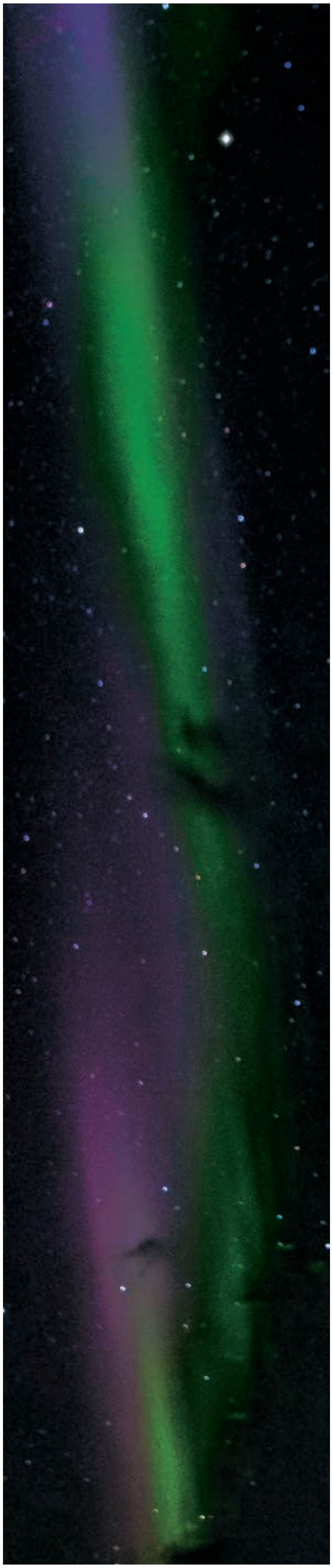

FINDING TRUE NORTH

2019/20
ANNUAL REPORT

SaskTel

Letter of Transmittal

Regina, Saskatchewan
June 29, 2020

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

Dear Lieutenant Governor:

I have the honour to submit herewith the annual report of SaskTel for the year ending March 31, 2020, including the financial statements, duly certified by auditors for the Corporation, and in the form approved by the Treasury Board, all in accordance with *The Saskatchewan Telecommunications Holding Corporation Act*.

Respectfully submitted,

Don Morgan

Honourable Don Morgan
Minister Responsible for Saskatchewan Telecommunications

FINDING TRUE NORTH

Geographically, true north is the northernmost point of the earth's axis. Extend that axis into space and the closest star is Polaris, the North Star. Metaphorically, true north is a fixed point in our spinning world, our own personal Polaris that guides SaskTel on its journey to serve the people of Saskatchewan and provide value to its shareholders.

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Highlights

FINANCIALS

Net Income	Revenue	Return on Equity	Capital Investment
\$130.4M* / \$119.8M	\$1,283.7M	11.1%* / 10.2%	\$262.9M

*EXCLUDES IMPAIRMENT, THE MAJORITY OF WHICH IS RELATED TO THE IMPACTS OF COVID-19

CUSTOMER CONNECTIONS

Broadband Internet	maxTV Service	Wireless	Fibre	Wireline Voice
+2.1%	(1.1%)	+1.4%	+11.0%	(7.5%)
Subscriber Growth	Subscriber Decline	Subscriber Growth	Subscriber Growth	Subscriber Decline
2019/20 791,421	2019/20 111,382	2019/20 618,188	2019/20 131,044	2019/20 308,719
2018/19 775,269	2018/19 112,583	2018/19 609,951	2018/19 118,069	2018/19 333,643

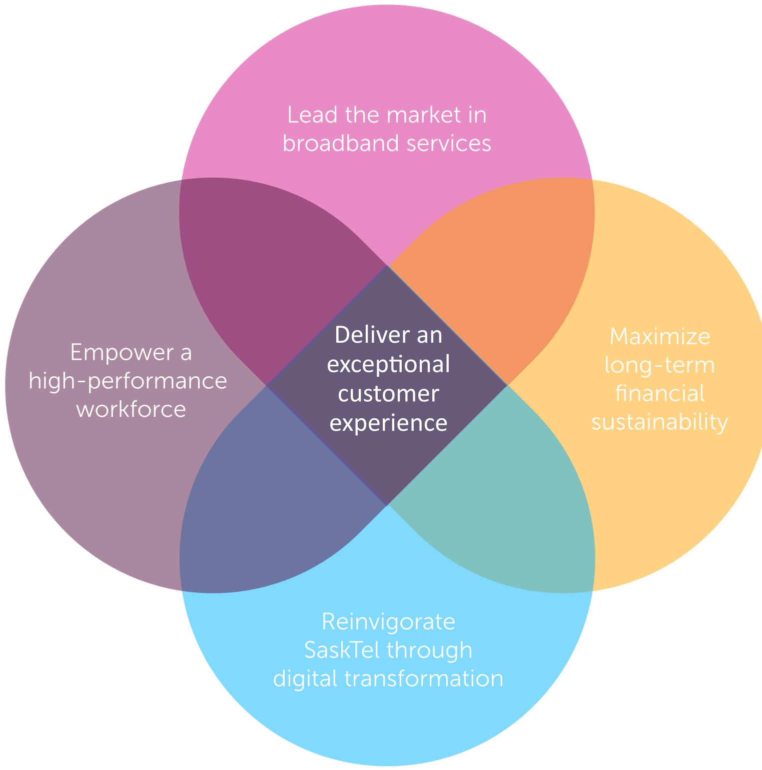
CORPORATE SOCIAL RESPONSIBILITY

Community Investment Program	SaskTel Pioneers	SaskTel TelCare Contributions	Supporting Saskatchewan
\$2.9M	\$1.2M	\$0.2M	73%
957 Non-Profit and Charitable Organizations	\$1.0M In-Kind/\$0.2M Invested and Over 42,000 Volunteer Hours	70 Saskatchewan Organizations	Suppliers Located in Saskatchewan

INFRASTRUCTURE

50 Mbps Fixed Broadband	Fibre Footprint	Fibre to the Premises (Consumer and Businesses)	Wireless Data Usage
83.1%	56.4%	+12.2%	+20.1%
SK Coverage	SK Coverage	Total Passed Growth	Data Traffic Growth

Strategic Goals



Deliver an Exceptional Customer Experience

Our customers are at the centre of everything we do. We will deliver an exceptional customer experience at every touchpoint along their journey with SaskTel.

Lead the Market in Broadband Services

Broadband is essential to the lives of our customers. We will provide access to fast and reliable internet at any location–at home, work, and on the go.

Reinvigorate SaskTel through Digital Transformation

We will use technology to build new business capabilities, making it easier for our customers to do business with us and easier for our employees to serve the customer.

Empower a High-Performance Workforce

Together, our skilled workforce is committed to transforming SaskTel for the future and ensuring we deliver to our customers' expectations.

Maximize Long-Term Financial Sustainability

We will find creative solutions to position SaskTel for financial success, securing our ability to serve customers throughout the province of Saskatchewan for many years to come.

President's Message

At SaskTel, we have always worked hard to transform our networks and the products and services we offer so that we can provide Saskatchewan people with the foundation needed to stay connected in tomorrow's world.

As we enter a new decade, we find ourselves on the cusp of monumental change in our industry as digital, web-based, and emerging technologies continue to reshape the way we operate and interact with our customers, vendors, and other partners.

At SaskTel, we recognize that we must evolve our business to support customers' shifting expectations and to continue providing exceptional service in a digital world. Digital transformation continues to be the main driver reshaping customer and employee experiences across our business.

SaskTel's transformation journey began several years ago and everything we're doing today is leveraging previous investments, but the landscape we operate in is becoming increasingly competitive. Therefore, as we continue down this path, our strategy will look at finding new ways to leverage our IT expertise, collaborate with Saskatchewan business, and accelerate improvements to our customer service channels.

This year's annual report is built on the theme of Finding True North, reflecting our mission to position broadband as our North Star and achieve one million broadband accesses by 2025. Since 2010, we have invested over $3 billion of capital throughout Saskatchewan to bolster our networks and provide our team with the tools needed to help us down this path. This year, our expenditures continued to balance the strategic investments necessary to prepare our networks for future demand, and our commitment to deliver quality user experiences today.

In preparation for the next generation of technology and the greater role the Internet of Things (IoT) will inevitably play in our lives, SaskTel will continue to develop our networks with modern infrastructure and pursue new digital products and models designed specifically to strengthen our company and better serve our customers.

BRIDGING THE DIGITAL DIVIDE

At SaskTel, we understand the importance of providing world-class communications services in the province, especially in our rural areas where internet and wireless connectivity continues to grow. Our customers have come to expect the highest quality of service so that they connect to their world no matter where they are.

The COVID-19 pandemic further highlighted the importance of digital and data-driven communications and reaffirmed SaskTel's focus on enhancing broadband connectivity in the province. During the pandemic, broadband access, whether through fixed or mobile, became a lifeline for individuals and a critical force in helping Saskatchewan families maintain a sense of normalcy during very uncertain times.

Keeping the province connected throughout the COVID-19 outbreak became a priority, and we were pleased to be able to provide some relief to our customers while maintaining essential communications services. Beginning in mid-March, we began to waive data overage charges for customers on SaskTel's postpaid wireless plans, noSTRINGS Prepaid wireless plans, and SaskTel fusion Internet plans. We were also pleased to provide free content to our residential maxTV and maxTV Stream customers, to help keep them informed and their families entertained.

At year-end this situation continued to evolve, and I am extremely proud of how hard SaskTel employees are working to maintain our world-class networks to ensure customers have the essential services they require to stay connected to their work, family, and friends. Even in the face of significant increases in traffic and a shift in where our customers are working, SaskTel's networks and systems performed very well, and we are confident our network investment will allow us to reliably provide critical communications services to our customers until the pandemic ends.

Because of the vital importance of broadband to our customers, we have invested heavily and will continue to invest in our wireline and wireless networks. Following a province-wide project that started in 2018, our team modernized several aspects of our digital subscriber line network this past year to enable significant speed upgrades in rural communities across the province. In over 260 communities, we more than doubled our top consumer internet plans, bringing speeds up to 50 Mbps to thousands of new households. As of March 31, 2020, SaskTel boasts a wireline network that reaches nearly twice as many communities as our next closest competitor, offering internet services in a total of 459 communities, with 319 communities having speeds up to 50 Mbps or faster.

This past year, we also continued the expansion of *infiNET*™, our cutting-edge fibre optics network, to communities outside of major centres. Melfort became the most recent community to experience the sheer speed and limitless possibilities that *infiNET* has to offer. Many other community builds are in the design or construction phase with work set to continue in the coming months, and we look forward to the opportunities that direct fibre connections will bring to more of our communities.

Outside of urban areas, it has also been imperative that we continue investigating ways to bring reliable wireless broadband and better cellular coverage to our many customers in rural centres. The Wireless Saskatchewan initiative in partnership with the Government of Saskatchewan has enabled us to make great strides in that respect.

Since the initiative began in December of 2018, we have erected small cell sites in over 100 rural communities throughout Saskatchewan, serving to strengthen our 4G LTE wireless network. This success could be largely attributed to the persistence of our employees and the meticulous preparation that went into securing sites and planning backhaul links, long before the first shovel went into the ground.

Applying innovation and vision to develop rural infrastructure that meets our customers' needs is what we do best. Not only does it make good business sense, but it helps to create the right conditions to attract new jobs to the province and keep our rural communities thriving.

This is where an increased focus on collaboration comes in. SaskTel's newly established Transformation Management Office is leading that charge by working closely with our many divisions to transform how we serve customers. Within our Information Systems Division, for example, we have integrated more agile procedures to support the customer and reduce the amount of time it takes to launch new products. Customer-specific teams are also helping to achieve productivity and customer satisfaction.

DELIVERING ON CUSTOMER EXPECTATIONS

Over the years, many of our core goals and activities have remained the same. Specifically, our strong commitment to provide a superior service experience to all our customers. For the past few years, we've delivered on this commitment by doing all we can to optimize performance with existing customer service systems and implementing new solutions when it makes sense.

In 2019/20, we also continued our work strengthening our customer service channels to make it easier for customers to take advantage of more self-serve and self-install options. As customer expectations shift toward digital channels, we anticipate seeing more growth in our Live Chat service. Given the prevalence, ease of use, and multifunctionality of smartphones, this makes perfect sense.

To capitalize on rapidly changing customer needs, we are focused on improving the way we listen to and support our customers and learning from times we didn't quite hit the mark. Even in a business environment like SaskTel's where employees always aim to do it right the first time, there is intrinsically a wealth of learning and growth that comes from missteps.

CREATING A BETTER FUTURE

In addition to transforming the way we interact with our customers, we are working hard to transform the way we interact with our communities and young people. Last year, we unveiled SaskTel Be Kind Online, a reinvigorated and refocused successor to our previous cyberbullying and prevention program.

Be Kind Online aims to eliminate cyberbullying in Saskatchewan and promotes kindness within our schools by providing grants to student-led initiatives that benefit both students and the community as a whole. The program's website also serves as a one-stop shop of tools, tips, and resources where youth can search for information they can use at home, at school, and within their communities to respond to bullying.

Many of our other community initiatives also aim to address current issues that resonate with both our customers and business. Our Phones for a Fresh Start program, in collaboration with the Provincial Association of Transition Houses and Services of Saskatchewan, has successfully performed a kind of double duty by reducing the amount of electronic waste ending up in our landfills while transforming the lives of survivors of domestic violence.

In addition, SaskTel and Saskatchewan communities benefit from the strong base of current and retired employees who give their time and effort to support their communities. They have shown time and again they are more than capable of taking the lead to keep our company connected to the pulse of our communities.

TACKLING CHALLENGES TOGETHER

It's no accident that we were able to once again deliver solid financial and operating results in 2019/20 as we continued to build on our reputation as a provincial provider that champions innovation, excellence, and a commitment to community.

While every company is transitioning in their own way, I am proud of the way our employees have shown time and again they are strongly customer-focused and ready to challenge the status quo. We are confident that our pursuit of true north will lead to long-term growth that will be beneficial to all the people of Saskatchewan.

And though we are always looking to the future, we will never lose focus of the essential nature of the communications services we provide today. During the COVID-19 pandemic our team demonstrated that they are able to come together to manage through unexpected challenges, and that we are always ready to go above and beyond to support the well-being of our communities.

When it comes to serving our customers, SaskTel will always rise to the challenge no matter what.

Sincerely,
Doug Burnett, SaskTel President and CEO

Sharing Our Stories

IN THE SPIRIT OF THE STAR PEOPLE

The North Star goes by several names in Indigenous communities, including Ekakatchet Atchakos, which translates to it stands still. Folklore says the North Star is the one constant in the universe. It's where the Star People come from and, when they're finished on Earth, where they return.

SaskTel greatly values Saskatchewan's Indigenous culture and communities, and that's why SaskTel once again proudly sponsored the 2019 Federation of Sovereign Indigenous Nations (FSIN) Spirit of our Nations Cultural Celebration and Pow Wow, which took place on November 1-3, 2019 at the SaskTel Centre in Saskatoon.

In celebration of its 30th year, over 600 Indigenous dancers, drummers, and singers took part in Saskatchewan's largest pow wow. Others travelled from across North America to take in the drum circles, ceremonies, and other activities that showcase their rich history. The theme of this year's celebration was Indigenous languages, but the event also presented an excellent opportunity to promote other important cultural aspects like history and tradition.

"It was absolutely incredible to attend this event with my team member Shawn Albert and represent SaskTel. The FSIN always does such a great job of putting this celebration together, and that shows through the thousands of people that showed up," said Colleen Cameron, Account Executive for the Business Sales Indigenous Market, who is also a long-time attendee of the event.

As a company operating in a province covered by six treaty territories and home to over 74 First Nations, SaskTel is committed to sustaining and enhancing the strong relationships we have with Indigenous communities across the province.

Indigenous Peoples are an integral part of Saskatchewan's cultural fabric, and with a rapidly growing population they will play an increasingly important role in the economic future of SaskTel.

"As Indigenous communities grow, they are embracing their ever-increasing capacity for advancement in technology because it offers more opportunities for economic and educational success," Colleen said. "We are proud of the strong relationship SaskTel has created with Indigenous communities across the province."

Participants in the Spirit of Our Nations Cultural Celebration and Pow Wow in Saskatoon.

GOING GREEN FOR TRUE SAVINGS

It took the North Star more than 20 million years to reach nuclear fusion. From that point, it was ready to shine for the next 10 billion years or so. Here in Saskatchewan, we have to be a little more mindful about how we use our energy.

As the leading Information and Communications Technology provider in our province, SaskTel helps Saskatchewan business in many ways, including energy management and monitoring solutions. As a result of a partnership between SaskTel and Greenwave Innovations, we have taken a step toward building a greener and more connected future for our province.

"It's very exciting to see SaskTel partner with a company like Greenwave Innovations that's not only local but a true leader in helping Saskatchewan businesses maximize their energy efficiency," said Doug Burnett, SaskTel President and CEO. "Partnering to offer their services helps showcase the leading-edge business products and solutions offered by SaskTel, while ensuring the company continues its decade-long legacy as one of Canada's Greenest Employers."

Greenwave Innovations uses detailed measurement and verification solutions in order to understand all elements of a building's energy usage, including water, electricity, and gas. While designing monitoring systems to capture even the most granular of details, Greenwave offers their clients real-time data and analytic services that produce energy conservation results.

SaskTel contributes to Greenwave's solutions and expertise through collaboration on enabling components, including connectivity, data, and systems integration. Collaboration with Saskatchewan Crowns continues to expand, as Greenwave works with SaskEnergy to integrate natural gas consumption metrics into their analytic database and public engagement displays.

While the business partnership is new, Greenwave Innovations is no stranger to SaskTel. SaskTel continues to use Greenwave's technology to monitor energy consumption in the SaskTel Collaboration Centre in Regina.

"I think we have a real opportunity to work with Greenwave to promote their services, bring in some additional revenue but more importantly, help our customers solve some of their energy management problems," said Glenn Buchanan, Technical Sales Consultant. "I'd like to think of it as complementary to our many service offerings. With this partnership we have another tool in our tool belt to help solve our customers' problems."

SaskTel Technical Sales Consultant, Lukas Terblanche (right) meets with representatives of Greenwave Innovations.

The COVID-19 pandemic presented a demonstration of the immense value the collected consumption data can offer. While municipalities across Saskatchewan were forced to close their facilities, the City of Melfort was one step ahead of the game by having installed Greenwave's solutions throughout their Northern Lights Palace Pool and Arena. Leveraging the information available, Melfort was able to reduce electricity consumption by 30%, resulting in additional savings of $2,500 per month while the facility is closed. They will now be well positioned to optimize operations when their residents can once again enjoy using the community centre.

Forming partnerships such as these is an important part of future success for SaskTel. When a sales opportunity is recognized by SaskTel involving Greenwave, SaskTel will work directly with Greenwave and the client. Together, we aim to optimize energy consumption within all buildings across Saskatchewan, allowing our clients to recognize long-term utility savings and to support their sustainability initiatives.

Greenwave President and CEO Dean Clark speaks at COP25 in Madrid. Dean was recommended by the Government of Saskatchewan and accepted by the Government of Canada as a Canadian delegate at the 2019 United Nations Climate Change Convention.

THE SASKTEL NORTH STAR

The SaskTel 2019/20 Strategic Plan identified for the first time a specific focus area deemed critical to the future success of SaskTel. A target of one million broadband accesses by 2025 has been identified as the SaskTel North Star, including fixed and mobile high speed access to the internet as well as Internet of Things connections.

While providing competitive speeds through the adoption of new technologies is vital, improving broadband delivery processes will also ensure a great customer experience. The Business Process Transformation (BPT) team is contributing to that corporate transformational goal.

The team has worked and collaborated with members from over 50 groups of people who are very engaged in day-to-day activities involving SaskTel consumer wireline broadband products and services. They receive feedback about issues, gaps, and pain points with broadband service processes.

"Customers have choices as there are many competitors in our environment," said Colleen Madden, Director, BPT. "They will go where they get good value in products and services. With the BPT initiative, we're focusing on providing excellent customer service and with the most efficient systems and processes that go on behind the scenes."

While there still is much work to do to deliver the speeds that the competition is delivering and that customers are demanding, SaskTel is on the path to reach the broadband access target.

For example, *infiNET* is now available in Saskatchewan's nine major centres, the community of Rosthern, and a number of Saskatchewan bedroom communities. SaskTel is currently working on the expansion of fibre to five more communities: Humboldt, Melfort, Melville, Nipawin, and Tisdale.

This is part of the SaskTel investment of approximately $670 million in the multi-year broadband expansion program. SaskTel is using new technologies like bonding to deliver faster digital subscriber line speeds such as the recent launch of 50 Mbps service in numerous communities throughout the province.

SaskTel also rolled out enhanced LTE wireless service in dozens of communities as part of its rural wireless improvements. This is a major program to improve the wireless experience throughout Saskatchewan.

Broadband (both fixed and mobile) is the SaskTel North Star and is foundational to the company's future.

OUR CUSTOMERS ARE THE REAL STARS

As our business world changes, SaskTel is busy transforming and evolving to meet our customer's ever-changing demands. Featured here are several initiatives that resulted from a Corporate Performance Review aimed at improving our customer experience.

CUSTOMER DELIVERY EVOLUTION

The interests of our customers are what SaskTel's Customer Delivery Evolution (CDE) program is all about. CDE was introduced to transform SaskTel's biggest department, Customer Services Operations.

The CDE goal is defined as:

- Right person – The technician with the skill sets required for the work
- Right place – The closest technician with the skill sets and capacity to complete the work
- Right time – The highest priority tasks, based on customer demands or corporate priorities

CONTACT CENTRES

The focus of contact centres is to improve customer experience, strengthen our sales culture, enable our people to be successful, and simplify process and procedures. For example, contact centres have created a sales queue specifically for selling and serving external customers.

All in all, the new Sales and Support strategy is about creating a united team focused on providing both internal and external customers the best customer experience they have ever had.

TRANSFORMATION MANAGEMENT OFFICE

The Transformation Management Office is responsible for guiding and tracking the implementation of the improvement initiatives that were identified by the Corporate Performance Review to make sure they are on pace and delivering the expected benefits. Several were digital transformation initiatives that are expected to help accelerate SaskTel on its journey.

Once implemented, the improvement initiatives will allow SaskTel to ultimately provide better customer and employee experiences and meet SaskTel's financial and operational targets.

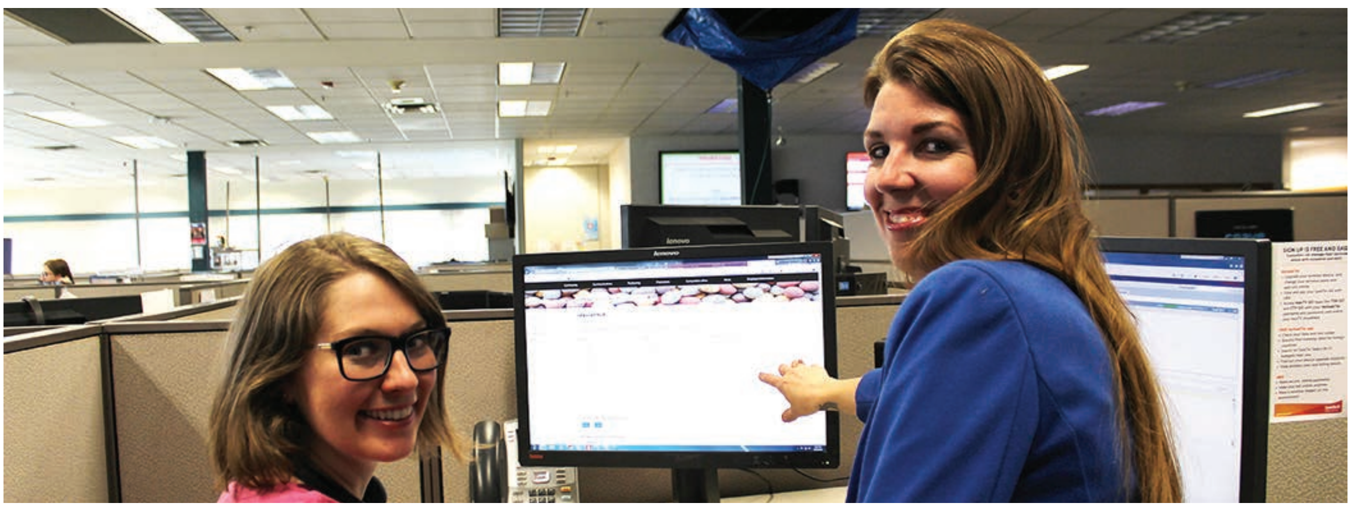
Keith Perras, Customer Service Technician, works on a maxTV Stream install.

DOING IT RIGHT THE FIRST TIME

SaskTel International supports this initiative primarily by enabling their front lines. They do this by providing stable systems and more automation to support the customer and by reducing the amount of time it takes to deliver solutions and/or launch new products.

The term for this approach is "agile," and involves:

- Removing unnecessary approvals and/or steps in our processes
- Empowering decision-making at all levels to avoid delay
- Adjusting the plan as needed when new challenges are discovered
- Gathering feedback from clients throughout design, development, and delivery
- Delivering value to clients



Katherine Davies (left) and Melissa Totten at the SaskTel Contact Centre in Regina.

Donna Young (left) and Tiffany Eide of the Transformation Management Office.

TWO MORE SHINING STARS

CONGRATULATIONS, DIRECTWEST, FOR 30 YEARS

Thirty years ago, Directwest had a simple but important purpose–to provide phone books for the citizens of Saskatchewan. Directwest is now known as a digital marketing services company that provides businesses with website design and management, digital billboards, social media marketing, online listings, Google products, and more.

Marketing Manager Allan Millham remembers a time when the company was quite different. "With a focus on the phone book in the past, Directwest has adapted its business along with the incredible changes in technology," said Allan. "And, while our business model then was selling colour print ads, we now have the largest digital billboard network and manage over 700 websites for small and medium-sized businesses in Saskatchewan. We move very quickly now."

Joelle McCall, Business Requirement and Process Planner, was one of the graphic artists who originally created ads for the Yellow Pages. She's now a Business Analyst with in-depth knowledge of Directwest's Customer Relationship Management (CRM) system. Joelle remembers the first time she saw a CRM system. "I was overwhelmed initially, but I could soon see how this system was going to change our business forever!"

Directwest and its employees celebrated 30 years in 2019.

SECURTEK CELEBRATES 20 YEARS!

Twenty years ago, SecurTek was formed to bring quality security services to Saskatchewan residents. Since then, the SaskTel subsidiary has evolved and now enjoys a presence across the country.

The company started with a small group of employees, based in Yorkton, working with a few Saskatchewan-based dealers and competing in an industry in which neither SecurTek nor SaskTel was the incumbent. Under the leadership of Al Rogers, and others who followed, the company focused on providing the best customer service for a fair price. With that philosophy it grew rapidly, establishing a very strong market share within Saskatchewan, and soon expanded outside of the province.

SecurTek is now one of the market leaders for interactive residential and commercial security monitoring in Canada. "We have grown to have a national footprint with over 70 authorized dealers from Vancouver Island to Newfoundland, including 28 in Saskatchewan," says Nico Khakhar, Vice President of Business Development for SecurTek, "and we provide monitoring to over 85,000 customers."

While it's been 20 years of highlights and milestones, the future looks bright for SecurTek.

SecurTek has been helping to keep customers safe and secure since 1999.

2019/20 Corporate Social Responsibility Highlights

In a world of constant change, finding true north and staying on course with our corporate values to make our province and our world a better place is more important than ever. SaskTel is proudly local, and with a worldwide pandemic upon us, giving back to our communities and keeping Saskatchewan people connected with their world remains our priority.

For over 110 years, SaskTel has been connecting people by providing world-class services to the people of Saskatchewan, making SaskTel a part of the fabric of our province. In 2019/20, we declared broadband as our North Star and set a goal of having one million broadband accesses by 2025. With the COVID-19 pandemic changing the way our customers work, broadband connections have become more critical.

To better serve the people of Saskatchewan, SaskTel remains focused on providing exceptional customer service, increasing employee experience, investing in provincial communities, reducing our environmental footprint, and expanding our services. These efforts are delivering on the company's Corporate Social Responsibility (CSR) initiatives and the commitment to residential and business customers.

CSR has been integrated into SaskTel's business strategy for years and continues to help the company deliver on revenue growth, operational efficiency, risk management, and strategic alignment. As a leading information and communications technology provider in Saskatchewan, we attained annual revenue of approximately $1.3 billion with approximately 1.4 million customer connections, including over 618,000 wireless accesses, 314,000 wireline network accesses, 276,000 internet accesses, 111,000 maxTV service subscribers, and 85,000 security monitoring customers.

FOCUS ON CUSTOMER EXPERIENCE

SaskTel continues to transform in order to deploy innovative solutions to customers, and the focus on delivering an exceptional customer experience remains top of mind. Our customers always come first, and we are proud to provide the communications, entertainment, security, and information technology services that Saskatchewan people need to make the province a better place for everyone.

To provide a truly customer-centric organization, SaskTel launched a sales and support strategy to promote an improved customer experience for both external and internal customers. This saw the alignment of our structure, processes, and people to allow us to achieve current and future business goals by improving the customer experience, strengthening our sales culture, and simplifying processes and procedures.

SaskTel is transforming at a rapid pace and requires an agile workforce that can respond to these changes. To address this ever-changing environment, SaskTel established the Transformation Management Office (TMO) following recommendations of a corporate performance review aimed at identifying opportunities to grow revenue and reduce the appropriate company costs. The TMO played an important role in the capital optimization project and the Contact Centre review. The capital optimization project enhances the governance of capital spend by reviewing how every dollar is allocated to meet the strategic priorities. The Contact Centre review saw several initiatives implemented that deliver improved customer experience, sales performance, and process maturity.

- Won the J.D. Power award for Highest Television and Internet Customer Satisfaction in the West Region for the seventh consecutive year

EMPOWERING OUR EMPLOYEES

Our employees represent the diversity and culture of Saskatchewan. They can be found throughout the province, working, raising families, and volunteering in their communities. Without their strength and commitment, we wouldn't be able to deliver the outstanding customer experience we do today.

Being a top employer means always taking steps forward to improve the workplace for employees, and that's certainly a priority at SaskTel. The company was recently honoured to be named one of Saskatchewan's Top Employers by Mediacorp Canada Inc. for 14 consecutive years. At SaskTel, we're always considering the needs and goals of our employees. Whether work or personal life, one of our aspirations as a company is to ensure that numerous types of wellness options and programs are available for employees.

For the eighth year in a row, SaskTel was proud to be included in this list and recognized as a Top Employer for Young People in Canada. As the labour market continues to tighten, young employees are continuously looking for employers that are invested in their growth. SaskTel's Co-operative Education program, mentoring, job shadowing and NextGEN employee network continue to be cited by Mediacorp because they create an atmosphere at SaskTel where young employees can advance their careers.

Bringing in the next generation of employees is crucial to ensure SaskTel's future success and business continuity. While skilled and talented employees often look to larger centres to advance their careers, there are plenty of opportunities within SaskTel that continue to make the company an attractive choice for prospective employees.

As one of Canada's Best Diversity Employers, hiring persons with diverse abilities is a topic SaskTel takes very seriously. SaskTel participates in the 4to40 Program, an initiative that aims to connect people who have disabilities with forward-thinking employers who embrace a flexible 4-to 40-hour workweek. Being a consulting partner, SaskTel reaches out to interested organizations and community connections to share the company's current practices for supporting individuals with cognitive disabilities.

Besides the 4to40 Program, SaskTel supports and works with similar organizations, including:

- Partners in Employment (works directly with employers and individuals with hidden or visible disabilities to create successful job opportunities)
- Inclusion Saskatchewan (provides individualized support and advocacy to individuals with intellectual disabilities and their families)
- Autism Resource Centre

As SaskTel enters a new decade, focus on digital transformation is critical to the company's success. Companies in all industries are seeing challenges and opportunities in technologies that are rapidly changing customers' needs and expectations. To meet these needs, SaskTel launched its Digital Transformation Learning Path (DTLP) to incorporate new skills and mindsets, and new ways of doing things. The DTLP is intended to introduce digital transformation and its impact on people, processes, and technology.

At SaskTel, we strive to be fluent in the language of customer service. That's especially applicable when we're contacted by residential or business customers who require assistance in a language other than English.

SaskTel employees helped spread the word about wellness through the Get Your Wellness On 2019 Corporate Challenge.

As SaskTel continues to look for means to do it right the first time, and as Saskatchewan's population continues to grow and become more diverse, the company has taken steps to ensure that all customers receive the best possible customer service. After a trial period one year ago, SaskTel partnered with LanguageLine and introduced the service to the Consumer Contact Centre. LanguageLine provides on-demand language translation services in 240 languages, any time of day, 365 days a year.

INVESTING IN SASKATCHEWAN COMMUNITIES

SaskTel is proud to remain an integral part of our community, and through long-standing partnerships we are committed to making a positive difference in the lives of Saskatchewan people. Giving back to the communities where our employees live and work is part of the culture of SaskTel, including the following highlights:

- Throughout 2019/20, SaskTel contributed $2,850,827 to 957 non-profit and charitable organizations, community associations, venues, events, and partnerships in more than 233 communities
- In 2019/20, 73% of SaskTel suppliers were located in Saskatchewan, providing economic opportunities to small- and medium-sized businesses
- SaskTel supported Ability in Me (AIM), a Saskatoon program that helps individuals with Down Syndrome reach their potential. SaskTel and the Bridge City Pioneers sponsored the AIM program's sixth annual Dine for a Difference fundraiser, raising over $50,000 that went directly to AIM's specialized services
- With 3,942 members across the province, the SaskTel Pioneers contributed $206,273 in financial donations, $983,700 in-kind donations, and more than 42,000 hours of volunteer time to support worthwhile community initiatives in 2019/20
- For the past 21 years, SaskTel has sponsored the SaskTel Indigenous Youth Awards of Excellence. These awards offer inspiration for not just the youth, but their families and communities. The awards, which had a record number of 164 nominees this year, allow Indigenous youth to showcase their achievements in a positive and enlightening manner
- In 2019/20, SaskTel proudly partnered with the Yorkton Film Festival to present this year's Golden Sheaf Awards, which took place during the festival. With over 140 nominees in 29 categories, a few featured films were produced specifically for SaskTel's maxTV Local on Demand programming
- SaskTel was proud to support National Indigenous Peoples Day, which was a chance to celebrate the heritage, diverse culture, and outstanding achievements of First Nations, Inuit, and Métis. Members of the SaskTel Aboriginal Employee Network were a big part of the Regina celebrations. SaskTel enthusiastically embraces diversity in the communities where it operates, and where its employees live and work
- The Computers for Schools program is all about education and in Saskatchewan, the program provides more than 4,000 computers a year to schools, libraries, and non-profits. That makes the program a great opportunity to learn and grow for anyone seeking a career in the IT field. Since the program's inception in Saskatchewan, the SaskTel Pioneers have refurbished and donated over 70,000 computers and printers. This represents savings of approximately $60,000,000 for schools and libraries in the province
- With a strong focus on youth, SaskTel sponsored the third annual Trucktastic! Family Service Saskatoon fundraiser, which will help Family Service Saskatoon support programs to help families and children build healthy relationships. The

The Ability in Me program offers specialized therapy and innovative programs that support individuals up to 22 years of age.

crowd at Prairieland Park in Saskatoon was revved up to see the SaskTel bucket truck on display. The event saw local Saskatoon businesses haul their biggest and loudest equipment to the expo, where crowds observed their favourite heavy machinery in a safe and supervised environment

- SaskTel employees raised over $165,000 through SaskTel TelCare in 2019. Along with SaskTel's commitment to match 50% of each donation, the total reached nearly $248,000. Funds are allocated to 70 charitable and non-profit organizations across Saskatchewan. Regina's North Central Family Centre is one of 70 charitable and non-profit Saskatchewan organizations to receive a 2019 SaskTel TelCare donation
- SaskTel Be Kind Online joined forces with the Saskatchewan Junior Hockey League (SJHL) and the Manitoba Junior Hockey League (MJHL) to host 600 students for the Showcase Pink and White Game and Rally at the Co-operators Centre in Regina. This event raised awareness that bullying is a problem for youth, and is one that can worsen online. Be Kind Online's focus is to prevent bullying before it starts by helping kids understand that together we can make a kinder world. The same message attracted the SJHL to expand their partnership with SaskTel to include Be Kind Online in the showcase event. For the SJHL, athletics is about more than sports or opportunities to advance to higher levels of competition; it's about building character and life skills
- As host to the Ministry of Education's Report Bullying SK – Student Online Reporting Tool, BeKindOnline.com serves as a one-stop location to report incidents of bullying within Saskatchewan schools, and a place to find helpful resources to assist those experiencing bullying or those trying to support them

Saskatchewan youth can apply for grants of up to $1,000 to help share their ideas around bullying prevention awareness and/or random acts of kindness in their schools and communities. To date, Be Kind Online has awarded over $92,000! During the past year alone, a total of $21,126 was awarded to help students spread kindness.

Corrie Herasymuik (left) and David Coldwell oversaw the SaskTel bucket truck at Trucktastic! in Saskatoon.

The After-School program at Regina's North Central Family Centre provides daily meals, tutors, and arts and crafts for children.

The SJHL-MJHL Showcase Pink and White Game featured brilliant pink and white jerseys worn by both teams.

REDUCING OUR ENVIRONMENTAL FOOTPRINT

As a good corporate citizen, SaskTel works to balance our business priorities with protecting the environment. We are well positioned to take the next step in environmental sustainability and stewardship, with a solid foundation that has organizational practices aligned with environmental policies.

SaskTel continues to follow the Environmental Management System (EMS) policy, which is a management structure used to ensure that the company remains focused on protecting the natural environment and the future of the business. The EMS is based on a universally recognized set of core standards.

Some benefits of an EMS include:

- Minimize environmental liabilities
- Maximize efficient use of resources
- Reduce waste
- Demonstrate good corporate image
- Build awareness of environmental concerns among employees
- Gain better understanding of environmental impacts of business activities
- Increase profit, improving environmental performance through more efficient operations

Many of SaskTel's construction projects are built on some of Saskatchewan's most delicate landscapes, and it's the company's duty to ensure that operations are done in a way that protects the environment. Network construction projects are screened for environmental concerns and if some are identified, SaskTel conducts an in-depth review and screening process to advise on the safest way to move forward. To stay aligned with SaskTel's pre-assessment process, strict policies and procedures laid out by provincial and federal environmental regulators are followed to help the company reach business and environmental goals.

Because of SaskTel's long-standing environmental conservation efforts, Mediacorp Canada selected the company as one of Canada's Greenest Employers in 2019 for the eleventh consecutive year. Annually, the Canada's Greenest Employers competition recognizes 50 employers across Canada who have achieved excellence through their commitment to environmentally responsible practices and programs.

It's not often that by taking care of one problem we take care of another, but with SaskTel's Phones for a Fresh Start program, that's exactly the case when a customer donates an unwanted cell phone for recycling. Not only does this protect the environment by preventing old phones from ending up in landfill, it assists Saskatchewan people who are fleeing domestic violence to begin rebuilding their lives.

Partnering with the Provincial Association of Transition Houses and Services of Saskatchewan (PATHS), SaskTel sends donated cell phones to Electronic Distributors International for processing. To date, donations have allowed SaskTel to recycle close to 117,000 cell phones, financing the purchase and donation of $87,000 worth of prepaid phone cards. In addition, more than 3,300 brand-new cell phones were distributed to 21 participating PATHS shelter agencies throughout the province.

Kindness and care help to soothe even the most senseless of situations. An example of this occurred this past September when the YMCA of Regina reached out to the community for help after the playground of a daycare at Marion McVeety Elementary School was vandalized. SaskTel EnviroCare and the SaskTel Pioneers stepped up to help.

SaskTel EnviroCare is an employee-led network committed to creating a greener community and promoting environmental awareness. They took this opportunity to change a negative situation into a positive one, furthering their mission of *Greening the spaces in which we work and live in*. Besides planned projects, EnviroCare makes donations throughout the year when a situation that fits their mandate to be of assistance arises. In this case, the group was able to assist the YMCA (a charitable non-profit organization) to deal with an unexpected situation. EnviroCare's donation was made possible due to proceeds received from their internal bottle recycling efforts at SaskTel.

For the past eight years, SaskTel's Aboriginal Employee Network (SAEN) has conducted clothing drives and more recently, a toy drive. Items were donated to several community schools in Regina and Saskatoon. Employee networks like SAEN and SaskTel's community involvement led to SaskTel being selected as a Top 100 Employer in Canada by Mediacorp Canada Inc.

SaskTel Pioneers volunteer at Camp Easter Seal.

CONTRIBUTING TO A STRONG PROVINCIAL ECONOMY

SaskTel continues to invest in capital expansion and upgrades that help stimulate economic growth, proactively meet growth needs, and ensure a consistently improved network. The company's investment is also helping to meet customer demand, particularly for data and cell service. Throughout 2019/20, SaskTel invested $263 million in capital expenditures to improve customer experience and create opportunities to provide additional enhancements and capabilities in the future.

The small cell site being deployed by SaskTel in rural Saskatchewan is part of a four-phase initiative to provide rural communities with enhanced access to reliable cellular and high speed internet services. The initiative was announced by the Government of Saskatchewan in partnership with SaskTel in December 2017. Since then, SaskTel has deployed 103 small cell sites in Saskatchewan communities.

There are times when SaskTel customers have the need for speed, and as always, SaskTel delivers. During the year, SaskTel announced the launch of interNET 50 and interNET Extended 50 High Speed Internet service. The new service tiers provide the fastest digital subscriber line (DSL) services available in Saskatchewan. Innovations like SaskTel's new 50 Mbps DSL services allow the company to offer the increasingly quick speeds that customers demand, while continuing the transition of consumer networks from DSL to fibre.

The Canadian Radio-television and Telecommunications Commission has set an aspirational target: 100% of Canadians will have access to 50 Mbps download speed and 10 Mbps upload speed for fixed broadband internet services within the next decade. SaskTel has made great strides in achieving this goal in the past year and currently offers those levels of broadband internet speeds, or faster, to 83.1% of Saskatchewan residents.

As of March 31, 2020, SaskTel offers wireline High Speed Internet service in 459 communities across the province; 51 communities have speeds up to 5 Mbps, 74 communities have speeds up to 10 Mbps, 15 communities have speeds up to 25 Mbps, and 319 communities have speeds of 50 Mbps or faster. SaskTel fusion Internet service is available from 106 wireless towers serving over 700 communities throughout Saskatchewan.


One of SaskTel's small cell sites in Bulyea, Saskatchewan.

Management's Discussion and Analysis

Contents

INTRODUCTION

The following management's discussion and analysis (MD&A) focuses on the strategies, business operations, consolidated financial position, and results of operations of Saskatchewan Telecommunications Holding Corporation (SaskTel or the Corporation), including its major strategic business units and its subsidiaries. This discussion and analysis should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes on pages 62 to 107 of this report and includes information available to the Corporation up to May 28, 2020, unless otherwise stated.

ACCOUNTING POLICY DEVELOPMENTS

Effective April 1, 2019, the Corporation adopted International Financial Reporting Standards (IFRS) 16 *Leases* as discussed in "Application of New International Financial Reporting Standards" in this MD&A. Adoption was based on the modified retrospective approach. In accordance with this approach, the Corporation has not restated comparative information, which continues to be reported under IAS 17, IFRIC 4, SIC-15, and SIC-27, the standards in effect at the time. The modified retrospective approach to the adoption of IFRS 16 also requires that the cumulative effect of initially applying IFRS 16 be applied as an adjustment to the opening balance of retained earnings at the date of initial application, April 1, 2019; however, no adjustments to retained earnings were required.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Many sections of this discussion include forward-looking statements about SaskTel, its business outlook, objectives, plans and strategic priorities, the sources of liquidity we expect to use to meet our anticipated 2020/21 cash requirements, and our network deployment plans. A statement is forward-looking when it uses information known today to make an assertion about the future. Forward-looking statements may include words such as anticipate, believe, could, expect, intend, may, should, will, and similar expressions. Since these forward-looking statements reflect expectations and intentions at the time of writing, actual results could differ materially from those anticipated if known or unknown risks and uncertainties impact the business, or if estimates or assumptions turn out to be inaccurate. As a result, SaskTel cannot guarantee that any of the predictions forecasted by forward-looking statements will occur. As well, forward-looking statements do not take into consideration the effect of transactions or non-recurring items announced or occurring subsequently.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions, and assumptions. Factors that can influence performance include, but are not limited to: general economic and political conditions, interest and exchange rates, performance, competition, and regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

OUR BUSINESS

SaskTel is the leading Information and Communications Technology (ICT) provider in Saskatchewan, with approximately $1.3 billion in annual revenue and approximately 1.4 million customer connections. As a Crown corporation, we are proud to be part of building a better Saskatchewan through investments in the province's largest broadband networks, and a wide array of products, services, and solutions available to consumers and businesses throughout the province.

Saskatchewan Telecommunications Holding Corporation

Saskatchewan Telecommunications Holding Corporation is a Saskatchewan Crown corporation. The Holding Corporation's subsidiaries (SaskTel, Directwest, SecurTek, and SaskTel International) offer a wide array of products, services, and solutions to customers in Saskatchewan and around the world. The Holdco has a workforce of approximately 3,400 full-time equivalents (FTEs), making SaskTel one of Saskatchewan's largest employers.

SaskTel

directwest
A SASKTEL COMPANY

SecurTek
A SASKTEL COMPANY
MONITORED PREMISES

SaskTel International

SaskTel and its subsidiaries offer the widest breadth of communications and information technology (IT) products and services in Saskatchewan, including:

- Wireless services delivered on world-class Fourth Generation (4G) and Long-Term Evolution (LTE) wireless networks, high-quality and reliable voice and high speed data services in Saskatchewan

- SaskTel *infiNET* fibre optic network enabling speeds up to 900 Mbps in Emerald Park, Estevan, Martensville, Melfort, Moose Jaw, Prince Albert, Regina, Rosthern, Saskatoon, Swift Current, The Battlefords, Warman, Weyburn, White City, and Yorkton
- fusion Internet – comprehensive fixed wireless rural broadband access network
- SaskTel selectWi-Fi network with over 5,000 access points throughout the province
- maxTV service – Internet Protocol television (IPTV) with extensive footprint throughout the province
- maxTV Stream – streaming service allowing customers to watch live TV or on demand content anywhere in Canada
- Local access network throughout urban and rural Saskatchewan
- Expansive data centre footprint and service capabilities
- Complementary portfolio of cloud-based communications and information technology services
- Professional and consulting services
- Directwest digital marketing services
- SecurTek commercial and residential security monitoring, including access control, SaskTel smartHOME and interactive services, as well as medical alert and lone worker services
- SaskTel International software and consulting solutions for communications service providers worldwide

SaskTel is highly competitive, achieving annual revenue of approximately $1.3 billion with approximately 1.4 million customer connections, including over 618,000 wireless accesses, 314,000 wireline network accesses, 276,000 internet accesses, 111,000 maxTV service subscribers, and 85,000 security monitoring customers.

INDUSTRY

The ICT industry plays an important role in enabling the world's digital transformation, with an ever-increasing importance placed on broadband connectivity. While implementing the latest network technologies, service providers are working to enhance their digital and cybersecurity capabilities.

Business Environment and Industry Trends

The ICT industry continues to undergo significant transformation driven by:

- Customers continuing to consume more data and demand faster speeds to accommodate video and music streaming, gaming, and increasing number of connected devices
- Broadband as an essential service, further expanding into rural areas
- Cable companies investing in Data Over Cable Service Interface Specification technology to gain broadband speed advantages
- Government and regulatory pressure for higher speeds, improved coverage, and lower rates
- Digital transformations to improve operational effectiveness utilizing cloud-based services, artificial intelligence, machine learning, and advanced data analytics
- Customers expecting the same high-level experience and service they receive from companies in other industries
- Carriers adopting more extensive customer self-serve options and increasing the use of automation
- Carriers beginning to launch 5G networks, with significant capital investment and enhancements to continue

The SaskTel International team - the 'people behind the software' that helped secure a major contract with CenturyLink.

- Increased speeds and reduced latency on emerging 5G networks, which are expected to facilitate new applications, change how mobile devices are used, and result in considerably higher data traffic
- Supplier uncertainty for wireless network equipment related to the federal government security review
- Rapidly changing technologies fuelling innovation and disruption
- Cord-cutting by traditional television subscribers continues to accelerate, with consumption shifting to increasing number of video streaming services
- Continued decline in wireline voice subscribers and related revenue
- Cybersecurity and data privacy risks are rising as attacks become more sophisticated and the number of connected devices increases
- Increasing use of Internet of Things (IoT) devices and edge computing
- The ability of companies to expand their product and service offerings and enter adjacent industries is creating opportunities and new competitors
- Several companies deploying low Earth orbit satellite constellations to provide global broadband services
- Increasing expectations that companies will act in an ethical and environmentally friendly manner

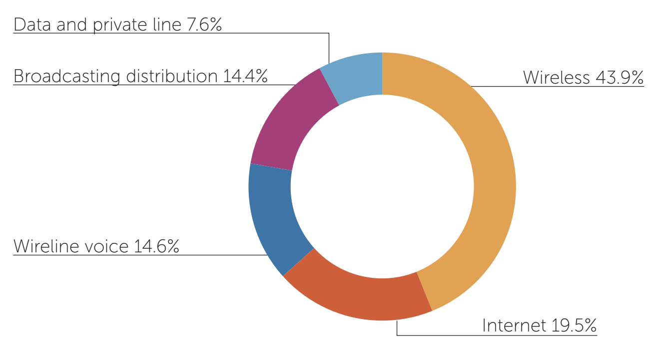
As rapidly changing technologies continue to fuel innovation and disruption, service providers are facing new challenges and opportunities. Successful companies will be able to adapt their strategies and transform their internal operations and how they conduct business.

Communications Services Sector

The communications services sector in Canada is composed of telecommunications and broadcasting. It generates revenue of $72.1 billion, profits of $10 billion, and employs 120,000 people.[1] The sector is characterized by the following:[2]

- Highly concentrated – three large national players and several smaller regional players throughout the country
- Capital intensive – communications service providers are three times as capital intensive as the average service provider
- Wireless services are the sector's largest segment, accounting for more than 40% of revenue
- Households account for more than half of sector revenue
- Highly regulated – policy decisions can impact operations and financial performance

Sectoral Breakdown of Revenue (2017)



Sources: Statistics Canada; The Conference Board of Canada.

Communications Services Sector – Financial Outlook							
($ billions)	2017	2018	2019	2020	2021	2022	2023
Revenue	67.6	72.1	74.1	75.2	76.3	77.6	78.8
	1.1	*6.6*	*2.7*	*1.5*	*1.5*	*1.6*	*1.6*
Profit	9.3	10.0	9.8	9.7	9.6	9.5	9.5
	5.9	*7.1*	*-1.4*	*-1.6*	*-0.8*	*-0.7*	*-0.1*
Profit margin (%)	13.8	13.8	13.3	12.9	12.6	12.3	12.1

Data for 2019 and beyond is forecast. *Italics indicate percentage changes.*
Sources: Statistics Canada; The Conference Board of Canada.

TOP COMPANIES BY REVENUE

(2019; $ billions)

BCE Inc.	24.0
Rogers Communications Inc.	15.1
TELUS Corporation	14.7
Shaw Communications Inc.	5.3
Quebecor (Videotron)	4.3
COGECO Inc.	2.4
SaskTel	1.3

1 The Conference Board of Canada, *"Canadian Industrial Outlook: Telecommunications,"* Spring 2019, pg. 1.
2 Ibid., pg. 2.

The deployment of 5G networks in Canada will provide users with significantly faster wireless speeds and reduced latency, benefiting urban and rural customers. It is anticipated to facilitate new applications that change how wireless devices are used, increase the number of IoT connected devices, and may empower revolutionary technologies (e.g., autonomous vehicles, smart cities, and precision agriculture).

Several wireless spectrum bands are expected to be important for 5G networks:

- In 2019, Canada completed an auction for the 600 MHz band of spectrum. The auction rules reserved a number of spectrum blocks in each geographic licence area for smaller providers, preventing large national telecom providers from bidding on these set-aside blocks. Several smaller competitors, including SaskTel, were successful in acquiring 600 MHz spectrum
- An auction for spectrum in the 3500 MHz band is scheduled to begin in June 2021. This auction will include set-aside blocks in some geographic areas, encouraging competition by providing smaller and regional competitors with an opportunity to acquire spectrum to provide 5G services

Beginning in 2020, the launch of Canadian 5G networks will be gradual. Infrastructure investment in the sector is expected to be strong over the next several years as companies deploy fibre, towers, and small cell antennas to support future applications and traffic on 5G networks. Performance and capabilities of 5G networks will improve as a result of these investments, and the completion of the 3500 MHz spectrum auction and future millimetre wave auctions. Financial returns on these large investments will take time to realize as the networks are improved and adoption increases.

The Software and Computer Services Sector

In recent years, the Canadian software and computer services sector has experienced strong growth in gross domestic product, revenue, and employment. Notable growth areas include cybersecurity, data analytics, artificial intelligence, and cloud services. Many Canadian companies have been shifting internal IT functions such as data storage and management to third party IT service companies.[3]

The software and computer services sector and the communications services sector continue to converge as technologies become more integrated and less distinct. Companies are expanding product and service lines beyond their traditional offerings. The convergence of these sectors is creating new business opportunities and new competitors.

Regulatory Environment

Federal government entities such as the Canadian Radio-television and Telecommunications Commission (CRTC) and Innovation, Science and Economic Development Canada (ISED) have a significant regulatory role over the industry. Regulatory decisions can impact the operations and financial performance of service providers.

The CRTC is currently reviewing the regulatory framework for mobile wireless services with focus areas including the competitiveness of retail markets, wholesale access for mobile virtual network operators (MVNOs), and the future of services in Canada. A decision is expected in 2020.

The CRTC established new measures that service providers must implement to better protect Canadians from nuisance calls. The CRTC has asked service providers to implement additional technologies to further address these calls in 2020. The technology is currently unproven and may be costly to implement.

The CRTC introduced the Internet Code in January 2020. The Code is intended to provide new rights to consumer internet customers and establish consumer-friendly business practices. While the Code does not apply to all internet providers in Saskatchewan, it does apply to SaskTel.

3 Innovation, Science and Economic Development Canada, *"Canadian ICT Sector Profile 2018,"* www.ic.gc.ca/eic/site/ict-tic.nsf/eng/h_it07229.html

The December 2019 Mandate Letter from the Prime Minister to the Minister of Innovation, Science and Industry established expectations that included: expanding MVNOs in the market, reserving spectrum space for new entrants, and reducing the average cost of cellular phone bills by 25%.

The federal government announced the Rural Strategy and the Rural High Speed Internet Strategy for Canada in June 2019, setting a target of 95% of Canadian homes and businesses having access to internet speeds of at least 50 Mbps download/10 Mbps upload by 2026, and 100% by 2030. The announcement included a $1.7 billion renewal of the Connect to Innovate program, intended for the construction of rural broadband infrastructure.

In November 2019, the CRTC announced the first call for applications under its $750 million, five-year Broadband Fund to support the provision of broadband internet access services at 50 Mbps download/10 Mbps upload in underserved rural and remote areas.

In January 2020, the Broadcasting and Telecommunications Legislative Review Panel presented their final report. The report makes 97 recommendations on modernizing the legislative and regulatory framework governing the communications sector in Canada. The recommendations include: bringing all entities providing media content services to Canadians (online and conventional, domestic and foreign providers) within the scope of the *Broadcasting Act* and under the jurisdiction of the CRTC; and accelerating the rollout of advanced wireline and wireless networks, including 5G.

In March 2020, ISED released the policy and licencing framework that will govern the auction of wireless spectrum licences in the 3500 MHz band. ISED has also indicated that the licensing of millimetre wave spectrum will occur in 2021. ISED is consulting further on the licencing framework and the specific auction details and rules have not been finalized. These spectrums are important to future 5G networks and were discussed previously under "Communications Services Sector."

OUR STRATEGY

Our customers are at the centre of everything we do–building advanced and comprehensive broadband networks throughout Saskatchewan, and transforming our company to embrace new digital capabilities–all with the goal of making it easier for our customers to do business with us and easier for our employees to serve customers.

VISION

Be the best at connecting people to their world

MISSION

To provide an exceptional customer experience

VALUES

Honesty, Integrity, Respect

OUR NORTH STAR: BROADBAND

Providing our customers with fast and reliable access to the internet at any location — at home, work, and on the go

STRATEGIC GOALS

Deliver an Exceptional Customer Experience

Lead the Market in Broadband Services

Reinvigorate SaskTel through Digital Transformation

Empower a High-Performance Workforce

Maximize Long-Term Financial Sustainability

Alignment with Our Shareholder

SaskTel is a provincial Crown corporation, owned by the people of Saskatchewan. Our strategic goals have been set to ensure the company continues to transform, achieve shareholder expectations, and provide our customers with an exceptional experience today and into the future.

Strategic shareholder direction is communicated to SaskTel by Crown Investments Corporation (CIC). The CIC Board develops Crown Sector Strategic Priorities to articulate shareholder expectations and broad policy direction to SaskTel and the CIC Crown sector.

The six Crown Sector Strategic Priorities:

- Customer Focus
- Skilled Labour Force
- Financial Sustainability
- Priority Investments
- Private Sector Engagement
- Technology and Innovation

SaskTel's strategic planning is also influenced by *Saskatchewan's Growth Plan: The Next Decade of Growth 2020–2030.* This document serves as a road map to building a strong economy and a better life for the people of Saskatchewan. This includes SaskTel continuing to invest, grow, and improve technology infrastructure in the province. SaskTel will further expand its fibre optic network, targeting one million broadband accesses by 2025. Rural cellular services will be enhanced via the Wireless Saskatchewan initiative.

SaskTel's Board of Directors and Executive Team strive to ensure the development of our strategic and performance management plans maintain alignment with shareholder expectations. The CIC Board provides a final approval of SaskTel's annual plan, including balanced scorecard measures and targets.

Our North Star

SaskTel's mission to provide an exceptional customer experience begins with our North Star—broadband. We endeavour to deliver fast and reliable broadband service throughout Saskatchewan, at any location—at home, at work, and on the go.

Broadband is an essential service to our customers and it is the core service we provide. It is the largest driver of sustainable long-term growth for SaskTel.

Customers are expecting faster speeds, more bandwidth, and higher quality. We know this will continue with the emergence of new technologies, applications, and services. At the same time, competition is intensifying in both fixed and mobile broadband.

These forces are driving us to continue investing in enhancements to improve the coverage, capacity, reliability, and speed of our networks throughout the province. Fibre, mobile, DSL, fixed wireless, and eventually 5G, will contribute to SaskTel providing the best broadband services in Saskatchewan.

PERFORMANCE MANAGEMENT

As a Crown corporation, SaskTel is fundamentally responsible to provide exceptional services and strong financial returns to our shareholders—the people of Saskatchewan. To ensure that this is achieved, SaskTel regularly monitors our performance through a review of strategic actions and balanced scorecard measures for each of our strategic goals.

BALANCED SCORECARD

SaskTel uses a balanced scorecard to measure and monitor performance. It is a widely accepted performance measurement system and is used throughout the provincial Crown sector.

The measures included on the scorecard are integral to achieving our strategic goals and to the overall success of the organization. Measures and targets are developed through a rigorous internal process to ensure they are aligned with the direction provided by CIC and will drive us to achieve our goals. We set challenging targets that reflect our expectations of high performance.

The measures are monitored throughout the year, allowing us to make operational adjustments as necessary. Results are monitored by the SaskTel and CIC Boards quarterly.

For competitive reasons certain measures included on our balanced scorecard are not reported in the annual report. Due to business impacts related to the COVID-19 pandemic, targets for 2020/21 have not been finalized and are not included in this annual report.

Performance Indicator Legend

- Exceeded target (> 120%)
- On target (95% – 120%)
- Slightly off target (< 95%)
- Off target (< 80%)

DELIVER AN EXCEPTIONAL CUSTOMER EXPERIENCE

OUR CUSTOMERS ARE AT THE CENTRE OF EVERYTHING WE DO. WE WILL DELIVER AN EXCEPTIONAL CUSTOMER EXPERIENCE AT EVERY TOUCHPOINT ALONG THEIR JOURNEY WITH SASKTEL.

Our customers are evolving and have increasing expectations for the products and services they need. SaskTel is focused on continuous improvement in how we interact with our customers. We will serve our customers how and where they want, making it easy to do business with us. Business intelligence and data analytics will further our ability to deliver proactive and personalized customer service. SaskTel strives to do things right the first time and deliver an exceptional experience from initial customer contact and beyond.

As employees of a local company with strong customer relationships, we take pride in knowing what our customers value. Residing in communities throughout Saskatchewan, SaskTel employees are proud to provide the communications, entertainment, and information technology services that our neighbours need, helping to make Saskatchewan a better place for everyone.

Delivering an exceptional customer experience is aligned with the Customer Focus, and Technology and Innovation Crown Sector Strategic Priorities.

KEY INITIATIVES

- Define and deliver the ideal customer experience
- Understand our customers through business intelligence

Balanced Scorecard

Our delivery of an exceptional customer experience is measured with a composite score of customer survey results taken at key touchpoints. Consumer and business customers are reported separately. A 10-point scale is used.

Measure	2018/19 Result	2019/20 Target	2019/20 Result	
Customer Satisfaction				
Customer experience – consumer	Maintained 2017/18 result	1% above 2018/19 result	Maintained 2018/19 result	
Customer experience – business	1% above 2017/18 result	1% above 2018/19 result	Maintained 2018/19 result	

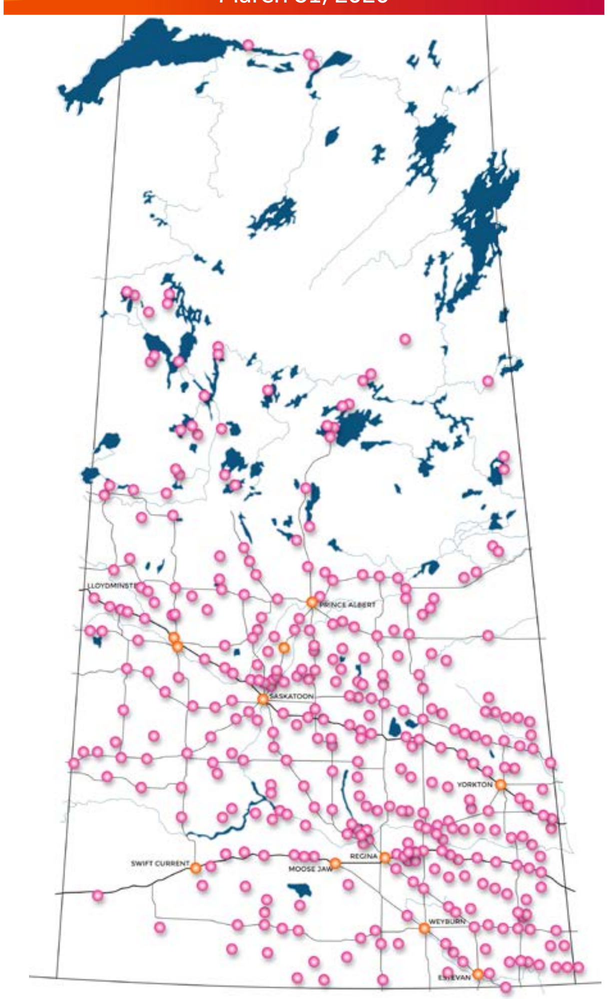
Customer Satisfaction Performance

Customer experience results for both consumer and business customers in 2019/20 remained equal to the 2018/19 scores, slightly below our targeted 1% improvement. Targets were met or surpassed in the areas of consumer and business technical support, stores, and consumer operations. SaskTel is focused on opportunities to reduce wait times in our Customer Contact Centre and enhance the online self-serve options we provide. SaskTel is committed to providing our customers with exceptional experiences.

Achievements in 2019/20

- Developed a new corporate mission statement: *To provide an exceptional customer experience,* placing our customers at the centre of everything we do
- Expanded maxTV Stream to 358 communities throughout Saskatchewan
- Added 28 new channels to maxTV Stream
- Launched new maxTV GO apps and subscription video on demand libraries, including History, HGTV, FX/FXX, and Citytv
- Upgraded maxTV Stream and maxTV app products to offer new functionality and an improved experience
- Supported our customers and community during the COVID-19 pandemic:
  - » Leveraged our relationships with equipment manufacturers and other service providers to procure thousands of additional devices for health, protective services, First Nations, education, and government agencies
  - » Waived data overage charges for wireless and fusion Internet customers and internet plans remained unlimited
  - » Provided complementary news and entertainment channels to maxTV service and maxTV Stream customers
  - » Stores and dealers remained open to provide essential services, with additional steps taken to protect customers and employees
  - » Trained additional staff to take customer calls to reduce wait times
  - » Offered zero-interest bill deferrals for up to six months and a 12-month repayment plan to provide relief to customers
  - » Provided a two-month service credit to SaskTel customers currently signed up to the Federal Government's Connecting Families initiative for low-income families
  - » Extended the seasonal disconnect option for up to six additional months to support customers unable to open their seasonal properties
- Lowest customer churn rate and highest lifetime revenue for wireless in Canada
- Launched new unlimited wireless plans to provide customers with more choice and device financing options that allow customers to purchase any device with no upfront costs or interest
- Introduced internet contracts, providing customers with lower pricing
- Advanced our business intelligence and analytic capabilities to improve insights into customer needs
- Ranked first in both the J.D. Power 2019 Canada TV and Internet Service Provider Satisfaction Studies (West Region) for the seventh consecutive year
- Continued to implement our Customer Experience First program, with improvements to:
  - » In-home Wi-Fi experience
  - » Customer service for the Fibre to the Premises (FTTP) program
  - » Wireless product satisfaction
  - » Self-serve delivery
  - » First Contact Resolution
- The Wireless Saskatchewan project enhanced LTE cellular services in 53 rural communities throughout the province with the deployment of small cell sites (building on the 50 rural small cell sites completed in 2018/19), and in addition, five new macro towers were constructed along major highways

maxTV STREAM AVAILABILITY
March 31, 2020



LEAD THE MARKET IN BROADBAND SERVICES

BROADBAND IS ESSENTIAL TO THE LIVES OF OUR CUSTOMERS. WE WILL PROVIDE ACCESS TO FAST AND RELIABLE INTERNET AT ANY LOCATION—AT HOME, WORK, AND ON THE GO.

Broadband is SaskTel's core service. Fixed and mobile broadband access services have become indispensable to our customers, enabling them to work, learn, connect with friends and family, and enjoy online entertainment. Performance is critical to businesses. SaskTel understands the importance of broadband to our customers and is focused on continually improving the coverage, capacity, reliability, and speed of our networks. Our services will work seamlessly across devices and networks.

The broadband market is competitive. SaskTel will satisfy current and future customer broadband needs by: expanding the reach of our fibre network; improving fibre and DSL speeds; expanding mobile and fixed wireless coverage; improving in-home Wi-Fi performance; and applying new technologies to improve performance.

Our key initiatives to lead the market in broadband services have been aligned with all six Crown Sector Strategic Priorities: Customer Focus; Skilled Labour Force; Financial Sustainability; Priority Investments; Private Sector Engagement; and Technology and Innovation.

KEY INITIATIVES

- Build fixed and mobile broadband networks
- Maximize broadband accesses
- Improve end-to-end delivery of broadband services

Balanced Scorecard

SaskTel's broadband service performance is measured by our execution of the FTTP program and network advancements to provide Saskatchewan homes and businesses with access to higher broadband speeds.

The FTTP program has been a priority infrastructure investment. Our FTTP measures have tracked our success in bringing fibre to customers' homes (passes) and enrolling customers in the service (connects). The original FTTP program and these measures were based on Saskatchewan's nine major centres. Much of this work has been completed and we are expanding our fibre network beyond these initial communities. FTTP measures for the nine major centres will no longer be included on the balanced scorecard in 2020/21.

Our performance delivering higher broadband speeds throughout the province is demonstrated by measures capturing the percentage of homes and businesses that have access to at least 10 Mbps fixed broadband, and at least 50 Mbps fixed broadband. Customers continue to require faster speeds and in 2020/21 the 10 Mbps measure will be removed from the balanced scorecard. A new measure for access to at least 300 Mbps will be added, which currently represents those customers with access to fibre.

Measure	2018/19 Result	2019/20 Target	2019/20 Result	
*FTTP Execution**				
Number of homes passed	32,988	14,839	16,614	●
Number of homes connected	19,377	10,156	15,972	●
Network Advancements				
SK homes and businesses with access to at least 10 Mbps fixed broadband	New measure for 2019/20	98.0%	97.3%	●
SK homes and businesses with access to at least 50 Mbps fixed broadband	New measure for 2019/20	50.0%	83.1%	●
SK homes and businesses with access to at least 300 Mbps fixed broadband	New measure for 2020/21			

*FTTP execution measures only reflect results for the original program in Saskatchewan's nine major centres. Additional fibre passes and connections that occurred in other communities are not included.

FTTP Execution Performance

We are pleased with the results of our FTTP program in 2019/20. During the year we continued to expand our fibre service to new neighbourhoods, making it available to over 16,000 more homes and exceeding our target for homes passed. We were also successful in connecting nearly 16,000 customers to our *infiNET* service, exceeding the targeted connections by 57%.

Network Advancement Performance

In 2019/20, we significantly increased the provincial coverage of homes and businesses with access to at least 50 Mbps fixed broadband download speeds from 47.5% to 83.1%, exceeding our target by over 33 percentage points. We increased the provincial coverage of homes and businesses with access to at least 10 Mbps fixed broadband from 95.6% to 97.3%, slightly below our target for the year. In addition to our fibre program, these coverage improvements were accomplished largely through the expansion and enhancement of our DSL service.

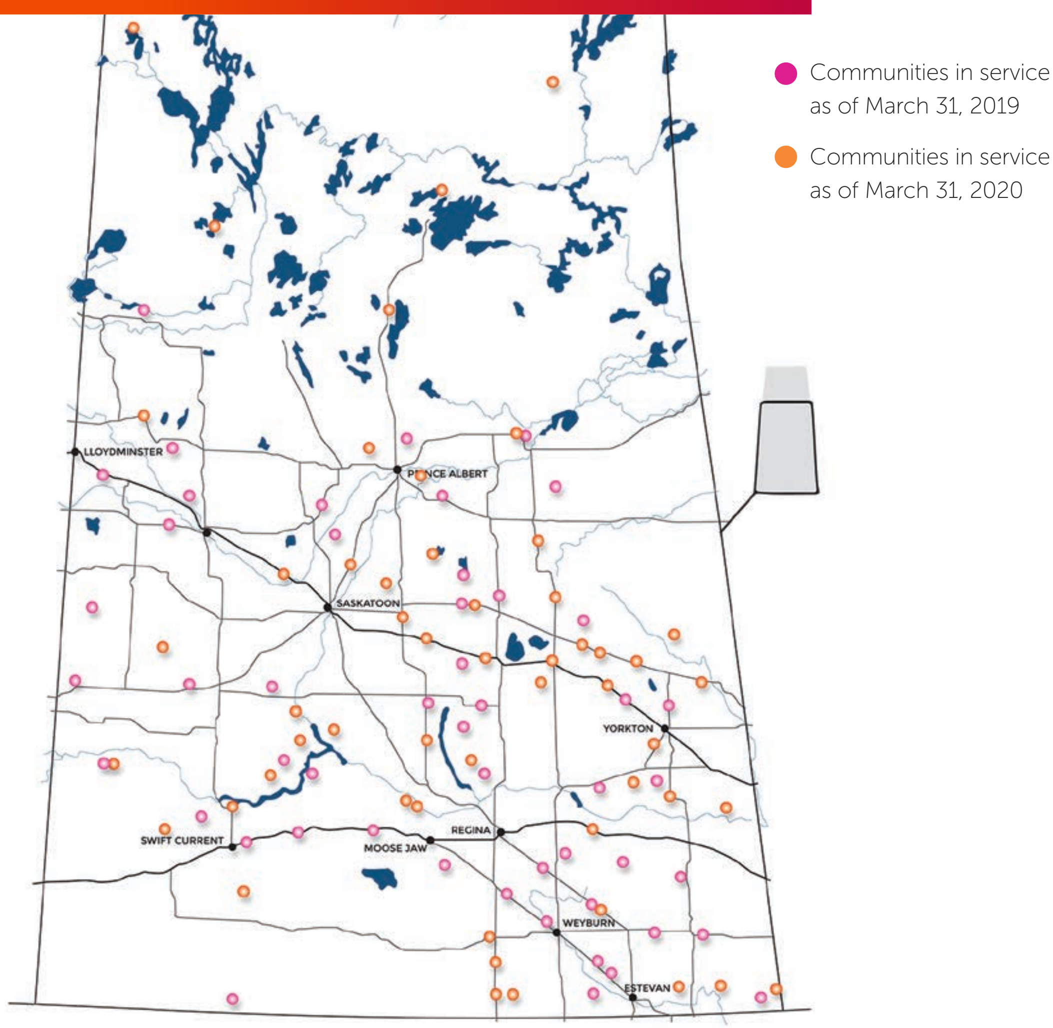
Achievements in 2019/20

- Our FTTP infrastructure build continued in the major centres and beyond, including Emerald Park, Martensville, Melfort, Warman, and White City, enabling speeds of up to 300 Mbps
- Continued expanding our fibre network to business customers to meet growing bandwidth demand
- Business *infiNET* improvements: all plans upgraded to be half-symmetrical (upload speeds half as fast as download speeds); launched fully symmetrical plans (upload speeds as fast as download speeds); and, introduced high bandwidth plans with speeds up to 900 Mbps
- interNET Extended 50 was launched in 291 rural communities, providing download speeds up to 50 Mbps
- Introduced a new fibre gateway with improved in-home performance
- Through the Community Participation Program, SaskTel expanded DSL internet services to the resort communities of Pasqua Lake and Crooked Lake while also announcing plans to do the same at Candle Lake in 2020

SMALL CELL SITE LOCATIONS

In service as of March 31, 2019			In service as of March 31, 2020		
Abernethy	Lake Lenore	Paddockwood	Beechy	Kuroki	Rama
Briercrest	Lang	Pennant	Birsay	Liberty	Sceptre
Brock	Lintlaw	Prelate	Borden	Loreburn	Sheho
Carievale	Lucky Lake	Riverhurst	Brabant Lake	Love	Sintaluta
Conquest	Macoun	Sedley	Bulyea	Macrorie	Spruce Lake
Denzil	Manor	Semans	Ceylon	Margo	St. Benedict
Drake	Marcelin	Simpson	Clearwater River Dene Nation	Marquis	St. Gregor
Earl Grey	Marengo	Spalding	Cole Bay	Meacham	Stenen
Ebenezer	Marsden	Theodore	Creelman	Minton	Stewart Valley
Fillmore	McTaggart	Torquay	Dubuc	Muskoday FN	Sturgeon Lake FN
Glenavon	Meota	Val Marie	Elfros	Neuanlage	Sucker River 156C
Goodsoil	Mervin	Waldeck	Fosston	Neudorf	Sylvania
Govan	Midale	Waseca	Frobisher	Neville	Tantallon
Grayson	Morse	Weldon	Gainsborough	Otthon	Tuxford
Kennedy	Mortlach	White Fox	Gladmar	Pangman	Veregin
Kisbey	Muenster	Zenon Park	Glen Ewen	Plenty	Weyakwin
Laird	Odessa		Hazlet	Plunkett	Wishart
			Jansen	Prud'homme	

SMALL CELL SITES



REINVIGORATE SASKTEL THROUGH DIGITAL TRANSFORMATION

WE WILL USE TECHNOLOGY TO BUILD NEW BUSINESS CAPABILITIES, MAKING IT EASIER FOR OUR CUSTOMERS TO DO BUSINESS WITH US AND EASIER FOR OUR EMPLOYEES TO SERVE THE CUSTOMER.

The world is becoming more digital and this is impacting every industry, creating new challenges and opportunities. Products and services are changing rapidly and new competitors are emerging from adjacent markets. SaskTel's customers have more choices than ever before.

Our digital transformation places the customer at the centre of everything we do. We are focused on finding more effective ways of doing business and making it easier for our employees to serve our customers. We are adopting new digital technologies, developing new skills in our employees, and simplifying processes. Business intelligence, automation, and customer self-serve opportunities will further our ability to provide an exceptional customer experience. This reinvigoration will make SaskTel more agile and responsive to the evolving needs of our customers.

SaskTel has aligned its strategic goal to reinvigorate our company through digital transformation with all six Crown Sector Strategic Priorities: Customer Focus; Skilled Labour Force; Financial Sustainability; Priority Investments; Private Sector Engagement; and Technology and Innovation.

KEY INITIATIVES

- Simplify products and business rules
- Simplify and automate processes

Balanced Scorecard

SaskTel uses EBITDA margin to measure operational efficiency and profitability. It is a widely used financial ratio that measures operating profit (earnings before interest, taxes, depreciation, and amortization expense) as a percentage of revenue.

Customer expectations are evolving and self-serve is quickly becoming the preferred channel for our customers. SaskTel added two measures in 2019/20 to monitor our success in new customer self-serve initiatives: the number of transactions customers made through eChannel instead of traditional methods; and the number of customer accounts on paperless eBILL.

In 2020/21, these specific self-serve measures will be replaced with a more comprehensive measure, capturing the incremental benefits realized from our transformation initiatives. While SaskTel will continue to enhance our customer self-serve capabilities, we will also undertake additional initiatives aimed at streamlining our work and making it easier for customers to do business with us.

Measure	2018/19 Result	2019/20 Target	2019/20 Result
Efficiency			
EBITDA margin	27.5%	29.0%	29.2%
Self-serve			
Customer transactions through eChannel	New measure for 2019/20	226,737	138,747
Customer accounts on eBILL	New measure for 2019/20	347,000	291,887
Transformation			
Benefits realized from transformation initiatives	New measure for 2020/21		

EBITDA Margin Performance

EBITDA margin is a key measure for our overall operational efficiency. Once again, we have exceeded our 2019/20 target. Improvements in EBITDA margin performance continue to be a result of revenue growth, business simplification and operational improvements, and controlled spending throughout the year.

Self-serve Performance

Customer transactions through our eChannel were well below target in 2019/20. During the year SaskTel determined that certain transaction types were best directed through our traditional service methods to ensure high levels of customer satisfaction. While we did not achieve the ambitious target we established, we were successful in increasing the number of eChannel transactions by nearly 35,000 from the 2018/19 level, an increase of 34%. SaskTel continues to focus on enhancing our self-serve capabilities and implementing them in alignment with the preferences of our customers.

During the year, SaskTel increased the number of customer accounts on eBILL by nearly 64,000. While this result was below our target, the shortfall is largely related to customers who are no longer receiving paper bills and are still in the process of transitioning to the eBILL service. As we continue transitioning customers to paperless billing in 2020/21, we will maintain our focus on customer satisfaction and accommodate those who prefer a paper bill.

Achievements in 2019/20

- Developed a new corporate mission statement: *To provide an exceptional customer experience*, placing our customers at the centre of everything we do
- Increased the use of our eChannel
- Continued investments were made to enhance our customer self-serve and e-commerce platforms, as well as internal systems and processes
- Established a Transformation Management Office to evaluate and guide the implementation of improvement initiatives
- Began implementing an automated, cloud-based employee expense solution expected to be more efficient and effective than current processes
- Deployed a team dedicated to cloud computing orchestration in order to expedite internal business requirements for more compute and storage resources
- Embraced the use of many Community Cloud applications to manage our business, including Salesforce, ServiceNow, and Microsoft Office 365
- Created a cloud solution that simplifies and expedites the distribution of updates for all mobile devices used by SaskTel employees for business
- Continued to advance and apply our business intelligence capabilities
- Completed a "do it right the first time" initiative throughout the company to improve the accuracy of business processes
- Process improvements that reduced the time required to implement promotions and rate plan changes
- Established the Enterprise Cybersecurity program and the team executed several key activities with a focus on reducing the risk of a service disruption or breach of confidential information

EMPOWER A HIGH-PERFORMANCE WORKFORCE

TOGETHER, OUR SKILLED WORKFORCE IS COMMITTED TO TRANSFORMING SASKTEL FOR THE FUTURE AND ENSURING WE DELIVER TO OUR CUSTOMERS' EXPECTATIONS.

At SaskTel, we have a culture that is proud, accountable, innovative, and centred on our customers.

Our industry is changing rapidly. It is critical to our future success to have an enabled, engaged, and empowered team of employees. We are committed to continual learning. Acquiring new skills and knowledge through training and recruitment is crucial to remaining highly competitive and satisfying our customers' evolving needs.

We look to all employees to develop new ideas and business improvements. Continuing to enhance the adaptability and agility of our workforce is essential to our ability to collaborate effectively and allocate resources to areas of strategic importance.

Our strategic goal of empowering a high-performance workforce is aligned with the Crown Sector Strategic Priorities: Customer Focus; Skilled Labour Force; and Technology and Innovation.

KEY INITIATIVES

- Living our culture
- Strategic resource allocation
- Invest in skill sets for the future
- Lead SaskTel through transformation

Balanced Scorecard

Measures focused on employee engagement, and learning and growth are used as key indicators of our progress on empowering a high-performance workforce. The results of these measures are determined by our annual employee survey. SaskTel uses an independent vendor to conduct and tabulate survey results.

Employee engagement is an indicator of employees' dedication and willingness to go above and beyond in their work.

The learning and growth measure, employee perception of skill evolution, uses a subset of survey questions related to employee confidence that they have the skills to successfully perform their duties in alignment with the company's changing business needs.

Measure	2018/19 Result	2019/20 Target	2019/20 Result	
Employee Engagement				
Employee engagement score	Four percentage points below 2017/18 result	One percentage point above 2018/19 result	Eight percentage points below target	
Learning and Growth				
Employee perception of skill evolution	Five percentage points below 2017/18 result	One percentage point above 2018/19 result	One percentage point below target	

SaskTel conducted its annual employee survey in the fourth quarter. We appreciate the high response rate and feedback our employees offered through their participation in the survey.

Employee Engagement Performance

The employee engagement score fell below the 2019/20 target. While the labour disruption impacted survey scores in some areas, the responses and opportunities identified by employees provide constructive feedback for SaskTel. The survey results have been analyzed and action plans have been developed, with a particular focus on enhancements to SaskTel's top engagement drivers.

Learning and Growth Performance

Employee perception of skill evolution results remained unchanged from the 2018/19 level, slightly below the 1% improvement target. We have identified professional growth as one of the top drivers of employee engagement at SaskTel. It is important that employees have the skills, training, and confidence they need as our business continues to transform. Action plans have been developed in response to the survey and SaskTel is identifying, developing, and implementing new and enhanced training opportunities for employees.

Achievements in 2019/20

- Recognized by Mediacorp Canada Inc. as one of:
  - » Canada's Top 100 Employers (2020)
  - » Saskatchewan's Top Employers (2020)
  - » Canada's Top Employers for Young People (2020)
  - » Canada's Best Diversity Employers (2020)
  - » Canada's Greenest Employers (2019)
- Continued to foster a company-wide focus on efficiency. Throughout the year we identified additional opportunities to streamline processes and better serve our customers
- Enhanced the product knowledge learning content available to our front-line business sales staff through our SaskTel University program
- Launched our Connections Recognition and Reward program, which combines employee recognition, awards, and service milestones into one platform
- Established new collective agreements with SaskTel, SecurTek, and Directwest employees

MAXIMIZE LONG-TERM FINANCIAL SUSTAINABILITY

WE WILL FIND CREATIVE SOLUTIONS TO POSITION SASKTEL FOR FINANCIAL SUCCESS, SECURING OUR ABILITY TO SERVE CUSTOMERS THROUGHOUT THE PROVINCE OF SASKATCHEWAN FOR MANY YEARS TO COME.

A number of challenges are placing pressure on financial results in our industry. Technologies are changing rapidly. Customer needs are evolving. Legacy revenue sources are in decline. Barriers to market entry are falling and competition is increasing. There is a need to make significant capital investments to enhance networks and transform operations. Regulatory changes and economic conditions present further challenges.

We are focused on developing new products and services that will generate revenue into the future. Improving our business processes will contribute to a competitive cost structure, freeing up resources for strategic growth areas.

Our focus on customers, digital transformation improvements, effective investment prioritization, and skilled workforce work together to ensure we position SaskTel for long-term success and financial sustainability.

Maximizing our long-term financial sustainability is aligned with the Crown Sector Strategic Priorities: Financial Sustainability; Priority Investments; Private Sector Engagement; Customer Focus; and Technology and Innovation.

KEY INITIATIVES

- Create a competitive cost structure
- Grow revenue and gross margin

Balanced Scorecard

Our financial measures are focused on creating shareholder value, generating revenue and earnings, and effectively leveraging our capital investments. These measures provide important insight into our current financial performance and overall progress enhancing our long-term financial stability.

Shareholder value is captured by the return on equity (ROE) and debt ratio measures. They track how we are meeting our shareholder's expectations to generate a financial return within a prescribed capital structure. ROE provides an indication of how effectively we are using our equity to generate profits. Debt ratio is an indicator of our capital structure. Both are commonly used financial ratios, allowing comparison to other companies and industry standards.

Our revenue generation measures provide a view of our total revenue as well as two key components: revenue from broadband, our core service, and revenue from the business market. In 2020/21 our balanced scorecard will focus on total revenue. Individual components will no longer be measured separately as they are effectively captured by the overall measure.

Net income is the primary measure of our profitability. Our net income allows us to return cash to our shareholder, funding important services for the people of Saskatchewan.

Building and maintaining competitive network infrastructure in our industry requires significant capital investment. The capital intensity measure indicates how effectively we are utilizing our capital investments to generate revenue. It is calculated as capital expenditures (excluding spectrum) divided by operating revenue.

Measure	2018/19 Result	2019/20 Target	2019/20 Result	
Shareholder Value				
ROE	11.0%	11.1%	10.2%	
Debt ratio	46.6%	49.0%	47.8%	
Revenue				
Total revenue	$1,277.9M	$1,324.3M	$1,283.7M	
Broadband revenue	New measure for 2019/20	$635.4M	$596.4M	
Telco business market revenue	$322.1M	$344.0M	$336.2M	
Net Income				
Net income	$127.4M	$129.5M	$119.8M	
Capital Investment				
Capital intensity	21.0%	24.2%	19.5%	

Shareholder Value Performance

SaskTel's ROE is below the target of 11.1%, due to the recognition of an impairment loss in the fourth quarter of fiscal 2019/20 and its resulting impact on net income. Excluding the impairment loss, ROE would have been on target at 11.1%. SaskTel's debt ratio is below the target of 49.0%.

Revenue Performance

Revenue is below the target due to competitive wireless pricing, changing consumer behaviour, and increasing competition. These factors are impacting SaskTel's opportunities to offset revenue declines from legacy wireline services.

Net Income Performance

Net income is below expectations as a result of an impairment loss of $10.7 million related to the impact of the COVID-19 pandemic on declining marketing services revenue and the related future cash flows. Net income excluding the impairment loss would have been $130.4 million. This increased year over year through revenue growth of $5.8 million and a total expense reduction of $3.3 million, partially offset by decreased other income of $1.8 million and increased net finance expense of $4.2 million.

Capital Investment Performance

Capital intensity came in lower than targeted. This result is once again due to prudent management of capital spending within our overall capital program.

Achievements in 2019/20

- Increased out-of-province business sales resources and continued to develop partnership opportunities inside and outside of Saskatchewan to increase revenue
- Enhanced our unlimited wireless rate plan suite, and launched Speed Restore add-on packages and prepaid international roaming
- Launched Dedicated Internet and IP Trunking over Virtual Private LAN Service
- Continued to foster company-wide focus on efficiency. Throughout the year, we identified additional opportunities to streamline processes and better serve our customers
- Implemented Customer Contact Centre operational changes to improve the customer experience and reduce costs
- Conducted several departmental organizational reviews, resulting in structure changes that improved effectiveness, enhanced customer experience, and reduced costs
- Implemented zero-based capital budgeting, ensuring a rigorous review of planned spending and strategic prioritization of capital
- Focused stores on core customer service activities by no longer processing in-store bill payment transactions for SaskTel and other Crown utilities
- Launched VoLTE service in Regina and Saskatoon

RATIONALE FOR THE SELECTION OF BALANCED SCORECARD PERFORMANCE MEASURES

Measures	Rationale
Customer Satisfaction Customer experience – consumer Customer experience – business	Delivering an exceptional customer experience at all touchpoints is a key strategic goal for SaskTel. Our industry is highly competitive and customers have more choices than ever. Delivering high levels of satisfaction to all our customers is critical to our success.
FTTP Execution Number of homes passed Number of homes connected	SaskTel's FTTP program is a high-priority infrastructure investment and critical to satisfying customers' current and future needs for bandwidth and speed. Measuring our success in bringing fibre to customers' homes (passes) and enrolling customers in the service (connects) is important to ensuring SaskTel leads the market in broadband services.
Network Advancements SK homes and businesses with access to: At least 10 Mbps fixed broadband At least 50 Mbps fixed broadband At least 300 Mbps fixed broadband (new for 2020/21)	Leading the market in broadband services is one of our key strategic goals. SaskTel is committed to delivering higher broadband speeds to customers throughout Saskatchewan. A download speed of 50 Mbps is the CRTC target speed for 90% of Canadians by the end of 2021. Access to at least 300 Mbps is reflective of customers' growing speed requirements. It is aligned with the expansion of our fibre optic network infrastructure in the province, which is included in *Saskatchewan's Growth Plan: The Next Decade of Growth 2020–2030.*
Efficiency EBITDA margin	Digital transformation is a key strategy for SaskTel. EBITDA margin is used to monitor our improvements to operating efficiency and profitability. As our transformation initiatives are implemented, the results will be reflected by this measure. EBITDA margin is a commonly used financial ratio that can be compared to industry standards.
Self-serve Customer transactions through eChannel Customer accounts on eBILL	Customer behaviours are evolving and they expect more flexibility and options to interact with service providers. This is driving increased demand for customer self-serve capabilities, which companies around the world are implementing and improving.
Transformation Benefits realized from transformation initiatives (new for 2020/21)	Reinvigorating SaskTel through digital transformation is one of our key strategic goals. This new measure will capture the incremental benefits resulting from transformation initiatives that generate new revenue and/or improve our operational efficiency. It will be included on the balanced scorecard in 2020/21.
Employee Engagement Employee engagement score	Empowering a high-performance workforce is a key strategic goal for SaskTel. We measure employee engagement as an indicator of employees' connection and dedication to the organization and their role within it. An engaged team of employees leads to better customer experiences and improved overall corporate performance.
Learning and Growth Employee perception of skill evolution	Our industry is experiencing rapid technology change, elevating the importance of employee learning and growth. Skill evolution is a key component of employee enablement and a requirement for empowering a high-performance workforce. We use this measure to monitor our employees' confidence that they have the skills necessary to perform successfully.
Shareholder Value ROE Debt ratio	As a provincial Crown corporation, SaskTel has a responsibility to provide value to our shareholder, the Government and people of Saskatchewan. We use these two measures to evaluate our performance generating the financial return (ROE) expected by our shareholder within a prescribed capital structure (debt ratio). ROE and debt ratio are widely used financial ratios, allowing comparison to other companies.
Revenue Total revenue Broadband revenue Telco business market revenue	Revenue measures are important indicators of our growth and financial sustainability. Total revenue is a common financial measure that can be compared to other companies. Revenue measures for two key components are also included. Broadband is our core service and leading the market is a strategic goal. Business revenue is an important growth market for SaskTel.
Net Income	Net Income is the primary measure of a competitive company's profitability and financial health. SaskTel's net income contributes to Saskatchewan's financial health as it is consolidated into the Province's financial statements.
Capital Capital intensity	SaskTel operates in an industry where significant capital investments are necessary to remain competitive. Capital intensity is used to measure how effectively SaskTel's capital investments are being utilized to generate revenue. Effective management of capital intensity will contribute to a healthy net income.

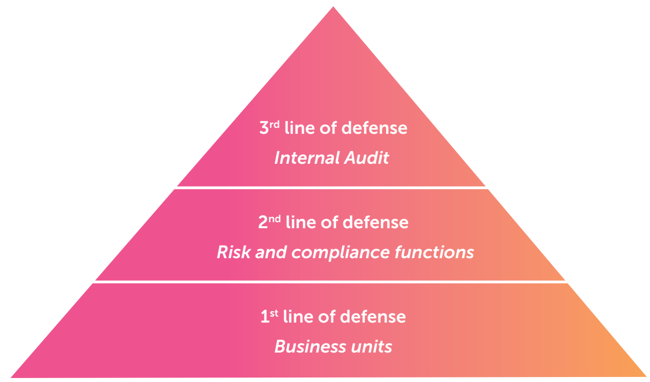
ENTERPRISE RISK MANAGEMENT

All businesses are subject to uncertainty and risk that may have a material effect on their ability to achieve strategic goals and business objectives. SaskTel manages risk exposures in relation to business priorities and risk tolerance through its Governance, Risk and Compliance (GRC) framework, an enterprise wide approach aligning strategic planning, enterprise risk management (ERM), operations, and internal audit. The ERM process within the framework is applied to identify and respond to key risks.

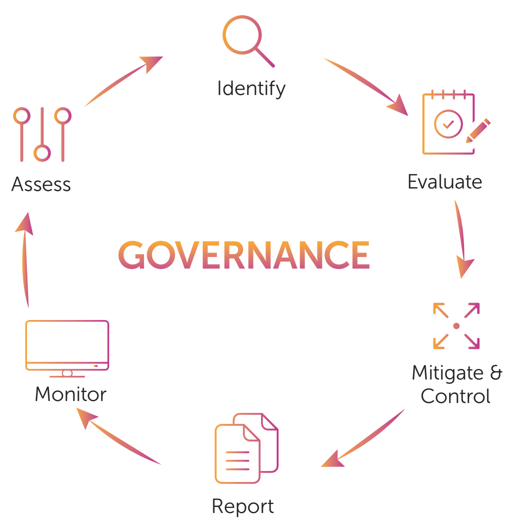
Every business unit plays a role in the risk management process, with SaskTel's Board of Directors, together with senior management, having ultimate responsibility for risk management at SaskTel. The process used to manage risk is depicted in the framework below.

GOVERNANCE

Board of Directors, Audit and Risk Committee of the Board, Executive Committee



ENTERPRISE RISK MANAGEMENT FRAMEWORK



GOVERNANCE

Governance is provided by SaskTel's Board of Directors, Audit and Risk Committee of the Board, and Executive Committee. An approved risk matrix serves as a tool for assessing risks against SaskTel's risk appetite.

RESPONSIBILITIES

There are three lines of defense in SaskTel's approach to manage risks. All employees are expected to understand and manage risks within the scope of their responsibility. Various risk, control, and compliance functions provide oversight to form the second line of defense and Internal Audit provides independent assurance of the effectiveness of the ERM policy, processes, mitigations, and controls.

KEY RISKS

The following risks are the key strategic and core business risks and uncertainties facing SaskTel. Additional risks and uncertainties deemed to be lower risk or risks that are currently unknown may also have a material effect on the business. Any discussion about risks should be considered in conjunction with "Caution Regarding Forward-looking Information" on page 24.

STRATEGIC RISKS

The following strategic risks are determined based on the ability to achieve strategic goals and financial targets outlined in the Strategic Plan. Realization of one or more of these risks may require SaskTel to modify its strategic direction.

OPERATING ENVIRONMENT
Competitive capabilities restricted by policies, processes, and systems

With over 110 years in business and the need to manage both traditional and new services, SaskTel has a complex operating environment with multiple systems, processes, and business rules. This creates challenges in responding quickly to market changes.

SaskTel has road maps and projects in place to transform the operating environment, including simplifying and automating the business to improve customer experience.

REVENUE GROWTH
Having competitive services that enable revenue growth and profit

It is increasingly challenging to increase revenue and profit margins due to commoditized legacy products, a highly competitive wireless market, emerging disruptive technologies, and large non-traditional global companies offering low-cost solutions.

It is imperative that SaskTel expands its broadband network (mobile and fixed) to continue to offer competitive services. It is equally important to keep a strong focus on customer experience. Several initiatives are in place or underway, including product road maps, launching new services, and pursuit of new markets.

WORKFORCE
Having the required workforce for the future

Digital transformation, operating in a fast-paced competitive industry, and ever-changing customer needs all impact the workforce. New skills, culture, and mindsets are required.

Annual corporate workforce planning and cultural reviews identify priorities and actions to ensure SaskTel has the workforce it needs to be successful, today and in the future.

REGULATORY
Federal regulation and policies increase complexity and negatively impact profitability

Telecommunications and broadcasting services are regulated by the federal government and its agencies, which continue to engage in regulatory reforms that are disadvantageous to incumbents, in particular, regional operators such as SaskTel. There is a strong focus on increasing competition, competitor-friendly policies, and lower prices for consumers. These reforms often result in increased costs, add complexity to our business, and negatively impact profitability.

SaskTel actively participates in CRTC and other proceedings to ensure its position is known.

SUPPLIERS
Reliance on vendors and partners

SaskTel works with many external suppliers to provide products and services needed to operate our business. When relying on third parties, there is always a risk that factors emerge that may change or end the relationship. Vendors originating in foreign jurisdictions pose a unique threat due to foreign laws, culture, and political environments.

SaskTel maintains relationships with multiple vendors and has plans in place to mitigate disruption if required.

COVID-19 PANDEMIC
COVID-19 outbreak impacts customer spending and SaskTel's ability to serve customers

Full impacts of the COVID-19 pandemic are still unknown but there is a risk that SaskTel will experience significant revenue loss due to reduced customer spending. There is also a risk to SaskTel's ability to deliver service to its customers. SaskTel is working to stay connected to customers through advertising campaigns, promotions, and finding solutions to support their needs. Business continuity plans, including a work from home solution, an eChannel presence, and an extensive dealer network help mitigate the risk of not being able to serve customers. In addition, SaskTel's network infrastructure is planned and built to be highly available, cyber security protocols are in place, and actions are being taken to secure supplies. SaskTel continues to identify and accelerate where the business needs to shift its priorities and pursue new opportunities, including self-serve and self-enablement enhancements.

CORE BUSINESS RISKS

The following core business risks focus on the ability to execute business functions related to operational, financial, and compliance and legal risks.

Operational Risks

Operational risks consider areas such as business interruption, security, infrastructure, supply chain, resources, customer service, and safety and environment. The key operational risks facing SaskTel are listed on the following page.

NETWORK and SYSTEMS RISKS
A significant network or systems outage disrupts service

SaskTel's networks and systems are core to delivering services and if either of them became unavailable for an extended period, it could cause significant customer impacts.

Networks and systems are designed and built to be highly available. Regular updates and maintenance, replacement of legacy technology and end-of-life systems, alarming of key components, redundancy of networks and system hardware, and change control processes help reduce the occurrence, duration, and severity of outages. Should an outage occur, business continuity and disaster recovery plans are in place to help minimize impacts.

PHYSICAL INFRASTRUCTURE
Significant loss of access or damage to critical buildings and infrastructure disrupts service

Any natural weather event, fire, or vandalism can damage physical assets, which could disrupt service.

Preventative measures exist to reduce the chance of a significant event or loss, including fire detection systems, security measures, maintenance, and upgrades. If an event occurs, business continuity plans and disaster recovery protocols come into effect. Insurance is also in place to offset significant losses.

SECURITY
A security threat or data breach compromises information or disrupts service

SaskTel, like any company, faces the risk of cyberattacks or data breaches. This threat will only increase with the movement toward digitalization, automation, software-based products, and massive numbers of connected devices.

SaskTel regularly assesses its environment and continues to implement extensive controls and measures to protect customer, employee, and corporate information, and to mitigate against service disruption. Incident management processes and response plans are also in place should an event occur.

Financial Risks

Areas reviewed in this category include interest rate, foreign exchange, credit, financial misstatement, pension plan, investments, public reporting, revenue assurance, fraud, and cash flow. No significant core business financial risks are reported at this time. The Notes to Consolidated Financial Statements, Note 29 – *Financial instruments and related risk management,* highlights some financial exposures and mitigations.

Compliance and Legal Risks

Areas reviewed in this category focus on SaskTel's need to comply with laws and regulations, including contractual, professional, third party, statutory, environmental, governance, intellectual property, litigation, regulatory, and privacy. SaskTel's key risk is described below. More detail is available in Notes to Consolidated Financial Statements, Note 31 – *Commitments and contingencies*.

LITIGATION
A lawsuit with significant consequences

Every business is subject to lawsuits due to various activities undertaken. Employees interact with thousands of people daily and SaskTel's assets are numerous and visible. Various aspects of legal risk exposure include contractual, professional, statutory, and third party liability, which could negatively impact SaskTel's results and reputation.

Contracts, tariffs, in-house counsel, due diligence, and policies contribute to mitigating the risk.

OPERATING RESULTS

FINANCIAL SUMMARY

ADOPTION OF IFRS 16 *LEASES*

Effective April 1, 2019, the Corporation adopted IFRS 16 *Leases* (IFRS 16) as discussed in "Application of New International Financial Reporting Standards" in this MD&A. Adoption was based on the modified retrospective approach. In accordance with this approach, the Corporation has not restated comparative information, which continues to be reported under IAS 17, IFRIC 4, SIC-15, and SIC-27, the standards in effect at the time. The modified retrospective approach to adoption of IFRS 16 also requires that the cumulative effect of initially applying IFRS 16 be applied as an adjustment to the opening balance of retained earnings at the date of initial application, April 1, 2019; however, no adjustments to retained earnings were required.

Consolidated Net Income

For the year ended March 31, ($ millions)	2020	2019	Change	%
Revenue	$ 1,283.7	$1,277.9	$ 5.8	0.5
Other income	3.3	5.1	(1.8)	(35.3)
	1,287.0	1,283.0	4.0	0.3
Expenses				
Goods and services purchased	543.4	553.1	(9.7)	(1.8)
Salaries, wages, and benefits	359.0	370.3	(11.3)	(3.1)
Internal labour capitalized	(21.2)	(23.7)	2.5	(10.5)
Depreciation - property, plant and equipment	173.0	163.5	9.5	5.8
Depreciation - right-of-use assets	6.6	–	6.6	*nmf*[1]
Amortization	33.4	34.4	(1.0)	(2.9)
Impairment loss	10.7	–	10.7	*nmf*[1]
Saskatchewan taxes	27.2	27.1	0.1	0.4
	1,132.1	1,124.7	7.4	0.7
Results from operating activities	154.9	158.3	(3.4)	(2.1)
Net finance expense	35.1	30.9	4.2	13.6
Net income	$ 119.8	$ 127.4	$ (7.6)	(6.0)
Other comprehensive income	4.8	4.2	0.6	14.3
Total comprehensive income	$ 124.6	$ 131.6	$ (7.0)	(5.3)

1. *nmf* – no meaningful figure

Consolidated Revenue

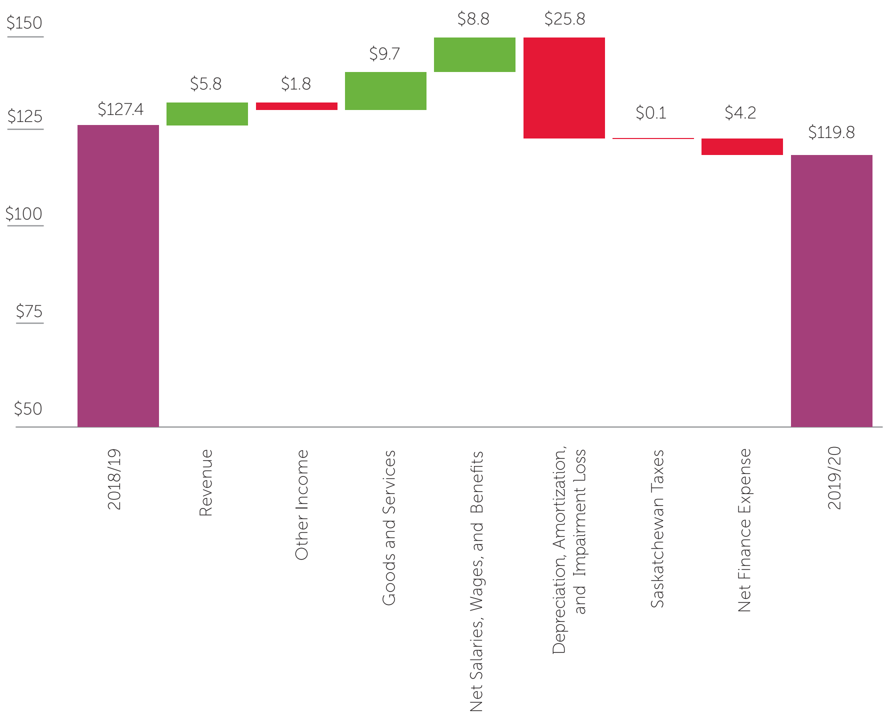
For the year ended March 31, ($ millions)	2020	2019	Change	%
Wireless network services and equipment revenue	$ 575.8	$ 565.0	$ 10.8	1.9
maxTV service, internet, and data services	377.9	361.8	16.1	4.4
Local, enhanced and long distance services	194.6	215.5	(20.9)	(9.7)
Security monitoring services	32.4	28.9	3.5	12.1
Marketing services	27.8	30.2	(2.4)	(7.9)
Equipment and professional services	23.2	35.2	(12.0)	(34.1)
International software and consulting services	8.2	6.6	1.6	24.2
Other services	43.8	34.7	9.1	26.2
	$ 1,283.7	$ 1,277.9	$ 5.8	0.5

NET INCOME

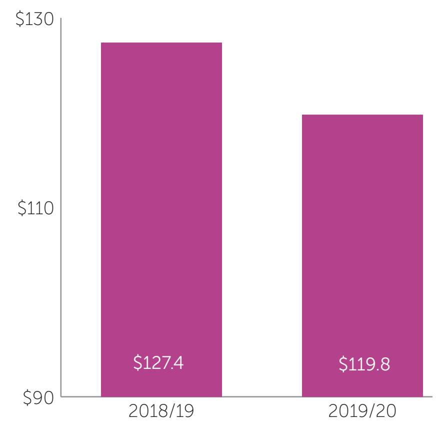
SaskTel provides strong returns to the Province of Saskatchewan by managing its costs, optimizing its legacy services, introducing new competitive services, and providing revenue growth in key business segments, including wireless, maxTV service, internet, data, and new and emerging products and services. Net income was $119.8 million, down $7.6 million from the same period in 2018/19. Net income decreased as a result of an impairment loss of $10.7 million related to the impact of the COVID-19 pandemic on declining marketing services revenue and the related future cash flows. Net income excluding the impairment loss would have been $130.4 million, which increased year over year through revenue growth of $5.8 million and a total expense reduction of $3.3 million, partially offset by decreased other income of $1.8 million and increased net finance expense of $4.2 million.

The adoption of IFRS 16 did not have a significant impact on net earnings.

Net Income ($ millions)



Net Income ($ millions)



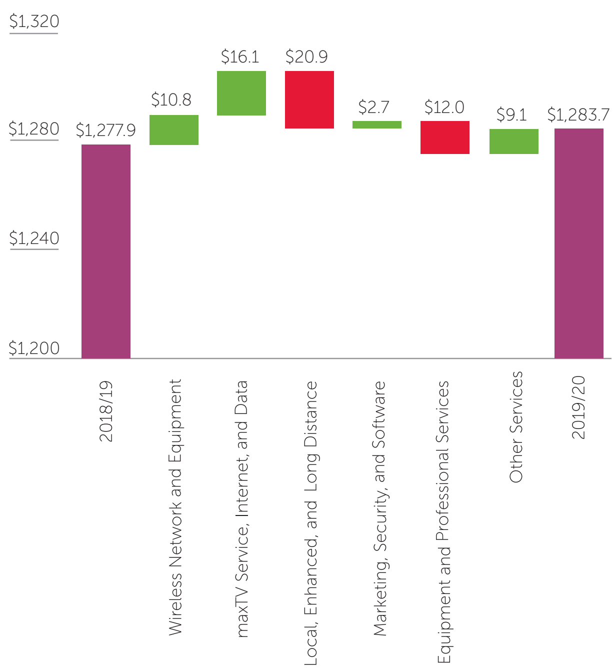
Net Income	Operating Revenue	EBITDA Margin	Return on Equity	Debt Ratio
$119.8M	**$1,283.7M**	**29.2%**	**10.2%**	**47.8%**
▲ Increased Operating Revenue	▲ Increased Wireless Revenue	▲ Increased Operating Revenue	▼ Decreased Net Income	▲ New Long-Term Debt
▲ Decreased Operating Expenses	▲ Increased Wireline Growth Revenue	▲ Adoption of IFRS 16	▼ Increased AOCI*	
▼ Recognition of Impairment Loss	▼ Decreased Wireline Legacy Revenue	▲ Decreased Operating Expense		
▼ Increased Depreciation				

*Accumulated other comprehensive income

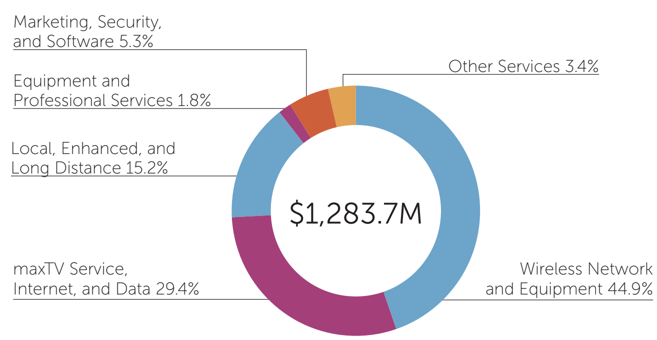
REVENUE

Revenue for the fiscal year ending March 31, 2020 was $1,283.7 million, up $5.8 million, reflecting continued wireless adoption and increased revenue from wireline growth services. This growth was partially offset by ongoing declines in legacy wireline services. Growth in wireless revenue reflects a growing subscriber base and increased average billing per user (ABPU), where increased revenue in wireline growth services is a result of a higher internet and maxTV service revenue per customer, as customers opt for higher internet speeds and more services delivered over SaskTel's fibre network. The remaining growth in wireline is a result of strong growth in our managed and emerging services portfolio.

Revenue ($ millions)



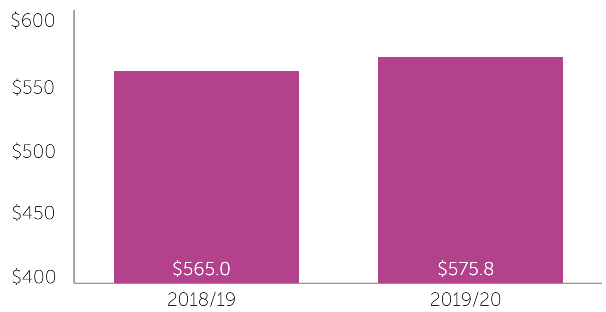
2019/20 Revenue Profile



Broadband Internet	maxTV Service	Wireless	Fibre	Wireline Voice
+2.1%	(1.1%)	+1.4%	+11.0%	(7.5%)
+16,152 vs 2018/19	(1,201) vs 2018/19	+8,237 vs 2018/19	+12,975 vs 2018/19	(24,924) vs 2018/19

SaskTel's revenue is composed primarily of wireless network services and equipment revenue (44.9%), maxTV service, internet and data (29.4%), and local access, enhanced services, and long distance (15.2%). Legacy revenue continues to decline but is offset by revenue growth in fixed and wireless broadband. SaskTel offers its customers increasing internet bandwidth through improvements to its network infrastructure, including FTTP, fusion, and expansions of DSL internet and wireless broadband to rural communities. SaskTel continues to expand its managed and emerging services portfolio by offering innovative ICT solutions, including managed cloud and Tier III Data Centre services and remote network monitoring services to its customers.

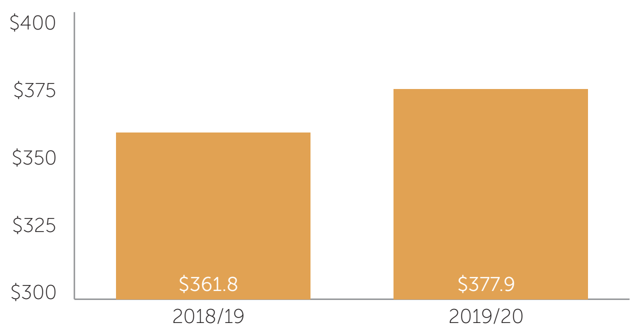
Wireless – Network and Equipment Revenue ($ millions)



WIRELESS NETWORK SERVICES AND EQUIPMENT REVENUE

Wireless revenue increased $10.8 million (1.9%) in 2019/20, reflecting growth in our wireless subscriber base, a greater volume of premium handsets in the sales mix and increased ABPU from customers selecting price plans with larger data buckets and features. Our focus on customer-first initiatives and our leading network quality and coverage, resulted in decreased wireless churn and an increase in year over year net subscriber additions of 8,237 or 1.4%.

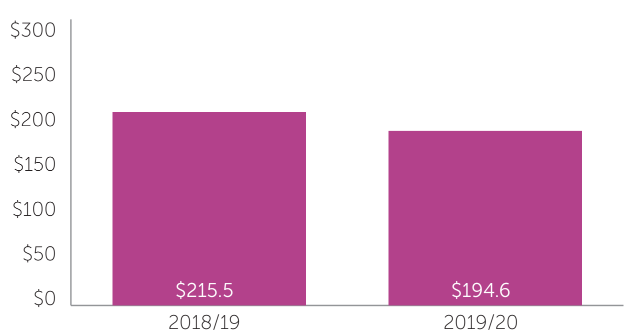
maxTV Service, Internet, and Data Revenue ($ millions)



maxTV SERVICE, INTERNET, AND DATA SERVICES

maxTV service, internet, and data services revenue increased by $16.1 million (4.4%). This is driven by increased activations in our expanded FTTP footprint, (56.4%) richer retail offerings and increased customer demand for our High Speed Internet service. SaskTel's *infiNET* fibre service saw increased access growth of 11.0% and has contributed to increased ARPU growth.

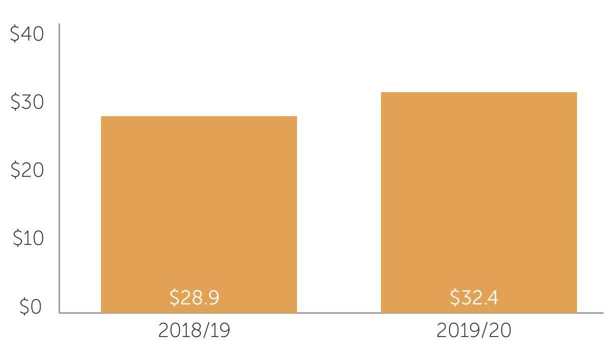
Local, Enhanced, and Long Distance Revenue ($ millions)



LOCAL ACCESS, ENHANCED, AND LONG DISTANCE SERVICES

Local access, enhanced, and long distance services declined by $20.9 million (9.7%) from 2018/19. This decline is due to a reduction in network accesses, driven by ongoing wireless and internet-based technology substitution.

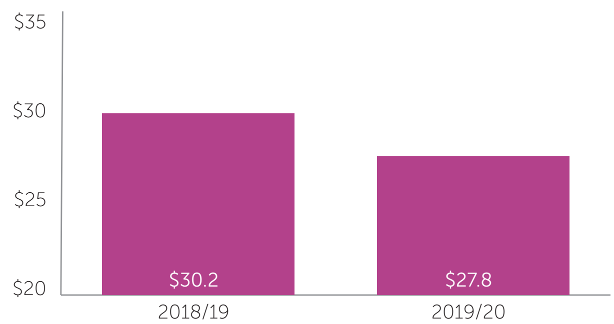
Security Monitoring Revenue ($ millions)



SECURITY MONITORING SERVICES

Security monitoring revenue increased $3.5 million to $32.4 million in 2019/20, due to customer growth of 12.1% and increased use of value-added features such as SaskTel's smartHOME security that provides interactive security, safety, cameras, and automation technology for residential and business consumers. SaskTel continues to actively seek out business growth both organically and through customer account acquisitions.

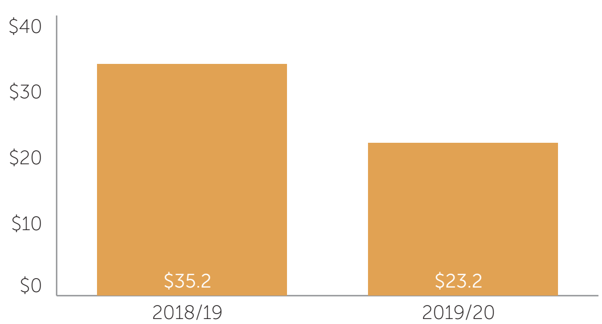
Marketing Revenue ($ millions)



MARKETING SERVICES

Marketing services revenue decreased to $27.8 million in 2019/20, from $30.2 million in 2018/19, a decrease of $2.4 million (7.9%). EBITDA and cash flows remain strong as the traditional directory industry continues to experience significant financial pressures, and ongoing revenue declines since its peak in 2008. These declines have been partially offset by continued growth of its new Digital Out of Home billboard media line of business, and new product diversification.

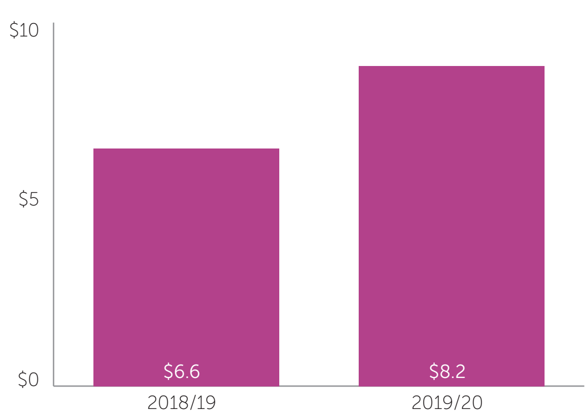
Equipment Revenue ($ millions)



EQUIPMENT AND PROFESSIONAL SERVICES

Equipment revenue decreased by $12.0 million reflecting decreased one-time sales of SaskTel's business-grade communications systems and professional services.

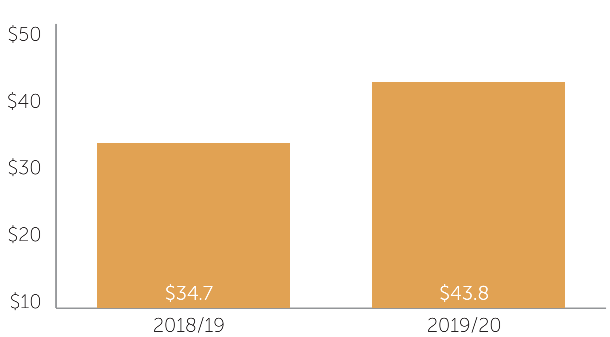
International Software and Consulting Revenue ($ millions)



INTERNATIONAL SOFTWARE AND CONSULTING SERVICES

Software and consulting services revenue increased to $8.2 million in 2019/20, up $1.6 million from 2018/19, primarily due to higher professional services and increased maintenance and support fees from significant contracts for the new suite of network management services.

Other Services Revenue (($ millions)

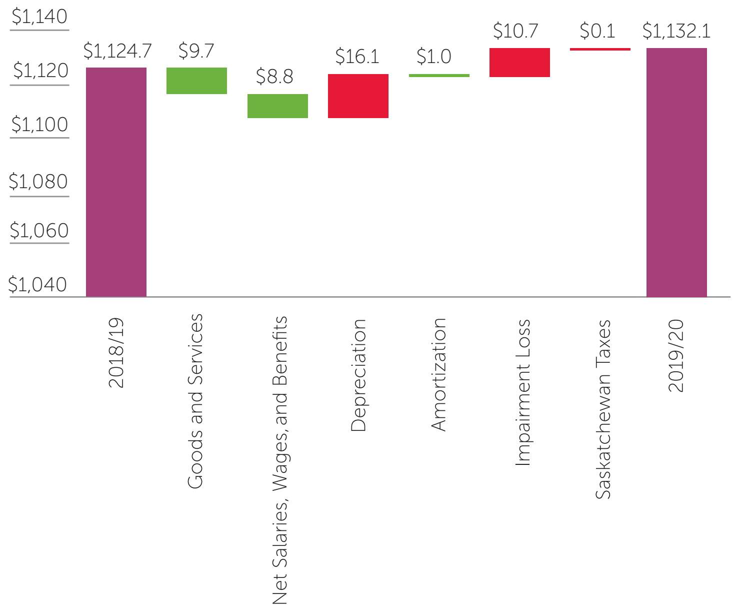


OTHER SERVICES

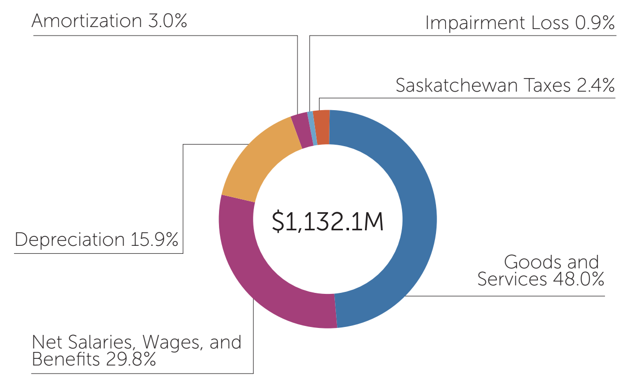
Other services revenue increased $9.1 million from 2018/19. In 2019/20, this portfolio saw growth in new services in the Integrated Business Communications and Data Centre service offerings, along with increased customer contributions for larger commercial projects.

EXPENSES

Expenses ($ millions)



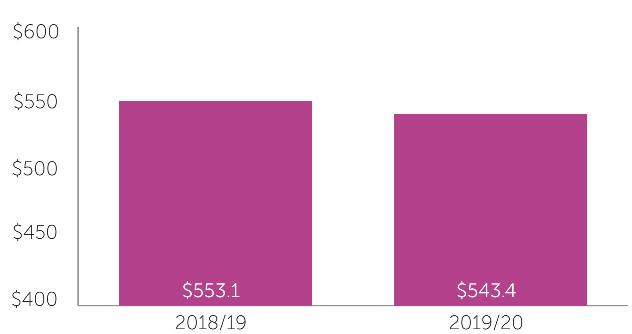
2019/20 Expense Profile



Expenses increased $7.4 million from the previous year to $1,132.1 million. This increase reflects an impairment loss of $10.7 million related to the impact of the COVID-19 pandemic on declining marketing services revenue and the related future cash flows, slightly offset by fewer one-time business-grade equipment sales, reduced wireless device volumes, and decreased salaries and benefits due to workforce efficiencies. The remainder of the decrease is a result of management's focus on controlled spending, slightly offset by increased depreciation due to growth in capital assets.

Operating Expense Reductions	EBITDA Growth ▲	Full-Time Equivalents
(2.0%)	+6.9%	3,415

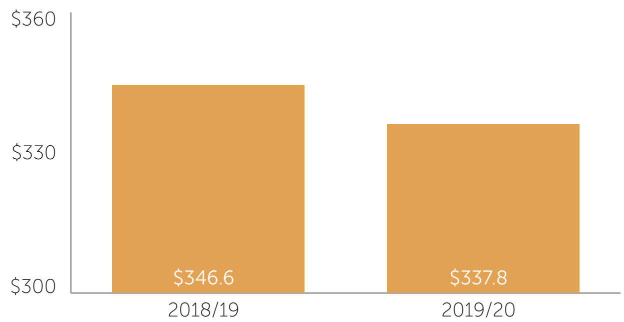
Goods and Services Purchased ($ millions)



GOODS AND SERVICES PURCHASED

Goods and services purchased decreased to $543.4 million, a decrease of $9.7 million (1.8%) driven by the adoption of IFRS 16 (see Note 2), decreased equipment sales for wireless devices and business-grade equipment, lower roaming expenses, and management's focus on controlled spending.

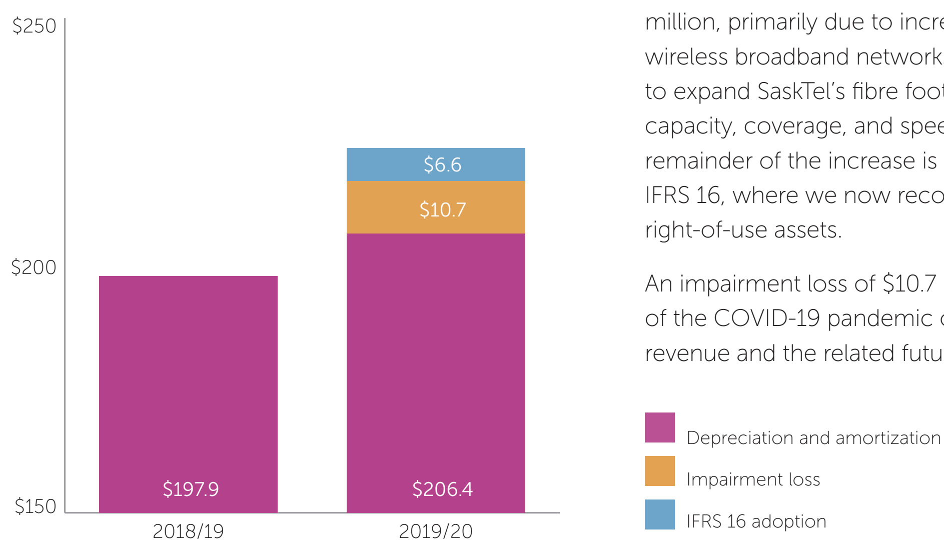
Net Salaries, Wages, and Benefits ($ millions)



SALARIES, WAGES, AND BENEFITS (NET OF INTERNALLY CAPITALIZED LABOUR)

Net salaries, wages, and benefits decreased to $337.8 million, down $8.8 million due to workforce efficiency initiatives.

Depreciation, Amortization, and Impairment ($ millions)

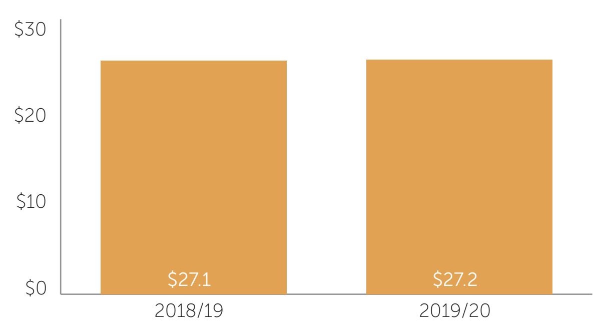


DEPRECIATION, AMORTIZATION, AND IMPAIRMENT

Depreciation and amortization expense increased to $213.0 million, primarily due to increased spending on our fixed and wireless broadband networks, including large expenditures to expand SaskTel's fibre footprint and to increase wireless capacity, coverage, and speeds across the province. The remainder of the increase is a result of the application of IFRS 16, where we now recognize the depreciation of right-of-use assets.

An impairment loss of $10.7 million is related to the impact of the COVID-19 pandemic on declining marketing services revenue and the related future cash flows.

Saskatchewan Taxes ($ millions)

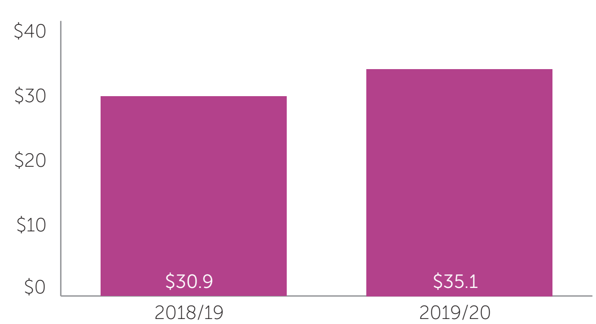


SASKATCHEWAN TAXES

Taxes represent the payment of corporate capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to cities, towns, villages, rural municipalities, and northern sites in Saskatchewan.

Taxes were $27.2 million in 2019/20, up $0.1 million from 2018/19.

Net Finance Expense ($ millions)

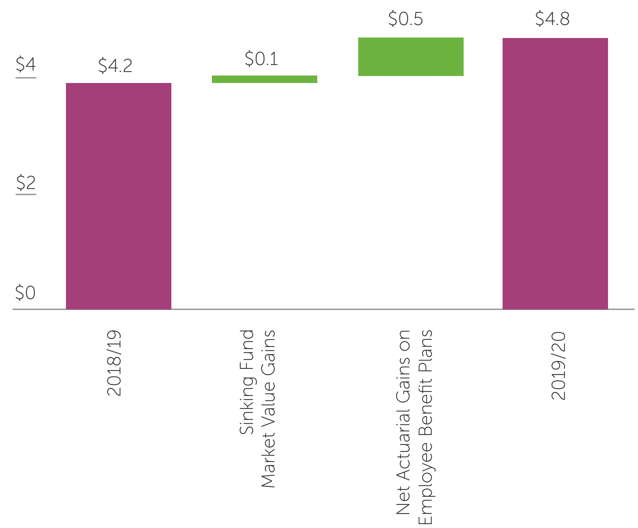


NET FINANCE EXPENSE

Net finance expense increased $4.2 million year over year. This is due to: increases in interest on long-term and short-term debt; new long-term debt issued in mid-2018/19 and early 2019/20; increased short-term borrowings and higher interest rates; reduced capitalized interest; and increased interest on lease liabilities due to the adoption of IFRS 16. This is partially offset by increased sinking fund earnings due to higher sinking fund balances and higher average interest rates, and increased financing income and interest on subscriber accounts.

OTHER COMPREHENSIVE INCOME

Other Comprehensive Income ($ millions)



OTHER COMPREHENSIVE INCOME

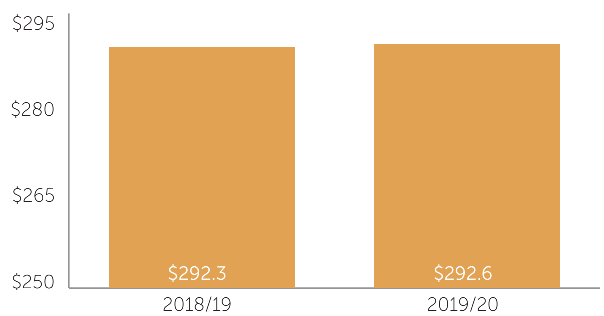
Other comprehensive income increased to $4.8 million, up $0.6 million from 2018/19. The increase resulted from increased gains on sinking fund assets, as well as the impact of an increase in the discount rate on the defined benefit pension liability, partially offset by reduced returns on the defined benefit pension plan assets and the impact of the asset ceiling limit. The assumptions are disclosed in Note 25 – *Employee benefits* of the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Dividends Declared	Dividend Payout Ratio	Debt Ratio	Investment in Broadband
$107.8M	90.0%	47.8%	$194.3M

Cash from Operating Activities	Cash Used in Investing Activities	Cash Used in Financing Activities
$0.3M Year over year change	($6.3M) Year over year change	($17.6M) Year over year change
▲ Increased cash from operations	▲ Decreased spending on plant equipment and intangible assets	▲ Increased net borrowing
▼ Increased working capital requirements	▲ Increased government funding	▲ Decreased dividend and equity advance payments

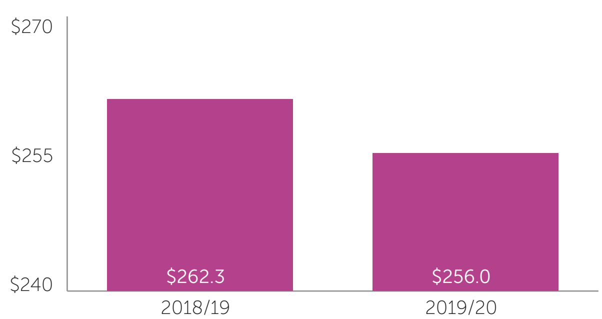
Cash Provided by Operating Activities ($ millions)



CASH PROVIDED BY OPERATING ACTIVITIES

Cash provided by operating activities for the fiscal year ended March 31, 2020 was $292.6 million, up $0.3 million from the previous year primarily due to increased cash from operating activities as a result of increased EBITDA, partially offset by increased working capital requirements.

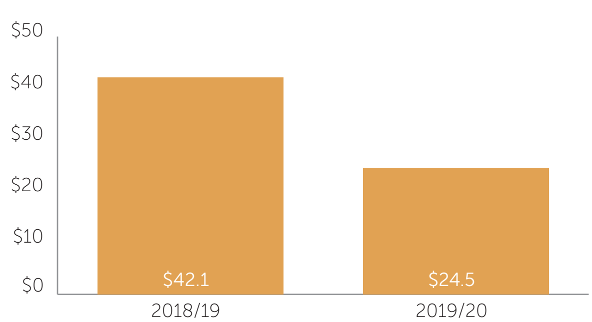
Cash Used in Investing Activities ($ millions)



CASH USED IN INVESTING ACTIVITIES

Cash used in investing activities was $256.0 million for the fiscal year ended March 31, 2020, down $6.3 million from the previous year. Total cash invested in property, plant and equipment was $223.6 million, down $10.5 million from 2019. Spending on intangible assets increased $6.8 million to $35.1 million. Government funding of $2.6 million was received in 2020 while no government funding was received in 2019. Additional details of the 2020 capital program are included in the Capital Expenditure section, page 56.

Cash Used in Financing Activities ($ millions)



CASH USED IN FINANCING ACTIVITIES

Cash used in financing activities was $24.5 million for the year ended March 31, 2020, compared to $42.1 million for the previous year. This is primarily due to slightly reduced dividend payments and an equity advance repayment in the previous year that was not required in 2019/20, partially offset by increased lease liability payments as a result of the adoption of IFRS 16. SaskTel paid dividends of $107.2 million to CIC during the fiscal year ending March 31, 2020, a decrease of $9.1 million from the previous year. During the last five fiscal years, SaskTel paid a total of $373.4 million in dividends while maintaining a debt ratio within industry standards.

CAPITAL MANAGEMENT

($ millions)	March 31, 2020	March 31, 2019	Change	%
Long-term debt[2]	$ 1,109.5	$ 1,003.2	$ 106.3	10.6
Short-term debt[2]	188.9	193.3	(4.4)	(2.3)
Less: Sinking funds	198.5	176.0	22.5	12.8
Cash	17.2	5.1	12.1	*nmf*[1]
Net debt	1,082.7	1,015.4	67.3	6.6
Equity[3]	1,182.0	1,165.2	16.8	1.4
Capitalization	$ 2,264.7	$ 2,180.6	$ 84.1	3.9
Debt ratio	47.8%	46.6%	1.2	2.6%

1. *nmf* - no meaningful figure
2. Long-term and short-term debt exclude lease liabilities
3. Equity for the purposes of calculating the debt ratio is defined as equity advances, accumulated other comprehensive income (loss), and retained earnings at the end of the period.

SaskTel's debt ratio increased to 47.8% at March 31, 2020, from 46.6% at March 31, 2019. The overall level of net debt increased $67.2 million, primarily to fund continued investment in property, plant and equipment as well as intangible assets. Equity increased $16.8 million after recording net income of $119.8 million, other comprehensive income of $4.8 million and declaring dividends of $107.8 million.

Debt Instruments

SaskTel's debt portfolio consists of short-term and long-term debt. Both are issued through, and guaranteed by, the Province of Saskatchewan. Short-term debt is issued at market rates in effect on the issue date. Long-term debt is at fixed interest rates.

The weighted average interest rate on SaskTel's fixed rate debt was approximately 3.92% at March 31, 2020, and 4.62% at March 31, 2019. The weighted average interest rate of the short-term debt outstanding at March 31, 2020 was 1.68% and 1.88% at March 31, 2019.

	S&P	DBRS	Moody's
Long-term debt	AA (stable)	AA	Aaa
Short-term liabilities	A-1+	R-1 (high)	Not Rated

Access to Capital

The primary use of cash in 2020/21 will be property, plant and equipment and intangible asset expenditures, growth initiatives, and dividend payments.

The 2020/21 plan assumes that funding of capital expenditures, growth initiatives, and dividend payments will be initially from operations. Additional funding will be accessed through short-term notes and long-term debt issued through the Province of Saskatchewan.

Credit facilities consist of up to $500 million in combined lines of credit with financial institutions and advances from the Province of Saskatchewan. At March 31, 2020, SaskTel had accessed $188.9 million of these facilities.

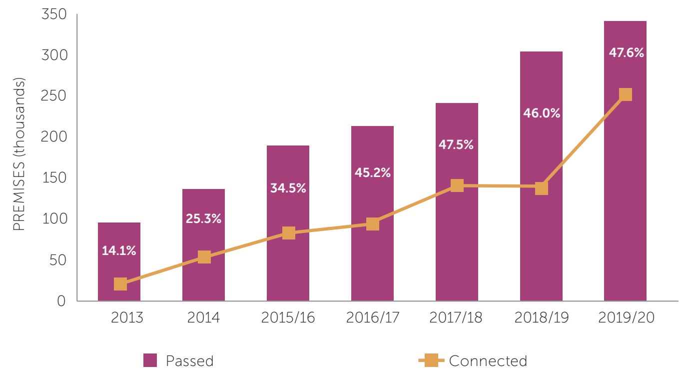
Besides this credit facility, SaskTel has authority to issue up to $1.8 billion in combined short-term and long-term debt. Total outstanding debt was $1,298.4 million at March 31, 2020 and $1,196.6 million at March 31, 2019.

CAPITAL EXPENDITURES

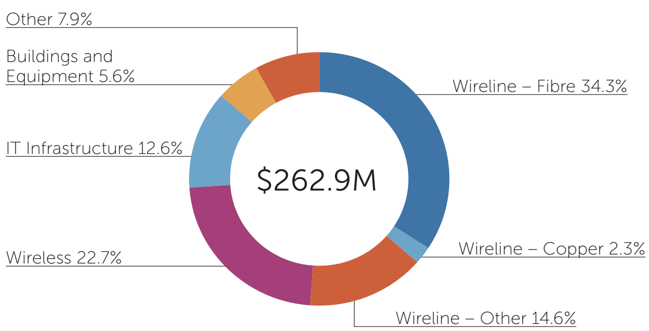
SaskTel's mission to provide an exceptional customer experience begins with our North Star—broadband. We endeavour to deliver fast and reliable broadband service throughout Saskatchewan by continuing to invest in enhancements to improve the coverage, capacity, reliability, and speed of our networks.

SaskTel invested an additional $262.9 million in capital expenditures during 2019/20 (2018/19 - $268.2 million) to improve our customer's experience today and create opportunities to provide additional enhancements and capabilities in the future.

Fibre to the Premises (Consumer and Business)



Capital Expenditures 2019/20



Of the $262.9 million, $228.4 million (2018/19 – $239.3 million) was spent on property, plant and equipment, including Fibre to the Premises (FTTP), wireless networks (LTE and Wi-Fi), Access Demand, and other network improvements while the remaining $34.5 million (2018/19 – $28.9 million) was spent on intangible assets such as customer self-serve systems, accounting reporting systems, and wireless spectrum.

Fibre to the Premises (2019/20 – $63.8 million)

The Fibre to the Premises program is an ongoing program to upgrade broadband facilities and bring *infiNET*, SaskTel's new fibre optic network, right to our customers' doors in Saskatchewan's largest centres including: Emerald Park, Estevan, Humboldt, Martensville, Melfort, Melville, Moose Jaw, Nipawin, Prince Albert, Regina, Rosthern, Saskatoon, Swift Current, The Battlefords, Tisdale, Warman, Weyburn, White City, and Yorkton. The fibre network can deliver download speeds up to 900 Mbps, upload speeds up to 80 Mbps, high definition and feature-rich media services to seven high definition televisions simultaneously, the ability to record up to four shows at once, while lowering ongoing customer delivery costs.

LTE and Wi-Fi (2019/20 – $47.5 million)

SaskTel's wireless LTE network is the largest LTE network in Saskatchewan and covers 99% of the residents in the province. SaskTel selectWi-Fi provides SaskTel customers unlimited free data in over 2,500 locations spread across 50 communities in the province, making it the largest Wi-Fi network available in Saskatchewan. These ongoing investments result in increased data speeds and improved coverage that positively impact customer experience and provide the speeds and capabilities to travel the internet, watch and listen to multimedia content, and access cloud-based services on their smartphone devices without delay.

Access Network Demand (2019/20 – $25.6 million)

The Access Network Demand program is an ongoing program to add infrastructure to new neighbourhoods and increases capacity in existing neighbourhoods so that customers may access all the services that SaskTel has to offer.

Other Network Improvements (2019/20 – $45.3 million)

SaskTel has invested in other areas of its network to increase capacity and modernize key components so that it may meet the needs of Saskatchewan residents and businesses and continue to support the growing economy. These improvements include: capacity improvements to our wireline and wireless networks; improvements to our rural transport infrastructure to accommodate rural growth of fixed and mobile voice, video, and data services and expansion of northern fibre facilities which will bring high speed bandwidth services to northern residents and businesses.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

SaskTel's discussion and analysis of our financial position and results of operations are based on the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Significant accounting policies, estimates, and judgments are contained in the consolidated financial statements. See Note 2 – *Basis of presentation* to the consolidated financial statements for accounting policies, estimates, and judgments applicable to the financial statements as a whole, as well as specific notes for more information about the accounting principles, estimates, and judgments that SaskTel uses for each applicable account in preparing its financial statements. Certain of these policies could have a significant impact on financial results including: the amount and timing of revenue from contracts with customers; determination of costs to obtain contracts; capitalization and depreciation or amortization of property, plant and equipment, and intangible assets; impairment of assets and cash-generating units; assumptions related to pension obligations; estimation of the future liabilities for decommissioning and environmental remediation; and the fair value of financial instruments.

APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) issued the following standard that was applied by the Corporation.

IFRS 16 *Leases* (IFRS 16)

The Corporation has adopted IFRS 16 *Leases* (IFRS 16) with a date of initial application of April 1, 2019 as described in *Note – 2 Basis of presentation*, of the consolidated financial statements. In accordance with the transition provisions of IFRS 16, the Corporation has applied IFRS 16 using the modified retrospective approach that requires that the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to the opening balance of retained earnings at April 1, 2019.

As a result, comparative information has not been restated and continues to be reported under IAS 17 *Leases* (IAS 17), IFRIC 4, *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases – Incentives*, and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease,* the standards in effect at the time.

Adoption of IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases resulting in the recognition of assets for the right of use received and liabilities for the payment obligations entered into for all leases. For leases that had been classified as operating in accordance with IAS 17, the lease liability will be recognized at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate at April 1, 2019. The right-of-use asset will be measured at the amount of the lease liability plus any payments made or accrued at transition. The accounting requirements for lessors remain largely unchanged, particularly with regard to the continued requirement to classify leases according to IAS 17. As a result of adopting IFRS 16, the Corporation has recognized a significant increase to both assets and liabilities, however, there was no impact to opening retained earnings.

The adoption of IFRS 16 has also resulted in: a decrease to goods and services purchased for the removal of lease rent expense; an increase in depreciation due to depreciation of the right-of-use assets; and an increase to net finance expense due to recognition of additional interest expense related to the lease liabilities. The change in presentation of operating lease expense also resulted in an improvement in cash flows from operations and a corresponding decline in cash flows from financing activities.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following amended standard issued by the IASB is mandatory for fiscal periods beginning after March 31, 2020.

Amendments to IFRS 3 *Business combinations* (IFRS 3)

The amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition.

The amendments to IFRS 3 may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill.

The Corporation will adopt the amendments to IFRS 3 prospectively on April 1, 2020 in accordance with the transition provisions of the standard.

FIVE-YEAR RECORD OF SERVICE

Consolidated Statement of Income and Other Comprehensive Income

($ millions)	12 months ended March 31, 2020	12 months ended March 31, 2019*	12 months ended March 31, 2018*†	12 months ended March 31, 2017*†	15 months ended March 31, 2016*†
Revenue	$ 1,283.7	$ 1,277.9	$ 1,253.2	$ 1,282.8	$ 1,569.6
Other income	3.3	5.1	1.4	10.1	4.6
	1,287.0	1,283.0	1,254.6	1,292.9	1,574.2
Expenses					
Goods and services purchased	543.4	553.1	523.3	541.2	673.9
Salaries, wages, and benefits	359.0	370.3	377.7	380.6	474.8
Internal labour capitalized	(21.2)	(23.7)	(26.6)	(25.9)	(27.3)
Depreciation - property, plant and equipment	173.0	163.5	157.6	163.0	211.4
Depreciation - right-of-use assets	6.6	–	–	–	–
Amortization	33.4	34.4	40.2	38.4	43.6
Impairment loss	10.7	–	–	–	–
Saskatchewan taxes	27.2	27.1	26.8	26.2	31.0
	1,132.1	1,124.7	1,099.0	1,123.5	1,407.4
Results from operating activities	154.9	158.3	155.6	169.4	166.8
Net finance expense	(35.1)	(30.9)	(34.6)	(34.6)	(40.1)
Net income	$ 119.8	$ 127.4	$ 121.0	$ 134.8	$ 126.7
Other comprehensive income (loss)	4.8	4.2	106.9	53.5	(5.9)
Total comprehensive income	$ 124.6	$ 131.6	$ 227.9	$ 188.3	$ 120.8

Consolidated Statement of Financial Position

As at ($ millions)	March 31 2020	2019*	2018*†	2017*†	2016*†
Current assets	$ 423.3	$ 278.1	$ 214.7	$ 232.9	$ 218.9
Property, plant and equipment	1,904.7	1,854.7	1,779.5	1,693.2	1,594.3
Other long-term assets	479.3	529.3	495.7	468.4	439.9
Total assets	$ 2,807.3	$ 2,662.1	$ 2,489.9	$ 2,394.5	$ 2,253.1
Current liabilities	$ 712.2	$ 446.2	$ 408.1	$ 422.3	$ 463.1
Long-term debt	833.1	1,003.3	953.5	851.9	777.3
Other long-term liabilities	80.0	47.4	54.6	165.6	216.4
Province of Sask equity	1,182.0	1,165.2	1,073.7	954.7	796.3
Total liabilities and Province of Sask equity	$ 2,807.3	$ 2,662.1	$ 2,489.9	$ 2,394.5	$ 2,253.1

Consolidated Statement of Cash Flows

($ millions)	12 months ended March 31, 2020	12 months ended March 31, 2019*	12 months ended March 31, 2018*†	12 months ended March 31, 2017*†	15 months ended March 31, 2016*†
Cash, beginning of year	$ 5.1	$ 17.3	$ 11.1	$ 16.1	$ 8.9
Cash provided by operating activities	292.6	292.3	332.7	324.1	333.6
Cash used in investing activities	(256.0)	(262.4)	(293.0)	(311.9)	(370.4)
Cash provided by (used in) financing activities	(24.5)	(42.1)	(33.5)	(17.2)	44.0
Increase (decrease) in cash from continuing ops	12.1	(12.2)	6.2	(5.0)	7.2
Cash, end of year	$ 17.2	$ 5.1	$ 17.3	$ 11.1	$ 16.1

*Results excluding the adoption of IFRS 16

†Results excluding the adoption of IFRS 15

Financial Indicators

($ millions)	12 months ended March 31, 2020	12 months ended March 31, 2019*	12 months ended March 31, 2018*†	12 months ended March 31, 2017*†	15 months ended March 31, 2016*†
Return on equity	10.2%	11.0%	11.9%	15.4%	16.8%
Debt ratio	47.8%	46.6%	46.2%	47.9%	51.9%
Dividends declared	$ 107.8	$ 114.7	$ 108.9	$ 30.0	$ 37.5
Dividends paid	$ 107.2	$ 116.3	$ 89.9	$ 30.0	$ 30.0
Capital expenditures	$ 262.9	$ 268.2	$ 302.0	$ 316.1	$ 378.0

*Results including the adoption of IFRS 16

†Results excluding the adoption of IFRS 15

Consolidated Statement of Income and Other Comprehensive Income

	Including the impacts of IFRS 16				Excluding the impacts of IFRS 16			
($ millions)	Q4 2019/20	Q3 2019/20	Q2 2019/20	Q1 2019/20	Q4 2018/19	Q3 2018/19	Q2 2018/19	Q1 2018/19
Revenue	$ 313.4	$ 338.2	$ 321.0	$ 311.1	$ 313.8	$ 331.6	$ 315.1	$ 317.4
Other income	0.5	2.5	0.9	(0.6)	2.6	(0.3)	2.1	0.7
	313.9	340.7	321.9	310.5	316.4	331.3	317.2	318.1
Expenses								
Goods and services purchased	126.1	147.7	139.2	130.4	138.1	149.5	132.7	132.8
Salaries, wages, and benefits	90.6	88.9	87.3	92.2	92.2	92.2	89.3	96.6
Internal labour capitalized	(5.0)	(4.3)	(6.1)	(5.8)	(5.3)	(5.8)	(5.9)	(6.7)
Depreciation - property, plant and equipment	44.5	43.2	43.1	42.2	41.8	41.7	40.3	39.7
Depreciation - right-of-use assets	1.6	1.6	1.7	1.7	–	–	–	–
Amortization	8.0	8.6	8.4	8.4	8.4	8.6	8.6	8.8
Impairment loss	10.1	0.6	–	–	–	–	–	-
Saskatchewan taxes	5.4	5.7	6.4	9.7	5.1	6.0	6.4	9.6
	281.3	292.0	280.0	278.8	280.3	292.2	271.4	280.8
Results from operating activities	32.6	48.7	41.9	31.7	36.1	39.1	45.8	37.3
Net finance expense	(8.5)	(8.9)	(8.6)	(9.1)	(8.1)	(7.9)	(7.5)	(7.4)
Net income	$ 24.1	$ 39.8	$ 33.3	$ 22.6	$ 28.0	$ 31.2	$ 38.3	$ 29.9
Other comprehensive income (loss)	1.6	7.1	4.0	(7.9)	5.1	1.3	(2.7)	0.5
Total comprehensive income	$ 25.7	$ 46.9	$ 37.3	$ 14.7	$ 33.1	$ 32.5	$ 35.6	$ 30.4

Annual Operating Statistics

	March 31				
As at	2020	2019	2018	2017	2016
Customer accesses					
Wireless*	618,188	609,951	607,448	615,882	614,221
Wireline*	314,739	338,779	361,351	388,519	413,052
Internet (includes maxTV)	276,460	277,244	278,977	275,356	264,196
maxTV subscribers	111,382	112,583	110,881	110,591	107,321
Security monitoring subscribers	85,948	76,692	72,467	73,722	67,173
Total accesses	1,406,717	1,415,249	1,431,124	1,464,070	1,465,963

*Does not include SaskTel internal use

	12 months ended March 31, 2020	12 months ended March 31, 2019	12 months ended March 31, 2018	12 months ended March 31, 2017	15 months ended March 31, 2016
Employees and payroll					
Total FTEs	3,415	3,719	3,880	3,916	3,956
Salaries earned (000s)	$ 308,003	$ 317,096	$ 325,095	$ 326,761	$ 361,265

GLOSSARY

4G (fourth generation): The generation of wireless technologies that includes HSPA+, LTE and LTE advanced, as defined by the International Telecommunications Union.

ABPU (average billing per user): This business performance measure calculated as network revenue derived from monthly service plan, roaming and usage charges, divided by the average number of mobile phone subscribers on the network during the period, and is expressed as a rate per month.

ARPU (average revenue per user): This business performance measure, expressed as a dollar rate per month, is predominantly used in the wireless and cable industries to describe the revenue generated per customer per month. ARPU is an indicator of a wireless or cable business' operating performance.

Bps (bits per second): A measurement of data transmission speed used for measuring the amount of data that is transferred in a second between two telecommunications points or within network devices.

Kbps (kilobits per second) is thousands of bps; Mbps (megabits per second) is millions of bps; Gbps (gigabits per second) is billions of bps; and Tbps (terabits per second) is trillions of bps.

Broadband: Telecommunications services that allow the simultaneous high-speed transmission of voice, data, and video at speeds of 1.5 Mbps and above on fixed and wireless networks.

CGU (cash generating unit): is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Churn: This business performance measure is used to describe the disconnect rate of customers to a telecommunications service. It is a measure of customer turnover and is often at least partially reflective of service quality and competitive intensity. It is usually expressed as a percentage and calculated as the number of subscriber units disconnecting in a period divided by the average number of units on the network in the same period.

CRTC (Canadian Radio-television and Telecommunications Commission): The federal regulator for radio and television broadcasters and cable TV, and telecommunications companies in Canada.

Data centre: A facility for hosted applications and data storage and management.

Fibre network: Hair-thin glass fibres along which light pulses are transmitted. Optical fibre networks are used to transmit large amounts of data between locations.

FTTx (fibre to the x): A collective term for any broadband network architecture using optical fibre to replace all or part of the existing copper local loops. FTTH denotes fibre to the home, FTTP denotes premises, and FTTN denotes node or neighbourhood.

HSPA+ (high speed packet access plus): A 4G technology capable of delivering manufacturer-rated wireless data download speeds of up to 21 Mbps (typical speeds of 4 to 6 Mbps expected). HSPA+ dual-cell technology can double those download speeds.

Internet of Things (IoT): A network of uniquely identifiable end points (or things) that interact without human intervention, most commonly over a wireless network. These systems collect, analyze, and act on information in real time and can be deployed to enable the creation of smart connected businesses, homes, cars, and cities.

IP (Internet Protocol): A packet-based protocol for delivering data across networks.

IP-based network: A network designed using IP and QoS (quality of service) technology to reliably and efficiently support all types of customer traffic, including voice, data, and video. An IP-based network allows a variety of IP devices and advanced applications to communicate over a single common network.

IPTV (Internet Protocol television): A television service that uses a two-way digital broadcast signal sent through a network by way of a streamed broadband connection to a dedicated set-top box.

LTE (long-term evolution): A 4G mobile telecommunications technology that is the leading global wireless industry standard.

M2M (machine-to-machine): Technologies and networked devices that are able to exchange information and perform actions without any human assistance.

Over-the-top (OTT): Content, services, and applications in a video environment where the delivery occurs through a medium other than the established video delivery infrastructure.

Postpaid: A conventional method of payment for services where a subscriber is billed and pays for a significant portion of services and usage in arrears, after consuming the services.

Prepaid: A method of payment that allows a customer to prepay for a set amount of airtime and/or data in advance of actual usage.

Roaming: A service offered by wireless network operators that allows subscribers to use their mobile phones while in the service area of another operator.

Spectrum: The range of electromagnetic radio frequencies used in the transmission of voice, data, and video. The capacity of a wireless network is in part a function of the amount of spectrum licensed and used by the carrier.

Voice over LTE (VoLTE): A platform to provide voice services to wireless customers over LTE wireless networks.

Wi-Fi (wireless fidelity): Networking technology that allows any user with a Wi-Fi-enabled device to connect to a wireless access point or hotspot in high-traffic public locations.

NON-GAAP AND OTHER FINANCIAL MEASURES

Capital intensity: This measure provides a basis for comparing the level of capital expenditures to those of other companies of varying size within the same industry.

This measure is calculated as capital expenditures (excluding spectrum licences and non-monetary transactions) divided by total operating revenues.

Debt ratio: The debt ratio measures the capitalization of the Corporation. This measure allows for capital structure comparison with other companies in the same industry.

It is defined as net debt divided by total capitalization. Net debt is defined as long-term and short-term debt minus cash and sinking funds. Total capitalization is defined as net debt plus period-end equity, including AOCI.

EBITDA (earnings before interest, income taxes, depreciation, and amortization): EBITDA is used as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric.

EBITDA is defined as operating revenue minus operating expenses. Operating revenue is defined as total revenue exclusive of other income. Operating expenses are defined as the sum of goods and services purchased, salaries, wages, and benefits and Saskatchewan taxes less internal labour capitalized.

EBITDA margin: EBITDA margin is the percentage of operating revenue available for debt coverage, capital investment and return to the shareholder.

EBITDA margin is defined as EBITDA divided by operating revenue.

ROE (return on equity): ROE measures the return to the shareholders based on the equity, including AOCI, retained by the Corporation. The calculation is defined as net income divided by average equity for the fiscal period.

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements, included in the annual report of Saskatchewan Telecommunications Holding Corporation for the fiscal year ended March 31, 2020, are the responsibility of Management and have been approved by the Board of Directors. Management has prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. The policies set out have been consistently applied to all the periods presented unless otherwise noted. The financial information presented elsewhere in this annual report is consistent with that in the consolidated financial statements.

To ensure the integrity and objectivity of the financial data, Management maintains a comprehensive system of internal controls including written policies and procedures, an organizational structure that segregates duties, and a comprehensive internal audit program. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, assets are properly safeguarded, and reliable financial records are maintained.

The Board of Directors fulfills its responsibility with regard to the consolidated financial statements principally through its Audit and Risk Committee, consisting of outside directors, which meets periodically with Management as well as with the internal and external auditors. The Audit and Risk Committee is responsible for engaging or re-appointing the services of the external auditor. Both the internal and external auditors have free access to this committee to discuss their audit work, their opinion on the adequacy of internal controls and the quality of financial reporting. The Audit and Risk Committee has met with Management and the external auditor to review the Corporation's annual consolidated financial statements prior to submission to the Board of Directors for final approval.

The consolidated financial statements have been audited by the independent firm of KPMG LLP Chartered Professional Accountants, as appointed by the Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan.

Doug Burnett
President and
Chief Executive Officer
May 28, 2020

Charlene Gavel
Chief Financial Officer

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

I, Doug Burnett, the President and Chief Executive Officer of Saskatchewan Telecommunications Holding Corporation (SaskTel), and I, Charlene Gavel, the Chief Financial Officer of SaskTel, certify the following:

a. That we have reviewed the financial statements included in the annual report of SaskTel. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2020 and for the periods presented in the financial statements.

b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the annual report of SaskTel do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That SaskTel is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskTel has designed internal controls over financial reporting that are appropriate to the circumstances of SaskTel.

d. That SaskTel conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, SaskTel can provide reasonable assurance that internal controls over financial reporting as of March 31, 2020 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Doug Burnett
President and
Chief Executive Officer
May 28, 2020

Charlene Gavel
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To The Members of the Legislative Assembly, Province of Saskatchewan

Opinion

We have audited the consolidated financial statements of Saskatchewan Telecommunications Holding Corporation ("the Corporation") which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of income and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditors' Responsibilities for the Audit of the Financial Statements"* section of our auditors' report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the annual report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
May 28, 2020
Regina, Canada

Consolidated Statement of Income and Other Comprehensive Income

For the year ended March 31, Thousands of dollars	Note	2020	2019
Revenue	3	$ 1,283,670	$ 1,277,937
Other income	4	3,358	5,078
		1,287,028	1,283,015
Expenses			
Goods and services purchased		543,448	553,152
Salaries, wages, and benefits		358,965	370,309
Internal labour capitalized		(21,143)	(23,741)
Depreciation - property, plant and equipment	13	173,043	163,501
Depreciation - right-of-use assets	14	6,579	–
Amortization	15	33,353	34,372
Impairment loss	15	10,660	–
Saskatchewan taxes	5	27,211	27,073
		1,132,116	1,124,666
Results from operating activities		154,912	158,349
Net finance expense	6	35,136	30,918
Net income		119,776	127,431
Other comprehensive income			
Items that will be reclassified to net income			
Sinking fund market value gains	16	4,129	4,026
Items that will never be reclassified to net income			
Net actuarial gains on employee benefit plans	25	713	165
Total other comprehensive income		4,842	4,191
Total comprehensive income		$ 124,618	$ 131,622

All net income and total comprehensive income are attributable to Crown Investments Corporation of Saskatchewan.

See Accompanying Notes

Consolidated Statement of Changes in Equity

Thousands of dollars	Equity advances	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at April 1, 2019	$ 237,000	$ 104,362	$ 823,806	$ 1,165,168
Net income	–	–	119,776	119,776
Other comprehensive income	–	4,842	–	4,842
Total comprehensive income	–	4,842	119,776	124,618
Dividends declared	–	–	107,798	107,798
Balance at March 31, 2020	$ 237,000	$ 109,204	$ 835,784	$ 1,181,988
Balance at April 1, 2018	$ 250,000	$ 100,171	$ 811,063	$ 1,161,234
Net income	–	–	127,431	127,431
Other comprehensive income	–	4,191	–	4,191
Total comprehensive income	–	4,191	127,431	131,622
Dividends declared	–	–	114,688	114,688
Repayment of equity advance	13,000	–	–	13,000
Balance at March 31, 2019	$ 237,000	$ 104,362	$ 823,806	$ 1,165,168

See Accompanying Notes

Consolidated Statement of Financial Position

As at March 31, Thousands of dollars	Note	2020	2019
Assets			
Current assets			
Cash	7	$ 17,221	$ 5,121
Trade and other receivables	8	142,860	139,057
Inventories	9	15,371	20,089
Prepaid expenses	10	45,953	41,547
Contract assets	11	61,548	57,289
Contract costs	12	16,735	15,019
Current portion of sinking funds	16	123,603	–
		423,291	278,122
Contract assets	11	22,341	20,878
Contract costs	12	58,349	44,598
Property, plant and equipment	13	1,904,655	1,854,690
Right-of-use assets	14	43,351	–
Intangible assets	15	271,486	281,020
Sinking funds	16	74,887	176,021
Other assets	17	8,891	6,774
		$ 2,807,251	$ 2,662,103
Liabilities and Province's equity			
Current liabilities			
Trade and other payables	18	$ 150,302	$ 161,883
Dividend payable		25,448	24,880
Notes payable	19	188,851	193,295
Contract liabilities	20	55,978	56,984
Other liabilities	21	15,173	9,123
Current portion of long-term debt	23	276,464	–
		712,216	446,165
Contract liabilities	20	407	479
Deferred income – government funding	22	22,577	25,815
Long-term debt	23	833,065	1,003,280
Lease liabilities	24	37,592	–
Employee benefit obligations	25	12,913	14,475
Provisions	26	6,493	6,721
		1,625,263	1,496,935
Commitments and contingencies	31		
Province of Saskatchewan's equity			
Equity advance	27	237,000	237,000
Accumulated other comprehensive income		109,204	104,362
Retained earnings		835,784	823,806
		1,181,988	1,165,168
		$ 2,807,251	$ 2,662,103

See Accompanying Notes

On behalf of the Board

Grant Kook
May 28, 2020

Glenys Sylvestre

Consolidated Statement of Cash Flows

For the year ended March 31, Thousands of dollars	Note	2020	2019
Operating activities			
Net income		$ 119,776	$ 127,431
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	13, 14, 15	212,975	197,873
Net finance expense	6	35,136	30,918
Interest paid		(52,504)	(47,761)
Interest received	6	9,443	8,755
Amortization of government funding	22	(5,765)	(6,000)
Impairment loss	15	10,660	–
Other		1,523	4,736
Net change in non-cash working capital	28a	(38,618)	(23,660)
		292,626	292,292
Investing activities			
Property, plant and equipment expenditures		(223,580)	(234,065)
Intangible asset expenditures		(35,073)	(28,282)
Government funding	22	2,633	–
		(256,020)	(262,347)
Financing activities			
Proceeds from long-term debt	23, 28b	105,918	49,363
Net proceeds (repayment) of notes payable	28b	(4,444)	50,226
Payment of lease liabilities	24, 28b	(5,835)	–
Sinking fund instalments	16, 28b	(12,915)	(12,391)
Repayment of equity advance		–	(13,000)
Dividends paid	28b	(107,230)	(116,314)
		(24,506)	(42,116)
Increase (decrease) in cash		12,100	(12,171)
Cash, beginning of year		5,121	17,292
Cash, end of year		$ 17,221	$ 5,121

See Accompanying Notes

Notes to Consolidated Financial Statements

Note 1 – General information

Saskatchewan Telecommunications Holding Corporation (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office is 2121 Saskatchewan Drive, Regina, SK, S4P 3Y2. The Corporation is a Saskatchewan Provincial Crown corporation operating under the authority of *The Saskatchewan Telecommunications Holding Corporation Act* and, as such, the Corporation and its wholly owned subsidiaries are not subject to Federal or Provincial income taxes in Canada.

By virtue of *The Crown Corporations Act, 1993*, the Corporation has been designated as a subsidiary of Crown Investments Corporation of Saskatchewan (CIC). Accordingly, the financial results of the Corporation are included in the consolidated financial statements of CIC, a Provincial Crown corporation.

One of the Corporation's subsidiaries, Saskatchewan Telecommunications (SaskTel) is regulated by the Canadian Radio-television and Telecommunications Commission (CRTC) under the *Telecommunications Act* (Canada).

The Corporation markets and supplies a range of wireless, voice, entertainment, internet, data, equipment, marketing, security, software, and consulting products and services.

Note 2 – Basis of presentation

Certain of the Corporation's accounting policies that relate to the consolidated financial statements as well as estimates and judgments the Corporation has made and how they impact amounts reported in the consolidated financial statements, are incorporated in this section. Where an accounting policy, estimate or judgment is applicable to a specific note to the accounts, the policy is described within that note. This note also describes new standards that were either effective and applied by the Corporation during the current year, or that were not yet effective.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on the historical cost basis, except for certain items that are not carried at historical cost as noted in specific accounting policies.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Accounting policies, estimates, and judgments

The accounting policies, estimates, and judgments included in this section relate to the consolidated financial statements as a whole. Estimates and judgments may impact reported amounts of revenue and expenses, reported amounts of assets and liabilities, and disclosure of contingencies.

Accounting policies have been applied consistently by the Corporation and its subsidiaries throughout all periods presented unless otherwise indicated.

COVID-19 impact assessment

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce, and potential asset impairment.

Note 2 – Basis of presentation, continued

Estimates of these impacts have been included where appropriate. Given the uncertainty of the magnitude and duration of COVID-19 it is not possible to determine if there are significant additional impacts on current operations or reported asset and liability values.

Basis of consolidation

Accounting policies

Business combinations

For acquisitions, the Corporation measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net income.

The Corporation elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

Subsidiaries

The consolidated financial statements include the financial statements of the Corporation and its subsidiaries.

A subsidiary is an entity that is controlled by another entity, known as the parent. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Separate audited financial statements for each of the undernoted wholly owned corporations, which are consolidated in these financial statements, are prepared and released publicly:

Subsidiary	Principal Activity
Saskatchewan Telecommunications (SaskTel)	Telecommunications
Saskatchewan Telecommunications International, Inc. (SaskTel International)	Telecommunications software solutions and consulting
Directwest Corporation (Directwest)	Marketing services
SecurTek Monitoring Solutions Inc. (SecurTek)	Security monitoring

Throughout these financial statements, the phrase "the Corporation" is used to collectively describe the activities of the consolidated entity.

Transactions eliminated on consolidation

Inter-company balances and transactions, and any income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Accounting estimates, and judgments

Judgment involves assessing control, which entails determining whether the Corporation has the power to direct the relevant activities of the investee. Consideration is given to: voting rights; the relative size and dispersion of the voting rights held by other shareholders; the extent of participation by those shareholders in appointing key management personnel or board members; the right to direct the investee to enter into transactions for the Corporation's benefit; and the exposure, or rights, to variability of returns from the Corporation's involvement with the investee.

Note 2 – Basis of presentation, continued

Impairment testing

Accounting policies

Assets that have an indefinite useful life (i.e. spectrum licences and goodwill) or intangible assets that are not yet ready for use are not subject to amortization and are tested at least annually for impairment (typically in the third quarter), or more frequently if events or circumstances indicate there may be an impairment. At the end of each reporting period, the Corporation reviews the carrying amounts of its assets in use, including property, plant and equipment, and identifiable intangible assets with finite lives, to determine whether there is any indication that they have suffered an impairment loss.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit or the CGU). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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

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

Accounting estimates, and judgments

Judgment involves identifying the appropriate asset or CGU; determining the appropriate discount rate for assessing value in use; and making assumptions about future cash flows and market conditions over the long-term life of the assets or CGUs.

The Corporation cannot predict if specific events that potentially trigger impairment will occur, when they may occur, or how they may affect reported asset amounts. Unexpected declines in future cash flow potential or significant unanticipated technology changes could impact carrying values and the potential for impairment.

Fair value

Accounting policies

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs. The Corporation's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy are:

- Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 - Values based on prices or valuation techniques that require inputs, which are both unobservable and significant to the overall fair value measurement.

Note 2 – Basis of presentation, continued

Accounting estimates, and judgments

Fair value estimates are at a point-in-time and may change in subsequent reporting periods due to market conditions or other factors. Estimates can be determined using multiple methods, which can cause values (or a range of reasonable values) to differ. In addition, estimates may require assumptions about future price, volatility, liquidity, discount and inflation rates, defaults, and other relevant variables. The estimates of fair value may not accurately reflect the amounts that could be realized. Determination of the hierarchy level is based on the Corporation's assessment of inputs that are significant to the fair value measurement and is subject to estimation and judgment.

Foreign currency transactions

Accounting policies

Transactions in foreign currencies are translated to the functional currency of the Corporation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Comparative information

Certain of the 2018/19 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Additional accounting policies

Additional significant accounting policies, estimates, and judgments are disclosed throughout the following notes with the related financial disclosures.

Note	Topic	Accounting Policies	Accounting Estimates and Judgments	Page
3	Revenue from contracts with customers	X	X	75
4	Other income			77
5	Saskatchewan taxes			77
6	Net finance expense	X		77
7	Cash	X		78
8	Trade and other receivables	X	X	78
9	Inventories	X	X	79
10	Prepaid expenses			79
11	Contract assets	X	X	80
12	Contract costs	X	X	80
13	Property, plant and equipment	X	X	81
14	Right-of-use assets	X	X	83
15	Intangible assets	X	X	84
16	Sinking funds	X		86
17	Other assets			87
18	Trade and other payables	X		87
19	Notes payable	X		88
20	Contract liabilities	X	X	88
21	Other liabilities			88
22	Deferred income – government funding	X	X	89
23	Long-term debt	X		89
24	Lease liabilities	X	X	91
25	Employee benefits	X	X	92
26	Provisions	X	X	97
27	Equity advance and capital disclosures		X	98
28	Consolidated statement of cash flows – supporting information			99
29	Financial instruments and related risk management	X		101
30	Related party transactions			105
31	Commitments and contingencies		X	106
32	Future performance obligations			107

Note 2 – Basis of presentation, continued

Application of new International Financial Reporting Standards

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) issued the following standard that was applied by the Corporation.

Adoption of IFRS 16 *Leases*

The Corporation has adopted IFRS 16 *Leases* (IFRS 16) with a date of initial application of April 1, 2019. In accordance with the transitional provisions of IFRS 16, the Corporation has applied IFRS 16 using the modified retrospective approach. In accordance with the method of adoption:

a) The Corporation has not restated comparative information. Comparative information continues to be reported under IAS 17 *Leases* (IAS 17), IFRIC 4 *Determining whether an Arrangement contains a Lease (IFRIC 4),* SIC 15 *Operating Leases – Incentives,* and SIC 27 – *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*, the standards in effect at the time. The modified retrospective approach to adoption of IFRS 16 also requires that the cumulative effect of initially applying IFRS 16 be applied as an adjustment to the opening balance of retained earnings at the date of initial application, April 1, 2019, however, no adjustments to retained earnings were required;

b) The Corporation has recognized lease liabilities for leases previously classified as operating leases applying IAS 17, measured at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate at the date of initial application; and

c) The Corporation has recognized right-of-use assets at the date of initial application for leases previously classified as operating leases applying IAS 17, measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

In adopting IFRS 16, the Corporation has elected to apply the following expedients:

a) The Corporation has elected to grandfather the assessment of which transactions are leases. The Corporation has applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019,

b) The Corporation has elected to exclude initial direct costs from the measurement of the right-of-use assets at the date of initial application; and

c) The Corporation has elected to use hindsight, most specifically in determining the lease term.

On transition, the Corporation has not elected the recognition exemption for short-term or low-value leases; however, these exemptions may be adopted in the future on a class-by-class basis for new asset classes which include short-term leases, and a lease-by-lease basis for low-value leases.

The application of IFRS 16 has had significant impacts on the statement of financial position, the treatment of lease payments in the statement of income and other comprehensive income, and the impact of lease payments on the statement of cash flows. The details of the significant changes and the quantitative impacts are set out below.

Leases where the Corporation is the lessee

Lease payments for leases previously classified as operating leases were recognized as an expense as incurred. IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Assets are recognized for the right of use received and liabilities are recognized for the payment obligations entered into for all leases. Leases that had been classified as operating in accordance with IAS 17 are now recorded as a right-of-use asset and a related lease liability. The lease liabilities, upon transition to IFRS 16, have been recognized as the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate at the time the standard is first applied. Future lease liabilities will be determined based on the present value of the future lease payments discounted at either the interest rate implicit in the lease or the Corporation's incremental borrowing rate if the implicit lease rate is not determinable, adjusted, as appropriate, for residual guarantees, purchase options, and termination penalties. The right-of-use assets upon transition have been measured at the amount of the lease liability plus any payments made or accrued at transition. Future right-of-use assets will be determined based on the amount of the lease liability adjusted, as appropriate, for prepaid or accrued lease payments, lease incentives, initial direct costs, and asset retirement obligations.

Note 2 – Basis of presentation, continued

The adoption of IFRS 16 has also resulted in: a decrease to goods and services purchased for the removal of lease rent expense; an increase in depreciation due to depreciation of the right-of-use assets; and an increase to net finance expense due to recognition of additional interest expense related to lease liabilities. The change in presentation of operating lease expense to depreciation of right-of-use assets and interest expense on lease liabilities also resulted in an improvement in cash flows from operations and a corresponding decline in cash flows from financing activities.

Leases where the Corporation is the lessor

The accounting requirements for the Corporation as a lessor remain largely unchanged.

The impacts of adoption of IFRS 16 are as follows:

Impact on net income

For the year ended March 31, 2020

Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16	As reported upon adoption of IFRS 16
Revenue	$ 1,283,670	$ –	**$ 1,283,670**
Other income	3,358	–	**3,358**
	1,287,028	–	**1,287,028**
Expenses			
Goods and services purchased	550,398	(6,950)	**543,448**
Depreciation - right-of-use assets	–	6,579	**6,579**
All other expenses	582,089	–	**582,089**
	1,132,487	(371)	**1,132,116**
Results from operating activities	154,541	371	**154,912**
Net finance expense	34,021	1,115	**35,136**
Net income	$ 120,520	$ (744)	**$ 119,776**

Impact on the statement of financial position

As at March 31, 2020

Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16 at date of adoption	Current period impact of IFRS 16	As reported upon adoption of IFRS 16
Assets				
Current assets	$ 423,291	$ –	$ –	**$ 423,291**
Right-of-use-assets	–	47,310	(3,959)	**43,351**
Other assets	2,340,609	–	–	**2,340,609**
	$ 2,763,900	$ 47,310	$ (3,959)	**$ 2,807,251**
Liabilities and Province's equity				
Current liabilities				
Current liabilities not impacted	$ 697,043	$ –	$ –	**$ 697,043**
Other liabilities	11,190	6,035	(2.052)	**15,173**
	708,233	6,035	(2.052)	**712,216**
Lease liabilities	(2,520)	41,275	(1,163)	**37,592**
Other liabilities	875,455	–	–	**875,455**
	1,581,168	47,310	(3,215)	**1,625,263**
Province of Saskatchewan's equity	1,182,732	–	(744)	**1,181,988**
	$ 2,763,900	$ 47,310	$ (3,959)	**$ 2,807,251**

Note 2 – Basis of presentation, continued

Impact on the statement of cash flows – selected lines
For the year ended March 31, 2020

Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16	As reported upon adoption of IFRS 16
Operating activities			
Net income	$ 120,520	$ (744)	**$ 119,776**
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	206,396	6,579	**212,975**
Net finance expense	34,021	1,115	**35,136**
Interest paid	(51,389)	(1,115)	**(52,504)**
Other adjustments and net change in non-cash working capital	(22,757)	–	**(22,757)**
	286,791	5,835	**292,626**
Financing activities			
Payment of lease liabilities	–	(5,835)	**(5,835)**
Other financing activities	(18,671)	–	**(18,671)**
	$ (18,671)	$ (5,835)	**$ (24,506)**

Operating lease commitments at March 31, 2019 were $35.3 million. The difference between the operating lease commitments at March 31, 2019 and the lease liabilities of $47.3 million at April 1, 2019 is mainly due to an increase of $21.4 million related to renewal options reasonably certain to be exercised and a reduction of $9.4 million related to discounting of future lease payments based on a weighted average incremental borrowing rate on adoption of 2.48%.

Amendments to standards not yet adopted

Standard	Description	Impact	Effective Date
IFRS 3 - Business combinations	The amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition.	The amendments to IFRS 3 – *Business Combinations* may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill.	Prospectively for fiscal years commencing on or after January 1, 2020

Note 3 – Revenue from contracts with customers

Accounting policies

Revenue is measured based on the value of the expected consideration in a contract with a customer and excludes sales taxes and other amounts collected on behalf of third parties. Revenue is recognized when control of a product or service is transferred to a customer. When the Corporation's right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, the Corporation recognizes revenue in the amount to which the Corporation has a right to invoice.

For multiple element arrangements, the Corporation accounts for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. Stand-alone selling prices are generally determined based on the observable prices at which the Corporation sells products separately without a service contract and prices for non-bundled service offerings with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, the Corporation uses the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

A contract asset is recognized when the Corporation's right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to trade receivables when the right to consideration becomes conditional only as to the passage of time. A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

Note 3 – Revenue from contracts with customers, continued

The Corporation may enter into arrangements with subcontractors and others who provide services to customers. When the Corporation acts as the principal in these arrangements, the Corporation recognizes revenue based on the amounts billed to customers. Otherwise, the Corporation recognizes the net amount that the Corporation retains as revenue.

Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions and prepaid contract fulfillment costs, are recognized in the statement of financial position.

Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

Wireless revenue is principally generated from providing integrated digital wireless voice and data communications products and services to residential and business customers.

Equipment revenue from the sale of wireless handsets and devices is recognized when a customer takes possession of the product. Wireless service revenue is recognized over time, as the services are provided. For multiple element arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate.

For wireless products and services that are sold separately, customers usually pay in full at the point of sale for products and on a monthly basis for services. For wireless products and services sold in multiple element arrangements, customers pay monthly over a contract term of up to 24 months for residential customers and up to 36 months for business customers.

Revenue is also generated from providing data, including internet access and internet protocol television (IPTV), local, long distance, and security services as well as other communications services and products to residential and business customers. Revenue also includes amounts from the Corporation's wholesale business, which sells telecommunication services from or to resellers and other carriers.

Revenue from the sale of equipment is recognized when a customer takes possession of the product. Service revenue is recognized over time, as the services are provided. Revenue on certain long-term contracts is recognized using output methods based on products delivered, performance completed to date, time elapsed, or milestones met. For multiple element arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate, or the expected cost plus margin approach for customized business arrangements.

For wireline customers, products are usually paid in full at the point of sale and services are paid on a monthly basis except where a billing schedule has been established with certain business customers under long-term contracts that can generally extend up to five years.

Marketing revenue is generated from conventional, digital media, and out-of-home advertising. Revenue is earned through the sale of print, online, and out-of-home marketing services. Marketing service revenue is generally recognized, in accordance with the contractual terms with the advertisers, on a monthly basis over the life of the services, commencing with the display date. Amounts billed in advance for marketing services are deferred and recognized over the term of the contract. Customer payments are due monthly as the services are provided.

Revenue for perpetual licences is recognized on delivery or according to the terms of the licence agreement. Where the arrangement includes multiple elements, the elements are assessed to determine which elements are integral to the perpetual licence and which are separate performance obligations. Revenue is recognized in accordance with the assessment of performance obligations to be delivered. Fees for professional services, other than in the context of multiple element arrangements, are recognized as services are rendered. Support and maintenance fees are recognized over the term of the contract. Revenue for customized software projects and consulting services is recognized using the percentage-of-completion method. Amounts billed or paid in advance of services provided are recorded as contract liabilities. Customer payments are due in accordance with the terms of the contract with the customer: for perpetual licences, typically upon delivery of the related product or service; and for professional service contracts and multiple element contracts, either upon completion of the contract or based on specified deliverables within the contract.

Note 3 – Revenue from contracts with customers, continued

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, including estimates and judgments related to; determining the transaction price of products and services, determining the stand-alone selling prices of products and services, identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. The determination of costs to obtain a contract including the identification of incremental costs also requires judgment. This includes determining whether the costs meet the deferral criteria and whether the costs will be recoverable.

Supporting information

For the year ended March 31, Thousands of dollars	2020	2019
Revenue		
Wireless network services and equipment	$ 575,799	$ 564,993
maxTV service, internet, and data services	377,896	361,794
Local and enhanced services	165,043	182,458
Security monitoring services	32,428	28,903
Long distance services	29,537	33,043
Marketing services	27,768	30,253
Equipment and professional services	23,164	35,218
International software and consulting services	8,224	6,620
Other services	43,811	34,655
	$ 1,283,670	$ 1,277,937

Note 4 – Other income

For the year ended March 31, Thousands of dollars	Note	2020	2019
Other income (loss)			
Net loss on retirement or disposal of property, plant and equipment		$ (3,807)	$ (5,775)
Amortization of government funding	22	5,765	6,000
Other		1,400	4,853
		$ 3,358	$ 5,078

Note 5 – Saskatchewan taxes

For the year ended March 31, Thousands of dollars	2020	2019
Saskatchewan corporate capital tax	$ 20,153	$ 19,995
Grants-in-lieu of taxes	7,058	7,078
	$ 27,211	$ 27,073

Note 6 – Net finance expense

Accounting policies

Finance income is composed of interest income on funds invested, changes in fair value of financial assets classified as fair value through profit or loss, and net interest income on the net defined benefit asset.

Finance expenses are composed of interest expense on financial liabilities and lease liabilities measured at amortized cost, changes in the fair value of financial assets classified as fair value through profit or loss, the net interest expense on the net defined benefit liability, and accretion expense on provisions, less amounts capitalized. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

Note 6 – Net finance expense, continued

For the year ended March 31, Thousands of dollars	Note	2020	2019
Recognized in consolidated net income			
Interest on long-term debt		$ 49,907	$ 46,562
Interest on short-term debt		2,736	2,506
Interest capitalized		(4,239)	(5,842)
Net interest expense		48,404	43,226
Interest on lease liabilities	24	1,115	–
Net interest on defined benefit liability	25	264	243
Interest on provisions	26	221	244
Finance expense		50,004	43,713
Sinking fund earnings	16	(5,425)	(4,040)
Interest income		(9,443)	(8,755)
Finance income		(14,868)	(12,795)
Net finance expense		$ 35,136	$ 30,918
Interest capitalization rate		3.99%	4.16%

Note 7 – Cash

Accounting policies

The Corporation classifies cash, including amounts with a maturity of 90 days or less, at amortized cost using the effective interest method.

Note 8 – Trade and other receivables

Accounting policies

The Corporation initially recognizes trade and other receivables at fair value on the date that they are originated. Subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method, less any provision for impairment losses of trade accounts receivable.

The allowance for doubtful accounts on trade and other receivables are always recorded at lifetime expected credit losses. When estimating lifetime expected credit loss (ECL), the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. The Corporation considers accounts receivable to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full.

Accounting estimates, and judgments

Determining when amounts are deemed uncollectible requires judgment. Estimates of the allowance for doubtful accounts are based on the likelihood of collecting accounts receivable based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the allowance for doubtful accounts will be increased by recording an additional expense.

Note 8 – Trade and other receivables, continued

Supporting information

As at March 31, Thousands of dollars	Note	2020	2019
Accounts receivable			
Customer accounts receivable	29	$ 112,852	$ 110,092
Accrued receivables – customer		2,190	2,456
Allowance for doubtful accounts	29	(2,606)	(2,396)
		112,436	110,152
High-cost serving area subsidy		683	1,865
Other		29,741	$ 27,040
		$ 142,860	$ 139,057

Note 9 – Inventories

Accounting policies

Inventories for resale are valued at the lower of weighted average cost and net realizable value. Other materials and supplies inventories are valued at the lower of average cost and replacement cost.

In establishing the appropriate provision for supplies inventory obsolescence, management estimates the likelihood that supplies inventory on hand will become obsolete due to changes in technology. Other supplies are charged to inventory when purchased and expensed or capitalized when used.

Accounting estimates, and judgments

Judgment involves determining the appropriate measure of net realizable value.

Supporting information

As at March 31, Thousands of dollars	2020	2019
Inventories for resale	$ 14,656	$ 19,124
Materials and supplies	715	965
	$ 15,371	$ 20,089

The cost of inventories recognized as an expense during the year was $68.5 million (2018/19 – $75.9 million).

For the year ended March 31, 2020, writedowns of inventory to net realizable value amounted to $0.2 million (2018/19 – $0.2 million).

Note 10 – Prepaid expenses

As at March 31, Thousands of dollars	2020	2019
Prepaid expenses	$ 44,890	$ 40,392
Short-term customer incentives	1,063	1,155
	$ 45,953	$ 41,547

Note 11 – Contract assets

Accounting policies

A contract asset is recognized when the Corporation's right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to trade receivables when the right to consideration becomes conditional only as to the passage of time. A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

Amortization is recognized in net income consistent with the pattern of delivery of the related goods and services, ranging from two to four years.

The allowance for impairment losses on contract assets is always recorded at lifetime expected credit losses. When estimating expected credit loss (ECL), the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. It is assumed that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract assets and the amortization of these assets. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. In addition, determining when amounts are deemed uncollectible requires judgment. Estimates of the impairment losses are based on the likelihood of collecting the related accounts receivable, which is based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the impairment allowance will be increased by recording an additional expense.

Supporting information

As at March 31, Thousands of dollars	2020	2019
Balance at April 1,	$ 79,103	$ 78,843
Contract assets recognized in the current period	88,767	78,768
	167,870	157,611
Amortization of contract assets	(76,665)	(71,462)
Contract terminations transferred to trade receivables	(5,855)	(7,046)
	85,350	79,103
Impairment allowance	(1,461)	(936)
Balance at March 31,	83,889	78,167
Current portion	61,548	57,289
Long-term portion	$ 22,341	$ 20,878

Note 12 – Contract costs

Accounting policies

Incremental costs of obtaining a contract with a customer, principally composed of sales commissions, and prepaid contract fulfillment costs are recognized in the statement of financial position.

Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services which is typically between two and 10 years.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of costs to obtain a contract. The determination of costs to obtain a contract including the identification of incremental costs also requires judgment. This includes determining whether the costs meet the deferral criteria, whether the costs will be recoverable and the timing of satisfaction of performance obligations under related contracts.

Note 12 – Contract costs, continued

Supporting information

As at March 31, Thousands of dollars		2020		2019
Balance at April 1,	$	59,617	$	53,978
Contract costs recognized		34,269		23,683
		93,886		77,661
Amortization included in goods and services purchased		(18,067)		(17,160)
Terminations		(735)		(884)
Balance at March 31,		75,084		59,617
Current portion		16,735		15,019
Long-term portion	$	58,349	$	44,598

Note 13 – Property, plant and equipment

Accounting policies

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the assets to a working condition for their intended use. The cost of self-constructed assets includes materials, services, direct labour, and directly attributable costs. Borrowing costs associated with major capital and development projects are capitalized during the construction period. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to the appropriate class of asset.

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

When property, plant and equipment is disposed of or retired, the related cost and accumulated depreciation is eliminated from the accounts. Any resulting gain or loss, determined as the difference between the sale proceeds and the carrying amount of the asset, is reflected in net income for the year.

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

Depreciation is recognized in net income on the straight-line basis over the estimated useful life of each part of an item of property, plant and equipment as follows:

Asset	Estimated useful life
Buildings and improvements	20-75 years
Plant and equipment	3–50 years
Office furniture and equipment	3–17 years

Depreciation methods, useful lives, and residual values are reviewed at each financial reporting date and adjusted if appropriate.

Accounting estimates, and judgments

Judgment involves determining: which costs are directly attributable (e.g., labour and related costs); appropriate timing for cessation of cost capitalization, considering the circumstances in which the asset is to be operated, normally predetermined by management with reference to functionality; the appropriate level of componentization (for individual components for which different depreciation methods or rates are appropriate); which repairs and maintenance constitute betterments, resulting in extended asset life or functionality; the estimated useful life over which such costs should be depreciated; and the method of depreciation.

Note 13 – Property, plant and equipment, continued

Asset residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method as appropriate, and are treated as changes in accounting estimates.

The Corporation assesses its existing assets and their useful lives in connection with the review of network operating plans at the end of each reporting period. When it is determined that assigned asset lives do not reflect the expected remaining period of benefit, prospective changes are made to their remaining useful lives. Uncertainties are inherent in estimating the impact of future technologies. Changes in these assumptions could result in material adjustments to estimates, which could result in impairments or changes to depreciation expense in future periods, particularly if useful lives are significantly reduced.

Supporting information

Thousands of dollars	Plant and equipment	Buildings and improvements	Office furniture and equipment	Plant under construction	Land	Total
Cost						
Balance at April 1, 2019	$ 3,537,767	$ 575,017	$ 176,534	$ 103,484	$ 38,670	$ 4,431,472
Additions	59,259	–	21,592	146,507	1,055	228,413
Transfers	81,447	14,803	8,617	(104,867)	–	–
Retirements, disposals, and adjustments	(39,367)	(2,305)	(53,171)	–	(2)	(94,845)
Balance at March 31, 2020	$ 3,639,106	$ 587,515	$ 153,572	$ 145,124	$ 39,723	$ 4,565,040
Balance at April 1, 2018	$ 3,468,486	$ 519,868	$ 167,649	$ 172,220	$ 38,489	$ 4,366,712
Additions	63,995	-	16,859	157,985	419	239,258
Transfers	165,720	50,690	10,545	(226,721)	(234)	–
Retirements, disposals, and adjustments	(160,434)	4,459	(18,519)	–	(4)	(174,498)
Balance at March 31, 2019	$ 3,537,767	$ 575,017	$ 176,534	$ 103,484	$ 38,670	$ 4,431,472
Accumulated depreciation						
Balance at April 1, 2019	$ 2,281,955	$ 181,497	$ 113,330	$ –	$ –	$ 2,576,782
Depreciation	135,206	15,417	22,420	–	–	173,043
Retirements, disposals, and adjustments	(40,194)	(1,219)	(48,027)	–	–	(89,440)
Balance at March 31, 2020	$ 2,376,967	$ 195,695	$ 87,723	$ –	$ –	$ 2,660,385
Balance at April 1, 2018	$ 2,307,931	$ 168,712	$ 110,542	$ –	$ –	$ 2,587,185
Depreciation	128,841	13,352	21,308	–	–	163,501
Retirements, disposals, and adjustments	(154,817)	(567)	(18,520)	–	–	(173,904)
Balance at March 31, 2019	$ 2,281,955	$ 181,497	$ 113,330	$ –	$ –	$ 2,576,782
Carrying amounts						
At April 1, 2019	$ 1,255,812	$ 393,520	$ 63,204	$ 103,484	$ 38,670	$ 1,854,690
At March 31, 2020	$ 1,262,139	$ 391,820	$ 65,849	$ 145,124	$ 39,723	$ 1,904,655
At April 1, 2018	$ 1,160,555	$ 351,156	$ 57,107	$ 172,220	$ 38,489	$ 1,779,527
At March 31, 2019	$ 1,255,812	$ 393,520	$ 63,204	$ 103,484	$ 38,670	$ 1,854,690

Note 14 – Right-of-use assets

Accounting policies

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease, based on the Corporation's right to control the use of an identified asset for a specified period of time. Lease components within a contract are accounted for as a lease separately from the non-lease components of the contract. For contracts that contain one or more additional lease or non-lease components, the consideration is allocated to each component based on the stand-alone price of the lease and non-lease components.

Right-of-use assets are initially measured at cost. The cost of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After the initial recognition, the Corporation measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses; adjusted for any remeasurement of the lease liability due to lease modifications or revised in-substance fixed lease payments.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term, unless the Corporation expects to obtain ownership of the asset at the end of the lease term. The lease term consists of the non-cancellable lease term, renewal options that are reasonably expected to be exercised and termination options that are not reasonably expected to be exercised.

Accounting estimates, and judgments

The Corporation is required to make estimates and judgments that affect or impact the determination of right-of-use assets and the related depreciation.

Judgments include determining whether a contract contains an identifiable asset, assessing control of assets in a contract, determining the lease term including the assessment of renewal and cancellation terms, and determining whether lease modifications result in changes to existing leases or new leases.

Estimation involves determination of the lease payments to be included in the lease liability, estimation of the incremental borrowing rate or implicit lease rate as appropriate, estimation of additional amounts to be included in the determination of the right-of-use asset, and estimation of the useful lives of right-of-use assets.

Supporting information

Thousands of dollars	Plant and equipment	Buildings and improvements	Land	Total
Cost				
Balance at April 1, 2019	$ 10,191	$ 27,436	$ 9,683	$ 47,310
Additions	3,219	288	307	3,814
Retirements, disposals, and adjustments	(112)	–	(1,111)	(1,223)
Balance at March 31, 2020	$ 13,298	$ 27,724	$ 8,879	$ 49,901
Accumulated depreciation				
Balance at April 1, 2019	$ –	$ –	$ –	$ –
Depreciation	3,343	2,578	658	6,579
Retirements, disposals, and adjustments	(29)	–	–	(29)
Balance at March 31, 2020	$ 3,314	$ 2,578	$ 658	$ 6,550
Carrying amounts				
At April 1, 2019	$ 10,191	$ 27,436	$ 9,683	$ 47,310
At March 31, 2020	$ 9,984	$ 25,146	$ 8,221	$ 43,351

Note 15 – Intangible assets

Accounting policies

Intangible assets are defined as being identifiable, able to bring future economic benefits to the Corporation, and controlled by the Corporation. An asset meets the identifiability criterion when it is separable or arises from contractual rights.

Intangible assets are recorded initially at cost of acquisition or development and relate primarily to software, spectrum licences, and goodwill. Internally generated intangible assets relate primarily to software. An intangible asset is recognized when it is probable that the expected future economic benefits attributable to the asset will flow to the Corporation and the cost of the asset can be measured reliably.

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized include the cost of materials, direct labour, and related costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalized. Other development expenditures are recognized in net income as incurred.

Capitalized software is measured at cost less accumulated amortization and any accumulated impairment losses.

Costs associated with maintaining software as well as expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see Note 2 – *Basis of presentation*. Subsequently, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized.

Amortization is recognized in net income on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated useful life
Software	1–10 years

Accounting estimates, and judgments

Judgment is applied to determine expenditures eligible for capitalization, the method of amortization, the appropriate timing for cessation of cost capitalization, and classification of certain intangible assets as indefinite-life intangible assets.

Spectrum licences have been classified as indefinite-life intangible assets due to the current licencing terms, the most significant of which are minimal renewal fees and no regulatory precedent of material licence revocation. Should these factors change, the classification of indefinite-life will be reassessed. Spectrum licences have been recorded at cost less any accumulated impairment losses.

Estimation is applied to determine expected useful lives used in the amortization of intangible assets with finite lives. Changes in accounting estimates can result from changes in useful life or the expected pattern of consumption of an asset (taken into account by changing the amortization period or method, as appropriate).

Goodwill is allocated to CGUs or groups of CGUs for the purpose of impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. The allocation is made to those CGUs or groups of CGUs expected to benefit from the business combination in which the goodwill arose.

Note 15 – Intangible assets, continued

Supporting information

Thousands of dollars		Goodwill		Software		Spectrum licences		Under development		Total
Cost										
Balance at April 1, 2019	$	5,976	$	428,357	$	108,738	$	2,199	$	545,270
Acquisitions		–		4,612		12,167		10,945		27,724
Acquisitions – internally developed		–		5,794		–		961		6,755
Transfers		–		1,933		–		(1,933)		–
Impairment loss		(5,976)		–		–		–		(5,976)
Retirements, disposals, and adjustments		–		(283)		–		–		(283)
Balance at March 31, 2020	$	–	$	440,413	$	120,905	$	12,172	$	573,490
Balance at April 1, 2018	$	5,976	$	395,146	$	108,738	$	12,277	$	522,137
Acquisitions		–		3,743		–		16,952		20,695
Acquisitions – internally developed		–		5,944		–		2,339		8,283
Transfers		–		29,369		–		(29,369)		–
Retirements, disposals, and adjustments		–		(5,845)		–		–		(5,845)
Balance at March 31, 2019	$	5,976	$	428,357	$	108,738	$	2,199	$	545,270
Accumulated amortization										
Balance at April 1, 2019	$	–	$	264,250	$	–	$	–	$	264,250
Amortization		–		33,353		–		–		33,353
Impairment loss		–		4,684		–		–		4,684
Retirements, disposals, and adjustments		–		(283)		–		–		(283)
Balance at March 31, 2020	$	–	$	302,004	$	–	$	–	$	302,004
Balance at April 1, 2018	$	–	$	235,735	$	–	$	–	$	235,735
Amortization		–		34,372		–		–		34,372
Retirements, disposals, and adjustments		–		(5,857)		–		–		(5,857)
Balance at March 31, 2019	$	–	$	264,250	$	–	$	–	$	264,250
Carrying amounts										
At April 1, 2019	$	5,976	$	164,107	$	108,738	$	2,199	$	281,020
At March 31, 2020	$	–	$	138,409	$	120,905	$	12,172	$	271,486
At April 1, 2018	$	5,976	$	159,411	$	108,738	$	12,277	$	286,402
At March 31, 2019	$	5,976	$	164,107	$	108,738	$	2,199	$	281,020

Impairment testing for the cash-generating unit containing goodwill and recoverability testing of finite-life intangible assets under development

For the purpose of impairment testing, goodwill, a portion of finite-life assets under development, $0.3 million (2018/19 – $0.4 million) and a portion of software, $3.7 million (2018/19 – $9.4 million) are allocated to one CGU: Directwest. This is the lowest level within the Corporation at which goodwill is monitored for internal management purposes, which is not higher than the Corporation's operating segments.

Management has applied the value-in-use valuation methodology for the CGU using the Board-approved 2021– 2025 financial plan, as well as terminal value capitalization. The expected risk to the CGU cash flows were included in the cash flow projections. The resulting cash flows were then discounted to the present value using the weighted average cost of capital applicable to the CGU.

Note 15 – Intangible assets, continued

The key material assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

Discount rate	8.85%
Terminal value capitalization	12.00%
Growth rate	-2.50%

The impairment test resulted in the recognition of an impairment loss of $10.7 million during the year ended March 31, 2020 primarily due to declining legacy marketing services revenue, accelerated by the impacts of COVID-19. The recoverable amount of the CGU is $18.0 million based on its value-in-use.

Impairment testing for the cash-generating unit containing indefinite-life intangible assets and recoverability testing of finite-life intangible assets under development

For the purpose of impairment testing, indefinite-life intangible assets (spectrum licences), a portion of finite-life intangible assets under development, $12.2 million (2018/19 – $2.2 million) and a portion of software, $135.5 million (2018/19 – $155.6 million) are allocated to SaskTel. This is the lowest level within the Corporation at which indefinite-life intangible assets and finite-life intangible assets under development are monitored for internal management purposes, which is not higher than the Corporation's operating segments.

The Corporation's CGU impairment tests were based on fair value less costs to sell using comparable companies that are listed on exchanges and are actively traded. Share prices for these companies were used to derive an Enterprise Value (EV) to the earnings before interest, taxes, depreciation and amortization (EBITDA) ratio that was then adjusted for a demonstrable minority discount associated with these publicly traded share prices. The resulting adjusted ratio using Level 3 fair value hierarchy inputs, was then applied to the estimated 2019/20 EBITDA of the unit to determine the recoverable amount of the unit. Impairment testing indicated no impairment at March 31, 2020.

Note 16 – Sinking funds

Accounting policies

Sinking funds have been classified as fair value through other comprehensive income because the Corporation intends to match the duration of the financial assets to the duration of the debt that the assets are funding and therefore the business model is to both hold to collect contractual cash flows (payments of principal and interest) as well as sale proceeds realized through matching of durations. The investments are managed through the Saskatchewan Ministry of Finance who makes purchase and sale decisions based on their fair value in accordance with the Corporation's documented risk management and investment strategy. Subsequent to initial recognition, financial assets at fair value through other comprehensive income are measured at fair value. Realized gains or losses are recorded in net income and unrealized gains and losses are recorded in other comprehensive income (OCI).

Supporting information

Under conditions attached to the long-term debt, the Corporation is required to pay annually into sinking funds, administered by the Saskatchewan Ministry of Finance, amounts representing 1% to 2% of the debt outstanding. The fund includes the Corporation's required contributions, its proportional share of earnings, and its proportional share of revaluation gains or losses.

Note 16 – Sinking funds, continued

The changes in the carrying amount of sinking funds are as follows:

Thousands of dollars	2020	2019
Balance at April 1,	$ 176,021	$ 155,564
Instalments	12,915	12,391
Earnings	5,425	4,040
Valuation adjustment	4,129	4,026
Balance at March 31,	198,490	176,021
Current portion	123,603	–
Long-term portion	$ 74,887	$ 176,021

Sinking fund instalments due in each of the next five years ending March 31 are as follows:

Years ending March 31,	Thousands of dollars
2021	$ 14,666
2022	10,400
2023	10,400
2024	10,400
2025	9,900

Note 17 – Other assets

As at March 31, Thousands of dollars	2020	2019
Long-term customer incentives	$ 242	$ 444
Financing leases	8,593	6,275
Other	56	55
	$ 8,891	$ 6,774

Note 18 – Trade and other payables

Accounting policies

The Corporation initially recognizes trade and other payables on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

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

Supporting information

As at March 31, Thousands of dollars	2020	2019
Trade payables and accrued liabilities	$ 105,170	$ 119,435
Payroll and other employee-related liabilities	33,066	32,242
Other	12,066	10,206
	$ 150,302	$ 161,883

Note 19 – Notes payable

Accounting policies

The Corporation initially recognizes debt securities issued on the date that they are originated. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

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

Supporting information

Notes payable are due to the Province of Saskatchewan's General Revenue Fund (GRF). These notes have varying maturities from April 15, 2020, to July 15, 2020, and have a weighted average effective interest rate of 1.68% (2018/19 – 1.88%).

Note 20 – Contract liabilities

Accounting policies

A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis. Contract liabilities are recognized in revenue upon satisfaction of the related performance obligations.

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract liabilities and the timing of recognition of contract liabilities as revenue. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts.

Supporting information

As at March 31, Thousands of dollars	2020	2019
Balance at April 1,	$ 57,463	$ 56,939
Contract liabilities recognized	324,342	350,113
	381,805	407,052
Recognized in revenue	(325,399)	(349,566)
Terminations	(21)	(23)
Balance at March 31,	56,385	57,463
Current portion	55,978	56,984
Long-term portion	$ 407	$ 479

Note 21 – Other liabilities

As at March 31, Thousands of dollars	Note	2020	2019
Advance billings		$ 35	$ 33
Current portion of deferred income - government funding	22	5,817	5,711
Customer deposits		2,818	3,379
Current portion of lease liabilities	24	6,503	–
		$ 15,173	$ 9,123

Note 22 – Deferred income – government funding

Accounting policies

Government grants are recognized initially as deferred income when there is reasonable assurance that they will be received, and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in the consolidated statement of income and other comprehensive income on a systematic basis in the same period in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are recognized in the consolidated statement of income and other comprehensive income on a systematic basis over the useful life of the asset.

Accounting estimates, and judgments

Judgment is required in determining whether certain funding is a transaction with the shareholder acting in their capacity as a shareholder or whether the funding would be available to other parties for a specific purpose (i.e., is the government acting in its capacity as shareholder or as a government).

Supporting information

The Corporation has received funding from the Province of Saskatchewan through CIC and the Ministry of Education, as well as the Government of Canada through Aboriginal Affairs and Northern Development Canada (AANDC), and Innovation, Science and Economic Development Canada (ISED), as full or partial funding of various programs including; the Rural Infrastructure Program, the transfer of the satellite distribution and communication assets of Saskatchewan Communications Network Corporation to the Corporation, internet service to selected First Nations schools and health facilities in Saskatchewan, the First Nations Service Improvement Project, the Connecting Canadians program for the provision of access to high speed internet in rural and remote parts of Saskatchewan, and provision of dedicated internet service to specific First Nations offices and Tribal Council offices. The Corporation has fulfilled all obligations with respect to these programs.

The Corporation has entered into an agreement with ISED through the Connect to Innovate program to receive $6.5 million to partially fund provision of high-capacity broadband infrastructure in rural and remote communities. The Corporation has received funding of $2.6 million which has been applied to capital. Additional spending will be conducted in the next fiscal year.

As at March 31,	2020			2019
Thousands of dollars	Fully funded programs with all obligations fulfilled	Connect to Innovate	Total	Total
Balance at April 1, 2019	$ 31,526	$ –	$ 31,526	$ 37,526
Funding received	–	2,633	2,633	–
	31,526	2,633	34,159	37,526
Amortization	5,721	44	5,765	6,000
Balance at March 31,	25,805	2,589	28,394	31,526
Current portion	5,714	103	5,817	5,711
Long-term portion	$ 20,091	$ 2,486	$ 22,577	$ 25,815

Note 23 – Long-term debt

Accounting policies

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

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

Note 23 – Long-term debt, continued

Supporting information

As at March 31, Thousands of dollars	2020	2019
Balance at April 1,	$ 1,003,280	$ 953,494
Long-term debt issues	105,918	49,363
Amortization of debt discounts net of premiums	331	423
Balance at March 31,	1,109,529	1,003,280
Current portion	276,464	–
Long-term portion	$ 833,065	$ 1,003,280

Unsecured advances from the Province of Saskatchewan

Thousands of dollars Issue date	Maturity date	Effective interest rate (%)	Coupon rate (%)	Par value	Unamortized premiums (discounts)	Outstanding amount March 31, 2020	2019
July 2010	July 2020	4.01	3.90	$ 150,000	$ (52)	$ 149,948	$ 149,791
November 1990	December 2020	10.18	10.08	126,600	(84)	126,516	126,408
May 2014	June 2024	3.11	3.20	50,000	168	50,168	50,206
December 2010	December 2025	4.15	4.15	50,000	–	50,000	50,000
December 2017	June 2027	2.56	2.65	50,000	295	50,295	50,332
March 1999	March 2029	5.97	5.75	75,000	(1,118)	73,882	73,790
March 1999	March 2029	5.18	5.60	35,000	–	35,000	35,000
February 2012	February 2042	3.49	3.40	150,000	(1,935)	148,065	148,006
December 2013	June 2045	4.09	3.90	150,000	(4,554)	145,446	145,342
December 2016	June 2048	3.35	3.30	75,000	(671)	74,329	74,315
May 2017	June 2048	3.22	3.30	50,000	705	50,705	50,720
April 2019	June 2050	2.81	3.10	100,000	5,796	105,796	–
June 2018	June 2058	3.01	2.95	50,000	(621)	49,379	49,370
Total due to Province of Saskatchewan				1,111,600	(2,071)	1,109,529	1,003,280
Current portion				276,600	(136)	276,464	–
Long-term portion				$ 835,000	$ (1,935)	$ 833,065	$ 1,003,280

On April 2, 2019, the Corporation issued $100 million of long-term debt at a premium of $5.9 million through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 3.10%, an effective interest rate of 2.81%, and matures on June 2, 2050.

The Corporation's long-term debt is unsecured. As at March 31, 2020, principal repayments due in each of the next five years were as follows:

Millions of dollars	Years ending March 31, 2021	2022	2023	2024	2025
Principal repayments	$ 276.6	$ –	$ –	$ –	$ 50.0

There is a requirement attached to above advances to make annual payments into sinking funds in amounts representing 1% to 2% of the original issue. The cumulative annual payments plus interest earned are used for the retirement of debt issues upon maturity, on a net basis (see Note 16 – *Sinking funds*).

Note 24 – Lease liabilities

Accounting policies

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses its incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability include the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After initial recognition, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is calculated using the effective interest method resulting in a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the initial discount rate or, if applicable, a revised discount rate.

Amounts recognized in net income, unless the costs are included in the carrying amount of another asset applying other applicable standards, include:

- interest on the lease liability; and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

Accounting estimates, and judgments

The Corporation is required to make estimates and judgments that affect or impact the determination of lease liabilities and the related interest expense.

Judgments include determining whether a contract contains an identifiable asset, assessing control of assets in a contract, determining the lease term including the assessment of renewal and cancellation terms, and determining whether lease modifications result in changes to existing leases or new leases.

Estimation involves determination of the lease payments to be included in the lease liability, estimation of the incremental borrowing rate or implicit lease rate as appropriate, estimation of additional amounts to be included in the determination of the right-of-use asset, and estimation of the useful lives of right-of-use assets.

Note 24 – Lease liabilities, continued

Supporting information

As at March 31, Thousands of dollars		2020
Maturity analysis - contractual undiscounted cash flows		
Less than one year	$	6,810
One to five years		19,333
More than five years		26,194
Total undiscounted lease liabilities at March 31,	$	52,337

Discounted lease liabilities included in the statement of financial position at March 31,	$	44,095
Current		6,503
Non-current	$	37,592

Amounts recognized in net income For the year ended March 31, Thousands of dollars		2020
Interest on lease liabilities	$	1,115

Amounts recognized in the statement of cash flows For the year ended March 31, Thousands of dollars		2020
Interest on lease liabilities	$	1,115
Lease liability principal payments		5,835
Total cash outflow for leases	$	6,950

Note 25 – Employee benefits

The Corporation has a defined benefit pension plan (Plan A), a service recognition defined benefit plan (Plan B), and a defined contribution pension plan (Plan C).

Accounting policies

Defined benefit plans (Plans A and B)

The Corporation's net obligation in respect of Plan A is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of plan assets.

The calculation of the net defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Corporation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). The Corporation determines the net interest expense (income) on the net defined liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in net income.

Note 25 – Employee benefits, continued

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in net income. The Corporation recognizes gains and losses on the settlement of the defined benefit plan when the settlement occurs.

The Corporation's net obligation in respect of Plan B is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods and discounting that amount. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Defined contribution plans (Plan C)

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the consolidated statement of income and other comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits and termination benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligations can be estimated.

Termination benefits are expensed at the earlier of when the Corporation can no longer withdraw the offer of those benefits and when the Corporation recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted to their present value.

Accounting estimates, and judgments

Estimates and judgments are required to determine discount rates, indexing assumptions, retirement age, and mortality rates. These assumptions are determined by management and are reviewed at least annually by the Corporation's independent actuaries.

The most significant assumptions used to calculate the net employee benefit plan's obligation include: the discount rate, the indexing assumption, and the mortality rate. The discount rate is the interest rate used to determine the present value of the future cash flows that the Corporation expects will be required to settle employee benefit obligations. It is based on the yield of long-term, high-quality, corporate fixed income investments (AA credit-rated bonds) with terms reflecting the profile of the plan members. The indexing assumption is the estimate of the future inflation rate which impacts the future liabilities of the plan. The mortality rate impacts the future liability based on the estimated life expectancy of plan members.

The Corporation determines the appropriate discount rates at the end of each reporting period and the indexing assumptions and mortality rates at least at each actuarial study date. Changes in these assumptions could have an effect on the Corporation's cash flows through an effect on the projected benefit obligation. Lower discount rates and indexing assumptions result in a higher obligation while lower mortality rates result in a lower obligation. The combined impact of the assumptions could, at some point, require additional contributions to the plan.

Supporting information

Defined benefit plans (Plans A and B)

Plan A, the defined benefit pension plan, is governed by SaskTel and has been closed to new membership since 1977. The SaskTel defined benefit pension plan is registered under *The Pension and Benefit Act, 1992*, Saskatchewan, the *Income Tax Act,* Canada, and regulated by the Financial and Consumer Affairs Authority of Saskatchewan – Pensions Division. Separate audited financial statements for the defined benefit plan are prepared and released publicly.

The SaskTel defined benefit pension plan provides a full pension at age 65, at age 60 with at least 20 years of service or upon completion of 35 years of service. The pension is calculated to be 2% times the average of the highest three years of pensionable earnings times the number of years of service up to a maximum of 35 years of service. A reduced pension may be opted for if certain age and years of service criteria are met.

For employees who retire before the age of 65, but meet other age plus service requirements, either a reduced or unreduced pension may be payable. Pensions are subject to annual indexing with the Consumer Price Index (CPI) up to a maximum of 2% per year.

Note 25 – Employee benefits, continued

The defined benefit pension plan is administered by a five-member board (SaskTel Pension Board), consisting of two employer representatives, two union representatives, and an independent chair. The SaskTel Pension Board is required by law to act in the best interests of the defined benefit pension plan participants and is responsible for setting certain policies (e.g., investment, contribution, and indexation policies) of the defined benefit pension plan.

Plan B, the service recognition defined benefit plan provided a retiring allowance of two days' salary per year of service, which is payable on retirement. Based on the Collective Agreement between the Corporation and Unifor, ratified April 22, 2005, the service recognition defined benefit program was curtailed effective March 19, 2005.

Funding

The Corporation is responsible for adequately funding Plan A. Contributions are determined by actuarial valuations. The contributions reflect actuarial assumptions about future investment returns, salary projections, and future service benefits. An actuarial valuation for accounting purposes was performed at March 31, 2017. The latest valuation for funding purposes was performed as of March 31, 2017.

All plan members have reached the maximum years of pensionable service and are no longer required to contribute to the plan. As a result, employer current service contributions have also ceased. A valuation is performed at least every three years to determine the actuarial present value of the accrued pension benefit.

The plan is in a surplus position, and therefore, under the going concern actuarial valuation, contributions are not required.

Plan B is unfunded. The Corporation expects to pay $1.6 million in the next year related to Plan B.

Defined benefit obligation

Actuarial assumptions

The accounting actuarial valuation includes a provision for uncommitted and ad hoc benefit increases, and uses management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The actuarial assumptions are based on management's expectations, independent actuarial advice, and guidance provided by IFRS. The estimate, therefore, involves risks that the actual amount may differ materially from the estimate. The major assumptions used in the valuations are as follows:

As at March 31,	2020		2019	
	Plan A	Plan B	Plan A	Plan B
Discount rate – end of year	3.70%	3.40%	3.20%	3.00%
Inflation rate	2.25%	–	2.25%	–
Expected salary increase	–	In Scope: 0.0% in the first year, 1.0% in the second year, 2.0% per annum thereafter Management: 2.0% per annum	–	0% in 2019/20 2.0% thereafter
Post-retirement index	1.60%	–	1.60%	–
Future mortality	Canadian Pensioner 2014 – Private Sector Mortality Table at 100% for males and 110% for females projected generationally with CPM Improvement Scale B	–	Canadian Pensioner 2014 – Private Sector Mortality Table at 100% for males and 110% for females projected generationally with CPM Improvement Scale B	–
Estimated average remaining employee service life	–	8.0 years	–	8.4 years

At March 31, 2020, the weighted average duration of the defined benefit obligation was 10.5 years (2018/19 – 11.3 years).

Note 25 – Employee benefits, continued

Sensitivity analysis

The following illustrates the effect on the obligations of the plans of changing certain actuarial assumptions while holding all other assumptions constant:

As at March 31, 2020 Thousands of dollars	Defined benefit obligation Plan A Increase	Plan A Decrease	Plan B Increase	Plan B Decrease
Discount rate (1% movement)	$ (89,843)	$ 106,999	$ (658)	$ 733
Inflation (1% movement)	(44,471)	(120)	–	–
Future indexing (0.4% increase and 1% decrease)	43,611	(96,756)	–	–
Salary increase (1% movement)	–	–	661	(606)

Movement in the present value of the defined benefit obligation

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

For the year ended March 31, Thousands of dollars	Defined benefit obligation 2020	Defined benefit obligation 2019	Fair value of plan assets 2020	Fair value of plan assets 2019	Net defined benefit liability 2020	Net defined benefit liability 2019
Balance at April 1,	$ 1,040,784	$ 1,052,620	$ (1,026,309)	$ (1,036,502)	$ 14,475	$ 16,118
Included in net income						
Current service cost	–	–	399	355	399	355
Interest cost (income)	32,199	34,593	(31,935)	(34,350)	264	243
	32,199	34,593	(31,536)	(33,995)	663	598
Included in OCI						
Remeasurement loss (gain):						
- Actuarial loss (gain) arising from:						
- demographic assumptions	26	97	–	–	26	97
- financial assumptions	(51,596)	22,072	–	–	(51,596)	22,072
- Return on plan assets excluding interest income	–	–	32,234	(19,914)	32,234	(19,914)
- Effect of asset ceiling limit	–	–	18,623	(2,420)	18,623	(2,420)
	(51,570)	22,169	50,857	(22,334)	(713)	(165)
Other						
Benefits paid	(67,456)	(68,598)	65,944	66,522	(1,512)	(2,076)
Balance at March 31,	$ 953,957	$ 1,040,784	$ (941,044)	$ (1,026,309)	$ 12,913	$ 14,475
Represented by:						
Net defined benefit liability (Plan A)					$ –	$ –
Net defined benefit liability (Plan B)					12,913	14,475
					$ 12,913	$ 14,475

Note 25 – Employee benefits, continued

Plan assets

The asset allocation of the defined benefit pension plan is as follows:

As at March 31, Thousands of dollars	2020	2019
Asset category		
Short-term investments	$ 13,125	$ 7,528
Pooled real estate	167,381	173,388
Canadian equities	64,059	89,566
Canadian pooled equity funds	6,266	8,911
U.S. pooled equity fund	105,338	112,749
Non-North American pooled equity funds	151,502	174,390
Pooled bond funds	340,704	443,969
Pooled mortgage fund	92,944	5,007
	941,319	1,015,508
Investments under securities lending program		
Short-term investments	–	2,180
Canadian equities	22,668	14,051
	22,668	16,231
Total investments	963,987	1,031,739
Effect of asset ceiling limit	(21,043)	(4,625)
Net investments	$ 942,944	$ 1,027,114

The defined benefit pension plan's permissible investments include Canadian equities (including rights, warrants, instalment receipts, and capital shares), U.S. and international equities, bonds of Canadian issuers, short-term securities, mortgages, real estate, and pooled funds. Any other type of investment is not permitted without prior approval of the SaskTel Pension Board.

Taking into consideration the investment and risk philosophy of the defined benefit pension plan, the following range and target asset mix has been established:

Asset category	Range	Target	Actual
Equities	30–50%	40%	36%
Real estate	12–18%	15%	18%
Fixed income	40–50%	45%	46%

The defined benefit pension plan's investment policy provides a framework for the prudent investment and administration of the Pension Fund for the purpose of managing capital assets. The policy provides the investment managers with a written statement of specific quality, quantity, and rate of return standards. The policy is revisited annually to ensure it is meeting the objectives of the defined benefit pension plan's capital management to ultimately meet all pension obligations.

The SaskTel Pension Board employs a pension risk management strategy that addresses continued capital market volatility and the overall demographic trends for the plan. This approach strives to ensure the assets of the defined benefit pension plan evolve to match the liabilities of the plan.

Defined contribution plans (Plan C)

Plan C, the defined contribution pension plan, requires the Corporation to contribute 7.45% of employees' pensionable earnings, and employees to contribute a minimum of 4.45% of pensionable earnings. The total cost for the defined contribution plan is equal to the Corporation's required contribution. The Corporation's pension cost and employer contributions for the Public Employees Pension Plan are $20.8 million for the year ended March 31, 2020 (2018/19 – $21.7 million).

Note 26 – Provisions

Accounting policies

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation, or at the best estimate to settle the obligation at the end of the reporting period. The unwinding of the discount on provisions is recognized as finance expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions

A decommissioning provision is a legal or constructive obligation associated with the decommissioning of property, plant and equipment. The Corporation recognizes decommissioning provisions in the period incurred if a reasonable estimate of fair value (net present value) can be determined. The Corporation recognizes provisions to decommission towers, antennae, and fuel storage tanks in the period in which the facility is ready for service. The fair value of estimated decommissioning cost is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment and right-of-use assets. Decommissioning provisions are increased periodically for the passage of time by calculating accretion expense on the provision. The offsetting capitalized costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows, including the method and timing of decommissioning and an estimate of future inflation. Decommissioning provisions are periodically reviewed and any changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized as an increase or decrease in the carrying amount of the liability and the related asset. If the asset is fully depreciated, the changes are recognized in net income immediately.

Environmental remediation

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. These estimates include costs for investigations and remediation at identified sites. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value in net income. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis. Changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized in net income immediately.

Accounting estimates, and judgments

Judgment is involved in the estimation of the future liabilities for decommissioning and environmental remediation, the determination of the expected period until decommissioning, as well as inflation factors and discount rates to determine the present value of the provisions.

Note 26 – Provisions, continued

Supporting information

Thousands of dollars		Decommissioning provisions		Environmental provisions		Total
Balance at April 1, 2019	$	6,249	$	472	$	6,721
Change in assumptions		(397)		–		(397)
Accretion expense		221		–		221
Settled during the period		-		(52)		(52)
Balance at March 31, 2020	$	6,073	$	420	$	6,493

Assumptions

As at March 31,	2020	2019
Discount rate, end of period	1.93% - 2.84%	1.74% - 2.80%
Long-term inflation rate	2.00%	2.00%
Undiscounted cash flows (thousands)	$11,977	$12,984

Discount rates based on the Government of Saskatchewan bond yields were used to calculate the carrying values of the provisions. The costs of the decommissioning provisions will be incurred between 2025 and 2071. No funds have been set aside by the Corporation to settle the decommissioning provisions.

Sensitivity of assumptions

Sensitivity of provisions to changes in the discount rate and inflation rate on the recorded liability as at March 31, 2020, is as follows:

	Decommissioning provisions			
Thousands of dollars		0.5% increase		0.5% decrease
Discount rate	$	(651)	$	684
Inflation rate		989		(493)

Note 27 – Equity advance and capital disclosures

Accounting estimates, and judgments

The Corporation periodically receives funding from its parent and sole equity holder, CIC. Funding is first analyzed to determine whether the funding is a transaction with the equity holder in their capacity as an equity holder, e.g., equity injection, or whether the funding would be available to other parties for a specific purpose. If there is no requirement to comply with certain conditions relating to the operating activities of the entity, the funding is recorded as an equity advance. If the Corporation must comply with certain past or future conditions relating to the operating activities of the Corporation, and the funding could be available to other parties for a specific purpose, the funding is recorded as a government grant (see Note 22 – *Deferred income – government funding*).

Supporting information

The Corporation has received an equity advance from CIC to form its equity capitalization.

Due to its ownership structure, the Corporation has no access to capital markets for internal equity. Equity advances in the Corporation are determined by the shareholder on an annual basis. Dividends to CIC are determined through the Saskatchewan Provincial budget process on an annual basis.

The Corporation closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a corporation's capital structure. The Corporation uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility.

Note 27 – Equity advance and capital disclosures, continued

Too high a ratio relative to target indicates an excessive debt burden that may impair the Corporation's ability to withstand downturns in revenue and still meet fixed payment obligations. The ratio is calculated as net debt, excluding lease liabilities, divided by capitalization at the end of the year.

The Corporation reviews the debt ratio targets of all its subsidiaries on an annual basis to ensure consistency with industry standards. This review includes subsidiary corporations' plans for capital spending. The target debt ratios for subsidiaries are approved by the Board. The Corporation uses targeted debt ratios to compile a weighted average debt to equity ratio for the consolidated entity. The target ratio for 2019/20 was 49.0%.

The Corporation raises most of its capital requirements through internal operating activities and long-term debt through the Saskatchewan Ministry of Finance. This type of borrowing allows the Corporation to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

The Corporation made no changes to its approach to capital management during the year.

The debt ratio is as follows:

As at March 31, Thousands of dollars	Note		2020		2019
Long-term debt [(a)]	23	$	1,109,529	$	1,003,280
Notes payable [(a)]			188,851		193,295
Less: Sinking funds	16		198,490		176,021
Cash			17,221		5,121
Net debt			1,082,669		1,015,433
Province of Saskatchewan's equity [(b)]			1,181,988		1,165,168
Capitalization		$	2,264,657	$	2,180,601
Debt ratio			47.8%		46.6%

(a) Long-term debt and notes payable exclude lease liabilities.
(b) Equity includes equity advances, accumulated other comprehensive income, and retained earnings at the end of the period.

Note 28 – Consolidated statement of cash flow – supporting information

a) Net change in non-cash working capital

For the year ended March 31, Thousands of dollars		2020		2019
Net change in non-cash working capital balances related to operations				
Trade and other receivables	$	(3,803)	$	(20,825)
Inventories		4,718		3,874
Prepaid expenses		(4,406)		8,465
Contract assets		(5,722)		(260)
Contract costs		(15,467)		(5,639)
Trade and other payables		(12,505)		(8,902)
Contract liabilities		(1,078)		524
Other liabilities		(559)		51
Other		204		(948)
	$	(38,618)	$	(23,660)

Note 28 – Consolidated statement of cash flow – Supporting information, continued

b) Reconciliation of changes in liabilities to cash flows arising from financing activities

	Assets	Liabilities					
Thousands of dollars	Sinking funds	Long-term debt	Notes payable	Lease liabilities	Dividend payable	Equity advance	Total
Balance at April 1, 2019	$ (176,021)	$ 1,003,280	$ 193,295	$ 47,310	$ 24,880	$ 237,000	$ 1,329,744
Changes from financing cash flows							
Proceeds from loans and borrowings	–	105,918	756,270	–	–	–	862,188
Repayment of borrowings	–	–	(760,714)	(5,835)	–	–	(766,549)
Instalments	(12,915)	–	–	–	–	–	(12,915)
Dividends paid	–	–	–	–	(107,230)	–	(107,230)
Total changes from financing cash flows	(12,915)	105,918	(4,444)	(5,835)	(107,230)	–	(24,506)
Other changes							
Dividend declared	–	–	–	–	107,923	–	107,923
Sinking fund earnings	(5,425)	–	–	–	–	–	(5,425)
Sinking fund valuation adjustments	(4,129)	–	–	–	–	–	(4,129)
New leases and assumption changes	–	–	–	2,620	–	–	2,620
Amortization of net discount on long-term debt	–	331	–	–	–	–	331
Total other changes	(9,554)	331	–	2,620	107,923	–	101,320
Balance at March 31, 2020	$ (198,490)	$ 1,109,529	$ 188,851	$ 44,095	$ 25,573	$ 237,000	$ 1,406,558

	Assets	Liabilities					
Thousands of dollars	Sinking funds	Long-term debt	Notes payable	Lease liabilities	Dividend payable	Equity advance	Total
Balance at April 1, 2018	$ (155,564)	$ 953,494	$ 143,069	$ –	$ 26,506	$ 250,000	$ 1,217,505
Changes from financing cash flows							
Proceeds from loans and borrowings	–	49,363	812,482	–	–	–	861,845
Repayment of borrowings	–	–	(762,256)	–	–	–	(762,256)
Instalments	(12,391)	–	–	–	–	–	(12,391)
Repayment of equity advance	–	–	–	–	–	(13,000)	(13,000)
Dividends paid	–	–	–	–	(116,314)	–	(116,314)
Total changes from financing cash flows	(12,391)	49,363	50,226	–	(116,314)	(13,000)	(42,116)
Other changes							
Dividend declared	–	–	–	–	114,688	–	114,688
Sinking fund earnings	(4,040)	–	–	–	–	–	(4,040)
Sinking fund valuation adjustments	(4,026)	–	–	–	–	–	(4,026)
Amortization of net discount on long-term debt	–	423	–	–	–	–	423
Total other changes	(8,066)	423	–	–	114,688	–	107,045
Balance at March 31, 2019	$ (176,021)	$ 1,003,280	$ 193,295	$ –	$ 24,880	$ 237,000	$ 1,282,434

Note 29 – Financial instruments and related risk management

Accounting policies

The Corporation initially recognizes financial assets and financial liabilities in the consolidated financial statements at fair value (normally the transaction price) adjusted for transaction costs. Transaction costs related to financial assets or financial liabilities at fair value through profit or loss are recognized immediately in net income. Regular way purchases and sales of financial assets are accounted for on the trade date. Financial instruments recorded at fair value on an ongoing basis are remeasured at each reporting date and changes in the fair value are recorded in either net income or OCI.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

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

Derivatives may be embedded in hybrid contracts that also include a non-derivative host. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the entire contract is classified as a financial asset. If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative is treated as a separate derivative when the economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not measured at fair value with changes in fair value recognized in profit or loss. These embedded derivatives are typically measured at fair value with subsequent changes recognized in net income.

Supporting information

The Corporation is exposed to fluctuations in foreign exchange rates and interest rates. The Corporation utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board. The Corporation's financial risks have not changed significantly from the prior period.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates, and equity prices.

Interest rate risk

Interest rate risk represents the potential for loss from changes in the value of financial instruments related to interest rate movements. Interest rate risk primarily impacts the value of sinking fund investments and debt refinancing.

The Corporation has on deposit with the Province of Saskatchewan, under the administration of the Ministry of Finance, $198.5 million (2018/19 – $176.0 million) in sinking funds, which is required for certain long-term debt issues. At March 31, 2020, the GRF has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and they are managed based on this maturity profile and market conditions. The Corporation may be exposed to interest rate risk on the sinking funds. Assuming all other variables remain constant at March 31, 2020, a yield curve shift in excess of 1.0% could have a material impact on net income. Specifically, a 1.0% weakening in interest rates (or bond yields) could have an 13.6% ($15.2 million) favourable effect on net income while a 1.0% strengthening would have an 13.6% ($15.2 million) unfavourable effect on net income.

The Corporation may be exposed to interest rate risk on the maturity of its long-term debt. However, in the current interest rate environment, these risks are considered low. As a result, the Corporation has no financial contracts in place to offset interest rate risk as of March 31, 2020 and has not provided a sensitivity analysis of the impact of interest rate changes on net income.

Foreign currency risk

The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign suppliers and short-term foreign commitments. Assuming all other variables remain constant at March 31, 2020, currency fluctuations in excess of

15% would have a material impact on the cash flow of the Corporation. Specifically, a 15% weakening in the Canadian dollar versus the U.S. dollar exchange rate could have a $14.9 million unfavourable effect on cash flow while a 15% strengthening could have a $14.9 million favourable effect on cash flow. The Corporation uses a combination of derivative financial instruments to manage these exposures when deemed appropriate. At March 31, 2020, the Corporation had no foreign currency derivatives outstanding. The Corporation does not actively trade derivative financial instruments.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Corporation does not have material concentrations of credit risk. Current credit risk relates to trade and other receivables and unbilled revenue, contract assets, sinking funds, and interest receivable.

The carrying amount of financial assets represents the maximum credit exposure as follows:

As at March 31, Thousands of dollars	Note	2020	2019
Cash		$ 17,221	$ 5,121
Trade and other receivables	8	142,860	139,057
Contract assets	11	83,889	78,167
Sinking funds	16	198,490	176,021
		$ 442,460	$ 398,366

Trade and other receivables

The Corporation considers evidence of impairment for trade and other receivables at both a specific asset and collective level. Trade and other receivables and unbilled revenue are diversified among many residential, farm, and commercial customers primarily throughout Saskatchewan.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics, specifically based on business segment, an aging of the accounts within each segment, and default probabilities within each segment.

In assessing collective impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current or future economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed regularly based on an analysis of the aging of customer accounts receivable, an estimate of outstanding amounts that are considered to be uncollectible, and future collection policy and economic environment impacts.

The allowance for doubtful accounts and the aging of customer accounts receivable are detailed as follows:

Allowance for doubtful accounts

As at March 31, Thousands of dollars	2020	2019
Balance at April 1,	$ 2,396	$ 2,349
Less: accounts written off	(10,805)	(8,708)
Recoveries	4,863	3,838
Provisions for losses	6,152	4,917
Balance at March 31,	$ 2,606	$ 2,396

Customer accounts receivable

As at March 31, Thousands of dollars	Note	2020	2019
Current		$ 91,267	$ 91,126
30–60 days		13,776	11,992
61–90 days		5,387	2,395
Greater than 90 days		2,422	4,579
Gross customer accounts receivable	8	112,852	110,092
Allowance for doubtful accounts	8	(2,606)	(2,396)
Net customer accounts receivable		$ 110,246	$ 107,696

Contract assets

The Corporation considers evidence of impairment for contract assets based on the related assessment of the impairment of trade and other receivables at both a specific asset and collective level. Trade and other receivables, and therefore contract assets, are diversified among many residential, farm, and commercial customers primarily throughout Saskatchewan. Credit risk associated with contract assets is inherently managed by the size and diversity of our customer base. The Corporation also follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary.

The Corporation maintains allowances for lifetime expected credit losses related to contract assets. Current economic conditions, historical information (including credit agency reports, if available), and the line of business from which the contract asset arose are all considered when determining impairment allowances. The same factors are considered when determining whether to write off amounts charged to the impairment allowance for contract assets.

The allowance for contract asset credit losses and the aging of contract assets are detailed as follows:

Allowance for contract asset credit losses

As at March 31, Thousands of dollars	2020	2019
Balance at April 1,	$ 936	$ 936
Additions	2,192	1,872
Transferred to accounts receivable allowance	(1,667)	(1,872)
Balance at March 31,	$ 1,461	$ 936

Contract assets

As at March 31, Thousands of dollars	2020	2019
Amortization period		
Within 1 year	$ 62,620	$ 57,975
Between 1 and 2 years	22,730	21,128
Greater than 2 years	–	–
Gross contract assets	85,350	79,103
Allowance for credit losses	(1,461)	(936)
Net contract assets	$ 83,889	$ 78,167

Note 29 – Financial instruments and related risk management, continued

Sinking funds

The credit risk related to sinking funds is assessed based on the credit risk rating of the investments held in the sinking funds. The Corporation considers a debt security to have low credit risk when its credit risk rating is equivalent to the definition of "investment grade." The Corporation considers this to be AA or higher per DBRS or Aa or higher per Moody's. Investments held within the sinking funds consist primarily of Provincial and Federal government bonds, which are rated investment grade. In addition, there have been no defaults of assets held within the sinking fund. As a result, sinking funds are considered to have low credit risk and no loss allowance is deemed necessary.

In addition, the Corporation maintains credit policies and limits in respect to short-term investments and counterparties to financial transactions.

Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. The Corporation is a Provincial Crown corporation and as such has access to capital markets through the Saskatchewan Ministry of Finance.

Sufficient operating cash flows are expected to be generated to fund the short-term contractual obligations and the Corporation anticipates it will be able to refinance long-term debt upon maturity.

The following summarizes the contractual cash flows of the Corporation's financial liabilities:

Thousands of dollars		Contractual cash flows					
As at March 31, 2020	Carrying amount	Total	0–6 months	7–12 months	1–2 years	3–5 years	More than 5 years
Long-term debt (a)	$ 1,109,529	$ 1,785,328	$ 173,792	$ 144,720	$ 30,923	$ 141,434	$ 1,294,459
Notes payable	188,851	189,233	189,233	–	–	–	–
Trade and other payables	150,302	150,302	150,302	–	–	–	–
	$ 1,448,682	$ 2,124,863	$ 513,327	$ 144,720	$ 30,923	$ 141,434	$ 1,294,459
As at March 31, 2019							
Long-term debt (a)	$ 1,003,280	$ 1,584,464	$ 23,217	$ 23,217	$ 315,943	$ 83,468	$ 1,138,619
Notes payable	193,295	193,647	193,647	–	–	–	–
Trade and other payables	161,883	161,883	161,883	–	–	–	–
	$ 1,358,458	$ 1,939,994	$ 378,747	$ 23,217	$ 315,943	$ 83,468	$ 1,138,619

a) Contractual cash flows for long-term debt include principal and interest payments but exclude sinking fund instalments.

Fair value

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal, and remaining maturities. Fair values are estimates using present value and other valuation techniques, which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

Note 29 – Financial instruments and related risk management, continued

Fair value of financial assets and liabilities

As at March 31,				2020		2019	
Thousands of dollars	Note	Classification (a)	Fair value hierarchy (b)	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets							
Cash		Amortized cost	Level 1	$ 17,221	$ 17,221	$ 5,121	$ 5,121
Trade and other receivables	8	Amortized cost	N/A	142,860	142,860	139,057	139,057
Sinking funds	16	FVOCI	Level 2	198,490	198,490	176,021	176,021
Financial liabilities							
Trade and other payables	18	Amortized cost	N/A	150,302	150,302	161,883	161,883
Notes payable		Amortized cost	Level 2	188,851	188,851	193,295	193,295
Long-term debt	23	Amortized cost	Level 2	1,109,529	1,225,745	1,003,280	1,133,553

a) Classification details are: FVOCI – fair value through OCI.

b) See Note 2 – *Basis of presentation* for discussion of the policies related to fair value measurements.

Financial instruments measured at amortized cost

Cash, trade and other receivables, trade and other payables, and notes payable

The carrying values of cash, trade and other receivables, trade and other payables, and notes payable approximate their fair values due to the short-term maturity of these financial instruments.

Long-term debt

The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Investments carried at fair value through other comprehensive income

Sinking funds

The fair value of sinking funds, classified as fair value through other comprehensive income, is determined by the Saskatchewan Ministry of Finance using information provided by investment dealers. To the extent possible, valuations reflect secondary pricing for these securities.

There were no financial instruments measured at fair value using Level 3 inputs in 2018/19 or 2019/20 and no items transferred between levels in 2018/19 or 2019/20.

Embedded derivatives

The Corporation had no contracts with embedded derivatives as at March 31, 2019, and March 31, 2020.

Note 30 – Related party transactions

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

Routine operating transactions with related parties were conducted in the normal course of business and were accounted for at the exchange amount. For the year ended March 31, 2020, the aggregate amount of the Corporation's transactions with other government-related entities are approximately 8.1% of revenue (2018/19 – 7.3%), 11.1% of operating expenses (2018/19 – 10.9%), and 1.9% of property, plant and equipment expenditures (2018/19 – 0.6%).

Note 30 – Related party transactions, continued

In addition, the Corporation provided management and administrative services to the Corporation's defined benefit pension plan in the amount of $0.3 million on a cost recovery basis for the year ended March 31, 2020 (2018/19 – $0.3 million).

Key management personnel compensation

In addition to their remuneration, the Corporation also provides non-cash benefits to directors and executive officers, either a defined benefit pension or a defined contribution pension, and a service recognition defined benefit pension.

Key management personnel compensation is composed of:

For the year ended March 31, Thousands of dollars		2020		2019
Short-term employee benefits	$	5,004	$	4,745
Post-employment benefits – defined contribution plans		152		181
	$	5,156	$	4,926

Note 31 – Commitments and contingencies

Commitments

As at March 31, 2020, the Corporation has the following significant commitments:

- Operating activities $87.6 million (2018/19 – $97.9 million)
- Capital projects $18.6 million (2018/19 – $15.9 million).

Contingencies

Accounting estimates, and judgments

The Corporation becomes involved in various litigation and regulatory matters in the ordinary course of business. Prediction of the outcome of such uncertain events (i.e., being virtually certain, probable, remote or undeterminable), determination of whether recognition or disclosure in the consolidated financial statements is required, and estimation of potential financial effects are matters for judgment. Where no amounts are recognized, such amounts are contingent, and disclosure may be appropriate, however, the potential for large liabilities exists and therefore these estimates could have a material impact on the Corporation's consolidated financial statements.

Supporting information

On August 9, 2004, a proceeding under the *Class Actions Act* (Saskatchewan) was brought against several Canadian wireless and cellular service providers, including Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers. Similar proceedings have been filed by, or on behalf of, Plaintiffs' counsel in other provincial jurisdictions. On September 17, 2007, the Saskatchewan court certified the Plaintiff's proceeding as a class action with respect to an allegation of unjust enrichment only for wireless customers during the period of April 1, 1987, and the date of the certification order being February 13, 2008. The class action period was extended to March 31, 2014. The matter will now proceed in the usual fashion of finalized pleadings, document and oral discovery to trial. The Corporation continues to believe that it has strong defenses to the allegations as certified in the 2004 action.

In the normal course of operations, the Corporation becomes involved in various claims and litigation. While the final outcome with respect to claims and litigation pending at March 31, 2020, cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Note 32 – Future performance obligations

The table below shows the revenue that the Corporation expects to recognize in the future, related to unsatisfied or partially satisfied performance obligations as at March 31, 2020. The unsatisfied portion of the transaction price of the performance obligations relates to monthly services, which is expected to be recognized as follows:

As at March 31, Thousands of dollars	**2020**	2019
1 year or less	$ 130,855	$ 137,215
Between 1 and 3 years	53,325	53,408
Greater than 3 years	67	6
	$ 184,247	$ 190,629

The Corporation has elected to utilize the following practical expedients and not disclose:

- the unsatisfied portions of performance obligations related to contracts with a duration of one year or less; or
- the unsatisfied portions of performance obligations where the revenue the Corporation recognizes corresponds with the amount invoiced to the customer.

Board of Directors

Grant Kook

Chair of the Board

Grant J. Kook is Founder, President, Chief Executive Officer, and Chair of Westcap Mgt. Ltd., a leading venture capital and private equity fund manager that has raised in excess of a billion in capital for investment into local companies. Founded over 25 years ago, Westcap has an uncompromising vision to build long-term value for retail and institutional investors in a broad range of investment funds, including Saskatchewan's first Retail Venture Capital Fund, Golden Opportunities Fund Inc. Westcap is also the Fund Manager to HeadStart on a Home, First Nations, and Métis Fund, First Nations Business Development Fund, and several high net worth Management Buyout Funds. Grant is also President and Chief Executive Officer of Cheung On Investments Group Ltd., an international investor syndicated Fund, and has been the President and Chief Executive Officer of the Ramada Hotels (Regina and Saskatoon) since 1992.

Grant serves on the boards of numerous private and publicly traded companies, including Saskatchewan Blue Cross and 3sHealth Shared Services Saskatchewan, Saskatchewan Health Authority, and the Saskatchewan Teachers' Federation Investment Committee.

He is the past Vice President of the Canadian Venture Capital and Private Equity Association (CVCA), past member of the World Entrepreneurs Association, and was the Co-chair of the Saskatchewan-Asia Advisory Council.

He is active in many community organizations, including serving as Voluntary Past Chair of the Children's Hospital Foundation of Saskatchewan, Executive Committee Member of the Mike Weir Miracle Golf Drive for Kids, Sponsorship Chair for the 2006 PotashCorp Vanier Cup, and 2004 Canadian Nokia Brier, Vice President of Sponsorship for 2010 Canadian World Junior Hockey Championship, Director of 2012 Tim Hortons Brier, Chair of 2013 and 2014 CIS University Cup, and past Board Member of the Saskatchewan Hockey Hall of Fame.

Grant is a recipient of the 2013 Saskatchewan Order of Merit, 2012 Queen Elizabeth II Diamond Jubilee Commemorative Medal, and Commemorative Medal for the Centennial of Saskatchewan and was recognized as the 2018 ABEX Business Leader of the Year in Saskatchewan. He is also the recipient of the 2014 Saskatoon Tourism Leadership award, the 2008 B'nai Brith – We are Proud of You Award, Ernst & Young nominee for Entrepreneur of the Year in 1998 and 2003, and was recognized in 2008 as one of the Province's Most Influential Men by *Saskatchewan Business Magazine*.

Richard Ahenakew

Board Member

Richard Ahenakew is the General Manager of the Northern Lights Casino in Prince Albert, beginning his career there in 1996, and holding a variety of positions within the organization before assuming his current role.

A proud member of the Ahtahkakoop First Nation, Richard has been appointed to serve on the Ahtahkakoop Cree Developments Board, offering insight to business strategies and community initiatives. He has also served on the Saskatchewan Chamber of Commerce for over eight years, and has the distinction of being the first President of First Nations background appointed to a provincial Chamber Board, a milestone within Canada.

In 2011, Saskatchewan Polytechnic presented Richard with an honorary diploma recognizing his work to promote studies, post-secondary schooling, and youth mentorship.

In 2012, he was recognized for his outstanding contributions within his community, province, and country, and received the Queen Elizabeth II Diamond Jubilee Medal of Distinction. Recognizing workplace safety, Richard was instrumental in taking the lead for the Prince Albert mini Safety Charter signing and is a strong advocate for Mission Zero.

Richard has also worked closely with the Red Cross Society throughout the province as a Volunteer, Board Member, and past Chairperson. He is also presently an active member of the Saskatchewan CAA Board of Directors and served on the Prince Albert Board of Police Commissioners as Chairperson. He has also served as an advisor for the Prince Albert Tourism Board of Directors and as President and Advisor for Northern Lights Casino Pow Wow.

Richard studied at the Saskatchewan Indian Federated College and has a P.A. Douglas & Associates Management certificate, a University of Reno Nevada Gaming Management certificate, and a Queen's School of Business Executive certificate.

Richard enjoys spending time with his family and is a collector of vintage history books and warplane memorabilia.

Joel Friesen

Board Member

Joel Friesen has been a partner with Anderson & Company law firm in Swift Current since 2013, having initially joined the firm in 2008. Prior to this, he completed his articles in Regina after completing his Commerce (with Distinction) and Law degrees at the University of Saskatchewan in 2006. He also completed the Directors Education Program (ICD.D.) through the Institute of Corporate Directors in 2017.

Joel has served on numerous community boards, including acting as President of the Swift Current Saskatchewan Party Constituency Association, the Elmwood Golf Club, the Water Appeal Board, and Swift Current Library Board. Joel has also been active in the local community coaching kids' hockey, lacrosse, and basketball.

JoeAnne Hardy

Board Member

JoeAnne Hardy is the President of WBM Technologies Inc. She first joined WBM and the Information Technology industry in 1996. Today, WBM's offices in Western Canada employ over 350 team members focused on delivering technology solutions across the country.

Born and raised in Saskatchewan, JoeAnne has served in various leadership roles in the North American IT industry, including three consecutive terms as President of the Trust X Alliance, an IT industry association with a global membership of leading IT service organizations.

JoeAnne has also been recognized by *CDN Magazine* as one of the top 10 women in IT in Canada.

In 2016, JoeAnne was nominated and successfully completed the Quantum Shift Program at the Ivey School of Business, as well as the Institute of Corporate Directors, Directors Education Program through the Edwards School of Business.

As a long-time member of Saskatoon's Business Association, the NSBA, she has served as a Director since 2015, and has served on the Economic Development Committee. In 2019, she joined the Board of Directors for Saskatchewan Blue Cross and currently serves on the Corporate Social Responsibility Committee, as well as the Audit and Risk Committee.

JoeAnne resides between Winnipeg, Calgary, Saskatoon, Vancouver, and Regina during the workweek. Most weekends find her enjoying the beautiful city of Saskatoon with her family, and making good use of an ever-growing collection of bicycles and running shoes!

Rachel Heidecker

Board Member

Rachel Heidecker is a leader in business strategy and transformation, specializing in technology, innovation, management, and marketing.

She is an experienced executive, manager, and strategist with 20 years of experience in ICT. Rachel is a strong believer in creative thinking, continuous improvement, measured results, and enabling business through technology.

Rachel obtained her Chartered Director (C.Dir.) designation from The Directors College through McMaster University and the Conference Board of Canada. She is an M.B.A. and B.Sc. graduate of the University of Saskatchewan and received a postgraduate diploma (PgD) in Software Technology from the University of Calgary.

Rachel was previously a director and manager at the University of Saskatchewan, overseeing teams responsible for continuous improvement of shared services, web applications and development, teaching and learning systems, and library search and discovery systems. She has taught Management and Marketing courses as an instructor of business strategy and strategic decision-making at the Edwards School of Business.

Rachel grew up in Regina and is currently a resident of Osler, Saskatchewan. She is passionate about the arts and may be seen in a variety of flamenco dance performances around Saskatoon.

Jerri Hoback

Board Member

Jerri Hoback has earned several designations since completing a Bachelor of Commerce (B.Comm.) from the University of Saskatchewan. She holds a CPA, CMA accounting designation and obtained her Chartered Director (C.Dir.) designation from The Directors College through McMaster University and the Conference Board of Canada.

Jerri has worked as an accountant in a wide variety of industries, in Alberta and Saskatchewan. She has experience in oil and gas services, electronics manufacturing, financial services, and as a public accountant, performing assurance and audit engagements.

Jerri is currently the Assistant Director of Financial Services for the City of Prince Albert. Jerri has held positions on several local boards, associations, and committees, and currently holds an elected seat in the University of Saskatchewan Senate.

Darrell Kennedy

Board Member

Darrell Kennedy is the owner of Timberstone Distribution, a wholesale masonry, stucco, siding, landscaping, and flooring distribution company with locations across Western Canada. He also owns Discovery Marketing, a corporate ad and apparel company. Prior to that, he worked as the Territory Sales and Marketing Manager for TaylorMade Adidas Golf.

Darrell is a Board Member of the Saskatchewan Masonry Institute and the Regina and Region Home Builders Association. He is a long-time Board Member at the Royal Regina Golf Club and has chaired many golf tournaments, including the Inaugural Shooting Stars Foundation Golf Tournament hosted by Jamie Heward and Mike Sillinger.

Darrell has a Professional Business Management certificate and a Business Administration diploma from Lethbridge Community College.

Pamela Lothian

Board Member

Pamela Lothian is a graduate of the University of Saskatchewan, obtaining a Bachelor of Arts (Political Science) degree in 1982 and a law degree in 1985. She articled with and then joined the law firm of McDougall Ready (now McDougall Gauley LLP), later becoming the first woman to achieve partnership with McDougall Ready in the firm's 100-plus-year history.

Pamela practised with the firm for 13 years before electing to concentrate on her second career as a homemaker raising two daughters.

Pamela is a past President of the Regina Bar Association and a Director of the Regina Community Basketball Association and the Arthritis Society of Saskatchewan.

She is currently a Director of Lex Capital Corp., a Regina-based family investment vehicle, and of Lex Capital Management Inc., a private equity fund management company. She also served as Co-chair for the Volunteer Committee for the CIS Women's National Basketball Championships hosted by the University of Regina in 2009 and was a founding member of the Prairie Vascular Research Inc. fundraiser in 2019.

Valerie Makela

Board Member

Valerie Makela recently retired from the Management Team at McKercher LLP in Saskatoon after serving 12 years as a member.

Born and raised in rural Saskatchewan, Valerie attended Reeves Business College in North Battleford. In 1979, she returned to Saskatoon where she established a successful career in the legal community.

Valerie spent over 25 years as Executive Assistant, Office Administrator, and Operations Manager for a high-profile litigation firm before moving into the position of Director of Human Resources with McKercher LLP.

Valerie currently holds memberships with the Association of Legal Administrators and the Calgary Association of Legal Administrators. She also enjoys staying involved with the community through Care & Share Saskatoon, the United Way Corporate Fundraiser, and as a volunteer with the SPCA.

Alan Migneault

Board Member

Born and raised in Saskatchewan, Alan Migneault is the President of AJM Management Corp. As a Professional Management Consultant, Alan works with clients across Western Canada to prepare businesses for succession to new owners or to improve their businesses through financial restructuring, acquisitions, or divestitures and typically takes on the capacity of Chief Executive Officer or Chief Financial Officer while working with his clients.

With a bachelor's degree in Commerce from the University of Saskatchewan and a Chartered Professional Accountant (CPA, CA) designation, Alan started his career working with PricewaterhouseCoopers LLP as an auditor, and later transitioned to consulting where he was leading the technology and risk management practice in Western Canada.

Alan's work experience spans a number of industries including the Canadian Banking industry, Economic Development, the transportation industry and returned to the consulting business to support growth, expansion, and corporate recovery with clients from many different industries.

Alan is a passionate supporter of the North Saskatoon Business Association (NSBA), is currently enrolled in the Institute of Corporate Directors' Directors Education Program, and holds several Board Director and Committee positions in industry and community-based associations.

Grant Payant

Board Member

Grant Payant is retired from farming, ranching, and numerous other businesses he has been involved in over the last few years, but plays an active role with his son who has taken over the agricultural-related businesses. He is a long-standing member of Western Canadian Wheat Growers, Saskatchewan Canola Growers, Canadian Federation of Independent Business, life member of the Association of Canadian Custom Harvesters Inc., and other various committees and organizations.

Grant's background in agriculture led him to sit on the Saskatchewan Farm Ownership Board. He spent several years as an Agricultural Representative for the Assiniboia Economic Development Committee. Additionally, he spent four years as President of the Association of Canadian Custom Harvesters Inc., where he represented custom harvesters in Western Canada regarding access to the U.S. market and other industry-related issues. He was active as President and Campaign Manager for the local provincial constituency.

Grant and his wife Debbie currently live in Assiniboia. He enjoys his family and travelling, while staying active in the community.

Glenys Sylvestre

Board Member

Glenys Sylvestre is Executive Director, University Governance, at the University of Regina. She has been with the U of R for over 20 years, previously serving as Associate Dean and Instructor with the Paul J. Hill School of Business. Prior to her employment with the University, she was an Audit and Assurance Manager at Deloitte & Touche.

Glenys is a Chartered Professional Accountant, and was awarded Fellowship in 2007.

She served for six years as a Councillor with the Institute of Chartered Accountants of Saskatchewan, including service as President and Chair. She also obtained the Chartered Director designation in 2011.

Glenys facilitates board and executive training and development sessions for numerous organizations on topics such as fundamentals of accounting, risk management, interpretation of financial information, and monitoring financial performance. She has served on several community boards, including Arcola East Community Association, Regina Exhibition Association Limited, and Gymnastics Saskatchewan.

Board of Directors Committee Priorities

AUDIT AND RISK COMMITTEE

Members

Glenys Sylvestre, Chair

JoeAnne Hardy, Member

Jerri Hoback, Member

Darrell Kennedy, Member

Valerie Makela, Member

Alan Migneault, Member

Priorities

- Oversee the implementation of evolving accounting standards
- Monitor progress on the cybersecurity risk as part of the Enterprise Risk Program

CORPORATE GROWTH AND TECHNOLOGY COMMITTEE

Members

Rachel Heidecker, Chair

Joel Friesen, Member

Jerri Hoback, Member

Alan Migneault, Member

Grant Payant, Member

Priorities

- Monitor the industry's technological risks, with a focus on evolving the networks to new technologies
- Oversee the growth strategies of SaskTel and the subsidiaries

ENVIRONMENTAL AND HUMAN RESOURCES COMMITTEE

Members

Pamela Lothian, Chair

Richard Ahenakew, Member

JoeAnne Hardy, Member

Valerie Makela, Member

Grant Payant, Member

Glenys Sylvestre, Member

Priorities

- Oversee management efforts to improve employee engagement
- Oversee executive succession plans, including the CEO

GOVERNANCE COMMITTEE

Members

Joel Friesen, Chair

Richard Ahenakew, Member

Rachel Heidecker, Member

Darrell Kennedy, Member

Pamela Lothian, Member

Priorities

- Ensure compliance with shareholder's governance practices

SaskTel Executive

Doug Burnett

President and Chief Executive Officer (CEO)

In January 2019, Doug Burnett was appointed President and CEO. Prior to his appointment, Doug served as Acting President and CEO. He also served as Vice President of Human Resources and Corporate Services, and Acting President of SaskTel International from June 1, 2008 to October 19, 2009.

Doug began his career at SaskTel in 1990 as Corporate Counsel, providing legal advice and services to the Corporation in every facet of business. Prior to joining SaskTel, Doug practised law in Regina from 1983 to 1989.

He holds a Bachelor of Arts from the University of Regina, a Bachelor of Laws from the University of Saskatchewan, and a Certified Human Resources Professional (CHRP) designation. He is a member of the Law Society of Saskatchewan and serves as a Board Member for the Wicihitowin Foundation, SecurTek, Directwest, SaskTel International, Junior Achievement, and West Wind Aviation.

Doug was born and raised in Regina and is active in his community.

Jim Dundas

Chief Information Officer

Prior to joining SaskTel in November 2013, Jim Dundas was Regional Vice President at CGI, where he had overall executive responsibility for operations in Saskatchewan. He received the prestigious CGI Builder Award for exceptional leadership achievements, having grown the Saskatchewan operation fourfold by delivering excellent client satisfaction and financial performance. Throughout his 38-year career in the Information Technology industry, he has held positions with Saskatchewan Government Insurance, Saskatchewan Workers' Compensation Board, and Co-operators Data Services Limited.

Jim also serves as the CEO of SaskTel International, a fully owned subsidiary of Saskatchewan Telecommunications, providing solutions to communications service providers and network service operators worldwide.

He was born, raised, and educated in Saskatchewan, loves cottage life, and remains active on the family farm.

David Ekstrand

Vice President, Business Sales and Solutions

David Ekstrand leads the SaskTel team responsible for sales, marketing, and operations for SaskTel's business market. These services are delivered and assured by David's team of qualified and experienced communications and IT professionals over Saskatchewan's most advanced networks, and hosted in advanced data centres—designed, built, and operated by SaskTel.

A recognized industry leader, he has over 25 years of management and leadership experience across Canada and in the U.S. David's experience spans sales and operational roles, including roles at CompuCom and Rogers. His passion for excellence and pursuit of the best customer experience possible has rewarded him with a strong following of associates and customers over his career. With infectious high energy, he has the edge to make the tough decisions when necessary and a strong will that drives execution. David is a caring member of the business community and a true, trusted advisor to many.

David and his partner Leanne reside just outside of Saskatoon and have four grown children.

Charlene Gavel

Chief Financial Officer

As Chief Financial Officer, Charlene Gavel is responsible for the Corporation's financial activities and provides leadership in the development of financial strategies. She is responsible for providing strategic, accounting, and financial advice to the President and CEO, subsidiary Presidents, SaskTel's executive team, and the Board of Directors. Charlene has extensive experience and has held a variety of senior leadership positions throughout her career. Most recently, she has held the position of Vice President and Chief Financial Officer at SaskTel International. Prior to that, Charlene held positions with the Regina Qu'Appelle Health Region as Chief Financial Officer and Vice President of Financial Services, and at Information Services Corporation (ISC) as Chief Financial Officer and Vice President of Finance and Administration.

Charlene earned a Bachelor of Administration degree from the University of Regina and is a Chartered Professional Accountant, CA. She has also achieved the Institute of Corporate Directors designation.

Charlene currently serves on the boards of SaskTel International, SecurTek, Directwest, the SaskTel Pension Plan, the Public Employees Pension Plan (PEPP), and the Regina Downtown Business Improvement District.

Daryl Godfrey

Chief Technology Officer

As Chief Technology Officer, Daryl Godfrey's 37-year career with SaskTel includes senior positions in Network Planning and Provisioning, SaskTel International, Business Development, and Stentor.

His SaskTel International assignments include Network Services Director in Leicester, UK and Chief Technology Officer for Tanzania Telecommunications Company. Daryl has held positions in the Regina Engineering Society and on the Board of TR Labs. He is a member of the Advisory Board for the University of Regina Faculty of Engineering and Applied Science. Daryl has a BScME and P.Eng from the University of Saskatchewan and is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS).

Doug Kosloski

Vice President, Corporate Counsel and Regulatory Affairs and Chief Privacy Officer

In January 2020, Doug Kosloski was appointed Vice President of Corporate Counsel and Regulatory Affairs, and Chief Privacy Officer. Doug is responsible for SaskTel's Legal Department, Chief Privacy Office, Carrier Relations, Carrier Services, Land and Easements, and Regulatory Affairs, including regulatory policy matters, as well as SaskTel's Legal Department.

Doug was previously Senior Vice President and Chief Legal Officer at Crown Investments Corporation (CIC) and has extensive knowledge of the Crown and private sectors.

In his over 20 years at CIC, he held several positions, including General Counsel and Corporate Secretary, and Vice President, Economic Initiatives Division. Prior to CIC, Doug was Legislative Analyst with Saskatchewan Environment and Resource Management and began his career with Willows, Howe & Linka as Barrister and Solicitor.

His educational background is equally as extensive as his career and includes a Bachelor of Arts degree in Economics from the University of Regina, a Bachelor of Commerce degree in Finance, and a Law degree from the University of Saskatchewan. He received his Chartered Director designation in 2012, through McMaster University. Doug received the Queen's Counsel (QC) designation in 2014, which recognizes lawyers for exceptional merit and contributions to the legal profession.

He is also a member of numerous boards and associations, including: the Institute of Chartered Professional Accountants of Saskatchewan, Regina Downtown Business Improvement District, Saskatchewan Entrepreneurial Fund, SaskTel International, Directwest, SecurTek, Canadian Bar Association, Canadian Corporate Counsel Association, and the Law Society of Saskatchewan.

Darcee MacFarlane

Vice President, Corporate and Government Relations

As Vice President of Corporate Communications and Government Relations for SaskTel, Darcee MacFarlane is accountable for external and internal communications, government, customer, and community relations for the Corporation. Darcee has over 30 years with SaskTel, and has held a variety of positions in Marketing Communications, Media Relations, Customer Relations, Community Relations, Internal Communications, and Government Relations.

She was born and raised in Saskatchewan. Darcee has a Bachelor of Arts degree and Public Relations certificate from the University of Regina, as well as a Corporate Social Responsibility certificate from the University of Toronto. She also serves on the Board of Directors for Computers for Schools.

Shara McCormick

Vice President, Human Resources and Corporate Services

In April 2019, Shara McCormick was appointed Vice President of Human Resources and Corporate Services and is currently the Acting President and CEO of SecurTek. Shara has worked at SaskTel since 1994 in various management roles in Marketing, SaskTel Advanced Interactive Solutions, and SaskTel Human Resources.

Shara has an MBA and a B.Admin, from the University of Regina, and completed the Certificate in Internet Marketing from the University of British Columbia. She has also been a Sessional Lecturer at the University of Regina. She is the past Vice Chair of the Technical Safety Authority of Saskatchewan (TSASK) Board of Directors and the Chair of the TSASK Human Resources Committee of the Board.

Shara currently serves on the boards of SaskTel International, Directwest, and SecurTek, as well as Ignite Adult Learning Centre and Sexual Assault Services of Saskatchewan. She is also the Executive Advisor of the SaskTel Helping Our Own People (HOOP) program.

Greg Meister

Vice President, Operations

Greg Meister leads the SaskTel team responsible for building, operating, and connecting customers to the Corporation's advanced networks, solutions, and services.

Beginning his career with SaskTel in 1993, he has held positions in Marketing, Sales, and Operations, allowing Greg and his family to live and participate in the communities of Regina, Prince Albert, North Battleford, and Saskatoon.

Greg holds a Bachelor of Commerce degree from the University of Saskatchewan where he focused in the areas of Finance and Marketing. He has received certificates for extension programs from the University of British Columbia and Queen's University. As a dedicated volunteer, Greg is President of Greg is Past President of Saskatchewan Crime Stoppers, Director with the Saskatoon Gun Club, and Director with Saskatchewan Skeet Shooting Corp.

Born, raised, and educated in Saskatchewan, Greg enjoys living in the growing community of Warman with his wife Nadine and daughter Cassidy.

Katrine White

Vice President, Consumer Sales and Solutions

As Vice President of Consumer Sales and Solutions, Katrine White leads the team responsible for all corporate marketing strategy, brand management, advertising, communications, sales, marketing operations, and channel management for SaskTel's consumer market. This includes the development and management of SaskTel's wireless voice and data services, maxTV service, internet products, smartHOME, and wireline phone service. She is also accountable for industry-leading retail stores, dealer partners, customer care, and digital channels.

Prior to this, Katrine held a number of positions with increasing accountability at SaskTel and SaskTel Mobility in consumer and business product management, advertising and communications, customer loyalty, and strategic planning.

Katrine earned a Bachelor of Commerce degree from the University of Saskatchewan and a certificate in Marketing from Queen's University. She serves on the Hospitals of Regina Foundation Board and is a group leader at Evolution Fitness. She is married with three children, loves to travel, and spend time at the lake.

Corporate Governance Statement

AUTHORITY

SaskTel is a Crown Corporation governed by *The Saskatchewan Telecommunications Holding Corporation Act*, and subject to the provisions of *The Crown Investments Corporation Act, 1993*. The Crown Investments Corporation of Saskatchewan (CIC), as the holding company for Saskatchewan's commercial Crown Corporations, has authority to establish direction for SaskTel related to certain matters set out in legislation.

Through the Chair, who is an independent Director, the Board of Directors is accountable to the Minister Responsible for SaskTel. The Minister Responsible is a key communications link among the Corporation, CIC, Cabinet, the Legislature, and the public.

BOARD APPOINTMENTS

The Lieutenant Governor in Council appoints members of the Board and designates the Chair and Vice Chair. Subject to applicable legislation, Directors are appointed for a fixed term and their appointments can be renewed at expiry. There are twelve (12) members on the Board.

KEY ACCOUNTABILITIES

The Board of Directors is responsible for supervising the management and affairs of the Corporation. While focusing on the strategic leadership of the Corporation, the Board delegates day-to-day operations to management and holds them accountable for the Corporation's performance.

The Board discharges its responsibilities directly, by delegation to management and through Committees of the Board. There are four Committees of the Board: the Audit and Risk Committee; the Corporate Growth and Technology Committee; the Environment and Human Resources Committee; and the Governance Committee.

CORPORATE GOVERNANCE PRACTICES

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

On June 30, 2005, the Canadian Securities Administrators (CSA) National Policy 58-201 on Corporate Governance Guidelines and National Instrument 58-101 on Governance Disclosure Rules came into effect. The CSA standards supercede the Toronto Stock Exchange Corporate Governance Guidelines, which the Board used previously to assess its practices. The Governance Committee has reviewed the Guidelines with a view of adapting the Board's governance practices to the guidelines, where effective and beneficial. Although SaskTel is not required to comply with the CSA governance guidelines, the Corporation has used them to benchmark its Corporate Governance Practices in the following section.

On October 15, 2014, the CSA announced amendments to National Instrument 58-101 Disclosure of Corporate Governance Practices effective December 31, 2014.

The amendments implement a "comply or explain" disclosure model regarding the representation of women on boards and in executive officer positions and the director selection process. The amendments do not introduce any mandatory quotas or targets. They are intended to increase transparency regarding the representation of women on boards and in senior management. There are no sanctions for non-compliance.

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
COMPOSITION OF THE BOARD		
NP 58-201, section 3.1 3.1 The board should have a majority of independent directors.	The majority of directors on the SaskTel Board (12 out of 12) are independent.	Yes
NI 58-101F1, sections 1(a) to (d) 1(a) Disclose the identity of directors who are independent; (b) Disclose the identity of directors who are not independent and the basis for that determination; (c) Disclose whether the majority of directors are independent; and (d) Disclose whether a director is a director of any other issuer that is a reporting issuer.	**Grant Kook**, Chair: *INDEPENDENT* President and CEO, Westcap Mgt. Ltd. **Richard Ahenakew**: *INDEPENDENT* General Manager, Northern Lights Casino **Joel Friesen**: *INDEPENDENT* Lawyer, Anderson and Company **JoAnne Hardy**: *INDEPENDENT* President, WBM Saskatoon **Rachel Heidecker**: *INDEPENDENT* Consultant **Jerri Hoback**: *INDEPENDENT* Business Owner, Hoback Enterprises Inc. **Darrell Kennedy**: *INDEPENDENT* Business Owner, Timberstone Regina **Pamela Lothian**: *INDEPENDENT* Lawyer **Valerie Makela**: *INDEPENDENT* Retired **Alan Migneault**: *INDEPENDENT* President, AJM Management Corp. **Grant Payant**: *INDEPENDENT* Retired **Glenys Sylvestre**: *INDEPENDENT* Executive Director, University Governance at the University of Regina The determination of independence is made by the Governance Committee and is based on an assessment of the requirements in Multilateral Instrument 52-110, Audit Committees. Section 1(d) does not apply to SaskTel as SaskTel does not have share capital, and is not an issuer.	Yes
NP 58-201, section 3.2 3.2 The chair of the board should be an independent director who is the effective leader of the board and who ensures that the board's agenda will enable it to successfully carry out its duties.	The Chair of the Board is an independent director who provides leadership in Board organization, processes, effectiveness and renewal, serves as liaison between the Board and the shareholder, and ensures Board agendas reflect an effective balance between the role of the Board and that of management.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 1(f) 1(f) Disclose whether the chair of the board is an independent director; disclose the identity of the chair and describe the role of the chair.	Grant Kook is the Chair of the Board and he is an independent director. The Chair reports to the Board and ultimately to the shareholder and is responsible for presiding over meetings of the Board and ensuring that the Board discharges its fiduciary and legal responsibilities. The Chair's primary duties include: • chairing meetings of the Board and ensuring meetings are properly convened and business is conducted legally • working with the CEO and the Corporate Secretary to set Board meeting schedules and establish agendas • monitoring meeting attendance and encouraging full participation by directors at meetings • communicating with directors between meetings • taking a lead role in assessing and addressing any concerns related to Board, committee, or director performance • assisting directors to achieve full utilization of individual abilities • promoting an open and constructive working relationship between senior management and the Board • working with committee chairs to maintain effective communications and division of responsibilities • providing advice and counsel to the CEO and senior management • representing the shareholder's interests and perspective to management, and representing management's views to the shareholder • in conjunction with the CEO, developing productive relationships and representing the Corporation with the shareholder and key stakeholders	Yes
MEETINGS OF INDEPENDENT DIRECTORS **NP 58-201, section 3.3** 3.3 The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not present.	As a Standing Agenda item, the Board holds an in-camera session without management present at each regular meeting of the Board. All directors participate in the sessions, except where a director has a conflict with an item under discussion.	Yes
NI 58-101F1, section 1(e) 1(e) Disclose whether the independent directors hold regularly scheduled meetings at which members of management are not present; disclose the number of such meetings held in the previous 12 months; if such meetings are not held, disclose what the board does to facilitate open and candid discussion among independent directors.	There were seven (7) Board meetings held in 2019/20, and during all seven regular meetings, in-camera sessions without management present but including all directors were held. Board practices that facilitate open and candid discussion among, and independent judgment by directors, include: • holding in-camera sessions of no fixed duration where directors are encouraged to raise any issues of concern • having an independent director as Chair of the Board • clearly delineating the division of responsibilities between Board and management • providing for the Board/directors to access external advice The Board is satisfied that its governance practices foster full and open discussion and debate and that it retains the independence of mind to make decisions in the best interests of the Corporation and the shareholder.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 1(g) 1(g) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.	The Board held seven (7) meetings in 2019/20. The number of Board meetings attended by each director in 2019/20 is set out below. **Director** — **Meetings Attended*** Grant Kook, Chair — 7 (7)** Richard Ahenakew — 6 (7) Joel Friesen — 7 (7) JoeAnne Hardy — 7 (7) Rachel Heidecker — 7 (7) Jerri Hoback — 7 (7) Darrell Kennedy — 7 (7) Pamela Lothian — 7 (7) Valerie Makela — 7 (7) Alan Migneault — 7 (7) Grant Payant — 7 (7) Glenys Sylvestre — 7 (7) * For the purposes of this report, members who attended meetings in part were considered to be present. ** Figures in brackets represent the maximum number of meetings for the period in which the individual was a Board member.	Yes
BOARD MANDATE **NP 58-201, section 3.4** 3.4 The board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the Corporation and responsibility for: (a) to the extent possible, satisfying itself as to the integrity of the CEO and executive and that they have created a culture of integrity throughout the organization; (b) adopting a strategic planning process and approving at least annually a strategic plan which takes into account, among other things, the opportunities and risks of the business; (c) identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks; (d) succession planning, including appointing, training and monitoring senior management; (e) adopting a communications policy for the Corporation;	The Board has written Terms of Reference that contains the majority of the elements required by the Policy. The Terms of Reference outlines the Board's principal duties and responsibilities, including responsibility to function as stewards of the Corporation and to: • provide leadership in setting the Corporation's long-range strategic direction and annually approve the Corporation's overall strategic plan • participate in identifying the principal risks of the business in which the Corporation is engaged and oversee the implementation of appropriate systems to manage the risks • appoint the CEO, evaluate the performance of senior management and ensure effective succession planning processes • adopt policies and processes to enable effective communications with the shareholder, stakeholders and the public • monitor the integrity of the Corporation's internal control and management information systems The Board has approved Terms of Reference for Directors where the expectations and responsibilities of individual directors are delineated.	Substantial compliance

(f) the integrity of the Corporation's internal control and management information systems; and (g) developing the Corporation's approach to corporate governance, including a set of principles and guidelines specific to the Corporation. The written mandate should also address measures for receiving feedback from stakeholders (for example, a process for stakeholders to contact independent directors); and the expectations and responsibilities of directors, including basic duties to attend meetings and review materials in advance.	SaskTel regularly surveys internal and external stakeholders to obtain feedback about Corporate activities. The Chair of the Board participates in a forum established by CIC, which is composed of the chairs of all subsidiary Crown boards and senior CIC officials, where issues of mutual interest and concern are shared. Elements of the Policy not specifically identified in the Terms of Reference for the Board include (a) and (g). Respecting (a), the Board has established practices that promote a culture of ethical business conduct (see discussion under section 3.8 of NP 58-201). With respect to (g) the Board has delegated responsibility to the Governance Committee to oversee the Corporation's approach to corporate governance.	
NI 58-101F1, section 2 2 Disclose the text of the board's written mandate.	The Board's principal responsibilities are described above. The text of the Board's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
POSITION DESCRIPTIONS **NP 58-201, section 3.5** 3.5 The board should: develop clear position descriptions for the chair of the board and the chair of each board committee; together with the CEO, develop a position description for the CEO delineating management's responsibilities; develop or approve corporate goals and objectives that the CEO is responsible to meet.	The Board has approved Terms of Reference for the Board, the Chair of the Board, the Chair of each Committee, each Committee and individual directors, and has adopted a Position Description for the CEO. The CEO's Position Description sets out the CEO's primary accountabilities and responsibilities. The Board Terms of Reference address management duties, and a Final Authorization Policy, applicable to monetary and non-monetary matters, sets out those matters that require Board approval and delegates other matters to management. The Environment and Human Resources (EHR) Committee annually recommends performance indicators for the Corporation and personal goals for the CEO that are approved by the Board. The Board annually approves a business plan that includes Corporate objectives, priorities, and performance indicators. The CEO is responsible to see that the Corporation achieves the business plan and to meet any other targets assigned by the Board.	Yes
NI 58-101F1, sections 3(a) and (b) 3(a) Disclose whether the board has developed written position descriptions for the chair of the board and the chair of each board committee and, if not, describe how the board delineates the role and responsibilities of each such position. (b) Disclose whether the board and CEO have developed a written position description for the CEO.	The Board has developed a written Position Description for the Chair of the Board, the Chair of each Committee, and the CEO.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
ORIENTATION AND CONTINUING EDUCATION **NP 58-201, sections 3.6 and 3.7** 3.6 The board should ensure new directors receive comprehensive orientation and fully understand the role of the board and committees, the contribution individual directors are expected to make, and the nature and operation of the business. 3.7 The board should provide continuing education opportunities for all directors to enhance their skills and abilities and ensure their knowledge of the Corporation's business is current.	Management provides new directors with a comprehensive orientation to the business and the industry. CIC delivers a training program that focuses on the skills that directors need to do their jobs, effective Board processes, and best practices in corporate governance. Other development opportunities made available to directors are described below.	Yes
NI 58-101F1, sections 4(a) and (b) 4(a) Describe the measures taken to orient new directors to the role of the board, committees, and directors and to the nature of the Corporation's business. (b) Describe the measures taken to provide continuing education opportunities for all directors.	The Corporation provides all members appointed to the Board with a comprehensive *Directors' Reference Manual*, and new directors receive an orientation session delivered by management. The orientation session addresses key industry trends, critical business risks and challenges, the strategic plan, organizational structure, and responsibilities of senior staff. New directors are able to meet informally with senior managers to learn about the business. Prior to some regular Board meetings, outside experts in various aspects of the telecommunications industry are invited to speak to the Board and senior management. Management has also delivered educational sessions to directors to explain technical aspects of the business. Each year, CIC sponsors a comprehensive education program for directors of CIC subsidiary Crown boards. The program has focused on the key roles and responsibilities of boards, committees and directors, the skills directors need to effectively discharge their responsibilities, and best practices and new developments in corporate governance. Directors can participate in external development opportunities related to their duties as directors where authorized by the Corporation or the Board.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
CODE OF BUSINESS CONDUCT AND ETHICS		
NP 58-201, section 3.8 3.8 The board should adopt a written code of business conduct and ethics applicable to directors, officers and employees of the Corporation designed to promote integrity and deter wrongdoing. The code should address: (a) conflicts of interest, including transactions and agreements where a director or officer has a material interest; (b) protection and proper use of corporate assets and opportunities; (c) confidentiality of corporate information; (d) fair dealing with the Corporation's security holders, customers, suppliers, competitors, and employees; (e) compliance with laws, rules, and regulations; and (f) reporting of illegal or unethical behaviour.	Board members must comply with the *Directors' Code of Conduct*, which was developed by CIC and applies to the directors of all its subsidiary Crown boards. Officers and employees of the Corporation and its subsidiaries must comply with SaskTel's *Business Code of Conduct*, which includes a whistle-blowing policy. Each Code is designed to promote integrity and deter wrongdoing, address the elements of the Policy as they apply to a Crown corporation, and provide a mechanism to report illegal or unethical behaviour.	Yes
NI 58-101F1, section 5(a) 5(a) Disclose whether the board has adopted a written code of ethical business conduct for the directors, officers, and employees of the Corporation; how to obtain a copy of the Code; how the board monitors compliance with the Code; and reference any material change report in the most recent financial year relating to any conduct of a director or officer that constitutes a departure from the Code.	A copy of the *Directors' Code of Conduc*t can be obtained by contacting CIC. A copy of the *Business Code of Conduct* can be obtained by contacting SaskTel. Committees of the Board monitor compliance with the *Directors' Code* and the *Business Code*. The Governance Committee monitors compliance with Corporate donation and sponsorship policies and is responsible to administer, monitor, and enforce the *Directors' Code*. The Chair of the Committee reports to the Board at each regular meeting any such issues addressed by the Committee, and submits an annual report to the Board regarding compliance with the *Directors' Code*. The Audit and Risk Committee monitors the financial performance of the Corporation and assists the Board to meet its responsibilities respecting accounting and financial reporting, risk management, internal controls, and accountability. The Committee interacts directly with the internal and external auditors, who report to the Committee concerning, among other things, any instances of illegal or improper treatment of Corporate assets. The Audit Committee receives quarterly risk management reports, including reports related to legal risks. The Chair of the Committee reports to the Board at each regular meeting any such issues addressed by the Committee, and all directors receive summaries of risk management reports. The EHR Committee monitors compliance with environmental, health and safety, and human resource programs, including compliance with the *Business Code*. The Committee receives reports from management that address, among other things, compliance with related policies, legislation, and regulations. The Chair of the Committee reports any issues raised at the Committee level to the Board at each regular meeting of the Board. SaskTel does not have share capital and is not an issuer. Therefore, no material change reports have been filed.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NP 58-201, section 3.9 3.9 The board should monitor compliance with the code and any waivers granted for the benefit of directors and executive officers should be granted by the board or a board committee. Any waivers for a material departure from the code for any directors or officers should disclose full details of the material change.	The Board has delegated to its Committees the responsibility to monitor compliance with the Codes of Conduct. The Committees report any issues dealt with pursuant to each Code to the full Board. No waivers from either Code have been granted to any director or officer in 2019/20.	Yes
NI 58-101F1, section 5(b) 5(b) Describe steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements where a director or officer has a material interest.	Where a director has, or may be perceived to have, a personal interest in a transaction being considered by the Corporation, the director is responsible to declare any such interest at the meeting where the matter is considered and not to participate in discussions about or vote on the matter. In 2005, the Board adopted a disclosure form to enable directors to declare their directorships on and material interests in businesses other than SaskTel, their knowledge of the business their associates have or may transact with SaskTel, and any material contracts they may have entered into with SaskTel or its subsidiaries. The required information excludes the acquisition of services available to the general public. The completed form is provided to the Governance Committee, the Corporate Secretary, and their advisors to assist them in proactively addressing potential conflict of interests. Management monitors agenda items to identify any issues where a director may have a material interest and such items are not distributed to the director.	Yes
NI 58-101F1, section 5(c) 5(c) Describe other steps the board takes to encourage and promote a culture of ethical business conduct.	The Board encourages and promotes a culture of ethical business conduct by following current best practices in corporate governance. These practices are reinforced by open and honest discussion about business issues at Board meetings and at informal gatherings between the Board and senior management. The Board expects management to act ethically in its business dealings, in accordance with all applicable legislation, the *Business Code of Conduct* and any directives or policies of the Board or the shareholder. In 2005, the *Business Code of Conduct* was revised to incorporate a whistle-blowing mechanism to facilitate reporting by employees of issues of concern. Issues arising under the *Business Code of Conduct* are reported to and monitored by the EHR Committee and management reports to the Governance Committee respecting significant issues that have arisen pursuant to the whistle-blowing policy. Whistle-blowing reports may also be made directly to the Chair of the Governance Committee.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
Nomination of Directors		
NP 58-201, section 3.10 3.10 The board should appoint a nominating committee composed of entirely independent directors.	The Governance Committee functions as the Nominating Committee. All five (5) members of the Governance Committee, including the Committee Chair, are independent directors.	Yes
NI 58-101F1, sections 6(a) and (b) 6(a) Describe the process by which the board identifies new candidates for board nomination. (b) Disclose whether the board has a nominating committee composed entirely of independent directors and, if not, describe the steps the board takes to encourage an objective nomination process.	Appointments of directors of SaskTel are a decision made by the government through an Order in Council. The Governance Committee may, through their responsibility as Nominating Committee, recommend qualified nominees to the SaskTel Board for consideration and to have those nominees be recommended for consideration to the CIC Board and ultimately the government. The Board, through the Governance Committee, reviews the composition and skill sets of directors annually with a view to maintaining an appropriate mix of expertise, experience, and diversity on the Board to support the strategic direction and operating needs of the Corporation. The Governance Committee is responsible for identifying the skill sets needed on the Board, developing and maintaining a Skills Profile that delineates the competencies of current directors, and identifies any skill gaps while seeking and recommending to the Board nominees that have the required competencies to fill any identified gaps. In addition to competencies and skills, current practices encourage diversity in the composition of the Board. In seeking candidates, the Committee may receive recommendations from the directors, senior management, and the shareholder. Potential candidates may be interviewed to determine their overall fit with the needs of the Board, any conflicts that would preclude their effective participation, and whether they have the time to devote to Board work. The Committee may recommend a list of candidates for each vacant position to the Board, which in turn would recommend candidates to the shareholder for approval. The shareholder has the legislative authority to make Board appointments. The Committee believes that following best practices related to Board appointments, maintaining a skills matrix, and recruiting candidates who possess the required combination of skills, background, and diversity to add value to Corporate decision-making supports an objective nomination process.	Substantial Compliance
NP 58-201, section 3.11 3.11 The nominating committee should have a written charter establishing the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual directors or subcommittees), and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate outside advisors necessary to permit it to carry out its work. Where a third party has a legal right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.	The Governance Committee has written Terms of Reference setting out its purpose and principal responsibilities, which address the Committee's responsibility to lead the process of recruiting and nominating candidates for appointment to the Board, as well as the other elements of the Policy except member qualifications and the ability to delegate tasks. The Committee has authority to engage outside advisors to assist it in performing its duties, subject to the approval of the Board. The shareholder has the right to nominate candidates for appointment to the Board.	Substantial Compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 6(c) 6(c) If the board has a nominating committee, describe the responsibilities, powers, and operation of the committee.	The Governance Committee performs the functions of a nominating committee, and its Terms of Reference describe the responsibilities, powers, and operation of the Committee. The Committee is appointed by the Board, serves in an advisory capacity, and may make recommendations to the Board within its area of responsibility. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
NP 58-201, section 3.12 3.12 The board should adopt a nomination process which considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and considers the personality and other qualities of each director. The board should also consider the appropriate size of the board, with a view to effective decision-making, and should consider the advice and input of the nominating committee.	The Board's nomination process is described above, and it meets the guidelines of the Instrument. By legislation, the Board is comprised of a maximum of twelve (12) directors. As the Committee responsible for the Board's approach to corporate governance, the Committee makes recommendations to promote timely and effective decision-making.	Yes
NP 58-201, section 3.13 3.13 The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees.	The Governance Committee identifies the skill sets that are required for the Board. The identification and appointment of Directors of SaskTel are a decision made by the Government through an Order in Council.	Partial compliance
NP 58-201, section 3.14 3.14 In making its recommendations the nominating committee should consider: the competencies and skills that the board considers necessary for the board as a whole to possess; the competencies and skills of existing directors; the competencies and skills of each nominee; and whether each new nominee can devote sufficient time and resources to board work.	The process followed by the Governance Committee complies with that set out in the Policy and is described above.	Partial compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?

COMPENSATION

NP 58-201, section 3.15 3.15 The board should appoint a compensation committee composed entirely of independent directors.	The EHR Committee performs the functions of a compensation committee. Currently all five (5) members of the EHR Committee, including the Committee Chair, are independent directors.	Yes
NI 58-101F1, sections 7(a) and (b) 7(a) Describe the process by which the board determines compensation for the directors and officers of the Corporation. (b) Disclose whether the board has a compensation committee composed entirely of independent directors and, if not, describe the steps the board takes to ensure an objective process for determining such compensation.	The majority of members of the EHR Committee, which serves as the Compensation Committee, are independent directors. CIC has the legislative authority to fix remuneration levels and set expense guidelines for directors. The Governance Committee has authority to recommend to the Board (and the Board to CIC) adjustments to directors' compensation. The Committee receives quarterly reports respecting the remuneration received by members of the Board and reports any anomalies to the Board. Each director receives an annual retainer for acting as a Board member. The remuneration levels established by CIC for members of the Board are set out below.	Yes

Director Remuneration Schedule	
Board Chair retainer	$ 40,000.00
Board member retainer	$ 25,000.00
Audit and Risk Committee Chair retainer	$ 3,500.00
Other Committee Chair retainer	$ 2,500.00
Committee member meeting fee (Meeting Fees = Full day $750; Half day $375 – less than 4 hours)	$ 750.00

A copy of CIC's remuneration and expense guidelines for directors can be obtained by contacting the Corporate Secretary to the Board.

CIC has established a framework for executive compensation, and the Board can approve compensation packages within that framework. The Board has delegated responsibility for addressing and making recommendations concerning management compensation issues to the EHR Committee.

The EHR Committee reviews and recommends to the Board: changes to the design of the Corporation's overall compensation and benefits plans; management compensation packages that reflect industry standards; performance compensation programs; and annual Corporate indicators, including a subset used to determine performance compensation for senior management. In discharging this function, the Committee has the ability to retain external advisors, subject to approval by the Board.

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NP 58-201, section 3.16 3.16 The compensation committee should have a written charter establishing the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations (including any authority to delegate to individual directors or subcommittees), and manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate outside advisors necessary to permit it to carry out its work.	The Board has approved Terms of Reference for the EHR Committee, which addresses the Committee's responsibilities with respect to compensation, as well as the other elements of the Policy except member qualifications and the ability to delegate tasks. The Committee has authority to engage outside advisors to assist it in performing its duties, subject to the approval of the Board.	Substantial compliance
NI 58-101F1, section 7(c) (c) If the board has a compensation committee, describe the responsibilities, powers, and operation of the committee.	The EHR Committee serves as the Compensation Committee, and its Terms of Reference describes the Committee's responsibilities respecting compensation issues, as well as the powers and operation of the Committee. The Committee is appointed by the Board, serves in an advisory capacity, and makes recommendations to the Board within its area of responsibility. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
NP 58-201, section 3.17 3.17 The compensation committee should be responsible for: reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining the CEO's compensation level based on the evaluation; making recommendations to the board respecting non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and reviewing executive compensation prior to public disclosure.	The EHR Committee annually recommends to the Board the CEO's performance targets, and leads the annual performance evaluation process for the CEO. The CEO's performance is assessed against the established Corporate objectives and the CEO's individual targets. The results of the CEO's performance are approved by the full Board, and are used in determining compensation. Respecting non-CEO officer compensation, the Committee is responsible for recommending to the Board management compensation packages, performance compensation programs, and annual performance targets. The Board reviews and approves the achievement of Corporate targets annually and the extent to which the targets are achieved determines management's eligibility for performance compensation. Executive compensation decisions are subject to any guidelines established by CIC. As a Crown corporation, SaskTel does not have equity-based plans. Director compensation is determined by CIC. Executive compensation information is available to the public through publication of Crown payee reports. The Committee does not review executive compensation reports prior to public disclosure.	Substantial compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
OTHER BOARD COMMITTEES		
NI 58-101F1, section 8		
8 If the board has standing committees of the board, other than audit, compensation, and nominating committees, identify the committees and describe their function.	In addition to the Audit and Risk, Governance, and EHR Committees, the Board also has a Corporate Growth and Technology (CGT) Committee. The CGT Committee: works with management to develop a growth strategy and related policies; reviews and recommends investments and divestitures; monitors and reports to the Board respecting the performance of investments; and reviews and makes recommendations concerning the evolution of technology in the Corporation, long-term technology strategies, and technology investments. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
BOARD ASSESSMENTS		
NP 58-201, section 3.18		
3.18 The board, its committees, and each individual director should be regularly assessed. An assessment should consider: with respect to the board or committees, its mandate or charter; with respect to an individual director, the applicable position description(s), as well as the competencies and skills each individual director brings to the board.	Board, Board Chair, Committee Chair, and Committee evaluations as well as director peer assessments are performed annually on a three-year cycle, with comprehensive Board and Board Chair evaluations being conducted one year, Committee Chair and Committee evaluations the next year, and director peer assessments the third year. The evaluations take into consideration the elements of the Policy. In 2019, Board and Board Chair evaluations were conducted.	Yes
NI 58-101F1, section 9		
9 Disclose whether the board, its committees, and individual directors are regularly assessed with respect to their effectiveness and contribution and, if yes, describe the process used.	The Governance Committee oversees the implementation of the above evaluation processes. The evaluations are survey-based, using an instrument developed by CIC in consultation with an outside consultant and with Crown Board members. Board, Chair, Committee, and director performance is measured against the duties and expectations set out in their respective Terms of Reference and the specific standards outlined in the evaluation instruments. The purpose of the evaluations is to identify areas where the Board, Committee, Chair, or director is managing well and to highlight areas that may benefit by additional focus and attention. Directors complete surveys to provide feedback in writing on the effectiveness and contribution of the Board, Committees, Chairs, and individual directors. The Board Chair or a third party may follow up the written responses with interviews of directors to elicit additional concerns or suggestions for improvement. The Governance Committee prepares reports outlining the evaluation results, which are submitted to the Board for review and approval. The Committee recommends follow-up action required as a result of recommendations made in the evaluation reports, and tracks implementation of any action items.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
CSA National Policy 58-101 Disclosure of Corporate Governance Practices		
10 Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	The appointment and removal of Directors is the prerogative of the Lieutenant Governor in Council pursuant to *The Saskatchewan Telecommunications Holding Corporation Act*. Director appointments are not subject to term limits.	No
11(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.	CIC has a written "Board of Directors' Appointment Policy". While the policy does not specifically refer to the identification and nomination of female Directors, it requires Crown Boards to include "diversity candidates." The term "diversity candidates" is not defined but it is interpreted as including women, Aboriginal persons, and visible minorities.	Partial Compliance
(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	CIC maintains statistics regarding diversity of each Crown Board, including progress made in the percentage of women serving on Crown Boards. Annually, CIC forwards information to the shareholder to be considered when Board appointment decisions are made. The information includes the skill sets required for the Board and diversity statistics. As of December 31, 2019, the Board was comprised of six (6) women out of a total of twelve (12) members (50%). As of March 31, 2020, the Board was comprised of six (6) women out of a total of twelve (12) members (50%).	Yes
12 Disclose whether, and if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	It is the responsibility of Executive Council to consider the level of representation of women on the Board.	Partial Compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)		Comments and Discussion	Does SaskTel align?
13	Disclose whether, and if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	Executive Officer appointments are made by the CEO in consultation with the Board. The CEO gives consideration to the level of representation of women in Executive Officer positions, along with other relevant factors, when making Executive Officer appointments.	Yes
14(a)	For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date. (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.	Although the CIC policy requires Crown Boards to include diversity candidates, the CIC policy does not adopt a specific target for representation of women on the Board.	No
14(c)	Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. (d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target; and (ii) the annual and cumulative progress of the issuer in achieving the target.	On August 13, 2015, SaskTel adopted a policy to provide a target regarding women in Executive Officer positions. The current target is to have at least 40% women in Executive Officer positions by 2020.	Yes
15(a)	Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women. (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	The Board is currently comprised of twelve (12) members, six (6) of which are women (50%). Currently, four (4) out of the twelve (12) Executive Officers are women (33.3%).	Yes

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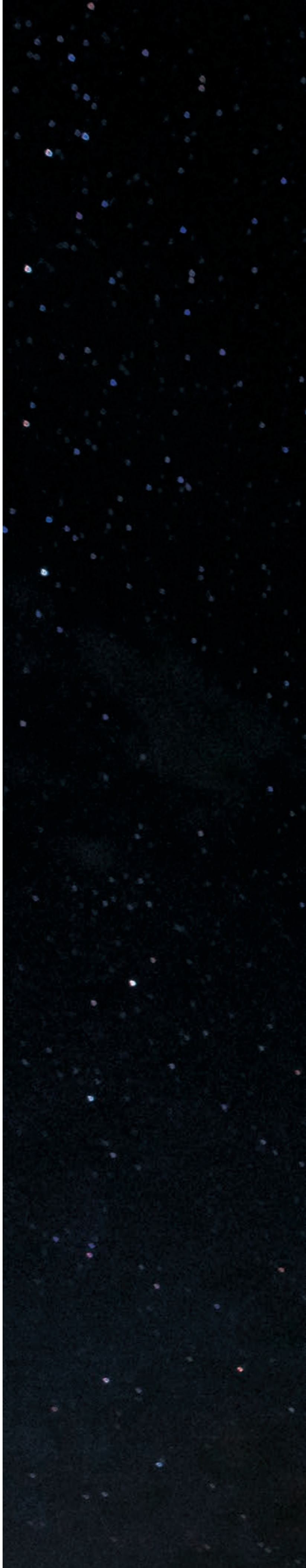

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For more information about SaskTel, our initiatives, and operations, please contact Corporate Communications at sasktel.com/about-us/news.

To obtain additional copies of the 2019/20 SaskTel Annual Report, please call 1-306-777-4897.

AN AURORA NAMED STEVE

Notanee Bourassa – our own Technical Assistant in Emerging Technologies – received a Citizen Scientist recognition from NASA for capturing this image. While he may have been looking for northern lights, what he found was so much more. The Strong Thermal Emission Velocity Enhancement pictured here, STEVE for short, appears only during geomagnetic storms. Understanding this auroral phenomenon could have immediate, practical applications because the presence of such particles in the atmosphere can interfere with radio communications and GPS signals.

SaskTel

Broadband is the North Star at SaskTel and the reason has never been more evident. During the COVID-19 pandemic, broadband became an even more important resource to keep the province connected and a lifeline for many.