Today’s global community is experiencing a pace and scale of change that is unprecedented, and it is incumbent upon business to adapt and lead the way. At ATCO, we have continued to forge ahead with a team of more than 6,000 committed people who bring their best to build communities, energize industry and deliver customer-focused infrastructure solutions around the world. Sustainability is more than an ideal; it is interwoven into our decisions, our products and services, and our culture. We know you expect nothing less.

This report highlights our sustainability performance through four, forward-looking lenses that help drive our multi-faceted business:

- **Energy Stewardship**
- **Environmental Stewardship**
- **Community and Indigenous Relations**
- **Safety**

For ATCO, energy stewardship means energy access that is secure, reliable and affordable. We have fostered world-class innovation with a keen eye for integration of emerging technology, including initiatives in renewable energy, energy efficiency, low-carbon transportation, and overall energy systems—for homes and businesses both down the road, and in remote communities. But innovation for innovation’s sake isn’t enough: we listen closely to our customers to identify the right mix of technologies, tailored to their specific needs. One stellar example of this is the integration of renewable energy and battery storage in remote Indigenous communities to reduce their reliance on diesel-fueled electricity generation. To ensure innovation for the right reasons, we continuously explore new and more efficient ways to generate, transport and conserve energy.

Community and Indigenous relations are a key to our success and integral to how we grow as a company through understanding the needs of our customers and working collaboratively to develop the strongest solutions possible. We have a history of meaningful collaboration with Indigenous communities, but most importantly, we understand that we have a future together made possible through meaningful engagement, economic participation, training and employment opportunities. When our partners do well, ATCO does well.

Safety is critical; and it is the cornerstone in ensuring that our most important assets—our people and our customers—are poised for success. While we mobilize to help people around the globe by providing disaster and emergency management services, we put equal focus on the health and safety of our employees, our customers and contractors. In 2018, our total reportable incident frequency rate and lost time frequency rate saw a respective 35 and 36 per cent improvement from 2017. I am proud to say we are working cleaner, safer, and more reliably than ever before, and at a lower cost for our customers.

Underpinning our accomplishments are the Herculean efforts of our people. I would like to thank them for their commitment to connecting the practical to the sustainable; the immediate response to the long-term vision; and to let them know they have the full support of myself and our board of directors.

**Vision**

Our core vision is to make lives easier for our customers by providing sustainable, innovative and comprehensive solutions globally.

**Safety**

Safety is the first consideration in everything we do. Providing a safe work environment for our people is ingrained in our culture: a shared belief that directs our day-to-day priorities and decisions.

**Energy Stewardship**

Secure, reliable and affordable energy underpins the economic vitality of our communities. It is our responsibility to understand the evolving needs of our customers and develop solutions that support the transition to a lower-emitting energy system.

**Community & Indigenous Relations**

Building respectful and mutually beneficial relationships has long defined how we do business. Along with our Indigenous and community partners, we are continually exploring new ways to collaborate.

**Environmental Stewardship**

As a critical infrastructure provider, a collaborative and long-term approach to minimizing our environmental footprint is vital. As part of this, we continue to explore new and more efficient ways to generate, transport and conserve energy.
INTEGRATED SOLUTIONS

From reliable, sustainable energy for homes and businesses to innovative temporary and permanent structures and everything in between, we build communities, energize industries, and deliver customer-focused infrastructure solutions.

Sustainability disclosures reflect our global business unit operations including:

**STRUCTURES & LOGISTICS**
- Relocatable Structures
- Permanent Structures
- Emergency Response
- Site Services

**ELECTRICITY**
- Electricity Generation
- Electricity Transmission
- Electricity Distribution

**PIPELINES & LIQUIDS**
- Natural Gas Distribution
- Natural Gas Transmission
- Energy Storage
- Industrial Water

**RETAIL**
- Retail Electricity and Natural Gas (Home & Business)

ATCO also has investments in:

**PORTS & TRANSPORTATION**
- Port Facilities
- Port Operations Services

**ATCO INVESTMENTS**
- Commercial Real Estate

ATCO also has investments in:

**APPROXIMATELY**
- 6,000 Employees
- $4.9B Revenues
- $24B Assets
- $355M Adjusted Earnings
- 2M+ Global Customers
- $2.5B Capital Investment

**64,500KM**
NATURAL GAS PIPELINES

**87,000KM**
ELECTRIC POWER LINES

**6,000**
M2/D WATER INFRASTRUCTURE CAPACITY

**85,200M3/D**
ENERGY STORAGE CAPACITY

**400,000M3**
HYDROCARBON STORAGE CAPACITY

**52PJ**
NATURAL GAS STORAGE CAPACITY

**INDUSTRIAL DISTRIBUTED GENERATION**

**21 POWER PLANTS WITH A COMBINED GENERATING CAPACITY SHARE OF 2,517 MW**

**87,000KM**
ELECTRIC POWER LINES

**400,000M3**
HYDROCARBON STORAGE CAPACITY

**52PJ**
NATURAL GAS STORAGE CAPACITY

**85,200 M3/D**
WATER INFRASTRUCTURE CAPACITY

**ENERGY STORAGE**

**8**
INDUSTRIAL BUILDING MANUFACTURING FACILITIES (SASKATCHEWAN, T.O., MANITOBIA, TIMBER)

**2M+ GLOBAL CUSTOMERS**

**$2.5B CAPITAL INVESTMENT**

**$355M ADJUSTED EARNINGS**

**6,000 EMPLOYEES**

**$4.9B REVENUES**

**$24B ASSETS**

**2018 ATCO Sustainability Report**

**2018 ATCO Sustainability Report**
ENERGY STEWARDSHIP

Secure, reliable and affordable energy underpins the economic vitality of our communities. It is our responsibility to understand the evolving needs of our customers and develop solutions that support the transition to a lower-emitting energy system.
At ATCO, our success depends on providing innovative solutions that are affordable, reliable and sustainable. As we continue to look ahead to our global energy future, we see tremendous change—from generation to transmission and distribution to end-user consumption. Many of these changes are driven by innovation, consumer choices and are reflected in public policy. The intersection of these drivers can occur quickly, such as when customers become ‘prosumers’ who take a more active role in generating electricity and selling it back to the grid, reversing the traditional producer to consumer model.

With operations throughout the energy value chain, ATCO is uniquely positioned to help facilitate this global transformation and to empower our customers to play a role. The transition requires near and long-term thinking and collaboration to get to the best solutions. We advocate for a holistic perspective on energy policy—one that considers both immediate impacts but accounts for the future, including competitiveness, consumer affordability and preferences, and balance between the economy and environment.

In the near-term, finding new ways to reuse existing infrastructure can provide significant and immediate results, such as fuel switching from coal or diesel to reliable combinations of renewables and natural gas. In the long term, we must keep challenging ourselves to integrate the best solutions for each project, customer and region.

We are actively and constructively engaging with industry, governments, regulators and experts on core issues. These include changing policy to enable integration of innovative solutions and renewables, carbon pricing, sector-specific output-based standards, maintaining industry competitiveness and plans for lower-emissions fuels for the transportation sector.

A key part of our approach is to work with customers to select the right balance of technologies to meet their energy needs, affordability and reliability. Solutions are tailored to the specific situation to optimize results, requiring innovation and collaboration and exciting new partnerships.

### Single Building Innovation

At ATCO, we have been evaluating how to integrate technology options effectively, including solar panels, battery storage, advanced building envelopes and Micro Combined Heat and Power (mCHP) units. mCHP units use natural gas to produce electricity in homes while capturing energy that would otherwise be lost for home heating and hot water.

Adding to the suite of energy technologies, we are evaluating smart metering and energy management systems that work to ensure multiple components of the system work efficiently together to manage and meet energy demand.

We have several projects in progress that combine different technology applications including retrofits versus new builds and off-grid versus grid connections. Our 18 hybrid house pilot projects have successfully demonstrated over 42 per cent reduction of a typical household’s greenhouse gas (GHG) emissions, with one of our homes demonstrating up to 75 per cent reduction in GHGs.

In addition to our project with the Southern Alberta Institute of Technology (SAIT) and Brookfield Residential, we will be installing an innovative mix of energy solutions in a new Low Carbon Discovery Show Home in Edmonton, Alberta. The project, made possible with funding support from Western Economic Development, has the potential to save $1,400 in utility costs and nine tonnes of CO₂ per year.

It’s not just homes that can benefit from these solutions. Effect Home Builders’ hybrid office building in Edmonton will be the first in the city to disconnect from the electrical grid. The project will reduce GHGs from the original structure by approximately 20 tonnes of CO₂ per year, or a reduction of 80 per cent.

We’ve recently taken another exciting step in providing customers with more energy efficient options with our acquisition of Source Energy Co. in Australia. Source Energy Co. is an expert at managing energy needs for high-density apartment buildings, using a mix of rooftop solar panels and energy from the grid, matched with smart metering technology. This provides customers with a clear view of their energy options, presented with tailored advice on how to save energy and money. Smart metering technology also provides valuable insights into customers’ energy consumption, guiding decisions in residential solar power, battery storage and natural gas solutions.

### INNOVATIVE TECHNOLOGY OPTIONS FOR TODAY’S HOME

- **Smart Metering**: Records electricity consumption and communicates to power supplier through monitoring and billing.
- **Rooftop Solar**: Generates renewable energy for the home.
- **Battery Storage**: Stores renewable energy when supply exceeds demand.
- **Electric Vehicle**: Can be used as energy storage when used in a hybrid system.
- **Micro Combined Heat and Power (mCHP)**: Uses natural gas to generate both heat and electricity for homes.
- **Connection to the Grid**: Explores grid connections and off-grid solutions.
- **Energy Management**: Cloud-based platform to coordinate local energy demand and micro generation at the customer’s premises in harmony with the grid.

An example of different technologies that can be implemented—either by themselves or in combination with others—in a home, depending on the customer’s unique needs.

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Our Low Carbon Discovery Show Home will demonstrate how mCHP, solar, an advanced building envelope and performance technology can be used in a new home to sustainably and affordably meet energy requirements.
Community Building Solutions

On a larger integrated-systems scale, we installed a Combined Heat and Power (CHP) unit at the Mount Royal University Campus in Calgary, Alberta, with funding from Emissions Reduction Alberta. Providing up to 26 per cent of the university’s electricity, the unit is expected to decrease their GHG emissions by almost 2,000 tonnes per year and result in a significant decrease in annual operational costs.

We are also partnering with Siemens, the University of Alberta and the Northern Alberta Institute of Technology (NAIT) to construct a collaborative microgrid research facility in NAIT’s new Productivity and Innovation Centre. This initiative, known as DEMI (Distributed Energy Management Initiative), is the first approved project to receive funds through the Alberta Climate Change Innovation and Technology Framework, and will help speed up decarbonization through the development of a technology implementation roadmap.

Renewable Energy in Remote Communities

We serve many communities located hundreds of kilometres from the main electrical grid over a vast geographic area in northern Alberta and Yukon. These regions have relied on isolated diesel-powered generation for decades. In 2017, we initiated a program to connect these communities to the grid, where possible. In communities where we were not able to connect to the grid, we developed unique options for each community to reduce diesel consumption.

Through partnerships with Indigenous communities, we are installing renewable microgrids in six isolated communities that will integrate solar or wind power with existing diesel-generation systems to reduce GHG emissions.

In 2018, we began construction on an initial 400 kilowatt (kW) solar farm installation in the northern Alberta community of Fort Chipewyan. We continue to prepare for a second phase that includes an Indigenous-owned 2 megawatt (MW) solar farm, battery energy storage system and microgrid control system. These two projects together will achieve a reduction in diesel consumption of 800,000 litres (L) per year or about a quarter of the annual fuel consumption.

We are also working on solar power projects in Old Crow, Yukon, with the signing of an Electricity Purchase Agreement (EPA) with the Vuntut Gwitchin First Nation, which will enable a 200,000 L reduction in diesel consumption per year, or about a quarter of the annual fuel consumption.

Beyond reducing annual GHG emissions for our customers by an estimated 3,100 tonnes, or more than 27 per cent, these projects will reduce the risks associated with transporting diesel to remote areas.

For more information on these and other partnerships with Indigenous communities, see the Community & Indigenous Relations section of this report.

Industrial Customers

We also continue to look for opportunities to improve operational efficiencies and reduce emissions for our industrial customers.

In 2018, we announced a partnership with RANMAN Energy to build the 26 MW La Laguna Cogeneration Facility on the site of a Chemours Company chemical facility in Mexico. The project will use excess gas and reuse steam generated by the host facility to provide secure, low-emitting and cost-effective electricity and heat to a strategic industrial partner.

In 2018, we launched our construction heat and energy service, to provide secure, low-emitting and cost-effective electricity and heat to a strategic industrial partner.

Our modular structures solutions provide industrial customers with energy efficiency strategies aligned with evolving building codes, in addition to reducing environmental impacts through the construction of units in factories rather than building on site.

Energy Efficiency

Energy efficiency is a cost-effective way to achieve emissions reductions and it remains a critical focus as we continually improve our operations and enhance our customer solutions.

For every dollar invested in energy efficiency, three or more are typically saved. There are different approaches to achieve energy efficiency, so we tailor solutions to the specific needs of customers, finding the right mix of technologies.

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Our Intelligent Street Light Project, in Lloydminster, Alberta, uses wireless motion sensors and a control system for Light Emitting Diode (LED) street lights to deliver light on demand: street lights dim during off peak hours and automatically brighten when the presence of vehicles, cyclists or pedestrians is detected. This lighting design can result in up to 80 per cent energy reduction and reduces light pollution. In 2018, ATCO was recognized by the Illuminating Engineering Society with an Illumination Award of Excellence for Energy & Environmental Lighting Design.

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At ATCO, we continue to look for opportunities to improve operational efficiencies and reduce emissions for our industrial customers.

Shared Infrastructure Solutions

Hybrid Energy Solutions

The Clean Energy Innovation Hub, supported by funding from the Australian Renewable Energy Agency (ARENA), will be a test facility for microgrid solutions that integrate hydrogen production, natural gas, solar and battery storage. What truly sets this project apart is our research and development into the use of renewable energy to produce, store and ultimately use hydrogen as a fuel source. This project includes over 1,000 solar panels and 500 kWh battery storage and will demonstrate how hydrogen can potentially be blended with natural gas at rates up to 10 per cent, transported in current infrastructure and used in homes with existing domestic appliances.

Low-Carbon Transportation

To promote a higher adoption of electric vehicles (EVs), a robust infrastructure is required to entice the switch. In the past two years we installed three EV charging stations, including the fast-charging corridor from Sherwood Park to Red Deer to Calgary. We also received funding to install and own an additional 20 EV charging stations through the Peaks To Prairies Project, aimed at expanding EV charging infrastructure in southern Alberta. We’ve also secured contracts to power all EV charging stations with 100 per cent renewable energy for the next ten years.

Moving from traditional transportation fuels such as diesel and gasoline to natural gas also delivers substantial and cost-effective emission reductions. We provided the cities of Red Deer and Calgary with distribution infrastructure to enable the transition from diesel to cleaner, compressed natural gas (CNG) transit. Fuel switching of transit buses typically reduces operating costs while also reducing GHG emissions by almost 20 per cent, in addition to reducing air emissions.

Renewable Natural Gas

Renewable Natural Gas (RNG) is natural gas produced from existing waste streams and biomass sources, such as landfills, farms, wastewater treatment plants and forestry by-products. RNG has the potential to significantly reduce emissions from the heating, electricity generation and transportation sectors in Canada and other markets. Through a partnership with G4 Insights and the Canadian Gas Association Natural Gas Innovation Fund, we plan to host a 1 gigajoule (GJ) per day pilot plant in Edmonton. The plant will test a new process allowing for steadier production flow of RNG from forestry by-products, and then injection of the RNG produced into our existing natural gas distribution system.

CUSTOMER SATISFACTION

Our performance is measured by the people we serve: our customers. Within the Alberta electricity and natural gas distribution industries, more than 95 per cent of customers surveyed agree we provide good service, and more than 93 per cent of our customers agree we have a strong reputation in the community. These are metrics we are particularly proud of and are committed to maintaining.

Beyond the day-to-day calls, we seek to understand our customer experience. We engage our customers through surveys and focus groups to measure service quality. This approach, applied first in our electricity distribution business, has been implemented through our gas distribution and energy retail operations. We anticipate results will be available across all three business lines in 2019.

Innovating the customer experience often leads to both operational efficiency and improved customer satisfaction.

Examples from 2018 include:

• Testing an automated system that restores electricity after unplanned outages. The system has significantly improved response and event resolution time; for example, for one remote Alberta community our new system was able to improve average resolution time from 3 hours to 13 seconds.

• Introducing a new Customer Connection Model that takes new or expanding distribution electricity service from initial customer request to energization much more efficiently. In 2018, we reduced associated project costs by 15 per cent and time by 40 per cent. That’s time and money that benefit our customers and build our reputation as an efficient service provider.

• Transforming our process to connect customers who sign up to receive natural gas services. Instead of customers booking a four-hour stand-by window, our customer service technicians now provide service from a central location so that customers do not need to be home. The service improvement has resulted in about 21,000 fewer calls into our call centre, which also translates into reduced operating costs.
We believe that environmental protection is critical, and minimizing environmental impacts associated with our operations is the responsibility of all our people.

As a critical infrastructure provider, a collaborative and long-term approach to minimizing our environmental footprint is vital. As part of this, we continue to explore new and more efficient ways to generate, transport and conserve energy.

- **CLIMATE CHANGE & ENERGY USE**
  - 37% reduction in direct GHG emissions since 2008
  - 60% progress towards our goal of completing inspections on natural gas transmission lines by 2024
  - Over 40% reduction in nitrogen oxides and sulphur dioxide emissions since 2008
  - 1st electricity generating unit in Alberta to receive permits for full conversion from coal to gas

- **ENVIRONMENTAL MANAGEMENT**
  - 14% reduction in our global fugitive and venting emissions in 2019. These emissions account for almost 95% of our total methane emissions.
CLIMATE CHANGE & ENERGY USE

Across ATCO, we focus on actively reducing our GHG and air emissions by driving operational efficiencies, lowering fuel consumption, phasing in renewables, installing new technology and transitioning to lower-emitting fuels.

In 2014, we committed to reduce GHG emissions from our electricity generation to 30 per cent below 2005 levels, by 2030. Despite having slightly grown our generation capacity since 2005, our associated GHG emissions have been reduced by almost 40 per cent, surpassing this goal. With this milestone met, we plan to find new opportunities to drive continuous improvement in our performance.

We are actively engaged with industry, governments, regulators and other experts on core issues, including regulations and strategies to reduce greenhouse gases, air pollutants and methane emissions.

Reducing Our Environmental Impacts

Approximately 95 per cent of our direct GHG emissions are due to our power generation operations. Our power generation increased by approximately eight per cent in 2018, but our GHG emissions increased by only one per cent due to a reduction in our GHG intensity, largely a result of co-firing of natural gas with coal at one of our units. Since 2008, we have reduced our direct GHG emissions by 37 per cent, and our nitrogen oxides and sulphur dioxide emissions by more than 40 per cent.

Coal-to-Gas Conversion

ATCO continues to lead the transition to a lower-emitting energy future through fuel switching initiatives such as electricity generation coal-to-gas conversions. Coal-to-gas conversion allows significant and immediate reductions to GHG and other air emissions, while maintaining energy reliability and affordability by using existing infrastructure and skilled labour force.

In 2018, we enabled one of our units to co-fire with natural gas for up to 50 per cent of its generating capacity. In late 2019, we expect to complete the next phase to allow 100 per cent natural gas co-firing capability on a second unit. Our portfolio will be off coal no later than 2022, earlier than the proposed 2030 set out in regulations. We will be the first coal-fired generator in Alberta to convert its coal-fired power generation fleet to burn lower-emitting natural gas.

Phasing in Renewables

In addition to our Oldman River hydroelectric facility, in 2018, we acquired a 35 MW hydroelectric generation asset in Veracruz, Mexico. This facility is providing green energy credits for commercial and industrial customers, who are required to purchase a minimum percentage of clean energy to comply with new government regulations.

Further diversifying our electricity generation portfolio, ATCO actively looks for opportunities in solar-powered generation. In addition to the solar projects with Indigenous communities in Fort Chipewyan and Old Crow, we have 75 MW of potential solar projects located near Three Hills and Drumheller, Alberta, which could generate more than 135,000 MW hours per year of renewable electricity. Along with our project partner Samsung, we have obtained a permit to build and operate a 25 MW solar power generation facility. We continue to look for opportunities to advance these and other solar projects.

Reducing Methane Emissions

Methane represents a small fraction of our GHG emissions and is predominantly related to venting and fugitive emissions from our natural gas pipeline operations. We continue to proactively manage and reduce methane emissions through routine maintenance supplemented by targeted leak detection and repair programs. In addition, we have identified potential equipment upgrades for future continuous improvement. We also monitor regulatory developments and are well positioned in Canada to meet or exceed future regulations and reduction targets.

Operational Efficiency

In 2018, our gas distribution division successfully implemented the largest known aerial meter reading application in North America. We’re taking meter reading from the sidewalk to the skies using
One example is Alberta PowerLine’s comprehensive Caribou Protection Program that sets a new standard for construction in Alberta. The approach minimizes impacts to caribou with practices such as identifying routes that follow existing linear disturbances, focusing on vegetation retention and management and limiting fragmentation of the land to reduce the effects of predation.

Also, for our Jasper Interconnection Project, we used innovative construction that allowed us to narrow the power line right of way from the standard width of 18 metres to 10 metres, allowing more vegetation to remain.

As we continue to expand our diverse lines of business in areas such as storage and water management services, we identify and manage unique environmental risks and opportunities while delivering creative solutions.

**Incident & Risk Management**

We mitigate our environmental impacts through the systematic and responsible management of our operations. We are committed to continually improving our environmental and operational integrity programs by regularly sharing best practices through industry associations and our internal Environment Network.

**Natural Gas Pipeline Integrity**

We own and operate more than 8,000 km of natural gas transmission and 55,000 km of natural gas distribution pipelines so the safe management of this infrastructure is integral to our business. In 2018, we brought the total length of in-line inspected transmission pipeline to over 2,500 km, as part of a continuing program. Our target is to inspect all transmission lines of more than eight inches in diameter and five kilometres in length by 2024. We have also mapped water crossings and continue to regularly inspect environmentally sensitive areas. Our smaller diameter natural gas distribution pipelines require a different approach. In 2018, we partnered with Picarro to pilot new leak detection technology. Improving operational efficiency and survey coverage up to four times.

**Environmental Incident Management**

One aspect of our environmental management is spill prevention; we prevent, manage and mitigate spills through a variety of measures including equipment design, training, and operating and maintenance procedures. When spills do occur, we assess the unique circumstances to ensure all appropriate steps are taken to minimize environmental impacts and that similar incidents do not happen in the future.

As 99 per cent of our pipelines transport natural gas, most of the hydrocarbon liquids we manage are related to fuel management solutions in northern and remote communities. Hydrocarbon storage solutions in Alberta’s Industrial Heartland, and small volumes in operating equipment in electrical transmission and distribution. However, the majority of reportable hydrocarbon-related spills in 2018 were related to equipment in electrical transmission and distribution systems, predominantly caused by third-party incidents such as damage to electrical transformers from automobile accidents and vandalism.

Non-hydrocarbon spills, such as waste water, are part of our workforce housing services and in 2017, the spill volume of this treated waste water increased. Our 2018 performance has returned to previous levels. In addition, our innovative, industrial water service provides a multi-user system that allows customers to tap into common infrastructure, eliminating the need for duplicative river intakes, transportation pipelines or water storage and clarification facilities, and thus reducing regional potential for spills.

Although our hydrocarbon spill volume has been reduced by over 40 per cent in the last five years, it increased over the past year. The majority of hydrocarbon spills are related to a single incident caused by incidents such as damage to electrical transformers due to automobile accidents and vandalism.

### 2018 REPORTABLE SPILLS

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<thead>
<tr>
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<th>REPORTABLE SPILLS</th>
<th>VOLUME OF REPORTABLE SPILLS (THOUSANDS OF LITRES)</th>
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<tbody>
<tr>
<td>Hydrocarbon</td>
<td>13</td>
<td>5.2</td>
</tr>
<tr>
<td>Non-hydrocarbon</td>
<td>6</td>
<td>45.7</td>
</tr>
</tbody>
</table>

Non-hydrocarbon spills are often comprised of high volumes of saltwater or water containing small quantities of other substances. After the large 2017 non-hydrocarbon spill volume, we returned closer to our historical average, and continue to focus on reducing these types of spills. Of the 2018 non-hydrocarbon spill volume, 99 per cent was related to a single incident involving the early release of treated water that otherwise met all regulatory release requirements.
SAFETY AT ATCO

Safety is the first consideration in everything we do. Providing a safe work environment for our people is ingrained in our culture: a shared belief that directs our day-to-day priorities and decisions. We actively engage with first responders, regulators, government and the communities we serve to promote the importance of safety and provide emergency response. We are also committed to the highest safety standards across all our products and services.

- **300 employees** received additional training on our renewed integrated emergency response framework, with the launch of the ATCO Incident Management System.
- **35%** reduction in employee total recordable incident frequency since 2017.
- **24%** reduction in the number of third-party contacts with our natural gas pipelines in the past three years. During this period, our team participated in more than 25 public safety events.
- **36%** reduction in employee lost-time incident frequency since 2017.

In 2018, we held more than 40 power line awareness events, reaching hundreds of people across Alberta, to make sure we’re taking a proactive approach to raising awareness about the risks associated with overhead power lines.
EMERGENCY PREPAREDNESS & RESPONSE
Public safety and emergency preparedness are vital to ATCO’s operations as a provider of housing, site services, and energy and infrastructure solutions. We respond to emergencies and disasters, wherever and whenever they occur, and leverage our comprehensive safety programs and global footprint to educate communities on the importance of energy safety.

As providers of essential services, emergency response and incident management is a key aspect of our business. We take a proactive approach to potential incidents, tracking risks such as extreme weather and readying our response. When incidents occur that impact our natural gas and electrical utilities, our crews are prepared to respond whenever and wherever they are needed, even in the most extreme weather conditions.

In Alberta, when ice and snow disable power lines, our power line technicians work round-the-clock to ensure that service is restored to customers as soon as possible.

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For decades, ATCO has had emergency coordination and incident management plans that are overseen by Crisis Management Teams within our business units and escalated to our enterprise-wide Crisis Management Committee when required.

As part of our commitment to continual improvement, we conducted a comprehensive review of our response to the Fort McMurray wildfire. The updated ATCO Crisis and Incident Management System provides a framework for an integrated ‘One ATCO’ response that enables us to quickly leverage our full organizational capabilities, coordinating efforts and resources across business units and, in some cases, regions.

With millions of people relying on our natural gas and electrical utilities, it is critical that our emergency response and incident management is effective and efficient. We demonstrated these capabilities when we responded to a storm in central Alberta that caused significant infrastructure damage. Our teams worked around the clock to repair power lines in difficult conditions and restored power to nearly 5,000 homes and businesses within three days, without any safety incidents.

Our teams responded quickly and safely to a forest fire around Lower Post in northern British Columbia that brought power down for 13 days. When the community returned home, the power system was once again fully operational with all fire-damaged trees removed from around our power lines. Our employees met people at their homes to ensure power was properly and safely restored.

To further support both our residential and commercial customers, we launched ATCO’s online outage notification system in 2017. With further refinements in 2018, the system provides information about all outages, planned and unplanned. Updates to status and estimated restoration time occur every 15 minutes, based on real-time information provided by our people.
DISASTER & EMERGENCY MANAGEMENT SERVICES

ATCO’s Frontec division provides disaster and emergency management services around the globe. A valued partner in countless responses, from the 2005 earthquake in Pakistan to British Columbia’s 2017 wildfires, we have supported the Canadian Armed Forces, NATO and various non-government organizations in areas of humanitarian need.

As extreme weather events—floods, wildfires, hurricanes, earthquakes—become more frequent, our consulting and training services are a growing dimension of Frontec’s operations, as we share our expertise from preparedness planning to disaster recovery efforts.

PUBLIC SAFETY

We take a proactive approach to safety across all our operations, including public safety. Through our safety campaigns, we raise awareness on the importance of safe digging near natural gas pipelines and the risks associated with overhead power lines and carbon monoxide in homes.

For example, the goal of ATCO’s Pipelines & Liquids Damage Prevention Team is to eliminate damages to our natural gas distribution and transmission infrastructure while promoting safety and industry best practices. We have a team of dedicated individuals who work with utility members, municipalities, design firms, excavation companies, government, homeowners and a variety of vendors to promote awareness regarding ground disturbances. In 2018 alone, we participated in more than 25 public safety events, contributing to a 24 per cent reduction in the number of third-party contacts with our natural gas pipelines in the past three years.

We also continue to participate and promote the “Where’s the Line” campaign, formed to collectively address the safety issue of power line contacts in Alberta. We held more than 40 power line awareness events in 2018, reaching hundreds of people around the province.

EMPLOYEE AND CONTRACTOR HEALTH & SAFETY

All our employees and contractors have the right to a safe and healthy workplace; we remain committed to ensuring our operations are safe and our people are appropriately trained to deliver integrated solutions safely. We seek to incrementally improve safety performance year-over-year through a number of initiatives.

Employees

ATCO measures safety performance with multiple metrics including lost-time employee incident frequency and total recordable incident frequency. We successfully improved both rates in 2018, achieving a 36 per cent reduction in the lost-time incident frequency and a 35 per cent reduction in the total recordable incident frequency.

Contractors

ATCO oversees contractor safety throughout the contract relationship, starting from hiring and onboarding through ongoing monitoring on the job.

Enhancing our screening processes before making a hiring decision, we implemented new software to make our processes more efficient. Our onboarding approach for new contractors, tailored to the needs of each ATCO business line, is often a key driver of safety success. 2018 strategies included computer-based training, particularly for remote locations, and a full-day contractor safety summit facilitated by our electricity network comprised of experts from across the company who meet to share learnings and best practices.

One way we achieved our safety results was to focus on awareness and incident prevention campaigns that addressed specific types of incidents; for example, after an assessment of operational risks, our electricity business undertook a focused initiative and was successful in reducing targeted injuries by almost 50 per cent. We also make policy changes where appropriate; for example, in 2018 our Pipelines & Liquids Global Business Unit increased the personal protective footwear allowance to ensure employees would have boot traction control in all seasons, minimizing slips, trips and falls.

More broadly, we continue to raise employee risk awareness about how injuries occur and can be prevented through open discussion and information sharing, including company-wide events and conferences focused solely on safety. Our Pipelines & Liquids Global Business Unit worked with DuPont Sustainable Solutions, an industry leader in safety processes, to further enhance our safety culture.

In the rapidly developing World Trade Centre Industrial Park in San Luis Potosí, Mexico. Since then, contractors have operated the facility, which has expanded generating capacity by 300 per cent, while maintaining a health and safety record of zero recordable incidents. We are proud of the safety training we’ve provided to contractor personnel and the facility’s record of safety excellence.

Mental Health

ATCO recognizes the importance of health and wellness for our people. In 2018, we continued our Not Myself Today campaign that trained 500 more volunteers to share monthly modules focused on these topics. These “Mental Health Champions” provide various educational opportunities to employees to engage on topics such as mindfulness, occupational wellness and most recently the science of happiness. 200 employees participated in the program in 2018, and we have a target to engage 500 employees in 2019.
COMMUNITY & INDIGENOUS RELATIONS

Building respectful and mutually beneficial relationships has long defined how we do business. Along with our Indigenous and community partners, we are continually exploring new ways to collaborate.

As we diversify our business operations, we also recognize the need to continue to work to understand unique perspectives of neighbouring communities and Indigenous Peoples, and take a long-term approach to building relationships based on trust.

ATCO is committed to providing Indigenous education and training programs that allow us to contribute to vibrant communities, build stronger workforces and create opportunities to share experiences and learn from local expertise.

$7.9M community investments made by ATCO through gifts-in-kind, sponsorships, donations and our matching contribution to the employee-led ATCO Employees Participating in Communities (ATCO EPIC) program.

more than 1,600 connections with area landowners, municipalities and Indigenous communities in 2018 as part of our Fort McMurray West 500-kV Transmission Project.

47 revenue generating partnerships, joint ventures and relationship agreements with Indigenous communities, generating more than $250 million in revenue for our Indigenous partners in 2018.

1,276 additional Indigenous awareness training courses attended by our employees in 2018, including both intensive in-person and online training.

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COMMUNITY ENGAGEMENT

We build upon open and transparent dialogue, engaging with communities near existing and new projects throughout their lifecycles. In 2018, significant projects included Alberta PowerLine and Jasper Interconnection.

Alberta PowerLine, a partnership with Quanta Services, remained committed to excellence in building the Fort McMurray West 500 kilovolt (kV) Transmission Project from west of Edmonton to Fort McMurray. We engaged extensively with landowners, counties, municipalities and 20 First Nations along the route. We listened carefully to their feedback and appropriately adjusted our approach in response.

We are committed to engaging with people through the life of our projects; for example, Alberta PowerLine maintained close contact with people in the area and connected over 1,600 times to provide construction details and updates.

The Jasper Interconnection Project will join Jasper National Park to Alberta’s electrical grid, eliminating the use of diesel and natural gas to generate power in the community and lowering air emissions. After five years of successful and committed consultation, construction began in 2018. These two examples are in addition to ongoing engagement and consultation on many of our projects.

COMMUNITY INVESTMENT

We develop partnerships with non-profit organizations and community groups to offer a range of support, including employee volunteer efforts, expertise and financial support.

Our ATCO EPIC (Employees Participating in Communities) program combines fundraising events, volunteerism and individual donations to support more than 800 non-profit organizations around the world. ATCO matches employee donations made to human health and wellness charities. As well, we support our employees’ volunteer efforts through our Time to Give Program, with a financial contribution to the organizations where our employees volunteer.

ATCO EPIC campaign since its inception in 2006

raised for charities through our ATCO EPIC 41M

more

INDEMNITY RELATIONS & COMMUNITY DEVELOPMENT

There are many evolving factors shaping how Indigenous communities, businesses and governments navigate their relationships across Canada and globally. We have a long history of working in collaboration with Indigenous communities, businesses and Peoples. With this foundation, we remain steadfast in our commitment to building long-lasting relationships with Indigenous communities, now in the context of Truth & Reconciliation. As we continue along this path, our comprehensive strategy—and the metrics to measure it—are based on the four pillars of meaningful engagement, economic participation, training and employment and awareness education.

Meaningful Engagement

ATCO recognizes there are different ways to engage. First and foremost, we listen and seek to understand the values and interests of the communities we serve through proactive, transparent engagement. Together, we identify optimal solutions, resolve concerns and work through different relationship and partnership models that can include regular meetings, investment in community initiatives, joint business ventures, employment and training, or ways to jointly connect with other partners or government participation. We take this approach across our lines of business and around the world.

At ATCO, we believe sports can have a tremendous impact on communities and youth as a tool to build leadership, confidence and a sense of unity. We continued our sponsorships of the 2018 Arctic Winter Games in the Northwest Territories, Alberta Winter Games in Fort McMurray and 2018 Alberta Summer Games in Grande Prairie, Alberta.

We also remain a supporter of Spirit North—a program aimed at helping communities move from introductory cross-country ski days to community-led, sustainable programs that promote lifelong well-being. The Spirit North program visited 30 communities, involving approximately 3,200 students and over 30 schools during the 2017/18 ski season.

Sometimes meaningful engagement means resolving specific concerns of communities near our operations, such as with the 14 Indigenous communities near our hydro plant in Mexico. We visit regularly and work collaboratively to foster mutually beneficial relationships.

Other times our engagement strategy includes Relationship Agreements that formalize long-term commitments with communities. These agreements require regular, strategic discussions about how we can work together, now and in the future, and become the foundation for project-specific memoranda of understanding (MOUs) and joint venture partnerships. We signed eight Relationship Agreements in 2018, bringing our total to ten across the company, and continue to work on new opportunities in 2019.

Our engagement has resulted in a range of opportunities for collaboration, including incorporating renewables into remote communities’ energy mix, connecting communities to the electrical grid, and focusing on energy efficiency, sustainable water solutions and performing clean energy efficiency audits.

In 2018, we signed five MOUs with Indigenous communities. In particular, MOUs between ATCO and communities in northern Alberta and Yukon paved the way to offset diesel-powered generation with off-the-grid renewable energy that reduces localized air emissions and energy costs, while increasing energy reliability.

Economic Participation

We actively pursue partnerships with Indigenous groups on business opportunities that deliver shared social and economic benefits. We maintained or launched 47 business agreements in 2018 that generated over $250 million dollars of revenue for our Indigenous partners in 2018, with some partnerships in place for over 35 years.

As highlighted on page 8, new partnerships in 2018 include a solar project with Three Nations Energy in Fort Chipewyan. Three Nations Energy will co-own the project, allowing the communities to directly participate in the development of their energy future and earn revenue from the project, while reducing environmental effects of diesel consumption.

We are also working on solar power in Old Crow, Yukon. This partnership includes a 25-year energy agreement where ATCO will buy the solar energy, feed it into the power grid and redistribute it to the community.

ATCO is working with our joint venture partners from the Haisla Nation on the largest accommodation facility ever built in Canada to support the LNG Canada energy project. As well, we are working together to provide workforce homes and operational support services for these residences in the Haisla territory that will support construction of the Coastal GasLink pipeline.

At ATCO, we believe sports can have a tremendous impact on communities and youth as a tool to build leadership, confidence and a sense of unity. During the 2017/18 ski season, the Spirit North program visited 30 communities, involving approximately 3,200 students and over 30 schools.
For our Alberta PowerLine project, we have been meeting with Indigenous communities to forge an equity ownership model that will afford the opportunity to acquire a stake in the project following energization. This model enables Indigenous communities to become direct owners in Alberta’s energy sector and supports community development opportunities.

Economic participation is also woven into our procurement approach. We look for opportunities to implement Indigenous contracting strategies to help create jobs, opportunities for skills training and local economic development; for example, our work in Fort McMurray, Alberta, and Jasper National Park has included community development and contracting arrangements with 27 Indigenous communities.

In Australia, we supported a new Indigenous-owned travel agency by committing to engage their services for all ATCO’s Australian travel needs, providing them with a foundation to grow their business.

Training & Employment

An important aspect of our Indigenous Relations approach is providing training, scholarships and employment opportunities, including providing summer student placements for Indigenous youth.

2018 highlights include:

• ATCO piloted a program inspired by the Governor General’s Canadian Leadership Conference to showcase career opportunities to Indigenous youth. In 2018, 119 Grade 9 students from eight Indigenous communities across Alberta participated in one-day trips to local businesses to show perspectives on opportunities available to high school graduates. Building on this foundation, 17 students participated in a multi-day program where they met with leaders across many sectors about future opportunities. We will build on the success of this pilot program to inspire the next generation of leaders.

• We continued the Canada-wide expansion of the Indigenous Education Awards program to provide opportunities for Indigenous students in high school and post-secondary institutions, providing 50 awards totaling $65,500.

• Our Blue Flame Kitchen hosted two Kitchen Skills Training programs for Indigenous students focused on food safety and cooking nutritious meals, including a school program that reached seven Alberta communities and engaged 539 students. In addition, we partnered with BC Hydro to provide a five-day pre-employment training program to Treaty 8 Nation and British Columbia Indigenous candidates. A five-day pre-employment training program to Treaty 8 Nation and British Columbia Indigenous candidates. That program reached seven Alberta communities and engaged 539 students. In addition, we partnered with BC Hydro to provide a five-day pre-employment training program to Treaty 8 Nation and British Columbia Indigenous candidates.

• We offered an eight-day program for Tsuut’ina Nation youth to teach skills in gas utility operations. The pilot program offered a combination of health and safety courses along with basic hands-on gas utility equipment training. Courses were designed to be transferable not only to other industries and companies, but to students’ everyday lives.

• In Mexico, we work with the non-profit organization Peraj Mexico and the Instituto Tecnológico Superior de Zongolica to reduce school dropout rates of children from disadvantaged families. During 2018, ATCO Mexico supported this program by providing 18 Indigenous university students with scholarships as they each mentored one Indigenous elementary school student. In addition, we are currently working with a local non-profit to develop a job training program in carpentry skills for Indigenous youth who live close to our hydroelectric power station in Veracruz.

Awareness Education

Educating our people on the unique cultural and historical status of Indigenous Peoples and communities through our Indigenous relations training is a core part of employee development.

In Canada, almost 500 employees completed online Indigenous awareness course work, and more than 180 have taken a further step with intensive training sessions at our operating locations, in addition to over 175 employees engaged in lunch and learn sessions. We have also partnered with the University of Calgary’s Indigenous Relations program to certify 30 ATCO employees in an intensive two-week long course. As we work to broaden our awareness and outreach, we also started Métis history training in partnership with the Métis Nation of Alberta.

Our commitment to building and maintaining respectful connections with Indigenous communities has grown with ATCO’s global investments. In Australia, we have collaborated to create an inaugural Reconciliation Action Plan that translates the idea of reconciliation into actionable steps, committed to building and maintaining respectful connections with Aboriginal and Torres Strait Islander Peoples. After working closely with local Aboriginal Elders and community representatives, one of our first projects was developing a community garden as an educational tool about the local culture for staff and visitors.

As a business, we continue to work hard to integrate this approach into our core operations and ensure that respect for Aboriginal and Torres Strait Islander Peoples is embedded in the way we conduct our business every day. To support this goal, online awareness training was completed by almost 400 employees in our Australian team.
SUSTAINABILITY DEVELOPMENT GOALS

ATCO supports the United Nations’ Sustainable Development Goals (SDGs) and associated efforts towards building an inclusive, sustainable and resilient future.

The Park Avenue building in Churchlands, Western Australia, utilizes rooftop solar panels and other energy-efficient design to provide building residents with a sustainable source of energy.
While ATCO contributes to all 17 of the SDGs, as a provider of energy and other essential services, we have the ability to make significant contributions to four SDGs in particular (Goals 7, 8, 11 and 13).

We aim to provide access to secure, reliable and affordable energy to support the vitality of our communities.

- **INNOVATIVE ENERGY**
  - We continue to work with customers to provide access to clean and affordable energy by identifying the right balance of innovative technologies. Examples include hybrid residential homes and solutions integrating MCHP, rooftop solar panels and energy storage, as well as larger integrated systems scale solutions such as the CHP unit at Mount Royal University.
  - At our Clean Energy Innovation Hub we are looking at microgrid solutions that integrate hydrogen production, natural gas, solar and battery storage.

- **2018 Performance Examples:**
  - Hybrid houses demonstrated 42 per cent reduction in GHG emissions when compared to conventional homes.
  - 1,093 solar panels installed at our Clean Energy Innovation Hub.

- **REMOTE COMMUNITIES**
  - We signed an agreement to develop a solar array to be operated by the Vuntut Gwitchin Nation in Old Crow, Yukon, and began installing a solar farm in Fort Chipewyan, Alberta.

- **2018 Performance Examples:**
  - 1,000,000 L of diesel displaced by enabling fuel switching in remote communities.

We seek to understand the evolving energy needs of our customers, and develop efficient and effective energy solutions that support the transition to a lower-emitting energy system.

- **ENERGY EFFICIENCY**
  - We collaborate with customers and partners to enable more energy efficient solutions such as using natural gas to generate heat and power at construction sites, building an on-site cogeneration facility for a chemical facility in Mexico, and working with communities served by our utilities in Alberta to install intelligent LED streetlight systems.

- **2018 Performance Examples:**
  - 80 per cent average energy reduction from intelligent LED streetlight system, when compared to conventional streetlights.

We engage openly, transparently and honestly and create long-lasting relationships. Our services contribute to sustainable communities and economic development.

- **HOUSING / SERVICES**
  - With the Homes for Heroes Foundation, we showcased the first of our permanent modular ‘tiny homes’ designed and constructed to meet the needs of Canadian military veterans and help them transition from homelessness.
  - We were awarded four government-sponsored, affordable housing projects in British Columbia. These projects showcase our ability to rapidly deliver residential solutions using energy efficient modular construction techniques to address the growing demand for affordable housing.

- **2018 Performance Examples:**
  - 2 Homes for Heroes built by the end of 2018.

- **LOW-CARBON TRANSPORTATION INFRASTRUCTURE**
  - We enabled low-carbon transportation solutions such as compressed natural gas (CNG) buses in Red Deer and Calgary, and expanded electric vehicle (EV) charging infrastructure in Alberta.

- **2018 Performance Examples:**
  - 38 CNG buses in operation.
  - 3 EV charging stations installed.

- **DISASTER RELIEF**
  - We continued to support the Canadian Armed Forces, NATO, and various non-government organizations in disaster and emergency response services.

We keep our people safe. We seek and respect diverse thoughts and perspectives.

- **SAFETY**
  - Our safety programs include all employees and contractors in all locations. We actively share best practices when we move into a new region, demonstrated by our power generation facility in Mexico that has zero recordable incidents since we entered the joint partnership in 2016.

- **2018 Performance Examples:**
  - 35 per cent reduction in employee total recordable incident frequency since 2017.

- **DIVERSITY / INCLUSION**
  - The strength of our workforce comes from diversity. Our policies ensure we hire people based on their experience and expertise.

- **2018 Performance Examples:**
  - 31 per cent women in total workforce.
  - 19 per cent women in senior management.

- **EMPLOYABILITY**
  - We provided skills training, including utility equipment skills for youth at Tsuut’ina Nation and kitchen skills for Indigenous students across seven communities.

- **2018 Performance Examples:**
  - Hosted a Blue Flame Kitchen skills program engaging with 539 Indigenous students.

- **INDIGENOUS PARTNERSHIPS**
  - We created opportunities for economic participation including the Three Nations Energy partnership, a joint venture with the Naskapi Nation, and are working on an equity ownership model for Alberta PowerLine.

- **2018 Performance Examples:**
  - $250 million in revenue generated for our Indigenous partners in 2018.

We reduce both the direct and indirect GHG emissions associated with our operations by exploring new and more efficient ways to generate, transport and conserve energy.

- **GHG EMISSIONS**
  - To achieve immediate GHG emission reductions, we enabled a 50 per cent conversion from coal to natural gas at one of our power generation units with full conversion of a second unit underway.

- **2018 Performance Examples:**
  - Absolute GHG emissions reduced 37 per cent since 2008.
  - We continued to phase in renewables, and in 2018 we acquired a 35 MW hydro facility in Mexico. In addition, we have 75 MW of potential solar projects in Alberta.

- **2018 Performance Examples:**
  - GHG intensity from power generation reduced 6 per cent since 2017.
  - We created efficiencies in fleet management through centralized planning and roll out of our aerial meter reading program — reducing fuel and emissions. We also added EVs to our vehicle fleet.

- **2018 Performance Examples:**
  - Reduction of over 1,000,000 km driven.
  - 2 EVs added to our vehicle fleet in 2018, representing a reduction of 1,108 kg of CO₂e.

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  - & 2 EVs added to our vehicle fleet in 2018, representing a reduction of 1,108 kg of CO₂e.
SUSTAINABILITY AT ATCO

As a global provider of modular housing, disaster response, logistical support, and energy infrastructure products and services, we play a central role in delivering long-term, sustainable solutions. Innovation is key: from integrated energy systems to partnerships with Indigenous communities, we are solving customer challenges in a way that balances responsible development with safety and environmental stewardship and the interests of communities and landowners.
OUR APPROACH

The foundations of a sustainable company include strong governance, a dedicated leadership team and a rigorous management approach. These cornerstones, along with ATCO’s core values—integrity, transparency, sustainability, accountability, collaboration, perseverance, and caring—help us deliver on our commitment to sustainability. Our strategy on sustainability is woven into all aspects of the business and can be found throughout this report.

GOVERNANCE

Key elements of our corporate governance system include the oversight and diligence provided by the Board, the lead director, the Audit & Risk Committee and our Corporate Governance, Nomination, Compensation and Succession Committee (GOCOM).

The Audit & Risk Committee, comprised of independent directors, has the greatest oversight of our sustainability practices. The committee reviews risks that could materially affect our ability to achieve our strategic objectives, and is responsible for ensuring that management addresses those risks by implementing appropriate mitigation measures.

We have an established enterprise risk management process that allows us to identify and evaluate risks and opportunities by both severity of impact and probability of occurrence. This evaluation also includes non-financial risks and opportunities such as regulatory, transitional, physical and reputational risks.

The senior executive of each operating division reports on operating results and risks to a designated audit director, who in turn reports to the Audit & Risk Committee. In addition, each division prepares a Stewardship Report, which is presented to the Audit & Risk Committee on a bi-annual basis, and includes topics such as safety, environment and Code of Ethics compliance.

The sustainability function at ATCO is overseen by the Vice President of Indigenous and Government Relations & Sustainability who reports directly to the President & Chief Strategy Officer and is managed collaboratively across numerous groups, including Human Resources, Indigenous Relations, Health & Safety, Environment, Marketing & Communications, Business Development, Internal Audit and Risk Management, among others. These groups monitor best practices, develop and implement policies and standards and support our various divisions.

The daily management of sustainability commitments and implementation of programs is guided by divisional leadership. More specific descriptions of our management approach to material topics are included on our website. The programs include topic-specific policies, responsibilities, training, monitoring and other management considerations.

For more detailed information on our corporate governance and management approach, please refer to the Governance section of the Management Proxy Circulars for ATCO Ltd. and Canadian Utilities Limited.

We have a long and successful history of building effective partnerships with Indigenous communities across Canada. The Northwestel project—operated by our 50/50 joint venture with the Northern Aboriginal Services Company (NASCo)—sees 137 Northwestel microwave sites across 96 different communities in the Northwest Territories, Yukon, Nunavut and northern British Columbia maintained at the highest standards.

CORE VALUES

It is ATCO’s Heart and Mind that drives the company’s approach to service reliability and product quality; employee, contractor and public safety; and environmental stewardship. Our pursuit of excellence governs the way we act and make decisions. At ATCO we strive to live by these core values.

INTEGRITY
We are honest, ethical and treat others with fairness, dignity and respect.

TRANSPARENCY
We are clear about our intentions and communicate openly.

ENTREPRENEURSHIP
We are creative, innovative and take a measured approach to opportunities, balanced with a long-term perspective.

ACCOUNTABILITY
We make good decisions, take personal ownership of tasks, are responsible for our actions and deliver our commitments.

COLLABORATION
We work together, share ideas and recognize the contribution of others.

PERSEVERANCE
We persevere in the face of adversity with courage, a positive attitude and a fierce determination to succeed.

CARING
We care about our customers, our employees, their families, our communities and the environment.

2018 ATCO Sustainability Report 37
Our Intelligent Street Light Project, in Lloydminster, Alberta, uses wireless motion sensors and a control system for LED street lights to deliver light on demand.

REPORTING ON OUR MATERIAL TOPICS
Our sustainability reporting is focused on Energy Stewardship, Environmental Stewardship, Safety, and Indigenous & Community Relations. These topics were identified during our 2016 materiality assessment process as being highly relevant to both the company and parties most commonly interested in our sustainability performance, including Indigenous leaders, customers, community members, non-governmental organizations, suppliers, investors, our employees and regulators; and the topics continue to be relevant today.

Our Sustainability Report provides both qualitative and quantitative performance updates for 2018 on these four material topics. This report references the internationally recognized Global Reporting Initiative (GRI) Standards. Our reporting is also guided by frameworks such as the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

For more information on other disclosures, including the Sustainability Framework Index, Annual Reports, and Management Proxy Circulars, please visit our website at ATCO.com/en-ca/about-us/investors/documents/10-k.html

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REPORTING SCOPE AND BOUNDARIES
• The terms ATCO, ATCO Group, the ATCO Group of Companies, our, we, the company and the corporation, refer to ATCO Ltd. as a whole, including its subsidiary company Canadian Utilities Limited.
• Our most recent previous Sustainability Report was released in June 2018, and reflects operations as of December 31, 2017.
• This report communicates our sustainability performance in 2018, and reflects operations as of December 31, 2018.
• Our Performance Summary includes data for the three years ending December 31, 2018, unless otherwise noted, for ATCO, our subsidiaries and joint ventures. Exceptions are explicitly noted with the relevant information. For brevity, data from 2009 through 2015 is not included in the performance summary; however, this historical data is available on our website. Performance data specific to Canadian Utilities Limited only is available on the website.
• Data for 2008, our baseline year for many reporting indicators, is included where available. Certain indicators that have been included in our sustainability reporting more recently may not have data available for 2008; however, graphs will show available trending.
• Financial data is in Canadian dollars and environmental data is in metric units.
• Environmental performance metrics reported include 100 per cent for facilities where ATCO, or one of its subsidiaries has operational control, regardless of percentage of financial ownership. Operational control is defined in alignment with the GHG Protocol.
• There was no material change to the scope of our power generating plant assets in 2018. We include full environmental data for power plants that operated under power purchase arrangements (PPA) during all or part of 2018 including Sheerness and Battle River.
• The following facilities are not included when considering operational control: Primrose, McMahon, Muskeg, Rainbow 4, Scotford, ATCO Espaciomovil and ATCO Sabinco S.A.
• For select sustainability performance indicators, we also provide reporting on an ownership basis in our Sustainability Framework Index, available on our website. Data reported on an ownership basis is prorated to the percentage we own of ATCO subsidiaries, joint operations and joint ventures. In line with standard sustainability reporting practice, all sustainability performance data excludes non-controlling equity investments, such as Neltume Ports. The treatment of joint ventures may be addressed differently in ATCO’s 2018 Annual Report with respect to financial performance.
• In 2018, ATCO acquired a 40 per cent interest in Neltume Ports, a leading port operator and developer in South America. ATCO does not have operational control of Neltume Ports. Neltume Ports is a subsidiary of Ultramar, already a strategic partner with ATCO, and operates primarily in Chile and Uruguay along with operations in Brazil and Argentina. As with any investment, a review of health and safety risks, including anti-bribery and corruption, was undertaken to confirm alignment of values.

For more information on our key policies, please visit our website at ATCO.com/en-ca/about-us/code-ethics.html

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ATCO LTD. PERFORMANCE SUMMARY

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.

1. This performance summary consolidates data for ATCO Ltd. (ACO.X, ACO.Y) and ATCO Group of Companies (ATCO Group), which ATCO, or one of its subsidiaries, has operational control, in 2018, that are not subject to federal, provincial, regional or other regulations, or under facility permits.
2. Emissions figures are included in our calculational methodologies, and a qualitative factor, which sometimes change to improve accuracy. In a few instances, we have estimated the environmental impacts of certain facilities. We use standard industry calculation methodologies and emission factors, which sometimes change to improve accuracy. In a few instances, we have estimated the environmental impacts of certain facilities.
3. We have also provided a limited number of environmental performance metrics on an asset ownership basis in our Sustainability Framework Index.
4. This report includes performance data on indicators that were not included in all previous reports. Data for the new indicators is not provided for previous years, and is denoted with a “*” symbol.
5. Due to differences in government reporting systems, some of the environmental data from our Australian operations is based on a July to June reporting period. Although this does not align with the conventional January to December time period, data reported reflects their annual environmental performance.
6. Emissions figures include amounts that are required to be reported under federal, provincial, regional or other regulations, or under facility permits.
7. Our direct emissions for 2018 exclude any carbon offsets that we have included in our calculational methodologies and emission factors, which sometimes change to improve accuracy.
8. In a few instances, we have estimated the environmental impacts of certain facilities.
9. Our contractor safety rates do not cover all our contractors since some of them are temporary workforce but not joint venture employees.
10. Payments to governments substantially increased and include income, property, and franchise taxes.
11. Non-hydrocarbon spills are often comprised of large volumes of有价值水 or water containing small quantities of other substances.
12. Increase in hazardous waste volumes is mainly attributable to the decommissioning of our generating station in Garden River, Alberta and construction of the Alberta PowerLink project.
13. Our contractor safety rates do not cover all our contractors since some of our business units only track safety statistics for contractors conducting certain work scopes or greater than a threshold contract size. Changes to contractor incident rates year over year vary significantly on capital projects which occur during that year.
14. Includes our temporary workforce but does not include joint venture employees.
15. We track and address concerns through several channels, including our internationally accessible ATCO Integrity Line. Only incidents that have been substantiated by an external authority have been included.
16. Non-environmental regulatory non-compliance incidents include one incident regarding power generation response time requirements, and one incident related to the operation of our natural gas transmission system.
17. Figures for 2017 have been restated to account for the impact of IFRS 15.
18. 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.
19. 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.
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21. Payments to employees include the expenses related to wages and benefits.
22. 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.
23. 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.

### ENVIRONMENT

#### Air Emissions

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<thead>
<tr>
<th>Indicator</th>
<th>Kilotones CO2e</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>Ozone-depleting substances</td>
<td>216</td>
<td>216</td>
<td>216</td>
<td>216</td>
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</tr>
<tr>
<td>Mercur</td>
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<tr>
<td>Sulfur dioxide</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Nitrogen oxides</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Non-hydrocarbon - number</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Non-hydrocarbon - tonnes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Hazardous Waste</td>
<td>0</td>
<td>0</td>
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</table>

#### Economic Value Distributed

<table>
<thead>
<tr>
<th>Indicator</th>
<th>$ million</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>2,084</td>
<td>2,084</td>
<td>2,084</td>
<td>2,084</td>
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<tr>
<td>Employees</td>
<td>589</td>
<td>589</td>
<td>589</td>
<td>589</td>
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</tr>
<tr>
<td>Lenders</td>
<td>485</td>
<td>485</td>
<td>485</td>
<td>485</td>
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</tr>
<tr>
<td>Shareholders</td>
<td>387</td>
<td>387</td>
<td>387</td>
<td>387</td>
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<tr>
<td>Government</td>
<td>448</td>
<td>448</td>
<td>448</td>
<td>448</td>
<td></td>
</tr>
<tr>
<td>Communities</td>
<td>8</td>
<td>8</td>
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<tr>
<td>Economic Value Retained</td>
<td>877</td>
<td>877</td>
<td>877</td>
<td>877</td>
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</tr>
<tr>
<td>Financial Assistance Received from Governments</td>
<td>1,511</td>
<td>1,511</td>
<td>1,511</td>
<td>1,511</td>
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</tbody>
</table>

#### Water Use

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Million m³</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>Water use</td>
<td>10,713</td>
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#### Hazardous Waste

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Tonnes</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>Water</td>
<td>21.2</td>
<td>21.2</td>
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</table>

#### Voluntary Turnover Rate

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Cases/200,000 hours worked</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatalities (employees)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Fatalities (contractors)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Employees</td>
<td>6,241</td>
<td>6,241</td>
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</tr>
<tr>
<td>Voluntary Turnover Rate</td>
<td>6.1</td>
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#### Fire Protection Expenditures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>$ thousand</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Fines and Penalties</td>
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#### Diversity

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Per cent</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women in workforce</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
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</tr>
<tr>
<td>Women in senior management</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Women on Board of Directors</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Human Rights and Ethics Incidents</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</table>

#### Fines and Penalties for Regulatory Non-compliance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>$ thousand</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>Fines and Penalties for Regulatory Non-compliance</td>
<td>15.3</td>
<td>15.3</td>
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#### Economic Value Generated

<table>
<thead>
<tr>
<th>Indicator</th>
<th>$ million</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Value Generated</td>
<td>4,888</td>
<td>4,888</td>
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</table>

#### Financial Assistance Received from Governments

<table>
<thead>
<tr>
<th>Indicator</th>
<th>$ million</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage of Defined Benefit Pension Plan Obligations</td>
<td>91</td>
<td>91</td>
<td>91</td>
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</tr>
</tbody>
</table>

2018 ATCO Sustainability Report