

2013 SUSTAINABILITY PERFORMANCE UPDATE



ATCO
GROUP



ATCO's success depends on our ability to operate in a responsible and sustainable manner, today and in the future. We have always taken our responsibilities very seriously, whether it is to the communities we have the privilege to serve, our employees' safety, or the global environment within which we participate. Responsible stewardship of the environment and our strong commitment to health and safety are fundamental to our business.

M.C. South

ABOUT THIS REPORT

This Performance Update provides a brief synopsis of key 2013 sustainability performance metrics. ATCO's 2011-12 biennial report should be referred to for a wider discussion of initiatives. Our next full report will be published in 2015.

To remain consistent with previous reporting, we have included key metrics featured in our biennial reports. ATCO continues to prioritize targeted improvements to our sustainability metrics and disclosures, including now reporting annually.

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Tom McNeill, Distribution Operator, Field - Okotoks, (left) and A.J. Molloy, Junior Distribution Operator - Field, Okotoks, evacuated a number of residents, including these young people, to higher and safer ground during the record-breaking flooding in southern Alberta in 2013.



Environment

Chris Blunt, ATCO Gas Engineer, tours ATCO Gas's new energy-efficient operations centre in Okotoks, AB, one of the first commercial buildings of its size in Alberta to feature the small-scale use of Combined Heat and Power (CHP) technology.

We believe that reducing our impact on the environment is integral to the pursuit of operational excellence. Our environmental commitments include:

- striving to minimize our environmental impacts throughout our global operations;
- incorporating efficiency and environmental considerations in the planning and implementation of all our projects;
- developing a leadership position in alternative energy technologies, including cogeneration, hydro, geothermal and solar energy;
- monitoring and assessing our performance; and
- educating the public on energy reduction opportunities.

Transition to Low Emission Generation

Climate change is a global issue and ATCO has an opportunity to play a leadership role in the development of innovative, cost-effective, long-term environmentally responsible solutions. Developing new, environmentally responsible sources of base-load electricity generation will be key to meeting demand while minimizing environmental footprint.

2013 highlights include:

- **Natural gas and hydro generation** – ATCO Power conducted significant project development on a proposed high-efficiency natural gas generating station, and explored potential development opportunities for hydro power generation.
- **Combined heat and power (CHP)** – ATCO Gas, with funding support from the *Climate Change and Emissions Management Corporation*, introduced a program for small to medium commercial, municipal and institutional customers. By using natural gas to generate heat and electricity simultaneously, CHP increases energy efficiency, lowers facility operating costs and reduces greenhouse gas emissions. The program is expected to reduce 52,000 tonnes of greenhouse gas emissions over its 15-year life.
- **Energy-efficient operating centres** – ATCO Gas and ATCO Pipelines both installed CHP technology in existing operations centres. ATCO Electric opened two new energy-efficient operations centres with high-performance heating, solar hot water panels and grey water recycling, reducing

energy and water consumption by 55 and 30 per cent respectively.

- **Solar** - Drake Landing Solar Community received the 2013 International Energy Agency's Solar Heating and Cooling Programme Solar Award. ATCO Gas has been involved with this project since 2004, and since the system began operating in 2007, has acted as a managing partner and facility operator. Since 2012, the Drake Landing project has provided more than 90 per cent of the annual space heating requirements for 52 homes from solar energy. Other initiatives include ATCO Electric Yukon collaborating with the City of Whitehorse to explore a solar thermal energy storage system for a new subdivision, using solar collectors to capture heat for use in winter. ATCO Power Australia installed solar panels at a co-generating facility, delivering environmental gains and operational cost savings.
- **LED** - ATCO Electric began offering light-emitting diode (LED) streetlights as an option for new residential and stand-alone streetlight installations. LED lights use 55 per cent less energy, reducing carbon dioxide emissions. Fort McMurray, AB implemented a full-scale conversion project, and ATCO Electric installed more than 4,200 LED streetlights in the city.
- **Improving pipeline efficiency** - ATCO Pipelines continued its ten-year program to replace valve equipment, cumulatively reducing greenhouse gas emissions by 7,500 tonnes per year.

Reducing Land Disturbance

We take care to minimize the disruption our operations can have on land and biodiversity, including preserving archeological and historical sites, by re-using existing rights-of-way where possible, or re-routing when required.

During ATCO Electric's Hanna Region Transmission Development Project, for example, comprehensive plans were implemented to protect and preserve the region's wildlife and archeological resources. Through the Avian Protection Plan, dozens of artificial nesting platforms were created to assist in the recovery of southern Alberta's ferruginous hawk population. Through the Historical and Archaeological Resource Protection Plan, 145 historical resources were discovered and reported to Alberta Culture, including building foundations, ceremonial relics, stone tools, farm sites and fossils.



ATCO Pipelines completed remediation work on the Elbow River in Calgary, following a pipeline crossing exposure resulting from flooding in 2013. To ensure the safety and integrity of the pipeline, we covered the exposed pipe and rebuilt the riverbank to prevent future erosion.

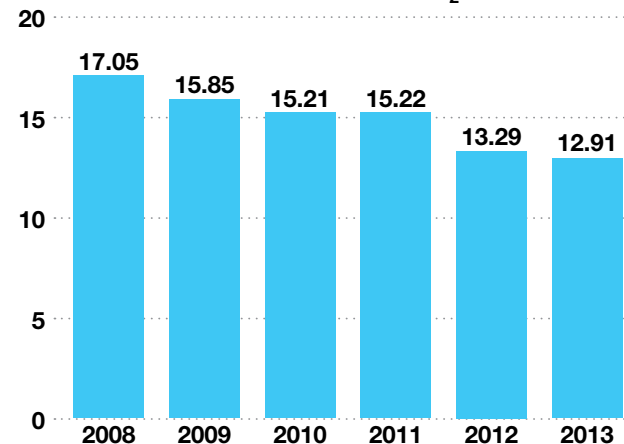
	2008	2013	Change (%) 2013 vs 2008	Notes
Sulphur Dioxide (tonnes)	63,182	55,734	-12	Change due to variability in sulphur content of the coal burned
Nitrogen Oxides (tonnes)	26,566	24,277	-9	Decrease predominantly due to changing operating mix from our power assets
Carbon Monoxide (tonnes)	3,768	3,264	-13	Decrease predominantly due to changing operating mix from our power assets
Particulate Matter (tonnes)	510	584	15	Changes predominantly due to modified measurement protocols
Volatile Organic Compounds (tonnes)	168	1,206	618	Changes mainly due to modified measurement protocols and expanded Australian operations
Mercury (kilograms)	157	53	-66	Decrease due to installation of equipment to meet Alberta mercury control regulations
Water Consumption (millions m ³)	22.1	19.5	-12	Decrease predominantly due to changing operating mix from our power assets
Hazardous Waste (tonnes)	-	678	-	Declined 24% since 2011, when we started reporting this indicator
Environmental non-compliance & fines (\$)	0	0	-	We have only incurred one fine (\$1,000 in 2012) since 2008.

- 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 that may be updated periodically to improve accuracy. This is the case for carbon monoxide, particulate matter and volatile organic compounds.

- Data for air emissions and water use is reported on an operatorship basis. We claim 100 per cent of the emissions and water use for the facilities we operate, regardless of our ownership portion.

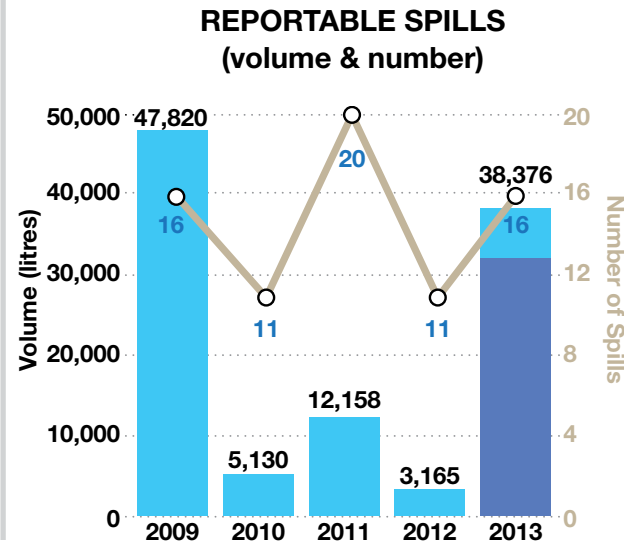
- Hazardous waste figures were incorrectly reported in the previous report, and should have been reported as 886 tonnes in 2011 and 839 tonnes in 2012.

DIRECT GREENHOUSE GAS EMISSIONS (millions tonnes CO₂e)



ATCO's greenhouse gas emissions have been reduced from 2008 to 2013 by 24 per cent. This is largely the result of a changing operating mix from our power assets. Indirect emissions for 2013 were 0.27 million tonnes of CO₂e covering five of our operating companies. This reporting will be expanded in the future.

REPORTABLE SPILLS (volume & number)



The increase in volume from 2012 to 2013 can mainly be attributed to a single incident regarding release of a mud/water mix (not hydrocarbon related).

We strive to minimize the number and size of spills to the environment through rigorous operational procedures and asset integrity, with a goal of zero spills. Number of spills refers to all spills which require reporting to regulators. Spill volumes are sometimes estimated.



Health & Safety

Ryan Zaichkowsky, Apprentice Power Line Technician, and Brad Gerbrandt, Journeyman Power Line Technician, gear up to install a gang switch on a distribution line near Grande Prairie, AB.

We strive to provide a healthy and safe work environment, and continually improve our safety programs and operational integrity to protect our employees, contractors and the public. We are committed to the safety of employees and to promoting safe practices with our customers.

Walking the Talk

Safety must be at the heart of everything that we do, a core value, applied through our health and safety management programs. Leaders at every level are tasked with fostering a culture focused on safety.

Important safety messages hit home when they have a personal connection. In ATCO Electric, for example, a Distracted Driving video was developed to recount the

personal story of an ATCO employee who also serves as the volunteer Fire Chief of the Vegreville Fire Department.

In his role as a first responder, the employee saw first-hand the tragic effects of distracted driving, and the video presents his personal experience. Leaders present this video to their staff to provide an impactful reminder of the importance of driver attention to the road.

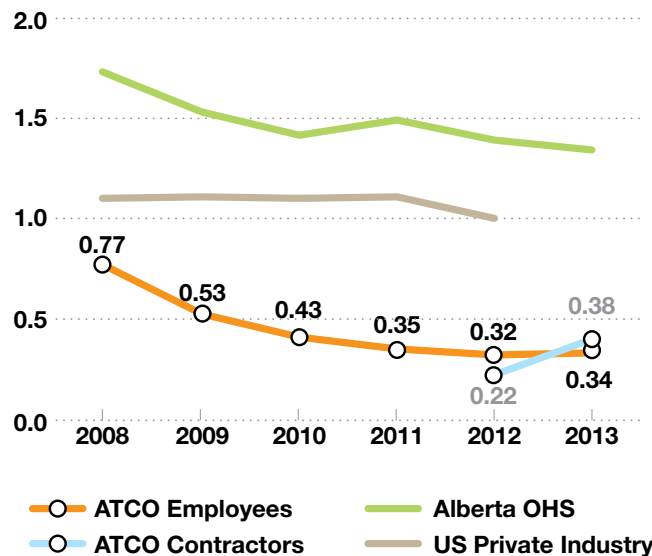
Public Safety

Asset integrity – ATCO proactively ensures all of the company’s assets and infrastructure are tested, maintained and replaced to ensure the safe delivery of electricity and natural gas. The ATCO Pipelines Urban Pipeline Replacement Project in Edmonton and Calgary is an example of this proactive approach. Building new, modern pipelines in the transportation utility corridors will dramatically improve public safety by reducing the risk of an incident and providing a buffer from other construction activities. To find out more, go to atcopipelines.com.

Emergency response – With a unique combination of experience and expertise in emergency response, ATCO companies have the skills to join first responders during an emergency. In 2013, southern Alberta was hit by the worst flooding in the province’s history. ATCO personnel helped evacuate residents, protect property and ensure people could return home as quickly and safely as possible. ATCO Structures & Logistics has experience in providing critical infrastructure and services in the wake of some of the worst natural disasters in the world and was able to quickly install and operate relief structures for the Siksika First Nation, just south of Calgary.

Education – Safely working and living near electricity and natural gas facilities require ongoing education programs that get people’s attention and encourage safe behaviours. ATCO Gas’s and ATCO Electric’s safety promotion programs have won numerous awards for their effectiveness.

LOST TIME INJURY RATES
(cases per 200,000 hours worked)

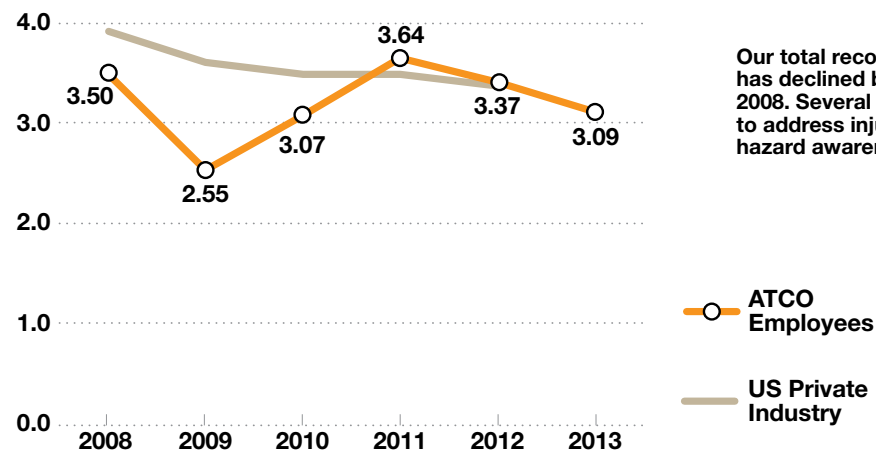


Our employee lost-time injury rate has declined by more than 50 per cent since 2008. ATCO compares favourably with the general lost-time injury rate for Alberta Occupational Health and Safety as well as US Private Industry. We compare against these general benchmarks due to the diverse nature of the operations of our companies.

Contractor lost time injury rate increase in 2013 can predominantly be attributed to improved reporting by our contractors.

In cases where we direct the work of joint venture (JV) employees, we include their data in employee safety statistics.

TOTAL RECORDABLE INJURY RATES
(cases per 200,000 hours worked, employees only)



Our total recordable injury rate has declined by 11 per cent since 2008. Several programs are in place to address injury reductions and hazard awareness.



Employees

Based in the Western Australia capital of Perth, ATCO Australia employs approximately 400 people and operates a range of energy infrastructure assets that support resource-focused industries in its home state as well as Queensland and South Australia.

ATCO offers diverse opportunities in a work environment where employees are respected and valued. Our team shares a commitment to:

- upholding the highest standard of ethical behaviour and maintaining a respectful work environment with an emphasis on teamwork;
- growing our talent internally through professional, leadership and occupational skills development as well as providing opportunities for career growth;
- ensuring competitiveness from a total compensation perspective;
- clearly communicating performance expectations and recognizing milestones and achievements; and
- enhancing the company's technical infrastructure to manage our large, diverse and geographically dispersed labour force in an efficient, effective manner.

Learning & Development

We strongly support our employees' desire to learn, develop and grow throughout their careers, and we provide employees with ongoing technical and non-technical training as well as career development opportunities.

Our comprehensive leadership development programs build and enhance professional skills in both leadership and management practices. These programs offer classroom and experiential learning opportunities through Mount Royal University in Calgary, Ivey School of Business in London, Ontario, as well as jointly through The University of Western Australia and the Australian Institute of Management in Western Australia.

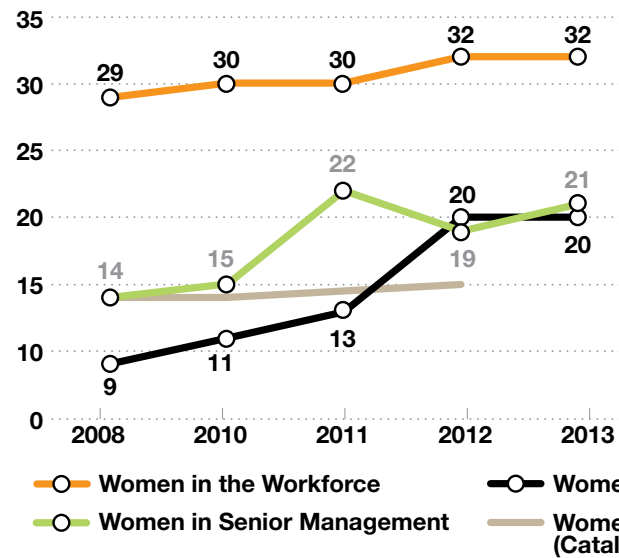
Employee Share Purchase Plan

In January 2013, ATCO increased the employer contribution in its Employee Share Purchase Plan (ESPP) from 15 to 25 or 35 per cent, depending on how long an employee has been contributing to the plan. Almost 60 per cent of eligible ATCO employees currently participate in the ESPP.

Aboriginal Relations

ATCO sponsors the University of Calgary's Aboriginal Relations Leadership Certificate Program to increase participants' level of knowledge related to the history, culture, traditions and legal relationships that Canada has with its Aboriginal peoples. The four-day program is offered four times per year and ATCO sends 10 of its employees to each session. More than 60 ATCO employees and 330 University of Calgary students have attended this program since it began in 2012.

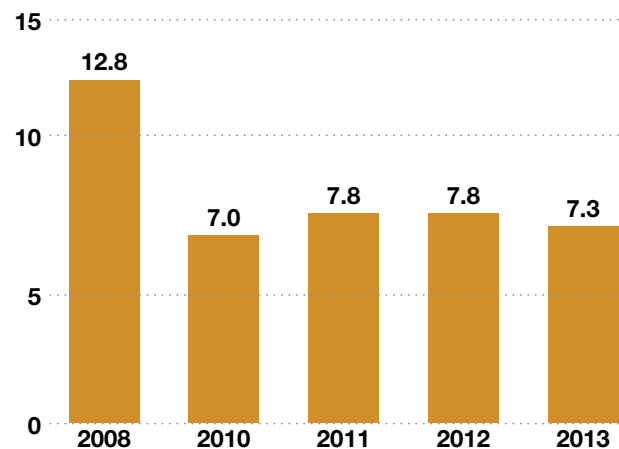
WOMEN IN THE WORKFORCE (%)



Approximately 32 per cent of ATCO's overall workforce is female, 21 per cent in Senior Management and 20 per cent on the Board of Directors for 2013. Survey results by Catalyst, a worldwide non-profit research company, reveal that women hold 15 per cent of senior officer positions in Canadian public companies. Statistics for 2009 are not available because of the integration of multiple data systems in that year.

Does not include international employees.

VOLUNTARY TURNOVER RATES (%)



Turnover has remained relatively stable over the last four years, which is likely the result of career development, leadership training and the stability of ATCO. Statistics for 2009 are not available because of the integration of multiple data systems in that year.

Includes permanent headcount only, and does not include joint venture employees.



Communities

Dancers at the ATCO Gas sponsored National Aboriginal Day Festival in St. Albert, AB.

ATCO is committed to contributing to the quality of life in the communities where we do business and where our people work and live. We are committed to:

- seeking to understand and meet the needs and interests of the communities we serve;
- developing meaningful partnerships with non-profit organizations and supporting these partnerships through volunteer efforts and providing expertise and financial support;
- facilitating engagement with governing authorities, regulatory bodies, landowners, indigenous and community groups that may be affected by our project proposals and operations worldwide; and
- building mutually beneficial commercial relationships with local suppliers.

ATCO EPIC

ATCO and its people pledged a record \$4.2 million to more than 500 charitable organizations in 2013 through the company's annual ATCO Employees Participating in Communities (EPIC) fundraising and ATCO EPIC Time to Give programs. The ATCO EPIC program combines employee-led fundraising events, auctions, friendly team competitions

and pledges to support charitable organizations across Canada.

The EPIC program went international in 2013 by including ATCO Australia, and that company was awarded the inaugural 'Workplace Supporter of the Year' for their support of Kids Are Kids!, a not-for-profit, community-based provider of specialized therapy services for children with development disabilities.

Aboriginal Partnerships

Some of ATCO's first Aboriginal partnerships began over 25 years ago. In 2013, ATCO continued to strengthen its relationships with Aboriginal communities across Canada through new developments with the Woodland Cree First Nation joint-venture partnership as well as new agreements with the Denesoline and Qikiqtaaluk Corporations, Samson Cree Nation and the Ermineskin Cree Nation.

A great example of a long standing relationship that ATCO has in terms of employment, training and subcontracting is with the George Gordon First Nation (GGFN). GGFN is a joint-venture partner for a large project currently under way in Saskatchewan, and they have benefited from direct opportunities brought about by skills inventory sessions, employment fairs and various skills development options.

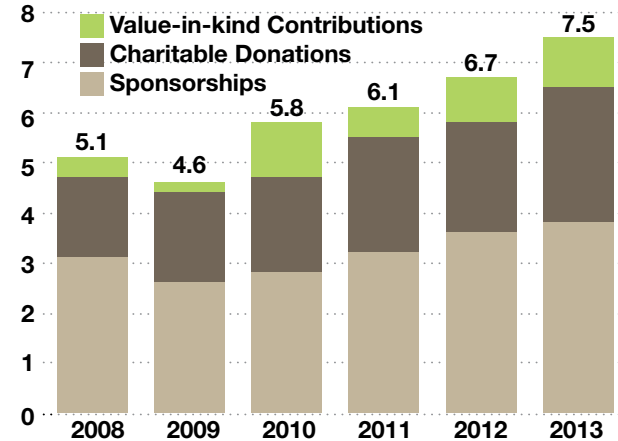
Working with the Saskatchewan Tourism Education Council, ATCO conducted skills inventories for the GGFN and other Aboriginal groups in the Touchwood Hills area of Saskatchewan, to assess education, interest and potential barriers

to employment. ATCO was able to provide a skills development program that was designed specifically for this project with the main target of local Aboriginal employees. Twenty-two members of the communities participated in the training program with 17 graduates offered employment opportunities.

These project-driven efforts supplement ATCO's ongoing education programs. For example, ATCO Electric has maintained an Aboriginal summer student program since 2008, and ATCO Pipelines maintains an Aboriginal Educational Awards Program.

Our ATCO Sustainable Communities business works to create lasting facilities for Aboriginal and other remote communities. In 2013, company representatives visited more than 140 communities in Canada, spending time to understand these communities and build relationships, so the design of a facility reflects both cultural and physical needs. Successful turn-key construction projects completed range from fire halls and gas stations to community centres and schools.

COMMUNITY INVESTMENT (\$ millions)



The above graph represents ATCO's total sponsorship, donation and value-in-kind contributions, excluding employee donations. Charitable Donations includes the ATCO portion of the EPIC donation, as well as other donations.



Chief Craig Mackinaw from the Ermineskin Cree Nation and Brendan Dolan, former President, ATCO Pipelines, currently Senior Vice President, Calgary and District Operations, ATCO Gas, celebrated the execution of a cooperative agreement to govern future dealings between the two parties on a pipeline replacement project in the Maskwacis community.

For more information, contact ATCO at sustainability@atco.com

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