and then enter your Control Number and Password "CU2020" (case sensitive).**

## Q. Who votes my shares if I sign a proxy form?

- A.** If you sign the enclosed proxy form and do not insert the name of a proxyholder in the space provided, you are authorizing Ms. Nancy C. Southern, Executive Chair, or Mr. Siegfried W. Kiefer, President & Chief Executive Officer, or Ms. Carol Gear, Corporate Secretary to vote, or withhold from voting, your shares at the meeting in accordance with your instructions.

## Q. How do I vote shares registered in the name of an entity or in a name other than my own?







- A.** If your shares are registered in the name of an entity or any name other than your own, that entity or other name is the Registered Share Owner. If this is the case, you need to provide documentation proving that you are authorized to sign the proxy form on behalf of that entity or name. If you have any questions on what supporting documentation is required, contact AST Trust before submitting your proxy form. Shares that are held in a name other than your own may not be voted by telephone or smartphone.

## REGISTERED SHARE OWNER VOTING METHODS AND PROXY DEADLINE DATE (May 4, 2020)

**Important Note:** Regardless of which voting method you use, your vote must be received by AST Trust before 5:00 p.m. Eastern Daylight Time on the proxy deadline date.

### Q. How do I vote prior to the meeting?

A. You may select an option from the table below:

	<p><b>By telephone</b> <span style="float: right;"><b>1 (888) 489-5760</b></span></p> <p>Canadian and U.S. share owners can vote by telephone. Dial the toll free number and follow the voice prompts. You will need to enter the 13-digit control number located on the enclosed proxy form to enter your voting instructions. If you vote by telephone, you cannot appoint anyone other than the persons named on your proxy form as your proxyholder.</p>
	<p><b>By email</b> <span style="float: right;"><b>proxyvote@astfinancial.com</b></span></p> <p>Sign, scan and email your completed proxy form to AST Trust. You may appoint anyone as a proxyholder using this voting method.</p>
	<p><b>By smartphone</b></p> <p>Scan the QR Code that appears on the reverse side of your proxy form. You will need to enter the 13-digit control number located on the enclosed proxy form to enter your voting instructions. You may appoint anyone as a proxyholder using this voting method.</p>
	<p><b>Online</b> <span style="float: right;"><b>www.ASTvotemyproxy.com</b></span></p> <p>Follow the instructions provided on the proxy voting website. You will need to enter the 13-digit control number located on the enclosed proxy form to enter your voting instructions. You may appoint anyone as a proxyholder using this voting method.</p>
	<p><b>By mail</b></p> <p>Return your completed proxy form in the postage paid envelope provided or mail it to AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1. You may appoint anyone as a proxyholder using this voting method. Please ensure your proxy form is signed and dated.</p>
	<p><b>By fax</b></p> <p>Fax your completed proxy form to AST Trust:</p> <p style="padding-left: 40px;">Within Canada and the U.S.: <span style="float: right;"><b>1 (866) 781-3111</b></span></p> <p style="padding-left: 40px;">Outside Canada and the U.S.: <span style="float: right;"><b>1 (416) 368-2502</b></span></p> <p>You may appoint anyone as a proxyholder using this voting method. Please ensure your proxy form is signed and dated.</p>

**Q. Can I change my mind once I have submitted my proxy form?**

**A.** Yes. You can complete another proxy form in the manner and time specified on the proxy form. The later-dated proxy form will replace the one submitted earlier. You can also revoke your proxy form by preparing a written statement to this effect. The statement must be signed by you or your duly authorized attorney as authorized in writing. If the share owner is a corporation, the statement must be signed by a duly authorized officer or attorney of that corporation. This statement should be delivered to either of the following:

1.	Canadian Utilities' Corporate Secretary at any time up to and including the last business day preceding the day of the meeting or any adjournment of the relevant meeting at:  AST Trust Company (Canada) Attention: Proxy Department P.O. Box 721 Agincourt, Ontario M1S 0A1  or  Canadian Utilities Limited Attention: Corporate Secretary 4th Floor, West Building 5302 Forand Street S.W. Calgary, Alberta T3E 8B4  or
2.	The chair of the meeting before the start of the meeting via the comment box during the webcast, or any adjournment of the meeting.

If you have followed the process for attending and voting at the meeting online, voting at the meeting will revoke a previously submitted proxy form.

**Q. How do I contact the transfer agent if I have general questions?**

**A.** Questions may be directed to AST Trust at [www.astfinancial.com](http://www.astfinancial.com) or [inquiries@astfinancial.com](mailto:inquiries@astfinancial.com) or by telephone:

Within Canada and the U.S.:	1 (800) 387-0825
Outside Canada and the U.S.:	1 (416) 682-3860

## NON-REGISTERED SHARE OWNER VOTING INSTRUCTIONS

### Q. Am I a Non-Registered Share Owner?

- A.** You are a Non-Registered Share Owner when your shares are held in the name of a nominee (usually a bank, broker, or trust company). According to the notice-and-access process (see Delivery of Meeting Materials below), you should have received a Voting Instruction Form (VIF) accompanied by a notice that explains how to access and review the Circular. If you have provided your nominee with a standing instruction (or if you have provided current instructions for 2020) that you prefer to receive a paper copy of the Circular, your VIF will be included in that package.

### Q. Can I attend and vote during the meeting?

- A.** We are holding the meeting in a virtual only format, which will be conducted via live webcast. Share owners will not be able to attend the meeting in person. Attending the meeting online enables Non-Registered Share Owners and duly appointed proxyholders, to participate at the meeting and ask questions. Duly appointed proxyholders can vote at the appropriate times during the meeting.

**Step 1 - Complete the VIF:** If you are a Non-Registered Share Owner and wish to vote at the meeting, you must appoint yourself as proxyholder by inserting your name in the space provided on the VIF sent by your intermediary and follow the applicable instructions.

**Step 2 - Register as a proxyholder:** You must call AST Trust by May 4, 2020 before 5:00 p.m. Eastern Daylight Time:

Within Canada and the U.S.:	1 (866) 751-6315
Outside Canada and the U.S.:	1 (212) 235-5754

Provide AST Trust with the required contact information so that AST Trust may provide you with a Control Number via email. **Without a Control Number, you will not be able to vote at the meeting.**

### Step 3 - Attend the meeting:

- **Log in online at <https://web.lumiagm.com/184007914>. We recommend that you log in at least 30 minutes before the meeting starts.**
- **Select "Voting Share Owner" and then enter your Control Number and Password "CU2020" (case sensitive).**

### Q. Can I appoint someone else as my proxyholder?

- A.** If you wish to appoint someone other than yourself as your proxyholder, please insert your proxyholder's name on the VIF and follow the steps as outlined above.

### Q. What if I want to change my voting instructions?

- A.** If you are a Non-Registered Share Owner, you should contact your nominee for instructions on how to change your voting instructions.



## DELIVERY OF MEETING MATERIALS

Meeting materials for registered share owners will be mailed on April 6, 2020.

For Non-Registered Share Owners, the material delivery process is achieved by using the notice-and-access process (Notice-and-Access). Notice-and-Access is an environmentally-friendly and cost-effective way for Canadian Utilities to distribute the Circular.

Notice-and-Access requires us to post the Circular online for our non-registered share owners to access electronically. Non-registered share owners will receive a package in the mail containing a notice that explains how to access and review the Circular, as well as how to request a paper copy at no charge. If you own Class B Shares, you will also receive a VIF.

The Circular is available on the System for Electronic Document Analysis and Retrieval (SEDAR) website ([www.sedar.com](http://www.sedar.com)) and on AST Trust's website ([www.meetingdocuments.com/ASTca/cu](http://www.meetingdocuments.com/ASTca/cu)).

As a Non-Registered Share Owner, you will only receive a paper copy of the Circular if you have already provided instructions to your nominee. If you would like to receive a paper copy of the Circular, please follow the instructions provided in your meeting material package. You may request a copy of the Circular, at no charge, until April 6, 2021.

If you have any questions about Notice-and-Access, you can call AST Trust:

Within Canada and the U.S.:	1 (888) 433-6443
Outside Canada and the U.S.:	1 (416) 682-3801

## BUSINESS OF THE MEETING

**If you do not specify on your proxy form or VIF how you want to vote your share(s), the persons named in the proxy form or VIF will vote FOR each matter to be decided upon at the meeting.**

### Review of the Financial Statements

Canadian Utilities' consolidated financial statements for the year ended December 31, 2019, together with the auditor's report, were filed with the Canadian securities regulatory authorities and sent to registered share owners and to beneficial share owners who requested them. The statements are also available on our website at [www.canadianutilities.com](http://www.canadianutilities.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The consolidated financial statements will be received at the annual meeting and you will have the opportunity to discuss the results with management.



### Election of the Directors

The 11 nominees proposed for election as directors of Canadian Utilities are listed on Pages 10-20.

The Board recommends that share owners vote **FOR** the election of these 11 nominees. The term of office for each director will expire at the close of the next annual meeting of share owners.



### Appointment of the Auditor

The Board, on the recommendation of the Audit & Risk Committee, proposes that PwC be appointed as auditor to hold office until the next annual meeting of share owners. PwC, including its predecessor firm, Price Waterhouse LLP, has been Canadian Utilities' auditor for 39 years.

Representatives of PwC plan to attend the meeting and will be available to answer your questions.

The Board recommends that share owners vote **FOR** the appointment of PwC as auditor.

# DIRECTOR NOMINEES

All the nominees are currently directors and have been for the periods indicated, with the exception of Dr. Urwin. Mr. Simpson is currently a director of the Company and will be retiring from the Board on May 6, 2020. Mr. Francis retired as a director on February 21, 2019.

The Executive Chair, together with the Board, and after review by the Corporate Governance – Nomination, Compensation and Succession Committee (GOCOM), identifies potential candidates for nomination to the Board. The recommendation of potential Board members is undertaken to ensure overall diversity of experience, backgrounds, skills and geographic representation of Board members.

GOCOM receives advice from the Board on individuals best suited to serve as directors, and maintains its own standing list of appropriate candidates for directorships. GOCOM has reviewed each of the nominees and determined they have the necessary skills and experience to satisfy the Board's composition requirements.

The nominees' biographies, starting on Page 10, highlight their respective experience and attributes.

Additional information on directors, including skills and experience, independence, attendance, share ownership, as well as compensation, is also provided.

Information on director share ownership guidelines can be found on Page 38.

## BIOGRAPHIES



### MATTHIAS F. BICHSEL, PhD

Primary residence	Luzern, Switzerland
Director since	2014
Age	65
Independent	

Dr. Bichsel is an energy and technology consultant and corporate director. From 2009 until his retirement in 2014, he was a member of the Executive Management Board of Royal Dutch Shell plc and ran one of its four global businesses, where his responsibilities included upstream and downstream capital projects, technology and R&D, engineering, supply chain management and procurement as well as drilling. Dr. Bichsel was also accountable for the safety and environmental performance of Shell. He was further responsible for sustainable development including climate change, emissions, pollution, societal shifts and stakeholder interests.

Dr. Bichsel has a PhD in Geology from the University of Basel, Switzerland, and is an Honorary Professor at the Chinese University of Petroleum, Beijing, China.

Skills and experience	Functional experience	
Primary industry background	Functional experience	
Energy Industrials Science and technology	CEO experience Governance Human resources/compensation Government/regulatory International business Operations	Risk management Safety and health Climate change and environment Corporate social responsibility IT/technology

CU Board/ Committee memberships in 2019	Attendance	Percentage of meetings attended
Board	7 of 7	100%
Other public company boards and committee memberships	Company	Since
	Sulzer Management Ltd.	2014
	Petrofac Limited	2015
Shares held	Canadian Utilities	
	Class A non-voting	14,247
	Class B common	—
<b>Total compensation in 2019:</b>		<b>\$220,000</b>



## LORAIN M. CHARLTON

Primary residence	Calgary, Alberta, Canada
Director since	2006
Age	63
Independent	

Loraine Charlton is currently Vice President and Chief Financial Officer of Lintus Resources Limited, a private oil and gas company with interests across Western Canada, and has over three decades of experience in the oil and gas industry. During her career, Ms. Charlton has held various positions involving responsibility for directing overall management, including financial reporting, banking, debt and treasury management, investor relations, risk management, human resources, operations and strategy.

Ms. Charlton is also a director of CU Inc. and AKITA Drilling Ltd.

Ms. Charlton graduated from the University of Calgary with a Bachelor of Commerce degree in Finance, and holds the Corporate Director Designation (ICD.D) from the Institute of Corporate Directors.

Skills and experience	Functional experience	
<b>Primary industry background</b>		
Energy	Governance Human resources/compensation Accounting/finance/economics	Operations Risk management Corporate social responsibility

CU Board/ Committee memberships in 2019		Attendance	Percentage of meetings attended
	Board	7 of 7	100%
	Audit & Risk	4 of 4	100%
	GOCOM	3 of 3	100%
Other public company boards and committee memberships	Company	Since	Position
	AKITA Drilling Ltd.	2006	Director, Chair of the Audit Committee and a member of the Corporate Governance – Nomination, Compensation and Succession Committee
	CU Inc.*	2008	Director and member of the Audit Committee
Shares held	Canadian Utilities		
	Class A non-voting	40,447	
	Class B common	1,050	
<b>Total compensation in 2019:**</b>		<b>\$262,700</b>	

\*CU Inc. is controlled by Canadian Utilities.

\*\*Includes fees earned as a director of Canadian Utilities and CU Inc.





## ROBERT J. NORMAND

Primary residence	Edmonton, Alberta, Canada
Director since	2008
Age	73
Independent	

Mr. Normand retired in October 2015 as Chair of the Workers Compensation Board of Alberta, the agency which administers workplace insurance for the workers and employers of the Province of Alberta. In 2008, he retired from the position of President and Chief Executive Officer of Alberta Treasury Branches (ATB). Prior to joining ATB as Executive Vice-President Sales in 1996, he was employed by the Bank of Montreal for 26 years and held line and credit executive positions in Quebec, Ontario and Alberta.

Through his experience in the financial services sector, he has developed extensive knowledge and expertise in the areas of finance, regulatory matters and risk management.

Mr. Normand is a Fellow of the Institute of Canadian Bankers and holds a B.A. (Econ.) from Sir George Williams University and an M.B.A. from Concordia University.

Skills and experience	Functional experience	
<b>Primary industry background</b> Industrials Financial services	CEO experience Governance Government/regulatory	Accounting/finance/economics Risk management

CU Board/ Committee memberships in 2019		Attendance	Percentage of meetings attended
	Board	7 of 7	100%
	Audit & Risk	4 of 4	100%
	Pension Fund (Chair)	3 of 3	100%
Other public company boards and committee memberships	Company	Since	Position
	N/A	N/A	N/A
Shares held	Canadian Utilities		
	Class A non-voting	22,251	
	Class B common	—	
<b>Total compensation in 2019:</b>		<b>\$248,500</b>	



## ALEXANDER J. POURBAIX

Primary residence	Calgary, Alberta, Canada
Director since	2019
Age	54
Independent	

As the President & Chief Executive Officer of Cenovus Energy Inc., Mr. Pourbaix is responsible for establishing the strategic direction for the company and delivering strong financial and operational performance. Mr. Pourbaix took on the company's leadership role in November of 2017 and is also a member of the Board of Directors of Cenovus Energy Inc.

Prior to Cenovus, Mr. Pourbaix spent 27 years with TC Energy (formerly known as TransCanada Corporation) and its affiliates in a broad range of leadership roles, including Chief Operating Officer, where he was responsible for the company's commercial activity and overseeing major energy infrastructure projects and operations. He also has experience in corporate strategy, business development, mergers, acquisitions and divestitures, as well as stakeholder relations. He is currently a director of the Business Council of Canada, Vice Chairman of the Board of Governors at the Canadian Association of Petroleum Producers, and a member of the Business Council of Alberta.

Mr. Pourbaix earned both a LL.B. and B.A. degree from the University of Alberta.

Skills and experience	Functional experience	
Primary industry background		
Energy Utilities	CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics	Marketing/sales Operations Risk management Safety and health Climate change and environment Corporate social responsibility

CU Board/ Committee memberships in 2019	Attendance		Percentage of meetings attended
Board		2 of 2	100%
Other public company boards and committee memberships	Company	Since	Position
	Cenovus Energy Inc.	2017	Director
	Trican Well Service Ltd.	2014	Director, Chair of the Human Resources & Compensation Committee and member of the Corporate Governance Committee
Shares held	Canadian Utilities		
	Class A non-voting	411	
	Class B common	—	
<b>Total compensation in 2019:</b>		<b>\$36,667</b>	

\* Mr. Pourbaix joined the Board on November 1, 2019 and his compensation has been pro-rated.



## HECTOR A. RANGEL

Primary residence	Mexico City, Mexico
Director since	2014
Age	72
Independent	

Mr. Rangel is the President of BCP Securities Mexico, a joint venture with BCP Securities LLC, a US investment bank specializing in emerging markets. Prior to this role, he was the Chief Executive Officer of Nacional Financiera S.N.C. and Banco Nacional de Comercio Exterior and a member of Mexico's cabinet under President Felipe Calderon. Mr. Rangel has extensive corporate and investment banking expertise having held various executive positions with the Grupo Financiero Bancomer from 1991 until 2008, including a tenure as Chairman of the Board. Mr. Rangel has also been President of the Mexico Bankers Association and President of the Mexican Business Council.

Mr. Rangel is also presently a director of GNP Profuturo Afore and GNP Seguros, and has been director of a number of major public companies in Mexico.

Mr. Rangel has an Industrial Engineering degree from Purdue University and a Master's Degree in Business Administration from Stanford University.

Skills and experience	Functional experience	
Primary industry background	Functional experience	
Energy Financial services	CEO experience Governance Human resources/compensation Government/regulatory International business	Accounting/finance/economics Operations Risk management Corporate social responsibility

CU Board/ Committee memberships in 2019		Attendance	Percentage of meetings attended
	Board	7 of 7	100%
	Pension Fund	3 of 3	100%
Other public company boards and committee memberships	Company	Since	Position
	GNP Seguros	2014	Director
Shares held	Canadian Utilities		
	Class A non-voting	14,965	
	Class B common	—	
<b>Total compensation in 2019:</b>		<b>\$224,500</b>	



## LAURA A. REED

Primary residence	Wynn Vale, Australia
Director since	2014
Age	58
Independent	

Ms. Reed is the Chair of Epic Energy South Australia Pty Ltd., which owns the Moomba to Adelaide gas transmission pipeline in South Australia, as well as a director of ATCO Australia Pty Ltd. In 2018, Ms. Reed was appointed to the board of the Clean Energy Finance Corporation, the federal government corporation (Australia) which assists with the funding of clean energy projects.

From 2016 until 2019, Ms. Reed was Chair of ERIC Alpha Holdings Pty Ltd and its subsidiaries, which includes 40 per cent ownership of Ausgrid, an electricity distribution business in Australia. She was a director of Ausgrid from 2013 until 2019. She was the Chief Executive Officer/Managing Director of Spark Infrastructure from 2008 to 2012. Spark Infrastructure owned 49 per cent of three electricity distribution businesses in Australia. Before joining Spark Infrastructure, she spent nine years at Envestra Limited, a gas distribution company, in a number of senior financial roles including Chief Financial Officer.

Ms. Reed holds an MBA from Deakin University and a Bachelor of Business (Accounting) and is a fellow of Certified Practising Accountants Australia.

Skills and experience	Functional experience	
<b>Primary industry background</b>		
Energy Utilities	CEO experience Governance Government/regulatory	International business Accounting/finance/economics Operations

CU Board/ Committee memberships in 2019		Attendance	Percentage of meetings attended
	Board	7 of 7	100%
Other public company boards and committee memberships	Company	Since	Position
	N/A	N/A	N/A
Shares held	Canadian Utilities		
	Class A non-voting	11,108	
	Class B common	—	
<b>Total compensation in 2019:*</b>		<b>\$284,849</b>	

\*Includes fees earned as a director of Canadian Utilities and ATCO Australia Pty Ltd.





## NANCY C. SOUTHERN

Primary residence	Calgary, Alberta, Canada
Director since	1990
Age	63
Not Independent	As Executive Chair, Ms. Southern is not independent because she has a material relationship with CU.

Nancy Southern is Executive Chair of Canadian Utilities Limited, as well as Chair & Chief Executive Officer of ATCO Ltd. She is accountable for Canadian Utilities' strategic direction, vision and governance.

After joining the Canadian Utilities Board of Directors in 1990, Ms. Southern served as Co-Chair prior to being appointed Chair in December 2012. Ms. Southern was President from 2003 until 2015, and Chief Executive Officer from 2003 until 2019. She serves on the boards of a majority of ATCO subsidiary companies. Ms. Southern also serves as Executive Vice President of Spruce Meadows Ltd. and is a founding director of AKITA Drilling Ltd., a director of Sentgraf Enterprises Ltd., an Honorary Director of the BMO Financial Group and serves on the Rideau Hall Foundation Board of Directors. In addition to her business leadership, Ms. Southern has long played a leading role in advocating on social issues of global importance - most notably, the rights of Indigenous peoples and the role of women in business.

Ms. Southern is a member of The U.S. Business Council, a member of the American Society of Corporate Executives, and a Canadian Member of the Trilateral Commission. She is also a member of the Business Council of Canada, the Business Council of Alberta, the University of Calgary School of Public Policy Advisory Council, and the South Australian Minerals and Petroleum Expert Group.

Skills and experience	Functional experience	
Primary industry background		
Energy Utilities Industrials	CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics	Marketing/sales Operations Risk management Safety and health Climate change and environment Corporate social responsibility

CU Board/ Committee memberships in 2019	Attendance		Percentage of meetings attended
Board (Chair)	7 of 7		100%
Other public company boards and committee memberships	Company	Since	Position
	AKITA Drilling Ltd.	1992	Deputy Chair and Director
	ATCO Ltd.*	1989	Chair and Director
	CU Inc.*	1999	Executive Chair and Director
Shares held	Canadian Utilities**		
	Class A non-voting	199,883	
	Class B common	—	

**Total compensation in 2019:** Ms. Southern does not receive any compensation as a director of CU because she is an employee. See Page 61 for information on Ms. Southern's compensation.

\*CU Inc. is controlled by Canadian Utilities, which is controlled by ATCO.

\*\*Shares held by the Majority Share Owner are excluded. Ms. Southern is one of three trustees of the Spousal Trust. See Majority Share Owner on Page 2.



## LINDA A. SOUTHERN-HEATHCOTT

Primary residence	Calgary, Alberta, Canada
Director since	2000
Age	57
Not Independent	Ms. Southern-Heathcott is not independent because she has a material relationship with CU. She is an immediate family member of the Executive Chair.

Ms. Southern-Heathcott is President & Chief Executive Officer of Spruce Meadows Ltd., an internationally recognized equestrian facility in Calgary, Alberta. As a former professional equestrian rider, Ms. Southern-Heathcott was a member of the Canadian Equestrian Team for nine years and competed in the 1996 Olympic Summer Games in Atlanta, Georgia. Ms. Southern-Heathcott brings significant management and business experience to the Board and was appointed Vice Chair of the Board of Directors of Canadian Utilities and CU Inc. in March 2017 and of ATCO in November 2016.

Ms. Southern-Heathcott is a founding director, and currently serves as Board Chair, of AKITA Drilling Ltd. Ms. Southern-Heathcott also serves on the Boards of ATCO Structures & Logistics Ltd. and Sentgraf Enterprises Ltd. and as Chair of Travel Alberta. She is also a member of the TELUS Calgary Community Board and the National Music Centre Benefit Committee.

In 2010, Ms. Southern-Heathcott received her ICD.D certification from the Director Education Program of the Institute of Corporate Directors. In 2018, Ms. Southern-Heathcott was named an Honorary Lieutenant Colonel of the King's Own Calgary Regiment.

Skills and experience	Functional experience	
Primary industry background		
Energy Utilities Industrials	CEO experience Governance Human resources/compensation International business	Marketing/sales Operations Risk management Corporate social responsibility

CU Board/ Committee memberships in 2019	Attendance		Percentage of meetings attended
	Board (Vice Chair)	7 of 7	100%
Pension Fund	3 of 3	100%	
Other public company boards and committee memberships	Company	Since	Position
	AKITA Drilling Ltd.	1992	Chair, Director, and member of the Pension Committee
	ATCO Ltd.*	2012	Vice Chair and Director
	CU Inc.*	2017	Vice Chair and Director
Shares held	Canadian Utilities**		
	Class A non-voting	14,838	
	Class B common	4,159	
Total compensation in 2019:†		\$228,000	

\*CU Inc. is controlled by Canadian Utilities, which is controlled by ATCO.

\*\*Shares held by the Majority Share Owner are excluded. Ms. Southern-Heathcott is one of three trustees of the Spousal Trust. See Majority Share Owner on Page 2.

† Includes fees earned as a director of Canadian Utilities Limited and CU Inc.



## ROGER J. URWIN, PhD, C.B.E.

Primary residence	London, England
Director since	New Nominee
Age	74
Independent	

Dr. Urwin is a director of ATCO Ltd. and was previously a director of Canadian Utilities from 2007 to 2015. Dr. Urwin is also the Chair of ATCO Australia Pty Ltd. He has worked in gas, electric and telecom utilities throughout his career. He retired at the end of 2006 as Group Chief Executive of National Grid plc. He played a key role in establishing National Grid's international strategy and its successful expansion into the U.S., creating one of the largest investor-owned utility companies in the world. Dr. Urwin was the Managing Director and Chief Executive of London Electricity from 1990 to 1995. He was non-executive Chairman of Utilico Investments Limited until October 2015 and has been a special advisor to Global Infrastructure Partners, an international infrastructure investment fund. He was Chair of Alfred McAlpine plc from 2006 to 2008.

Dr. Urwin is a Commander of the Order of the British Empire.

Dr. Urwin has a Physics degree and a PhD from the University of Southampton, U.K.

Skills and experience	Functional experience	
Primary industry background		
Energy Utilities Telecommunications	CEO experience Governance Human resources/compensation Government/regulatory	International business Operations Risk management Safety and health

CU Board/ Committee memberships in 2019	Attendance		Percentage of meetings attended
Board		N/A	
Other public company boards and committee memberships	Company	Since	Position
	ATCO Ltd*	2014	Director, Chair of the Audit & Risk Committee and member of the Corporate Governance – Nomination, Compensation and Succession Committee
	CU Inc.*	2008	Director and Chair of the Audit Committee
Shares held	Canadian Utilities		
	Class A non-voting	19,156	
	Class B common	—	
<b>Total compensation in 2019:</b>	<b>N/A</b>		

\*CU Inc. is controlled by Canadian Utilities, which is controlled by ATCO.



## CHARLES W. WILSON

Primary residence	Boulder, Colorado, USA
Director since	2000
Age	80
Independent	

Mr. Wilson is Lead Director for the Board of Directors of ATCO Ltd. and is a director of ATCO Australia Pty Ltd. He was President and Chief Executive Officer of Shell Canada from 1993 to 1999, and Executive Vice President, U.S. Downstream Oil and Chemical of Shell Oil Company from 1988 to 1993. Before 1988, he was Vice President, U.S. Exploration and Production of Shell Oil Company, and also held various executive positions in the domestic and international natural resource operations of Shell.

As the former Head of the Environment Committee of the Canadian Association of Petroleum Producers, Mr. Wilson was actively involved in climate change matters and emerging regulatory policies related to the petroleum industry.

Mr. Wilson holds a B.Sc. in Civil Engineering and an M.Sc. in Engineering.

Skills and experience	Functional experience	
Primary industry background		
Energy Utilities Industrials	CEO experience Governance Human resources/compensation Government/regulatory International business	Accounting/finance/economics Operations Risk management Safety and health Climate change and environment

CU Board/ Committee memberships in 2019		Attendance	Percentage of meetings attended
	Board	7 of 7	100%
	GOCOM (Chair)	3 of 3	100%
Other public company boards and committee memberships	Company	Since	Position
	AKITA Drilling Ltd.	2002	Director and Chair of the Corporate Governance – Nomination, Compensation and Succession Committee
	ATCO Ltd.*	2002	Lead Director, Chair of the Corporate Governance – Nomination, Compensation and Succession Committee and member of the Audit & Risk Committee
Shares held	Canadian Utilities		
	Class A non-voting	84,834	
	Class B common	—	
<b>Total compensation in 2019:**</b>		<b>\$322,675</b>	

\*Canadian Utilities is controlled by ATCO.

\*\*Includes fees earned as a director of Canadian Utilities and ATCO Australia Pty Ltd.





## WAYNE G. WOUTERS, PC, OC

Primary residence	Ottawa, Ontario, Canada
Director since	2019
Age	68
Independent	

Mr. Wouters is Strategic and Policy Advisor to the Canadian law firm McCarthy Tétrault LLP. Prior to joining the private sector, Mr. Wouters had a distinguished 37-year career in the federal public service, including five years serving as the Clerk of the Privy Council of Canada. As Clerk, he held the roles of Deputy Minister to the Prime Minister, Secretary to the Cabinet and Head of Public Service. During his career, he has held the positions of Secretary of the Treasury Board, Deputy Minister of Human Resources and Skills Development, and Deputy Minister of Fisheries and Oceans.

Mr. Wouters has industry expertise in the oil and gas and natural resources, transportation, technology, telecommunications, and security sectors. He was inducted by the Prime Minister as a Member of the Privy Council in 2014 and appointed an Officer of the Order of Canada in 2017.

Mr. Wouters graduated in Commerce (Honours) from the University of Saskatchewan and holds a MA in Economics from Queen's University. He holds several honorary degrees.

Skills and experience	Functional experience	
Primary industry background		
Energy Industrials Science and technology	CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics	Operations Risk management Climate change and environment Corporate social responsibility IT/technology

CU Board/ Committee memberships in 2019		Attendance	Percentage of meetings attended
	Board	5 of 5	100%
Other public company boards and committee memberships	Company	Since	Position
	Blackberry Ltd.	2015	Director and a member of the Audit Committee
	Champion Iron Ltd.	2016	Director
Shares held	Canadian Utilities		
	Class A non-voting	1,722	
	Class B common	—	
<b>Total compensation in 2019:*</b>		<b>\$146,667</b>	

\* Mr. Wouters joined the Board on May 8, 2019 and his compensation has been pro-rated.

## SKILLS MATRIX

GOCOM ensures that the Board includes members with a broad range of experience and expertise so that it is able to effectively carry out its mandate. The matrix below shows the experience and expertise that each director nominee brings to the Board.

	Matthias F. Bichsel	Loraine M. Charlton	Robert J. Normand	Alexander J. Pourbaix	Hector A. Rangel	Laura A. Reed	Nancy C. Southern	Linda A. Southern-Heathcott	Roger J. Urwin	Charles W. Wilson	Wayne G. Wouters
<b>Primary industry background</b>											
<b>Energy</b>	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
<b>Utilities</b>				✓		✓	✓	✓	✓	✓	
<b>Industrials</b>	✓		✓				✓	✓		✓	✓
<b>Financial Services</b>			✓		✓						
<b>Science and Technology</b>	✓										✓
<b>Telecommunications</b>									✓		
<b>Functional experience</b>											
<b>CEO Experience</b> Experience as a CEO for a publicly listed company or for a major organization with international operations or similar complexity. Possesses leadership qualities and the ability to identify and develop those qualities in others. Demonstrates a practical understanding of strategy and risk management and know how to drive change and growth.	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Governance</b> Significant experience overseeing governance practices, may have been gained through significant work on a corporate governance committee or through experience serving as a senior executive of a public company.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Human Resources/Compensation</b> Significant experience overseeing human resources and compensation design for a large organization. Understands the various components of executive compensation structure and how they inter-relate when attracting, motivating and retaining top candidates.	✓	✓		✓	✓		✓	✓	✓	✓	✓
<b>Government/Regulatory</b> Significant experience working with local, provincial, national or international governments or gained public relations or government experience as a senior executive. Strong understanding of regulatory and non-governmental organizations that affect the Company's business.	✓		✓	✓	✓	✓	✓		✓	✓	✓

	Matthias F. Bichsel	Loraine M. Charlton	Robert J. Normand	Alexander J. Pourbaix	Hector A. Rangel	Laura A. Reed	Nancy C. Southern	Linda A. Southern-Heathcott	Roger J. Urwin	Charles W. Wilson	Wayne G. Wouters
<b>Functional experience</b>											
<b>International Business</b> Significant experience managing a global enterprise across multiple jurisdictions with exposure to a range of political, cultural and business environments.	✓			✓	✓	✓	✓	✓	✓	✓	✓
<b>Accounting/Finance/Economics</b> Significant financial experience as a senior officer responsible for an organization or experience working as a senior officer in financial accounting, reporting and corporate finance with knowledge of internal controls.		✓	✓	✓	✓	✓	✓			✓	✓
<b>Marketing/Sales</b> Significant experience overseeing marketing and sales as a senior executive.				✓			✓	✓			
<b>Operations</b> Significant experience overseeing operations as a senior executive with a practical understanding of operating plans and business strategy.	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
<b>Risk Management</b> Significant experience as a senior executive overseeing the various risks facing an organization with oversight of appropriate policies and procedures to effectively manage risk.	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
<b>Safety and Health</b> Significant experience in the areas of health and safety, including knowledge of industry regulations and a commitment to best practices for workplace safety.	✓			✓			✓		✓	✓	
<b>Climate Change and Environment</b> Significant experience with regulations, best practices and strategic business initiatives related to environmental issues.	✓			✓			✓			✓	✓
<b>Corporate Social Responsibility</b> Significant experience in the areas of corporate social responsibility and community relations. Experience building partnerships and positive relationships with Indigenous groups to enhance economic and social development.	✓	✓		✓	✓		✓	✓			✓
<b>IT/Technology</b> Significant experience overseeing technology as a senior executive at a public company or other major organization. Significant experience overseeing enterprise wide IT strategy, policy and standards which direct and protect existing and future investment in information and technology.	✓										✓

## INDEPENDENCE

GOCOM and the Board annually review the status of each director to determine whether he or she is independent based on the criteria of the Canadian Securities Administrators as set out in *National Instrument 52-110 – Audit Committees*. A majority of CU directors are independent.

Under CU's current leadership structure, the office of Executive Chair is held by Ms. Southern. The Board continues to ensure that it can function independently and objectively from management with the appointment of Mr. Simpson as the independent Lead Director. As Mr. Simpson is not standing for re-election, a new Lead Director will be appointed following the meeting.

The following table summarizes the independence status of each director and new nominee and, where applicable, the reasons for the Board's determination that a particular individual is not independent.

Director	Independent	Not independent	Reason for non-independent status
Matthias F. Bichsel	✓		
Lorraine M. Charlton	✓		
Robert J. Normand	✓		
Alexander J. Pourbaix	✓		
Hector A. Rangel	✓		
Laura A. Reed	✓		
James W. Simpson	✓		
Nancy C. Southern		✓	As Executive Chair, has a material relationship with CU.
Linda A. Southern-Heathcott		✓	As an immediate family member of the Executive Chair, has a material relationship with CU.
Roger J. Urwin*	✓		
Charles W. Wilson	✓		
Wayne G. Wouters	✓		

\* New Nominee

In determining the independence of the directors, the following criteria are assessed:

- Employment by, or other relationship with, CU or its internal or external auditor within the preceding three year period
- Immediate family member relationships with CU or its internal or external auditor
- Any payment of fees by CU, other than directors' fees disclosed in this Circular, of more than \$75,000 to the director or to a member of his or her immediate family during any 12-month period within the last three years
- Other direct or indirect material relationships with CU or other factors which could interfere with the exercise of independent judgment

## IN CAMERA SESSIONS

The Board further ensures its independence by convening in camera sessions of only the independent directors, without management present, at every regularly-scheduled meeting of the Board, Audit & Risk Committee and GOCOM. In camera sessions are chaired by the Lead Director or the committee chair. Additional in camera meetings may be requested through the Lead Director at any time. These sessions encourage the candid analysis of issues among independent directors on the Board and its committees.

## ATTENDANCE

The following table sets out the attendance of the directors at Board meetings and at meetings of the committees of which they were members during 2019. As an employee, the Executive Chair is not a member of any committee but attends committee meetings as required. At the discretion of the committee chair, directors may attend meetings of committees of which they are not members.

All directors are expected to attend and participate in meetings of the Board and the committees on which they serve. Attendance of directors at meetings of the Board and committees is not necessarily indicative of the contribution made by each director, and absence from a meeting may have resulted from a variety of extenuating circumstances, including family bereavement or health issues. When a director's contribution is deemed to be unsatisfactory, interviews with such director are conducted by both the Executive Chair and the Lead Director. A clear understanding of the Company's expectations is formally communicated to ensure improvement is achieved in subsequent periods.

Director	Board of Directors		Audit & Risk Committee		GOCOM		Pension Fund Committee		Total
Matthias F. Bichsel	7 of 7	100%							100%
Loraine M. Charlton	7 of 7	100%	4 of 4	100%	3 of 3	100%			100%
Robert J. Normand	7 of 7	100%	4 of 4	100%			3 of 3	100%	100%
Alexander J. Pourbaix <sup>1</sup>	2 of 2	100%							100%
Hector A. Rangel	7 of 7	100%					3 of 3	100%	100%
Laura A. Reed	7 of 7	100%							100%
James W. Simpson	7 of 7	100%	4 of 4	100%	3 of 3	100%			100%
Nancy C. Southern	7 of 7	100%							100%
Linda A. Southern-Heathcott	7 of 7	100%					3 of 3	100%	100%
Charles W. Wilson	7 of 7	100%			3 of 3	100%			100%
Wayne G. Wouters <sup>2</sup>	5 of 5	100%							100%
<b>Director who retired in 2019</b>									
Robert B. Francis <sup>3</sup>	1 of 1	100%							100%

<sup>1</sup> Mr. Pourbaix joined the Board on November 1, 2019.

<sup>2</sup> Mr. Wouters joined the Board on May 8, 2019.

<sup>3</sup> Mr. Francis retired from the Board on February 21, 2019.

## SERVING ON AFFILIATED PUBLIC COMPANY BOARDS

The following lists the director nominees who serve on boards of publicly-traded companies that are affiliated with Canadian Utilities. ATCO is the controlling share owner of Canadian Utilities. CU Inc. is a public company controlled by Canadian Utilities. Sentgraf is the parent company of ATCO and AKITA Drilling Ltd., both of which are public companies. None of the directors serve together on the boards of other public companies, except as disclosed below.

Director	ATCO Ltd.	CU Inc.	AKITA Drilling Ltd.
Lorraine M. Charlton		Director	Director
Nancy C. Southern	Chair	Executive Chair	Deputy Chair
Linda A. Southern-Heathcott	Vice Chair	Vice Chair	Chair
Roger J. Urwin	Director	Director	
Charles W. Wilson	Director		Director

Dr. Bichsel, Mr. Pourbaix, Mr. Rangel and Mr. Wouters serve on the boards and committees of other public companies as referenced in their biographies. The Executive Chair and GOCOM recognize the time and diligence that these individuals devote to their duties and responsibilities as well as their extensive qualifications and related experience. Both the Executive Chair and GOCOM have determined that these individuals' other board memberships do not negatively affect their commitments or contributions to Canadian Utilities' Board.



# GOVERNANCE

## OVERVIEW

Effective corporate governance is an essential element for the well-being of Canadian Utilities and its share owners. The Board strives to ensure that its corporate governance practices provide for the effective stewardship of the Company and it regularly evaluates its governance practices to ensure they are in keeping with the highest standards.

Although Canadian Utilities does not believe in a "one size fits all" approach to governance, it complies with applicable securities laws. We have implemented a unique and effective system of corporate governance recognizing the need to provide autonomy and flexibility to our different businesses while accommodating the needs of both our regulated and non-regulated businesses.

Members of the Southern family have continually maintained a controlling interest in Canadian Utilities since ATCO acquired the Company in 1980. We are of the firm belief that the existence of a long-standing majority share owner is of fundamental importance to our governance and operations, and ensures that there is a high degree of alignment between share owners.

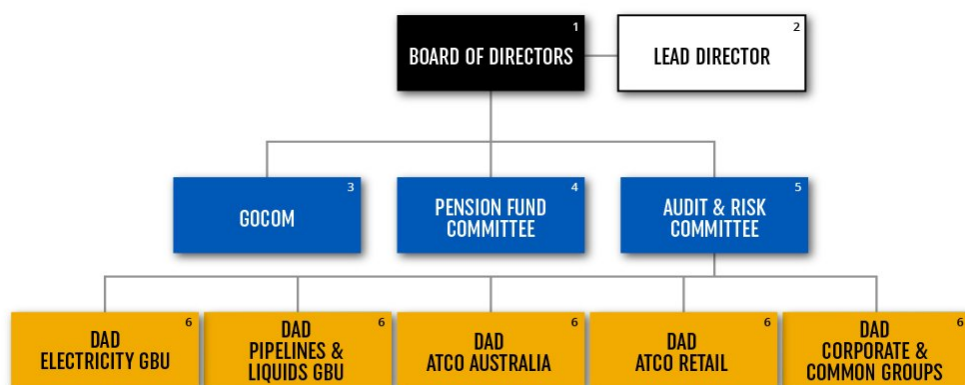
The Company has been fortunate to have a consistently high-performing Board and senior management team that creates long-term value for our share owners.

## MAJORITY CONTROLLED COMPANY

Canadian Utilities is a majority controlled company as defined in the TSX Company Manual. As such, there is no requirement for, and we do not have, a majority voting policy. The Majority Share Owner (see Page 2) has control over 66,598,846 Class B shares which represents 90.6 per cent of the voting rights. Due to the level of control exercised by the Majority Share Owner, we are of the view that the introduction of a majority voting policy would introduce unnecessary complexity into the director selection process while having no impact on the outcome.

## THE BOARD AND ITS COMMITTEES

The role of the Board has evolved to provide oversight to an organization with diverse and distinct Global Business Units (GBUs). The system's key elements consist of the oversight and diligence provided by the Board, the Lead Director, the Audit & Risk Committee, Pension Fund Committee and GOCOM. Although not required by securities laws, some of Canadian Utilities' governance tools, such as the use of Designated Audit Directors (DADs) and the risk review program, have been implemented, in part, as a result of the influence of the Majority Share Owner as a means of ensuring long term value.



The activities of each of these bodies in 2019 were as follows:

1. **Board of Directors:** The Board held five regularly-scheduled meetings and two additional meetings. The frequency and length of meetings and the agenda items depended on the circumstances. Meetings were highly detailed and well attended. They were conducted in an atmosphere that encouraged participation and independence. The independent directors also held in camera sessions, without management present, at all regularly-scheduled meetings of the Board, Audit & Risk Committee and GOCOM. Additional in camera meetings may be requested through the Lead Director at any time.

In addition to regularly-scheduled Board and committee meetings, directors attended a comprehensive four day strategy session.

2. **Lead Director:** In 1995, Canadian Utilities was among the first public companies in Canada to introduce the concept of a lead director. Mr. Simpson is the current Lead Director for the Company and was appointed to this position on May 4, 2006. The Lead Director provides the Board with the leadership necessary to ensure independent oversight of management. The Lead Director is an independent director and must be a member of GOCOM. As Mr. Simpson is not standing for re-election, a new Lead Director will be appointed following the meeting.
3. **Corporate Governance - Nomination, Compensation & Succession Committee (GOCOM):** This committee oversees our corporate governance. It is comprised of some of our most senior and experienced directors. In addition to assessing individual and combined directors' performance, GOCOM oversees succession planning and evaluates senior executive officers' compensation and performance. GOCOM also reviews the size and composition of the Board and considers persons as director nominees for approval by the Board and election by the share owners.
4. **Pension Fund Committee:** The primary responsibilities of the Pension Fund Committee are to oversee the governance structure of the pension plans (defined benefit and defined contribution) and approve policy decisions for benefit design and liability management, funding and investment of the plans, and to select and monitor the investment managers for the plans. The committee is responsible for approving the appointment, termination or replacement of the plans' actuary, investment managers, auditors, trustees, custodians and performance measurement services provider.
5. **Audit & Risk Committee:** The Audit & Risk Committee oversees accounting and financial reporting as well as risk management and control practices. The committee is chaired by an experienced independent director. Each committee member is an independent director and financially literate as defined in *National Instrument 52-110 – Audit Committees*. More information on the financial literacy of Audit & Risk Committee members and the mandate of the Audit & Risk Committee can be found in Canadian Utilities' annual information form which is available on our website ([www.canadianutilities.com](http://www.canadianutilities.com)) and SEDAR ([www.sedar.com](http://www.sedar.com)).

The committee also reviews risks that could materially affect the Company's ability to achieve strategic and operational objectives. The committee satisfies itself that management is addressing risks identified as significant to Canadian Utilities and that appropriate mitigation measures are implemented. The committee satisfies itself that each GBU has adequate systems to monitor and comply with applicable environmental legislation and conform to industry standards. The committee receives information regarding risks and significant trends and reviews the summary of our safety and environmental performance. The committee may seek advice from Canadian Utilities' officers who provide expertise and support for their specific areas of responsibility. Canadian Utilities' Chief Executive Officer reports to the Audit & Risk Committee.

6. **Designated Audit Director (DAD):** Designated Audit Directors are directors of either ATCO or Canadian Utilities. Each DAD is assigned to one of our Global Business Units to provide oversight based on their strengths and experience in various industry sectors. The Audit & Risk Committee annually reviews the mandate of the DADs.

DADs perform both audit and risk functions. DADs meet quarterly with members of their respective GBU or business unit management, and annually with internal and external auditors. DADs review the financial statements and operating results quarterly, review risks twice yearly, and report on both operating results and risks to the Audit & Risk Committee.

## DIVERSITY AND INCLUSION

Canadian Utilities supports a diverse and inclusive working environment that values the contributions and perspectives of everyone. Our Code of Ethics (the Code) sets out our values which guide the conduct of all employees, officers and directors, and is supported by our Inclusive and Respectful Workplace policy. This policy encourages diversity and ensuring our people have the opportunity to participate in work-related activities, in an environment that is inclusive, respectful and safe. We value our individual differences, our unique perspectives and backgrounds, and the variety of contributions each of us brings to work. Aligning with these values, it is our policy to select people from the most qualified pool of talent and consider candidates based on merit. Our approach enables us to make important decisions regarding the composition of our Board and senior management team based on the best interests of the Company and its share owners.

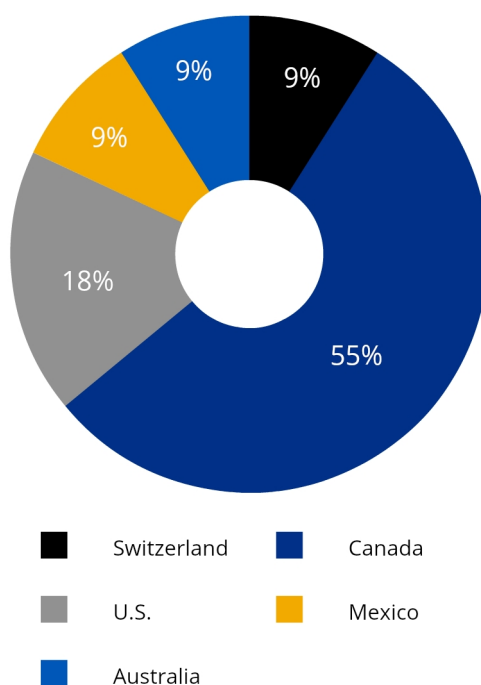
### Board of Directors

We believe that an effectively functioning board is critical to the success of the Company, and that the Board must have the flexibility to adopt director election and composition practices that suit its unique needs and circumstances. Directors are selected for their experience and expertise and we seek the most qualified persons regardless of gender or other characteristics that are unrelated to expertise and performance. Accordingly, we do not have written policies or set targets regarding the representation of women, visible minorities, Indigenous people, or people with disabilities for our Board.

We have been a leader in the representation of women on our Board and have outperformed the Financial Post 500 (FP500) for many years. As at December 31, 2019, Canadian Utilities had four women on the Board, representing 36.4 per cent of the directors.

GOCOM reviews the size and composition of the Board from time to time and evaluates the need for change to Board and committee composition based on an analysis of the skills, expertise and industry experience that align with the Company's strategic objectives. There are no visible minorities, Indigenous peoples, or disabled persons on the Board. Our Board has several international members and their jurisdictions of residence is shown on the following table:

### Countries of Residence of Board



Along with our Executive Chair, GOCOM considers potential candidates who have competencies believed to complement the Board or senior management. Several mechanisms have been adopted by GOCOM and the Board in order to promote an appropriate level of Board renewal, while attributing high value to relevant industry experience, continuity and a solid track record of service in potential Board members. GOCOM spends a significant amount of time reviewing Board succession and recruitment (see Performance Assessment and Director Retirement).

We have no set term limits for directors and have found that the effectiveness of our Board is not negatively impacted by having long-standing directors. Our approach contributes to strong boardroom dynamics that give rise to a consistently high-performing Board and high corporate performance.

## Senior Management

Appointments to the executive level are determined on the merit, performance, expertise and experience of the individual. Accordingly, we do not have written policies or set targets regarding the representation of women, visible minorities, Indigenous people, or people with disabilities for our senior management team. We voluntarily make public disclosure of information on gender diversity within the organization in our Sustainability Report, which is available on our website ([www.canadianutilities.com](http://www.canadianutilities.com)).

We respect the privacy of our employees and do not require our employees to self-identify. The following statistics reflect what our employees have chosen to self disclose. Of those who have chosen to self-disclose, as of December 31, 2019, the Company's senior management team included 12 women (26.1 per cent), one visible minority (2.2 per cent), two disabled persons (4.3 per cent) and one Indigenous person (2.2 per cent).

## Indigenous Initiatives

Our Code of Ethics confirms our commitment to build and maintain positive and sustainable relationships and partnerships with all the communities we serve. We recognize the importance of working cooperatively and collaboratively with all Indigenous groups including First Nations, Inuit and Métis communities. We voluntarily disclose information about our work with Indigenous communities in our Sustainability Report, which is available on our website ([www.canadianutilities.com](http://www.canadianutilities.com)).

## DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All our new directors attend a briefing with the Executive Chair, as well as several comprehensive meetings at which they receive briefings by senior management on all aspects of our business. Our new directors are also provided information about each of the business segments, the organizational structure, the by-laws, and the Board and committee mandates. Information is also provided to directors on corporate policies, including our Code of Ethics, Disclosure Practice, and Anti-Corruption Practice. Visits to various operating sites are also arranged for our directors from time to time.

Directors, together with members of our senior management team, attend an annual strategy conference which has been held every year since 1981. This conference kicks off our annual business planning process. Strategies for operating and financial growth are discussed over three to four days consisting of presentations, plenary sessions and directors' recommendations.

Throughout each year, management makes presentations to our Board and its committees on key business decisions and topical issues, including reviews of annual business plans, significant contracts, strategic transactions, financing, and major capital expenditures. Presentations are also made by management in response to directors' requests. An electronic resource centre, which is updated with timely relevant information, is available to all directors. Our directors also attend and participate in seminars and other continuing education programs. Key information and education sessions that were attended by our directors in 2019 are listed below:

Date	Event
April 1-4	Strategy Conference
July 10	Alberta PowerLine Site Tour
November 7	Business Planning

## **PERFORMANCE ASSESSMENT**

The performance of our Board, Board committees and individual directors is assessed at least annually. These assessments are facilitated by our Lead Director on behalf of our Executive Chair. Performance evaluation questionnaires are distributed annually to each of our directors and Board committee members.

The performance evaluation questionnaires provide our directors with the opportunity to examine their collective effectiveness and identify areas for improvement. The questions address director skills and experience; preparation, attendance and availability for meetings; communication and interaction; as well as business, company, and industry knowledge. The questionnaires include an overall assessment and are reviewed by GOCOM. Each director receives a report on the Board questionnaire, with committee members receiving a report on the committee questionnaire.

Our directors are encouraged to expand their responses beyond the specific questions in the questionnaires and provide open-ended comments.

## **DIRECTOR RETIREMENT**

Any director who turns 70 years of age tenders a letter of resignation to our Executive Chair. Our Executive Chair, together with GOCOM, evaluates whether and when to accept the resignation depending on the Company's needs. The resignation will remain on file until it is accepted by our Executive Chair. When it is accepted, it becomes effective at the next annual meeting of share owners.

## ETHICAL BUSINESS CONDUCT

Our Board encourages a culture of ethical business conduct by expecting each director, officer and member of management to exemplify ethical business conduct. This expectation sets the tone for all employees of Canadian Utilities. Our Board has adopted a written Code of Ethics, which is subject to periodic review and revision to ensure it is in line with best practices.

A copy of the Code is provided to each new director, officer and employee of the Company, and everyone must acknowledge in writing that they have reviewed and will abide by the Code as a precondition of their engagement. Furthermore, on an annual basis, each of our directors, officers and employees must confirm that they have reviewed the Code.

Directors who have, or may be reasonably perceived to have, a personal interest in a potential or current transaction or agreement involving Canadian Utilities are required to declare this interest at the Board meeting at which such matter is considered. These directors are asked to leave the meeting during the discussion on the matter containing a personal interest and must abstain from voting on such matter.

We did not file any material change reports in 2019 relating to a director's or executive officer's departure from the Code. No waivers of the Code have ever been granted to any Canadian Utilities director, officer or employee.

We maintain a hotline that employees are free to use in order to express any concerns about inappropriate business conduct. Concerns may be reported confidentially and anonymously either online or by phone. Non-employees may also submit complaints or concerns online or by phone as set out in the Integrity & Compliance section of our website ([www.canadianutilities.com](http://www.canadianutilities.com)) or to an Audit & Risk Committee member via our Corporate Secretary at 4th Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta T3E 8B4.

A copy of the Code can be accessed on our website ([www.canadianutilities.com](http://www.canadianutilities.com)), on SEDAR ([www.sedar.com](http://www.sedar.com)) or by written request to our Corporate Secretary.

## DISCLOSURE PRACTICE

We are committed to providing the public with accurate, timely and fair disclosure of corporate information. We comply with all laws and regulations and ensure that our public communications are disseminated according to applicable legal and regulatory requirements. Our Disclosure Practice applies to all our directors, officers and employees. It covers written and oral communications provided to the public, including the following:

- Financial and non-financial documents
- Annual reports
- Interim reports
- News releases
- Letters to share owners
- Presentations and speeches by senior management
- Corporate websites and other communications
- Documents filed with securities regulators and the Toronto Stock Exchange
- Oral statements made to financial analysts and the public
- Interviews with the media
- News conferences



## BOARD COMMITTEES

Our Board and its committees have each adopted a mandate outlining their principal responsibilities. Our Board and Board committees review the mandates each year to ensure they reflect current developments in corporate governance. Any changes that are made to the mandates are approved by the Board. Our Board has also approved written position descriptions for the Executive Chair, the Lead Director, each Board committee chair, and the Chief Executive Officer. GOCOM reviews all of these position descriptions annually.

Our Board has three standing committees that meet statutory and policy requirements:

- Audit & Risk
- GOCOM
- Pension Fund

Each committee updates the Board regularly on its respective activities and a report is provided to our Board after each committee meeting. Our Board reviews the composition of its committees each year and makes adjustments as needed.

Our Board's mandate outlines its roles and responsibilities and is attached to this Circular as Schedule A. The Board and Board committee mandates are available on our website ([www.canadianutilities.com](http://www.canadianutilities.com)).

## COMMITTEE REPORTS

This section includes reports from each of our Board's standing committees as of December 31, 2019.

### Audit & Risk Committee

#### Members

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**J.W. Simpson,  
Chair**  
Independent

**2019 Meeting  
Attendance**  
4 of 4 (100%)



**L.M. Charlton**  
Independent

**2019 Meeting  
Attendance**  
4 of 4 (100%)



**R.J. Normand**  
Independent

**2019 Meeting  
Attendance**  
4 of 4 (100%)

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The Audit & Risk Committee consists of three independent directors of the Board, each of which is financially literate and annually elected by the Board. The Committee is responsible for contributing to the effective stewardship of the Company by assisting the Board in fulfilling its oversight of:

- The integrity of our financial statements
- Compliance with applicable legal and regulatory requirements
- Independence, qualifications and appointment of our external auditor
- Performance of our internal auditor and external auditor
- Our accounting and financial reporting processes
- Audits of our financial statements
- Our risk management processes

The Committee has authority delegated by the Board to:

- Recommend the external auditor for appointment and oversee their work and compensation
- Pre-approve all audit and permitted non-audit services of the external auditor
- Conduct or authorize investigations regarding matters related to the Committee's responsibilities, including engaging independent counsel or other advisors as necessary

- Inspect the books and records of the Company and its subsidiaries and discuss such records relating to the financial position or risk related issues of the Company and its subsidiaries
- Meet with the Company's officers, external auditors or outside counsel, as necessary
- Delegate authority to one or more members of the Committee, as permitted by applicable law

The following highlights the actions taken by the Audit & Risk Committee in fulfilling its mandate in 2019:

### Financial Reports

- Reviewed significant accounting and reporting issues to gain an understanding of how they impacted the financial statements
- Reviewed the analysis of the effects of new or revised International Financial Reporting Standards (IFRS) guidance on the financial statements and reviewed the Company's impact assessments and implementation project plans for the IFRS guidance that has been issued but is not yet in effect
- Reviewed and approved quarterly consolidated financial statements, management's discussion and analysis, and earnings press releases
- Reviewed and recommended for Board approval the annual consolidated financial statements, management's discussion and analysis, annual information form and earnings press release
- Received quarterly reports from the DADs

### Internal Controls

- Reviewed reports on the design and effectiveness of disclosure controls and procedures as well as internal control over financial reporting
- Reviewed procedures for financial information review and disclosure
- Reviewed and approved governance documents and committee mandates

### External Auditor

- Reviewed the external auditor's appointment and compensation and recommended to the Board for approval
- Reviewed and approved the external auditor's non-audit services
- Reviewed the external auditor's report on its internal quality control procedures
- Reviewed and assessed the external auditor's independence
- Received reports from the external auditor on quarterly and annual consolidated financial statements and management's discussion and analysis

The following table shows the fees billed for services provided by PwC for the past two years.

<b>For the year ended December 31</b>	<b>2019 \$MM</b>	<b>2018 \$MM</b>
Audit <sup>1</sup>	3.7	3.7
Audit related <sup>2</sup>	0.1	0.1
Tax <sup>3</sup>	0.3	0.5
<b>Total</b>	<b>4.1</b>	<b>4.3</b>

1 Audit fees are the aggregate professional fees paid to the external auditor for the audit of the annual consolidated financial statements and other regulatory audits and filings.

2 Audit related fees are the aggregate fees paid to the external auditor for services related to special purpose audits and audit services including consultations regarding IFRS.

3 Tax fees are the aggregate fees paid to the external auditor for tax compliance, tax advice, tax planning and advisory services relating to the preparation of corporate tax, capital tax and sales tax returns.

## Internal Audit

- Reviewed and approved our annual Audit Plan and the Internal Audit annual budget and resource plan
- Ensured that our internal audit function has been effectively carried out and the internal auditor has adequate resources
- Reviewed internal audit reports, including management's responses, as well as quarterly reports on management's action plans to implement audit recommendations
- Ensured we have appropriate procedures for the confidential and anonymous receipt, retention and treatment of complaints received, and reviewed any reports received on the investigations of complaints

## Risk Management

- Reviewed and considered our risk-taking philosophy
- Reviewed our risk inventory and related mitigation plans
- Received presentations, reports and other information regarding risks and significant trends
- Reviewed reports from the DADs regarding any significant risks identified by management
- Reviewed and discussed the summary of our safety and environmental performance
- Satisfied itself that management has appropriate processes in place to identify, assess, manage and monitor risk
- Reviewed our insurance programs for adequacy

The Audit & Risk Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2019.

## Corporate Governance – Nomination, Compensation and Succession Committee

### Members

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**C.W. Wilson, Chair**  
Independent

**2019 Meeting Attendance**  
3 of 3 (100%)



**L.M. Charlton**  
Independent

**2019 Meeting Attendance**  
3 of 3 (100%)



**J.W. Simpson**  
Independent

**2019 Meeting Attendance**  
3 of 3 (100%)

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GOCOM is responsible for contributing to the effective stewardship of the Company. The committee assists the Board in fulfilling its oversight of corporate governance, nomination, compensation and succession.

The following highlights the actions taken by GOCOM in fulfilling its mandate in 2019:

- Assessed our Chief Executive Officer's performance, base salary, annual incentive award and awards under the mid-term and long-term incentive plans
- Reviewed and approved our Chief Executive Officer's report on senior executive officers' performances and recommendations for base salary, annual incentive awards and awards under mid-term and long-term incentive plans
- Reviewed and approved our Chief Executive Officer's goals, objectives and corporate targets
- Reviewed succession plans for our Chief Executive Officer and senior executive officers
- Reviewed and made recommendations to our Board on potential senior executive officer appointments
- Reviewed and approved our senior executive officers' supplemental pension plan and perquisites
- Reviewed our corporate governance disclosure
- Reviewed and approved governance documents and Board and Board committee mandates

- Reviewed the evaluation process of Board committees, the Board and each individual director
- Reviewed and approved directors' compensation
- Reviewed the size and composition of our Board and considered persons as potential nominees as directors; recommending potential director nominees for approval by the Board and for election by our share owners
- Together with our Board, reviewed the status of each director to determine whether he or she is independent based on the Canadian Securities Administrators' criteria as set out in *National Instrument 52-110 - Audit Committees*
- Continued to spend a significant amount of time on recent developments in corporate governance and disclosure
- Considered risk implications and managed risks as they relate to our compensation policies and practices

GOCOM is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2019.

## Pension Fund Committee

### Members

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**R.J. Normand, Chair**  
Independent

**2019 Meeting Attendance**  
3 of 3 (100%)



**H.A. Rangel**  
Independent

**2019 Meeting Attendance**  
3 of 3 (100%)



**L.A. Southern-Heathcott**  
Not Independent

**2019 Meeting Attendance**  
3 of 3 (100%)

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Our Pension Fund Committee is responsible for the oversight of the administration and the operation of The Retirement Plan for Employees of Canadian Utilities and Participating Companies Plan 1 in accordance with the Pension Governance Standards of the Company.

The following highlights the actions taken by the Pension Fund Committee in fulfilling its mandate in 2019:

- Reviewed the plan's compliance with applicable laws, regulations and corporate policies and procedures
- Reviewed the appropriateness of the plan's investment options and investment managers' performance
- Reviewed the status of liabilities under the plan
- Reviewed funding valuations for the defined benefit plan
- Reviewed administration and investment management costs
- Reviewed audited financial statements for the plan
- Approved and implemented any changes to investment fund options for the defined contribution plan
- Reviewed and approved governance documents and committee mandates
- Received regular reports and recommendations from the Company's Management Pension Committee
- Held one in camera session during the year at which the performance of the Management Pension Committee was reviewed and assessed

The Pension Fund Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2019.

# DIRECTOR COMPENSATION

GOCOM assesses the compensation of the directors and makes recommendations to our Board. GOCOM annually reviews director compensation using information from other corporations and published data. From time to time, GOCOM retains independent compensation consultants to make market comparisons and provide advice on developing appropriate compensation programs. Director compensation is reviewed to determine whether it is appropriate for the responsibilities, time commitment, and risks assumed by our directors.

## FEES AND RETAINERS

Effective January 1, 2019, apart from the Board, flat fee retainers replaced separate annual retainers and meeting attendance fees. The table below shows the retainers paid to our directors in 2019.

Directors' remuneration	(\$)
Board	195,000
Board Meetings	25,000
Lead Director	75,000
Audit & Risk Committee Chair	33,000
Audit & Risk Committee Member	15,500
GOCOM Chair	13,000
GOCOM Committee Member	4,500
Pension Fund Committee Chair	13,000
Pension Fund Committee Member	4,500

Directors are reimbursed for travel and other expenses they incur for attendance at Board and committee meetings. Directors who are full-time salaried employees of Canadian Utilities receive no remuneration for serving as a director.

From time to time, our Board forms ad hoc committees to undertake special initiatives. The chairs and members of ad hoc committees may receive fees that are determined when the committees are formed.

## REMUNERATION SUMMARY

The table below provides a breakdown of the fees paid, on a quarterly basis, in the form of annual retainers to our non-employee directors for the year ended December 31, 2019. Other fees include retainers paid to those directors who also serve on the boards and committees of ATCO Australia Pty Ltd and CU Inc., as well as retainers and fees related to serving as DADs for the business units. No other forms of compensation were provided to the directors for the year ended December 31, 2019.

Ms. Southern is an employee of Canadian Utilities and did not receive compensation as a director. Ms. Southern's compensation is shown on Page 61 of this Circular.

Name	Director retainer <sup>1</sup> (\$)	Board Meeting retainer <sup>2</sup> (\$)	Committee Chair retainer <sup>2</sup> (\$)	Committee Member retainer (\$)	Other fees <sup>3,4,5</sup> (\$)	Total fees earned (\$)
Matthias F. Bichsel	195,000	25,000	N/A	N/A	N/A	220,000
Loraine M. Charlton	195,000	25,000	N/A	16,000	26,700	262,700
Robert J. Normand	195,000	25,000	13,000	15,500	N/A	248,500
Alexander J. Pourbaix <sup>6</sup>	32,500	4,167	N/A	N/A	N/A	36,667
Hector A. Rangel	195,000	25,000	N/A	4,500	N/A	224,500
Laura A. Reed	195,000	25,000	N/A	N/A	64,849	284,849
James W. Simpson	270,000	25,000	33,000	4,500	200	332,700
Linda A. Southern-Heathcott	195,000	22,000	N/A	4,500	6,500	228,000
Charles W. Wilson	195,000	22,000	10,750	N/A	94,925	322,675
Wayne G. Wouters <sup>6</sup>	130,000	16,667	N/A	N/A	N/A	146,667
<b>Retirement in 2019<sup>7</sup></b>						
Robert B. Francis	32,500	4,167	N/A	N/A	N/A	36,667
<b>Total</b>	<b>1,830,000</b>	<b>219,001</b>	<b>56,750</b>	<b>45,000</b>	<b>193,174</b>	<b>2,343,925</b>

1 **Director retainer:** Includes retainer for Lead Director for Mr. Simpson.

2 **Board Meeting and Committee Chair retainers:** Directors may have their retainers reduced if they act as a director for more than one ATCO company.

3 **Other fees:** Includes fees for CU's subsidiaries, including DAD retainers.

4 **Other fees:** Ms. Charlton and Ms. Southern-Heathcott received retainers as directors of CU Inc.

5 **Other fees:** Ms. Reed and Mr. Wilson received fees and superannuation contributions as directors of ATCO Australia Pty Ltd.

6 Mr. Pourbaix joined the Board on November 1, 2019 and Mr. Wouters joined the Board on May 8, 2019. Their retainers have been pro-rated.

7 Mr. Francis retired from the Board effective February 21, 2019 and all retainers have been pro-rated.

## DIRECTOR SHARE OWNERSHIP

Until December 31, 2019, all non-employee directors were required to directly or indirectly own Class A shares and/or Class B shares together having an aggregate market value of at least 2.0 times the value of the annual board retainer within five years of being appointed to the Board, or within five years of any change to the required market value holdings. A minimum of \$30,000 of the annual board retainer is paid in Class A shares. Until the minimum share ownership requirement is met, directors are required to receive a minimum of \$50,000 of their annual board retainer in Class A shares. A director may, with the approval of the chair of GOCOM, have this minimum contribution amount reduced if he or she makes alternative arrangements to meet the minimum share ownership requirement within the five year timeframe.

All of our directors are in compliance with the share ownership requirement. Directors have the option of receiving up to 50 per cent of their annual board retainer in Class A shares and/or in Class I Non-Voting Shares of ATCO. Commencing January 1, 2020, the share ownership requirement increased to 3.0 times the value of the annual board retainer. Directors now have the option of receiving up to 60 per cent of their annual board retainer in Class A shares and/or in Class I Non-Voting Shares of ATCO.

The following table sets out each director's ownership of Class B shares and Class A shares in Canadian Utilities as at March 10, 2020, and change in the ownership interest since the previous proxy circular dated March 11, 2019.

Name	Equity Ownership as at March 11, 2019		Equity Ownership as at March 10, 2020		Net Change in Ownership		Equity at risk <sup>1</sup>	
	Class B shares	Class A shares	Class B shares	Class A shares	Class B shares	Class A shares	Value (\$)	Multiple of 2019 annual director retainer
Matthias F. Bichsel	—	11,838	—	14,247	—	2,409	536,827	2.8
Loraine M. Charlton	1,050	38,540	1,050	40,447	—	1,907	1,563,607	8.0
Robert J. Normand	—	23,553	—	22,251	—	(1,302)	838,418	4.3
Alexander J. Pourbaix	—	—	—	411	—	411	15,486	0.1
Hector A. Rangel	—	11,947	—	14,965	—	3,018	563,881	2.9
Laura A. Reed	—	8,212	—	11,108	—	2,896	418,549	2.2
James W. Simpson	—	31,797	—	33,649	—	1,852	1,267,894	6.5
Nancy C. Southern <sup>2,3</sup>	—	197,378	—	199,883	—	2,505	7,531,591	n/a
Linda A. Southern-Heathcott <sup>3</sup>	4,159	13,114	4,159	14,838	—	1,724	715,807	3.7
Charles W. Wilson	—	83,152	—	84,834	—	1,682	3,196,545	16.4
Wayne G. Wouters	—	—	—	1,722	—	1,722	64,885	0.3
<b>Total</b>	<b>5,209</b>	<b>419,531</b>	<b>5,209</b>	<b>438,355</b>	<b>—</b>	<b>18,824</b>	<b>16,713,490</b>	

<sup>1</sup> Equity at risk is shown as at March 10, 2020, and is the market value determined by reference to the closing price of Class A shares (\$37.68) and Class B shares (\$37.68) on the Toronto Stock Exchange. Preferred shares are excluded.

<sup>2</sup> The requirement to own shares having a value exceeding a multiple of the annual board retainer applies only to non-employee directors. Ms. Southern is an employee and does not receive a retainer as a director. Her shareholdings and values are provided for information purposes only.

<sup>3</sup> The Spousal Trust is the controlling owner of Sengraf Enterprises Ltd. which owns 8 Class B shares and 621,940 Class A shares. Ms. Nancy Southern, Ms. Linda Southern-Heathcott and Mrs. Margaret Southern are the trustees of the Spousal Trust. These shareholdings are excluded. See Majority Share Owner on Page 2.

## OUTSTANDING OPTIONS

Effective August 1, 2008, our non-employee directors are no longer eligible to receive options. There were no outstanding options held by any of our non-employee directors as at December 31, 2019.



# COMMUNICATING WITH THE BOARD

We understand the importance of communicating with share owners. Share owners can attend the annual meeting which provides a valuable opportunity to hear from management about the results of our business and our strategic plans.

You may communicate directly with the Board through the Executive Chair by writing to:

Executive Chair  
c/o Corporate Secretary  
Canadian Utilities Limited  
4th Floor, West Building  
5302 Forand Street S.W.  
Calgary, Alberta  
T3E 8B4

# COMPENSATION DISCUSSION & ANALYSIS

## OVERVIEW

This CD&A discusses Canadian Utilities' executive compensation program, and how it is structured, governed and designed to support the corporate business objectives.

It discloses compensation of the Executive Chair, Chief Executive Officer, Chief Financial Officer and the next two executives that received the highest pay as of December 31, 2019 (our named executives):

- Nancy C. Southern, Executive Chair
- Dennis A. DeChamplain, Executive Vice President & Chief Financial Officer
- Siegfried W. Kiefer, President & Chief Executive Officer
- George J. Lidgett, Executive Vice President & General Manager, Utilities
- Wayne K. Stensby, Executive Vice President, Corporate Development

In 2019, the named executives, excluding George J. Lidgett and Wayne K. Stensby, had a dual role for Canadian Utilities and for ATCO, our parent company. George J. Lidgett is the Executive Vice President & General Manager, Utilities and his compensation expenses are 100 per cent allocated to Canadian Utilities. Wayne K. Stensby's previous role of Managing Director, Electricity Global Business Unit until June 30, 2019 was not a dual role and 100 per cent of his compensation expenses during that period were allocated to Canadian Utilities. Mr. Stensby moved into the role of Executive Vice President, Corporate Development on July 1, 2019. The compensation we report here is the compensation the named executives receive from Canadian Utilities.

Every year, we apportion compensation for executives with multiple roles based on each Company's contribution to total consolidated revenues, labour and assets. This allocation method, which has been approved by the Alberta Utilities Commission, represents an estimate of the amount of time we expect the executives will devote to each entity.

Throughout this CD&A, when we refer to senior executives, we mean the Executive Chair, the CEO and the CEO's direct reports (only some of whom are named executives).

The table below shows how Canadian Utilities and ATCO have shared the compensation expense of executives with dual roles over the past three years:

	Amount paid and reported by Canadian Utilities	Amount paid by ATCO	Combined total reported by ATCO
2019	89.9%	10.1%	100%
2018	87.5%	12.5%	100%
2017	88.1%	11.9%	100%

## GOVERNANCE

Executive compensation at Canadian Utilities and our subsidiaries is the overall responsibility of GOCOM. GOCOM has three members, all of whom have experience in compensation and business:

<b>Charles W. Wilson (Chair) Independent</b>	<ul style="list-style-type: none"><li>• Held senior executive positions with a large international energy corporation including being CEO for seven years</li><li>• Substantial experience recommending total executive compensation and dealing with other compensation issues</li><li>• Considerable experience on public boards and compensation committees</li></ul>
<b>Loraine M. Charlton Independent</b>	<ul style="list-style-type: none"><li>• 30 years experience in the oil and gas industry and currently serves as Vice President and Chief Financial Officer of Lintus Resources Limited, a private oil and gas company</li><li>• Sits on the boards of CU Inc. and AKITA Drilling Ltd.</li><li>• B. Comm. (Finance), Corporate Director Designation (ICD.D)</li></ul>
<b>James W. Simpson Independent</b>	<ul style="list-style-type: none"><li>• 30 years experience as senior executive of a large international energy corporation including being the President</li><li>• Direct experience working with compensation advisors regarding executive performance and compensation issues</li><li>• Extensive experience recommending total executive compensation and dealing with other compensation issues</li></ul>

GOCOM has the following mandate related to executive compensation and succession planning:

## **COMPENSATION**

- Annually review and determine executive compensation packages for senior executives (salary, short, mid and long-term incentives, pension and benefits, perquisites and other compensation)
- Determine the administration, interpretation, operation and risk of the incentive plans, subject to the provisions of such plans and the rules of any applicable stock exchange
- Prepare and review, as required, public or regulatory disclosure about compensation and how performance is measured

### **Succession Planning for Executives**

- Review and approve potential successors to the CEO and other senior executive positions
- Review and assist with succession and professional development plans

See Page 34 for more information about the committee and a summary of its activities in 2019.

GOCOM is also responsible for compensation of the directors on Canadian Utilities' Board. You can read about its approach starting on Page 36.

### **Compensation Approach**

Our compensation philosophy is to provide “competitive pay for competitive performance”. This approach ensures that the interests of executives are closely aligned with those of our share owners and supports the Company's continued success.

The approach includes three principles:

- Pay competitively
- Pay for performance
- Manage risk

### **Pay Competitively**

GOCOM believes that competitive compensation is essential to attract and retain talented executives in a highly competitive business environment.

Compensation is targeted at the median of a comparator group of companies established for each business unit. The committee uses several consultant sources, including the Willis Towers Watson General Industry Compensation Survey, the Willis Towers Watson Energy Compensation Survey, the Mercer Benchmark Database and the Mercer Total Compensation Survey for the Energy Sector, to ensure the comparator groups are appropriate.

The main comparator group used is the National Utility and Alberta General Industry. This peer group was refined in 2019 to better reflect the relevant marketplace for executive talent.

Where the number of matches for any one position in a comparator group is insufficient, a broader sample of capital intensive or general industry companies has been used.

<b>Industries</b>	Oil and gas, utilities, energy, general industry and capital intensive organizations	
<b>Locations</b>	Alberta, national and global	
<b>Relevance</b>	<p>Companies are selected based on their similarity to our operations. A comparator group is established for each business unit based on:</p> <ul style="list-style-type: none"> <li>• Industry revenue</li> <li>• Number of employees</li> <li>• Market capitalization</li> </ul> <p>When necessary, data is adjusted to reflect the appropriate size and scope.</p>	
<p><b>2019 comparator companies</b></p> <p>Willis Towers Watson used several companies including those in this list to create a customized comparator group.</p> <p>For a full list of all comparator companies used, please refer to Schedule B.</p>	<p>Algonquin Power &amp; Utilities Corp. AltaGas Ltd. Canadian Natural Resources Limited Canadian Pacific Railway Limited Capital Power Corporation Genovus Energy Inc. Crescent Point Energy Corp. Emera Corp. Enbridge Inc. Encana Corporation ENMAX Corporation EPCOR Utilities Inc. Gibson Energy Inc.</p>	<p>Husky Energy Inc. Imperial Oil Ltd. Inter Pipeline Ltd. MEG Energy Northland Power Ltd. Nutrien Ltd. Pembina Pipeline Corporation Precision Drilling Corporation Stantec Inc. Suncor Energy Inc. TC Energy Corporation TransAlta Corp.</p>

## Pay for Performance

Executive compensation is linked to achieving goals that create sustainable share owner value:

- Each senior executive's individual goals and objectives are aligned with our strategic plan
- A portion of every senior executive's compensation is variable, based on his or her ability to influence business outcomes and financial performance
- Variable pay is linked to corporate, individual and business unit performance, and paid when performance criteria and objectives are met or exceeded, at the discretion of GOCOM
- Mid-term incentives are linked to both corporate and individual performance
- Long-term incentives are linked to sustainable profitable growth

## Manage Risk

GOCOM considers the implications of the risks associated with the Company's compensation policies and practices, and oversees risk management in the context of the Company's compensation programs. GOCOM manages risk in the following ways:

The incentive pool for the short-term incentive ties total compensation to corporate financial performance. This policy ensures that, regardless of individual and business unit performance, bonuses paid reflect overall company financial performance during the year.

Total potential payout is tested to ensure it is not a significant part of the Company's earnings.

GOCOM has the discretion to adjust the size of the incentive pool, or the amount of a senior executive's compensation to ensure total compensation is appropriate and appropriately balanced between fixed and variable compensation.

Mid and long-term incentives focus senior executives on achieving sustainable, profitable growth over the medium and long-term, so they are not encouraged to take excessive risks for short-term gain.

GOCOM has the discretion to not award variable incentives in any year if a senior executive commits fraud, damages the Company's reputation or is directly involved in a material restatement of financial statements.

Executives have a significant stake in the Company's share price performance:

The CEO holds more than 2 times his salary in Canadian Utilities shares

- While senior executives are not required to hold Canadian Utilities shares, a portion of their total compensation is in equity-based compensation

Senior executives and directors are not allowed to use personal hedging to offset the value of their equity compensation and other Canadian Utilities securities held directly or indirectly.

GOCOM is satisfied that:

- Canadian Utilities' compensation policies and practices do not encourage any executive to take inappropriate or excessive risks that could have a materially adverse effect on the Company
- Canadian Utilities has the proper practices in place to effectively identify and mitigate potential risk

## Operate Independently

When making executive compensation decisions and director nominations, GOCOM operates independently from management. All of the members of the committee are independent.

GOCOM ensures independence from management by holding in camera sessions (without management present) at each committee meeting. This strategy allows GOCOM to have candid discussions about executive compensation and director nomination.

## Independent Advice

GOCOM hires independent consultants for advice on:

- The structure of our executive compensation program
- Legal matters related to executive compensation

Each year, GOCOM pre-approves fees and services the consultants will provide during the year.

## Executive compensation advisory services in 2019

GOCOM approved the use of two independent consultants in 2019 for information and advice on compensation.

Willis Towers Watson provided compensation, benefits consulting services, as well as published surveys and studies. Compensation services included:

- Reviewing total compensation of executive positions to comparable roles in the marketplace
- Gathering information on competitive executive compensation practices
- Recommending an approach to our executive compensation program
- Providing surveys and studies

Mercer provided the following services:

- Advising on non-executive compensation
- Providing actuarial consulting services for pension and benefits
- Performing consulting services for regulatory hearings
- Providing surveys and studies

	Fees in 2019 (\$)	Fees in 2018 (\$)
<b>Willis Towers Watson</b>		
Executive compensation-related fees	204,195	121,162
All other fees	328,175	163,323
<b>Mercer</b>		
Executive compensation-related fees	-	-
All other fees	693,314	634,123



## DECISION-MAKING PROCESS

Compensation decisions are made using a five-step process that ensures executive compensation is appropriate, effective and does not encourage excessive risk taking.

<b>1</b>	<b>Review Compensation Plan</b>	<p>At the beginning of every year, GOCOM analyzes the previous year's compensation plan against management proxy circular data from other companies and compensation data provided by outside advisors.</p> <p>It also reviews a tally sheet, prepared by management for the CEO and his direct reports, that includes a three-year history of salary, incentive plan payments, discretionary payments, perquisites, share plan ownership and grants, pension and benefits, and the expected value of long-term incentives.</p> <p>GOCOM makes any changes it believes are necessary to ensure the compensation plan:</p> <ul style="list-style-type: none"><li>• Rewards these executives based on corporate, individual and business unit performance</li><li>• Includes the appropriate variable components to align the interests of these executives with those of share owners</li><li>• Focuses these executives on sustainable, profitable growth without encouraging excessive risk-taking</li></ul>
<b>2</b>	<b>Set incentive plan targets and performance criteria</b>	<p>GOCOM reviews and approves the performance measures for the short-term incentive pool and mid-term incentive plan payouts based on corporate and business unit financial targets.</p>
<b>3</b>	<b>Set individual and operational goals and objectives</b>	<p>GOCOM sets goals and objectives for the CEO based on Canadian Utilities' business strategy. The CEO establishes individual and operational goals and objectives for his direct reports, which support the business strategy and the CEO's goals, and presents them to GOCOM.</p>
<b>4</b>	<b>Assess corporate and business unit performance</b>	<p>GOCOM assesses Canadian Utilities and individual business unit performance against specified targets and, taking into consideration peer performance, market conditions and other factors, approves overall short-term incentive pool funding.</p>
<b>5</b>	<b>Determine individual awards</b>	<p>GOCOM assesses the CEO's performance. The CEO completes performance assessments for his direct reports, which include:</p> <ul style="list-style-type: none"><li>• An analysis of performance against his or her goals and objectives, commenting on demonstrated delivery of results, alignment to Canadian Utilities' values and business objectives, and the executive's ability to develop and mentor high-potential employees</li><li>• Recommendations for each senior executive's salary</li><li>• Recommendations for short, mid and long-term incentives for each executive</li></ul> <p>GOCOM reviews this information, along with market data provided by independent advisors and approves each senior executive's compensation.</p>

## COMPONENTS

Our executive compensation program includes direct and indirect compensation. Direct compensation consists of two components:

- Fixed (base salary)
- Variable (short, mid and long-term incentives)

Indirect compensation includes a pension plan and other benefits, which are described starting on Page 51.

### Direct Compensation

	Component	How it works	How it is paid	Performance period
Fixed	Salary	Fixed level of income based on the market value of the position	Cash	One year
Variable	Short-term incentive	Annual bonus based on the achievement of specific goals	Cash	One year
	Mid-term incentive	Rewards dedication to long term business growth and success, and encourages retention	Equity Canadian Utilities Class A shares	Two or three-year term with vesting at the end of the term based on performance criteria
	Long-term incentive	Rewards sustainable, profitable growth	Equity Options to buy Canadian Utilities Class A shares Share appreciation rights – cash equal to the increase in the market price of Canadian Utilities Class A shares	Ten-year term, with one-fifth vesting each year starting on the first anniversary of the grant

GOCOM and the CEO also have the discretion to award bonuses to senior executives for their contribution to particularly notable accomplishments.

Total direct compensation is targeted at the median (50th percentile) of the comparator group. Pay mix varies from year to year. The target ranges in the table below depend on the executive's responsibilities and ability to influence business results. The actual pay mix depends on corporate, business unit and individual performance, as well as GOCOM's discretion. This mix allows GOCOM to provide a competitive total direct compensation package while ensuring that a significant portion of each executive's compensation is performance-based, and therefore, pay at risk.

			CEO	Other senior executives
Fixed	Cash	Salary	25% to 40%	35% to 50%
Variable	Cash	Short-term incentive plan	35% to 75%	35% to 60%
	Equity	Mid-term incentive plan	0% to 35%	0% to 25%
	Equity	Long-term incentive plan	0% to 35%	0% to 25%
<b>Total pay at risk</b>			<b>75% to 60%</b>	<b>65% to 50%</b>
<b>Total</b>			<b>100%</b>	<b>100%</b>

### Fixed Compensation

Base salaries are targeted at the median (50th percentile) of the comparator group. GOCOM can decide to pay up to the 75th percentile to executives who consistently perform above the expectations of the role. It also has the discretion to adjust an executive's salary during the year if his or her responsibilities change.

### Variable Compensation

Variable compensation makes up a significant portion of each senior executive's total compensation. Awards and payouts are tied to corporate, business unit and individual performance, and in the case of equity awards, to the long-term sustainable growth of the Company.

### Corporate Performance

Corporate performance has a direct impact on short-term incentive pool funding, and is one of the performance criteria for mid-term incentive plan payouts.

### Business Unit Performance

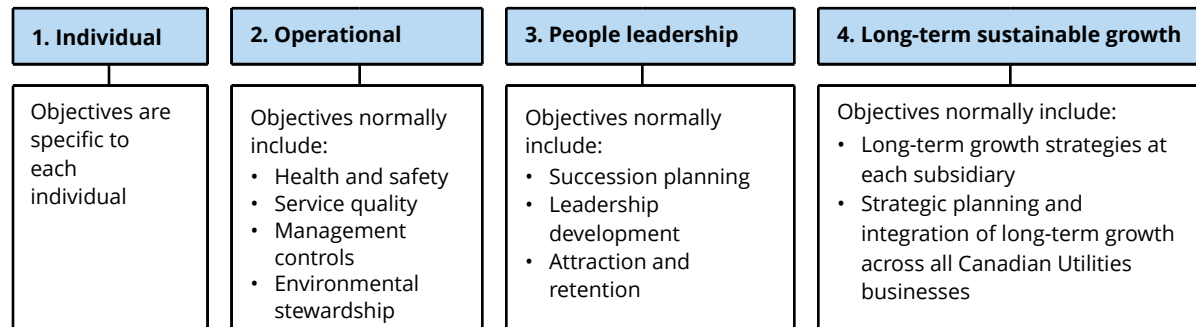
Business unit performance has a direct impact on the amount allocated from the short-term incentive pool to the business unit's incentive pool.

### Individual Performance

GOCOM reviews an individual performance rating for each senior executive that is:

- Used to determine his or her short-term incentive payout
- Considered by GOCOM when deciding whether to grant mid-term and long-term incentives
- Regarded as one of two performance criteria for the mid-term incentive payout

Each senior executive's performance is measured against both individual and business unit objectives in four categories. Specific objectives are set for each category based on the executive's areas of responsibility.



Performance against these objectives results in a performance rating of 1 to 5. A rating of 5 gets the maximum payout from the short-term incentive plan. A rating below 3 means there is no payout (assuming it is not a new role).

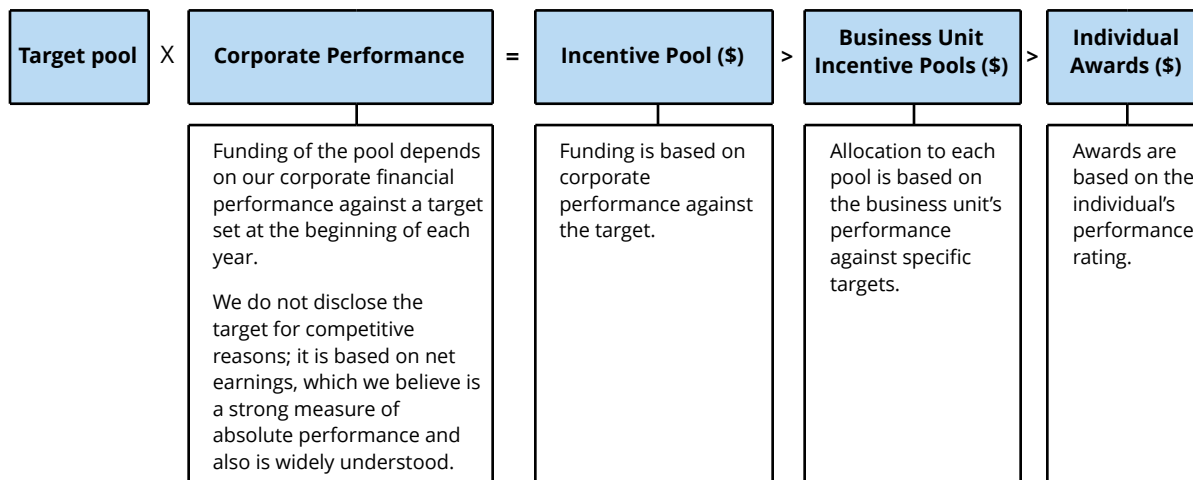
GOCOM also has broad discretion to not make incentive payments when, for example, a senior executive:

- Acts in a way that is detrimental to the reputation of the business
- Is directly involved in a material restatement of our consolidated financial statements or management's discussion and analysis
- Commits fraud of any kind

## Short-Term Incentive

Funding of the short-term incentive pool depends on our performance against the corporate financial target set at the beginning of each year. Performance below the target reduces the size of the incentive pool, and performance above the target increases the size of the incentive pool.

The size of the individual award is determined first by four factors: 1) the size of the overall incentive pool, 2) the amount allocated to the business unit from the incentive pool, 3) the executive's individual performance rating and 4) comparing the individual's total direct compensation relative to his or her peer group.



### Mid-Term Incentive

GOCOM awards mid-term incentives at its discretion, based on a senior executive's total direct compensation and individual performance.

#### Form of Award

Time-vesting Canadian Utilities Class A shares which earn dividends.

#### Performance Criteria

Shares vest at the end of two or three years based on performance criteria including:

- Executive's performance is rated 3 (out of 5) or higher in each of the years
- Corporate financial targets or in some cases the business unit financial target, set when the award was granted is met at the time of vesting

### Long-Term Incentive

GOCOM awards long-term incentives at its discretion, based on a senior executive's total direct compensation and individual performance.

#### Form of Award

Stock options or share appreciation rights for Canadian Utilities Class A shares.

#### Performance Criteria

Options and share appreciation rights only have value if the price of the underlying shares is higher at the time of exercise than it was at the time of the grant.

	Stock option plan	Share appreciation rights plan
<b>Assignment and conversion</b>	Not allowed	Not allowed
<b>Term</b>	10 years	10 years
<b>Vesting</b>	One-fifth vest each year starting on the first anniversary of the grant.	One-fifth vest each year starting on the first anniversary of the grant.
<b>Exercise price</b>	<p>The weighted average of the trading price of the shares on the TSX for the five trading days immediately before the day they were granted.</p> <p>If the options expire during a blackout period, the expiry date will be 10 days after the last day of the blackout period.</p> <p>Stock options cannot be repriced.</p> <p>We withhold income tax at the time of exercise (including exercise and sell, exercise and hold, and cashless exercises).</p>	<p>The weighted average of the trading price of the shares on the TSX for the five trading days immediately before the day they were granted.</p> <p>If the SARs expire during a blackout period, the expiry date will be 10 days after the last day of the blackout period.</p> <p>SARs cannot be repriced.</p> <p>We withhold income tax at time of exercise.</p>

The plans do not limit insider participation and there is no limit on the number of awards to any one person. GOCOM can suspend or terminate either plan at any time. It can add, remove or modify any term of a plan or a grant without share owner approval as long as the change:

- Will not materially affect the holders' rights under the plan
- Does not require share owner approval under the rules of the TSX for the stock option plan

## Indirect Compensation

### Perquisites

Senior executives receive standard perquisites, including a company vehicle, parking, a club membership, financial advice and a medical health assessment.

### Employee Share Purchase Plan

Senior executives and employees can contribute up to 10 per cent of their base salary to the employee share purchase plan. The Company matches 25 per cent or 35 per cent of their contribution.

## Pension Plan

The named executives participate in the Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies (Canadian Utilities plan), which has both a defined benefit (DB) and defined contribution (DC) component. Nancy C. Southern, Siegfried W. Kiefer, and George J. Lidgett participate in the DB component.

How the DB component works:

- Executives do not contribute to the plan
- Participants can retire with full benefits when they turn 62, or if their age plus their years of service equals 90 or more. They can retire as early as age 55. However, if they have not achieved 90 points, their pension benefit is reduced by 3 per cent for every year of retirement before age 62, and by another 3 per cent for every year before age 60
- Pension benefits are paid until the participant dies; then, 60 per cent is paid to the surviving spouse
- Retiree benefit payments have historically been increased annually with inflation, to a maximum of 3 per cent

How we calculate the pension benefit:

$$\left[ 1.4\% \times \begin{array}{l} \text{average year's maximum} \\ \text{pensionable earnings} \\ (\$55,420 \text{ in } 2019) \end{array} + 2\% \times \begin{array}{l} \text{average salary (highest five consecutive} \\ \text{years of base salary, not including} \\ \text{short-term incentive) } \textit{minus} \$55,420 \end{array} \right] \times \begin{array}{l} \text{Years of} \\ \text{service} \end{array}$$

Dennis A. DeChamplain and Wayne K. Stensby participate in the DC component.

How the DC component works:

- Executives do not contribute to the plan
- The Company contributes 10 per cent of base salary up to the maximum permitted by the Income Tax Act (\$27,230 in 2019)
- Participants are responsible for the investment decisions in the DC plan and may invest contributions in a broad selection of funds

## Supplemental Pension Benefits

Pension benefits under our pension plans are subject to limits imposed by the Income Tax Act (Canada). Benefits that are higher than these limits are paid to each of the named executives except Dennis A. DeChamplain as a supplemental pension. This supplemental pension is provided by Canadian Utilities and benefits are not pre-funded; it is also inclusive of the benefit under the Canadian Utilities plan. Benefits are paid on the same terms as the plan, with the same survivor benefits and top-up for inflation.

How it works:

- Supplemental pension benefits are provided as a defined benefit plan
- Executives do not contribute to the supplemental plan
- Service is limited to 35 years
- Supplemental benefits are not paid if the named executive is terminated or dies before age 55

Nancy C. Southern's supplemental pension benefit is part of her employment agreement (see Page 61). Her benefits are calculated as 80 per cent of the average of the highest five years of cash compensation (salary and short-term incentives) throughout her career. This change occurred in 2019 and was approved by GOCOM.

Siegfried W. Kiefer's supplemental pension benefit is part of his employment agreement (see Page 63). His benefits are calculated as the average of the highest consecutive five years of salary compensation. Mr. Kiefer's maximum service limit for the supplemental pension benefit increased from 35 to 40 years. This change occurred in 2019 and was approved by GOCOM.

# 2019 PERFORMANCE AND AWARDS

STRATEGIC PRIORITIES	2019 TARGET	2019 PERFORMANCE
<b>INNOVATION</b>		
<b>New and existing products and services</b>	<p>Explore and test new products and methods of energy delivery to meet customers' future needs.</p>	<p>In July, we officially opened the Clean Energy Innovation Hub in Jandakot, Western Australia. This hub uses solar renewable energy to produce hydrogen, enabling us to be part of the next energy wave with hydrogen, and repositioning the international natural gas distribution business as the energy mix evolves.</p>
	<ul style="list-style-type: none"> <li>Expand number of electric vehicle charging stations in Alberta</li> </ul>	<p>Canadian Utilities continued to expand its number of electric vehicle (EV) direct current, fast charging stations. A total of 15 charging stations were installed in 2019 and additional stations are planned for 2020.</p>
	<ul style="list-style-type: none"> <li>Reduce or replace diesel consumption with more energy efficient solutions for customers in remote communities</li> </ul>	<p>In 2019, Canadian Utilities successfully constructed and energized the Fort Chipewyan phase one 600-kW solar farm, which will displace 160,000 litres of diesel annually. Also in 2019, Canadian Utilities and Indigenous Partner Three Nations Energy obtained government funding and executed contracts to build an Indigenous owned phase two 2,200-kW solar farm, with a Canadian Utilities owned energy storage and microgrid controls system. The project is on track to be energized in October 2020.</p> <p>ATCO Electric Yukon (AEY), in partnership with the Vuntut Gwitchin First Nation in Old Crow, Yukon, installed solar panels to offset diesel consumption in this fly-in only community. We helped facilitate the installation of the Nation's 940-kW solar array together with the AEY owned battery and microgrid controller. By the summer of 2020, the project will have the potential to save 190,000 litres of diesel fuel annually. This was the first Energy Purchase Agreement contract signed in the Yukon.</p>
	<p>Demonstrate continuous improvement of existing products and services.</p> <ul style="list-style-type: none"> <li>Complete coal-to-natural gas conversion of Battle River unit 5.</li> </ul>	<p>In our natural gas and electric utility operations we have implemented remote monitoring technology, digitized stations and are in the process of implementing workforce and asset management systems, which will digitize our work processes, creating operational efficiencies and enable enhanced data collection from our infrastructure.</p> <p>The conversion of coal-fired power generation to lower-emitting natural gas at the Battle River unit 5 Generating Station commenced in 2019. Conversion continued until the sale of the assets in the third quarter to Heartland Generation Ltd.</p>



STRATEGIC PRIORITIES	2019 TARGET	2019 PERFORMANCE
<b>New and existing products and services</b>	<p>Launch eCommerce platform and digital strategy for ATCOenergy.</p> <hr/> <p>Explore and test new products and methods of energy delivery to meet customers' future needs.</p>	<p>Launch of the ATCOenergy eCommerce platform was achieved in 2019.</p> <p>ATCOenergy's digital strategy was a success in 2019 with a move to more targeted marketing through digital platforms. The digital platforms provide customer insights with respect to buying patterns, areas of interest, understanding of customer journeys and how best to adapt digital mediums to cater to customer requirements.</p> <hr/> <p>In 2019, an innovation team was formed to assist in the execution of ATCO's transformation mandate: to create a culture and capability that is future-ready, aware, creative, competent, and agile. This team will aim to bring ATCO's strategic vision into reality.</p>
<b>GROWTH</b>		
<b>Regulated and long-term contracted capital investment</b>	<p>Invest \$1.2 billion across our Regulated Utilities and in long-term contracted assets.</p>	<p>Invested \$1.2 billion across our Regulated Utilities and long-term contracted assets in 2019 as planned.</p>
	<ul style="list-style-type: none"> <li>• Complete construction of Alberta PowerLine by March 2019.</li> </ul>	<p>In March, Alberta PowerLine, a partnership between ATCO and Quanta Services, energized the Fort McMurray West 500-kv Transmission Line three months ahead of the contract schedule target of June, 2019, on-budget and with an impeccable safety record.</p>
	<ul style="list-style-type: none"> <li>• Commence construction of natural gas cogeneration power plant in Mexico.</li> </ul>	<p>We began engineering and procurement activities in relation to the 26-MW La Laguna cogeneration power project in Mexico in partnership with RANMAN Energy. Total planned investment with the La Laguna project is approximately \$70 million.</p>
	<p>Expand hydrocarbon and waste storage services.</p>	<p>In November, Canadian Utilities announced the expansion of our existing storage business at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta. The expansion will involve the development of a fifth hydrocarbon storage cavern and a pipeline that will connect the facility to the existing pipeline networks in the region.</p>
<b>Global Expansion</b>	<p>Continue asset expansion into select global markets including Canada, Australia, South America, Mexico and the U.S.</p>	<p>In the fourth quarter of 2019, Canadian Utilities entered into a partnership with Impulso Capital, a Chilean developer, to build and operate the 18-MW Cabrero Solar project. This project, located in southern Chile, will provide clean solar energy to the Chilean electricity grid. The first 3-MW is under construction, and is expected to be operational in 2020. The remaining 15-MW is scheduled for completion in 2021. The total investment in this project is expected to be approximately \$24 million.</p>

## STRATEGIC PRIORITIES

### 2019 TARGET

### 2019 PERFORMANCE

#### FINANCIAL STRENGTH

<b>Credit rating</b>	Maintain investment grade credit rating.	Maintained 'A' credit rating with a stable outlook with DBRS Limited.  Maintained 'A-' credit rating with a stable outlook with Standard & Poor's.  We strengthened our balance sheet through the sale of the Canadian fossil fuel-based electricity generation assets and Alberta PowerLine which together generated more than \$1 billion of gross proceeds in 2019. The sale of Alberta PowerLine also removed approximately \$1.4 billion of debt from Canadian Utilities' balance sheet thereby improving our financial strength.
<b>Access to capital markets</b>	Access capital at attractive rates.	In 2019, we raised \$580 million in 30-year debentures at 2.96 per cent, the lowest long-term coupon achieved in the Company's history.
<b>Adjusted Earnings</b>	Achieve adjusted earnings* as set by the Board of Directors.	Adjusted earnings of \$608 million for the year ended December 31, 2019 which was below the performance target set by the Board of Directors at the beginning of the year.  <small>*Adjusted earnings as reported in the consolidated financial statements for the year ended December 31, 2019, are earnings attributable to equity owners of the Corporation after adjusting for the timing of revenues and expenses associated with the rate regulated activities and dividends on equity preferred shares of the Corporation. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or a result of day-to-day operations.</small>
<b>Internal Controls</b>	Maintain and enhance management and financial processes and controls to ensure that no reportable weaknesses in control over financial reporting exist.	Testing conducted in 2019 revealed no reportable weaknesses in internal control over financial reporting.

#### PEOPLE LEADERSHIP

<b>Labour Relations</b>	Continue to improve labour relations by fostering a productive and collaborative environment with our employee associations and unions.	We successfully negotiated three balanced collective agreements in 2019. The unions involved were the Natural Gas Employees' Association and the Canadian Energy Workers Association.
<b>New Hire Satisfaction</b>	Achieve new hire satisfaction rating greater than 90 per cent.	We achieved a 90 per cent satisfaction rating during our recruitment process which includes communication and status updates.

STRATEGIC PRIORITIES	2019 TARGET	2019 PERFORMANCE
<b>Human Capital Management (HCM)</b>	Achieve 80 per cent utilization rate of HCM Phase II.	<p>In 2019, we achieved an 81 per cent usage rate in the goal module.</p> <p>For the 2019 compensation program, all non-union Canadian employees were users within the compensation module and 100 per cent utilized the HCM compensation module. For the 2020 compensation program, user access will expand to include ATCO Australia.</p> <p>Since our recruitment module opened (Taleo), there have been 203 permanent roles filled and, of those roles, 162 completed the process from start to finish in the system. Given these numbers, we achieved an 80 per cent usage rate.</p>

OPERATIONAL EXCELLENCE		
<b>Lost-time incident frequency: employees</b>	Continue improvement in our safety performance, in addition to comparing favourably to benchmark rates such as Alberta Occupational Health and Safety, U.S. private industry, and industry best practice rates for each of our global operating units.	Our lost-time incident frequency compares very favourably to benchmarks such as Alberta Occupational Health and Safety, U.S. private industry and industry best practice rates. ATCO achieved a 25 per cent reduction in the lost time incident rate in 2019 to 0.12 incidents/200,000 hours worked.
<b>Total recordable incident frequency: employees</b>	Continue improvement in our safety performance, in addition to comparing favourably to benchmark rates such as Alberta Occupational Health and Safety, U.S. private industry, and industry best practice rates for each of our global operating units.	Canadian Utilities' total recordable incident frequency in 2019 was 2.15 incidents/200,000 hours worked which is an increase relative to 2018 results.
<b>Customer satisfaction</b>	Achieve high service for the customers and communities we serve. Results from customer satisfaction surveys should be consistent with or better than in prior years.	Within the Alberta electricity and natural gas distribution businesses, more than 94 per cent of customers agreed that Canadian Utilities provides good service. Within our energy retail operations, 75 per cent of customers who interact with call centres are "very satisfied". These results compare favourably to industry averages and are consistent with previous years.
<b>Organizational transformation</b>	<p>Streamline and gain operational efficiencies.</p> <ul style="list-style-type: none"> <li>Continue to optimize ERP implementation.</li> </ul>	<p>In 2019, we continued to optimize the cloud-based Enterprise Resource Planning (ERP) system that was implemented in 2018. Moving from a highly customized environment to one with limited customizations improved the quarterly upgrade installation time and employee productivity. Optimization examples include the development of a standardized reporting catalogue, a reduction in the month end close from 13 days to 5 days, the creation of a standardized delegation of authority matrix, and a reduction in manual journal entries by 50 per cent.</p>
	<ul style="list-style-type: none"> <li>Complete strategic review of Canadian electricity generation assets.</li> </ul>	<p>In the fourth quarter of 2019, following a strategic review, Canadian Utilities finalized the sale of its 2,276-MW Canadian fossil fuel-based electricity generation portfolio in a series of transactions for aggregate proceeds of \$821 million. Following the close of the transaction, Canadian Utilities continues to own 244-MW of electricity generation assets in Canada, Mexico and Australia. The remaining generation portfolio is 90 per cent contracted with an 8 year average contract life.</p>

STRATEGIC PRIORITIES	2019 TARGET	2019 PERFORMANCE
<b>Organizational transformation</b>	<ul style="list-style-type: none"> <li>Complete strategic review of Alberta PowerLine ownership interest.</li> </ul>	In December of 2019, following a strategic review, Canadian Utilities, along with Quanta Services Inc. completed the sale of Alberta Powerline (APL), a partnership between Canadian Utilities (80 per cent) and Quanta Services Inc. (20 per cent). Canadian Utilities received aggregate proceeds of \$222 million. Canadian Utilities will remain as the operator of APL over its 35-year contract with the Alberta Electric System Operator.

## COMMUNITY INVOLVEMENT

<b>Indigenous relations</b>	<p>Continue to work together with Indigenous communities to contribute to economic and social development in their communities.</p>	<p>ATCO awarded \$66,000 to 53 students across Canada for the ATCO Indigenous Education Awards Program.</p> <p>Our Indigenous Relations team held 11 Corporate Indigenous Training sessions for 242 ATCO employees in eight locations across Alberta, Yukon and the Northwest Territories.</p> <p>ATCO also sponsors the University of Calgary Indigenous Relations Leadership Certificate, a four day program which helps participants gain a better understanding of the issues facing Canada's Indigenous population today.</p> <p>Seven Indigenous communities in Alberta purchased 40 per cent of Alberta PowerLine, a partnership between Canadian Utilities and Quanta Services. This investment enabled the communities to become direct owners and participants in Alberta's energy sector. We will continue to partner with Indigenous communities to establish maintenance and operational contracts over our 35-year contract as operator with the Alberta Electric System Operator.</p> <p>In 2019, we opened the Six Seasons Garden at our Jandakot Operations Centre in Western Australia, with the objective to strengthen our relationships with Aboriginal and Torres Strait Islander Peoples. The Garden recognizes and celebrates the Noongar people, who have lived in the south-west of Western Australia for more than 45,000 years and are one of the largest Aboriginal cultural blocks in Australia.</p> <p>In 2019, we launched the Child Nutrition Project in partnership with the non-profit organization, Mexico Tierra de Amaranto. We are working to ensure that elementary students in the Indigenous community of Mecuilca, in the state of Veracruz, receive the nutrition they need to be successful in school.</p>
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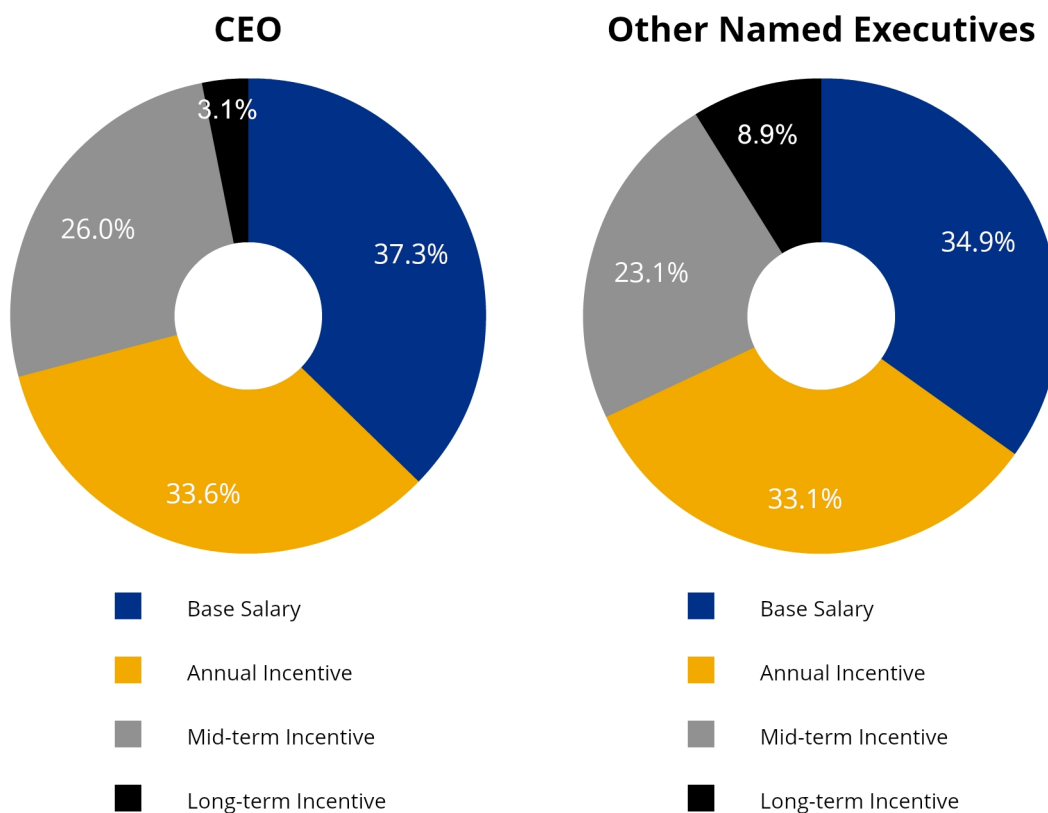
STRATEGIC PRIORITIES	2019 TARGET	2019 PERFORMANCE
<b>ATCO EPIC (Employees Participating in Communities)</b>	Continue to administer the employee-led campaign to give employees the opportunity to contribute to charitable organizations in the communities in which they work.	<p>With the combined efforts of our employees around the world, we pledged more than \$2.7 million to support hundreds of community charities through our annual ATCO EPIC campaign, taking the program's cumulative fundraising total to more than \$44 million since its inception in 2006.</p> <p>ATCO made a gift in-kind donation of \$1.5 million to the Homes for Heroes Foundation and provided our expertise in the design, build, manufacture, delivery and placement of units on ATCO-supplied pile foundations.</p> <p>ATCO's employees volunteered 7,731 hours of their time in the communities in which they work.</p>

## Compensation in 2019

The table below is a summary of total direct compensation awarded to the named executives in 2019. Please see Page 66 for the summary compensation table, which shows total compensation for the past three years, and the assumptions used for the mid and long-term incentive values.

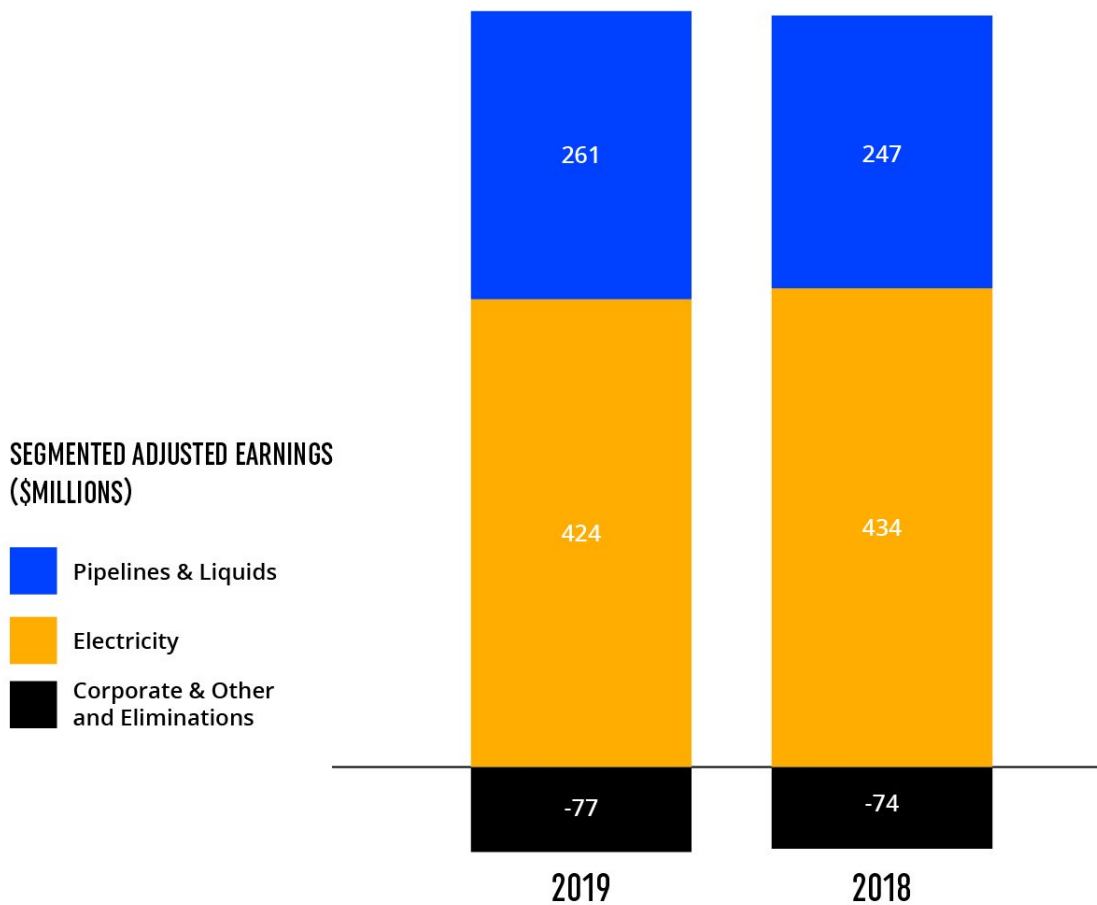
	Total cash compensation (\$)		Equity (\$)		Total direct compensation (\$)
	Salary	Short-term incentive	Mid-term incentive	Long-term incentive	
Nancy C. Southern	899,000	1,258,600	409,886	435,684	3,003,170
Dennis A. DeChamplain	424,778	287,680	520,870	67,028	1,300,356
Siegfried W. Kiefer	797,863	719,200	556,377	67,028	2,140,468
George J. Lidgett	482,500	290,000	277,343	33,514	1,083,357
Wayne K. Stensby	434,396	294,345	278,188	33,514	1,040,443

## 2019 Pay Mix



## Compensation Linked To Financial Performance

The graph below shows adjusted earnings for each of the past two years (total and by business unit), compared with total direct compensation paid to the named executives in each year.



(\$millions)	2019	2018
Adjusted earnings	608	607
Total direct compensation paid to the named executives	8.6	8.1
As a % of adjusted earnings	1.4%	1.3%

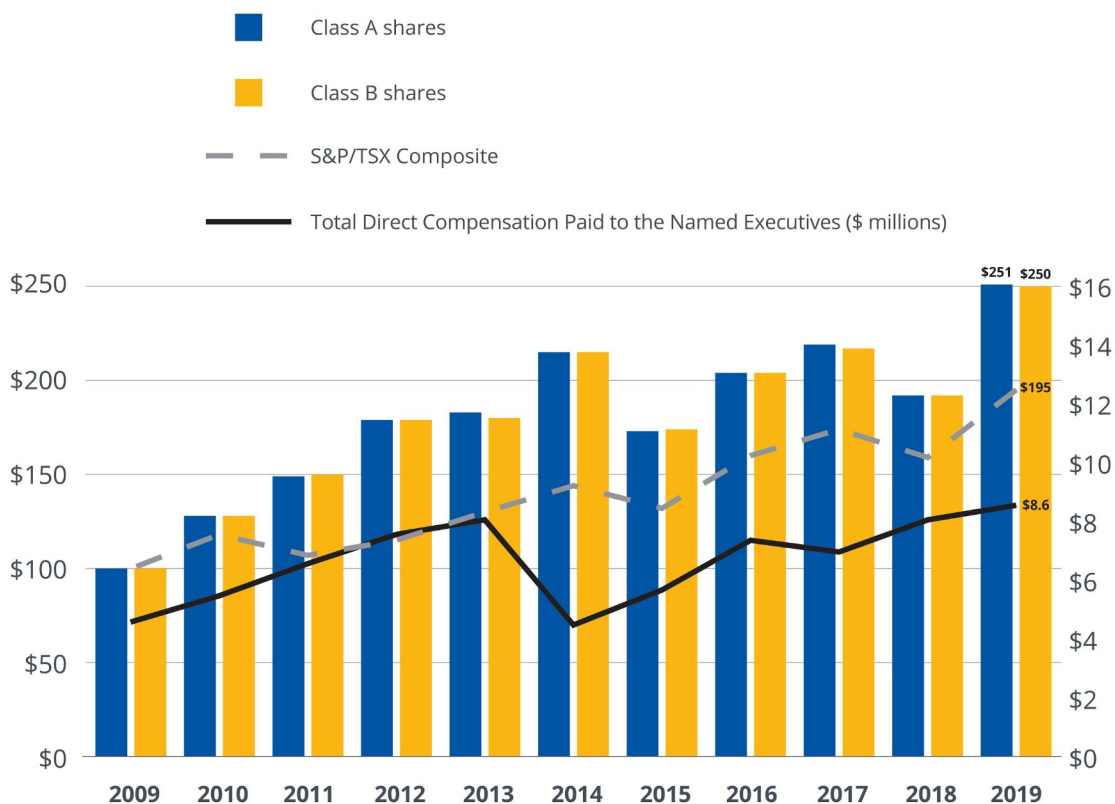


## Compensation Linked to Share Owner Return

The graph below compares the cumulative value of \$100 invested in Canadian Utilities Class A shares and Class B shares (assuming reinvestment of dividends) on January 1, 2009, with the cumulative value of \$100 invested in the S&P/TSX Composite Index over the same period.

The chart also shows the total direct compensation paid to the named executives in each of the past eleven years.

### Total Shareholder Return (TSR) (\$) and Total Direct Compensation Paid to the Named Executives (\$ millions)



Total direct compensation includes:

- Base salary
- Short-term incentive
- Grant date value of mid-term incentives
- Grant date value of long-term incentives



## NANCY C. SOUTHERN

Executive Chair

Calgary, Canada

Years of Service 30

Age 63

Ms. Southern is Executive Chair of Canadian Utilities and Chair & Chief Executive Officer of ATCO. She is accountable for Canadian Utilities' strategic direction, vision and governance. She reports to the Board of Directors and has been a director of Canadian Utilities since 1990.

Under Ms. Southern's guidance, adjusted earnings have increased from \$428 million in 2009 to \$608 million in 2019 (an increase of 42 per cent). Canadian Utilities' total assets have grown from approximately \$9 billion in 2009 to \$20 billion in 2019.

### COMPENSATION

	2019 (\$)	2018 (\$)	2017 (\$)
<b>Cash</b>			
Base salary	899,000	875,000	881,000
Short-term incentive	1,258,600	1,050,000	881,000
<b>Total cash compensation</b>	<b>2,157,600</b>	<b>1,925,000</b>	<b>1,762,000</b>
<b>Equity</b>			
Mid-term incentive	409,886	384,596	295,109
Long-term incentive			
Stock options	217,842	53,243	113,829
Share appreciation rights	217,842	53,243	113,829
<b>Total equity</b>	<b>845,570</b>	<b>491,082</b>	<b>522,767</b>
<b>Total direct compensation</b>	<b>3,003,170</b>	<b>2,416,082</b>	<b>2,284,767</b>

### EMPLOYMENT AGREEMENT

Ms. Southern has an employment agreement with Canadian Utilities that is reviewed and approved regularly. It is currently extended to February 28, 2024. The agreement includes insurance benefits if Ms. Southern dies or becomes disabled before she retires or employment is terminated. The amount is based on her salary, using formulas that take into account the amounts payable to her under Canadian Utilities' group life insurance policies and disability income programs. It also includes supplemental pension benefits, which are described on Page 51.



## DENNIS A. DECHAMPLAIN

Executive Vice President & Chief Financial Officer

Calgary, Canada

Years of service 27

Age 56

Mr. DeChamplain is Executive Vice President & Chief Financial Officer of Canadian Utilities and ATCO. He is responsible for Finance, Accounting, Treasury, Taxation, Pension & Risk Management, Information Technology and the administration of Internal Audit. He was appointed to his current role in June 2017.

### COMPENSATION

	2019 (\$)	2018 (\$)	2017 (\$)
<b>Cash</b>			
Base salary	424,778	333,267	321,885
Short-term incentive	287,680	240,625	162,852
<b>Total cash compensation</b>	<b>712,458</b>	<b>573,892</b>	<b>484,737</b>
<b>Equity</b>			
Mid-term incentive	520,870	260,723	291,122
Long-term incentive			
Stock options	33,514	4,096	7,567
Share appreciation rights	33,514	4,096	7,567
<b>Total equity</b>	<b>587,898</b>	<b>268,915</b>	<b>306,256</b>
<b>Total direct compensation</b>	<b>1,300,356</b>	<b>842,807</b>	<b>790,993</b>



## SIEGFRIED W. KIEFER

President & Chief Executive Officer

Calgary, Canada

Years of service 37

Age 61

Mr. Kiefer is President & Chief Executive Officer of Canadian Utilities and President of ATCO. He is responsible for leading the development and execution of Canadian Utilities' growth strategy, and ensuring its alignment with short and long-term objectives. He joined ATCO in 1983 and has held progressively senior roles in ATCO and Canadian Utilities. He was appointed to the role of President & Chief Executive Officer of Canadian Utilities in 2019.

### COMPENSATION

	2019 (\$)	2018 (\$)	2017 (\$)
<b>Cash</b>			
Base salary	797,863	732,813	695,990
Short-term incentive	719,200	437,500	330,375
<b>Total cash compensation</b>	<b>1,517,063</b>	<b>1,170,313</b>	<b>1,026,365</b>
<b>Equity</b>			
Mid-term incentive	556,377	518,694	565,189
Long-term incentive			
Stock options	33,514	8,191	17,512
Share appreciation rights	33,514	8,191	17,512
<b>Total equity</b>	<b>623,405</b>	<b>535,076</b>	<b>600,213</b>
<b>Total direct compensation</b>	<b>2,140,468</b>	<b>1,705,389</b>	<b>1,626,578</b>

### EMPLOYMENT AGREEMENT

Mr. Kiefer has an employment agreement with Canadian Utilities in his new role as Chief Executive Officer of Canadian Utilities. His employment agreement came into effect on March 1, 2019 and is reviewed regularly. It is currently effective until February 28, 2022. The agreement includes insurance benefits if Mr. Kiefer dies or becomes disabled before he retires or employment is terminated. The amount is based on his salary, using formulas that take into account the amounts payable to him under Canadian Utilities' group life insurance policies and disability income programs. It also includes supplemental pension benefits, which are described on Page 51.



## GEORGE J. LIDGETT

Executive Vice President & General Manager, Utilities

Calgary, Canada

Years of service 34

Age 58

Mr. Lidgett is Executive Vice President & General Manager, Utilities of Canadian Utilities. Mr. Lidgett oversees the company's natural gas and electric utilities in Alberta and Canada's North, focusing on building upon Canadian Utilities track record of operational and regulatory excellence. Mr. Lidgett joined ATCO in 1985 and has held a variety of leadership positions across Canadian Utilities and ATCO. He was appointed to his current role in July 2019.

### COMPENSATION

	2019 (\$)	2018 (\$)	2017 (\$)
<b>Cash</b>			
Base salary	482,500	468,750	441,250
Short-term incentive	290,000	230,000	275,000
<b>Total cash compensation</b>	<b>772,500</b>	<b>698,750</b>	<b>716,250</b>
<b>Equity</b>			
Mid-term incentive	277,343	254,037	270,080
Long-term incentive			
Stock options	16,757	4,096	8,756
Share appreciation rights	16,757	4,096	8,756
<b>Total equity</b>	<b>310,857</b>	<b>262,229</b>	<b>287,592</b>
<b>Total direct compensation</b>	<b>1,083,357</b>	<b>960,979</b>	<b>1,003,842</b>



## WAYNE K. STENSBY

Executive Vice President, Corporate Development

Calgary, Canada

Years of service 31

Age 53

Mr. Stensby is Executive Vice President, Corporate Development of Canadian Utilities. He is responsible for growing the company's portfolio of investments in premier energy infrastructure in strategic global markets, the ongoing operations of Canadian Utilities' energy storage and industrial water businesses, as well as Government and Indigenous Relations. Mr. Stensby joined ATCO in 1988 and has held a variety of leadership positions across Canadian Utilities and ATCO. He was appointed to his current role in July 2019.

### COMPENSATION

	2019 (\$)	2018 (\$)	2017 (\$)
<b>Cash</b>			
Base salary	434,396	450,000	442,500
Short-term incentive	294,345	250,000	200,000
<b>Total cash compensation</b>	<b>728,741</b>	<b>700,000</b>	<b>642,500</b>
<b>Equity</b>			
Mid-term incentive	278,188	257,970	274,370
Long-term incentive			
Stock options	16,757	4,096	8,756
Share appreciation rights	16,757	4,096	8,756
<b>Total equity</b>	<b>311,702</b>	<b>266,162</b>	<b>291,882</b>
<b>Total direct compensation</b>	<b>1,040,443</b>	<b>966,162</b>	<b>934,382</b>

# 2019 COMPENSATION DETAILS

## Summary Compensation Table

The table below summarizes the total compensation of each of the named executives received or awarded for the years ended December 31, 2017, 2018 and 2019. In 2019, all of the named executives had a dual role for Canadian Utilities and for ATCO, our parent company. The exception is George J. Lidgett for all of 2019 and Wayne K. Stensby while in his previous role of Managing Director, Electricity Global Business Unit until June 30, 2019. The table below shows how the compensation expense for executives with dual roles has been shared over the past three years.

	Amount paid by Canadian Utilities	Amount paid by ATCO	Combined total reported in ATCO proxy circular
2019	89.9%	10.1%	100%
2018	87.5%	12.5%	100%
2017	88.1%	11.9%	100%

Mr. Lidgett's compensation expenses are 100 per cent allocated to Canadian Utilities. Mr. Stensby's compensation expense was 100 per cent allocated to Canadian Utilities for the portion of the year in which he was the Managing Director, Electricity Global Business Unit. The compensation we report below for all named executives is the compensation they received from Canadian Utilities.

	Salary	Share based awards <sup>1</sup>	Option based awards <sup>2,3</sup>	Non-equity incentive plan compensation		Pension value <sup>4</sup>	All other compensation <sup>5</sup>	Total compensation
				Annual incentive plans	Long term incentive plans			
<b>Nancy C. Southern</b>								
Executive Chair								
2019	899,000	409,886	435,684	1,258,600	N/A	(2,203,557) <sup>6</sup>	31,465	831,078
2018	875,000	384,596	106,486	1,050,000	N/A	1,049,206	30,625	3,495,913
2017	881,000	295,109	227,658	881,000	N/A	2,123,597	30,835	4,439,199
<b>Dennis A. DeChamplain</b>								
Executive Vice President & Chief Financial Officer								
2019	424,778	520,870	67,028	287,680	N/A	24,480	14,448	1,339,284
2018	333,267	260,723	8,192	240,625	N/A	23,188	6,207	872,202
2017	321,885	291,122	15,134	162,852	N/A	24,420	0	815,413
<b>Siegfried W. Kiefer</b>								
President & Chief Executive Officer								
2019	797,863	556,377	67,028	719,200	N/A	(876,676) <sup>7</sup>	27,925	1,291,717
2018	732,813	518,694	16,382	437,500	N/A	382,851	25,649	2,113,889
2017	695,990	565,189	35,024	330,375	N/A	339,222	24,360	1,990,160
<b>George J. Lidgett</b>								
Executive Vice President & General Manager, Utilities								
2019	482,500	277,343	33,514	290,000	N/A	203,535	5,438	1,292,330
2018	468,750	254,037	8,192	230,000	N/A	251,971	3,516	1,216,466
2017	441,250	270,080	17,512	275,000	N/A	3,793,756	2,531	4,800,129
<b>Wayne K. Stensby</b>								
Executive Vice President, Corporate Development								
2019	434,396	278,188	33,514	294,345	N/A	90,693	15,204	1,146,340
2018	450,000	257,970	8,192	250,000	N/A	83,278	15,750	1,065,190
2017	442,500	274,370	17,512	200,000	N/A	412,069	15,488	1,361,939

- 1 The grant date fair value for MTIP granted in the last three years was determined in consultation with our independent advisors. The accounting fair value is based on the full value share price at the time of grant and the grant date fair value used for compensation benchmarking purposes reflects a discount applied to account for performance hurdles that have to be met in order for the MTIP to vest. The share based awards value includes the dividends received during the respective calendar year.

	2019	2018	2017	
	July	March	March	June
<b>MTIP Assumptions</b>				
Grant date fair value	23.38	22.10	25.22	27.00
Accounting fair value	35.97	34.00	38.80	41.54

In 2017, Mr. DeChamplain was granted share-based awards for performance in his previous role as Senior Financial Officer. He was granted additional share-based awards following his appointment to the Senior Vice President & Chief Financial Officer role.

- 2 The option values shown for the last three years are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows:

	2019	2018	2017	
	November	March	March	June
<b>Option Assumptions</b>				
Expected life (years)	6.8	6.9	6.9	6.9
Risk free rate of return	1.47%	1.96%	1.21%	1.12%
Volatility	17.53%	9.92%	13.09%	10.91%
Dividend yield	4.27%	4.61%	3.76%	3.44%

The SAR values shown for the last three years are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows:

	2019	2018	2017	
	November	March	March	June
<b>SAR Assumptions</b>				
Expected life (years)	6.0	6.1	6.1	6.1
Risk free rate of return	1.47%	1.96%	1.21%	1.12%
Volatility	18.29%	7.69%	10.17%	8.27%
Dividend yield	4.27%	4.61%	3.76%	3.44%

In 2017, Mr. DeChamplain was granted SARs and option-based awards for performance in his previous role as Senior Financial Officer. He was granted additional SARs and option-based awards following his appointment to the Senior Vice President & Chief Financial Officer role.

- 3 Total Canadian Utilities stock options and share appreciation rights.
- 4 Estimated using a prescribed formula based on several assumptions. Also includes other compensatory items. Mr. Lidgett joined the supplemental pension plan for all service, effective 2017.
- 5 Employer contribution to the Employee Share Purchase Plan.
- 6 Decrease in value as a result of a change in the assumed retirement date.
- 7 Decrease in value as a net result of the increase in Supplemental Employee Retirement Plan service limit and a change in the assumed retirement date.



## Outstanding Option-Based and Share-Based Awards

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2019.

	Option-based awards					Share-based awards		
	Number of securities underlying unexercised options (#)		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>3</sup> (\$)	Number of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>4</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
	Options <sup>1</sup>	SARs <sup>2</sup>				MTIP		
<b>Nancy C. Southern</b>								
2019	65,000	65,000	38.97	15-11-29	26,000	15,000	587,550	N/A
2018	65,000	65,000	34.13	15-03-28	655,200	15,000	587,550	N/A
2017	65,000	65,000	38.07	15-03-27	143,000	10,000	391,700	N/A
2016	62,500	62,500	36.08	25-03-26	386,250	N/A	N/A	N/A
2015	50,000	50,000	40.78	15-03-25	0	N/A	N/A	N/A
2014	50,000	50,000	39.45	15-03-24	0	N/A	N/A	N/A
2013	60,000	60,000	39.04	15-03-23	16,200	N/A	N/A	N/A
2012	50,000	50,000	33.18	15-03-22	599,000	N/A	N/A	N/A
2011	25,000	25,000	24.74	15-03-21	721,750	N/A	N/A	N/A
<b>Dennis A. DeChamplain</b>								
2019	10,000	10,000	38.97	15-11-29	4,000	20,000	783,400	N/A
2018	5,000	5,000	34.13	15-03-28	50,400	10,000	391,700	N/A
2017	4,000	4,000	41.54	25-06-27	0	8,000	313,360	N/A
2017	1,000	1,000	38.07	15-03-27	2,200	2,000	78,340	N/A
2016	3,000	3,000	36.08	25-03-26	18,540	N/A	N/A	N/A
2015	1,000	1,000	40.78	15-03-25	0	N/A	N/A	N/A
2014	1,500	1,500	39.45	15-03-24	0	N/A	N/A	N/A
2013	2,000	2,000	39.04	15-03-23	540	N/A	N/A	N/A
2012	2,000	2,000	33.18	15-03-22	23,960	N/A	N/A	N/A
2011	2,000	2,000	24.74	15-03-21	57,740	N/A	N/A	N/A
<b>Siegfried W. Kiefer</b>								
2019	10,000	10,000	38.97	15-11-29	4,000	20,000	783,400	N/A
2018	10,000	10,000	34.13	15-03-28	100,800	20,000	783,400	N/A
2017	10,000	10,000	38.07	15-03-27	22,000	20,000	783,400	N/A
2016	7,500	7,500	36.08	25-03-26	46,350	N/A	N/A	N/A
2015	7,500	7,500	40.78	15-03-25	0	N/A	N/A	N/A
2014	10,000	10,000	39.45	15-03-24	0	N/A	N/A	N/A
2013	10,000	10,000	39.04	15-03-23	2,700	N/A	N/A	N/A
2012	7,500	7,500	33.18	15-03-22	89,850	N/A	N/A	N/A
2011	5,000	5,000	24.74	15-03-21	144,350	N/A	N/A	N/A
<b>George J. Lidgett</b>								
2019	5,000	5,000	38.97	15-11-29	2,000	10,000	391,700	N/A
2018	4,000	4,000	34.13	15-03-28	40,320	10,000	391,700	N/A
2017	5,000	5,000	38.07	15-03-27	11,000	10,000	391,700	N/A
2016	1,500	1,500	36.08	25-03-26	9,270	N/A	N/A	N/A
2015	1,000	1,000	40.78	15-03-25	0	N/A	N/A	N/A
<b>Wayne K. Stensby</b>								
2019	5,000	5,000	38.97	15-11-29	2,000	10,000	391,700	N/A
2018	5,000	5,000	34.13	15-03-28	50,400	10,000	391,700	N/A
2017	5,000	5,000	38.07	15-03-27	11,000	10,000	391,700	N/A
2016	2,500	2,500	36.08	25-03-26	15,450	N/A	N/A	N/A
2015	1,000	1,000	36.78	15-05-25	4,780	N/A	N/A	N/A
2014	2,000	2,000	39.45	15-03-24	0	N/A	N/A	N/A
2013	1,000	1,000	39.04	15-03-23	270	N/A	N/A	N/A
2012	1,000	1,000	34.80	15-08-22	8,740	N/A	N/A	N/A

1 Options to buy Canadian Utilities Class A shares.

2 Share appreciation rights based on Canadian Utilities Class A shares.

3 The difference between the market value as of December 31, 2019, of Canadian Utilities Class A shares (\$39.17) underlying the option-based awards and the exercise price of the option-based awards.

4 Based on the market value as at December 31, 2019, of Canadian Utilities Class A shares (\$39.17).

The table below shows the total holdings and value of options and SARs held by the named executives at the end of the year, and the options and SARs they exercised in 2019.

Aggregate holdings and value of options and SARs held on December 31, 2019					Options and SARs exercised in 2019	
		Number of unexercised options/SARs (#)	Value of unexercised in-the-money options/SARs (\$)		Securities acquired on exercise (#)	Aggregate value realized (\$)
Exercisable	Unexercisable		Exercisable	Unexercisable		
<b>Nancy C. Southern</b>						
In 2019, Ms. Southern exercised:						
• 75,000 options and 75,000 SARs on Canadian Utilities Class A shares						
Canadian Utilities Class A						
Options	301,500	191,000	878,470	395,230	75,000	938,521
SARs	301,500	191,000	878,470	395,230	N/A	950,625
<b>Dennis A. DeChamplain</b>						
Mr. DeChamplain did not exercise any options or SARs in 2019						
Canadian Utilities Class A						
Options	13,100	18,400	52,162	26,528	N/A	N/A
SARs	13,100	18,400	52,162	26,528	N/A	N/A
<b>Siegfried W. Kiefer</b>						
In 2019, Mr. Kiefer exercised:						
• 5,000 options and 5,000 SARs on Canadian Utilities Class A shares						
Canadian Utilities Class A						
Options	49,000	28,500	146,835	58,190	5,000	81,775
SARs	49,000	28,500	146,835	58,190	N/A	80,625
<b>George J. Lidgett</b>						
In 2019, Mr. Lidgett exercised:						
• 1,000 options and 1,000 SARs on Canadian Utilities Class A shares						
Canadian Utilities Class A						
Options	3,700	12,800	4,981	26,314	1,000	5,657
SARs	3,700	12,800	4,981	26,314	N/A	5,540
<b>Wayne K. Stensby</b>						
Mr. Stensby did not exercise any options or SARs in 2019						
Canadian Utilities Class A						
Options	9,300	13,200	18,292	28,028	N/A	N/A
SARs	9,300	13,200	18,292	28,028	N/A	N/A

## Incentive plan awards — value vested or earned during the year

The table below shows incentive plan awards that have vested or were earned for each named executive during 2019.

Year ended December 31, 2019	Option-based awards		Share-based awards	Non-equity incentive plan compensation
	Options <sup>1</sup>	SARs <sup>2</sup>	Value vested during the year (\$)	Value earned during the year (\$)
Nancy. C. Southern	31,870	31,870	59,178	1,258,600
Dennis A. DeChamplain	2,278	2,278	199,100	287,680
Siegfried W. Kiefer	4,700	4,700	343,987	719,200
George J. Lidgett	2,134	2,134	116,458	290,000
Wayne K. Stensby	2,262	2,262	117,304	294,345

<sup>1</sup> Options to buy Canadian Utilities Class A shares.

<sup>2</sup> Share appreciation rights based on Canadian Utilities Class A shares.

## Equity compensation plan information

	Non-voting shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Non-voting shares remaining available for future issuance under equity compensation plans (not including outstanding options)	Total number of outstanding non-voting shares	Non-voting shares to be issued upon exercise of outstanding options (as a % of total outstanding non-voting shares)	Non-voting shares available for future issuance (as a % of total outstanding non-voting shares)
<b>December 31, 2019</b>						
Canadian Utilities	809,450	\$36.91	5,030,200	199,695,081	0.4%	2.5%
<b>March 10, 2020</b>						
Canadian Utilities	799,650	\$36.89	5,030,200	199,752,081	0.4%	2.5%

## Incentive Plan Awards

### Plan details for Stock Option Plans

Canadian Utilities	
<b>Maximum number of shares that can be issued:</b>	<ul style="list-style-type: none"><li>• 12,800,000 Canadian Utilities Class A shares</li><li>• (4.7% of outstanding Canadian Utilities Class A and Class B shares as of December 31, 2019)</li></ul>
<b>Number of outstanding securities awarded:</b>	<ul style="list-style-type: none"><li>• 9,373,250 Canadian Utilities Class A shares</li><li>• (3.4% of outstanding Canadian Utilities Class A and Class B shares as of December 31, 2019)</li></ul>
<b>Activity in 2019:</b>	<ul style="list-style-type: none"><li>• 134,000 options were granted</li><li>• 104,450 Canadian Utilities Class A shares were issued on the exercise of options</li><li>• 17,300 options were cancelled</li></ul>

### Dilution Measure

Burn rate is calculated as the number of shares granted divided by the weighted average number of securities outstanding. The weighted average number of securities outstanding during the period is the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor. The table below provides the burn rate for the past three fiscal years.

December 31, 2019	December 31, 2018	December 31, 2017
0.05%	0.05%	0.05%

## Pension and Retirement Benefits

### Defined benefit

The table below shows the pension benefits and accrued obligations under all registered pension plans and supplemental arrangements for each of the named executives. See Page 51 for more information about our pension plans.

	Number of years credited service (#)	Annual benefits payable (\$)		Opening present value of defined benefit obligation (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Closing present value of defined benefit obligation (\$)
		At year end	At Age 65				
Nancy C. Southern	24.00	1,783,616	1,783,616	26,097,188	(2,203,557) <sup>1</sup>	4,583,261	28,476,892
Siegfried W. Kiefer	36.00	511,593	566,068	11,261,201	(876,676) <sup>2</sup>	1,721,668	12,106,193
George J. Lidgett	34.17	291,868	298,987	6,786,780	203,535	1,082,949	8,073,264
Wayne K. Stensby	30.08	164,850	188,459	4,210,597	64,839	535,279	4,810,715

<sup>1</sup> Decrease in value as a result of a change in the assumed retirement date.

<sup>2</sup> Decrease in value as a net result of the increase in Supplemental Employee Retirement Plan service limit and a change in the assumed retirement date.

Number of years of credited service is the time the executive has been a member of the pension plan, and is used to calculate the pension.

Annual benefits payable at year end is based on the defined benefit credited service and actual average pensionable earnings at December 31, 2019. The benefits are reduced if a named executive is eligible for early retirement.

Annual benefits payable at age 65 is based on actual average pensionable earnings at December 31, 2019, and their projected service at age 65, to a maximum of 35 years service (with the exception to Supplemental Employee Retirement Plan maximum for Siegfried W. Kiefer).

The Company calculates the accrued pension obligation using the method prescribed by IFRS and based on management's best estimate of future events that affect the cost of pensions, including assumptions about adjustments to base salary in the future.

The compensatory change includes the service cost, differences between actual and estimated earnings, the impact of plan amendments and past service benefits, as well as changes in expected future retirement dates.

The non-compensatory change includes interest on the obligation, the impact of assumption changes, and the impact of changing the Canadian Utilities allocation from 87.5 per cent in 2018 to 89.9 per cent in 2019. See Note 17, Retirement Benefits, in our 2019 annual consolidated financial statements for more information about the methods and assumptions used to calculate accrued obligations.

### Defined Contribution

The table below shows the defined contribution disclosure for the named executives.

	Accumulated value at start of year	Compensatory (\$)	Accumulated value at year end (\$)
Dennis A. DeChamplain	593,569	24,480	755,658
Wayne K. Stensby	625,664	25,855	744,908

The compensatory amount is the Company's contribution. Participants are responsible for their investments and may invest contributions in a broad selection of funds.

## Termination and Change of Control

Termination of employment of an executive is subject to applicable legislation and common law provisions as there are no employment agreements in place for the named executives, except for Ms. Southern and Mr. Kiefer. The table below shows how a change in employment status affects the different compensation components.

We consider there to be a *change of control* when holders of more than 50 per cent of our Class B shares accept an offer for any portion or all of our shares. This change can be by way of a takeover bid or some other means, as long as it is not the result of a transaction to convert Canadian Utilities to a trust with our share owners owning more than 50 per cent of the voting securities of the trust.

We have employment agreements with Ms. Southern, our Executive Chair and Mr. Kiefer, our President & Chief Executive Officer. See Pages 61 and 63 respectively for more information.

<b>Retirement</b>	<ul style="list-style-type: none"> <li>• Salary ends</li> <li>• Retiring allowance is based on years of service to a maximum of one month's salary</li> <li>• Retiree health benefits coverage starts when he or she retires, and continues until six months after the pensioner dies</li> <li>• Annual incentive is paid on a pro rata basis to the retirement date</li> <li>• All vested options and share appreciation rights can be exercised within 24 months of the retirement date, or on the expiry date if earlier</li> <li>• All unvested options, share appreciation rights and mid-term incentives are forfeited on the retirement date</li> <li>• Pension benefits are provided based on membership in the plan</li> </ul>
<b>Resignation</b>	<ul style="list-style-type: none"> <li>• All salary and benefits end</li> <li>• Annual incentive for the current year is forfeited</li> <li>• All vested options and share appreciation rights can be exercised within 90 days of the resignation date, or on the expiry date if earlier</li> <li>• All unvested options, share appreciation rights and mid-term incentives are forfeited on the resignation date</li> <li>• Pension is paid as a commuted value or deferred benefit</li> </ul>
<b>Termination</b>	<ul style="list-style-type: none"> <li>• All salary and benefits end</li> <li>• Annual incentive for the current year is forfeited</li> <li>• All vested options and share appreciation rights can be exercised within 90 days of the termination date, or on the expiry date if earlier</li> <li>• All unvested options, share appreciation rights and mid-term incentives are forfeited on the termination date</li> <li>• Pension is paid as a commuted value or deferred benefit</li> <li>• If applicable, severance is provided based on employment standards and common law provisions</li> </ul>
<b>Change of control</b>	<ul style="list-style-type: none"> <li>• No changes to salary, incentives or benefits</li> <li>• All vested options and share appreciation rights can be exercised within 90 days of a change of control, or on the expiry date if earlier</li> <li>• All unvested options and share appreciation rights are vested and can be exercised within 90 days of a change of control, or on the expiry date if earlier</li> <li>• All unvested mid-term incentives vest on the date immediately preceding the change of control</li> </ul>

The table below shows incremental amounts that would be paid to the named executives if their employment had been terminated on December 31, 2019, because of retirement, resignation, termination or a change of control.

	Incremental Amounts	Retirement (\$)	Resignation (\$)	Termination (\$)	Change of control (\$)
<b>Nancy C. Southern</b>					
	Cash payment				
	Share-based awards				2,357,260
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>2,357,260</b>
<b>Dennis A. DeChamplain</b>					
	Cash payment				
	Share-based awards				1,619,856
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>1,619,856</b>
<b>Siegfried W. Kiefer</b>					
	Cash payment				
	Share-based awards				2,466,580
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>2,466,580</b>
<b>George J. Lidgett</b>					
	Cash payment				
	Share-based awards				1,227,728
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>1,227,728</b>
<b>Wayne K. Stensby</b>					
	Cash payment				
	Share-based awards				1,231,156
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>1,231,156</b>

# OTHER INFORMATION

## Directors and Officers Liability Insurance

Canadian Utilities, ATCO and their subsidiaries have purchased insurance with an annual aggregate limit of \$200 million. Coverage for the directors and officers is \$200 million, with coverage for Canadian Utilities, ATCO and their subsidiaries limited to \$175 million. Canadian Utilities paid a premium of \$425,197 in the financial year ended December 31, 2019. No part of the premium was paid by a director or officer. Canadian Utilities is responsible for the first \$1 million of any securities claim and for the first \$500,000 of any other loss. There is no deductible in respect of claims against any director or officer.

## Loans to Directors and Officers

Canadian Utilities does not provide loans to directors or senior executive officers except for:

- Senior executive officers that are transferred at the request of the Company from one place of employment to another who may require bridge financing or a market differential loan
- Senior executive officers requiring an advance to fund significant expenses to be incurred on behalf of the Company that will be settled through submission of an expense account.

Internal policies detail the specifics of the handling of these exceptions.

## Share Owner Proposals

A proposal to be included in the management proxy circular for the next annual meeting of share owners must be received by Canadian Utilities on or before December 10, 2020.

## Additional Information

Additional information about Canadian Utilities is available on SEDAR at [www.sedar.com](http://www.sedar.com). Information about Canadian Utilities' business is provided in its annual information form dated February 26, 2020. Financial information is provided in Canadian Utilities' financial statements and the management's discussion and analysis for the year ended December 31, 2019.

Copies of these documents and additional copies of this Circular may be obtained upon request from Investor Relations at 3<sup>rd</sup> Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta, T3E 8B4.

Corporate information, including our privacy commitment, is also available on Canadian Utilities' website: [www.canadianutilities.com](http://www.canadianutilities.com).

The contents and the sending of this Circular have been approved by the directors of Canadian Utilities.

Dated March 10, 2020

*[Signed by C. Gear]*

Carol Gear  
Corporate Secretary



# SCHEDULE A – BOARD OF DIRECTORS MANDATE

The Board of Directors (the Board) of Canadian Utilities Limited (the Corporation) is responsible for the stewardship of the Corporation and for overseeing the conduct of the business of the Corporation and the activities of management, who are responsible for the day-to-day conduct of the business.

## COMPOSITION AND OPERATION

The Board operates by reserving certain powers to itself and delegating certain of its authorities to management. The Board retains responsibility for managing its own affairs, including selecting its chair, planning its composition and size, nominating candidates for election to the Board, determining independence of Board members, constituting committees of the Board, determining director compensation, periodically discussing matters of interest separate from and independent of any influence from management, and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities. Subject to the articles and by-laws of the Corporation and the Canada Business Corporations Act (the CBCA), the Board may constitute, seek the advice of, and delegate powers, duties and responsibilities to committees of the Board.

## RESPONSIBILITIES

The Board's primary responsibilities are to enhance and preserve long-term shareholder value and to ensure that the Corporation meets its obligations on an on-going basis and operates in a reliable and prudent manner. In performing its duties, the Board should also consider the legitimate interests that other interested parties, such as employees, customers and communities, may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination, communication planning, and internal control integrity. More specifically, the Board is responsible for:

- a. to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer (CEO) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization,
- b. adopting a strategic planning process and approving, on at least an annual basis, a strategic plan for the Corporation which takes into account, among other things, the opportunities and risks of the business,
- c. identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks,
- d. succession planning (including appointing, training and monitoring senior management),
- e. adopting a communication policy for the Corporation that includes measures for receiving feedback from interested parties,
- f. the Corporation's internal control and management information systems,
- g. developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation, and
- h. on an individual basis, attending Board meetings, reviewing meeting materials in advance of meetings, and complying with the other expectations and responsibilities of directors of the Corporation established by the Board.

## SPECIFIC DUTIES

The Board's specific duties, obligations and responsibilities fall into the following categories:

### 1. Legal Requirements

- a. The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for properly preparing, approving and maintaining the Corporation's documents and records.
- b. The Board has the statutory obligation to
  - i. manage or supervise the management of the business and affairs of the Corporation,
  - ii. act honestly and in good faith with a view to the best interests of the Corporation,
  - iii. exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and
  - iv. act in accordance with its obligations contained in the CBCA and the regulations thereunder, the Corporation's articles and by-laws, and other relevant legislation and regulations.
- c. The Board has the statutory obligation to consider certain matters as a board of directors. The Board may not delegate to management or to a committee of the Board the authority to
  - i. submit to the shareholders any question or matter requiring the approval of the shareholders,
  - ii. fill a vacancy among the directors or in the office of auditor, or appoint additional directors,
  - iii. issue securities except in the manner and on the terms authorized by the Board,
  - iv. declare dividends,
  - v. purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the Board,
  - vi. pay a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation, except as authorized by the Board,
  - vii. approve any management proxy circular relating to a solicitation of proxies by or on behalf of management of the Corporation,
  - viii. approve any take-over bid circular or directors' circular,
  - ix. approve any annual financial statements of the Corporation, or
  - x. adopt, amend or repeal by-laws.

### 2. Independence

The Board is responsible for implementing appropriate structures and procedures to permit the Board to function independently of management.

### 3. Strategic Planning

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for the Corporation and participating with management, at least annually, directly or through its committees in approving the strategic plan by which the Corporation proposes to achieve its goals.

### 4. Risk Management

The Board is responsible for understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

## **5. Appointment, Training and Monitoring of Senior Management**

The Board is responsible for:

- a. appointing the CEO of the Corporation, monitoring and assessing the CEO's performance, determining the CEO's compensation, and providing advice and counsel to the CEO in the execution of the CEO's duties,
- b. approving the appointment and remuneration of senior executive officers of the Corporation, and
- c. confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

## **6. Reporting and Communication**

The Board is responsible for:

- a. verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other interested parties and the public generally,
- b. verifying that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis,
- c. verifying that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles,
- d. verifying the timely reporting of any other developments that have a significant and material effect on the value of the Corporation, and
- e. reporting annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year.

## **7. Monitoring and Acting**

The Board is responsible for:

- a. verifying that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards,
- b. approving and monitoring compliance with the significant policies and procedures by which the Corporation is operated,
- c. verifying that the Corporation sets appropriate environmental standards in its operations and is in compliance with environmental laws and regulations,
- d. verifying that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace,
- e. monitoring the Corporation's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances,
- f. taking action when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant,
- g. verifying that the Corporation has implemented adequate disclosure controls and procedures and internal control and information systems,
- h. ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to effectively perform its duties,
- i. adopting a written code of business conduct and ethics and monitoring compliance with the code,
- j. annually assessing the adequacy of this Mandate and making any changes deemed necessary or appropriate, and
- k. conducting and acting upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

## **8. Other**

The foregoing list of duties is not exhaustive. The Board may perform any other activities consistent with this mandate, the Corporation's articles and by-laws, and any other governing laws, as the Board deems necessary or appropriate.

# SCHEDULE B – 2019 COMPARATOR COMPANIES

3M Company Canada  
AbbVie Canada  
Accenture Canada  
Adare Pharmaceuticals  
Addenda Capital  
Adecco Group Canada  
Aimia Inc.  
Air Canada  
Airbus Canada  
Alberta Electric System Operator  
Alberta Energy Regulator  
Alberta Health Services  
Alberta Investment Management Corporation  
Alberta Teachers' Retirement Fund Board  
Albertsons Canada  
Alcoa Canada  
Algonquin Power and Utilities Corp.  
All Weather Windows  
Allstate Insurance Company of Canada  
AltaGas Ltd.  
AltaLink  
Alternia Savings & Credit Union Ltd.  
Altex Energy  
Altus Group Limited  
Amadeus Canada  
Amazon.com Canada  
American Greetings Canada  
American Sugar Refining Canada  
Amex Canada, Inc.  
Aon Reed Stenhouse Inc.  
ArcelorMittal Longs Products Canada G.P  
Arrow Electronics Canada  
Arup Canada  
Astellas Pharma Canada, Inc.  
AstraZeneca Canada Inc.  
ATB Investor Services  
Axium Infrastructure Inc.  
Barrick Gold Corporation  
Bell Canada  
BGIS Global Integrated Solutions Canada LP  
BHP Billiton Canada Inc.  
BIC Incorporated  
Bombardier Aerospace  
Bombardier Inc.  
Bombardier Transportation Canada  
BP Canada Energy Group ULC  
Brink's Canada Limited  
British Columbia Hydro and Power Authority  
British Columbia Investment Management Corporation  
Broadridge Financial Solutions Canada  
Bruce Power LP  
Bunge Canada  
C&J Clarks Canada  
CAE Inc  
Caisse de dépôt et placement du Québec  
Calgary Co-operative Association  
Campbell Company of Canada  
Canada - VWR International Ltd.  
Canada Health Infoway  
Canada Post  
Canadian Imperial Bank of Commerce  
Canadian National Railway  
Canadian Natural Resources Limited  
Canadian Nuclear Laboratories  
Canadian Pacific Railway Limited  
Canadian Pension Plan Investment Board  
Canadian Tire Corporation Ltd.  
Canadian Tire Financial Services  
Capital Power Corporation  
Cardinal Health Canada Inc  
Cargill Limited  
Carlson Wagonlit Travel Canada  
Carmeuse Lime (Canada) Limited  
CCL Industries  
CDK Global Canada  
Celestica Inc  
Cenovus Energy Inc.  
Ceridian HCM, Inc. Canada  
CGI Group Inc.  
Chartwell Retirement Residences

Chevron Canada Resources (Upstream)  
CIBC Mellon Global Securities Services Company Canada  
Cineplex Inc.  
Cirque du Soleil Entertainment Group  
CN Investment Division  
CNA Canada  
CNH Industrial Canada  
CNOOC Petroleum North America ULC  
Cogeco Inc.  
Computershare Trust Company of Canada  
ConocoPhillips Canada  
Core Laboratories Canada Ltd.  
Corix Group of Companies  
Corus Entertainment  
Crescent Point Energy Corp.  
CTBC Bank Corp (Canada)  
Dali Wireless (Canada), Inc.  
Dassault Systèmes Canada Inc.  
DENSO Manufacturing Canada  
Dentons Canada LLP  
Devon Canada Corporation  
DHL Supply Chain Canada  
DLL Group  
DXC Technology Canada  
Dynacare  
Eaton Industries Canada  
Economical Insurance Company  
EDF Renewable Energy  
Element Fleet Management  
Emera Corp.  
Enbridge Inc.  
Encana Corporation  
ENGIE North America  
Engineers and Geoscientists BC  
ENMAX Corporation  
EPCOR Utilities Inc.  
Epsilon Canada  
Equifax Canada  
Equitable Life of Canada  
Ericsson Canada  
ESCO Corporation Canada  
Export Development Canada  
Facebook, Inc (Canada)  
FCA Canada Inc.  
FCT Insurance  
Federated Co-Operatives Limited  
FGF Brands  
FGL Sports Ltd.

Fiera Capital Corporation  
Finning International Inc.  
First Canada  
Fluor Canada Ltd.  
Foresters Financial  
FortisAlberta Inc.  
Fortune Brands Home & Security Canada  
Four Seasons Hotels and Resorts  
Galderma Canada, Inc  
GE Power Canada  
GE Renewable Energy Canada  
General Dynamics Land Systems - Canada  
General Electric Canada  
Genworth MI Canada Inc.  
Gibson Energy Inc.  
Gildan Activewear Inc  
Global Payments Canada  
Goldcorp Inc.  
Gore Mutual Insurance Company  
Great Canadian Gaming Corporation  
H&R REIT  
H.W Siebens Charitable Foundation  
Healthcare of Ontario Pension Plan  
Henry Schein Canada, Inc.  
Hilton Canada  
Hitachi Capital Canada Corp.  
HP Canada Co  
Hudson's Bay  
Husky Energy Inc.  
Hydro Quebec  
iA Groupe Financier  
IAMGOLD Corporation  
IBM Canada Ltd.  
ICF Canada  
Imperial Oil Ltd.  
Ingersoll Rand Canada  
Innomar Strategies  
Insurance Corporation of British Columbia (ICBC)  
Intact Financial Corporation  
Intact Investment Management, Inc.  
Inter Pipeline Ltd.  
InterContinental Hotels Group Canada  
Interfor Canada  
International Game Technology Canada  
Investment Management Corporation of Ontario  
IPEX Management Inc.  
Irving Oil Limited  
Ivari

J.D. Power Canada  
 Jabil Canada Corporation  
 JELD-WEN Canada  
 Johnson and Johnson Canada  
 Johnson Controls Canada  
 Kal Tire  
 Kantar Group  
 KBR  
 KCL - Kubota Canada Ltd.  
 KGHM International Ltd.  
 KI Canada  
 Kinross Gold Corporation  
 KONE Canada  
 Kruger Inc.  
 Lafarge Canada Inc.  
 Land Title & Survey Authority of BC  
 Laurentian Bank of Canada  
 Ledcor Group of Companies  
 Lehigh Hanson  
 Liberty International Underwriters Canada  
 LifeLabs  
 Loblaw Companies Limited  
 Longo's  
 L'Oréal Canada  
 Loto-Québec  
 Lowe's Canada  
 LoyaltyOne  
 Lululemon Athletica Inc.  
 Lynx Energy ULC  
 Manulife Financial Corporation  
 Maple Leaf Foods  
 Mark's Work Wearhouse Ltd.  
 Matrix Service Canada  
 Mattel Canada  
 McCain Foods Limited  
 McDonalds Restaurants Of Canada Limited  
 McGraw-Hill Education Canada  
 MEG Energy  
 Merck & Co.  
 Messer Group Canada Inc.  
 Methanex Corporation  
 Mizuho Bank Ltd Canada Branch  
 Molex LLC  
 Molson Coors Canada  
 Moneris Solutions Corp.  
 Mouvement Desjardins  
 MTD Products Inc  
 Munich Life Management Corporation  
 National Oilwell Varco Canada  
 NAV CANADA  
 NDT Global Inc.  
 New Brunswick Power Corporation  
 Newfoundland Power Inc.  
 Nissan Canada Inc.  
 Norbord Inc.  
 Northbridge Financial Corporation  
 Northland Power Ltd.  
 Nova Chemicals  
 Novo Nordisk Canada Inc.  
 Nutrien Ltd.  
 Obsidian Energy Ltd.  
 OMERS  
 Ontario Pension Board  
 Ontario Power Generation  
 Ontario Teachers' Pension Plan  
 OPSEU Pension Trust  
 Owens Corning Canada  
 Paladin Labs  
 Parexel Canada  
 Parmalat Canada Inc.  
 Pearson Canada  
 Pembina Pipeline Corporation  
 PepsiCo Canada  
 Pfizer Canada Inc.  
 Pictet Canada  
 Pilot Flying J Canada  
 Pitney Bowes of Canada  
 Plains Midstream Canada ULC  
 Precision Drilling Corporation  
 Procter & Gamble Inc  
 Public Sector Pension Investment Board  
 Purolator Inc.  
 PVH Canada, Inc.  
 QuadReal Property Group  
 Quadro Corporation  
 Québecor Media Inc.  
 Randa Canada  
 Rayonier Advanced Materials Canada  
 RBC Financial Group  
 Reitmans (Canada) Limited  
 Repsol Oil & Gas Canada  
 Restaurant Brands International Inc.  
 Rexall Pharmacy Group Ltd.  
 RGA Canada  
 Richardson GMP Limited  
 Ricoh Canada Inc.

Rio Tinto Aluminum  
Rogers Communications  
Royal & SunAlliance Canada  
Salesforce.org Canada  
Samuel, Son & Co., Limited  
Sandvine Inc.  
Saputo Inc.  
SAS Institute Canada  
Scotiabank  
Sealy Canada Ltd  
Searchlight Pharma  
Seaspan Ship Management Ltd.  
Securian Financial  
Serco Group Inc.  
SGS Canada Inc  
Shawcor  
Shell Canada Limited  
Shire Pharmaceuticals Canada ULC  
Sienna Senior Living  
Snap-on Tools of Canada Ltd.  
Sobeys Inc  
Sodexo Canada  
Stantec Inc  
Staples Canada ULC  
StarTech.com  
Sunbelt Rentals Canada  
Suncor Energy Inc.  
Syncrude Canada Ltd.  
Syngenta  
Tailored Brands  
TC Energy Corporation  
TD Insurance  
Teck Resources Limited  
TELUS Corporation  
Teranet Inc.

The Co-operators Group Limited  
The Empire Life Insurance Company  
The Mosaic Company Canada  
The Workshop Canada  
Thermo Fisher Scientific Canada  
Thyssenkrupp Canada  
TJX Canada  
TMX Group Limited  
Toronto Hydro Electric Systems  
Trans Mountain  
TransAlta Corp.  
UAP Inc.  
Ubisoft Toronto Inc.  
Under Armour Canada  
United Farmers of Alberta Co-operative Limited  
United Rentals Canada  
University of Saskatchewan  
University of Toronto Asset Management Corporation  
Valmet Ltd. Canada  
Veritiv Corporation Canada  
Vestcor Inc  
Vetoquinol N.-A. Inc.  
VIA Rail Canada Inc.  
Videotron Ltee  
Vinci Canada  
Visa Canada  
Wendy's Restaurants of Canada  
Western Union Financial Services (Canada)  
Wolters Kluwer Canada  
Wood PLC Canada  
Workers' Compensation Board - Alberta  
Workplace Safety and Insurance Board  
Xerox Canada  
Zurich Canada





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