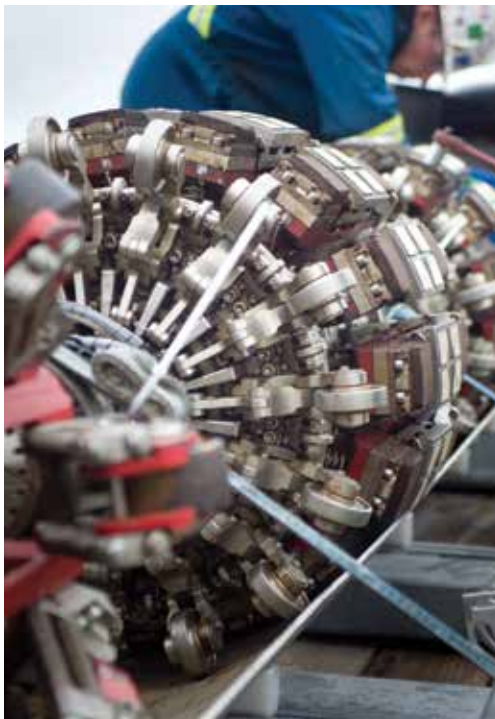


2015

SUSTAINABILITY

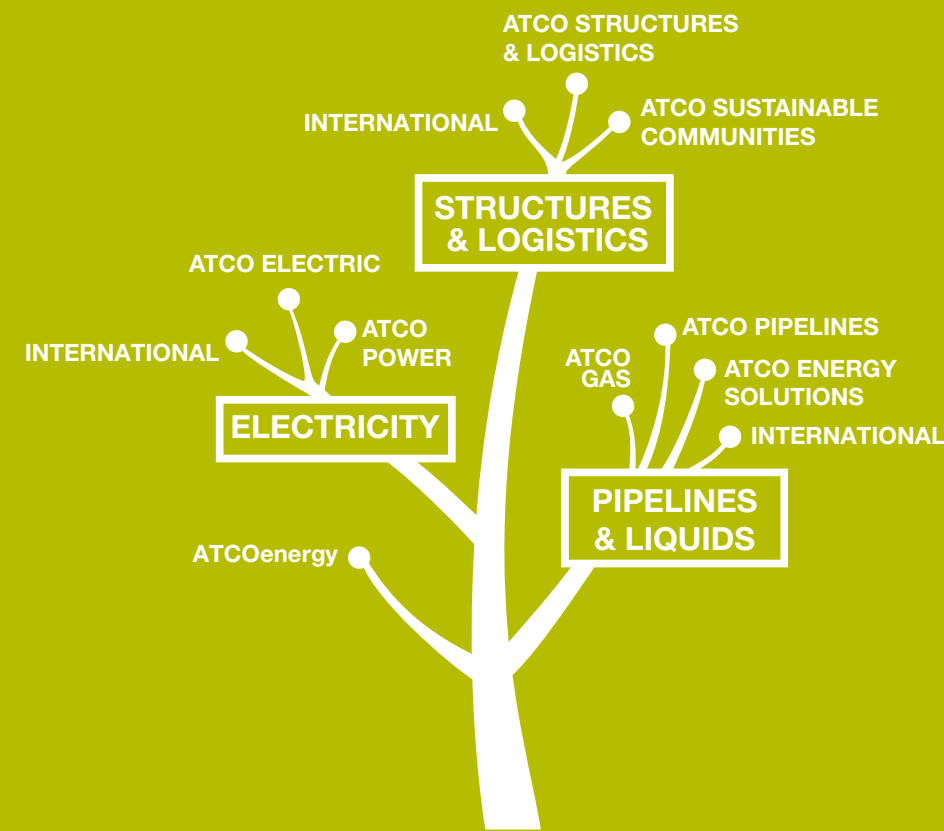
PERFORMANCE UPDATE



When energy is shared,
great things happen.



ATCO | ALWAYS THERE.
ANYWHERE.



ATCO | ALWAYS THERE. ANYWHERE.

With nearly 8,000 employees and assets of approximately \$19 billion, ATCO is a diversified global corporation delivering service excellence and innovative business solutions in:

- **Structures & Logistics** (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management);
- **Electricity** (electricity generation, transmission, distribution, and infrastructure development);
- **Pipelines & Liquids** (natural gas transmission, distribution and infrastructure development, energy storage, and industrial water solutions);
- **Retail Energy** (electricity and natural gas retail sales).

More information can be found at www.ATCO.com.



I believe that ATCO's success depends not only on our ability to deliver value-oriented solutions for our customers, but to do so in a long-term, sustainable manner. As a provider of essential services and infrastructure and an active partner in hundreds of communities around the world, we have a unique opportunity to solve challenges for our customers in a way that benefits society, the environment and the economy.

The people of ATCO are our true competitive advantage. Their steadfast commitment to environmental stewardship, safety and community engagement continues to drive our sustainability performance, while ensuring we can cost-effectively respond to our customers' needs.

The world is in a state of economic, political and social change. Companies that thrive in the future – the true industry leaders – will embrace the opportunities created as a result. With the support of our talented team, ATCO will seize upon those opportunities as we work to create a more prosperous, dynamic and sustainable future.

Nancy C. Southern
Chair, President & Chief Executive Officer
ATCO Ltd.



For ATCO to succeed in a competitive global market, we must be nimble, responsive and efficient. Most importantly, and central to our approach to sustainability, we must be innovative.

Our customers increasingly expect products and services to go beyond efficiency to create meaningful improvements in environmental performance. This same principle applies to our own operations, as we explore ways of reducing our environmental footprint and improving operational effectiveness.

However, innovation is not limited to technology. We must continue to pioneer new ways of engaging and collaborating with communities in which we operate and our valued Indigenous partners. By developing respect, trust and mutual long-term benefits, we will remain a community partner of choice in our operations throughout the world.

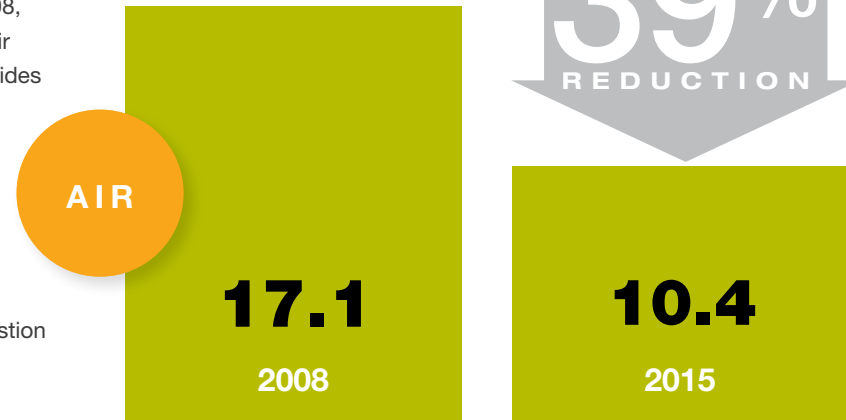
These are complex challenges and require that we continuously challenge the status quo. I believe that the combination of our innovative approach, strong community partnerships and integrated, customer focused solutions will cement ATCO's position as an industry leader – anytime, anywhere.

Siegfried W. Kiefer
President & Chief Operating Officer
Canadian Utilities Limited

ENVIRONMENT

We have reduced direct greenhouse gas emissions by 39 per cent since 2008, in addition to reducing air emissions of nitrogen oxides and sulphur dioxide by more than 30 per cent. Reductions are primarily related to decreased energy output from our power assets, as well as improvements in combustion optimization and other efficiencies.

DIRECT GREENHOUSE GAS EMISSIONS (million tonnes/year)



LAND

When building or replacing infrastructure, like the recently completed Eastern Alberta Transmission Line, we create comprehensive environmental protection plans that outline risks and mitigation procedures during construction, operation and maintenance.

38%

Decrease in water consumption since 2008

This reduction was largely a result of reduced coal-fired electricity generation, where the majority of our water use occurs.



ATCO's innovative multi-user industrial water system in Alberta's Industrial Heartland provides environmental efficiencies, minimizing disruption to the North Saskatchewan River valley while increasing recycled water use.

5 Emissions Reduction Initiatives

1 RENEWABLE AND LOW-EMITTING ENERGY

ATCO is evaluating and investing in renewable and low-emitting energy, including hydro, solar, wind, biomass and others. We are working with Indigenous communities to replace diesel generation with renewable power and we are industry leaders in developing distributed generation and natural gas cogeneration.

2 ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT

Through Combined Heat and Power (CHP) technology, which uses onsite natural gas to efficiently produce both power and heat, we are helping customers reduce emissions and costs. For example, using ATCO-operated CHP technology, one recreation facility eliminated 800 tonnes of carbon dioxide (CO₂) emissions in 2015. ATCO also proactively commissioned a third-party study to evaluate the best opportunities for demand side management in Alberta.

1,700 MWh
= Lighting more than **200** homes for a year
Electricity savings available to our customers and ATCO by replacing streetlights and traditional lighting with energy efficient LED lighting

3 FLEET VEHICLES

ATCO Gas launched an internal fuel efficiency program in 2015, saving 700 tonnes of CO₂ – the equivalent of taking 142 vehicles off the road for a year. We also operate the largest natural gas vehicle fleet in Alberta and 12 public compressed natural gas (CNG) refuelling stations. In Australia, we are modifying fleet vehicles to allow CNG capabilities.

700 tonnes CO₂ removed
= **142** Vehicles off the road

4 METHANE EMISSIONS

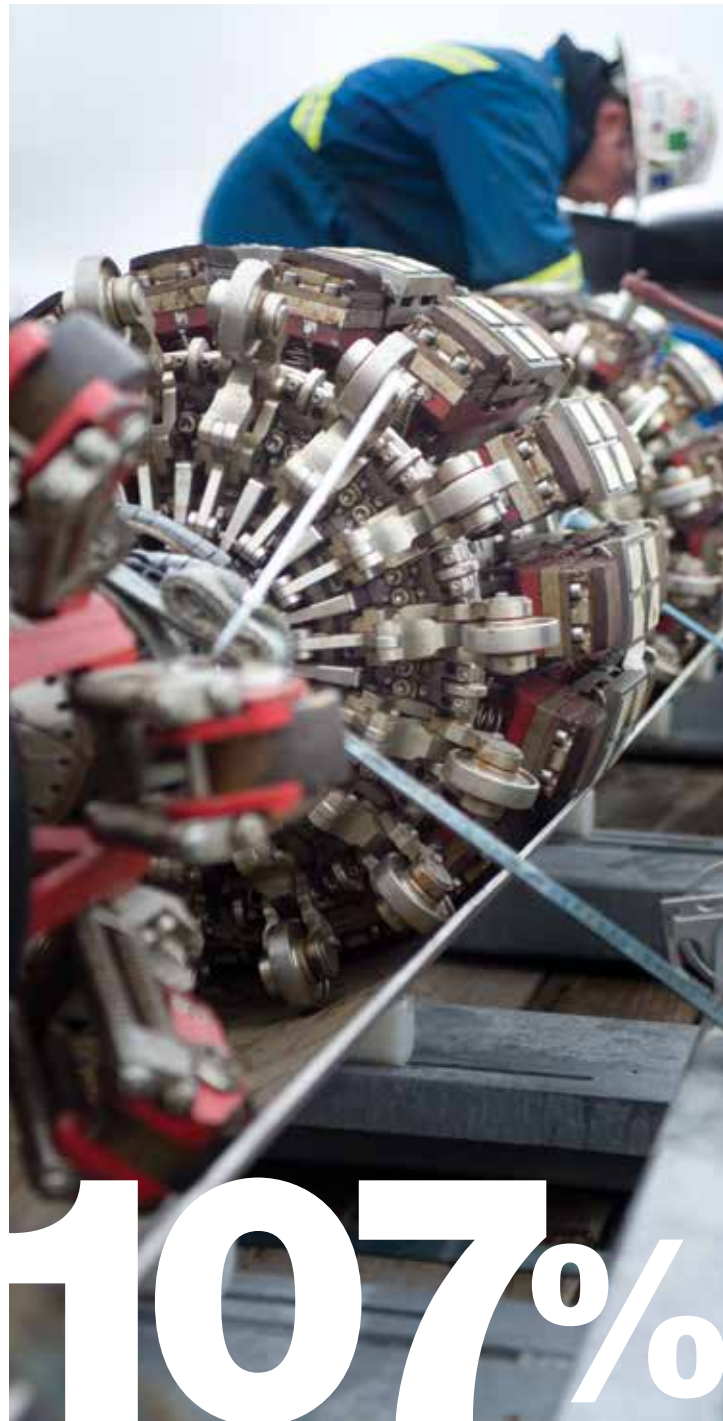
We have implemented measures to reduce methane emissions, including replacing pneumatic devices and implementing equipment survey, repair and damage prevention programs.

21%
Decrease in methane emissions since 2008

5 RESEARCH AND DEVELOPMENT

We are investing in research and development in technologies designed to simultaneously improve environmental performance and efficiency. In 2015, innovation teams were created to identify, test, and introduce new technologies that achieve environmental efficiencies.

SAFETY & EMPLOYEES

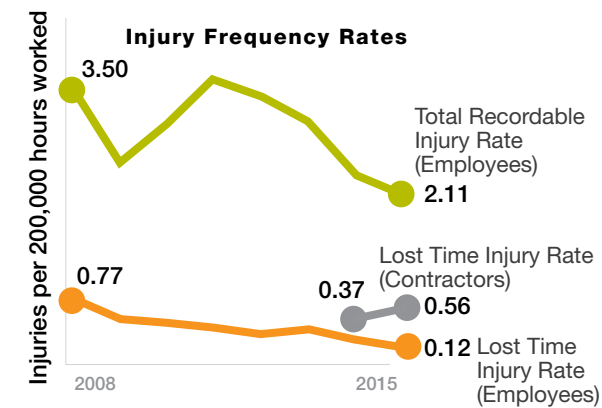


Increase in pipelines inspected (compared to 2012) using in-line inspection tools, which gauge the integrity of the pipe. In-line tools are just one facet of our world-class pipeline integrity program.

EMPLOYEE & CONTRACTOR SAFETY

Since 2008, ATCO's employee total recordable injury rate has declined by 40 per cent, with the employee lost time injury rate declining by more than 80 per cent. Both rates compare favourably to general benchmark rates from Alberta Occupational Health and Safety.

Improvements are primarily a result of new behaviour-based safety program standardization, and promoting innovation and best practice sharing throughout ATCO. The increase in the lost time injury rate for contractors from 2014 to 2015 is primarily due to modified reporting practices to more accurately account for contractor statistics.



URBAN AREAS

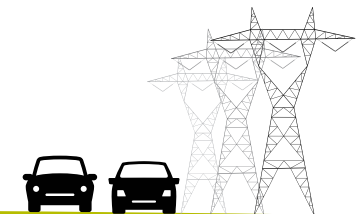


TRAINING AND DEVELOPMENT

In 2015, our employees participated in more than 2,000 leadership training courses. In addition, 27 employees participated in the Aboriginal Relations Program offered through the University of Calgary. ATCO also launched a new ATCO Sales Training program and enhanced our Project Management Training program.

URBAN PIPELINE REPLACEMENT PROGRAM

ATCO continues our proactive infrastructure renewal program that will modernize our natural gas pipeline network in Alberta's two largest centres, Calgary and Edmonton, while improving public safety and system reliability. The multi-year program will see ATCO replace and relocate our vintage high-pressure natural gas pipelines into the Transportation Utility Corridors surrounding both cities.



TRANSPORTATION UTILITY CORRIDORS



27%*

Women on Board of Directors

**Compared to an average of 19.5 per cent for companies in the Financial Post 500.*

\$3.6M

Charitable Donations in 2015

Through the ATCO EPIC (Employees Participating in Communities) fundraising program, ATCO and our employees have raised more than \$31 million since 2006 for more than 500 charities around the world. Employees also volunteered nearly 20,000 hours in 2015.

COMMUNITIES

\$1.9B

Revenue generated in conjunction with Indigenous joint ventures and partnerships since 2012.



● ATCO's Indigenous Partnerships

INDIGENOUS RELATIONS

Building mutually beneficial relationships with Indigenous communities helps form the foundation for many of our business activities. We have more than 40 joint venture partnerships, Memorandums of Understanding, and other relationships with Indigenous communities.

As part of our Structures & Logistics Global Business Unit, ATCO provides a full range of pre-fabricated, culturally sensitive building solutions for Indigenous and remote communities.

In 2015, we undertook a number of innovative partnerships, including beginning construction of the uniquely designed Blood Tribe Youth Wellness Centre in Standoff, Alberta. The modular units used in construction are being manufactured at the Blood Tribe's own facility, which ATCO helped re-open in 2014.

\$2.8M INCREASE



COMMUNITY INVESTMENT (\$ millions)

Since 2008, ATCO's annual community investment has increased by \$2.8 million. Our community investments are as diverse as our companies; however, education, youth, sports, community sustainability and employee engagement have been common themes across our companies around the world.



PUBLIC ENGAGEMENT

Consultation with landowners, communities, and Indigenous peoples occurred throughout 2015 with the objective of building positive, transparent, long-term relationships. One example is ATCO's Social Action Plan in Mexico, which involves multiple outreach meetings with community members. In addition, ATCO held 14 open houses to ensure there

was ample opportunity for public consultation regarding the 485 kilometre Eastern Alberta Transmission Line.

ATCO participates in a number of multi-stakeholder groups formed to enhance collaboration. Our approach is principle-based with a focus on open dialogue and fair, effective, efficient solutions.



Beckie Scott
Olympic gold medalist

Ski Fit North Alberta, led by Olympian Beckie Scott, promotes healthy, active living to Indigenous youth through cross-country skiing. The program travels to Indigenous and remote communities in Alberta, many of which we have the privilege to serve. ATCO is the title sponsor and we have engaged the ATCO Blue Flame Kitchen to help educate participants on the importance of healthy nutrition.



PERFORMANCE SUMMARY

Indicator ^{1,2}	Units	2015	2014	2013	• • •	2008
ENVIRONMENT³						
Air Emissions ⁴						
Direct greenhouse gases	kilotonnes CO ₂ e	10,353	12,909	12,913		17,049
Indirect greenhouse gases ⁵	kilotonnes CO ₂ e	207	254	269		-
Sulphur dioxide	tonnes	42,144	54,273	55,734		63,182
Nitrogen oxides	tonnes	18,006	23,806	24,277		26,566
Particulate matter (PM2.5)	tonnes	500	606	533		510
Carbon monoxide	tonnes	2,523	3,207	3,264		3,768
Volatile organic compounds	tonnes	252	335	344		168
Mercury	kilograms	46	44	53		157
Ozone depleting substances	kilograms	95	18	11		77
Water Use ⁶	million m ³	13.7	20.1	19.5		22.1
Spills ⁷						
Number		14	20	16		-
Volume	litres	1,734	63,881	38,376		-
Hazardous Waste ⁸	tonnes	406	1,005	678		-
Environmental Fines and Penalties	\$	0	0	0		0
SOCIAL						
Health & Safety ⁹						
Lost time injury rate (employees)	Cases/200,000 hours worked	0.12	0.23	0.34		0.77
Lost time injury rate (contractors)	Cases/200,000 hours worked	0.56	0.37	-		-
Recordable injury rate (employees)	Cases/200,000 hours worked	2.11	2.39	3.09		3.50
Fatalities (employees)	number	0	0	0		0
Fatalities (contractors)	number	0	0	0		0
Employees ¹⁰	number	7,546	9,170	9,816		7,781
Voluntary Turnover Rate ¹⁰	per cent	8.9	9.3	7.3		12.8
Employees in Employee Unions or Associations	per cent	52	53	51		54
Diversity ¹⁰						
Women in workforce ¹⁰	per cent	32	31	32		29
Women in senior management	per cent	20	18	21		14
Women on Board of Directors	per cent	27	25	20		9
Human Rights and Ethics Incidents						
Discrimination incidents	number	0	0	0		-
Indigenous rights incidents	number	0	0	0		-
Corruption Incidents	number	0	0	0		-
Customer Privacy Breaches	number	0	15	2		40
Number of Regulatory Non-compliance Incidents	number	0	2	2		-
Fines and Penalties for Regulatory Non-compliance	\$	0	7,750	7,750		-
ECONOMIC						
Economic Value Generated ¹¹	\$ million	4,131	4,554	4,359		3,266
Economic Value Distributed						
Suppliers	\$ million	1,592	1,807	1,659		1,127
Employees ¹²	\$ million	696	716	705		466
Lenders	\$ million	370	343	312		239
Shareholders	\$ million	277	254	234		166
Governments ¹³	\$ million	369	407	401		365
Communities ¹⁴	\$ million	8	8	8		5
Economic Value Retained ¹⁵	\$ million	819	1,019	1,040		897
Financial Assistance Received from Governments ¹⁶	\$ million	0.72	0.38	0.41		-
Coverage of Defined Benefit Pension Plan Obligations	per cent	94	89	92		99

We strive to continually improve our tracking and measurement systems, and may adjust indicator definitions and performance data to reflect current best practice. In most cases, we use standard industry and regulatory calculation methodologies and definitions that may be updated periodically to improve accuracy.

NOTES

- This report does not include data from ATCO's Mexico operations.
- This report includes performance data on indicators that were not included in all previous reports. Data for the new indicators for previous years is not included, and is denoted with a "-" symbol.
- This report now also includes indirect emissions and water consumption from ATCO's main office buildings.
- Emissions figures include amounts that are required to be reported under federal, provincial, regional or other regulations, or under facility permits. We use standard industry calculation methodologies and emission factors, which sometimes change to be more accurate.
- Data for indirect emissions includes all operating companies except ATCO Electric Transmission facilities and ATCO Electric Yukon.
- Water use = water diverted minus water returned. We estimate that these figures account for more than 99 per cent of our water use.
- Includes spills that meet the size thresholds for regulatory reporting in the jurisdiction in which they occurred. Volume spilled is often estimated due to variables such as duration, location and when the spill was identified. We improved reporting from previously including only significant spills, to now including all reportable spills, starting in 2011. Does not include release incidents of non-toxic mud-water mix.
- Hazardous waste volumes vary due to size and scope of projects.
- In cases where we direct the work of joint venture (JV) employees, we include their data in safety statistics. ATCO Structures & Logistics has modified reporting practices to more accurately account for contractor statistics.
- Does not include JV employees or international employees.
- Economic value generated includes revenues, gains on asset dispositions, and interest income.
- Payments to employees include the expensed cost of wages and benefits.
- Payments to governments include income, property, and franchise taxes.
- Distributions to communities include donations, in-kind contributions, and sponsorships.
- Economic value retained is economic value generated minus economic value distributed. This is not a financial reporting indicator and should not be confused with retained earnings.
- Financial assistance received from governments includes tax relief/credits, investment grants, R&D grants, financial awards, and favourable financing terms from domestic and foreign governments.

ATCO | ALWAYS THERE.
ANYWHERE.

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