

# ENWAVE 2023 ESG REPORT





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Pearl Street Energy Centre at night



**CARLYLE COUTINHO**

Chief Executive Officer

# MESSAGE FROM LEADERSHIP

Looking back on a year of growth, innovation and change.

The challenge with the energy transition is real. In 2023, the world gathered in Dubai for the UN Climate Change Conference, known as COP28, with the intention of building upon the momentum reached in the prior year to align the world to a path for meeting the Paris Agreement of Net-Zero by 2050. The largest participating countries reached a consensus before leaving COP28, which was a commitment to transition away from fossil fuels. The reaction was mixed, a victory in some eyes, not nearly strong enough to others.

District energy has the opportunity to be an impactful player in this transition. This industry is at the forefront of more conversations than ever before. District energy has long been an established model for generating and distributing thermal energy which positions energy systems to be a scalable solution to decarbonize the built environment as well as support future communities with low-carbon district heating and cooling. We have the responsibility of helping shape the future of how energy systems are developed and in turn how energy is consumed—we view this as a chance to educate, demystify and inspire communities, customers and partners on the myriad benefits of district energy. That includes the pragmatism, effectiveness, innovation, and inherent sustainability of thermal energy networks.

The excitement around the potential of district energy as a pathway to accelerate decarbonization is at the heart of Enwave. Our vision has always been focused on being the partner of choice in the energy transformation to net-zero, which provides us with an aligned sense of purpose. The impact of creating possibilities with our partners and sharing the value with our communities—the solutions that our people can collectively bring from not only our decades of expertise but also our progressive and innovation-driven minds around the table—is what drives us forward.

This 2023 ESG Report builds on the foundation we laid in 2022, and the momentum we gained by listening to our stakeholders and partners, and by engaging in conversation in the marketplace surrounding the undersold potential of district energy. At the time of this Report, we will have celebrated 20 years of the world-renowned Deep Lake Water Cooling (DLWC) system, will have moved to a new head office that is LEED Platinum certified and Enwave connected, and will have committed to over \$500M in future capital projects focused on deploying low-carbon thermal energy systems.

“Go slow to go fast” has been the theme of 2023, and the momentum we are seeing in the conversation surrounding district energy has been a rising tide that Enwave

has contributed to creating over the last two decades. A few notable strides we made in advancing our decarbonization journey and building on the foundations of our 2022 ESG Report include:

## **COP28 in Dubai, UAE**

Enwave was pleased to attend COP28, the 28<sup>th</sup> annual UN Climate Change Conference where nations across the globe came together to discuss how to limit, prepare and address the future of climate change. As the only North American district energy system represented at the conference, Enwave presented examples of how our district cooling systems support the low-carbon transition by leveraging the natural urban environment, and integrating with other renewable energy sources while reducing energy usage and greenhouse gas (GHG) emissions. We were pleased to participate in the District Cooling Summit and signed on to the UN Cool Coalition pledge, raising the importance of energy efficiency of cooling at a global level. We were also pleased to participate in a panel of global industry experts on accelerating the deployment of district energy systems globally.

**Enwave Green Heat Platform Launch**

Our Enwave Green Heat platform, which launched in fall 2023, allows us to use low-carbon heating produced at a number of our existing plants and integrated resources within customers’ buildings to provide low-carbon heating to buildings across our district in Toronto. Our first Enwave Green Heat customer, the Royal York Hotel in Toronto, was celebrated in November after achieving the prestigious Zero Carbon Building—Performance Standard by the Canada Green Building Council.

**Groundbreaking on Pearl Street Energy Centre’s (PSEC) “Enwave Green Heat” Plant**

We are in the midst of upgrading and expanding PSEC by installing a new large scale low-carbon heating plant as a part

of our Enwave Green Heat Program. The heat pump plant being installed will recycle heating energy collected from over 100 downtown buildings through our DLWC network which will assist in decarbonization of approximately 10M sqft of commercial office space in downtown Toronto—a great example of how district energy can provide a commercial solution to our communities with large scale impact.

**Further Integration and Enhancement of our Environmental, Social and Governance (ESG) Framework**

Throughout 2023, we worked on developing a comprehensive ESG strategic framework using the material ESG factors identified in our materiality assessment as the basis of our strategy. We identified our goals within the ESG space and a strategy and subsequent metrics and targets to achieve those goals.

In the year ahead, we will continue to develop, refine, and innovate our strategies and offerings so that we can continue to serve our customers solutions which create shared value. District energy is playing an increasingly critical role in our collective integrated energy planning, and Enwave is pleased to be your partner of choice.



*Pearl Street Energy Centre heat pump plant groundbreaking event*

# ABOUT ENWAVE ENERGY CORPORATION

We acknowledge that the lands on which Enwave operates are home to many diverse First Nations, Inuit and Métis communities from across Turtle Island, also known as North America. Our core operations and head office in Toronto are situated on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. This location is covered by Treaty 13, signed with the

Mississaugas of the Credit, and the Williams Treaties, signed with multiple Mississauga and Chippewa bands.

We are grateful to have our head office here, and we respect Indigenous peoples' connections as traditional caretakers of the lands, water and air upon which we all depend. We respectfully acknowledge our shared responsibility for this stewardship moving forward and are grateful for the continued partnership of our

Indigenous communities in collectively working towards a more sustainable energy future.

At Enwave, we recognize that this land acknowledgement is a small step in our journey towards reconciliation with Indigenous peoples. We are committed to moving forward with humility, respect and intentionality as we look to understand the truth and advance reconciliation efforts throughout our organization.

Enwave is a leading energy transition platform focused on commercial solutions to decarbonize energy for the built environment in North America. Through our ambition, size, and scale, we enable energy solutions with the aim of creating positive impact in our communities for generations to come. We operate one of North America's largest and most innovative district energy systems, the Deep Lake Water Cooling system, which is a highly efficient design to connect hundreds of buildings with different energy needs to a renewable energy source for cooling. Our district energy systems provide a valuable alternative option for the cooling, heating and power needs of our customers using innovative technologies. Our intelligent energy systems generate, store, and share the different forms of energy throughout the district, delivering benefits of scale, reliability, and often sustainability to individual buildings. According to the International

Energy Association, nearly 30% of the world's emissions currently come from the construction and operation of buildings—we seek to maximize the role that district energy can play in the transition to net-zero. With our ability to deploy carbon mitigation solutions at scale, we believe we are uniquely positioned to play a critical role in the decarbonization of the communities in which we operate.

Headquartered in Toronto, Ontario, we currently serve customers in Toronto, London, Windsor, and Markham, Ontario, as well as Charlottetown, Prince Edward Island. Furthermore, we are developing new greenfield systems and deploying assets in Mississauga and Brampton, Ontario. Our customers include municipalities, educational campuses, residential buildings, hospitals, data centres, and commercial buildings.



## OUR CORE VALUES

**Seek Inspiration:** We use imagination to create infinite possibilities.

**Solve Together:** We use our collective power to create scalable and replicable solutions to solve the biggest challenges in energy.

**Take the Long View:** We think about tomorrow with every decision we make today.

**Safety Matters:** We look after people, communities and protect our natural environment.

**Iterate Everyday:** We look at every project as if for the first time to iterate for continuous improvement.

## OUR CRITICAL BEHAVIOURS

**Focus on People:** Acknowledge individual needs, build potential.

**Act with Ownership:** Take initiative and care about outcomes.

**Be Responsive and Agile:** Move quickly with intention and awareness of your impact.

**Think Critically and Creatively:** Approach work from a place of possibility.

**Work as a Team:** Show genuine willingness to partner.

# EVOLUTION

Our organization originated in 1969 as a not-for-profit to serve Toronto’s hospital district and in 1999 evolved into the initial iteration of Enwave as it is known now. Since then, Enwave has undergone significant evolution in creating a scalable platform for growth and leadership in the energy transition.

## WHO WE ARE TODAY

2021	2022	2023	2024
 <p><b>IFM &amp; OTPP PARTNERSHIP</b> Acquisition from Brookfield Infrastructure</p>	 <p><b>LAUNCH OF ENWAVE GEOCOMMUNITIES (EGC)</b></p>	 <p><b>WINDSOR EXPANSION</b> Acquisition of Windsor Energy Centre West Block</p>	 <p><b>LAUNCH OF ENWAVE GRID SOLUTIONS</b></p>
 <p><b>COMMISSIONED SPRINGWATER</b></p>	 <p><b>PEARL STREET ENERGY CENTRE</b> Groundbreaking for Heat Pump Plant to Provide Green Heat</p>	 <p><b>DLWC EXPANSION</b> Commissioning of 4<sup>th</sup> Intake – Summer '24</p>	
		 <p><b>FIRST GREEN HEAT CUSTOMER</b> Royal York Hotel Signs On</p>	

## 2023 ACHIEVEMENT HIGHLIGHTS

We are extremely proud of the variety of initiatives and investments made in 2023 supporting our desire to maximize our impact to our stakeholders. Some key milestones that took place include:

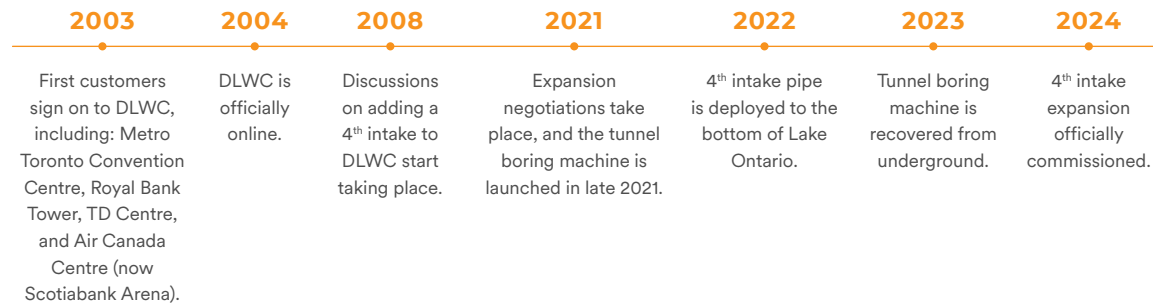
- Pearl Street Energy Centre Groundbreaking:** In May 2023, Enwave broke ground on the 3-story addition at PSEC, beginning construction on our heat pump plant which will support our Enwave Green Heat platform—low-carbon heating which provides a significant GHG reduction compared to conventional natural gas boilers.
- Activated the First Enwave Green Heat Customer:** In November 2023, the Royal York Hotel in Toronto became our first Enwave Green Heat customer. A heat pump plant constructed on-site at the hotel paired with a DLWC connection allows the Royal York to access recovered heat from the surrounding buildings to sustainably heat and cool the hotel. For this innovative solution, the Royal York Hotel achieved Zero Carbon Building—Performance Standard by the Canada Green Building Council.
- Expansion of Deep Lake Water Cooling:** Throughout 2023 we prepared our Toronto system for the expansion of DLWC—the addition of a fourth water intake from Lake Ontario. The fourth intake pipe will provide an additional 40% cooling capacity to our DLWC system, enough to cool the equivalent of an additional 40–50 office towers.
- Digital Transformation:** In 2023, we also launched our Digital Transformation project, aimed at optimizing our district energy systems using innovative, state-of-the-art technology. Through this initiative, we will see enhanced data analysis which will provide more accurate forecasting and more informed decision-making across our operations.
- Windsor Expansion:** In November 2023, we officially strengthened our partnership with the Ontario Lottery and Gaming Corporation (OLG) through our purchase of OLG’s thermal electrical assets at the Windsor Energy Centre, allowing us to expand our services to the West Block of the Windsor casino complex.

# A 20-YEAR MILESTONE IN DEEP LAKE WATER COOLING

Toronto’s Deep Lake Water Cooling is the world’s largest system of its kind. The system currently serves 180 buildings covering more than 40 million square feet of downtown real estate, including landmarks such as the Toronto-Dominion Centre, Brookfield Place, Scotiabank Arena, eight hospitals and, most recently, the Fairmont Royal York hotel.

Twenty years ago, we embarked on building this state-of-the-art cooling infrastructure and we are pleased to be celebrating the expansion of the system in 2024.

## EVOLUTION OF DLWC



Enwave's DLWC infrastructure

## DLWC KEY STATS

### 5 kilometres

DWLC draws water from 5km off of the shore of Lake Ontario at a depth of 83 meters, where the water temperature is 4 degrees C.

### 5.6B litres

Total water saved to date, which is the equivalent of 8500 Olympic swimming pools.

### 40 kilometres

Enwave’s chilled water piping infrastructure includes a network of 40km of distribution piping.

### 66,000 tons

Total DLWC cooling capacity including the 4<sup>th</sup> intake, with over 120,000 tons total cooling capacity in Toronto.

### 1.7B KWh

Total KWh saved by DLWC over last 20 years. This is the equivalent of the electricity used by nearly 150,000 homes for a year.

### 61 MW

Total MW off the grid. This represents infrastructure that did not have to be built in the congested downtown Toronto grid.

### 129,360 tCO<sub>2</sub>e

Total GHGs saved by DLWC over last 20 years. This is the equivalent of taking 40,000 cars off the road for a year.

### Energy Sharing

DLWC enables energy sharing between heating and cooling customers by moving energy from building to building throughout the downtown Toronto district.

# 2023 FIGURES AT A GLANCE<sup>1</sup>

Enwave provides heating, cooling and power to 415 buildings across Ontario and Prince Edward Island, serving over 100M sqft.



<sup>1</sup> Figures accurate as of July 31, 2024.



# PARTNERSHIPS

Through 2023, we maintained our strong focus on partnerships as a key means of achieving shared carbon reduction and resiliency goals. Notable milestones this year included:

### Lakeview Village

Throughout 2023, we progressed the buildout of our district energy system within the Lakeview Village project in Mississauga. We officially kicked off construction in November, starting with installation of the district system piping in the rights-of-way. Our system, which includes a 3-storey energy plant and plans for an effluent wastewater heat recovery district energy system, is being built to service the entire 16M square foot development.

### Etobicoke Civic Centre (ECC) and City of Toronto

In September 2023, we officially signed an agreement with the City of Toronto for ECC, alongside the first building service agreement. ECC is a geexchange-based district energy system being developed by Enwave in partnership with the City of Toronto, and will total 2.8M square feet over 5 development phases. This project concept originated back in 2017, and we are thrilled to announce that we have completed drilling the first phase of 190 boreholes to support the ECC and the first residential tower.

### The Daniels Corporation

Alongside the Decarbonization Roadmap launched by The Daniels Corporation (Daniels) in early 2023, Daniels and Enwave have been collaborating on a multi-project geexchange initiative in the Greater Toronto and Hamilton Area (GTHA). Having an established partnership from the outset provides the most effective way to deliver on design, implementation, and operations of these off-district low-carbon heating and cooling solutions. Additionally, the partnership model sets out best practices in design, commercial structure and construction for our projects. Beginning with the Daniels MPV2 project in Brampton, Enwave and Daniels are continuing to apply this partnership model on upcoming projects across the GTHA, and incorporating additional low-carbon technology such as solar photovoltaics as well.



Geo drilling



Celebrating Royal York Hotel's Zero Carbon Building certification



Enwave's SVP Commercial Operations as a panelist at IDEA conference plenary

## AWARDS

### Brownie Award

In November 2023, Birchley Park, a community developed by Diamond Kilmer Developments (Diamond Kilmer), was awarded Best Overall Project at the Canadian Brownfields Network's 2023 Brownie Awards. Enwave worked with Diamond Kilmer to develop a geoexchange system over part of the 19-acre multi-phased development in east Toronto.

### IDEA Carbon Count Award

Enwave contributed to the development of the inaugural IDEA Carbon Count, an initiative to assess carbon emissions by member district energy systems and better understand the methods that member systems are using to decarbonize, and we received recognition for leadership in this program.

### IDEA Innovation Award

The IDEA Innovation Award Committee awarded Enwave an Honourable Mention for the Springwater geoexchange district community development in Markham. The IDEA Innovation Award showcases ingenuity, know-how and initiatives to find solutions to today's energy and climate challenges.

## MEMBERSHIPS & REGISTRATIONS

Enwave is a member of industry associations that represent the district energy industry as well as our business communities. Our memberships and registrations include:

- International District Energy Association (IDEA)
- Urban Land Institute (ULI)
- QUEST Canada
- Toronto Region Board of Trade (TRBOT)
- Ontario Geothermal Association (OGA)
- Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI)
- Canada Green Building Council (CAGBC)
- Toronto 2030 Districts Network
- Ontario Sustainable Energy Association (OSEA)



### IDEA 2023

In June 2023, Enwave's Chief Executive Officer, Carlyle Coutinho, was handed the gavel to commence his one-year tenure as International District Energy Association (IDEA) Board Chair. The IDEA, founded in 1909, represents over 2,500 members from 25+ countries, who aim to provide reliable, economical and environmentally sound district heating, districting cooling, and combined heat and power.

# ABOUT THIS REPORT

This Report is an integral part of our ongoing commitment to robust reporting and disclosure of our progress and performance on the ESG issues identified as important to our customers, investors and other stakeholders.

We aim to report in alignment with the following ESG reporting frameworks and will use a phased approach to further enhancing our alignment to these frameworks over time:

- The **Sustainability Accounting Standards Board (SASB)** Standards, referencing specifically the Electric Utilities and Power Generators Standard and the Engineering and Construction Services Standard. SASB has been identified as an investor-preferred ESG reporting framework and we have selected these sector-specific standards based on their applicability to our business. SASB standards were updated in 2023 and adjustments are reflected within this Report.
- The recommendations of the **Task Force on Climate-Related Financial Disclosures (TCFD)**. We have selected the TCFD recommendations because this framework has been identified as the leading framework for disclosure of material climate-related risks and opportunities. While the TCFD has fulfilled its remit and disbanded, the recommendations remain highly relevant to international disclosure standardization efforts, and continue to be expected disclosure from many capital market participants.

SASB and TCFD indices are provided as an appendix to this Report and are referenced throughout.

As part of our ongoing ESG strategy development, we will continue to monitor various ESG reporting frameworks and ensure that we are aligning to the most applicable and stakeholder-preferred frameworks. We note the significance of the International Sustainability Standards Board (ISSB) and the ISSB's issuance of the

IFRS Sustainability Disclosure Standards, as well as the ongoing work of the Canadian Sustainability Standards Board (CSSB). We will continue to consider the implications of these emerging frameworks (including potential regulatory requirements, as relevant) as we progress on our ESG reporting journey.

This Report covers the period from January 1, 2023 to December 31, 2023. Data limitations are explicitly noted where relevant and where information is available. Where data is not reported, we have explained why it is not relevant to Enwave or noted if we intend to report it in the future. Unless otherwise stated, financial data is presented in Canadian dollars (CAD) and data provided is company-wide. The terms “Enwave”, “Company”, “our” and “we” and other similar terms all denote Enwave Canada Investment Holdings Inc. and its subsidiaries. This Report contains company names, trade names, trademarks and service marks of Enwave and other organizations, all of which are property of their respective owners.

More information regarding Enwave can be found on our website: [www.enwave.com](http://www.enwave.com). We welcome comments, questions and feedback on this Report.

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DLWC tunnel

# ESG MATERIALITY ASSESSMENT

In 2022, Enwave completed an ESG Materiality Assessment to identify and prioritize the ESG factors most likely to impact our Company value, performance and ability to achieve our objectives over the short-, medium- and long-term. The Materiality Assessment identified ESG factors most likely to be material to Enwave by conducting an analysis of our investors' expectations and customers' ESG priorities, referencing ESG frameworks (including the SASB standards

and the TCFD recommendations), reviewing industry regulations, trends, initiatives and relevant ESG guidance and reviewing methodologies from leading ESG research and rating providers. In 2023, we reviewed the results of this assessment to ensure that our identified ESG factors remain accurate and up to date. In line with best practice, we are committed to performing a comprehensive review of our ESG factors prior to the publication of our 2024 ESG Report.

Figure 1: ESG Materiality Assessment Process



## IDENTIFYING POTENTIALLY MATERIAL ESG FACTORS

- Peer benchmarking
- SASB's Electric Utilities and Power Generators; Engineering and Construction Services; and Real Estate Sustainability Standards
- TCFD Recommendations
- Methodologies of ESG research and ratings providers



## IMPACT AND LIKELIHOOD ASSESSMENT

- Assessment of potential materiality based on likelihood and impact over the short-, medium- and long-term



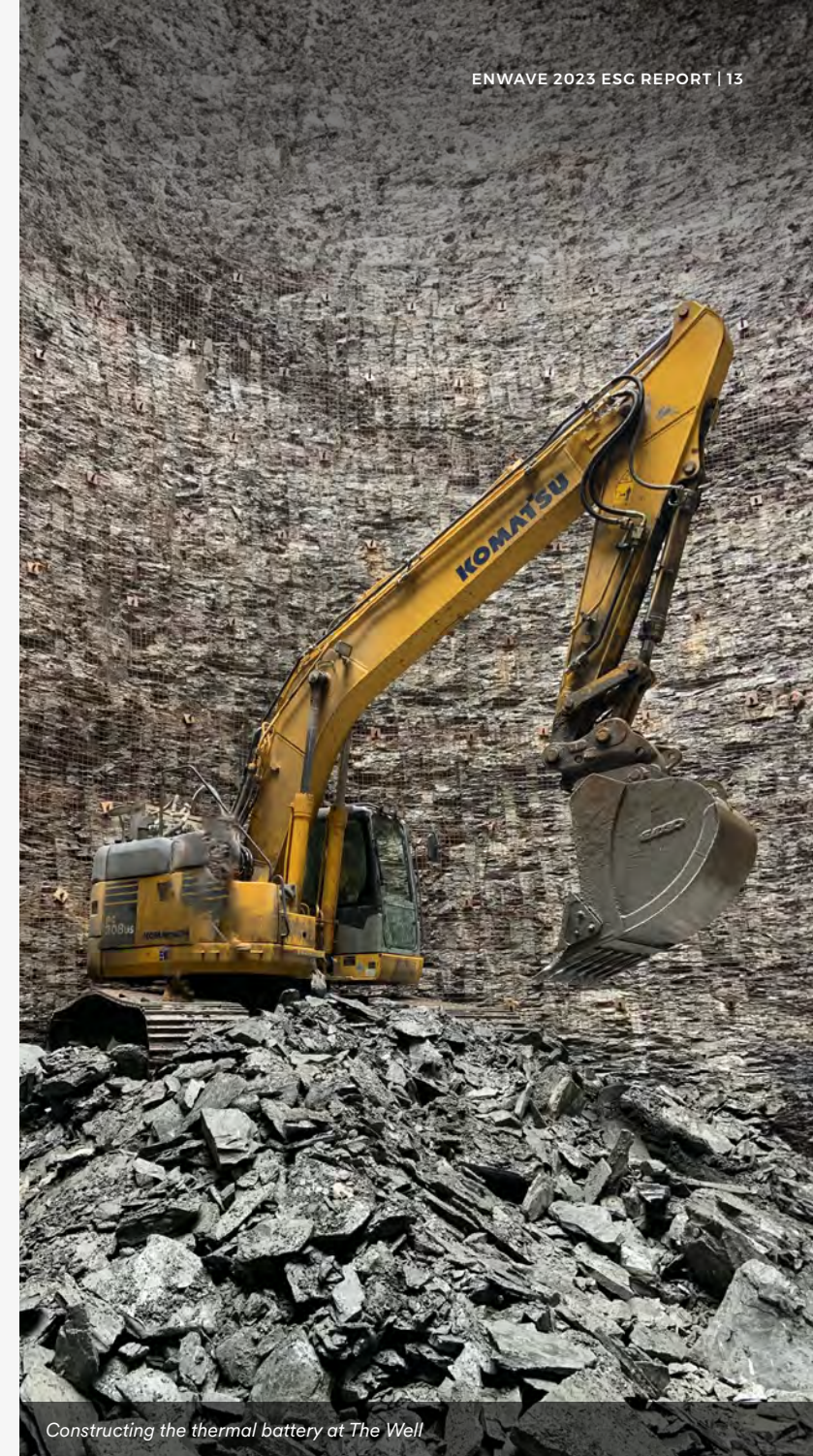
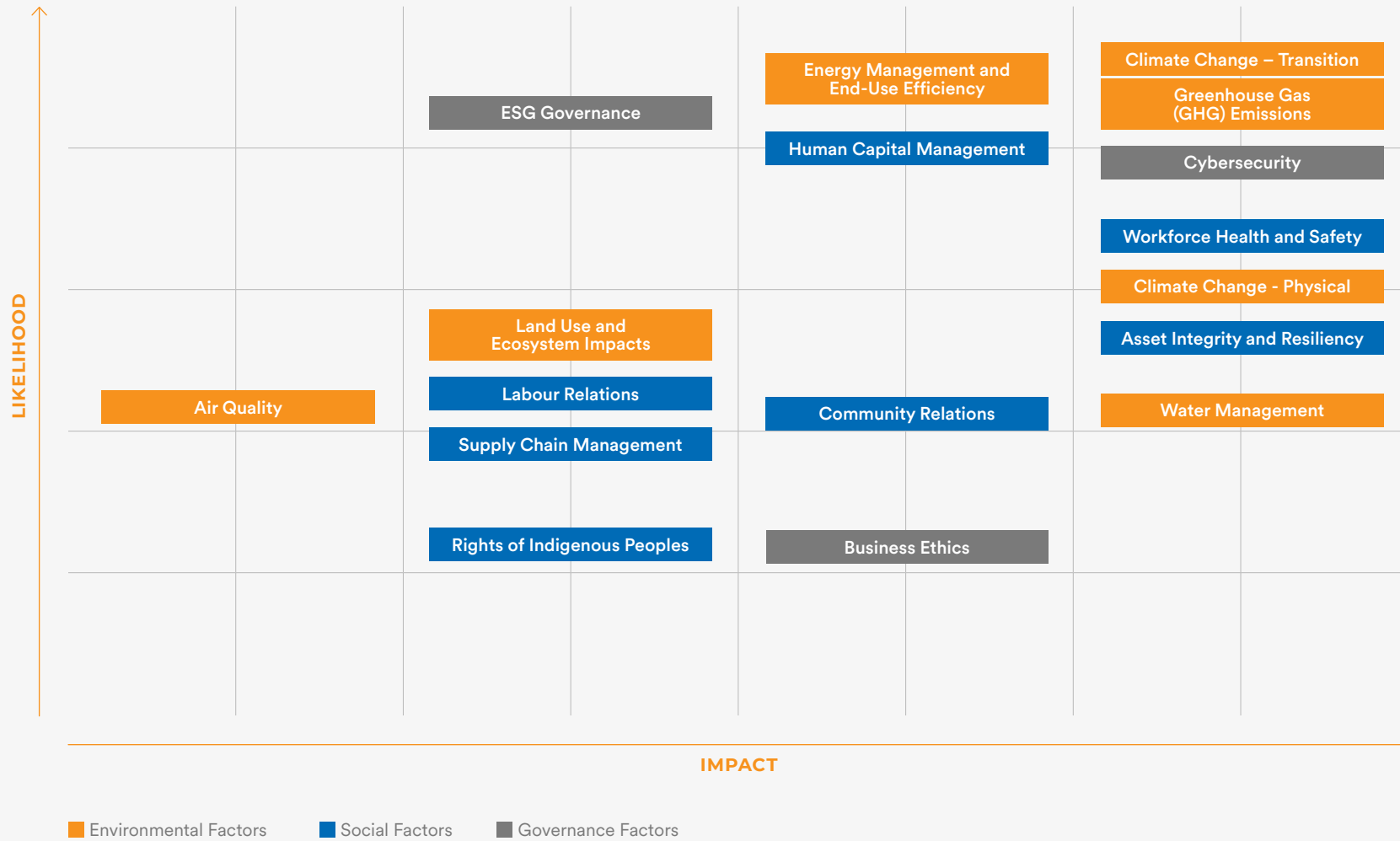
## VALIDATION

- Validation by Enwave senior management



Enwave's CEO speaking at PSEC groundbreaking event

Figure 2: Enwave's Material ESG Factors



Constructing the thermal battery at The Well

# ENWAVE'S APPROACH TO ESG

## STRATEGY

Our Company's Purpose, Mission, and Vision are deeply connected with, and reinforce our commitment and approach to, ESG. Consideration of ESG issues forms an important part of our long-term strategic planning and has been identified as a key driver in achieving our broader objectives and delivering lasting value to our customers, employees, and investors. We take a customer-centric approach, working together with our customers to achieve both our, and our customers', environmental goals. Through every aspect of our ESG strategy development, we seek to understand and meet the needs of our customers, particularly with respect to the transition to net-zero. Our ESG framework identifies environmental, social, governance guiding principles and priorities that enable and further bolster our core business commitment to a sustainable energy transformation. We expect all employees, officers, directors and, to the extent feasible, consultants, contractors, and representatives, of Enwave to support our objective to be an ESG leader over time.

Figure 3: Our ESG Framework Environment, Social and Governance Priorities



## ENVIRONMENT

Under the Environmental pillar, our goal is to enable the acceleration of the low-carbon energy transition, helping communities keep global temperature increases below 1.5°C.

### Material Topics

- Climate Change – Transition & Physical
- Greenhouse Gas (GHG) Emissions
- Energy Management and End-Use Efficiency
- Water Management
- Land Use and Ecosystem Impacts
- Air Quality



## SOCIAL

Under the Social pillar, our goal is to create shared value for our employees, customers, communities and other stakeholders by empowering innovation and operational excellence within our team.

### Material Topics

- Workforce Health and Safety
- Human Capital Management
- Asset Integrity and Resiliency
- Community Relations
- Labour Relations
- Supply Chain Management
- Rights of Indigenous Peoples



## GOVERNANCE

Under the Governance pillar, our goal is to ensure responsible and proactive risk management to anchor how we do business, including providing strong oversight of material ESG issues such as cybersecurity and business ethics.

### Material Topics

- Cybersecurity
- ESG Governance
- Business Ethics



## RISK MANAGEMENT

At Enwave, we are committed to integrating ESG risks into our firm-wide risk management policies and processes to ensure we adequately identify, monitor and manage ESG risks, including climate-related risks. Our current focus is on enhancing our enterprise risk management (ERM) approach, including ensuring that the ESG-related risks are appropriately assessed and prioritized within our overall ERM systems and processes. We are utilizing the results from our 2022 ESG Materiality Assessment (reviewed in 2023), which identified and prioritized the ESG factors most likely to be associated with material risk or opportunity, to enhance our management of ESG risks. We will continue to review the ESG Materiality Assessment on an annual basis and undertake a more comprehensive refresh every two years to ensure that ESG risks continue to be effectively understood and managed over the short-, medium-, and long-term.

## METRICS & TARGETS

We are committed to measuring our progress and performance on ESG through the collection, monitoring, and reporting of ESG metrics related to factors most material to Enwave. Relevant metrics are

informed by the [SASB standards](#) and the [TCFD recommendations](#). In this Report, our ESG data is consolidated in a table in the [ESG Performance Metrics](#) section. The SASB Index summarizes our performance on relevant ESG metrics from the SASB Electric Utilities and Power Generators Sustainability Accounting Standard and the Engineering and Construction Services Sustainability Accounting Standard. The TCFD Index summarizes our climate-related disclosures informed by the TCFD recommendations.

Enwave has committed to achieving net-zero emissions by 2050, in line with Paris Agreement targets. In support of our commitment, we are developing energy transition strategies for each city in which we operate. These decarbonization roadmaps are reflective of our imperative to reduce carbon within our existing operations and grow our networks of low-carbon heating and cooling. In addition, we are continuing to develop interim targets that will guide us in our journey to net-zero. Work is also continuing in developing targets related to health and safety, supply chain and diversity, equity and inclusion. As we progress our strategies related to managing our ESG metrics, we will continue to evaluate the feasibility and relevance of setting additional ESG targets to ensure increased accountability and transparency over time.



Enwave's DLWC infrastructure



# GOVERNANCE

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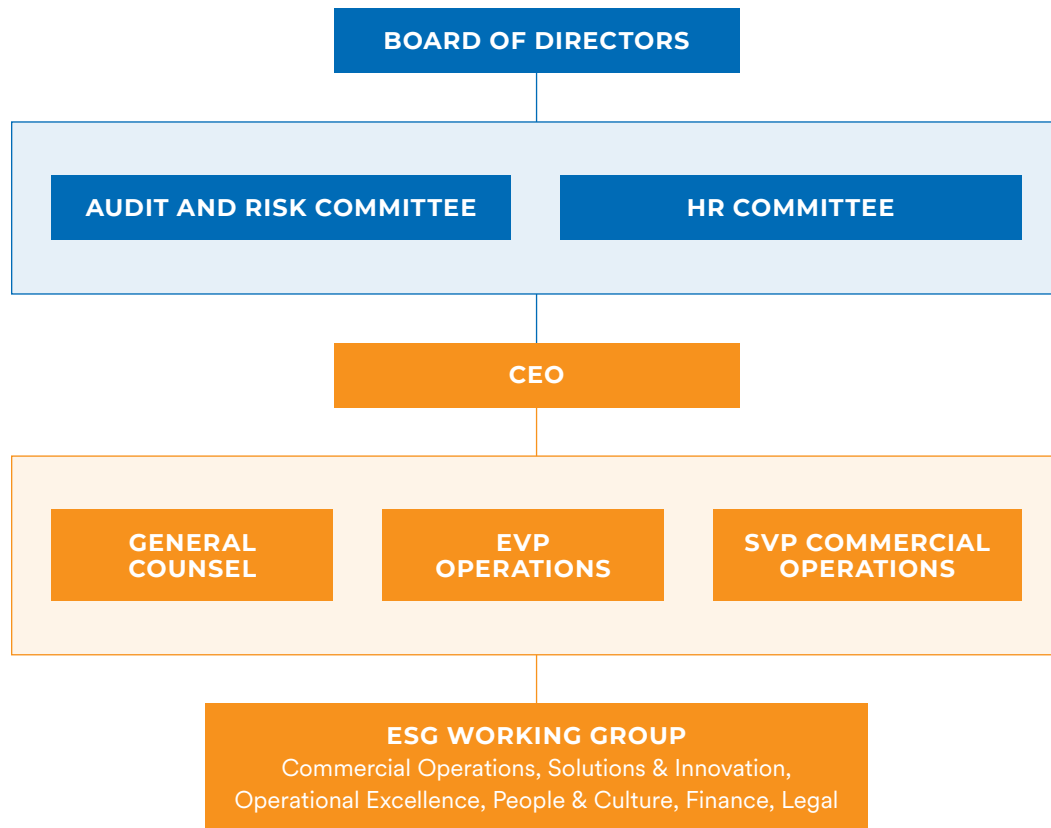
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# ESG OVERSIGHT

## BOARD OVERSIGHT OF ESG [TCFD: Governance (a)]

Our Audit and Risk Committee and our Human Resources Committee of our Board of Directors (“Board”) respectively provide oversight of the implementation of Enwave’s ESG framework, including climate change, by providing guidance on ESG, and climate-related risks and opportunities, and diversity and inclusion and health and safety related matters, policy and strategy.



Enwave IT team members in the office

## MANAGEMENT ACCOUNTABILITY FOR ESG [TCFD: Governance (b)]

Our approach to ESG, including climate change, is championed by our Leadership Team, formally implemented by our business leaders, and embraced by our people. Together they are responsible for ensuring the successful deployment of our strategy. We will also continue to incentivize the achievement of ESG-related goals through linkage to executive compensation over time.

Our Director, Energy Evolution manages and is accountable for the day-to-day aspects of Enwave’s ESG strategy, including aspects related to climate change, and provides updates to the Senior Vice-President, Commercial Operations on a weekly basis and to the Chief Executive Officer (CEO) on a regular basis. Our CEO has the highest level of executive responsibility for ESG factors, including climate change factors and reports to the Board and its committees on ESG-related matters quarterly.

Our ESG Working Group, which includes cross-functional representation from Enwave management and from various departments such as Commercial Operations, Operational Excellence, Health and Safety, Legal, People & Culture, and Solutions & Innovations, aids in the development and implementation of Enwave’s ESG strategy, including net-zero transition planning and ongoing ESG-related reporting and disclosure. The ESG Working Group reports to the Executive ESG Steering Committee, led by Enwave’s CEO, and the Audit and Risk Committee of the Board has ultimate responsibility for Enwave’s ESG strategy, reporting and disclosure.

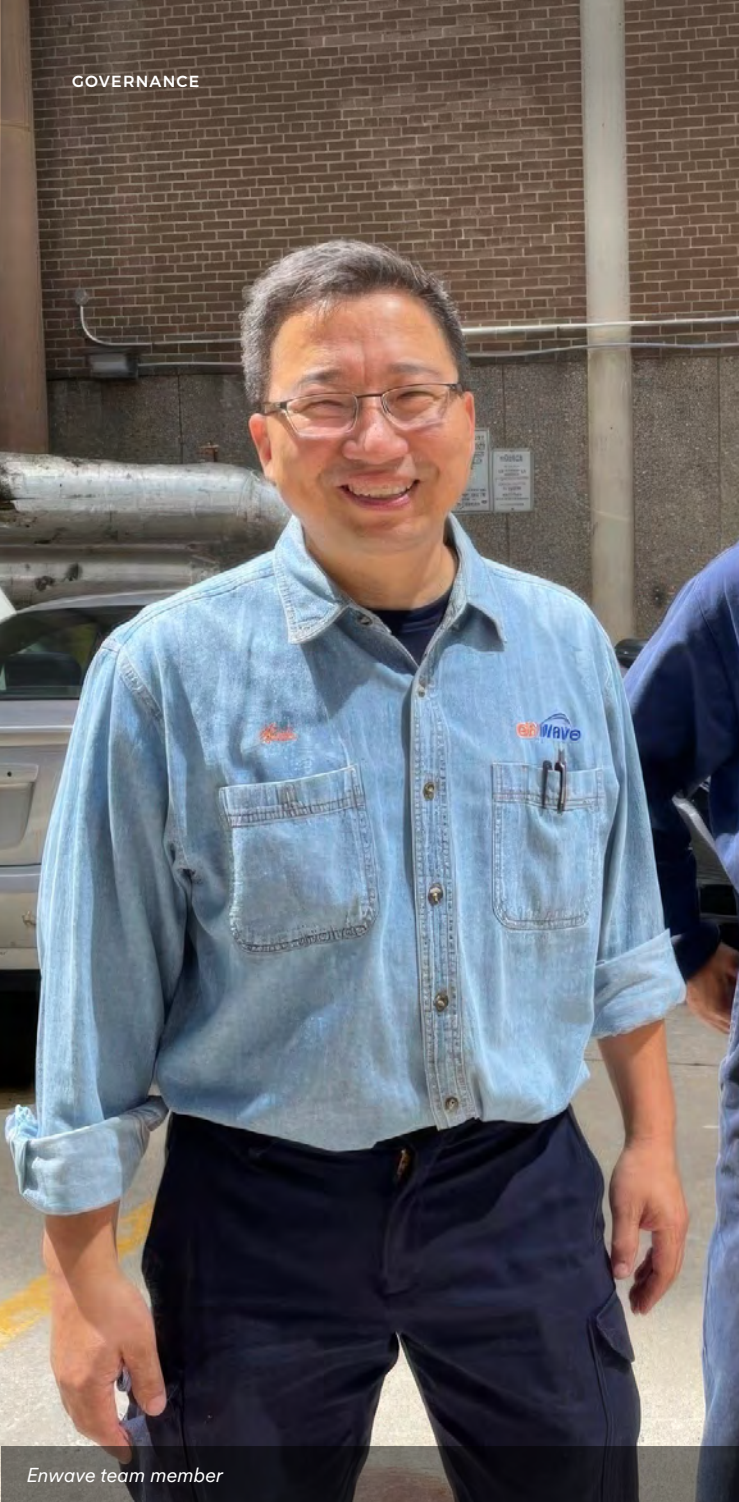
Notable initiatives undertaken in 2023:

- Publication of our 2022 ESG Report
- Development of Scope 3 emissions methodology and quantification process
- Development of a refrigerant management policy

Table 1: ESG-Related Policies

POLICY	DESCRIPTION	LAST REVIEW
<u><a href="#">Code of Business Conduct and Ethics</a></u>	Serves as a common reference document that reflects our values and sets out our fundamental principles and rules of doing business, including ethics and compliance with laws.	Aug-23
<b>Health, Safety and Environment Policy</b>	Articulates our commitment to providing a safe and healthy work environment and to create a positive culture where all employees, contractors and visitors are aware and accountable for their health, safety and environmental performance.	Apr-24
<b>Violence, Harassment and Discrimination Policy</b>	Establishes our approach to maintaining a workplace free of violence, harassment, and discrimination.	Mar-24
<b>Anti-Bribery and Corruption Policy</b>	Supports our commitment to conducting business with honesty and integrity in accordance with all applicable laws, rules, and regulations, held to the highest ethical standards.	Aug-23
<u><a href="#">Accessible Employment Policy</a></u>	Establishes our approach to ensuring accessibility for our employees and prospective employees.	Aug-22
<b>Policy on Communication with Government Officials in Canada</b>	Establishes guidelines for communications with public officials on Enwave's behalf and facilitates compliance with lobbying laws.	Aug-23
<b>Delegation of Authority Policy</b>	Establishes strong internal controls for the delegation of authority in order to promote efficient operations.	Aug-23
<b>Privacy Policy</b>	Explains when and why Enwave collects, uses and shares personal information provided or obtained in connection with the use of the <a href="https://www.enwave.com">Enwave.com</a> website.	Oct-21
<u><a href="#">Supplier Code of Conduct</a></u>	Establishes a set of minimum standards of conduct for suppliers of goods and services to Enwave.	Aug-23
<u><a href="#">Ontario Accessibility Policy and Multi-year Accessibility Plan</a></u>	Establishes our policies and plans in respect to the requirements of the <i>Access for Ontarians with Disabilities Act (AODA)</i> .	Aug-22
<b>Attendance Support Program</b>	Establishes guidelines and expectations for attendance at work to ensure the safety of employees and business continuity.	Jan-23
<b>Work From Away</b>	Outlines our practices under which work from away arrangements are administered.	May-24
<b>Social Media Policy</b>	Establishes guidelines for responsible use of social media to minimize business and legal risk.	Nov-23

Equipment at Enwave's John Street Pumping Station



Enwave team member

# BUSINESS ETHICS

## WHY THIS MATTERS

Integrity is one of our core values and guiding principles at Enwave. We conduct our business in a lawful, fair and honest way, as do our business partners. We have strong and transparent relationships with our vendors, contractors, and customers alike. As an essential service provider, we often have close relationships with governments and local officials, so it is important that we maintain robust policies and procedures related to risks related to ethics, bribery and corruption. Our operations are in Canada, and we are subject to domestic anti-corruption and transparency legislation. Canada is generally not perceived to have high levels of corruption. On the Transparency International’s 2023 [Corruption Perception Index](#), Canada scored 76/100 ranking 12<sup>th</sup> overall in the index<sup>2</sup> [SASB IF-EN-510a.1].

## APPROACH

### Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics, updated in 2023, serves as a common reference document that reflects our values and sets out our fundamental principles and guidelines for doing business. It is championed by senior business leaders, and all our directors, officers and employees are required to confirm their ongoing compliance with it on an annual basis.

### Anti-Bribery and Corruption Policy and Training [SASB IF-EN-510a.3]

While our operations are in Canada, a country which has low levels of risk related to bribery, corruption and transparency, key employees are still required to complete annual anti-bribery and corruption training and officers are required to attest to a quarterly anti-bribery and corruption questionnaire. Our Anti-Bribery and Corruption Policy lays out clear guidelines on topics such as gifts and entertainment, political donations, lobbying and charitable donations.

### Communications with Public Officials

In addition to our Anti-Bribery and Corruption Policy we also maintain a separate policy on Communication with Public Officials in Canada. This policy supports our commitment to conducting business with honesty and integrity in accordance with all applicable laws, rules, and regulations, held to the highest ethical standards. The policy lays out our guidelines for interactions with government officials as well as tracking and reporting rules.

## PERFORMANCE

In 2023, 100% of our directors, officers and employees attested confirmation of understanding our Code of Business Conduct and Ethics, consistent with our 2022 results. We do not have any active projects or backlogs in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index [SASB IF-EN-510a.1].

We have had zero monetary losses from legal proceedings associated with bribery, corruption, and other related issues [SASB IF-EN-510a.2]. Additionally, in 2023 we have incorporated measures in our Supply Chain policies that reflect our understanding and compliance with Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

**Table 2: Business Ethics Metrics**

METRIC	UNIT	2022	2023
(1) Number of active projects in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index	Number (#)	0	0
(2) Number of backlog projects in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index	Number (#)	0	0
Total amount of monetary losses as a result of legal proceedings associated with charges of bribery or corruption, and anti-competitive practices	Reporting currency (\$)	0	0
Percentage of employees who completed code of conduct or business ethics related training	Percentage (%)	100	100

<sup>2</sup> The Corruption Perceptions Index (CPI) is the most widely used global corruption ranking in the world. It measures how corrupt each country’s public sector is perceived to be, according to experts and business people. A country’s score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean. A country’s rank represents its position relative to the other countries in the CPI.

# CYBERSECURITY

## WHY THIS MATTERS

As a provider of essential services to diverse customers, including municipalities, hospitals, data centers, and educational campuses, cybersecurity remains a critical ESG factor. The increasing sophistication of cyber threats poses significant risks not only to information technology but also to operational technology. These threats could potentially disrupt critical services, thereby impacting our stakeholders and overall Company performance. Ensuring robust cybersecurity measures is vital to maintaining trust and reliability in our services.

## APPROACH

Our approach to cybersecurity continues to evolve with the dynamic threat landscape. The Board remains deeply involved, providing core oversight and ensuring that management adheres to stringent cybersecurity practices. Management's responsibilities include the implementation of cybersecurity measures, day-to-day cyber risk management, and alignment of cybersecurity practices with our overarching ESG strategy and values.

## CYBERSECURITY STRATEGY KEY COMPONENTS



### Framework and Standards

Our cybersecurity strategy is guided by ISO 27001 and the National Institute of Standards and Technology (NIST) Cybersecurity Framework, ensuring comprehensive coverage and robust defense mechanisms.



### Operational Focus

As an essential service provider, we prioritize the cybersecurity of our operational technology to ensure uninterrupted service delivery. Our commitment to secure handling of customer information maintains transparency, security, and compliance with data protection laws, thereby reinforcing customer trust.



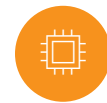
### Employee Training & Awareness

We have enhanced our cybersecurity training programs to cover advanced topics in data protection, threat recognition, and response protocols. This training ensures all employees understand their critical roles in safeguarding the organization against cyber threats.



### Security Assessments and Testing

Regular intrusion, penetration, and vulnerability testing are conducted. Results from these tests inform our strategic adjustments and reinforce our defense posture. Advanced security sensors facilitate continuous threat monitoring.



### Artificial Intelligence (AI) & Emerging Technologies

The advent of AI introduces new dimensions of both opportunities and risks. We are proactively assessing the implications of AI on our cybersecurity landscape. While AI can enhance our threat detection and response capabilities, it also presents potential risks such as adversarial attacks and data privacy concerns.



Enwave team member

## SPOTLIGHT: CONTINUOUS THREAT MONITORING

While we did not experience any targeted attacks of significant magnitude in 2023, our proactive measures have been crucial in blocking various types of threats. We maintain 24/7 monitoring for both our information technology (IT) and operational technology (OT) platforms, ensuring comprehensive protection and rapid response to any potential threats. Our continuous vigilance and advanced monitoring systems are key to safeguarding our operations and maintaining the integrity of our services.



### SPOTLIGHT: AI TASK FORCE

Recognizing the transformative potential of AI, we have established a dedicated AI Task Force to ensure that AI technologies bring maximum value to our organization. The AI Task Force focuses on:

- **Ethical AI Integration:** Ensuring that our AI systems are designed and deployed ethically, with a strong emphasis on protecting privacy and preventing misuse.
- **Maximizing AI Value:** Identifying and implementing AI applications that enhance our cybersecurity measures, operational efficiency, and overall service quality.
- **Collaborative Approach:** Engaging with industry partners, regulatory bodies, and academic institutions to share knowledge and develop best practices for AI integration.

By adopting these measures and continuously improving our cybersecurity framework, we aim to maintain high standards of information security and operational resilience, demonstrating our commitment to protecting both our customers and the integrity of our services.

### PERFORMANCE

In 2023, we conducted an extensive cybersecurity audit, utilizing the NIST Cybersecurity Framework to benchmark our practices. This assessment underscored our commitment to continuous improvement in cybersecurity measures. Key performance highlights include:

- **Enhanced Controls:** We implemented several new security controls and refined existing ones to bolster our defense mechanisms.
- **Increased Training and Awareness:** We expanded our cybersecurity training initiatives, resulting in a significant increase in staff awareness and preparedness against cyber threats.
- **System Upgrades:** Investments in upgraded cybersecurity systems and tools have been made, ensuring that our technological infrastructure is resilient against evolving threats.

Table 3: Cybersecurity Metrics

METRIC	UNIT	2022	2023
Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Number (#)	0	0
Number of data breaches	Number (#)	0	0

Enwave team members



# ENVIRONMENT

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# CLIMATE CHANGE<sup>3</sup>

## WHY THIS MATTERS

As operators of one of North America’s largest district energy systems, our journey toward decarbonizing our existing operations is well underway, and we continue to focus on growth using low-carbon platforms and technologies. We recognize that we must address climate change, as impacts from climate events, such as more temperature volatility and increased extreme weather events, could have profound effects on infrastructure and the communities we serve. We also recognize the important role that climate disclosures play in allowing our customers and partners to make informed decisions, and we are pleased to continue updating our stakeholders on our progress in this arena.

District energy systems play a critical role in mitigating risks of climate change as they are helping to decarbonize the cooling and heating of buildings, a traditionally hard-to-abate sector of the economy. We have the opportunity to enable decarbonization to entire neighbourhoods through the deployment of low-carbon assets at our central plants. This not only provides significant emission reductions at scale, but also alleviates strain on our congested electricity grids. We continue to support the objectives of the Paris Agreement and we are working toward net-zero carbon emissions by 2050. We are also committed to further enhancing our future climate-related disclosures in alignment with the TCFD recommendations.

## APPROACH

### Board Oversight [TCFD: Governance (a)]

The Board provides oversight of our approach to climate risks and opportunities. The CEO has the highest level of executive responsibility for ESG factors, including climate change factors. Similar to other important issues, the Board and its committees provide general oversight of climate risks and opportunities. Important information regarding ESG factors, including climate change, is reported to the Board and its committees by the CEO on a quarterly basis. In 2023, we also conducted an extensive decarbonization overview session with our Board where Enwave provided a comprehensive overview of our approach to decarbonization by service offering.

### Management Accountability [TCFD: Governance (b)]

The CEO is supported by both the Leadership Team and by the Commercial Operations group where the Energy Evolution function sits. Strategy development lies with the Director, Energy Evolution who reports into the Senior Vice-President, Commercial Operations, while our Sustainability Operations Manager maintains our GHG inventory, and our Solutions & Innovations and Community Energy Planning and Development teams develop low-carbon solutions for customers. This past year, the team updated its GHG inventory management plan and included quantification methodology for Scope 3 emissions for the first time.



DLWC infrastructure

## GREEN FINANCING

Enwave’s Green Financing Framework was developed so that we may issue Green Financial Instruments to finance and/or refinance district energy projects and support the development of clean technologies. Our Green Financing Framework complies with the Green Bond Principles 2018 developed by the International Capital Markets Association and the Green Loan Principles 2018 developed by the Loan Market Association, and Sustainalytics has provided an independent opinion on our Green Financing Framework. This opinion is available on Sustainalytics’ website, and further information on our [Green Financing Framework](#) is available on the Enwave website.

The Green Financing Framework outlines:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

In 2023, we allocated \$50.5M under our Green Financing Framework, including investments in expansion of our DLWC system and investments in heat pumps. To date, we have allocated \$425M to support eligible green projects (which are defined in the Green Financing Framework).

<sup>3</sup> This section is organized to align with the pillars of the TCFD recommendations (Governance, Strategy, Risk Management, and Metrics & Targets) and consolidates disclosures of the following ESG factors: (i) Greenhouse Gas (GHG) Emissions (ii) Climate Change – Physical, (iii) Climate Change – Transition.

**Climate Strategy** [TCFD: Strategy (a); TCFD: Strategy (b)]

We have identified both transition and physical risks associated with climate change as key ESG factors that may impact both stakeholders and Company performance. Transition risks are defined as risks associated with the transition to a low-carbon economy and include policy, legal, reputational, technology and market risks. Physical risks from climate change can be acute or chronic. Acute risks include events such as increased incidence of extreme weather events while chronic risks involve longer term shifts in climate patterns such as sustained higher temperatures leading to heat waves, rising sea levels and coastal erosion.

Transitioning to net-zero yields significant opportunities for Enwave, given our goal to take a leadership role in accelerating the low-carbon energy transition. We are continuing to develop and execute on energy transition strategies for each city in which we operate, using the indicative decarbonization pathways studies conducted throughout the previous few years. Our Toronto decarbonization initiatives are assisting our customers in reaching their own interim net-zero targets through our Enwave Green Heat offering and we continue to develop the Enwave Green Heat platform in order to provide a solution tailored to our customers’ specific needs. Under our Green Financing Framework, we are making significant investments to lower our emissions, enable transition and thus improve our resilience to both transition and physical climate-related risks.



**Table 4: Climate-Related Risks and Opportunities**

FACTOR	TIME HORIZON	DESCRIPTION OF POTENTIAL IMPACT	INITIATIVES TO MITIGATE RISK OR CAPTURE OPPORTUNITY
<b>CLIMATE-RELATED RISKS</b>			
<b>Acute Physical</b>		<ul style="list-style-type: none"> <li>In the locations where we operate in Ontario, we face risks from heatwaves, blizzards, cold snaps, power outages.</li> <li>In Prince Edward Island we may experience risks related to hurricanes, tornados and floods.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to make significant investments to lower emissions and improve the resilience of our physical assets across all of our sites.</li> </ul>
<b>Chronic Physical</b>		<ul style="list-style-type: none"> <li>For our Toronto system, sustained higher temperatures may lead to higher lake temperature requiring further mechanical chilling to reach adequate temperatures for cooling. For all our systems, sustained higher temperature may impact our ability to meet customer demand for cooling.</li> </ul>	<ul style="list-style-type: none"> <li>DLWC capacity will be expanded by up to 40% in mid-2024 to accommodate the growing demand for sustainable cooling.</li> <li>We are retrofitting our steam-turbine chillers, which are in use during peak demand for cooling, with electric centrifugal compressors—this enables fuel switching between electricity and steam during optimal times.</li> </ul>
<b>Policy &amp; Legal</b>		<ul style="list-style-type: none"> <li>We are likely to be affected by increasingly stringent regulations related to GHG emissions.</li> </ul>	<ul style="list-style-type: none"> <li>We are actively executing on our decarbonization strategies and are working toward our target to achieve net-zero emissions by 2050.</li> </ul>
<b>Market</b>		<ul style="list-style-type: none"> <li>As a provider of low-carbon energy solutions, we may face an increasingly competitive market landscape.</li> </ul>	<ul style="list-style-type: none"> <li>Our vision is to be the partner of choice in energy transition. We are thus developing strategies to implement low-carbon technologies in our central plants that will facilitate significant carbon reductions in our district energy networks helping us to remain competitive; as well as develop customer-specific, in-building solutions that provide low-carbon heating and cooling.</li> </ul>
<b>CLIMATE-RELATED OPPORTUNITIES</b>			
<b>Resource Efficiency</b>		<ul style="list-style-type: none"> <li>Providing heating and cooling from a central plant requires less fuel and displaces the need to install separate space heating and cooling and hot water systems in each building, meaning that district energy can provide significant opportunities for increased energy efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>We are making investments to expand our highly efficient services, including DLWC and waste heat recovery.</li> <li>We are pioneering a Digital Transformation project that will allow us to better optimize our assets, improving efficiency and reducing energy consumption.</li> <li>Expansion of our Enwave Energy Services offering, including operational improvements, analytics &amp; monitoring, and preventative maintenance.</li> </ul>
<b>Energy Source</b>		<ul style="list-style-type: none"> <li>Climate change necessitates the diversification of energy sources towards low-carbon and renewable sources. As a leading provider of low-carbon energy solutions, Enwave is likely to benefit from increased demand for our services.</li> </ul>	<p>We are making significant investments in expansion of our low-carbon services, including in the following areas:</p> <ul style="list-style-type: none"> <li>Expanding our DLWC to include a new fourth intake pipe into Lake Ontario and future-proofing for a fifth intake.</li> <li>Through our Enwave Energy Solutions platform, enabling decarbonized fuel sources through deep retrofits.</li> <li>Continuing to progress discussion on expansion of our waste to energy facility in Prince Edward Island, is anticipated to result in less fuel oil usage and up to a 90% reduction in waste to landfill in Prince Edward Island.</li> </ul> <p>Through our Enwave Green Heat program, we are capturing recovered heat from our cooling service to produce low-carbon heating to our customers.</p>



**Climate-related Risk Management**

*[TCFD: Risk Management (a); TCFD: Risk Management (b); TCFD: Risk Management (c)]*

We aim to ensure that ESG risks, including climate-related risks, are appropriately addressed and prioritized within our ERM systems and processes. We recognize our assets contain critical infrastructure, such as cooling, heating and humidification for hospitals, data centers, educational campuses, government buildings and commercial and residential buildings. Moving forward, we are focused on improving resiliency against climate-related risks. In 2022 we undertook a comprehensive ESG Materiality Assessment, which identified both transition and physical risks and opportunities from climate change as key factors that may impact our performance and stakeholders. In 2023, we reviewed climate considerations to ensure they remain accurate and up to date. For a summary of these risks and opportunities, please refer to Table 4 on the previous page. The results of this ESG Materiality Assessment are currently being used to develop a roadmap for enhanced ESG risk management.

**Climate-related Metrics and Targets**

*[TCFD: Metrics & Targets (a); TCFD: Metrics & Targets (b); TCFD: Metrics & Targets (c)]*

We are continuing to measure our progress and performance on climate-related risks and opportunities through the collection, monitoring, and reporting of key metric informed by the SASB standards and the TCFD recommendations. Key metrics identified related to climate change include Scope 1 and 2 GHG emissions, energy usage and megawatt (MW) capacity pipelines. We will be continuing to progress our

net-zero pathway execution and we aim to share interim decarbonization targets in the near term.

**PERFORMANCE** *[TCFD: Metrics & Targets (a); TCFD: Metrics & Targets (b)]*

In 2023, we experienced a reduction in our Scope 1 emissions compared to 2022 due to the increased use of electrified assets in our operations. We continued to experience operational and production variations in our systems due to district growth and peak customer demand, consistent with previous years. However, weather conditions notably impacted the operation of our heating and cooling systems. While we are progressing our deployment of low-carbon heating and cooling technology, increased summer temperatures and rising grid intensity will continue to play a role in our overall emissions intensity figures in the near-term.

During the cooling season, the increased humidity in 2023 required consistently low supply water temperature. To enhance operational efficiency, our cooling assets relied more heavily on steam-driven chillers in our Toronto district, which proved to be the most effective asset for maintaining a stable supply temperature. We had one refrigerant release in late 2022 in our Simcoe plant that impacted our Scope 1 emissions for which we procured Verra Carbon Standard (VCS) registered carbon offsets to offset the emissions associated with this release. Additionally, the increased electricity grid emission factor as reported in the National Inventory Report resulted in a higher chilled water emission factor in 2023 compared to

2022. We are currently constructing assets in our Toronto cooling operations that will further our ability to electrify our production and we anticipate a decrease in our chilled water emission factor in 2025 and beyond.

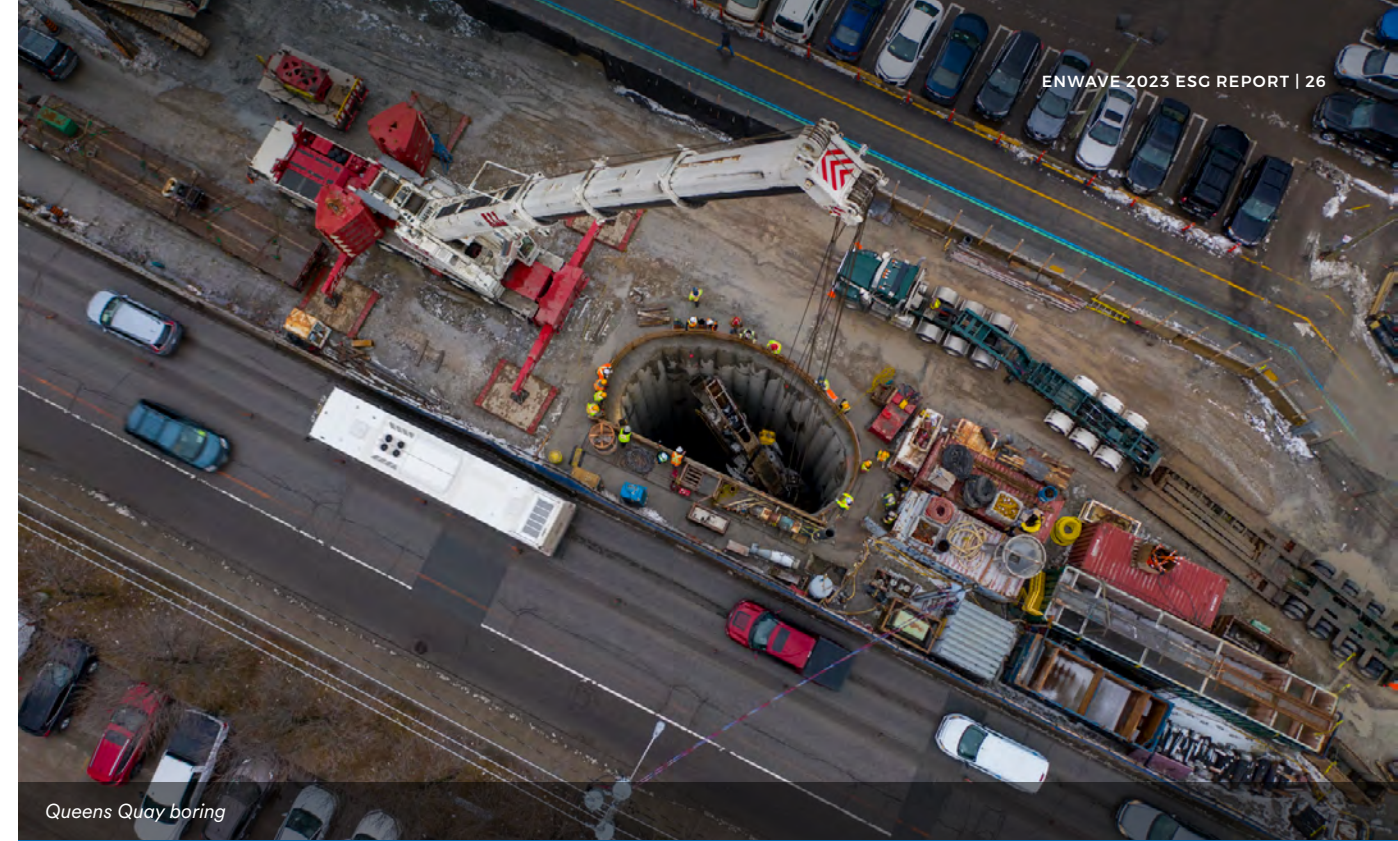
Our steam and hot water plants operated with similar efficiency to 2022. Our overall performance was slightly affected by warmer temperatures during the heating season which led to reduced peak demand. Despite this, Enwave maintained boiler availability to meet any potential high steam demand and to ensure our assets operated as efficiently as possible despite the weather conditions. As a result, although the heating system operated similarly to 2022, we experienced a slight increase in energy and emission intensity in 2023. Overall, in 2023 we experienced a slight decrease in Scope 1 and Scope 2 emissions intensity due to the increased production in chilled water, which contributed to a reduction in our organization-wide emission intensity.



JSPS pumps

**Table 5: Climate-Related Metrics**

METRIC	UNIT	2022	2023
Gross Global Scope 1 emissions	Metric tonne (t) CO <sub>2</sub> e	315,024	299,548
Gross Global Scope 2 emissions	Metric tonne (t) CO <sub>2</sub> e	2,246	2,536
Percentage of gross global Scope 1 emissions that are covered under emissions-limiting regulations and emissions-reporting regulations	Percentage (%)	0	0
Number of customers served in markets subject to renewable portfolio standards	Number (#)	145	<i>N/A in 2023 based on updated SASB guidelines</i>
Scope 1 GHG emission intensity	Metric tonne (t) CO <sub>2</sub> e per unit of output (MWh)	0.20	0.20
Scope 1 and 2 GHG emission intensity	Metric tonne (t) CO <sub>2</sub> e per unit of output (MWh)	0.13	0.12
Scope 3 emissions	Metric tonne (t) CO <sub>2</sub> e	<i>Not reported</i>	83,684



Queens Quay boring

### SCOPE 3 SPOTLIGHT

We recognize the importance of understanding our Scope 3 emissions, and acknowledge their significance in global supply and value chains.

In 2023, we worked together with a third party to prepare a comprehensive strategy and methodology for reporting Scope 3 emissions. Through a detailed screening assessment (considering criteria such as size, influence, risk, stakeholders, outsourcing, and spend/revenue) we identified key emission sources within our upstream and downstream value chain within the following categories:

- Category 1: Purchase goods and services
- Category 2: Capital goods

- Category 4: Fuel and energy related activities
- Category 6: Business travel
- Category 15: Investments

Working with external advisors, we established an internal process to systematically collect and report Scope 3 emissions data, with 2022 as our baseline year. In our 2023 quantification, we were pleased to notice a reduction in our Scope 3 emissions in 2023 over our 2022 data, notably in the fuel and energy related activities category, and we anticipate further reductions going forward.

# ENERGY MANAGEMENT & END USE EFFICIENCY

## WHY THIS MATTERS

A district energy system is a highly efficient design to connect many buildings with differing energy profiles to a central energy source. Providing heating and cooling from a central plant usually requires less fuel and displaces the need to install individual space heating and cooling and hot water systems in each building, meaning that district energy provides significant opportunities for increased energy efficiency and makes space available for other purposes. At Enwave we seek even greater efficiencies by making use of sources of recycled heat, such as heat recovered from our DLWC system, from data centres, and from wastewater. This heat is then upgraded through electric heat pumps to produce low-carbon hot water, which is distributed through our hot water network, supporting our Enwave Green Heat program.

## APPROACH

We are continuing to work toward implementing the ISO 50001 framework for energy management systems. At Enwave, optimizing energy efficiency is one of our low-carbon focus areas, and our Digital Transformation project will further enable optimization. Our DLWC expansion will also provide further efficiencies within our chilled water service. The DLWC system, which displaces the need for energy-intensive water

cooling systems that often use towers to evaporate water in order to expel heat, draws very cold water from deep in Lake Ontario, which is then piped to the Island Filtration Plant operated by the City of Toronto. Large heat exchangers, rather than energy-intensive air conditioners and chillers, then transfer thermal energy, or heating and cooling, into water loops serving customers. Cold water is circulated through building pipes as an alternative to traditional air conditioning. After the chilled water has circulated through and cooled the buildings, we recycle the heat, returning the warm water to the pumping station to repeat the process.

In PEI, we implemented a strategy to reduce fuel oil consumption during our operations in the off-peak seasons. We put a steam control strategy in place that resulted in a reduction in carbon emissions associated with fuel oil during the shoulder seasons.

## PERFORMANCE

Our DLWC system saves over 100 customers in the City of Toronto approximately 92,000 mega-watt hours of electricity use each year as a result of avoiding the use of their own boilers and chillers, which can be equated to the energy needed to power a town of 25,000 people. When operating at full capacity, the DLWC system reduces peak demand on Toronto’s congested

electricity grid by over 60 MW, easing the severely constrained grid system when it is needed most. Our expansion of the DLWC system with the addition of a fourth intake pipe, which is currently being commissioned, will increase the chilled water capacity of our district system by up to 40%. This expansion will be capable of serving cooling energy to approximately an additional 20 million sqft of floor space (the equivalent to 40–50 residential condo buildings).

In 2023, we also broke ground on the construction of our PSEC heat pump plant. This plant will result in approximately 11,600 tCO<sub>2</sub>e reduced annually compared to traditional steam to hot water conversion, and will allow customers on our hot water distribution networks to benefit from our Enwave Green Heat offering. This plant will use recycled waste heat from our DLWC system to produce hot water using the newly constructed heat pumps. This low-carbon heating service offering can help buildings and building owners achieve their specific net-zero ambitions and accreditations.

## SPOTLIGHT ON DIGITAL TRANSFORMATION

Enwave is excited to announce the launch of a comprehensive Digital Transformation project aimed at optimizing our district energy systems. This multi-phase initiative will leverage cutting-edge technology to enhance efficiency, improve customer experience, and ensure the long-term sustainability of our systems.

Integrated databases and analytical engines will enable data analysis and machine learning capabilities, leading to more accurate demand forecasting and informed decision-making. This translates to improved overall efficiency, reduced energy consumption, and a reliable system that adapts to changing weather patterns.

It is intended that the Digital Transformation project will extend beyond operational efficiency and climate resilience by empowering customers to track their sustainability metrics. Digitized platforms facilitate easy data sharing, enabling customers to monitor their energy consumption and make informed choices to reduce their environmental footprint. This collaborative approach fosters a collaborative journey towards a more energy efficient future and exemplifies our commitment to innovation in the energy sector.



Enwave team member at Walton Street Energy Centre



City of Windsor skyline

## SPOTLIGHT: WINDSOR ACQUISITION

In 2015, Enwave acquired the district energy plant in the North Block of the casino complex in Windsor, Ontario. In 2021, Enwave purchased the district energy assets connected to the plant, further enhancing our ability to efficiently and reliably serve our customers in Windsor, including the casino itself. In November 2023, Enwave was pleased to announce the purchase of the chilled water and hot water plant as well as combined heat & power assets at the West Block of the casino complex. The transition and integration of the West Block went smoothly, and this acquisition has allowed us to increase both scale and optimization of our Windsor operations.

**Table 6: Energy Management Metrics**

METRIC	UNIT	2022	2023
Total non-renewable energy (consumed)	Megawatt hours (MWh)	1,718,947	1,718,434
Total non-renewable energy (produced)	Megawatt hours (MWh)	1,400,264	1,790,289
Total renewable energy (consumed)	Megawatt hours (MWh)	187,528	202,876
Total renewable energy (produced)	Megawatt hours (MWh)	670,615	763,463
Customer electricity savings from efficiency measures	Megawatt hours (MWh)	95,807	85,444



# WATER MANAGEMENT

## WHY THIS MATTERS

Our district energy systems depend on access to significant amounts of water for heating and cooling. As a result, we are focused on water conservation solutions and the integration of water management technologies to drive greater resource efficiencies and reduce water consumption. Water scarcity, water cost, wastewater regulations, growing regulations related to biodiversity impacts from water withdrawals, and competition for access to water from local communities and businesses are risks faced by district energy providers. Failure to effectively manage water can lead to higher costs, more liabilities, and reduced revenue. Effectively and responsibly managing water use within our operations remains an important priority for Enwave.

## APPROACH [SASB IF-EU-140a.3.]

Water conservation is an important part of many of our services, particularly the DLWC system, where we integrate water management technologies to ensure water resources are used efficiently. Our DLWC system shares infrastructure with the City of Toronto’s water utility. The City of Toronto and Enwave operate under an Energy Transfer Agreement (ETA) that facilitates the transfer of cooling energy from the City of Toronto’s drinking water infrastructure into Enwave’s district energy supply through heat exchangers, ensuring that water drawn from Lake Ontario is used as efficiently as possible. Additionally, our water recovery and recycling solutions ensure wastewater does not touch clean water which enables us to conserve water while offering our cooling solution. Our cooling systems use Ecolab technology for real-time monitoring and adjustments which enables the system to seek to work at optimal levels and use the least amount of water and energy possible while meeting customer needs and system constraints. We are also financing investments in solutions

for sustainable water and wastewater management under our Green Financing Framework. Throughout the construction and commissioning of our expansion of our DLWC system, which involves a fourth intake pipe and use of raw water that is returned to the inner harbour, we have worked diligently in evaluating and minimizing any adverse impacts on the environment and the marine ecosystem.

## PERFORMANCE

**Table 7: Water Management Metrics**

METRIC	UNIT	2022	2023
Total water consumed	Thousand cubic metres (m <sup>3</sup> )	1,941,926	1,432,509
Water consumption intensity	Thousand cubic metres (m <sup>3</sup> )/GJ energy sold	0.000261497	0.0000961403
Percentage of water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	0

DLWC infrastructure

# LAND USE AND ECOSYSTEM IMPACTS

## WHY THIS MATTERS

The construction and expansion of our projects require careful consideration of the potential impacts on the surrounding land and ecosystems. Projects such as the DLWC system expansion, which includes installation of a new intake pipe into Lake Ontario, has the potential to impact the land, shoreline and lake ecosystems. Additionally, where the duty to consult with Indigenous groups has arisen in connection with Enwave’s projects (such as with the DLWC project) we have engaged with potentially affected Indigenous communities. We remain committed to supporting and participating in government consultations with potentially-affected Indigenous communities as required, and to responsibly manage our impact on ecosystems. To this end, we note the recent developments of the Task Force on Nature-Related Financial Disclosures (TNFD) and will continue to monitor its potential relevance to our business over time.

## APPROACH *[SASB IF-EN-160a.2]*

The Community Energy Planning and Development team has primary responsibility for activities related to land use and ecosystem impacts, and for ensuring that all development and construction activities are in compliance with regulatory requirements. Our operations are subject to laws and regulations relating to the protection of endangered and threatened species, as well as emissions into the air, water discharges, natural resource consumption, waste generation, and the use of hazardous chemicals. During the project development process, we undertake thorough environmental impact assessments and throughout construction we continually evaluate and manage environmental risks to ensure that operations remain compliant with any regulatory requirements. This is implemented through Enwave’s environmental management plans, which are created for all major projects.

## PERFORMANCE

At Enwave, we operate primarily in urban areas and thus our potential to impact very sensitive ecosystems is fairly limited. However, our DLWC system does have the potential to impact ecosystems within Lake Ontario. Our associated water recovery and recycling solutions, part of our partnership with the City of Toronto water utility, ensure wastewater does not touch the City of Toronto’s clean drinking water. Our cooling systems also use Ecolab technology for real-time monitoring and adjustments which enables the system to seek to work at optimal levels and minimize the amount of water withdrawn from the lake, while meeting customer needs and system constraints.

**Table 8: Land Use and Ecosystem Metrics**

METRIC	UNIT	2022	2023
Number of incidents of non-compliance with environmental permits, standards, and regulations	Number (#)	0	0
Habitats protected, restored, or rehabilitated	Acres	0	0
Percentage of business operations/ activities that negatively affect those biodiversity sensitive areas to which they are located in or near	Percentage (%)	0	0
Operational sites owned, leased, managed in, or adjacent to (or within 100km), protected areas and areas of high biodiversity value outside protected areas	Number (#)	0	0



*DLWC equipment being brought to Toronto*



# AIR QUALITY

## WHY THIS MATTERS

Depending on the project, our operations have the potential to improve or impact air quality. For instance, our Toronto DLWC system provides customers a cooling alternative which avoids each building from running their own boilers and chillers, resulting in a positive impact on indoor and outdoor air quality by reducing fossil fuels emissions. However, our waste-to-energy system in Charlottetown has the potential to release harmful air pollutants when municipal solid waste and biomass are used as sources of fuel. Complying with air emission regulations and efficiently managing air quality impacts across all our projects ensures we avoid regulatory compliance costs, limit liabilities, and reduce reputational impacts that come from emitting harmful air pollutants. Air quality was identified as a material ESG factor during the 2022 ESG Materiality Assessment with the potential to further increase in importance to stakeholders over the long term.

## APPROACH

Air quality is monitored regionally and is determined by local regulations. Our district energy systems provide the opportunity to improve air quality for the surrounding neighbourhoods by reducing fossil fuel emissions and use of refrigerants. District energy solutions improve energy efficiency compared to every building having their own respective heating and cooling systems and offers sustainable strategies for heating and cooling. For example, our Enwave Geo Communities service line harnesses geoexchange energy from the ground for heating and cooling, our DLWC system expansion project uses cooling power from the bottom of Lake Ontario, and large-scale electric heat pumps, installed in two of our plants and with construction beginning on our PSEC heat pump plant, offer an alternative to fossil fuel consumption for low-carbon heating. While the waste-

to-energy process used in our Charlottetown facility has the potential to negatively affect air quality, we continue to make efforts to monitor, control and reduce our emissions to air.

## PERFORMANCE

Enwave reports certain air quality metrics to the Government of Canada’s National Pollutant Release Inventory as part of our compliance requirements. This past year, we streamlined and centralized our internal tracking procedures for all of our sites across Ontario. As a result, for 2023 we are able to provide air quality metrics for our Ontario districts as well as our reportable air quality metrics for our PEI system.

In PEI, we had four incidents related to environmental air release that we reported to Prince Edward Island’s Department of Environment, Energy and Climate Action, compared to five the previous year. We will continue to track and monitor and report on our emissions to air across all our sites.

**Table 9: Air Quality Metrics**

METRIC	UNIT	2022	2023
Air Emissions of NO <sub>x</sub>	Tonnes (t)	<i>Not reported</i>	207.77
Air emissions of SO <sub>x</sub>	Tonnes (t)	<i>Not reported</i>	10.10
Air emissions of volatile organic compounds (Ontario)	Tonnes (t)	<i>Not reported</i>	15.77
Number of reported incidents related to environmental air release	Number (#)	5	4

City of Toronto skyline



# SOCIAL

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# WORKFORCE HEALTH & SAFETY

## WHY THIS MATTERS

Workplace health and safety is a fundamental pillar of our ESG framework. It directly impacts on the welfare of our workforce, who are at the core of our operations. Our team faces diverse challenges including confined spaces, handling hazardous chemicals, and working in high-temperature and high-voltage environments. By adhering to occupational health and safety regulations and fostering a safety-centric culture, we prioritize the physical and mental well-being of our employees. This commitment extends beyond compliance; it reflects our dedication to safeguarding human rights and upholding community welfare standards.

Beyond the value of protecting our employees from harm, workplace health and safety is linked to our operational efficiency and reputation. Ensuring a safe work environment not only mitigates the risk of accidents and injuries but also enhances operational effectiveness, driving sustainable business performance. Furthermore, our steadfast commitment to workplace health and safety strengthens our reputation as a responsible corporate citizen, fostering positive relationships with stakeholders and sustaining our resilience in the long run.

## APPROACH

We take a comprehensive approach to managing our health and safety strategies, and we engage with our partners, customers, and subcontractors along each step of the way. We implemented contractor management through the ISNworld (ISN) platform, overseeing the onboarding and evaluation of over 150 of our contractors, being those identified as 'high risk'. Beginning with comprehensive training and support, we collect and verify contractor data, which includes an ISN evaluation of safety practices, performance history, and compliance with regulatory standards. Leveraging

ISN's tools, we conduct assessments to identify strengths, areas for improvement, and potential risks, subsequently implementing tailored risk mitigation strategies in collaboration with contractors. Continuous monitoring and improvement, facilitated by ISN's reporting, ensures continual improvement and a culture of shared accountability. Through transparent communication and collaborative partnerships, we established our standard for contractor management, prioritizing safety, and excellence in our operations.

## PERFORMANCE

Throughout 2023, the team focused on implementing both proactive and compliance-focused preventive measures to enhance the effectiveness of our health and safety initiatives. These measures included a range of activities such as inspections, safety meetings, Joint Health and Safety Committee (JHSC) meetings, hazard identification, positive observations, and comprehensive training sessions. A remarkable tally of over 85 safety meetings were conducted across our sites, providing a forum for addressing concerns, finding solutions together, and ensuring employees remained informed about plant activities and developments in other departments. Notably, our reporting programs received enthusiastic participation, with over 345 'Hazard Identifications' and 400 'Positive Observations' logged. The submissions guided discussions during safety and JHSC meetings and helped pinpoint our highest health and safety risks. Through the 'Positive Observations', employees not only identified exemplary practices within their respective sites but also commended the outstanding efforts of their colleagues.

In 2023, Enwave achieved zero lost time incidents and zero fatalities for both employees and full-time contract workers operating on its sites. Approximately 25 in-person training sessions were conducted on a range of health and safety topics, including confined space entry, first aid, fall protection,

hoisting/rigging, and emergency response. These hands-on sessions provided employees with invaluable opportunities to hone their skills and expertise, fostering a culture of continuous improvement and readiness across our workforce. We are also pleased to report that both our 'Total Recordable Incident Rate' and 'Near Miss Frequency Rate' have come down year-over-year due to enhanced management of our health and safety protocols.

**Table 10: Workforce Health and Safety Metrics**

METRIC	UNIT	2022	2023
Total recordable incident rate (TRIR) - Full-time and contract employees	Number (#)	0.76	0.71
Fatality rate - Full-time employees	Number (#)	0	0
Fatality rate - Contract employees	Number (#)	0	0
Near miss frequency rate (NMFR) - Full-time employees	Number (#)	5.62	4.31
Total Lost Time Incident Rate (LTIR) - Full-time and contract employees	Number (#)	0	0
Percentage of health, safety, and emergency response training completed - Full-time employees <sup>4</sup>	Percentage (%)	70	80
Total hours worked by full-time employees <sup>5</sup>	Number (#)	317,988	365,840
Total hours worked by contract employees	Number (#)	3,299	8,346

<sup>4</sup> Due to rolling deadlines and weekly measurement this figure represents the average completion rate at a given point in time. The overall completion rate by the applicable deadline is significantly higher.

<sup>5</sup> 2022 full-time and contract hours worked restated in 2023 report.



DLWC infrastructure

# EMPLOYEE ENGAGEMENT, PEOPLE & CULTURE

## WHY THIS MATTERS

Employee engagement, people and culture remain critical to Enwave’s success. The risks and opportunities for Enwave centre on our ability to recruit, develop, engage and retain a sufficiently skilled and diverse workforce. This is a particularly important issue for district energy providers because the industry requires a significant number of technical experts, and there is high competition for these types of skilled employees. Building an inclusive, collaborative and growth-focused culture will help to differentiate us as an employer of choice.

## APPROACH

Policies that support our culture and our approach to employee engagement, people and culture are documented in our Employee Handbook. Senior management has responsibility for matters related to human capital management and labour relations, with the Board and the Human Resources Committee providing critical oversight. In 2023 we further enhanced our approach through the following channels:

### Employee Handbook

Updated various policies, including the addition of an “Attendance Support Program” policy, in order to encourage proactive practices that are fair and consistent in coordinating Enwave’s responses to attendance, illness or injury absences for hourly employees.

### Health & Safety Policy Statement

Updated to include Enwave’s commitment to minimizing impact on the environment, and continuous improvement of the health, safety and environmental management system which is incorporated into all phases of operations.

### Social Media Policy

To further minimize business and legal risks, the guidelines within Enwave’s Social Media Policy were broadened to address avoiding controversy when posting to certain personal and social media profiles that are connected to, or identify with, an employee’s employment at Enwave.



Enwave team members



# DIVERSITY, EQUITY & INCLUSION (DEI)

Enwave’s inclusivity strategy continues to progress from initial awareness to full integration. Our approach is intricately linked to our organizational ethos, embodying our commitment to *do things differently* and *achieve big goals* through transformative practices. This philosophy aims to foster a culture where diversity is valued, equity is sought, and inclusion is practiced.

Building on the foundations laid in 2022, including the recommendations developed through our work with third-party experts Diversio, key 2023 priorities and developments included:

## Inclusivity Audit

We conducted a comprehensive review across all Enwave workplace locations to highlight positive practices and key areas for improvement in building a more accessible and inclusive workplace and culture. The Inclusivity Audit also assessed compliance with *Accessibility for Ontarians with Disabilities Act (AODA)* standards and requirements.

## Unconscious Bias Dialogue

We hosted a live training session on unconscious bias, in partnership with CultureAlly, a DEI company specializing in impactful and engaging DEI trainings to build more inclusive environments. Participants included members of the leadership team as well as staff from each office and plant. The session focused on:

- An understanding of what unconscious biases are
- The different types of unconscious biases that show up in our decision making
- Tactics to mitigate biases
- How to put these tactics into action

Unconscious bias training has now been incorporated into onboarding and training for all new Enwave employees.

## SPOTLIGHT: CULTURE CLUB

In September 2023, we officially announced the formation of our Culture Club at Enwave. This cross-functional team is dedicated to building Enwave’s culture and creating a positive and engaging work environment. The goals of the Culture Club are to:



Build a strong, diverse, cross-functional team that leverages different perspectives and ideas to build our culture.



Plan, organize, and execute social events, culture-building activities and green initiatives.



Act as a conduit to gather input, suggestions, feedback, and ideas and provide a platform for open communication.



Create greater consistency of programs and events across Enwave and alignment with Enwave’s values.



Ensure that the interests and preferences of all employees are considered.

# DO THINGS DIFFERENTLY

## TRUTH & RECONCILIATION

To increase dialogue about our Canadian history and the path to reconciliation, Enwave arranges annual education sessions for all employees in recognition of the National Day for Truth and Reconciliation.

The focus of the sessions is to encourage cultural introspection, self-awareness, knowledge acquisition and practices at the individual and organizational levels. The sessions have been told through an Indigenous lens by an Indigenous team. We also encourage all employees to wear an orange shirt, in recognition of Orange Shirt Day to demonstrate support for our Indigenous communities and share the message that Every Child Matters. Enwave continues to educate and engage employees on this topic on an annual basis.

*Signage at our new head office*

## EMPLOYEE ENGAGEMENT

The fall of 2023 saw the administration of Enwave's annual employee engagement survey, aimed at assessing various dimensions of employee satisfaction and engagement. The survey results provide valuable insights into areas of strength and opportunities for improvement within the organization.

The overall engagement score was 78%, marking a notable increase of 4 points from the previous year. This indicates a positive trend in employee engagement levels within the organization.

Other notable employee engagement initiatives through 2023 included:

### **Purpose, Vision, Mission, Values, Critical Behaviours and Employee Value Proposition (EVP) Rollout:**

We rolled out our updated Purpose, Vision, Mission, Values, Critical Behaviours and EVP to all sites in the fall of 2023, with the goal to effectively promote, communicate and launch site-specific posters, while creating and reinforcing a sense of alignment with the Company's culture and values amongst employees.

### **National Day of Mourning**

We had the privilege of hosting a speaker from Threads of Life who courageously shared his personal story of a workplace injury. His inspiring presentation reminded us of the human impact behind safety protocols and encouraged us to speak up and take action to prevent future incidents.

### **Safety & Wellness Month/Mental Health Awareness Month**

We held various activities and initiatives across the organization in the month of May to recognize both Safety & Wellness Month and Mental Health Awareness Month.

### **Learning & Education Series**

In March 2023, we were proud to launch an engagement series across the Company, with the objective of ensuring that learning and education is an ongoing process that contributes to employee growth and development, builds knowledge of our business, and provides opportunities for greater efficiency, optimization, and effectiveness.

### **Take a Kid to Work Day**

In the fall of 2023, we introduced this learning event as a way to encourage all employees with a Grade 9 student to join Enwave for a day of learning opportunities, plant tours, and to gain insight about Enwave's purpose, what drives us, and our place in the community.

## PERFORMANCE

In 2023, we maintained a robust performance monitoring system that encompasses a wide array of metrics aimed at gauging employee engagement and fostering diversity, equity, and inclusion within our organization. These metrics include the representation of women across various levels, the voluntary turnover rate, and our progress towards short-term DEI objectives. Our female representation on the executive team and Board remained consistent between 2022 and 2023, at 43% and 33% respectively. Additionally, we continued building our Enwave Student Experience Program to provide summer work term opportunities to several students to help them gain valuable industry experience. While we help these students develop their skillset and complement their academic studies, we are also promoting the district energy industry amongst university students and building a pipeline of talent within the industry.



*Enjoying the new Enwave cafe*



# LABOUR RELATIONS

In district energy, effective management of human capital and labour relations is critical for maintaining safe working conditions and provision of essential services. At Enwave, our workforce includes both unionized and non-unionized employees. Our unionized employees are represented by different unions across the jurisdictions in which we operate. The majority of our unionized workforce are based in our Toronto plants where work stoppages are restricted because of the essential services we are providing. Overall, we are proud to maintain positive labour relations. Throughout 2023 we did not experience any work stoppages due to strikes or lockouts.

**Table 11: Employee Engagement, People & Culture Metrics**

METRIC	UNIT	2022	2023
Number of employees across offices and plants	Number (#)	188	197
Employee engagement score	Percentage (%)	74	82
Percentage of female representation of Board	Percentage (%)	33	33
Percentage of female representation of Leadership team	Percentage (%)	43	43
Percentage of female representation on Senior Management team	Percentage (%)	<i>Not reported</i>	46

Enwave team members



# ASSET INTEGRITY & RESILIENCY

## WHY THIS MATTERS

Community and public safety are extremely important considerations to us. Whether through engineering, design, inspection, construction or maintenance, we have a professional responsibility to ensure the safety and integrity of our work and assets. As a district energy provider, Enwave is a prominent essential services provider in the communities in which we operate. Our operations have a direct impact on a broad range of community-based customers, including many who provide additional essential services, such as mission critical data centres, municipalities and hospitals. It is thus crucial that we maintain the structural integrity and safety of our assets and facilities, including ensuring that our operational technology is safe from cyber-attacks.

## APPROACH

Our approach to asset integrity and resiliency is grounded in our health, safety and environmental (HSE) programs, which are based off of International Organization for Standardization (ISO) 45001 and 14001 frameworks. We ensure completion of routine maintenance on all critical assets and make annual capital investments in infrastructure renewal to ensure long-term asset integrity. We additionally maintain monitoring of our district systems 24 hours a day, seven days a week, have dedicated maintenance crews, and strong partnerships with local contractors for asset maintenance and emergency response. We are dedicated to operational excellence in emergency preparedness where we complete both tabletop drills and procedural testing.

## PERFORMANCE

The integrity and performance of our assets is of critical importance to us. Ensuring that our equipment is performing as efficiently and as safely as possible allows us to provide our customers with reliable, energy-efficient heating and cooling. As part of our operational planning going forward, Enwave’s Operational Excellence team and Health and Safety team developed a Refrigerant Management Policy that standardizes our maintenance practices for our chillers and provides a protocol for the purchase of carbon offsets to mitigate the impacts of any future refrigerant releases, should they occur.

In 2023, we experienced a water leak in one of our tunnels in our Toronto district eastern hot water expansion loop. While we had to pause our hot water service temporarily, our team mobilized immediately to provide temporary heating solutions to all individuals impacted by the leak within 24 hours.

**Table 12: Asset Integrity and Resiliency Metrics**

METRIC	UNIT	2022	2023
Amount of defect- and safety-related rework costs	Reporting currency (\$)	0	71,362
Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents <sup>6</sup>	Reporting currency (\$)	0	0

<sup>6</sup> All material costs related to any legal proceedings were covered by insurance and thus did not result in losses.

Construction at The Well

# COMMUNITY ENGAGEMENT

## WHY THIS MATTERS

As an essential service provider, Enwave strives to positively impact the communities in which we operate by providing access to reliable, efficient and low-carbon energy services, as well as local employment opportunities. District energy providers frequently need support from local communities in order to obtain permits and conduct business without disruptions. As such, we aim to develop strong relationships with our community stakeholders so that we can mitigate and address any community-related risks, should they arise.

## APPROACH

The effects of climate change and water scarcity are among the most significant threats facing communities, today and in the future. As a leader in sustainability and at the forefront of the energy transition, we believe we can do more to meet these challenges. By continuing to invest in our systems, our people, and our communities, we play an important role in the transition to net-zero. We seek to have a positive impact on the communities in which we operate through not only the provision of employment, but also through our Enwave Community Outreach Program (ECOP). ECOP aims to recognize the causes and charities that matter most to our team by fostering and enabling engagement for the Enwave community in which we operate while creating a positive impact throughout our network. We are always excited to learn about what organizations are of importance to our employees.

## PERFORMANCE

In 2023, Enwave and its employees participated in numerous community engagement initiatives. Some local initiatives that we supported are:

Distribution of \$75,000 to charitable organizations in the communities in which we operate, including:

- Corporate fundraiser in support of Holland Bloorview's Capes for Kids, nearly doubling our fundraising goal
- Employee matching campaign for the Red Cross Middle East Humanitarian Appeal, raising nearly \$20,000 for this initiative
- Participating in Holiday Helpers, volunteering personal time to sort and wrap gifts that are provided to families with young children in low-income situations
- Contributions of \$12,000 to organizations through our ECOP program



PSEC mural by Emmanuel Jarus

## PEARL STREET ENERGY CENTRE MURAL

In the summer of 2023, Enwave and the City of Toronto commissioned a painted mural for the south side of PSEC as part of StreetARToronto's Sustainable Energy Mural Project. Together with StreetARToronto, we hosted an event which brought together the community to review art proposals from five different artists. The artist's objective was to create a mural celebrating innovation, sustainable energy, and the environment. The winning mural, by artist Emmanuel Jarus, was unveiled in September 2023 to much celebration within the community. The mural resonated so deeply with the Enwave community that a version adorns our office wall as well.

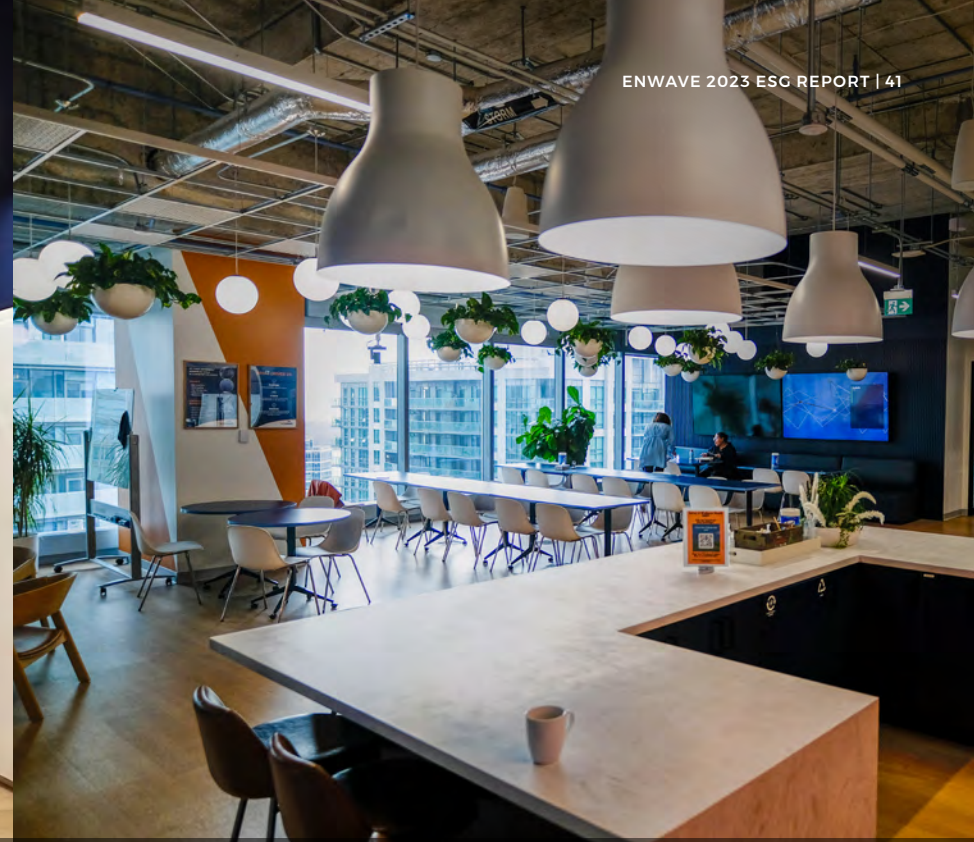


## SPOTLIGHT ON OFFICE MOVE

In November 2023, Enwave relocated its corporate headquarters to 16 York Street in Toronto, in the heart of the downtown core. We took this opportunity to design an office space that best suited our needs—now and in the future. Through polls and surveys, we determined what office space attributes were most important to our people and designed our new space accordingly. Located in a LEED Platinum building steps from GO and TTC transit access, our new head office space is modern, bright and inspiring. With an oversized café space for casual connections, social gathering and town halls, a multitude of meetings rooms of various sizes with state-of-the-art conferencing technology, and a wellness room that provides an opportunity to step away and recharge—our new space fosters creativity, innovation and inspires us to *do things differently*.



Office reception at our new head office



Enwave cafe at our new head office



Meeting room with a view at our new head office



# SUPPLY CHAIN MANAGEMENT

## WHY THIS MATTERS

District energy systems rely on critical inputs such as natural gas, water, and electricity for their operations and use third party contractors to provide goods, products, and services. Increasingly, companies are being expected to manage and monitor their supply chain, including conducting appropriate screening, monitoring and engagement with suppliers to ensure practices in their supply chain are in compliance with local laws, respect human rights, and limit environmental impacts. Careful management of supply chain risks can provide a competitive advantage and enhance reputation while also limiting costs associated with human rights violations, environmental damage, and issues sourcing required materials. We recognize the importance of supply chain management in achieving enhanced ESG risk management.

## APPROACH

Our relationships with suppliers are the responsibility of the Supply Chain team, which reports up to the Executive Vice President, Operations. To manage supply chain risk, Enwave sources materials responsibly, standardizes processes across our supply chain, and does business with suppliers that share our commitment to responsible corporate standards. Our Supplier Code of Conduct sets out standards of conduct for suppliers of goods and services to Enwave covering topics such as safety culture, human rights, labour standards, the environment and business ethics. For example, our Supplier Code of Conduct stipulates that suppliers must establish and maintain standards, procedures and management controls to ensure compliance with applicable health and safety standards.

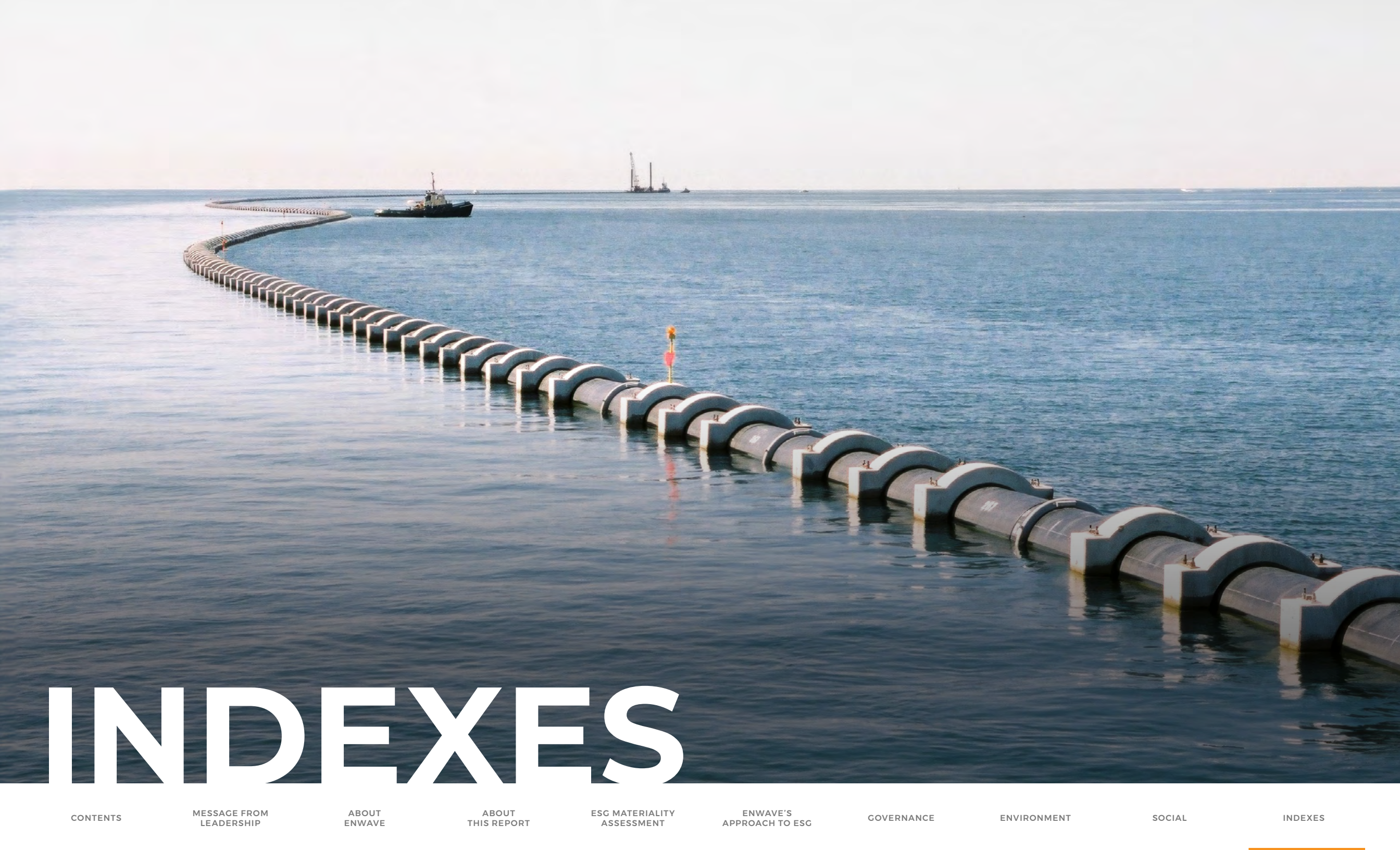
## PERFORMANCE

Our Supply Chain team is continuing to develop and implement a formal Supplier Relationship Management (SRM) process that will monitor the performance of our key suppliers. This will allow us to mitigate risk, enable process excellence, and identify and execute against our strategic vision. As part of this process, we have started implementing quarterly business reviews with our critical suppliers. These reviews focus on building strong relationships from the outset and identifying areas of importance, including our efforts to achieve net-zero emissions. As we continue to develop our SRM framework, we will implement performance and reporting indicators that will be included in future reporting.

Table 13: Supply Chain Management

METRIC	UNIT	2022	2023
Number of Indigenous suppliers	Number (#)	Not Reported	1

Plant expansion at JSPS



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# ESG PERFORMANCE METRICS

Forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates, or expectations contemplated by us will be achieved.

3,299	ACCOUNTING METRIC	UNIT	2022 PERFORMANCE	2023 PERFORMANCE
<b>Business Ethics</b>	Number of active projects in countries that have the 20 lowest ranking in transparency international's corruption perception index	Number (#)	0	0
	Number of backlogs in countries that have the 20 lowest ranking in transparency international's corruption perception index	Number (#)	0	0
	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption and other related issues	Reporting currency (\$)	0	0
	Percentage of employees who completed code of conduct or business ethics related training	Percentage	100	100
<b>Cybersecurity</b>	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Number (#)	0	0
	Number of data breaches <sup>7</sup>	Number (#)	0	0
<b>Climate Change</b>	Gross global Scope 1 emissions	Metric tonnes (t) CO <sub>2</sub> -e	315,024	299,548
	Gross global Scope 2 emissions	Metric tonnes (t) CO <sub>2</sub> -e	2,246	2,536
	Percentage of gross global Scope 1 emissions that are covered under emissions-limiting regulations and emissions-reporting regulations	Percentage (%)	0	0
	Number of customers served in markets subject to renewable portfolio standards (RPS) <sup>8</sup>	Number (#)	145	<i>Not Applicable</i>
	Scope 1 GHG emissions intensity	Metric tonnes (t) CO <sub>2</sub> -e per unit of output	0.20	0.20
	Scope 1 and 2 GHG emissions intensity	Metric tonnes (t) CO <sub>2</sub> -e per unit of output	0.13	0.12
	Scope 3 emissions <sup>9</sup>	Metric tonne (t) CO <sub>2</sub> e	<i>Not reported</i>	83,684

<sup>7</sup> As of 2023, metric reported on by Enwave to enhance SASB alignment (including historical 2022 data).

<sup>8</sup> As of 2023, no longer applicable given removal of metric from SASB [Electric Utilities and Power Generators Standard](#).

<sup>9</sup> As of 2023, Enwave began tracking and reporting on Scope 3 emissions.

## ESG PERFORMANCE METRICS CONT'D

3,299	ACCOUNTING METRIC	UNIT	2022 PERFORMANCE	2023 PERFORMANCE
<b>Energy Management Metrics</b>	Total non-renewable energy (consumed)	Megawatt hours (MWh)	1,718,947	1,718,434
	Total non-renewable energy (produced)	Megawatt hours (MWh)	1,400,264	1,790,289
	Total renewable energy (consumed) <sup>10</sup>	Megawatt hours (MWh)	187,528	202,876
	Total renewable energy (produced)	Megawatt hours (MWh)	670,615	763,463
	Customer electricity savings from efficiency measures	Megawatt hours (MWh)	95,807	85,444
<b>Water Management</b>	Total water consumed	Thousand cubic metres (m <sup>3</sup> )	1,941,926	1,432,509
	Water consumption intensity	Thousand cubic metres (m <sup>3</sup> ) /GJ energy sold	0.000261497	0.0000961403
	Percentage of water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0	0
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Discussion and analysis	Refer to page 29 of <a href="#">2022 ESG Report</a>	<a href="#">Page 30</a>
<b>Land Use and Ecosystem Impacts</b>	Number of incidents of non-compliance with environmental permits, standards, and regulations	Number (#)	0	0
	Habitats protected, restored, or rehabilitated	Acres	0	0
	Percentage of business operations/activities that negatively affect those biodiversity sensitive areas to which they are located in or near	Percentage (%)	0	0
	Operational sites owned, leased, managed in, or adjacent to (or within 100kms), protected areas and areas of high biodiversity value outside protected areas	Number (#)	0	0

<sup>10</sup> As of 2023, metric reported on by Enwave to enhance SASB alignment (including historical 2022 data).

## ESG PERFORMANCE METRICS CONT'D

3,299	ACCOUNTING METRIC	UNIT	2022 PERFORMANCE	2023 PERFORMANCE
<b>Air Quality Metrics</b>	Air Emissions of NO <sub>x</sub> <sup>11</sup>	Tonnes (t)	<i>Not reported</i>	207.77
	Air Emissions of SO <sub>x</sub> <sup>11</sup>	Tonnes (t)	<i>Not reported</i>	10.10
	Air Emissions of volatile organic compounds <sup>12</sup>	Tonnes (t)	<i>Not reported</i>	15.77
	Number of reported incidents related to environmental air release	Number (#)	5	4
<b>Workforce Health &amp; Safety Metrics</b>	Total recordable incident rate (TRIR) - Full-time employees and Contract employees <sup>13</sup>	Number (#)	0.76	0.71
	Fatality rate - Full-time employees	Number (#)	0	0
	Fatality rate - Contract employees	Number (#)	0	0
	Near miss frequency rate (NMFR) - Full-time employees	Number (#)	5.62	4.31
	Total Lost Time Incident Rate (LTIR) - Full-time employees	Number (#)	0	0
	Total Lost Time Incident Rate (LTIR) - Contract employees	Number (#)	0	0
	Percentage of health, safety, and emergency response training completed - Full-time employees	Percentage (%)	70	80
	Total hours worked by full-time employees	Number (#)	317,988	365,840
	Total hours worked by contract employees <sup>14</sup>	Number (#)	3,299	8,346
<b>Employee Engagement, People &amp; Culture</b>	Number of employees across offices and plants	Number (#)	188	197
	Employee engagement score	Percentage (%)	74	82
	Percentage of female representation of Board	Percentage (%)	33	33
	Percentage of female representation of Leadership team	Percentage (%)	43	43
	Percentage of female representation on Senior Management team <sup>15</sup>	Percentage (%)	<i>Not reported</i>	46

<sup>11</sup> As of 2023, metric reported on by Enwave to enhance SASB alignment. The scope of reporting currently includes Ontario operations and reportable PEI emissions.

<sup>12</sup> As of 2023, metric reported on by Enwave to enhance SASB alignment. Due to data limitations, the scope of reporting currently includes only Ontario operations.

<sup>13</sup> As of 2023, metric reported on by Enwave to enhance SASB alignment (including historical 2022 data).

<sup>14</sup> 2022 full-time and contract employee hours restated in 2023 report.

<sup>15</sup> As of 2023, metric reported on by Enwave to enhance alignment with best practice.

## ESG PERFORMANCE METRICS CONT'D

3,299	ACCOUNTING METRIC	UNIT	2022 PERFORMANCE	2023 PERFORMANCE
<b>Asset Integrity &amp; Resiliency Metrics</b>	Amount of defect- and safety-related rework costs	Reporting currency (\$)	0	0
	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Reporting currency (\$)	0	0
<b>Community Engagement</b>	Total community and charitable contributions	Reporting currency (\$)	75,000	75,000
<b>Supply Chain Management</b>	Number of Indigenous suppliers <sup>16</sup>	Number (#)	<i>Not Reported</i>	1

<sup>16</sup>As of 2023, metric reported on by Enwave to enhance alignment with best practice.

# SASB INDEX

The Sustainability Accounting Standards Board (SASB) publishes industry-specific sustainability accounting Standards, intended to help companies disclose financially material, decision-useful ESG information to investors in a cost-effective and comparable way. We have reported against metrics from the SASB Standard that applicable to our business.

ESG TOPIC	SASB CODE	ACCOUNTING METRIC	UNIT	2022 PERFORMANCE	2023 PERFORMANCE
<b>SASB ELECTRIC UTILITIES AND POWER GENERATORS</b>					
<b>Greenhouse Gas Emissions and Energy Resource Planning</b>	IF-EU-110a.1	Gross global Scope 1 emissions	tCO <sub>2</sub> e	315,024	299,548
		Percentage covered under emissions-limiting regulations, and emissions-reporting regulations	N/A - Discussion and analysis	0	0
	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	Refer to page 22 of <a href="#">2022 ESG Report</a>	<a href="#">Page 25</a>
	IF-EU-110a.4	Number of customers served in markets subject to renewable portfolio standards (RPS) <sup>17</sup>	Number (#)	145	<i>Not applicable</i>
<b>Air Quality</b>	IF-EU-120a.1	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population <sup>18</sup>	Number (#)	<i>Not reported</i>	207.77
		Air emissions of SO <sub>x</sub>	Number (#)	<i>Not reported</i>	10.10
		Air emissions of volatile organic compounds	Number (#)	<i>Not reported</i>	15.772
		Air emissions of lead (Pb)	Number (#)	<i>Not reported</i>	<i>Not reported</i>
		Air emissions of mercury (Hg)	Number (#)	<i>Not reported</i>	<i>Not reported</i>
<b>Water Management</b>	IF-EU-140a.1	Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (m <sup>3</sup> )	1,941,926	1,432,509
			Percentage (%)	0	0
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations <sup>5</sup>		0	0
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A - Discussion and analysis	Refer to page 29 of <a href="#">2022 ESG Report</a>	<a href="#">Page 29</a>

<sup>17</sup> As of 2023, no longer applicable given removal of metric from SASB [Electric Utilities and Power Generators Standard](#).

<sup>18</sup> As of 2023, metric reported on by Enwave to enhance SASB alignment. Air emissions for NO<sub>x</sub> and SO<sub>x</sub> include Ontario emissions and PEI reportable emissions.



## SASB INDEX CONT'D

ESG TOPIC	SASB CODE	ACCOUNTING METRIC	UNIT	2022 PERFORMANCE	2023 PERFORMANCE
<b>Workforce Health &amp; Safety</b>	IF-EU-320a.1	Total recordable incident rate (TRIR) - Full-time and contract employees	Number (#)	0.76	0.71
		Fatality rate - Full-time employees	Number (#)	0	0
		Fatality rate - Contract employees	Number (#)	0	0
		Near miss frequency rate (NMFR) - Full-time employees	Number (#)	5.62	4.31
		Total Lost Time Incident Rate (LTIR) - Full-time employees	Number (#)	0	0
		Total Lost Time Incident Rate (LTIR) - Contract employees	Number (#)	0	0
<b>End-Use Efficiency &amp; Demand</b>	IF-EU-420a.3	Customer electricity savings from efficiency measures, by market <sup>19</sup>	Megawatt hours (MWh)	95,807	85,444
<b>Grid Resiliency</b>	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Number (#)	0	0
<b>SASB ENGINEERING AND CONSTRUCTION SERVICES</b>					
<b>Environmental Impacts of Project Development</b>	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	Number (#)	0	0
	IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	N/A - Discussion and analysis	Refer to page 29 of <a href="#">2022 ESG Report</a>	<a href="#">Page 31</a>
<b>Structural Integrity &amp; Safety</b>	IF-EN-250a.1	Amount of defect- and safety-related rework costs	Reporting currency (\$)	0	0
	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents <sup>20</sup>	Reporting currency (\$)	0	0

<sup>19</sup> We have reported customer electricity savings from efficiency measures in aggregate as Enwave operates only in the Canadian market.

<sup>20</sup> All material costs related to any legal proceedings were covered by insurance and thus did not result in losses.

## SASB INDEX CONT'D

ESG TOPIC	SASB CODE	ACCOUNTING METRIC	UNIT	2022 PERFORMANCE	2023 PERFORMANCE
<b>Workforce Health &amp; Safety</b>	IF-EN-320a.1	Total recordable incident rate (TRIR) - Full-time and contract employees <sup>21</sup>	Number (#)	0.76	0.71
		Fatality rate - Full-time employees	Number (#)	0	0
		Fatality rate - Contract employees	Number (#)	0	0
		Near miss frequency rate (NMFR) - Full-time employees	Number (#)	5.62	4.31
		Total Lost Time Incident Rate (LTIR) - Full-time employees	Number (#)	0	0
<b>Business Ethics</b>	IF-EN-510a.1	Number of active projects	Number (#)	0	0
		Backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number (#)	0	0
	IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices <sup>3</sup>	Reporting currency (\$)	0	0
	IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	N/A - Discussion and analysis	Refer to page 20 of <a href="#">2022 ESG Report</a>	<a href="#">Page 19</a>

<sup>21</sup> Inclusion of contract employees is new in 2024 standard, full time only included in 2022.

# TCFD INDEX

The Taskforce on Climate-related Financial Disclosures (TCFD) developed a framework to help companies and investors disclose decision-useful, forward-looking information on climate-related risks and opportunities. We are beginning to align our ESG Report with the TCFD recommendations from the start as this framework has emerged as the leading investor-preferred framework for climate-related disclosure, and plan to enhance our disclosure in future reports.

CATEGORY	RECOMMENDATION	RECOMMENDED DISCLOSURES	REFERENCE
<b>Governance</b>	Disclose the organization's governance around climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>(a) Describe the board's oversight of climate-related risks and opportunities.</li> <li>(b) Describe management's role in assessing and managing climate-related risks and opportunities.</li> </ul>	<a href="#">Page 17</a>
<b>Strategy</b>	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	<ul style="list-style-type: none"> <li>(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</li> <li>(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</li> <li>(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</li> </ul>	<a href="#">Page 24</a>
<b>Risk Management</b>	Disclose how the organization identifies, assesses, and manages climate-related risks.	<ul style="list-style-type: none"> <li>(a) Describe the organization's processes for identifying and assessing climate-related risks.</li> <li>(b) Describe the organization's processes for managing climate-related risks.</li> <li>(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</li> </ul>	<a href="#">Page 25</a>
<b>Metrics &amp; Targets</b>	Disclose the metrics and targets used to assess and manage relevant.	<ul style="list-style-type: none"> <li>(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</li> <li>(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</li> <li>(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</li> </ul>	<a href="#">Page 25</a>



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