

DISCLAIMER

Due to uncertainty surrounding the application of recent amendments to the Competition Act (Canada), these documents are provided for historical information purposes only and do not constitute active or current representations of ATCO Ltd. or any of its related parties. The purpose of these documents is to comply with disclosure requirements that were in effect on the date these documents were filed; ATCO undertakes no obligation to update such information except as required by applicable law. ATCO remains committed to taking steps to address climate change and continuing to engage in sustainability initiatives.





SUSTAINABILITY REPORT 2022



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We have a long and successful history of building effective partnerships with Indigenous communities. One of these joint ventures – ARCTEC Alaska – provides operations and maintenance of facilities for the Alaska Radar System, including 15 active long-range radar sites.

FORWARD-LOOKING INFORMATION ADVISORY

Certain information in this Report constitutes forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “anticipate”, “plan”, “expect”, “may”, “will”, “goal”, “target”, “strategy”, “future”, and similar expressions. In particular, forward-looking information in this Report includes, but is not limited to, references to: strategic plans, goals and targets, including 2030 ESG targets and the commitment to achieve net-zero GHG emissions by 2050; energy transition, expected decarbonization, emissions reductions and carbon offsets; expected electricity generation capacity and/or productive capacity of assets and projects, including assets and projects that have been acquired or that are expected to be developed in the future; growth expectations; expected job creation; expected increase in revenues from transitional product and service categories; the expected advancement of technology and integrated solutions to transition energy systems in a safe, secure, reliable, and affordable manner; anticipated uses of hydrogen, the export of hydrogen (and derivative products), and benefits associated with increased use of hydrogen; the expected timing of final investment decisions and/or the commencement or completion of activities or contracts; the expected impact, benefits or value of contracts; the expected purchase and sale of electricity; planned uses of government funding; the timing for commencement, construction, commercial operations and/or product supply in connection with facilities, assets or projects; information pertaining to planned but not yet fully developed projects, including the Suncor ATCO Heartland Hydrogen Hub Project, the Central West Pumped Hydro Project, the Atlas Carbon Sequestration Hub Project, Canadian Pacific’s Hydrogen Locomotive Project, and various wind, solar, CO₂ storage, and energy efficiency projects that are described in this Report.

It is believed that the expectations reflected in such forward-looking information are reasonable based on the information that is available on the date this Report was prepared; however, such statements are not guarantees of future performance and no assurance can be given that the expectations will prove to be correct. Forward-looking information should not be unduly relied upon. Such information involves a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those anticipated. The forward-looking information in this Report reflects current beliefs and assumptions with respect to, among other things: the ability to successfully achieve net-zero GHG emissions by 2050; the development, performance and implementation of processes, technology and technological innovations; the ability to access and implement technology necessary to achieve GHG and other ESG targets; continuing collaboration with certain regulatory and environmental groups and communities; the receipt of regulatory approvals; the performance of assets and equipment; demand levels for oil, natural gas, gasoline, diesel and other energy sources; certain levels of future energy use; future production rates; future revenue and earnings; planned methods of transportation; the ability to meet project schedules; and other assumptions inherent in management’s expectations in respect of the forward-looking information identified herein.

Actual results could differ materially from those anticipated in the forward-looking information as a result of, among other things: risks related to the development and performance of assets, technology and new energy efficient products, services, and programs, including but not limited to the use of zero-emission and renewable fuels, carbon capture utilization and storage, electrification of equipment powered by zero-emission energy sources, and the utilization and availability of carbon offsets; applicable laws and government policies; the risk of unfavourable regulatory decisions; competitive factors; political factors; prevailing economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services and infrastructure; risks related to the development and execution of projects; prices of electricity, natural gas, natural gas liquids, and renewable energy; potential termination or breach of contracts by contract counterparties; the occurrence of unexpected events such as fires, severe weather conditions, explosions, blowouts, equipment failures, transportation incidents, and other accidents or similar events; and other risk factors, many of which are beyond the control of the company. Due to the interdependencies and correlation of these factors, the impact of any one assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the company faces, see “Business Risks and Risk Management” in ATCO Ltd.’s Management’s Discussion and Analysis for the year ended December 31, 2022 (MD&A).

MESSAGE FROM THE CHAIR AND CEO

Within ATCO, we have always taken a balanced, long-term view of governance, corporate strategy, and value creation. We have infused our enterprise with a sense of purpose: to build prosperity and opportunity through the generations.

In many respects, 2022 was a milestone year in ATCO's history. Not only did we celebrate our 75th anniversary, but we also marked several significant achievements with respect to our environmental, social and governance (ESG) performance. Underpinned by our 2030 ESG targets and net-zero commitment, the people of our company have continued to achieve remarkable things on behalf of our customers, communities, and investors.

Late last year, we announced the acquisition of a portfolio of wind and solar assets and projects located in the provinces of Alberta and Ontario. While ATCO has been at the forefront of the energy transition for years, this investment further cements our position as a leader in delivering cleaner electricity to our customers. With 232 MW of existing wind generation and a development pipeline of more than 1,500 MW of wind and solar projects, this investment puts ATCO on a firm trajectory to achieve our goal of owning, developing, or managing more than 1,000 MW of renewable energy by 2030.

We have also grown our cleaner fuels footprint and expertise, with innovative projects underway across our global operations. In December 2022, we commissioned two significant projects in Western Australia; blending hydrogen into our natural gas network and a hydrogen refuelling station for passenger vehicles. In our home province of Alberta, we have partnered with Canadian Pacific Kansas City (CPKC) to develop hydrogen production and refuelling facilities as part of CPKC's Hydrogen Locomotive Program. We also continue to advance the Suncor ATCO Heartland Hydrogen Hub, a world-scale, vertically integrated clean hydrogen development in the Alberta Industrial Heartland.





Nurturing Indigenous partnerships that promote social and economic development has long been a hallmark of our method of operating. I am particularly proud of that! We were able to increase the net economic benefit to our Indigenous partners by 65 per cent in the past year, far exceeding our target of 40 per cent. But we will not be lulled into complacency, and I look forward to building further on this terrific momentum in the years ahead.

In June 2022, we celebrated a historic milestone in one such partnership – our 35-year partnership with Denendeh Investments Inc. (DII) – with a deal that increased DII's ownership stake in Northland Utilities from 14 to 50 per cent. Our partnership with DII in 1987 was our first with an Indigenous organization, setting the standard for all that have come since.

Inuit-owned Nasittuq Corporation, another of our long-standing Indigenous partnerships in the North, celebrated a momentous achievement of its own last year. In February 2022, we secured a contract to operate and maintain the North Warning System, a chain of radar sites and support facilities that spans 5,000 km through the Canadian Arctic. This partnership, and the award of the North Warning contract to an Indigenous enterprise, is of symbolic and strategic importance. There are few projects of greater historical consequence to our group of companies, or to Indigenous reconciliation in Canada's North.

Unfortunately, there are obstacles to our continued success. A convoluted and misaligned policy and regulatory environment presents a significant risk to the energy transition, Indigenous reconciliation, and economic growth overall.

"In many respects, 2022 was a milestone year in ATCO's history. Not only did we celebrate our 75th anniversary, but we also marked several significant achievements with respect to our ESG performance. Underpinned by our 2030 ESG targets and net-zero commitment, the people of our company have continued to achieve remarkable things on behalf of our customers, communities, and investors."

This is a call to action for all constituents.

The economic environment over the past 18 months has served as a painful reminder of the importance of energy security, reliability, and affordability. As we continue along the path of energy transformation, it is incumbent upon leaders of commerce and the body politic to be transparent on the costs and trade-offs along the way – and on the true scale of the challenge.

With dialogue based on respect, trust and transparency, we can find common ground and creative solutions that enable the energy transition – without sacrificing reliability or affordability. By working together, we can accomplish more than any individual or organization ever could. One reason for this is that a diversity of perspectives leads to better decision-making.

Diversity is key to managing a complex and ever-changing landscape. Our businesses serve a broad range of people and communities. This demands that we attract a broad range of backgrounds and dynamic experience in our workforce. To reach our collective potential, there must be a safe environment for our team to work. That is why we are not just focused on physical safety, but mental, social and psychological safety. By addressing all these facets of safety, our people can fully engage in their work and with others'. It's an often overlooked, but absolutely critical piece of any organizational strategy.

We are a people-focused company, built over the last 75 years through tenacity and grit. As ever, I am fiercely proud of the people of ATCO. Their collective vision, determination, and courage has allowed our group of companies to create truly sustainable value.

The future is bright at ATCO. I've never been more excited to see what lies beyond the horizon.

Sincerely yours,



Nancy Southern
Chair & Chief Executive Officer

INTEGRATED SOLUTIONS

Creating prosperity and opportunity for generations to come

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 business operations including:



ENERGY

- Electricity Transmission
- Electricity Distribution
- Electricity Generation
- Natural Gas Distribution
- Natural Gas Transmission
- Hydrogen Production
- Energy Storage
- Industrial Water
- Retail Electricity and Natural Gas (Home and Business)



STRUCTURES & LOGISTICS

- Relocatable Space Rentals
- Permanent Modular Construction
- Workforce and Residential Housing
- Disaster and Emergency Management
- Operations and Maintenance
- Lodging Services
- Site Services



LAND & DEVELOPMENT

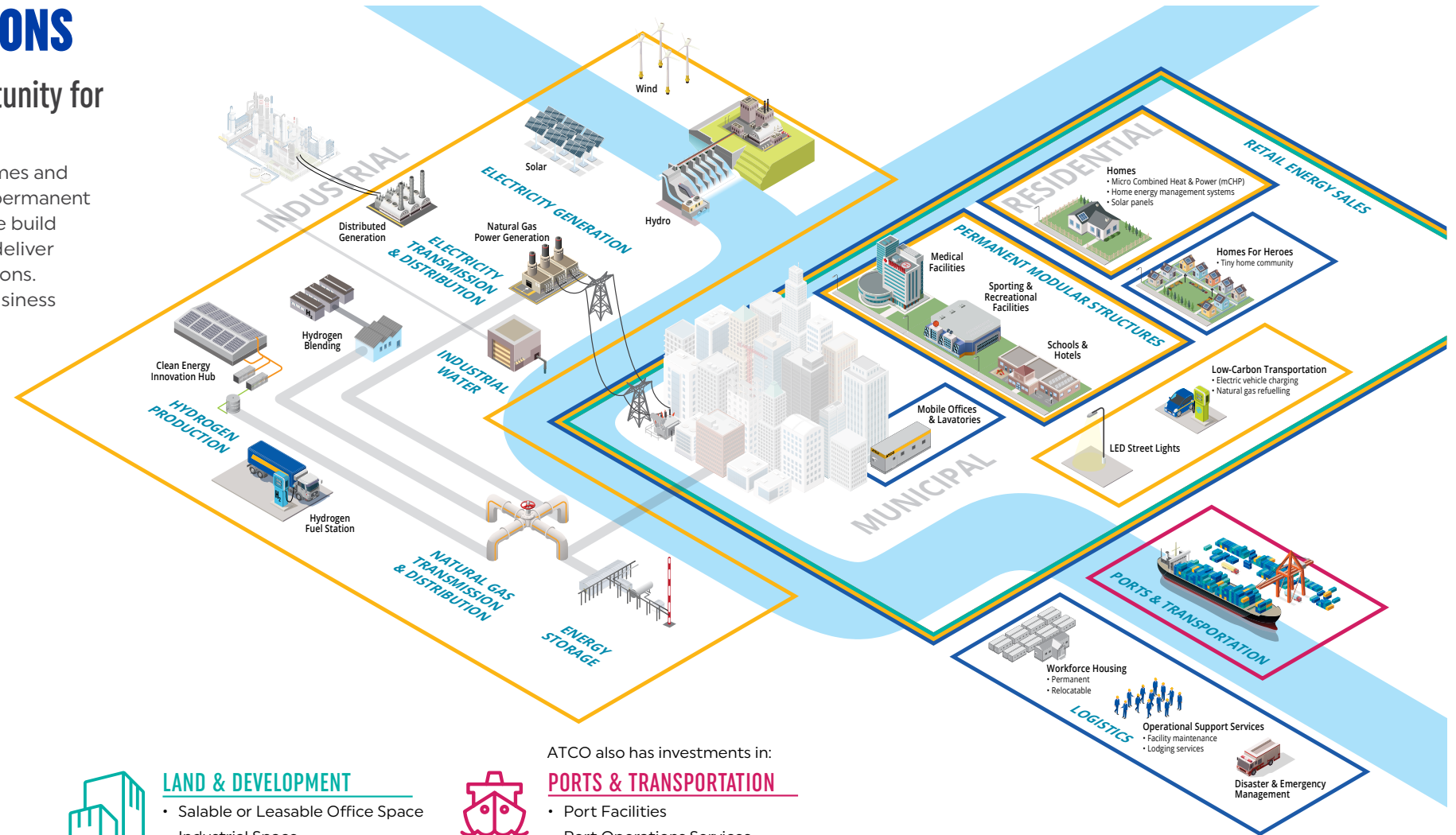
- Salable or Leasable Office Space
- Industrial Space
- Land



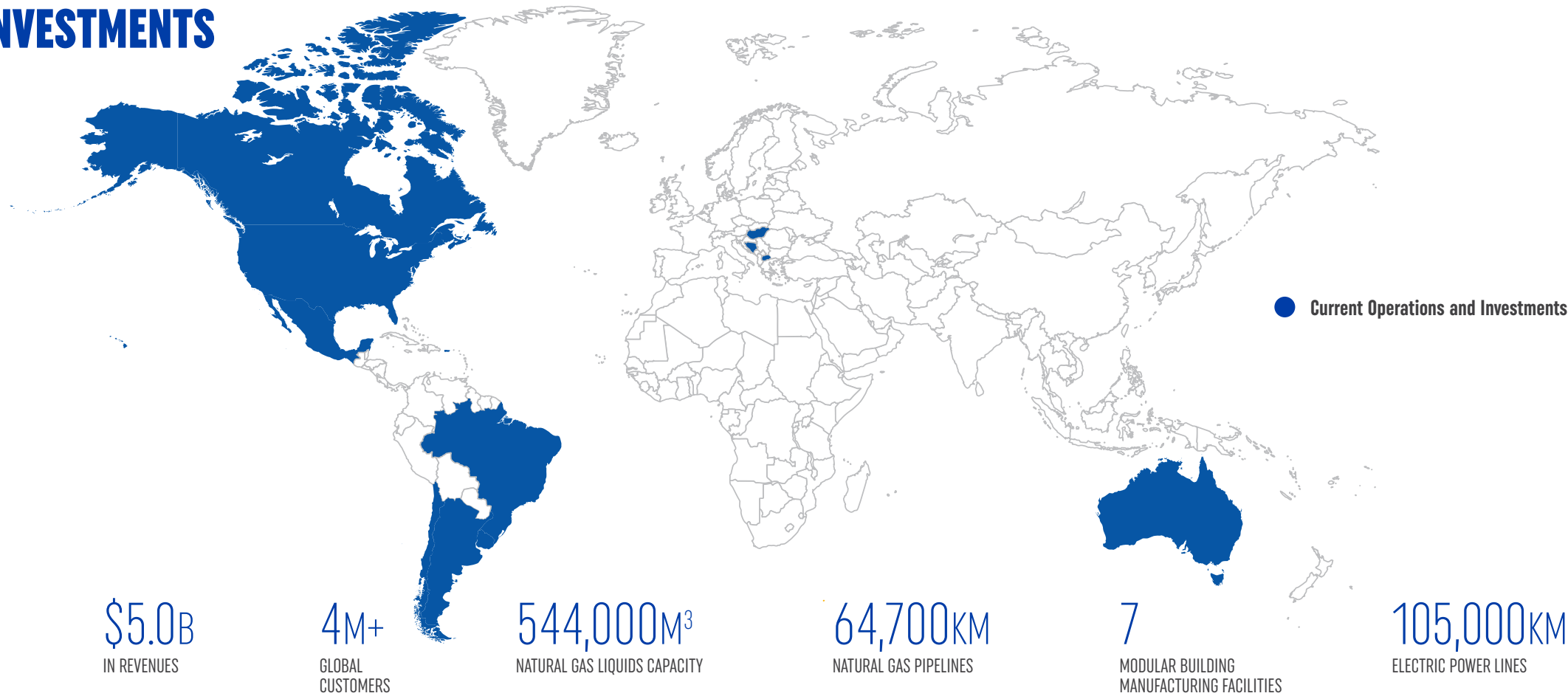
ATCO also has investments in:

PORTS & TRANSPORTATION

- Port Facilities
- Port Operations Services



CURRENT OPERATIONS AND INVESTMENTS



*The most directly comparable measure to "adjusted earnings" that is reported in accordance with International Financial Reporting Standards (IFRS) is "earnings attributable to Class I and Class II shares", which was \$370 million as at December 31, 2022. For additional information, see "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in the MD&A for the year ended December 31, 2022, which is available on SEDAR at www.sedar.com. The information provided in the MD&A under the heading "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" is incorporated by reference herein.

**This is as of December 31, 2022, and does not include the 242 MW of operated power generation acquired on January 3, 2023.

OUR APPROACH TO SUSTAINABILITY

ATCO is a provider of essential products and services around the world. With this comes a responsibility to ensure those products and services are safe, reliable, sustainable and affordable. In performing this work, we embrace a long-range outlook that builds future prosperity – value for our customers, employees, share owners, and Indigenous and community partners.

Success for ATCO is more than a financial outcome. We create global opportunities to innovate, advise and lead in the energy transition. We believe in building truly equitable partnerships with Indigenous communities. We collaborate with community partners to enhance economic and social development. We always champion a diverse and inclusive environment where inspired people can make a meaningful difference. These drivers are interwoven into our business strategies and our day-to-day operations, and are reflected in the products and services we provide.

Our actions reflect our core values of safety, integrity, agility, collaboration and caring. These foundational principles guide us as we balance the short- and long-term economic, environmental and social considerations of our businesses.

In addition to a long-term commitment of net-zero greenhouse gas (GHG) emissions by 2050, to focus our efforts we have set environmental, social and governance (ESG) targets for 2030. These targets measure our progress in achieving our strategic goals of accelerating the energy transition, advancing Indigenous reconciliation and supporting the communities we serve, while also supporting long-term growth.

"An integrated and comprehensive sustainability strategy is fundamental to good business and long-term value creation – it's about embracing the future, identifying opportunities and managing risk. Times of transition are a call to action for all. As a provider of essential services, transitioning our portfolio takes bold strategies and investment decisions while keeping a long-term balanced view and always remaining true to our core values. Our customers demand nothing less."

COLIN JACKSON
 Senior Vice President
 Finance, Treasury & Sustainability

OUR CORPORATE PILLARS

- Innovation
- Growth
- Financial Strength
- Operational Excellence
- Community Involvement

ESG

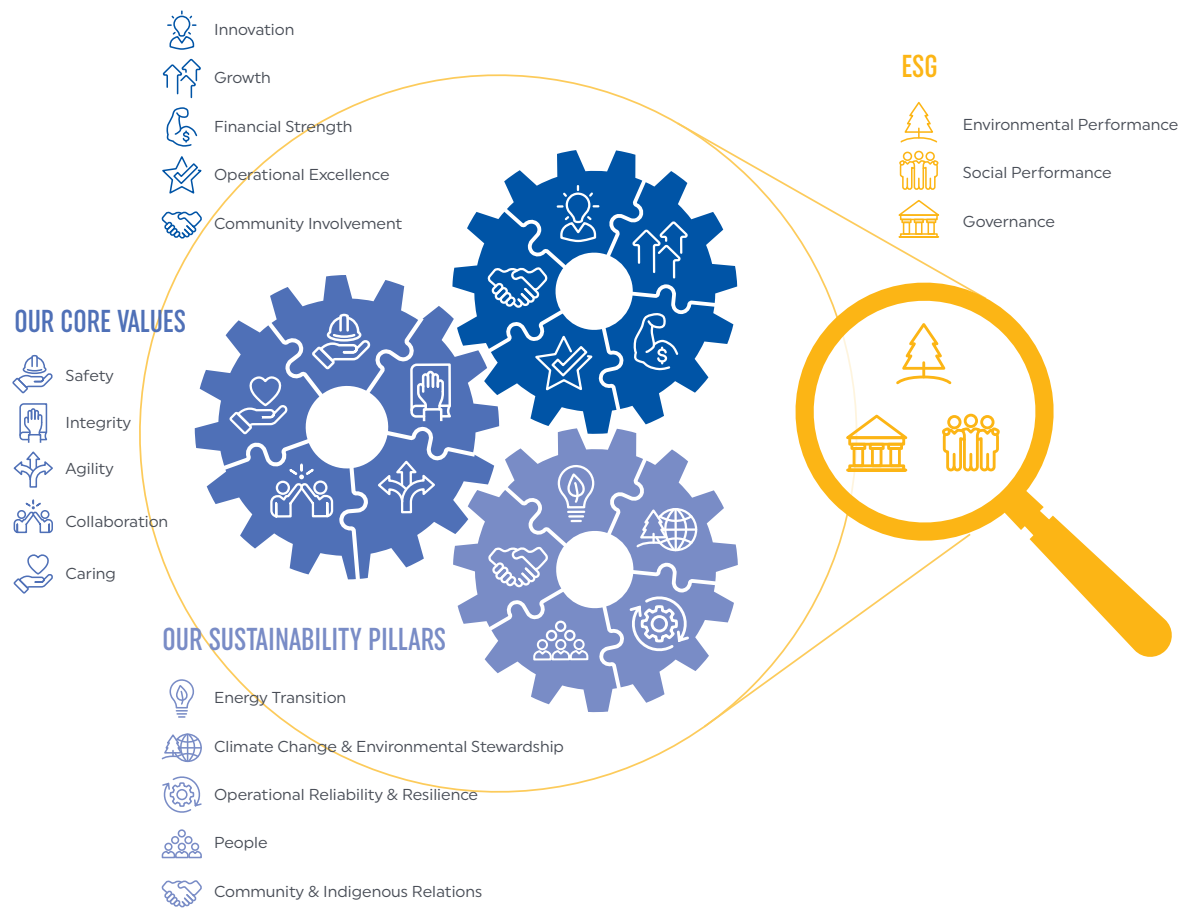
- Environmental Performance
- Social Performance
- Governance

OUR CORE VALUES

- Safety
- Integrity
- Agility
- Collaboration
- Caring

OUR SUSTAINABILITY PILLARS

- Energy Transition
- Climate Change & Environmental Stewardship
- Operational Reliability & Resilience
- People
- Community & Indigenous Relations





About This Report

In alignment with our core values, we recognize the importance of being open, transparent and honest about our sustainability progress. This report highlights qualitative and quantitative performance for the ATCO Group of Companies, including subsidiary companies Canadian Utilities Limited and CU Inc., including the risks, opportunities and challenges we manage through strategic sustainability initiatives. For detailed information on our performance, policies and framework mapping, please see the [ESG Datasheet](#) at the end of this report.



Our Sustainability Report is based on the internationally recognized Global Reporting Initiative (GRI) Standards and guided by the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations.



As a provider of essential services, we contribute to the United Nations’ (UN) Sustainable Development Goals (SDG). At the beginning of each section, we highlight the UN SDGs that are connected to our material categories.



Learn more about our contributions to the UN SDGs

Materiality Assessment

Based on the materiality assessment conducted in 2020, this report focuses on five categories, nine material topics and four subtopics. While this prioritization allows us to focus our reporting, other topics – such as biodiversity – remain important to ATCO. We plan on updating the materiality assessment in 2023.



Learn more about our Materiality Assessment



Learn more about our Stakeholder Engagement

Pillars	Primary Topics	Secondary Topics
Energy Transition	Energy transition and innovation	Energy access and affordability Government relations and political advocacy
Climate Change & Environmental Stewardship	Climate change and GHG emissions	Environmental incidents and spills
Operational Reliability & Resilience	System reliability and availability Emergency preparedness and response	Supply chain resilience and responsibility
People	Diversity, equity and inclusion Occupational health and safety Public health and safety	
Community & Indigenous Relations	Indigenous engagement, economic opportunity and reconciliation Community engagement and investment	

2022 PROGRESS TOWARD 2030 ESG TARGETS

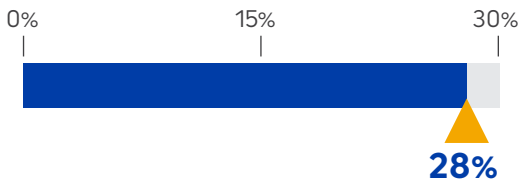
In January 2022, we announced an initial set of 2030 ESG targets focused on reducing our operational GHG intensity and customer emissions, growing our renewable energy footprint and transitional products services, increasing economic benefits for Indigenous partners, continuing our focus on safety, and further promoting diversity, equity and inclusion in the workplace.

We have made progress in 2022 toward achieving our 2030 targets, against a 2020 baseline. Each target is defined in this report or in our ESG Datasheet and is applicable at the ATCO level, including its subsidiaries Canadian Utilities Limited and CU Inc. While we have achieved some of our targets around inclusive growth in our workforce and communities, they signify our ongoing commitment to inclusion practices. We also continue to evaluate additional potential ESG targets in each of our material categories.

Supporting the energy transition and reducing GHG emissions

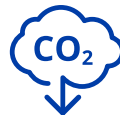


Reduce GHG emissions to earnings intensity by 30 per cent (Scope 1 and 2).



We reduced our GHG emissions to earnings intensity by 28 per cent. For more information, see the [Climate Change & Environmental Stewardship](#) section.

ON TRACK: 28%



Reduce our customers' GHG emissions by 2 million tonnes through continued participation in renewable energy, cleaner fuels, energy efficiency, and energy infrastructure and storage projects.

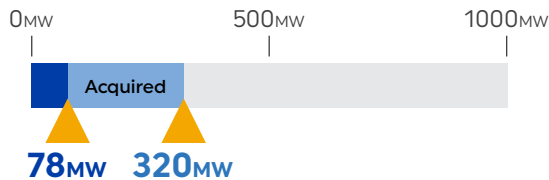


We have reduced customers' emissions by 228,000 tonnes carbon dioxide equivalent (tCO₂e) cumulatively since 2020. For more information, see the [Climate Change & Environmental Stewardship](#) section.

ON TRACK: 228,000 tCO₂e



Own, develop or manage over 1,000 megawatts (MW) of renewable energy.

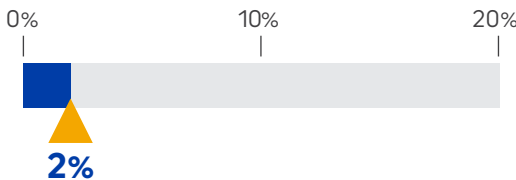


By the end of 2022, we owned or managed 78 MW of renewable energy. Through an acquisition in early January 2023, we added an additional 242 MW of renewable energy to our operations. For more information, see the [Energy Transition](#) section.

ON TRACK: 78 MW



Derive 20 per cent of revenues from transitional product categories (e.g., renewable natural gas and hydrogen).



We derived two per cent of our revenue from transitional product and service categories. As more renewable energy and fuel-switching projects in development are completed, the percentage of revenue from transitional product and service categories will increase. For more information, see the [Energy Transition](#) section.

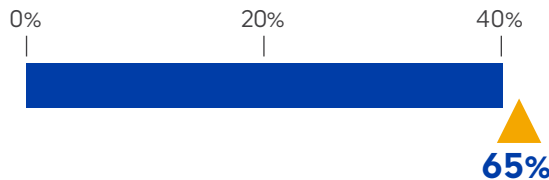
ON TRACK: 2%

2022 PROGRESS TOWARD 2030 ESG TARGETS

Promoting inclusive growth in our workforce and communities



Increase net economic benefits to our Indigenous partners by 40 per cent.

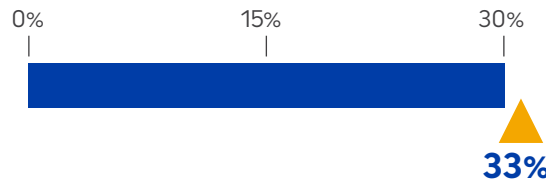


The net economic benefits to our Indigenous partners increased 65 per cent from our baseline. While we achieved this target in 2021 and 2022, we continue to look for opportunities with our Indigenous partners to increase economic benefits to their communities. For more information, see the [Community & Indigenous Relations](#) section.

MAINTAINING



Achieve and maintain a minimum of 30 per cent female representation at the Board of Directors and senior leadership levels.

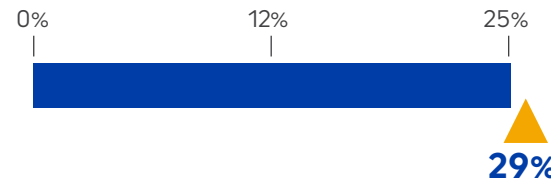


Females represent 33 per cent of the Board of Directors, while female representation in senior management has increased to 34 per cent. For more information, see the [People](#) section.

MAINTAINING



Achieve and maintain a minimum of 25 per cent minority representation within the workforce.

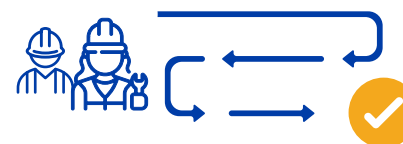


Minorities represent 29 per cent of our workforce. While we have achieved this target in 2021 and 2022, it signifies our ongoing commitment to a diverse and inclusive workforce. For more information, see the [People](#) section.

MAINTAINING



Maintain leading health and safety practices and performance.



As one of our core values, safety continues to be a focus area. We strive to maintain best practices in health and safety, and our safety rates compare favourably to industry benchmarks. For more information on our safety performance, see the [People](#) section.

MAINTAINING

ROADMAP TO NET ZERO

In addition to our 2030 ESG targets, we announced a commitment to achieve net-zero GHG emissions by 2050. This means that by 2050, we will either emit no GHGs from our operations or through our customers' use of our products and services, or we will offset residual emissions.

Achieving net zero by 2050 is a societal challenge that no individual, business, or government can solve on their own. It will require unprecedented collaboration among all constituents, as well as an informed, pragmatic, and affordable roadmap from policymakers to unlock the necessary scale and pace of private sector investment and expertise.

With operations across the energy value chain, ATCO will be a leader in driving the energy transition toward cleaner fuels and electricity, without sacrificing the safety, reliability, and affordability of energy that our customers rely on. For more information on our progress in these strategic areas, please click on the links below.



Cleaner Fuels

Supporting the transition to a low-carbon energy system by enabling the switch to cleaner fuels.
[For 2022 progress, please see page 12 of this report.](#)



Renewable Energy

Developing and integrating renewable energy and storage solutions.
[For 2022 progress, please see page 14 of this report.](#)



Energy Infrastructure and Storage

Developing and modernizing infrastructure and storage solutions, including the integration of carbon capture utilization and storage (CCUS).
[For 2022 progress, please see page 15 of this report.](#)



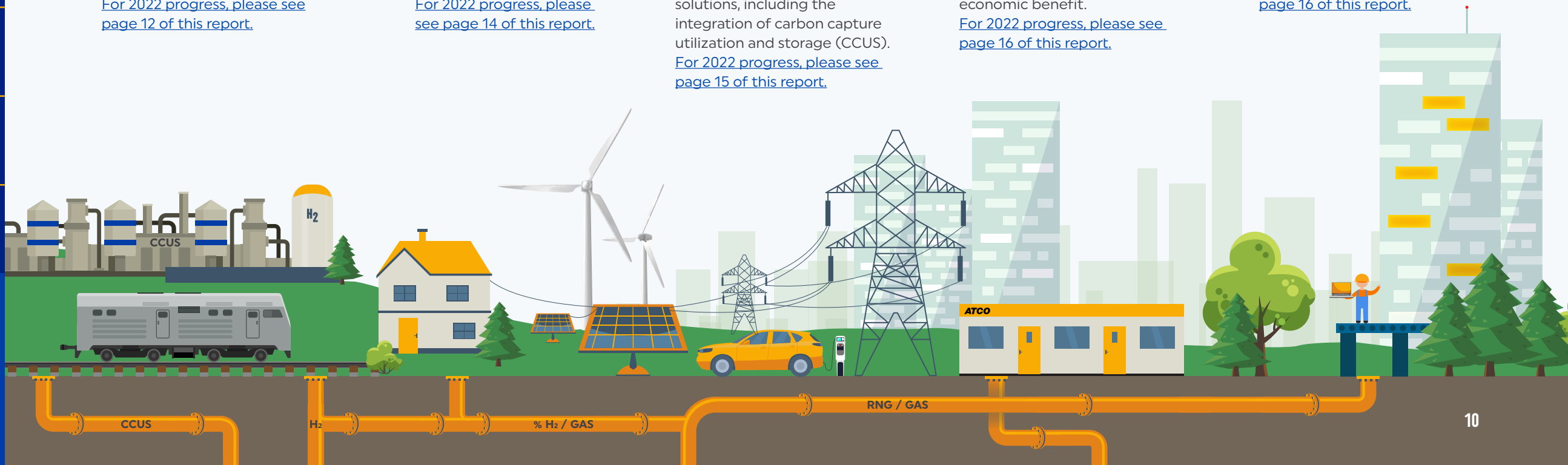
Energy Efficiency

Implementing solutions for more efficient energy use to reduce emissions while also creating economic benefit.
[For 2022 progress, please see page 16 of this report.](#)



Carbon Credits and Offsets

Evaluating carbon offset opportunities.
[For 2022 progress, please see page 16 of this report.](#)





ENERGY TRANSITION

We are actively transitioning our portfolio to meet the needs of a new energy future while maintaining energy safety, reliability and affordability. We are investing in innovative technology and developing a suite of solutions from which our customers can choose. Our strategic focus is on cleaner fuels, renewable energy, energy infrastructure and storage, and energy efficiency.

IN THIS SECTION

[Cleaner fuels](#)

[Renewable energy](#)

[Energy infrastructure and storage](#)

[Energy efficiency](#)

[Carbon credits and offsets](#)

The initiatives in this section align with the following [UN SDGs](#):





ATCO has been on a path of energy transition and decarbonization for many years and we are committed to continuing this work. Energy transition involves thoughtfully investing in innovative and emerging solutions so that our customers and business units can reduce their emissions in ways that work for their individual situations.

To actively transition the energy system, we are advancing innovative technology and providing a suite of integrated solutions to meet our customers' needs, while ensuring energy remains safe, secure, reliable and affordable. The right solutions in the energy transition are different in each jurisdiction and across the globe. Seasonal temperatures, proximity to water, sunny skies, access to resources – each factor lends itself to a different mix of renewables and cleaner energy.

To enable the energy transition, we constructively advocate for government policies that meet societal needs in pragmatic and affordable ways. The pace and scale of change necessary to achieve a net-zero energy system by 2050 requires government support and regulatory certainty to reduce barriers to cost-effective, economy-wide decarbonization, and unlock the significant potential of the private sector.

Discussions range from providing policy certainty to our non-regulated businesses to support investment decisions, to ensuring regulations continue to evolve to enable our regulated businesses to deliver the innovative, lower-emitting energy solutions our customers require. For ease of presentation, projects discussed in this section combine initiatives from our non-regulated and regulated business lines.

One of our 2030 ESG targets is to derive 20 per cent of our revenue from transitional product categories. As a result of the projects described in this section, and as demonstrated on our ESG target scorecard, we are progressing toward this target. In 2022, \$88.4 million of our revenue was derived from transitional products and services, or about two per cent.

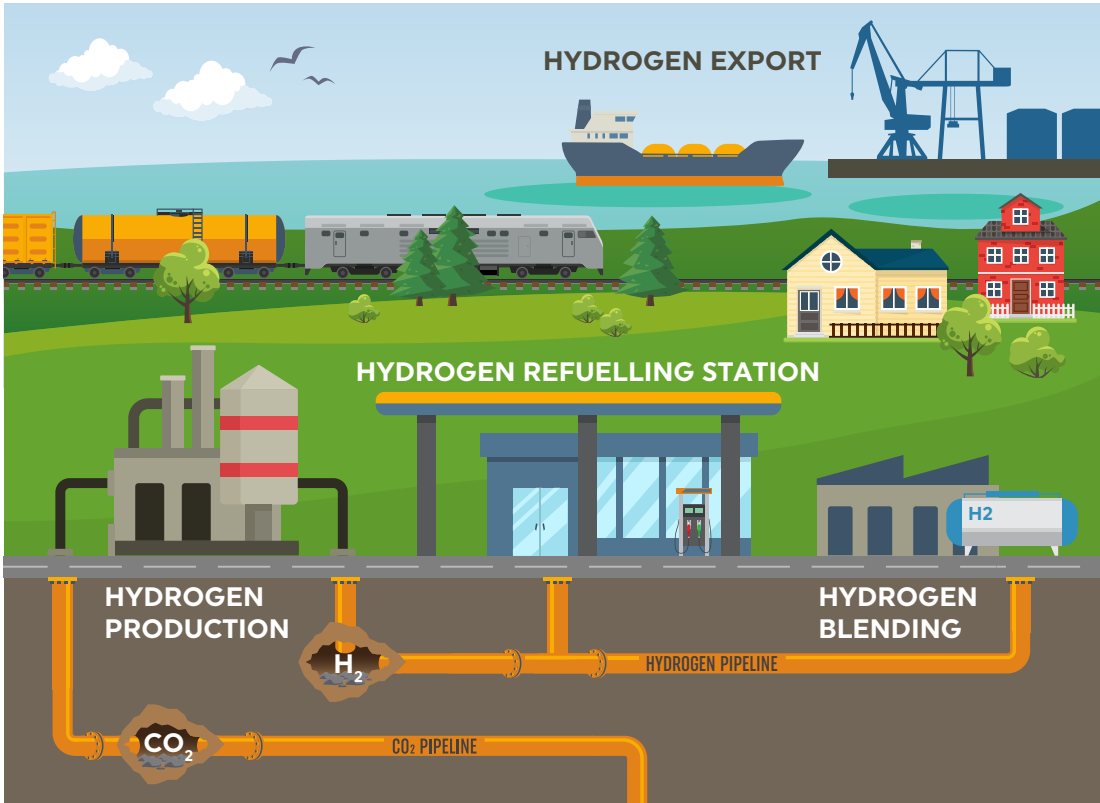
"Achieving net zero by 2050 requires a thoughtful approach; one that balances emissions reductions with affordability, reliability and energy security. From ATCO's unique vantage point, with operations spanning the energy value chain, the scale of the task is monumental – though so too are the opportunities. That is why it is important that we work collaboratively with a wide ecosystem of stakeholders, from Indigenous Peoples and governments to local communities and customers, to bring our shared vision of a cleaner energy future to life."

DALE FRIESEN

Senior Vice President, Corporate Affairs &
Chief Government Affairs Officer

Cleaner fuels

As part of our strategy, we look for and evaluate opportunities to transition to cleaner fuels. In some cases, repurposing existing infrastructure helps ensure energy continues to be affordable, by allowing us to start blending low- or even zero-carbon fuels into existing energy systems. As we learn, and the energy system evolves, we can increase the blend of these fuels appropriately, with significant economy-wide potential decarbonization. This will be especially critical in reducing emissions in sectors where abatement has been challenging, such as home and industrial heat, as well as providing critical baseload power.



Hydrogen can play a significant role in decarbonizing our energy systems, with growing opportunities in production, storage and end-use, including residential heat and power, industrial applications, and transportation alternatives.



We are collaborating with partners to advance the hydrogen economy. To produce hydrogen at a world-class scale, we are partnering with Suncor Energy on the Suncor ATCO Heartland Hydrogen Hub (SAH3) near Fort Saskatchewan, Alberta. The project would produce more than 300,000 tonnes of clean hydrogen per year and would significantly advance Alberta's hydrogen strategy, generate substantial economic activity and jobs across the province, and make a sizable contribution to Canada's net-zero ambition. The final investment decision for the project is expected in 2024, with operations starting as early as 2027.

Also in Fort Saskatchewan, we have commissioned a pilot project where 2,100 residents are heating and cooking with five per cent hydrogen blended into their natural gas. In this "first" for Alberta, blending hydrogen into the existing natural gas distribution system lowers the carbon intensity of the gas, with no impact on customers' end-use.

Building on our blending project, in early 2023, Alberta Innovates' Hydrogen Centre of Excellence awarded ATCO \$875,000 for the development of our Fort Saskatchewan Operations Centre Project. The Operations Centre will test new hydrogen technologies, including a 100 per cent hydrogen-fuelled furnace and hot water combination unit, as well as teach operators and the community about hydrogen safety. Alberta Innovates also awarded ATCO a \$2 million grant for the Bremner Project, a collaboration with Qualico, to examine the feasibility of building a community in which natural gas is replaced by 100 per cent hydrogen.

 **Learn more about hydrogen as an important fuel of the future**

In addition, we continue to partner with the University of British Columbia on its new hydrogen production technology that uses a methane thermal cracking process without water. We also piloted partners' hydrogen fuel cells that convert hydrogen to electricity, emissions-free, in both Alberta and Australia.

In Australia, we have begun blending up to five per cent renewable hydrogen made at our Clean Energy Innovation Hub (CEIH) to supply 2,700 homes in Western Australia. Learnings from CEIH led to an opportunity to directly support the development of a similar project with Southern California Gas Company near Los Angeles.

Early in 2023, the Australian Renewable Energy Agency (ARENA) announced it would commit funds to support the development of a renewable hydrogen export value chain from Australia to Germany. ATCO will use the ARENA funding for a feasibility study called ScaleH2 that includes hydrogen production as well as an ammonia facility.

ATCO is also exploring the development of a commercial-scale hydrogen facility in Western Australia, which will include a 10 MW electrolyser and plant capable of producing up to four tonnes of hydrogen per day, along with storage and delivery to the gas network. ATCO is conducting feasibility studies related to optimal locations and construction efficiencies for commercially viable, renewable hydrogen production that would be competitively priced for end-users.

Innovation means always investing in new ideas. ATCO is undertaking a joint study to explore the viability of producing synthetic methane from renewable hydrogen and carbon dioxide (CO₂) captured from carbon-emitting facilities like power plants. The synthetic methane would be injected into Australia's gas distribution network, as well as exported to Japan.

\$88.4M **4,800**

revenue generated from transitional products and services

homes piloting hydrogen blending



Our people are advancing innovative hydrogen projects to meet our customers' needs to reduce GHG intensity.



Renewable energy

ATCO continues to make strides in renewable energy, not only by transitioning our portfolio but also by working with customers and communities to enable their own transition to lower-emitting sources of energy. While we continue to progress solar projects announced last year and further develop meaningful partnerships with Indigenous groups, a recent acquisition positions us as a top renewable energy producer.

Announced in October 2022 and finalized in January 2023, our wind portfolio went from zero to 232 MW with a major asset acquisition. In addition to the operating facilities, the acquisition includes a development pipeline of more than 1,500 MW of wind and solar projects, supporting ATCO's target of owning, managing or actively developing 1,000 MW of renewable energy by 2030. Concurrent with the close of this acquisition, ATCO entered into a 15-year renewable energy purchase agreement with Microsoft Corporation. Microsoft will purchase 150 MW of renewable energy generated by the newly acquired Forty Mile Wind Project.

Our Barlow and Deerfoot solar projects are sited on former industrial land in Calgary that is not appropriate for other uses. The first array of solar panels was energized at the Barlow project in December 2022, with completion expected in 2023. The Deerfoot project is expected to be completed in late 2023. When both are complete, the sites will be Western Canada's largest urban solar installation, with a combined total of 64 MW of solar energy. That's enough renewable electricity to offset 68,000 tonnes of CO₂e per year. Under an agreement signed in April 2022, the electricity produced by the 37 MW Deerfoot facility will be purchased by Microsoft, also supporting our goal of helping customers reduce emissions.

ATCO's third large-scale solar generation project, near Empress, Alberta, is also under construction. Once completed in late 2023, the 39 MW project will supply electricity to the Alberta grid.

Also new in 2022, an agreement between ATCO and Copper Niisüü Limited Partnership (CNLP) will help the White River First Nation reduce their reliance on diesel with the largest off-diesel solar project in Yukon. The 1.9 MW facility will cut in half the amount of diesel needed for electricity generation in the community, a reduction of approximately 325,000 litres/year, and will reduce CO₂e emissions by 1,100 tonnes annually. See the [Community and Indigenous Relations](#) section on page 37 for more information on this project.

ATCO's renewable portfolio also includes hydro, including hydroelectric facilities on the Oldman River in Alberta and near Veracruz, Mexico. The proposed 325 MW Central West Pumped Hydro Project in New South Wales, Australia would play a key role in replacing coal-fired power in the region. Pumped hydro harnesses the energy as water flows through turbines to a lower reservoir before pumping it back to a higher reservoir to repeat the cycle. This effectively creates a "battery" that can be charged and released to match supply and demand. This facility would generate or store sufficient energy to power over 153,000 homes, providing more than 200 jobs during construction and 30 jobs on an ongoing basis.



Learn more about ATCO's growing renewable energy portfolio



Learn more about ATCO and Microsoft's long-term renewable energy power purchase agreement

Métis Crossing Solar Project

In 2022, the Métis Nation of Alberta (MNA) selected ATCO to build a community solar generation project located in Smoky Lake County at Métis Crossing. We are honoured to partner with the MNA on the community-led Métis Crossing Solar Project, which is a key element of their Climate Change Action Plan. The nearly 5 MW renewable energy facility is expected to feed into the local power grid, reducing GHG emissions by 4,700 tonnes of CO₂e during its first year of operations and producing enough electricity to power more than 1,200 Alberta homes.

For more information on this project, see page 37 in the [Community & Indigenous Relations](#) section.



White buffalo roam at Métis Crossing, where we are building a solar generation project in support of the community's Climate Change Action Plan.



Energy infrastructure and storage

To enable the energy transition, we must have infrastructure that stores cleaner energy until it is needed and then moves the energy to where customers want to use it. In 2022, we spent over \$1.4 billion on new and refurbished energy infrastructure.

ATCO is supporting Canadian Pacific Kansas City's (CPKC) goal of zero-emissions hydrogen locomotives by constructing two hydrogen production and refuelling facilities at CPKC's Calgary and Edmonton railyards.

To keep hydrogen vehicles moving, we continue to explore options for hydrogen storage, as well as refuelling initiatives. We have constructed Western Australia's first hydrogen refuelling station in partnership with Fortescue Future Industries. The station provides renewable hydrogen generated by the CEIH and is used regularly by a fleet of 16 hydrogen fuel cell vehicles. Their tanks are filled in less than five minutes, allowing up to 500 kilometres (km) of emissions-free travel.

We provide renewable electricity to the 20 ATCO-owned and operated Peaks to Prairies electric vehicle (EV) charging stations across southern Alberta. With 99 per cent uptime for fast chargers in 2022, we enabled over 1,000,000 km of electric travel this year.

We are now also constructing two fast chargers in Yellowknife, in partnership with the Government of Northwest Territories. This is in addition to five EV chargers installed with the City of Edmonton in 2020.

As EVs become more mainstream, we are conducting feasibility studies for municipalities to help them understand the technical, operational and economic implications of

transitioning their vehicle fleets to EVs. We also have our own fleet electrification strategy and roadmap that outlines a phased approach to 2030 that will lead to GHG reductions and economic savings.

For ATCO, the concept of energy storage also includes storing carbon byproducts of cleaner-energy production. Carbon capture utilization and storage is an important technology in helping Canada and Alberta meet their climate goals. Alberta, with its energy expertise and deep saline aquifers, provides extensive options for safe underground CO₂ storage.

A proposal for the Atlas Carbon Sequestration Hub that we are advancing with partners Shell Canada and Suncor has been selected by the Alberta Government to become an open access sequestration project in Alberta's Industrial Heartland. The Atlas Hub would provide permanent sequestration of CO₂ for industry, including from the proposed SAH3 project, storing more than 95 per cent of the CO₂ emissions generated in the hydrogen production process.



ATCO helps enable emissions-free transportation with 20 Peaks to Prairies EV charging stations across southern Alberta.

Over

1,000,000KM

of emissions-free travel provided by Peaks to Prairies EV charging network

\$1.4B

spent on new and refurbished energy infrastructure



Energy efficiency

Using energy more efficiently means we need less of it, effectively reducing costs and our environmental footprint.

For years, ATCO has been providing energy management services to assist our customers in managing and reducing their energy costs. For our regulated Alberta natural gas and electricity utilities, we have also been working with other Alberta utilities, the Utilities Consumer Advocate, the Alberta Energy Efficiency Alliance industry association and other stakeholders to enable policy and regulatory change. Our goal is to reduce barriers that prevent Alberta’s utilities from delivering energy efficiency programs to our customers. These programs have the potential to lower energy costs for customers, create jobs, increase economic competitiveness, reduce both energy waste and emissions, and help ensure a smooth energy transition.

Through our partnership in the Natural Gas Innovation Fund, ATCO is supporting a pilot project for five natural gas heat pumps in Alberta. The project will monitor their performance in homes for one year to learn how to best promote the use of clean, efficient energy solutions for our customers.

On the Structures side of our business, we build prefabricated modular units in custom manufacturing facilities. These facilities allow us to consume less energy, reduce waste, emit less CO₂ and increase product recyclability when compared with building outside. With the recent acquisition of Alberta-based Triple M Housing Ltd., we will be delivering residential homes in custom manufacturing facilities as well. Using automation on the factory floor, our consistent approach adds to the exceptional energy efficiency of the production process.

Analyst Corner

Energy Transition

Management's Discussion & Analysis (MD&A)
(pp. 15-16, 19, 25, 47-52, 65-66, 73)

Annual Information Form (AIF) (pp. 24-40)

GRI 3-3, GRI 302-1, GRI 302-4, GRI 305-3, GRI 305-5

SASB IF-EU-150a.1, SASB IF-EU-150a.2, SASB IF-EU-240a.4,
SASB IF-GU-240a.4

Carbon credits and offsets

ATCO participates in carbon offset markets in Canada, Australia and Latin America, and we are further developing a long-term offset strategy. We expect to reduce emissions significantly over time. In the interim, we may apply these carbon offsets as a transitional tool to address residual emissions in our portfolio.

In several of our operations, we generate Emission Performance Credits (EPCs) and Renewable Energy Certificates (RECs) through projects that have voluntarily reduced or avoided GHG emissions.

ATCOenergy also offers our Alberta-based customers the option to choose a “Green Energy” electricity plan, allowing them to purchase 25 or 100 per cent renewable energy using RECs that represent one megawatt hour of energy generated from a renewable source. In 2022, ATCOenergy purchased 15,500 RECs on behalf of these consumers.

15,500

RECs purchased on behalf of
ATCOenergy customers

CLIMATE CHANGE & ENVIRONMENTAL STEWARDSHIP

Our climate change strategy not only minimizes our environmental footprint, it accelerates the clean energy transition. Critical to this approach is our focus on decarbonization and exploring new and more efficient ways to generate, transport and conserve energy.

IN THIS SECTION

[Climate change strategy](#)

[Transitioning our portfolio](#)

[GHG performance and reductions](#)

[Customer emissions reductions](#)

[Environmental stewardship](#)

The initiatives in this section align with the following [UN SDGs](#):





We minimize our effect on the environment and manage the risks that climate change presents to our operations. Our approach is more than a collection of initiatives and projects: we understand that the work must be thoughtfully and fully integrated with our corporate strategy and monitored closely.

We continue to focus efforts on reducing GHG emissions across our businesses, with long-term commitments and planning. Emissions reduction must always be in the context of energy reliability and affordability. Our customers and communities, including our Indigenous partners, expect nothing less.

Climate change strategy

Our climate change strategy is designed to enable the energy transition and reduce our environmental impact, while adapting our assets and operating practices to the effects of climate change. We are reducing our emissions – and those of our customers – through a focus on cleaner fuels, renewable energy, energy infrastructure and storage, and energy efficiency, highlighted in the [Energy Transition](#) section.

Two years into the journey, we have made excellent progress meeting our 2030 ESG GHG emission targets and will continue to closely monitor and improve our performance. Oversight of our ESG targets, explained in the [Governance](#) section, will be critical to our continued success.

When our businesses develop their forecasts and long-term strategies, they are required to include forward-looking climate metrics to ensure capital allocations for future investments and projects are in alignment with corporate ESG targets.

To support our planning, in 2021, ATCO engaged a third-party advisor to complete a comprehensive climate scenario analysis for our energy businesses, testing our business against a variety of scenarios including 2.0-degree and 1.5-degree pathways. This work influenced our ESG targets and continues to inform our strategy. We plan to build upon our decarbonization pathway plans, including refreshing comprehensive scenario planning at appropriate intervals to ensure we continue to make informed decisions about ATCO's path forward.

Transitioning our portfolio

We have significantly decarbonized our portfolio, leading to a reduction of 95 per cent of GHG emissions since 2005. The sale of our Canadian fossil fuel-powered electricity generation assets in 2019 allowed us to look for opportunities to expand in areas such as renewable generation and cleaner fuels to transition to a net-zero energy future.

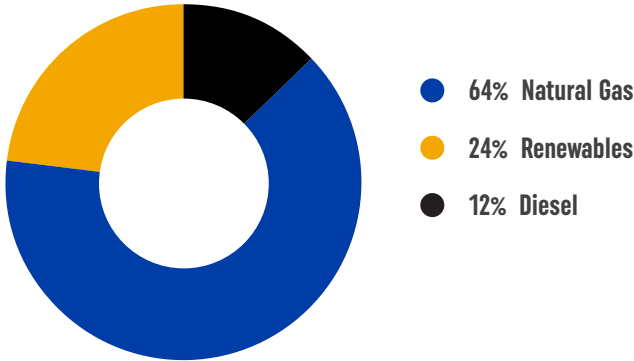
ATCO continues to make considerable headway in our renewable portfolio with a major asset acquisition that includes 232 MW of wind and a development pipeline of more than 1,500 MW of wind and solar projects, in addition to over 100 MW of solar projects to be completed in 2023.



[Learn more about how our approach aligns with TCFD recommendations](#)

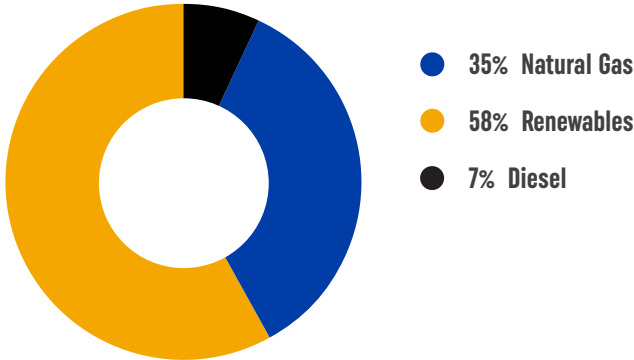
Power Generation Capacity

Operating assets as of December 31, 2022



Power Generation Capacity

Includes operating assets acquired as of January 3, 2023

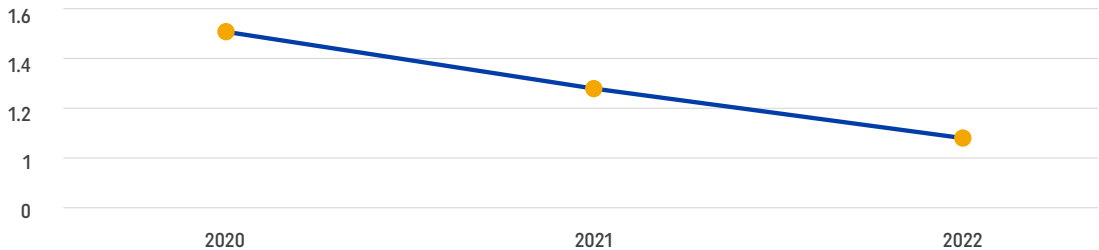


As of December 31, 2022 our total owned power generation capacity was 287 MW, including 68 MW of renewable power generation. Following the acquisition that occurred January 3, 2023, our total owned power generation increased to 519 MW including 300 MW of renewable power generation. Diesel power generation is predominantly provided to remote, off-grid communities, and we continue to work with these communities to offset diesel with emissions-free sources.



Equity Basis GHG Emissions Intensity

(kilotonnes CO₂e/millions \$CAD adjusted earnings)



GHG emissions to earnings intensity in 2022 was 1.08 CO₂e/\$M. Emissions intensity decreased by 16 per cent since 2021, and has decreased by 28 per cent from the 2020 baseline.

Emissions Intensity

Our emissions intensity target provides a meaningful way to measure annual emissions reduction progress when our asset base or level of business activity is growing. Our emissions intensity is a ratio comparing equity basis GHG emissions over adjusted earnings. The equity basis facilitates greater accuracy in relation to our adjusted earnings and provides greater alignment with external financial filings. Our GHG emissions to earnings intensity in 2022 was 1.08 CO₂e/\$M.

28%

reduction in emissions intensity
from 2020 baseline

GHG performance and reductions

We must meet customer demand for essential energy during the transition to lower-carbon options, every day. The key is to do so while improving our GHG performance and reducing air emissions.

As our portfolio shifts to less carbon-intensive assets, we continue to retain some natural gas-generated power as a reliable backstop for the communities we serve. At the same time, we are closing the gap between our GHG performance and our targets. Critical to this approach is our focus on decarbonization and exploring new and more efficient ways to generate, transport and conserve energy.

Our 2022 direct GHG emissions, or Scope 1 emissions, increased by six per cent since 2021, but decreased by 10 per cent from our 2020 baseline. The increase from 2021 to 2022 is mostly related to increased natural gas generated electricity in Australia. Australian natural gas electricity generation fluctuates depending on demand directives from regulators and customers for energy that is essential for communities. These directives are largely driven by grid stabilization requirements, particularly as renewables increase. To offset these realities, we continue to advance GHG reduction initiatives and operational efficiencies.

We continually look for ways to meet or exceed regulations by reducing or eliminating venting and fugitive emissions of methane in our natural gas transmission and distribution infrastructure in Canada and Australia. Venting is the controlled release of gases, such as during start-up or maintenance. Fugitive emissions are unintended vapour releases from pressurized equipment. As a result of these efforts, our methane emissions have decreased by nine per cent since 2020, or almost 25,000 tonnes of CO₂e.

ATCO's Scope 2 emissions are primarily related to electricity distribution losses. Our Scope 2 emissions increased slightly from 2021 as a result of a small increase in electricity consumption in various business operations.

10%

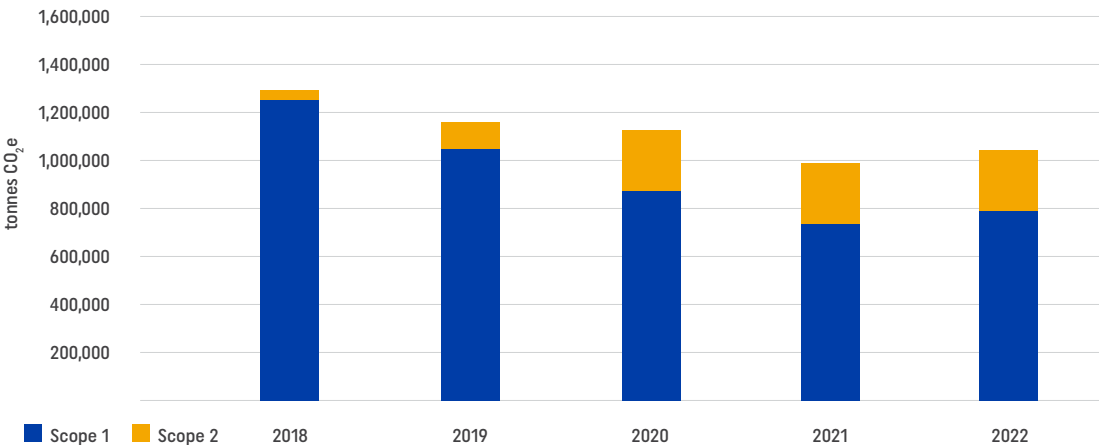
reduction of direct GHG
emissions since 2020

Within ATCO's operations, methane
emissions have decreased by

9%

since 2020

GHG Emissions (Scope 1 and 2)



Total direct and indirect GHG emissions from our retained assets have decreased over the last five years. While direct and indirect GHG emissions have increased by five per cent from 2021 to 2022, they have decreased by nine per cent since 2020.

Similar to 2021, we are reporting emissions from our energy businesses in two sub-categories of Scope 3 GHG emissions, or emissions in our value chain that we do not directly control but are related to our activities. Scope 3 emissions include 15 sub-categories. For us, almost all our energy businesses' Scope 3 emissions – over 90 per cent – fall in the categories of upstream production and generation and downstream end-use.

Focusing on these two sub-categories that are most material to our business will allow us to effectively demonstrate our progress toward our ESG target to reduce our customers' GHG emissions by two million tonnes.

In 2023, we will continue our work to disclose more Scope 3 categories in alignment with the TCFD recommendations, focusing on the topics that are most material to our business. We recognize the importance of understanding emissions from our value chain to ensure we make informed strategic decisions and are transparent.



We use bifacial panels at our Barlow and Deerfoot solar projects to generate electricity from both the direct sun on the front face and the reflected sun on the back.

[Learn more about our Scope 3 GHG emissions](#)



Customer emissions reductions

We are committed to working on initiatives across our business to reduce or eliminate GHG emissions from our value chain, including our customers. In addition to the examples and project information described in the [Energy Transition](#) section, the table below shows how some of our projects reduce emissions throughout the value chain and are helping us progress toward net-zero GHG emissions.

2022 Example Projects	Annual Reduction Capabilities (tonnes CO ₂ e)
Cleaner Fuels	1,800
Hydrogen Production - Australia	
Hydrogen Fuelling - Australia Fleet	
Energy Infrastructure & Storage	300
Peaks to Prairies EV Chargers	
Energy Efficiency	Over 120,000
Ashcor RAM™ Units	
Renewable Energy	1,300
Solar - Australia Source Energy	
Total	123,400



	Examples of Project Opportunities
Cleaner Fuels	
	Hydrogen - Blending
	Renewable Natural Gas
Energy Infrastructure & Storage	
	Carbon Capture Utilization and Storage
	EV Charging
	Hydrogen Refuelling
Energy Efficiency	
	Ashcor RAM™
Renewable Energy	
	Solar
	Wind
	Pumped Storage Hydro

Many of the GHG reduction initiatives in the table have experienced significant milestones in 2022. For example, the Indigenous community of Peace Point had its energy needs met entirely by solar energy in the third quarter of 2022, using no diesel during that time.

Ashcor has invested in additional research and development for their Mobile RAM™ technology, expanding its flexibility and potential applications. Mobile RAM™ is a full-scale, rapidly deployable, modular and portable plant, with each mobile unit expected to contribute to the reduction of cement industry CO₂e emissions by over 100,000 tonnes per year, for the next 15 years and beyond.

In 2022, in collaboration with Fortescue Future Industries, the first Hydrogen Refuelling Station in Western Australia was opened at ATCO's Jandakot Operations Centre. With funding from the Western Australia Renewable Hydrogen Fund, the refuelling station uses renewable hydrogen produced through electrolysis at ATCO's Clean Energy Innovation Hub. The Hydrogen Refuelling Station is currently being used regularly by a fleet of 16 hydrogen vehicles, enabling emissions reductions for both ATCO and its partners.



Environmental stewardship

As stewards of the environment, we have a responsibility to continue to find new ways to protect land, air and water. We work to minimize and mitigate our environmental impacts through best practices and robust environmental management systems, which are International Organization for Standardization (ISO) 14001 certified or equivalent. We meet or exceed environmental regulations and operational standards everywhere we operate.

Spill prevention is a priority. We prevent and manage spills through a variety of measures, including equipment design, training, and operating and maintenance procedures.

In the event a spill does occur, we ensure all comprehensive procedures are followed and use tailored remediation plans to minimize any potential environmental impacts. As 99 per cent of our pipelines transport natural gas, the small amount of hydrocarbon liquids we manage are related to fuel management solutions in northern communities and hydrocarbon storage solutions in Alberta’s Industrial Heartland, in addition to small volumes in electrical transmission and distribution equipment. In 2022, the majority of reported spills were a result of vandalism to our electrical transmission and distribution infrastructure. Our electricity team focused on mitigating these spills, and in 2022 there was a 38 per cent reduction in the total number of spills from the prior year.

At ATCO, we value biodiversity and integrate the protection of land, plant and animal life into our operations and new projects. We work closely with local and Indigenous communities, and other rights holders, to ensure biodiversity is upheld as part of our business.

Analyst Corner

MD&A (pp. 47-52, 66, 73)

AIF (pp. 5-6)

Climate Change & Environmental Stewardship

Management Proxy Circular (MPC) (p. 47)

GRI 2-27, GRI 3-3, GRI 303-5, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 305-6, GRI 305-7, GRI 306-2, GRI 306-3

SASB IF-EU-110a.1, SASB IF-EU-110a.3, SASB IF-EU-120a.1, SASB IF-EU-140a.1



At ATCO, we value biodiversity and integrate the protection of land, plant and animal life into our operations and new projects.

One example of how we minimized our impact on the environment and biodiversity in 2022 was using LiDAR (Light Detection and Ranging) data for vegetation management and wetland delineation for 800 km of our natural gas pipelines. LiDAR is a remote sensing method used to examine the surface of the Earth. This meant we did not need to deploy people in the field, avoiding the impacts of moving equipment through the landscape to collect data.

Another example of how we minimized our impact on the environment and biodiversity in 2022 was how we mark live power lines. Drones and robots allow us to mark energized lines in a manner that decreases the risk that birds will collide with live power lines. Along with reducing avian mortality, drones eliminate the need for helicopters, greatly reducing the GHG emissions of the project. With the improved efficiencies, we have been able to undertake more projects using this technology, ensuring the protection of avian species.



Learn more about how ATCO Frontec earned ISO 14001:2015 Environmental Management Systems recertification for Two Rivers Lodge

OPERATIONAL RELIABILITY & RESILIENCE

We prepare for the future so that even in times of crisis our systems continue to provide the essential services our customers need. We are committed to providing reliable energy, working around the clock to minimize service outages, and ensuring our assets are resilient for decades to come.

IN THIS SECTION

[Grid modernization](#)

[Reliability and resilience](#)

[Our emergency preparedness and response](#)

[Emergency preparedness and response services](#)

[Supply chain management](#)

The initiatives in this section align with the following [UN SDGs](#):





Because we provide the essentials to our customers, it is critical that our products and services remain reliable, safe, secure and affordable, every day and in the face of natural events, including those related to climate change. This includes meeting customers' expectations in grid modernization to enable new and innovative forms of energy, while actively fortifying our operations to manage climate-related risks. Strategies such as evolving design specifications, proactive route selection, insurance and regular maintenance ensure we are prepared for decades to come.

Preparing for and responding to emergencies is not only important for our own operations, it is also a service we offer to those who find themselves needing help.

Over
40,000
advanced meters
installed in Alberta

Analyst Corner

Operational Reliability & Resilience

MD&A (pp. 16-17, 66, 72)

GRI 2-6, GRI 3-3

SASB IF-EU-000.C, SASB IF-GU-000.C, SASB IF-GU-540a.3,
SASB IF-GU-540a.4, SASB IF-EU-550a.2

Grid modernization

We are transforming our energy delivery system so it is ready for the future. Our customers and partners want to incorporate solar panels, batteries, EVs, on-site charging equipment and other distributed energy sources. To meet their expectations, we need to evolve the grid from the traditional one-way flow of energy to multidirectional flow, depending on whether a customer is drawing energy or potentially providing energy back to the grid. There are also opportunities to improve how we monitor and respond to system issues through innovation and technology.

An important piece of the grid transformation is ensuring government policy is aligned with future goals of the grid. We are in active dialogue with governments to ensure their policies and regulations evolve with the realities of innovation and business, with the shared goal of a successful energy transition.

While we invest in a robust, secure and intuitive grid, we want to ensure we have a suite of solutions for our customers to choose from, including microgrid solutions and integrated energy options. Our roadmap for grid modernization is focused on 'smart' advanced metering infrastructure and Advanced Distribution Management Systems (ADMS).

We continue to replace traditional meters with smart meters across our service territory, with Lloydminster and Fort McMurray, Alberta our focus in 2022. Since replacing over 30,000 traditional meters in Grande Prairie, Alberta, we have been providing consumption data to customers in a pilot program so they can adjust their energy use to lower-demand times. This can save customers money on electricity and even out consumption between peak and non-peak periods, enhancing the reliability of the grid.



**Asset
Modernization**



**Advanced
Distribution
Management
Systems (ADMS)**



**Advanced
Metering
Infrastructure
(AMI)**



Microgrids



**Demand Side
Management**



Emobility

ATCO is implementing various technologies throughout our electrical infrastructure to transform the energy delivery system for the future.



Our Electric System Operation Centre in Vegreville, Alberta is implementing an ADMS to respond faster and more efficiently to issues and outages. Smart meters and other devices provide remote, real-time visibility of how the grid is functioning, so we can see issues as they occur and quickly pinpoint where the fault that caused the outage is located – without the customer needing to inform us of an issue.

We are also studying how the electrification of homes will impact our assets and grid operations to prepare us for the future, including identifying critical transmission and distribution needs.

Whenever new technology or equipment is implemented, it must be tested by the people who install and maintain it. When our power line technicians visit the Leduc Training Centre, they can try out all pieces of a modernized grid from reclosers enabled by SCADA (supervisory control and data acquisition), to load break switches and switch cubicles.

81%

progress toward our target of completing in-line inspections on natural gas transmission lines

Reliability and resilience

As a provider of essential services, we proactively assess potential risks to the delivery of our products and services, and continually fortify our systems.

We protect our electric grid and improve resiliency through retrofits and vegetation management to reduce incidents that result in outages. We continued to identify and complete wildfire-resilience projects in 2022 based on our risk-management approach, including moving overhead wires underground in remote areas and converting to covered conductors, enhancing safety and reliability.

Following a successful pilot program in 2020, we prioritized the replacement of standard protective fuses on our Jasper electrical distribution system with a newer technology that minimizes fire risk. We have now successfully completed the installation of 352 devices.

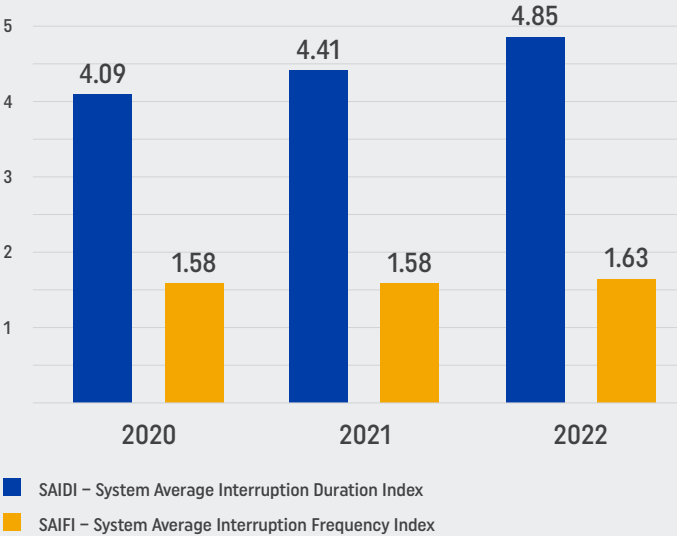
Because the majority of our natural gas pipeline network is underground, it is less susceptible to extreme weather events. We focus on proactive route selection, in-line inspections and leak surveys to ensure the network’s reliability and resilience.

In 2022, we brought the total of in-line inspected transmission pipelines over eight inches in diameter and five kilometres in length up to 3,759 km, as part of our continuing pipeline integrity program. This is approximately 81 per cent progress toward our target to inspect all transmission pipelines in this category.

Outage measurement and management

A variety of metrics are used to measure the reliability of our systems, including system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI). The SAIDI and SAIFI metrics allow us to measure direct impacts to the reliability of the energy service provided by our electricity systems.

Electricity Reliability in Alberta



Our Alberta electricity distribution business reported a SAIDI of 4.85 and SAIFI of 1.63 in 2022. We are exceeding performance metrics set for ATCO by our regulator, the Alberta Utilities Commission (AUC), and compare favourably to peers with similar customer profiles. Information on SAIDI and SAIFI scores for our other systems can be found in the [ESG Datasheet](#).



In addition, we are focusing on building resilience for our global locations, beyond power lines and natural gas pipelines. Our property insurance company conducted a global assessment and determined that we are in the top quartile for climate change resiliency. This means that, when compared to other global customers, our score is in the lowest climate risk quartile. Working together with our property insurer, we continue to evaluate future investments and actions to further reduce physical risks of climate change to our assets.

Our emergency preparedness and response

We are constantly honing our ability to respond to incidents, should they occur anywhere in our operations.

In addition to each of our operating companies having Incident Management Plans, our enterprise-wide Crisis Management Committee is alerted to any incidents that could escalate to become a crisis for our organization. In 2022, all incidents were resolved without being escalated to an enterprise level. This is good news but not a reason for complacency.

We continue to use Incident Command System (ICS), an internationally recognized and standardized management system, across our utilities business and make progress on training employees in ICS 100, 200 and 300 levels. In 2022, we trained upwards of 200 employees across all levels and are committed to continuing ICS training for employees in 2023.

Training our people and testing our emergency response plans are critical. Our preparation paid off during the Jasper wildfire in 2022. We worked seamlessly with first responders, shutting down a section of our natural gas transmission line as a precaution and providing reliable service for the community with compressed natural gas. In addition, emergency response was activated for the threat of fire

reaching the electrical infrastructure near Jasper. When this threat became a reality and our infrastructure was damaged, we were prepared. We mobilized generators, providing the community with power for more than a week before the electrical infrastructure was fully restored.

Our emergency response measures extend to supporting our peer utility companies. In November 2022, 11 ATCO Australia employees travelled more than 3,500 km to help a utility company in New South Wales restore gas to homes and businesses following an extreme weather event that caused a gas outage affecting 20,000 customers. Our people went above and beyond to help restore gas to those households and businesses, as soon as possible.

Over
200
employees completed ICS 100,
200, or 300 training in 2022



When the Jasper wildfires damaged our energy infrastructure, we repaired the damage and restored power to customers quickly, safely and efficiently.



Emergency preparedness and response services

As experts in emergency preparedness and response, our customers come to us for support in their times of need. We provide an integrated approach to the continuum of essential services, especially in difficult circumstances. We are flexible and global.

We are particularly proud of our ongoing efforts to provide humanitarian support to the people of Ukraine. In May 2022, ATCO deployed its Disaster Response Team to conduct a needs assessment and identify where and how ATCO could deploy its capabilities to best effect. Working with Canadian, Ukrainian and international humanitarian partners, we have developed the Medical Emergency Response Centre System, that provides a fully operational, state of the art, mobile 50-bed hospital that can be deployed when required.

In Guatemala City, we constructed a hospital as part of the Modernization of Hospital Infrastructure and Equipment of the Guatemalan Social Security Institute. Built primarily for COVID-19 treatment, the facility also provides medical services to other patients.

ATCO Frontec recently opened an office in Houston, Texas. This office positions us to meet our customers' needs for disaster and emergency response, across the Southern United States.

ATCO's Partnering 4 Resilience program continues to grow and evolve, now supporting 15 Indigenous groups in their pursuit of more resilient communities. The projects are tailored to each individual community – understanding unique circumstances, aspirations and the tools that may be available to assist in the process. Serving partners across Alberta and British Columbia, our portfolio of projects continues to develop as we tackle new and evolving challenges. During the year, we conducted numerous risk assessments, delivered training programs and exercises, conducted research, developed mitigation strategies and designed tailored systems, all with an emphasis on engagement and traditional and cultural values.

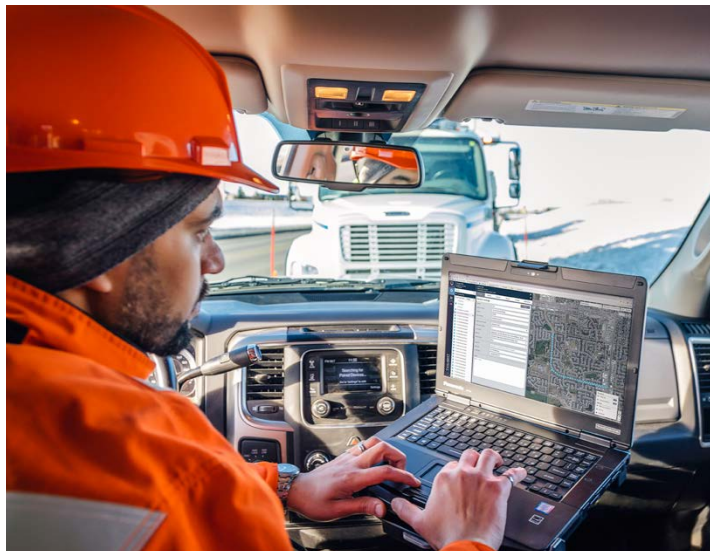
15

Indigenous groups are now involved in the Partnering 4 Resilience Program

Supply chain management

With over 22,000 active vendors, it is critical that we have an enterprise-wide approach to supply chain management. Our goal is to develop long-term strategic relationships with our suppliers to ensure the reliability and resilience of our operations. We continue to improve governance for our supply chain management, including risk and demand management, and continuous improvement for forecasting and cross-functional communication.

In 2022, we began our Vendor Onboarding Project that improves the data we collect from vendors, so we can conduct risk assessments and ensure all our vendors adhere to ethical standards.



Constantly challenging ourselves to improve technology solutions and how we manage long-term strategic relationships with our suppliers helps to ensure the reliability and resilience of our operations.

PEOPLE

Health and safety are the first considerations in everything we do. And, while we protect the people in our workforce and communities, we know we must also reflect the people in our communities by promoting diversity, equity and inclusion.

IN THIS SECTION

[Employee engagement](#)

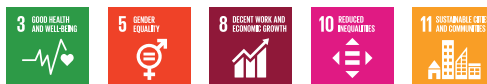
[Employee and contractor health and safety](#)

[Public safety](#)

[Health and well-being](#)

[Diversity, equity and inclusion](#)

The initiatives in this section align with the following [UN SDGs](#):





The safety and well-being of our employees, contractors and the public is paramount at ATCO.

People are the core of our business. Without them, we cannot deliver essential services to those who need them. We listen and learn first, and then evolve our programs to ensure everyone goes home safely at the end of each day. Our culture depends on how we weave together programs that continuously improve safety, health and well-being; diversity, equity and inclusion (DEI); and employee engagement. We strive to be an employer of choice that attracts and retains the best and the brightest. Judging by our talented ATCO team, we are proud of where we are – but know there is always room to do better.

Analyst Corner

People

MD&A (pp. 20-21, 26, 71)

MPC (p. 47)

Working at ATCO: DEI

GRI 3-3, GRI 401-1, GRI 403-9, GRI 405-1, GRI 406-1, GRI 416-2, GRI 418-1

SASB IF-EU-320a.1, SASB IF-GU-540a.3, SASB IF-GU-540a.4

Employee engagement

When employees are engaged in their jobs, performance in many critical areas can improve, including mental and physical safety metrics. We conduct annual, confidential engagement surveys to understand employees' opinions about job satisfaction, inclusion and leadership capabilities, and find tangible opportunities for improvement.

In 2022, 84 per cent of employees responded to our survey, six points higher than the global norm for response rates. Leaders across ATCO facilitate open discussions with their teams about the survey results, and collaboratively develop a path forward to address challenges and opportunities employees identified through the survey.

Over

84%

of employees participated in our 2022 engagement survey, six points higher than the global norm

Employee and contractor health and safety

ATCO has always fostered a safety-first culture. In 2022, safety was codified as an explicit core value, along with integrity, agility, caring and collaboration. We aspire to achieve the highest safety standards across all our products, services and businesses around the world. Over 90 per cent of ATCO employees agree that the company is committed to safety, which is in the top quartile globally.

Refreshing our focus on safety and safety leadership is a critical component of our work today, as well as in the future through business investments and ESG targets. One of our 2030 ESG targets is to maintain leading health and safety practices and performance, including conducting timely audits, maintaining management systems, providing appropriate training and engaging our employees.



Learn more about how we were recognized as a top employer

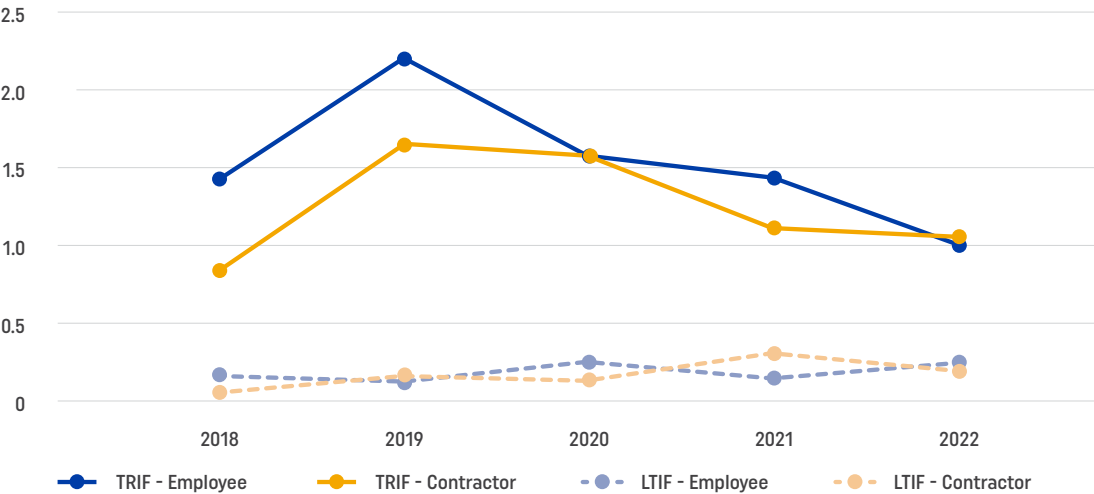


In 2022, we continued to outperform overall benchmarks, in addition to industry-specific benchmarks for most of our businesses. Analysis against benchmarks ensures we are constantly focused on doing better, both against peers and our own historical performance.

We track safety performance with two key metrics – total recordable incident frequency (TRIF) and lost-time incident frequency (LTIF). In 2022, our employee and contractor TRIF decreased by 31 per cent and five per cent, respectively, from 2021. Over the same period, our LTIF performance was varied with an increase in employee LTIF, but a decrease in contractor LTIF. Our strategy to achieve zero incidents is to ensure people are aware of where safety incidents may occur so risks can be mitigated, implement high-quality prevention programs and encourage proactive reporting behaviour.

Incident Frequency Rates

(incidents per 200,000 hours worked)



In 2022, we saw a decline in three key metrics: employee TRIF, contractor TRIF, contractor LTIF, and an increase in employee LTIF.

Each of our divisions implements targeted programs and measures performance specific to their industries. When reported and managed, these metrics help us to better understand the causes of our incidents and reduce the chance of them happening again.

In 2022 – and similar to previous years – the majority of incidents were related to individual slips, trips and falls or musculoskeletal injuries. We are continuing to improve our management systems, implement training initiatives and engage our employees through a variety of preventative measures.

Even when working from home, soft tissue injuries are still an issue. As part of our Flexible Work Environment approach, we have developed home-based work safety checklists and online ergonomic resources.

When a program works in one area of our business, we look for opportunities to implement it in another. After successful implementation in our Canadian electricity division, our Latin American operations are launching the SafeStart program. The program increases personal safety awareness and skills, with the goal of reducing injuries, increasing engagement and achieving sustainable culture improvements.

In 2022, we reviewed all our health and safety training courses to improve consistency and clarity, and leveraged a learning management system to retain training records for ease of reference.



To reduce slip, trip and fall incidents, our utilities team launched Energy Safety Canada's Get a Grip on Safety Program. For six months, different safety tools were promoted, with themes such as Boots and Grips – proper footwear is an important and easy way to reduce safety risks!



Public safety

We all play a role in keeping the public safe from overhead power lines and underground natural gas pipelines, and we take our responsibility in that social contract very seriously. We engage and educate stakeholders, as well as mark buried lines that pose an inherent danger to those who work near them.

We are always looking for new ways to engage the public and our customers so they understand they must be vigilant when working around energy infrastructure. Public safety is not just about how we work or how we support our customers – it's also about supporting the contractors and businesses that are critical to delivering safe and reliable products and services.

In our natural gas division, we participated in over 450 industry meetings, over 2,000 contractor meetings and over 200 damage prevention meetings, a substantial increase from 2021, to discuss safe digging practices near natural gas lines.

In partnership with SpaceLab, an internal initiative where we collaborate and execute innovative projects, we completed a program that responds to public requests for underground pipeline locations, advising on requirements to complete their work. The resulting tool was designed to educate and ultimately reduce incidents. In 2022, there was a reduction in natural gas and electricity line hits from the previous year.

Both our natural gas and electric businesses have shown that proactive efforts, in collaboration with other utility companies, result in fewer public safety incidents. We have an annual average of 1.26 line hits per 1,000 locates of natural gas pipelines, which is below the Alberta provincial average and a 16 per cent reduction from 2021. The reduction in incidents – nine per cent in combined natural gas and electricity line hits from the previous year – supported the reliability and resilience of our systems.

9%

reduction in public natural gas
and electricity line hits

Health and well-being

Health and well-being are part of ATCO's safety culture. While there has been a long-standing focus on physical well-being, many people and organizations have not always wanted to talk about the other components of health. At ATCO, we facilitate active dialogue and take action to build organizational capacity and trust with a full-spectrum approach to supporting employees.

ATCO bundles our mental, social, psychological and financial wellness projects into a cohesive and comprehensive program called Well-being @ ATCO, since all these aspects are integrated in a person's life. We have developed an ATCO app to support our people through their wellness journey, so they can access support, encouragement and activities from the ATCO community. We have over 250 Well-being @ ATCO champions across the organization who meet regularly to guide their colleagues and help foster a healthy workplace. Our program has, for two years in a row, been a finalist in Canada's Safest Employers Program, an independent award that celebrates excellence in the occupational health and safety profession.

250

local champions for
Well-being @ ATCO



We need to be safe, but we also need to feel safe in all dimensions to fully engage in work and with others. Psychological safety was a major focus for us in 2022. Our goal is to empower teams to be transparent, do the right thing and solve problems quickly by operating outside of siloed structures. To meet this goal, our leaders must understand the importance of feeling safe to speak up, being our authentic selves and asking for help.

To support the development of inclusive leaders at scale, we piloted two Psychological Safety modules through our Power of Conversations Leadership Learning Series. Ten in-person sessions and 170 online modules were completed, with more than 90 per cent rating it a valuable experience. Over 350 employees participated in the training and we plan to expand the program in the future. In addition, a total of 600 employees accessed psychological safety tools and communications through the Well-being @ ATCO portal, with 200 requesting further support.

In Australia, our health and well-being strategy is based on the Integrated Approach Model. This consists of three key areas – promote, support and protect – resulting in an improved understanding of health and well-being, including countering the stigma that is often associated with mental health issues.

Over
350
employees participated in
Psychological Safety training

Diversity, equity and inclusion

ATCO's businesses serve a broad range of people and communities. And that demands that we attract a broad range of backgrounds and dynamic experience in our workforce. A commitment to DEI recognizes that a diverse mix of people around the table leads to better discussions, decisions, and outcomes for everyone.

Our action on DEI started with employee-led initiatives at several of our businesses, including the Employment Equity Advisory Committee; Workplace Inclusion, Diversity and Equity Committee; and the Mexico Employment Equity Advisory Committee.

These grassroots groups have impacted the lives of our employees through many creative events. Speed networking broke barriers for women at ATCO, giving them an opportunity to meet executives. Townhalls, lunch and learns, and meet-ups, hosted by our LGBTQ2S+ subcommunity, created opportunities to build understanding and relationships. We highlight individuals in our workforce on [ATCO.com](https://www.atco.com) to showcase our commitment to underrepresented groups.

With the groundswell of these – and other – groups driving us forward, we formed an enterprise-wide DEI Council in 2021. The role of the council is to listen, learn and amplify grassroots ideas and initiatives across our businesses to further develop an employee-centered DEI strategy. Safe, open and effective conversations enable the tangible steps that we can take to build awareness, develop mentors and remove barriers. Through the DEI Council and leadership accountability, our employee-led groups have their voices represented in executive decisions.

We are making progress and building momentum. With the help of external experts, we are continuing to engage with our people to develop benchmarks and establish priorities over a three-year roadmap. The roadmap outlines milestones for developing inclusive leaders, establishing equitable career management programs and building a "global mindset, local impact" approach. We have updated, and will continue to evolve, our [Human Rights Policy](#).

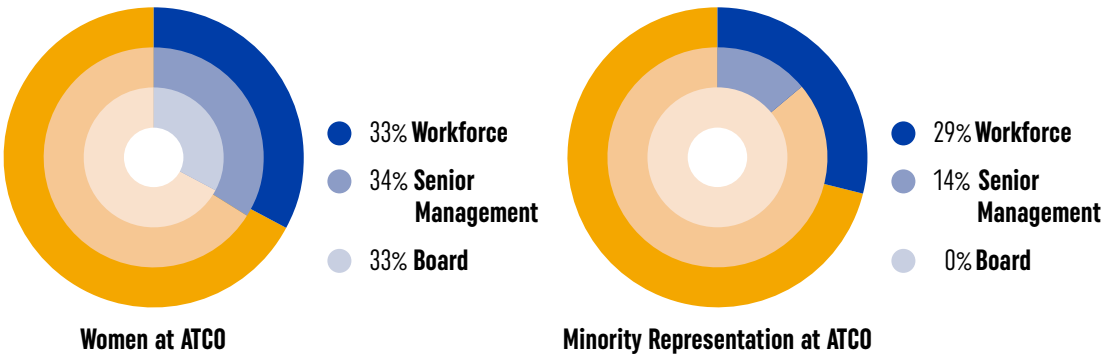
Part of our efforts to build a global mindset is to work with other organizations on a similar journey. In 2022, ATCO hosted guests from 38 Canadian companies to facilitate conversations and knowledge-sharing about the power of representation. The program was very well received, with plans underway to expand this annual event.

Our ultimate DEI vision is to foster a community where everyone can bring their whole selves to work and reach their full potential, through a clear DEI strategy that holds us accountable, enhances a sense of belonging and drives superior business performance.



Our ongoing efforts to be a leader in psychological safety and DEI are an important element in attracting and retaining the best and brightest in our workforce.

ATCO 2022 Board, Senior Management and Workforce Diversity



In 2022, women represented 33 per cent of our workforce, 34 per cent of senior management, and 33 per cent of the Board of Directors. Minorities represented 29 per cent of the workforce and 14 per cent of senior management who chose to self-identify. We recognize there is more work to be done to create an inclusive environment for all, and increase minority representation in leadership roles.

To support workforce diversity targets, we need to concretely demonstrate our values to attract potential employees, and then provide the development, training and leadership for them to thrive. ATCO has a target to achieve and maintain 30 per cent female representation in our senior leadership and Board of Directors and 25 per cent minority representation in our workforce by 2030. While we have achieved some of these targets, they signify our ongoing commitment to inclusion practices, fostering a safe working environment and providing development and succession planning. These practices are critical to creating an equitable playing field of opportunity and supporting the internal pipeline of talent that our future relies on.



A Speed Networking pilot program brought together women from across ATCO to meet leaders to create meaningful connections and discuss future ambitions.

COMMUNITY & INDIGENOUS RELATIONS

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

IN THIS SECTION

[Community engagement](#)

[Community investment](#)

[Indigenous relations](#)

The initiatives in this section align with the following [UN SDGs](#):





Our genuine connection with communities, Indigenous Peoples and businesses sets ATCO apart. It is woven into our culture to build respectful and mutually beneficial relationships through collaboration. Open dialogue and working together toward common goals lead to successful projects and initiatives. To us, the communities where we operate and our Indigenous partners are true neighbours.

Community engagement

We believe people who are impacted by our projects should have a say in how they are designed, constructed and operated. We engage with our neighbours early and often, describing our projects in ways that meet their information needs. We listen and learn first, and work hard to mitigate potential impacts so that our stakeholders understand their input has been addressed.

For example, as part of our public consultation for blending hydrogen in natural gas supply in Fort Saskatchewan, we offered to inspect the piping and appliances of 2,100 customers to ensure they were in proper working order. About 85 per cent of customers invited us to visit their homes for an assessment, which gave us an opportunity to provide information about blended gas.

Analyst Corner

Community & Indigenous Relations
 MD&A (pp. 3, 23-24, 26)
 GRI 3-3, GRI 411-1

Community investment

We integrate different approaches to investing in communities, including sponsorships, donations and in-kind support. From supporting youth and veteran partnerships to cultural and educational initiatives, we are investing where we can make a difference.

Employees making a difference

ATCO EPIC (Employees Participating in Communities) is a long-standing employee-led program that rallies the spirit of our people all over the world, combining volunteerism, fundraising events and individual donations. With the combined efforts of our employees around the world, we pledged more than \$3.6 million to support hundreds of community charities through our annual ATCO EPIC campaign in 2022, taking the program's cumulative fundraising total to over \$54 million since its inception in 2006.

Employees donate directly to the health and wellness causes that matter most to them and we enhance our people's generosity by matching those donations.

EPIC's impact is felt across our operations. In Latin America, our employees led an initiative to install solar-powered streetlights in a community near our hydroelectric facility in Veracruz, Mexico to enhance pedestrian safety at night.

\$3.6M

raised for charities through our ATCO EPIC campaign, with over \$54 million raised for charities since inception in 2006

Building on the culture of EPIC, ATCO's Rümi has established ügive to provide focus on charities that align with home affordability and security with a sponsorship of Habitat for Humanity's Home Refurbishment Program.

Support for veterans

ATCO was the Presenting Sponsor for Team Canada at the Invictus Games 2022. We continue to support our military forces through this partnership as the athletes of Team Canada journeyed to The Hague, Netherlands and competed with more than 500 participants from other nations.

We are also proud supporters of the Homes For Heroes Foundation, where we have provided our project expertise for tiny home villages in Calgary and Edmonton for veterans on the path to homelessness.

Community nutrition

Good nutrition is essential, and we have taken an active role in delivering garden-to-plate community programs. In 2022, ATCO launched a partnership with EON Foundation to deliver their Thriving Communities Program to remote communities in Western Australia. The program focuses on learning to grow and harvest from edible gardens, healthy eating, and training opportunities. We also provide food and nutrition programs for at-risk youth through the Veritas House Support for Independent Living Service in New South Wales.

\$7.9M

invested in communities through gifts in-kind, sponsorships, donations and our matching contribution to the employee-led ATCO EPIC program



Indigenous Peoples who live close to our Veracruz hydroelectric facility in Mexico are experiencing riverbank erosion on their agricultural land due to vegetation cover loss, intense rains and droughts. We have established an alliance with them to build resiliency strategies for soil conservation to help ensure crops thrive and families flourish.

Indigenous youth

ATCO is a proud partner of Spirit North, a Canadian charitable organization that improves the health and well-being of Indigenous youth, empowering them in sport, school and life. Through the transformative power of sport and play, participants build the confidence and courage needed to overcome the hardships Indigenous youth often face.

Indigenous relations

Guiding principles

Our Indigenous Strategy is based on pillars we call the "four Es": Meaningful Engagement; Economic Participation; Employment and Training; and Employee Education and Awareness. This is where we feel we can make the most impact in the spirit of Canada's Truth and Reconciliation Commission and the United Nations Declaration on the Rights of Indigenous Peoples. More than many businesses, we have Indigenous communities as our neighbours, partners and advisors. Indigenous reconciliation is not a series of boxes to be checked; rather, a sincere endeavour based on respect, transparency and trust.

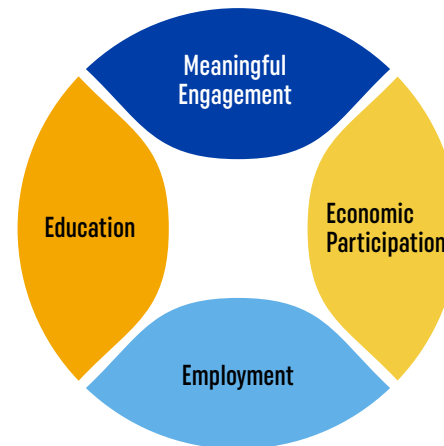


Learn more about the
Indigenous Advisory Board

Engagement strategies are stewarded by our Indigenous Advisory Board. Members have deep experience and wisdom that enhance how we engage, while developing sustainable economic opportunities for both Indigenous communities and ATCO. With the Board's guidance, we are continuing to develop genuine relationships with Indigenous groups and explore how we can best collaborate.

Through a global practice, we aspire to set an example for governments and industry that supports economic reconciliation, inclusive opportunities and equitable partnerships for Indigenous communities.

4 "Es" of Indigenous Strategy



Recognition for excellence

We have been recognized by the Canadian Council for Aboriginal Business (CCAB) Progressive Aboriginal Relations (PAR) program for meaningful Indigenous relations. We have demonstrated comprehensive processes in leadership, employment, business development and community relationships. ATCO Structures is a certified Gold Level participant, while ATCO Frontec was recertified at the Silver Level in 2022. ATCO Frontec is also recognized as an Aboriginal Procurement Champion by the CCAB.



Meaningful engagement

To be meaningful, Indigenous engagement must be tailored to each community and what is important to them. We learn what is important by listening carefully and building relationships. In some cases, we are honoured to be trusted partners who can bring together other parties and, at times, additional funding sources. Under [Economic participation](#), we detail projects that have resulted from our commitment to authentic engagement.

Our engagement strategy includes 13 relationship agreements that formalize long-term strategic commitments with communities. These agreements require regular strategic discussions about how we can work together, now and in the future, and have become the foundation for project-specific memorandums of understanding (MOUs) and joint venture (JV) partnerships.

One of our most recent relationship agreements, signed with a First Nation in northern Alberta, allows us to continue strategic discussions on fuel switching to natural gas, so they can significantly reduce GHGs while receiving economic benefits.

A critical part of building – and maintaining – formal relationships is ongoing consultation. In addition to new projects, we must ensure there are frequent check-ins throughout a project lifecycle. For example, in our electricity business alone, we undertook approximately 375 unique consultations with First Nation and Métis communities in Alberta when we needed to make improvements to existing electrical infrastructure. As a result of our meaningful engagement, there were no objections or interventions to regulators who reviewed our proposed projects.



Learn more about ATCO and the Copper Niisüü agreement



Less diesel, more solar

After a full year of solar generation supporting two Indigenous communities, ATCO signed a new agreement in 2022 with Copper Niisüü Limited Partnership (CNLP) to help a First Nation with the largest diesel-to-solar project in Yukon. CNLP will build, own and operate the solar facility. ATCO will provide technical expertise and support, and install and own the battery system and microgrid controller. As part of our agreement, ATCO will purchase the electricity that CNLP produces, which we will then distribute to the community.

The Métis Crossing Solar Project is the next solar power collaboration with an Indigenous partner. We are honoured to partner with the MNA on this unique community-led initiative, where ATCO will build the facility, and the MNA will own and operate it upon completion. The development of the solar facility will provide economic and community benefits to community partners, and when complete in early 2023, a portion of project profits will support a Community Development Fund to encourage sustainable development in the local community. For more information on this project, see the [Energy Transition](#) section on page 14.

These represent two exciting initiatives, with more prospective opportunities being examined.



Economic participation

Partnerships that promote sustainable economic growth and build capacity are part of our culture. We believe that our Indigenous partners should be provided with opportunities to share in the economic benefits of developments that happen in their communities.

Participation can take many forms, such as equity arrangements, revenue sharing, JV partnerships, MOUs and procurement opportunities. Tied to our commitment to advance Indigenous reconciliation, our 2030 ESG target is to increase net economic benefit to our Indigenous partners by 40 per cent. In 2022, we have exceeded our 40 per cent target, but focus is required to ensure this activity continues to increase to 2030 and beyond.

As of the end of 2022, we had agreements for 52 JVs, MOUs and other partnerships with Indigenous groups that generate millions of dollars annually for these communities.

As a company that has been operating successfully in Canada's North for decades, some of our earliest and largest JV partnerships are "North of 60". We understand the extremes of the Arctic and how to deliver world-class technical and logistical expertise. But we don't work alone. Hand in hand with the people of the North, co-ventures built on understanding and mutual respect underpin all we do.

Long-standing partners for over 35 years, ATCO and Denendeh Investments Incorporated (DII) completed a historic agreement in 2022 to increase DII's ownership stake in Northland Utilities from 14 to 50 per cent. This enhanced partnership with DII reflects our desire to share in the economic benefits and developments in the communities we serve.

Nasittuq Corporation is another hallmark ATCO partnership. In 2021, the ownership of Nassituq was restructured so that it became a majority-owned Inuit company. Now, our partners Nunasi Corporation and Pan Artic Inuit Logistics Corporation collectively hold a 51 per cent interest, while we hold a 49 per cent interest. Together, we secured a contract in 2022 to operate and maintain the North Warning System, a chain of radar sites and support facilities that spans 5,000 km through the Canadian Arctic.

While we develop direct employment opportunities in our partnerships, we are also working to expand supply chain opportunities with Indigenous businesses. This involves finding new approaches to ensure that qualified Indigenous businesses have equal opportunities, including information sessions, open houses and ensuring they are registered as an Indigenous company in our procurement system. In 2022, ATCO awarded contracts totalling over \$79 million to Indigenous and Indigenous-affiliated contractors.

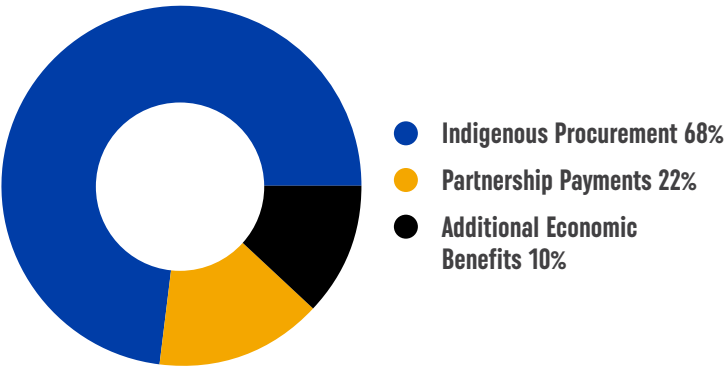
52

JV partnerships, MOUs and other partnerships with Indigenous groups



[Learn more about ATCO and DII's Ownership Agreement](#)

2022 Indigenous Net Economic Benefit



In 2022, we generated over \$117.7 million in net economic benefit to Indigenous groups, including awarding contracts totalling over \$79 million to Indigenous and Indigenous-affiliated contractors. In 2022, there was an increase in partnership payments to Indigenous Groups, predominantly as a result of the North Warning System contract awarded to our Nasittuq Corporation partnership.

\$117.7M

in Indigenous net economic benefit



Employment and training

We believe that supporting employment, education and training opportunities for Indigenous Peoples contributes to vibrant communities, creates a stronger local workforce and affords us opportunities to share experiences and learn from local expertise.

We support the progression of Indigenous employees to senior roles through leadership training and opportunities for cross-training. One way we are supporting this goal in our Frontec division is to have a monthly sharing circle where participants are joined by Indigenous community and business leaders to talk about leadership, ATCO values and how they relate to Indigenous values.

Training and development opportunities include our work with Nasittuq and the Canadian government to advise on funding for training and employment opportunities under the Inuit Learning and Development Program. These collaborative efforts, including apprenticeships, on-the-job training and professional development, are a model for bringing education and employment together with cultural and community values.

46

Indigenous summer students,
an increase of 65 per cent

Employee education and awareness

To make Indigenous culture, history and traditional knowledge a living part of our organizational culture, it's important that employees have education and awareness built into their career development. Over the past year, over 5,000 employees have embraced the opportunity for Indigenous cultural training, including online orientations, informal lunch and learn sessions, full-day courses, and the University of Calgary Indigenous Relations Training Program, which we sponsor. In 2022, employees in Mexico added to our commitment with the launch of new online and face-to-face training sessions.

We recognize that to appreciate Indigenous Peoples, we must join them in their own events and on their land. We took part in community fairs, like Nakoda Banff Indian Days with the Stoney Nakoda First Nations, and workshops to develop traditional wood carving skills throughout the Mountains of Zongolica, Veracruz. Many of our people see these opportunities as a benefit of working for ATCO, increasing their engagement in our projects and initiatives.

Over

5,000

employees participated in additional
Indigenous cultural training



Scholarships, training and education

Indigenous Summer Student Program

We continued our Indigenous Summer Student Program in 2022, with 46 students welcomed in different roles. We look for opportunities to transition Indigenous summer students to full-time employment.

Indigenous Education Awards

68 First Nation, Inuit and Métis students across Canada received scholarships, bursaries and merit awards totalling \$81,000 to help pursue higher education.

Emerging Aboriginal Leaders Program

Six Aboriginal leaders graduated from this program for 18- to 25-year-olds, delivered in partnership with the Western Australian Aboriginal Leadership Institute.

Peraj Mexico & the Instituto Tecnológico Superior de Zongolica Partnership

19 Indigenous university students were awarded scholarships and paired with Indigenous elementary students to provide mentorship and encourage them to stay in school.



GOVERNANCE

At ATCO, we have a unique and effective system of corporate governance that recognizes the need to provide autonomy and flexibility to our different businesses, while accommodating the needs of both our regulated and non-regulated businesses.

IN THIS SECTION

Board oversight

Management's role

The initiatives in this section align with the following [UN SDGs](#):





Effective corporate governance stewards the interests of our employees, share owners, and Indigenous and community partners over the near-, medium- and long-term, providing review and oversight of corporate strategies and executive decisions. As such, our Board of Directors and management team fully endorse our net-zero commitment and 2030 ESG targets announced in January 2022.

We regularly evaluate our governance practices to ensure they are effective. In 2022, a review was conducted around Sustainability and ESG Governance to ensure that our organization remains prepared for the future. Ultimately the recommendation was to continue to integrate these issues and opportunities into our current Board and Board Committee governance structures, reflecting that they are core strategic components and not stand-alone issues. Board mandates have been revised to have Sustainability and ESG more explicitly included. In addition, management has formed an Executive Sustainability & ESG Committee as detailed in the [Management's role](#) section.

"Strong governance underpins our ability to create long-term value for our share owners, employees, customers, and Indigenous, community and business partners. The Board oversees strategic objectives in alignment with our vision and values and, while we have a long history of integrating sustainability and ESG, continued focus will be critical. We are proud of what the Company accomplished in 2022 and want to thank the people of ATCO who simultaneously innovate for the future while continuing to provide essential services today."

DR. ROBERT J. ROUTS
Lead Director, ATCO Ltd. Board of Directors

Board oversight

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

While the board provides oversight on strategy, sustainability, risk management, DEI, succession planning and corporate governance, each of the board committees has specific responsibilities.

The GOCOM evaluates the need for change to board and committee composition. They are focused on finding the most qualified individuals available with the skills, experience and expertise that will complement the board and align with our strategic objectives, with gender and other characteristics among the many factors taken into consideration. Please refer to the [People](#) section for more information on diversity at ATCO.

The GOCOM also oversees corporate governance practices, including succession planning and senior executive officers' performance, compensation and remuneration. In addition to financial results, our executive compensation program is based on operational objectives (such as health and safety, service quality, management controls, and environmental stewardship), people leadership (such as succession planning, leadership development, and attraction and retention), and long-term sustainable growth (growth strategies, strategic planning).

The Audit & Risk Committee has the greatest oversight over our sustainability practices and disclosures. It oversees accounting and financial reporting, as well as risk management and control practices. The committee reviews risks and opportunities that could materially impact our

ability to achieve our strategic and operational objectives and is responsible for ensuring that management addresses risks by implementing appropriate mitigation measures.

We have an established enterprise risk-management process that allows us to identify and evaluate risks by both severity of impact and probability of occurrence. This evaluation includes climate-related risks involving transitional (policy/regulatory, market, technology and reputational) and physical factors; climate-related opportunities, such as resource efficiency, cleaner energy sources, innovative products and services, access to markets, and climate change resilience and adaptation; and cybersecurity risks. Additional detail on business risk is included in ATCO's [Management Proxy Circular](#) and [Management's Discussion & Analysis](#).

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 Stewardship Reports, which are presented to the Audit & Risk Committee on a bi-annual basis, and include topics such as safety, environment and Code of Ethics compliance.

ATCO's Code of Ethics, [How We Do Business](#), sets out the behaviours and standards of conduct we expect of ourselves and each other. It provides an overview of the policies and practices that must be followed by anyone who works for, or represents, ATCO. Our Code of Ethics is reviewed and updated on a regular basis, and employees are required to complete online training and certification annually.



**Learn more about
our Governance**



Management's role

At ATCO, the sustainability team reports through the Senior Vice President of Finance, Treasury & Sustainability to the Chief Financial Officers of ATCO Ltd. and Canadian Utilities Limited.

Several senior members of leadership also oversee and contribute their expertise due to the cross-functional nature of many sustainability initiatives. Sustainability is managed collaboratively across numerous groups, including Human Resources, Government Relations, Indigenous Relations, Health and Safety, Environment, Marketing and Communications, Corporate Governance and Secretarial, 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.

In 2021, an enterprise-wide Sustainability & ESG Council was established with senior subject matter experts from each of the groups mentioned above, among others, with the goal of increasing collaboration and coordination on sustainability initiatives and ESG reporting. The objectives of this Council are to agree on shared disclosure improvement priorities across the enterprise, drive forward targeted initiatives for improvement and monitor progress.

The daily management of sustainability commitments and programs is guided by divisional leadership through topic-specific policies, training, monitoring and other management considerations. Our executive leadership team is kept informed through quarterly internal dashboards that report key performance indicators, including data regarding environmental, safety and Indigenous relations metrics, which are being expanded to provide progress updates on our 2030 ESG targets.

In 2022, an Executive Sustainability & ESG Committee was formed comprised of the Chair & CEO, CFOs as well as senior executives with direct oversight of key areas relating to our 2030 ESG targets. This Committee will be responsible for reviewing consolidated results related to ESG targets semi-annually, and approving course correction where required.



Learn more about our Cybersecurity



Read our How We Do Business document

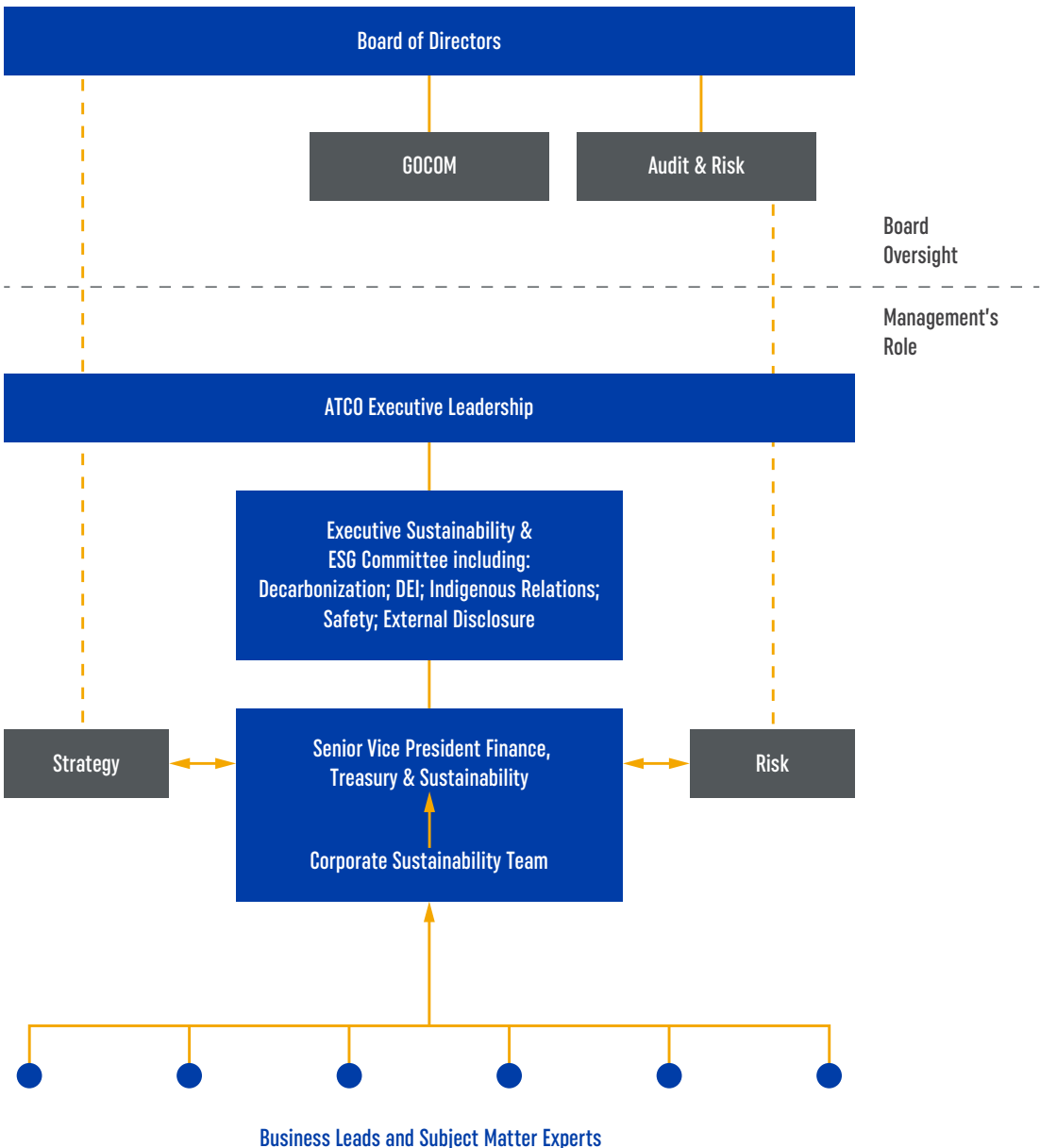
Analyst Corner

Board Mandate

MD&A (pp. 27, 65-74)

AIF (pp. 2-3, 21-30)

GRI 2-9, GRI 2-11, GRI 2-27



ESG DATASHEET

The purpose of this *ESG Datasheet* is to provide an overview of ATCO's operational performance. Some of the performance data is discussed in more detail within the 2022 Sustainability Report. The Datasheet should be read in conjunction with the Sustainability Report and is not to be viewed as a substitute.

IN THIS SECTION

Reporting boundaries

ATCO Ltd. performance summary

ATCO Ltd. framework index mapping

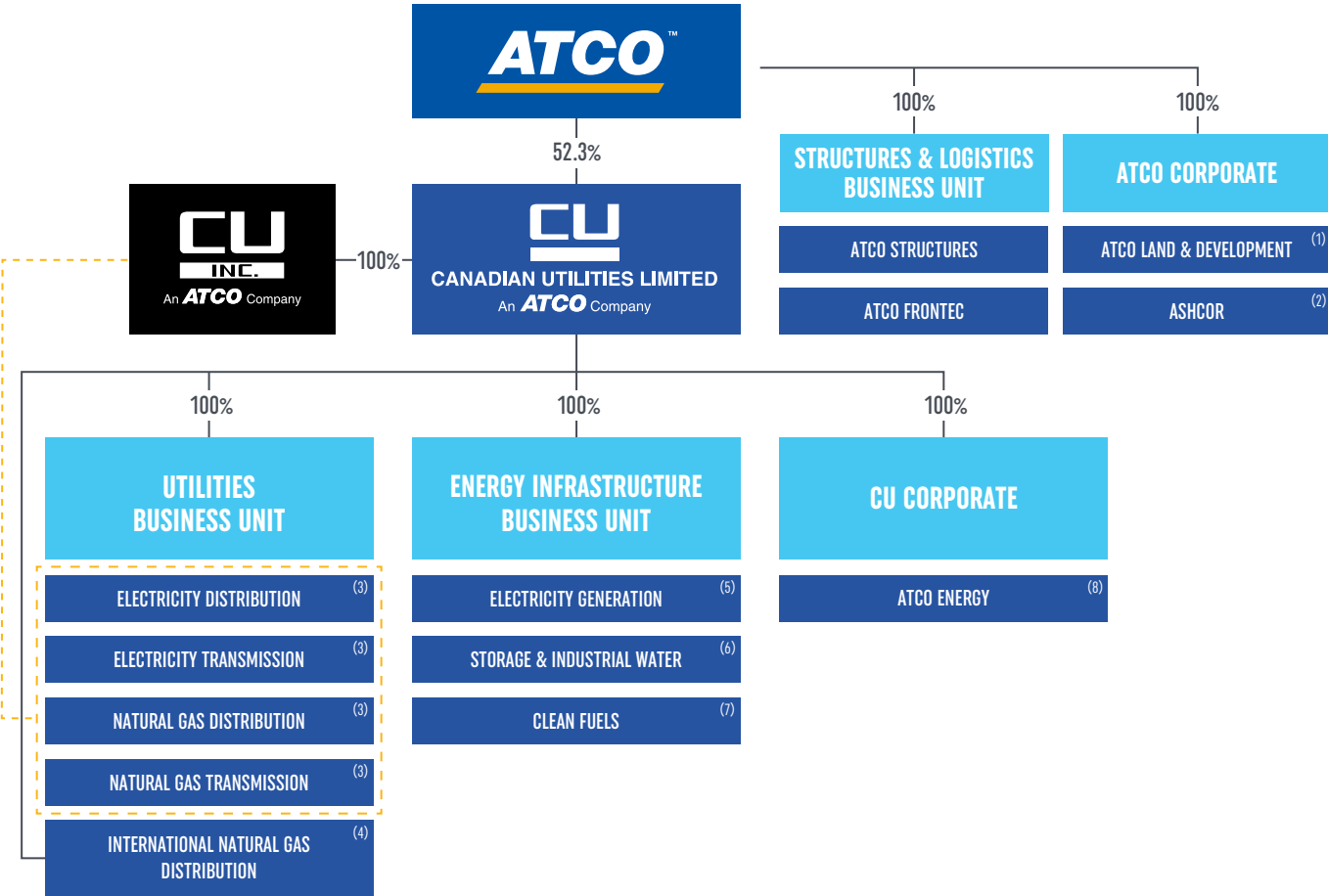
- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)



Reporting 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 companies Canadian Utilities Limited and CU Inc. and their subsidiaries. Our Sustainability Report is referencing the internationally recognized Global Reporting Initiative (GRI) Standards and guided by the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

This report communicates our sustainability performance in 2022 and reflects operations as of December 31, 2022 unless otherwise noted, for ATCO, our subsidiaries and JVs. 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. Exceptions are explicitly noted in the data notes with the relevant information. We also have investments in Neltume Ports (40 per cent) and LUMA Energy (50 per cent), which are not included in our operational control boundary, as defined in alignment with the GHG Protocol. However, we expect our business partners and joint venture operations to adhere to the same or similar ethical standards and we take an active role on partnership and joint venture boards, where possible. All available data for Canadian Utilities Limited and CU Inc. is included in their respective ESG Datasheets, available at canadianutilities.com.



(1) ATCO Land and Development Ltd. is a commercial real estate business that holds investments for sale, lease or development.

(2) ASHCOR Technologies Ltd. (Ashcor) is engaged in the processing and marketing of fly ash predominantly reclaimed from landfills.

(3) Canadian Utilities' 100 per cent owned subsidiary CU Inc. includes Electricity Distribution, Electricity Transmission, Natural Gas Distribution and Natural Gas Transmission.

(4) International Natural Gas Distribution is a regulated provider of natural gas distribution services in Western Australia, serving metropolitan Perth and surrounding regions.

(5) Canadian Utilities owns and operates 348 MW of non-regulated electricity generation assets in Australia, Mexico, Canada and Chile and 103 MW of assets under development in Canada as of December 31, 2022. Subsequent to year-end, 242 MW of operational non-regulated electricity generation was added when the acquisition of Suncor Energy Inc.'s renewable energy portfolio closed on January 3, 2023.

(6) Storage & Industrial Water builds, owns and operates non-regulated natural gas storage, natural gas liquids storage, natural gas related infrastructure, and industrial water.

(7) Clean Fuels includes large-scale hydrogen production opportunities, renewable natural gas, and technical expertise support.

(8) ATCO Energy Ltd. (ATCOenergy) includes Rūmi, Blue Flame Kitchen, and Retail Energy and offers home products, home maintenance services, professional homeowners advice, and retail electricity and natural gas services in Alberta.



Sustainability at ATCO Ltd., Canadian Utilities Limited, CU Inc.

Sustainability performance is reported for ATCO Ltd., and its two largest subsidiaries, Canadian Utilities Limited and CU Inc.

Canadian Utilities Limited (Canadian Utilities) is the largest principally controlled company of the ATCO Group of Companies, with operations in Utilities (electricity and natural gas transmission and distribution, and international operations); Energy Infrastructure (energy storage, energy generation, industrial water solutions, and clean fuels); and Retail Energy (electricity and natural gas retail sales, and whole-home solutions). Canadian Utilities' Board of Directors is independent from ATCO's.

CU Inc. is a wholly owned subsidiary of Canadian Utilities, comprised of regulated utility operations in natural gas and electricity distribution and transmission. CU Inc.'s and Canadian Utilities' approach to sustainability is fully aligned with ATCO's.



Key Documents (ATCO)	Key Documents (Canadian Utilities)	Key Documents (CU Inc.)
ESG Datasheet	ESG Datasheet	ESG Datasheet
How We Do Business (Policies and Practices)	How We Do Business (Policies and Practices)	How We Do Business (Policies and Practices)
Management Proxy Circular	Management Proxy Circular	Management's Discussion & Analysis (MD&A)
Management's Discussion & Analysis (MD&A)	Management's Discussion & Analysis (MD&A)	Annual Information Form
Annual Report	Annual Report	Stakeholder Engagement
Annual Information Form	Annual Information Form	UN SDGs
Stakeholder Engagement	Stakeholder Engagement	Materiality Assessment
UN SDGs	UN SDGs	ESG Targets News Release
Materiality Assessment	Materiality Assessment	Archived Sustainability Reports
ESG Targets News Release	ESG Targets News Release	
Archived Sustainability Reports	Archived Sustainability Reports	

ATCO Ltd. Performance Summary

Indicator ^{1,2}	Units	2022	2021	2020
Environment				
Greenhouse Gas Emissions ^{3,4,5}				
Operational direct (Scope 1) greenhouse gases	kilotonnes CO ₂ e	786	741	873
Operational indirect (Scope 2) greenhouse gases	kilotonnes CO ₂ e	254	251	248
Equity basis (Scope 1) greenhouse gases ⁵	kilotonnes CO ₂ e	339	345	404
Equity basis (Scope 2) greenhouse gases ⁵	kilotonnes CO ₂ e	118	136	126
Equity basis greenhouse gas emission intensity ⁶	kilotonnes CO ₂ e / \$ million adjusted earnings	1.08	1.28	1.51
Upstream production and generation (Scope 3 - category 3) greenhouse gases ⁷	kilotonnes CO ₂ e	8,675	9,111	8,737
Downstream end-use (Scope 3 - category 11) greenhouse gases ⁷	kilotonnes CO ₂ e	15,836	15,566	15,504
Subtotal operational other indirect (Scope 3) greenhouse gases ⁷	kilotonnes CO ₂ e	24,511	24,677	24,241
Air Emissions				
Sulphur dioxide	tonnes	34	30	36
Nitrogen oxides	tonnes	1,656	1,542	1,796
Particulate matter (PM2.5)	tonnes	22	21	22
Carbon monoxide	tonnes	576	570	608
Volatile organic compounds	tonnes	174	171	188
Mercury	kg	0	1	1
Ozone depleting substances	kg	0	0	0
Energy Consumption	(PJ) petajoules	8.7	8.9	10.4

Indicator^{1,2}

	Units	2022	2021	2020
Environment				
Operational Water Use⁸	million m ³	1.2	2.0	1.5
Equity Basis Water Use	million m ³	0.7	1.5	0.9
Spills⁹				
Hydrocarbon – number ¹⁰	number	23	39	18
Hydrocarbon – volume	thousand litres	16.2	25.6	10.0
Non-hydrocarbon – number	number	1	0	2
Non-hydrocarbon – volume	thousand litres	37	0	0
Hazardous Waste	tonnes	1,341	1,166	2,210
Environmental Fines and Penalties	\$ thousand	1	0	0
Owned, Developed or Managed Renewable Energy¹¹	(MW) megawatts	78	76	—
Revenues from Transitional Product Categories (e.g. renewable natural gas and hydrogen)¹²	per cent	1.78	1.12	—
Social¹³				
Health and Safety^{14,15}				
Lost-time injury rate (employees)	cases/200,000 hours worked	0.26	0.14	0.26
Lost-time injury rate (contractors)	cases/200,000 hours worked	0.18	0.30	0.13
Recordable injury rate (employees)	cases/200,000 hours worked	0.99	1.44	1.58
Recordable injury rate (contractors)	cases/200,000 hours worked	1.06	1.12	1.58
Fatalities (employees)	number	0	0	0
Fatalities (contractors)	number	0	0	0
Employees¹⁶	number	7,580	6,358	6,183

Indicator^{1,2}

Units

2022

2021

2020

Social¹³

Workforce by Employment Type

Male – full-time	number	4,399	4,245	4,200
Female – full-time	number	2,096	1,993	1,873
Male – part-time	number	41	29	23
Female – part-time	number	114	91	87

Workforce by Employment Contract

Male – permanent	number	4,049	3,906	3,937
Female – permanent	number	1,935	1,800	1,738
Male – temporary	number	391	368	286
Female – temporary	number	275	284	222

Workforce by Region

Canada – permanent	number	5,384	4,840	4,877
Canada – temporary	number	579	539	419
Mexico – permanent	number	159	32	33
Mexico – temporary	number	0	0	0
Australia – permanent	number	663	579	567
Australia – temporary	number	65	85	59
South America – permanent	number	301	61	9
South America – temporary	number	95	2	0
Other – permanent	number	306	194	189
Other – temporary	number	28	26	30

Indicator^{1,2}

	Units	2022	2021	2020
Social¹³				
Voluntary Turnover Rate	per cent	10.3	6.4	6.3
Employees in Employee Unions or Associations	per cent	45	46	49
Diversity				
Women in workforce	per cent	33	33	30
Women in senior management ¹⁷	per cent	34	33	26
Minorities in workforce ¹⁸	per cent	29	30	—
Minorities in senior management	per cent	14	17	—
Revenue Generated from Indigenous Joint Ventures (Indigenous share only)	\$ million	178.7	120.1	113.6
Net Economic Benefit to Indigenous Groups¹⁹	\$ million	117.7	123.7	71.4
Governance²⁰				
Human Rights and Ethics Incidents				
Discrimination incidents	number	2	0	0
Indigenous rights incidents	number	0	0	0
Corruption Incidents	number	0	0	0
Customer Privacy Breaches	number	0	0	0
Number of Regulatory Non-compliance Incidents²¹	number	4	0	1
Fines and Penalties for Regulatory Non-compliance²¹	\$ thousand	31,003.5	0.0	0.8
Board Diversity				
Women on Board of Directors	per cent	33	30	33
Minorities on Board of Directors	per cent	—	—	—



Indicator^{1,2}

Units

2022

2021

2020

Economic					
Economic Value Generated ²²	\$ million	4,978	4,289	3,944	
Economic Value Distributed					
Suppliers	\$ million	2,035	1,691	1,402	
Employee wages and benefits ²³	\$ million	599	573	531	
Lenders	\$ million	426	401	413	
Shareholders	\$ million	519	502	501	
Governments ²⁴	\$ million	444	388	346	
Communities ²⁵	\$ million	8	6	6	
Economic Value Retained ²⁶	\$ million	947	728	745	
Coverage of Defined Benefit Pension Plan Obligations	per cent	96	98	91	
Operational					
System Average Interruption Duration Index (SAIDI) ²⁷					
Alberta electricity distribution	minutes	4.85	4.41	4.09	
Yellowknife	minutes	0.76	0.27	0.19	
Northwest Territories	minutes	4.09	4.72	1.96	
Yukon	minutes	6.17	2.81	4.91	
System Average Interruption Frequency Index (SAIFI) ²⁸					
Alberta electricity distribution	per cent	1.63	1.58	1.58	
Yellowknife	per cent	1.20	0.77	0.64	
Northwest Territories	per cent	6.49	2.16	4.01	
Yukon	per cent	5.42	1.97	2.71	



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

Indicator

1. This summary table consolidates data for ATCO Ltd. (ACO.X, ACO.Y). Performance summaries for ATCO's subsidiaries Canadian Utilities Limited (CU, C.X) and CU Inc. can be found online.
2. 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.

Environment

3. Unless otherwise noted, data is reported on an operatorship basis, which does not align with financial reporting. Operatorship basis means that environmental performance metrics reported include 100 per cent from operations over which ATCO, or one of its subsidiaries, has operational control, regardless of percentage of financial ownership. However, ATCO Espaciomovil has not yet been included in operational control reporting.
4. GHG emissions are calculated and reported in line with carbon regulations where the facility is located and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol).
5. Equity-basis reporting aligns with financial reporting in relation to treatment in external financial filings and is also guided by the GHG Protocol. However, our equity share emissions of Neltume Ports and LUMA have not yet been included.
6. GHG emissions intensity is calculated by dividing equity-basis reporting direct (Scope 1) and indirect (Scope 2) GHG emissions over earnings. Earnings are adjusted earnings as defined in the MD&A. GHG emissions intensity has been restated for 2020 and 2021 as a result of utilizing equity-basis reporting.
7. Scope 3 GHG emissions are calculated and reported in line with the GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We currently report Scope 3 GHG emissions from the two categories most material to our energy businesses. Note that storage, handling and transmission of natural gas is not included in our Scope 3 calculations however, any associated emissions from facilities to handle and move these products are captured in direct (Scope 1) GHG emissions. As the guidance on the reporting of Scope 3 GHG emissions continues to evolve, we will annually review this approach to ensure we are in line with best practice.
8. Water use is calculated by deducting water discharged from water withdrawn.

9. Includes spills that meet thresholds for regulatory reporting in the jurisdiction in which they occurred. Volume spilled is often estimated due to variables such as duration, location and when the spill was identified.
10. In 2022, 78 per cent of hydrocarbon spills were related to vandalism incidents to electrical transformers.
11. This metric has been established to be intentionally broad to demonstrate various ways we are contributing to the energy transition and does not align with typical operational control or financial basis concepts. Renewable energy is included in three circumstances: 1) Ownership of a renewable project when ATCO has financial control; 2) Development of a renewable project where ATCO has an engineering, procurement and construction contract, but ultimately no financial or operational control once in operation; and 3) Management or operation of a renewable energy asset for a customer, however, ATCO doesn't have ownership.
12. Transitional products and services are defined as products or services that reduce Scope 1, 2 or 3 GHG emissions. They can include products or services that are lower carbon or to upgrade existing activities and systems.

Social

13. Includes our temporary workforce but does not include JV employees, unless otherwise noted.
14. Our contractor safety rates do not cover all contractors since some of our business units only track safety statistics for certain work mode classification (focus on where we have a supervisory, inspection or monitoring role), or contractors with greater than a threshold contract size.
15. Data is not included for all employees of ATCO JVs, however, is included where available and when ATCO has the governing authority and responsibility for the health and safety of the people, processes and facility.
16. The increase in overall employees is predominantly attributable to the inclusion of ATCO Sabinco, ATCO EspacioMóvil and Triple M Housing.
17. Senior Management includes senior executive officers (which aligns with disclosures in the Management Proxy Circular).
18. Minorities includes people of different race and ethnic backgrounds. Note that this metric only includes those who chose to self-identify, may not align with the local definition in all operating jurisdictions, and does not include persons with disabilities or LGBTQ2S+.
19. Net Economic Benefit to Indigenous groups equals net earnings from Indigenous JVs, partnership payments, Indigenous procurement and additional economic benefits.

Governance

20. 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.
21. Non-environmental regulatory non-compliance incidents include one incident regarding the Jasper AUC incident, and three incidents related to power generation requirements in Alberta.

Economic

22. Economic value generated is equal to revenue as reported in the MD&A.
23. Employee wages and benefits include employee salaries and amounts paid to government institutions on behalf of employees plus total benefits.
24. Payments to governments include income, property, and franchise taxes.
25. Distributions to communities include donations, in-kind contributions, and sponsorships.
26. 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.

Operational

27. SAIDI, or System Average Interruption Duration Index, disclosed in minutes, is defined as the total duration of an interruption for the average customer during the period under reporting.
28. SAIFI, or System Average Interruption Frequency Index, is defined as the average number of times that a system customer experiences an outage during the period under reporting (per year).

ATCO Ltd. Sustainability Framework References

This section includes references to a variety of publicly available documents that contain governance, economic, environmental, and social information for 2022, including the Annual Report, Sustainability Report, financial filings, and website.

GRI Content Index

The Sustainability Report includes data for ATCO Ltd. (ACO.X, ACO.Y). ATCO's sustainability reporting references [Global Reporting Initiative \(GRI\) Standards](#).

Standard Reference	Disclosure	Page Number and/or URL(s)
GRI 2: General Disclosures		
GRI 2-1	Organizational details	ATCO Ltd. Annual Information Form (pp. 2-3, 6-38)
GRI 2-2	Entities included in the organization's sustainability reporting	Sustainability Report (pp. 5 , 7 , 44) ATCO Ltd. Consolidated Financial Statements (CFS) Entities covered in the CFS are also covered in our sustainability reporting unless noted. The treatment of joint ventures may be addressed differently in ATCO's 2022 Annual Report with respect to financial performance.
GRI 2-3	Reporting period, frequency and contact point	Annual reporting period: January 1 - December 31, 2022 Contact point: sustainability@atco.com
GRI 2-4	Restatements of information	ATCO Performance Summary (pp. 46-51)
GRI 2-5	External assurance	Senior management and relevant staff have reviewed all information and believe it is an accurate representation of our performance. We undertook a variety of internal and external review activities on information presented in the 2022 Sustainability Report and associated disclosures. However, third-party assurance has not been conducted. In 2023, we will continue the process of external third-party assurance.
GRI 2-6	Activities, value chain and other business relationships	Sustainability Report (p. 4) ATCO Ltd. Management's Discussion & Analysis (pp. 28-46)
GRI 2-7	Employees	Sustainability Report (p. 5) ATCO Performance Summary (pp. 46-51) ATCO Ltd. Management's Discussion & Analysis (p. 5)
GRI 2-8	Workers who are not employees	ATCO Performance Summary (pp. 46-51)
GRI 2-9	Governance structure and composition	ATCO Ltd. Annual Information Form (pp. 50-57)
GRI 2-10	Nomination and selection of the highest governance body	ATCO Ltd. Management Proxy Circular (pp. 23-34)

Standard Reference	Disclosure	Page Number and/or URL(s)
GRI 2-11	Chair of the highest governance body	ATCO Ltd. Management Proxy Circular (p. 13)
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	ATCO Ltd. Corporate Governance ATCO Ltd. Board Mandate
GRI 2-13	Delegation of responsibility for managing impacts	ATCO Ltd. Management Proxy Circular (pp. 24-26)
GRI 2-14	Role of the highest governance body in sustainability reporting	Sustainability Report (pp. 40-42) ATCO Ltd. Management Proxy Circular (pp. 25-27)
GRI 2-15	Conflicts of interest	How We Do Business (p. 9) ATCO Ltd. Annual Information Form (p. 57)
GRI 2-16	Communication of critical concerns	How We Do Business (pp. 31-32)
GRI 2-17	Collective knowledge of the highest governance body	ATCO Ltd. Management Proxy Circular (pp. 9-19)
GRI 2-18	Evaluation of the performance of the highest governance body	ATCO Ltd. Management Proxy Circular (pp. 20-22)
GRI 2-19	Remuneration policies	ATCO Ltd. Management Proxy Circular (p. 35)
GRI 2-20	Process to determine remuneration	ATCO Ltd. Management Proxy Circular (pp. 35-49)
GRI 2-21	Annual total compensation ratio	ATCO Ltd. Management Proxy Circular (pp. 62-69)
GRI 2-22	Statement on sustainable development strategy	Sustainability Report (pp. 40-42)
GRI 2-23	Policy commitments	How We Do Business
GRI 2-24	Embedding policy commitments	Sustainability Report (pp. 41-42) How We Do Business (pp. 4-7)
GRI 2-25	Processes to remediate negative impacts	How We Do Business (pp. 31-32) Integrity and Compliance
GRI 2-26	Mechanisms for seeking advice and raising concerns	How We Do Business (pp. 31-32)
GRI 2-27	Compliance with laws and regulations	How We Do Business (pp. 7, 33)
GRI 2-29	Approach to stakeholder engagement	Sustainability Report (pp. 34-39) Stakeholder Engagement
GRI 2-30	Collective bargaining agreements	How We Do Business (p. 19)



Standard Reference	Disclosure	Page Number and/or URL(s)
GRI 3: Material Topics		
GRI 3-1	Process to determine material topics	Materiality Assessment
GRI 3-2	List of material topics	Sustainability Report (p. 7)
GRI 3-3	Management of material topics	Sustainability Report (pp. 11-51)
Material Topics		
Energy Transition		
Company Indicator	Spend on new and refurbished infrastructure (\$)	Sustainability Report (p. 15)
GRI 302-1	Energy consumption within the organization	ATCO Performance Summary (pp. 46-51)
GRI 302-4	Reduction of energy consumption	Sustainability Report (pp. 17-22)
Climate Change & Environmental Stewardship		
GRI 303-5	Water consumption	ATCO Performance Summary (pp. 46-51)
GRI 305-1	Direct (Scope 1) GHG emissions	ATCO Performance Summary (pp. 46-51)
GRI 305-2	Energy indirect (Scope 2) GHG emissions	ATCO Performance Summary (pp. 46-51)
GRI 305-3	Other indirect (Scope 3) GHG emissions	ATCO Performance Summary (pp. 46-51)
GRI 305-4	GHG emissions intensity	ATCO Performance Summary (pp. 46-51)
GRI 305-5	Reduction of GHG emissions	ATCO Performance Summary (pp. 46-51)
GRI 305-6	Emissions of ozone-depleting substances	ATCO Performance Summary (pp. 46-51)
GRI 305-7	Nitrogen oxides, sulphur dioxides and other significant air emissions	ATCO Performance Summary (pp. 46-51)
GRI 306-2	Waste by type	ATCO Performance Summary (pp. 46-51)
GRI 306-3	Significant spills	ATCO Performance Summary (pp. 46-51)



Standard Reference	Disclosure	Page Number and/or URL(s)
People		
GRI 401-1	Employee turnover rate	ATCO Performance Summary (pp. 46-51)
GRI 403-9	Work-related injury rates	Sustainability Report (p. 30) ATCO Performance Summary (pp. 46-51)
GRI 405-1	Diversity of governance bodies and employees	ATCO Ltd. Management Proxy Circular (pp. 27-28) Sustainability Report (pp. 32-33) ATCO Performance Summary (pp. 46-51)
GRI 406-1	Incidents of discrimination	ATCO Performance Summary (pp. 46-51)
GRI 416-2	Non-compliance incidents regarding safety of products and services	Included as part of 'Number of Regulatory Non-compliance Incidents' in ATCO Performance Summary (pp. 46-51)
GRI 418-1	Customer privacy breaches	ATCO Performance Summary (pp. 46-51)
Community & Indigenous Relations		
GRI 411-1	Incidents of violations involving rights of Indigenous Peoples	ATCO Performance Summary (pp. 46-51)
Other Topics Covered		
Economic		
GRI 201-1	Economic value generated and distributed	ATCO Performance Summary (pp. 46-51)
GRI 201-3	Coverage of defined benefit pension plan obligations	ATCO Performance Summary (pp. 46-51)
GRI 201-4	Financial assistance received from governments	Any material financial assistance from governments is reported in the ATCO Ltd. Management's Discussion & Analysis
Anti-Corruption		
GRI 205-3	Corruption incidents	ATCO Performance Summary (pp. 46-51)

SASB

The Sustainability Report includes data for ATCO Ltd. (ACO.X, ACO.Y). ATCO's sustainability reporting references [Sustainability Accounting Standards Board](#) (SASB) as listed below for the Electric Utilities & Power Generators industry and the Gas Utilities & Distributors industry.

Standard Reference	Disclosure	Page Number and/or URL(s)
SASB IF-EU-110a.1	Direct (Scope 1) GHG emissions	ATCO Performance Summary (p. 46)
SASB IF-EU-110a.3	Direct (Scope 1) GHG emissions strategy including reduction targets	Sustainability Report (pp. 8-10 , 17-22)
SASB IF-EU-110a.4	Renewable portfolio standard (RPS) customers	Not applicable
SASB IF-EU-120a.1	Nitrogen oxides, sulphur dioxides and other significant air emissions	ATCO Performance Summary (p. 46)
SASB IF-EU-140a.1	Water consumption	ATCO Performance Summary (p. 47)
SASB IF-EU-150a.1	Coal combustion residuals (CCR) generated and recycled	Not applicable
SASB IF-EU-150a.2	Coal combustion residuals (CCR) impoundments	Not applicable
SASB IF-EU-240a.4	Discussion of factors that affect energy affordability	Sustainability Report (pp. 11-16)
SASB IF-EU-320a.1	Work-related injury rates	Sustainability Report (p. 30) ATCO Performance Summary (p. 47)
SASB IF-EU-540a.1	Nuclear power units	Not applicable
SASB IF-EU-540a.2	Nuclear safety	Not applicable
SASB IF-EU-550a.2	System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI)	Sustainability Report (p. 25) ATCO Performance Summary (p. 50)
SASB IF-EU-000.C	Length of electricity transmission and distribution lines	Sustainability Report (p. 5)
SASB IF-GU-240a.4	Discussion of factors that affect energy affordability	Sustainability Report (pp. 11-16)
SASB IF-GU-540a.3	Transmission pipeline in-line inspections	Sustainability Report (p. 25)
SASB IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	Sustainability Report (pp. 15 , 25-26)
SASB IF-GU-000.C	Length of gas (1) transmission and (2) distribution pipelines	Sustainability Report (pp. 5 , 25)



Task Force on Climate-related Financial Disclosures

ATCO has always been a proponent of reporting core non-financial information and indicators to provide meaningful, efficient and transparent disclosures in priority areas for customers of our sustainability reporting (i.e. investors, business partners, customers, communities, Indigenous groups, employees, and governments).

In 2022, ATCO expanded alignment to the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We have provided available mapping to existing disclosures below, and plan to continue to evolve our external disclosure around climate-related risks and opportunities in alignment with the TCFD recommendations.

For more information on the TCFD, please visit www.fsb-tcfd.org.

TCFD Recommendations		Links to ATCO Information
Governance		
Disclose the organization's governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities.	The board and committees of the board provide oversight on material sustainability topics, including climate-related risks and opportunities. Our Sustainability Report (pp. 40-42) describes the board's oversight of climate-related risks and opportunities, as well as the roles and responsibilities of the board committees. The Management Proxy Circular (pp. 29-40) provides more information on our overall approach to governance. The board fully endorses our strategic 2030 ESG Targets and commitment to net-zero emissions by 2050.
	Describe management's role in assessing and managing climate- related risks and opportunities.	Management assesses material climate-related risks and opportunities to determine the best course of action. Our Sustainability Report (pp. 40-42) describes management's role in assessing and managing climate- related risks and opportunities. The Management Proxy Circular (pp. 29-40) provides more information on our overall approach to governance.



TCFD Recommendations		Links to ATCO Information
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Our climate-related risks and opportunities include policy/regulatory, market, technology, reputational, and physical risks. The Management's Discussion & Analysis (pp. 5-11), Management's Discussion & Analysis (pp. 47-52), Management's Discussion & Analysis (pp. 65-74) and Sustainability Report (pp. 17-22) describe the material climate-related risks and opportunities we have identified.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Sustainability is interwoven into our businesses, strategy, and planning. Our Sustainability Report (p. 6) provides an overview of how climate-related risks and opportunities are integrated throughout the organization. The Management's Discussion & Analysis (pp. 3-4), Management's Discussion & Analysis (pp. 5-11), Management's Discussion & Analysis (pp. 47-52), Management's Discussion & Analysis (pp. 65-74) and Sustainability Report (pp. 17-22) provide more information on how we incorporate climate-related risks and opportunities into our businesses, strategy, and planning.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	In 2021 we conducted a significant decarbonization modelling project for our energy businesses, which highlighted the resilience of our business model and strategy to decarbonize. The Management's Discussion & Analysis (pp. 47-52) and Sustainability Report (pp. 17-22) provide more information on our climate-related strategies and resiliency.
Risk Management		
Disclose how the organization identifies, assesses, and manages climate-related risks.	Describe the organization's processes for identifying and assessing climate-related risks.	Our enterprise risk management process allows us to identify and assess risks by both severity of impact and probability of occurrence, including climate-related risks. The Management's Discussion & Analysis (pp. 47-52), Management's Discussion & Analysis (pp. 65-74), Sustainability Report (pp. 17-22) and Sustainability Report (pp. 40-42) provide more information on how we identify and assess climate-related risks.
	Describe the organization's processes for managing climate-related risks.	Our enterprise risk management process allows us to identify and assess risks by both severity of impact and probability of occurrence, including climate-related risks. The Management's Discussion & Analysis (pp. 47-52), Management's Discussion & Analysis (pp. 65-74), Sustainability Report (pp. 17-22) and Sustainability Report (pp. 40-42) provide more information on how we manage climate-related risks.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Our enterprise risk management process allows us to identify and assess risks by both severity of impact and probability of occurrence, including climate-related risks. The Management's Discussion & Analysis (pp. 47-52), Management's Discussion & Analysis (pp. 65-74), Sustainability Report (pp. 17-22) and Sustainability Report (pp. 40-42) provide more information on how identifying, assessing, and managing climate-related risks are integrated into our overall risk management processes.

TCFD Recommendations		Links to ATCO Information
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	The ATCO Performance Summary (pp. 46-51) outlines the metrics we use and our performance.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	The ATCO Performance Summary (pp. 46-51) outlines our Scope 1, Scope 2, and Scope 3 GHG emissions. Our Sustainability Report (pp. 17-22) provides more information on our Scope 1, Scope 2, and Scope 3 GHG emissions.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In January 2022, we published a News Release announcing an initial set of strategic 2030 ESG Targets as well as a commitment to net-zero emissions by 2050. The Management's Discussion & Analysis (pp. 3-4) provides more information on how we plan to achieve these targets, and the 'Scorecard' section of the Management's Discussion & Analysis (pp. 15-24) outlines our strategic priorities and progress towards targets. Our Sustainability Report (pp. 8-10 , 12-14 , 18-19 , 29-30 , 33 , 38 , 41-42) provides more detailed information on our ESG Targets and net-zero commitment, and the ATCO Performance Summary (pp. 46-51) outlines our performance towards targets.



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