

The ATCO logo consists of the letters 'ATCO' in a bold, white, sans-serif font. A horizontal yellow bar is positioned directly beneath the letters.

2019 SUSTAINABILITY REPORT

The ATCO logo is displayed within a white rectangular box. It features the letters 'ATCO' in a bold, black, sans-serif font, with a horizontal yellow bar underneath.

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[ATCO.com](https://www.atco.com)

# VISION

Delivering inspired solutions for a better world.

## ENERGY STEWARDSHIP

Secure, reliable and affordable energy underpins the economic vitality of our communities. It is our responsibility to understand the evolving needs of our customers and develop solutions that support the transition to a lower-emitting energy system. See Page 4.



## SAFETY

Safety is the first consideration in everything we do. Providing a safe work environment for our people is ingrained in our culture: a shared belief that directs our day-to-day priorities and decisions. See Page 18.



## ENVIRONMENTAL STEWARDSHIP

As a critical infrastructure provider, a collaborative and long-term approach to minimizing our environmental footprint is vital. As part of this, we continue to explore new and more efficient ways to generate, transport and conserve energy. See Page 12.



## COMMUNITY & INDIGENOUS RELATIONS

Building respectful and mutually beneficial relationships has long defined how we do business. Along with our Indigenous and community partners, we are continually exploring new ways to collaborate. See Page 24.



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### FORWARD-LOOKING INFORMATION

Certain statements contained in this Sustainability Report constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “anticipate”, “plan”, “estimate”, “expect”, “may”, “will”, “intend”, “should”, and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

The Company's actual results could differ materially from those anticipated in any forward-looking information contained in this Sustainability Report as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions and other factors, many of which are beyond the control of the Company.

Any forward-looking information contained in this Sustainability Report represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

Truly, we are living in an extraordinary time.

As we prepared our 2019 Sustainability Report, the world changed with frenetic speed, spurred by the COVID-19 pandemic. ATCO has built its reputation on being there for our customers during uncertain times like these, and on providing solutions that not only make their lives easier, but our world better.

Our perspective has always been a long-term one, measured not in months but years—even decades. This same long-term focus underpins ATCO's strategy and, as we look beyond the pandemic, we will leverage our integrated expertise to contribute to a sustainable recovery. As you will read within this report, we have made significant progress in positioning our companies to deliver enduring essentials required for a thriving global economy.

### Leading the energy transition

Within our energy infrastructure and utilities businesses, our goal is to enable the transition to a lower-emitting future. We continue to pioneer imaginative, energy efficient, technology-enabled solutions, including hybrid power generation, low-carbon transportation infrastructure, and distributed energy.

Over the past year, we have also found new opportunities to modernize our networks to support this transition. For example, in July, we officially opened our Clean Energy Innovation Hub in Jandakot, Western Australia, integrating natural gas, solar PV, battery storage and hydrogen production. We are exploring similar prospects in other jurisdictions, leveraging our world-class operational expertise to enable cleaner, reliable energy without compromising affordability.

As we provide our customers with greater choice, flexibility and sustainability in the products we offer, we are also minimizing the environmental impacts of our operations. Most notably in 2019, we divested our entire portfolio of Canadian fossil fuel-based electricity generation assets, eliminating coal from our portfolio and reducing our greenhouse gas emissions significantly.

### Creating new models of collaboration

Solving society's grand challenges—from decarbonizing energy to economic reconciliation for Indigenous Peoples—requires extraordinary cooperation among business, government and communities.

In 2019, we advanced several such partnerships, demonstrating the collaboration required to achieve our shared sustainability goals. Take, for example, the construction, energization and sale

of Alberta PowerLine, which established a new model for the full lifecycle of project development and enabled seven Indigenous communities in Alberta to take an equity stake in a critical piece of energy infrastructure.

We also believe commerce has a central role to play in solving pressing social issues. Last year, we found several opportunities to leverage our integrated expertise to develop tailored solutions for challenges facing our communities. From off-grid renewable energy in remote and diesel-reliant Indigenous communities to tiny homes designed for homeless veterans—each project is designed to ensure our communities benefit from lasting social development.



### Uncompromising in our approach to safety

Safety is critical to ensure that our most important assets—our people and our customers—return home safely at the end of each day. Despite our strong performance in recent years, there are always opportunities to improve. We are committed to learning from all safety incidents, and continuously work to refresh and strengthen safety culture.

### The road ahead

The products and services we provide are the bedrock upon which long-term economic growth is built—from reliable, safe and affordable energy to scalable housing solutions and logistical expertise. Despite the immediate challenges facing our world, we remain steadfastly committed to this long-term vision, and to creating intergenerational prosperity for customers and share owners alike.

In closing, I would like to thank the incredible women and men of ATCO for their extraordinary efforts in driving our sustainability efforts forward. They are truly our greatest advantage, and they are charting a bold course for our future.

Regards,

*Nancy*

Nancy Southern  
Chair & Chief Executive Officer

# ATCO INTEGRATED SOLUTIONS

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

Sustainability disclosures reflect our business unit operations including:



## STRUCTURES & LOGISTICS

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



## ENERGY

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



## LAND & DEVELOPMENT

- Salable or Leasable Office Space
- Industrial Space
- Land

ATCO also has investments in:



## PORTS & TRANSPORTATION

- Port Facilities
- Port Operations Services

**LOW-CARBON TRANSPORTATION**

- Electric Vehicle Charging
- Natural Gas Refueling

**HOMES FOR HEROES**

- Tiny Home Community

**RESIDENTIAL**

- Modular Homes
- Solar Panels
- Micro Combined Heat & Power
- Home Energy Management Systems
- Battery Storage

**MEDICAL FACILITIES**

**FIREHALLS**

**SCHOOLS & HOTELS**

**LED STREET LIGHTS**

**NATURAL GAS TRANSMISSION & DISTRIBUTION**

**64,000KM**  
NATURAL GAS PIPELINES

**ELECTRICITY TRANSMISSION & DISTRIBUTION**

**75,000KM**  
ELECTRIC POWER LINES

**5**

POWER PLANTS WITH A COMBINED GENERATING CAPACITY SHARE OF 244 MW

**SOLAR**

**INDUSTRIAL DISTRIBUTED GENERATION**

**HYDRO**

**85,200M<sup>3</sup>/D**  
WATER INFRASTRUCTURE CAPACITY

**INDUSTRIAL WATER**

**ENERGY STORAGE**

**400,000M<sup>3</sup>**  
HYDROCARBON STORAGE CAPACITY

**52PJ**  
NATURAL GAS STORAGE CAPACITY

**MOBILE OFFICES & LAVATORIES**

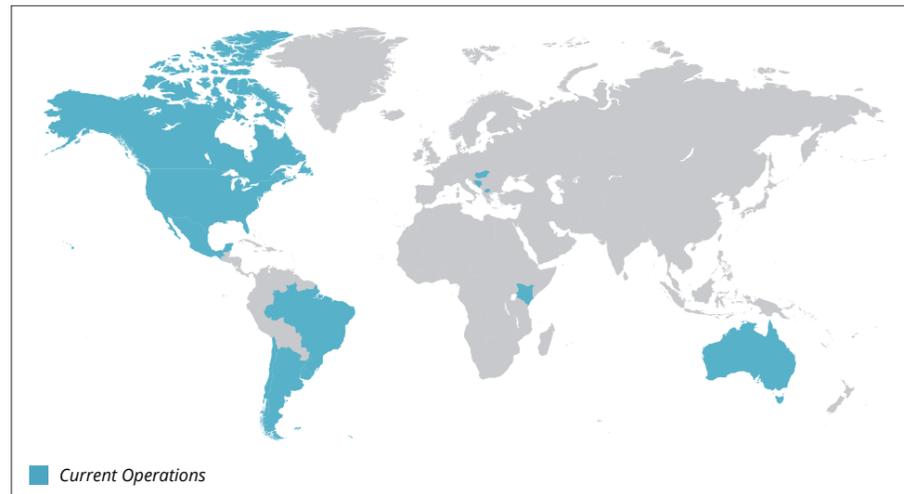
**FRONTEC**

- Operations & Maintenance
- Lodging Services
- Site Services
- Emergency Response

**7**

MODULAR BUILDING MANUFACTURING FACILITIES  
(1 CANADA, 2 U.S., 2 AUSTRALIA, 1 CHILE, 1 MEXICO)

**WORKFORCE HOUSING**



APPROXIMATELY  
**6,500**  
Employees

**\$4.7B**  
Revenues

**\$22B**  
Assets

**\$365M**  
Adjusted Earnings

**2M+**  
Global Customers

**\$1.3B**  
Capital Investment

# ENERGY STEWARDSHIP



SECURITY & RELIABILITY



AFFORDABILITY



CUSTOMER SATISFACTION



ACCESS TO ENERGY

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



**Up to 60%**

reduction in fuel costs for customers when they switch from diesel or propane to natural gas for onsite construction energy needs, as well as up to 40% reduction in GHG emissions.

**25%**

reduction in heating energy demand due to higher energy efficiency in our affordable housing solutions.

**15**

new EV charging stations installed in Alberta through the Peaks to Prairies Project, with all 20 charging stations scheduled to be in service in 2020.

**Over 3,100-kW**

of solar power projects planned for two remote communities by the end of 2020, including 600-kW already energized in 2019.

**3.5%**

hydrogen successfully blended with natural gas as part of the Clean Energy Innovation Hub in Australia, with a long-term goal of blending up to 15% hydrogen.

Sustainable, reliable and affordable energy is an essential component of human well-being, social development and economic prosperity. As a provider of essential services—including energy, housing, and transportation and logistics—we recognize the importance of providing our customers with reliable and affordable energy solutions that support the global transition to a low-carbon energy future.

We advocate for a multi-faceted approach that integrates environmental, social and economic considerations—one that recognizes multiple solutions are required, customized to each customer's situation.

This phased approach considers all solutions to enable the transition in the short-, medium-, and long-term. We research innovative options, such as hydrogen, and seek new ways to reuse existing energy infrastructure, including energy efficiency initiatives, fuel switching and the integration of renewables. We are strategically placed to support our partners, communities, Indigenous Peoples and customers in transitioning to a low-carbon economy through collaboration and sharing expertise.

## ENABLING CHOICE FOR OUR CUSTOMERS

We are steadfast in our commitment to providing lower-emitting energy systems that accommodate a wide range of energy needs—from urban centres to remote communities—balancing affordability and reliability for our customers.

## Energy Efficiency

Energy efficiency continues to be the most cost-effective way to reduce emissions. This is why we are dedicated to offering our expertise to assist customers with improving energy efficiency based on their unique needs, often yielding overall cost reductions.

*“We intend to play a critical role as a conduit for society-wide decarbonization over time, and we are determined to do our part in driving the transition towards cleaner fuels and electricity—without sacrificing the safety, reliability or affordability of energy for our customers.”*

– Siegfried Kiefer

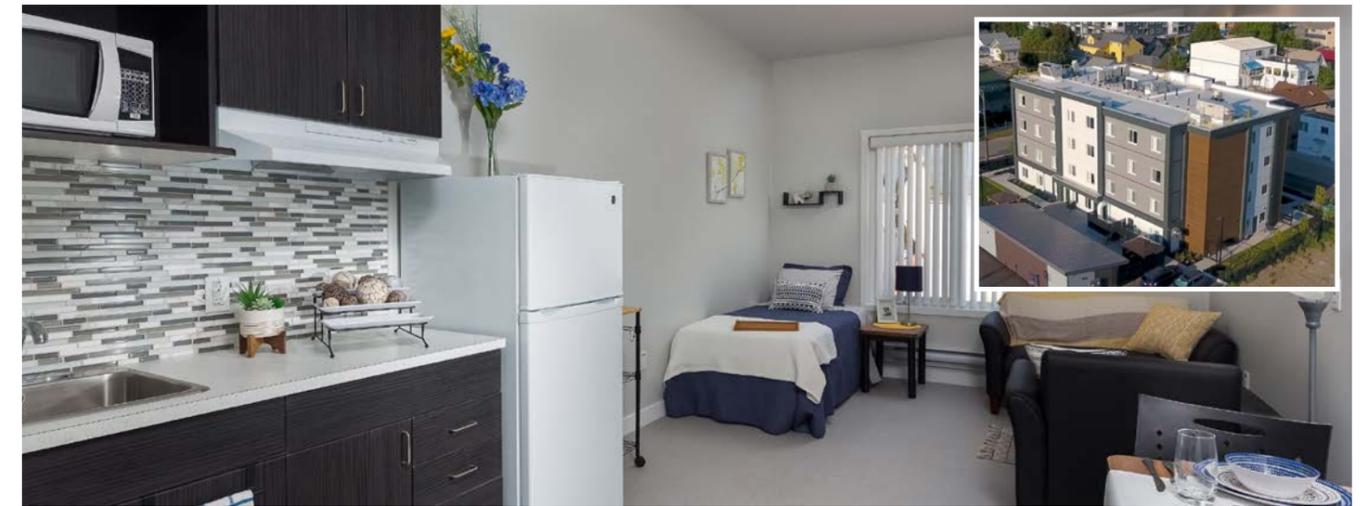
President & Chief Executive Officer,  
Canadian Utilities Limited

In 2019, we supported our customers by converting more than 5,000 streetlights to high-efficiency light emitting diode (LED) lighting. Across our entire electricity service area, over 30 per cent of streetlights have been converted to LED, reducing greenhouse gas (GHG) emissions by over 855 tonnes per year.

For our construction clients, we offer to meet onsite energy needs with temporary natural gas, as opposed to propane or diesel. In addition to safety benefits, the use of natural gas can save customers up to 60 per cent on total fuel costs, and is 15 per cent cleaner than propane and 40 per cent cleaner than diesel.

## Building Solutions

We have laid a solid foundation to support the integration of a number of different low-carbon technologies—including solar panels, Micro Combined Heat and Power (mCHP) units and battery storage—with modern building specifications. These scalable technologies are combined with advanced building envelope components and smart metering energy management systems to further explore innovative ways to source sustainable and affordable energy.



We're leveraging our expertise in modular structures to build sustainable residential buildings for BC Housing.

We offer mCHP units as part of our suite of energy-efficient service offerings, a technology that utilizes natural gas to produce electricity while capturing energy that would otherwise be lost for overall heating and hot water needs. In 2019, our first year of full mCHP commercialization, we commissioned a total of 38 mCHP units for customers across Canada and the United States. One of our first projects was in partnership with the Saddle Lake Cree Nation in central Alberta to install six mCHP units and solar panels in six homes within the community, reducing GHG emissions by approximately 30 per cent. Also in 2019, we partnered with the Government of Alberta and Alberta Milk, a non-profit organization that represents the province's dairy producers, to provide mCHP units to 12 dairy farms across the province to support energy efficiency within their production and operations, reducing GHG emissions by approximately 70 tonnes per year.

In December 2019, we completed the Home of the Future pilot project to test non-wire alternative solutions and integrated control systems for distributed energy resources (DERs) at 13 homes in Lethbridge, Alta. In Australia, Source Energy Co., which we acquired in 2018, takes an innovative approach to

managing its customers' energy needs with a mix of rooftop solar panels and energy from the grid. These installations delivered 531 megawatt hours (MWh) of renewable electricity to its growing customer base in 2019, resulting in a reduction of over 300 tonnes of GHG emissions.

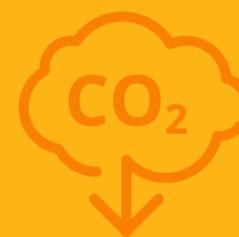
The need for affordable, sustainable housing has become a key issue for many local and provincial governments. In 2019, ATCO was selected by BC Housing to develop three multi-storey residential buildings to address the growing need for affordable housing in the province of British Columbia.

One of these projects—the “My Place” Supportive Housing Project in Vernon, B.C.—was completed in 2019 with 52 living units constructed from modular units manufactured at our facility in Calgary and built onsite in Vernon. The building was designed with well-insulated walls and roof materials that reduce heating energy demand by 25 per cent, lowering operating costs and reducing the overall impact on the environment. This project is a demonstration of the benefits of modular construction compared to traditional stick and brick-built constructions.



30%

of streetlights in our service area converted to LED



1st year

of mCHP commercialization, with each mCHP unit capable of reducing GHG emissions by 3.5 tonnes a year



531-MWh

of solar energy generated by Source Energy Co. for its customers



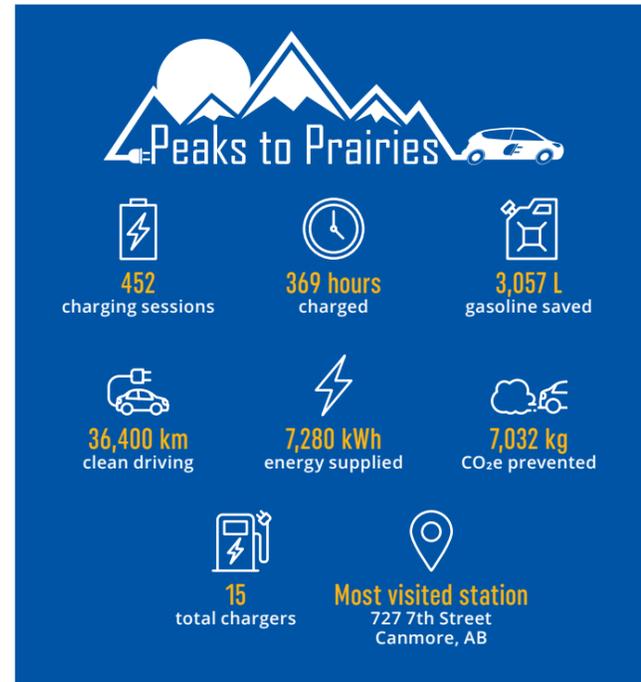
17%

reduction in GHG emissions (CO<sub>2</sub>e kg/km) with Compressed Natural Gas buses on a well-to-wheel basis compared to diesel buses

## Low-Carbon Transportation

As the use of lower-emitting vehicles continues to grow, access to convenient charging and refueling stations is critical. We are committed to supporting our customers by providing this important infrastructure in their communities.

Our Peaks to Prairies Project, an initiative to expand electric vehicle (EV) charging infrastructure in southern Alberta, saw significant growth. We installed 15 new fast EV charging stations, with five additional charging stations scheduled to be in service in 2020. Where possible, these charging stations will be supplied with the equivalent of 100 per cent renewable energy by ATCOenergy.



In addition, with support from the City of Edmonton, we are piloting a five-year project that includes up to ten dual-port Level 2 Curbside Charging Stations throughout the city. This project, set to energize in 2020, improves EV drivers' ability to access charging services.

We are also supporting our commercial partners in low-carbon transportation. Through another significant municipal partnership with the City of Calgary, the new leading-edge Stoney Compressed Natural Gas (CNG) Bus Storage and Transit Facility was unveiled in March 2019, the largest indoor complex of its kind in North America. ATCO contributed to this innovative project by enabling the pipeline infrastructure to support fueling the fleet. Over the next three years, 150 CNG buses are expected to be added to the city's fleet. By 2025, an additional 450 diesel buses will be replaced by their cleaner counterparts.

As the use of natural gas vehicles expands into applications such as commercial fleet and public transit, we were awarded funding in 2019 from Emissions Reduction Alberta for the construction of two new commercial grade natural gas refueling stations along the Queen Elizabeth Highway (QEII) in Alberta. The QEII creates a critical north to south transportation corridor and is one of the province's busiest roads. This project has the potential to encourage commercial fleet operators to switch to efficient CNG vehicles, which reduce GHG emissions by approximately 40 tonnes per truck.

## Retail Energy Options

Many of our ATCOenergy retail customers want the option to use electricity from renewable sources. A Renewable Energy Certificate (REC) is a tradable energy commodity that represents one-megawatt hour (MWh) of energy generated from a renewable source. We offer our Alberta-based retail customers the option to choose a 'Green Energy' electricity plan, which allows them to purchase 25, 50, 75 or 100 per cent renewable energy. In 2019, ATCOenergy redeemed 11,490 RECs on behalf of these consumers.

## DEVELOPING NEW DISTRIBUTED ENERGY SOLUTIONS

We are committed to being there for our customers, anywhere—no matter how remote their location. In 2019, we achieved some significant milestones in assisting communities in Canada's North to reduce GHG emissions and localized particulate emissions associated with diesel-powered electricity generation.

In partnership with Athabasca Chipewyan First Nation, Mikisew Cree First Nation and Fort Chipewyan Métis Local 125, we energized a 600-kilowatt (kW) solar project in Fort Chipewyan, Alta. in early 2019. Through this important partnership, we are currently expanding the project to include an Indigenous-owned 2,200-kW solar farm, battery energy storage system and microgrid control system. When fully operational in 2020, the Fort Chipewyan project will be the largest off-grid solar and battery storage project in Canada. The completed project will offset 800,000 litres (L) of diesel annually, approximately a 25 per cent reduction in the community.

We also completed the Old Crow solar power project in the Yukon with the Vuntut Gwitchin First Nation—a 940-kW solar project including a 350-kilowatt hour (kWh) battery storage system. This project enables a 190,000 L reduction in annual diesel consumption in Old Crow, or approximately one quarter of their annual fuel use.

## MODERNIZING OUR ENERGY INFRASTRUCTURE

We continue to support the modernization of existing infrastructure to progress the transition to a lower-emitting energy system. With Alberta PowerLine (APL), we didn't just modernize the infrastructure for the future, we modernized the entire approach with a new model for energy infrastructure development—from tendering, project design and securing

innovative funding sources right through to developing strong relationships that enabled Indigenous communities to purchase an equity stake in the project. APL was the first transmission infrastructure public-private partnership (P3) to be procured in Canada and is the largest P3 bond in Canadian history.

APL was a partnership between our subsidiary Canadian Utilities Limited and Quanta Services to construct the 508 kilometre (km) Fort McMurray West 500-kV Transmission Project in northern Alberta, the longest 500 kilovolt (kV) alternating current (AC) transmission line in Canada. Beyond the benefits of modernizing infrastructure to increase grid reliability as renewable electricity generation is integrated, APL demonstrated how industry and Indigenous communities can work together to develop energy infrastructure that benefits everyone.

In addition, in August 2019 our Pembina-Keephills Transmission Pipeline Project received approval to begin construction of a 59-km high-pressure pipeline. This project directly supports coal-to-gas conversion of power plants in Alberta, further facilitating the transition to a lower-emitting energy system.

## INNOVATION FOR THE FUTURE OF ENERGY

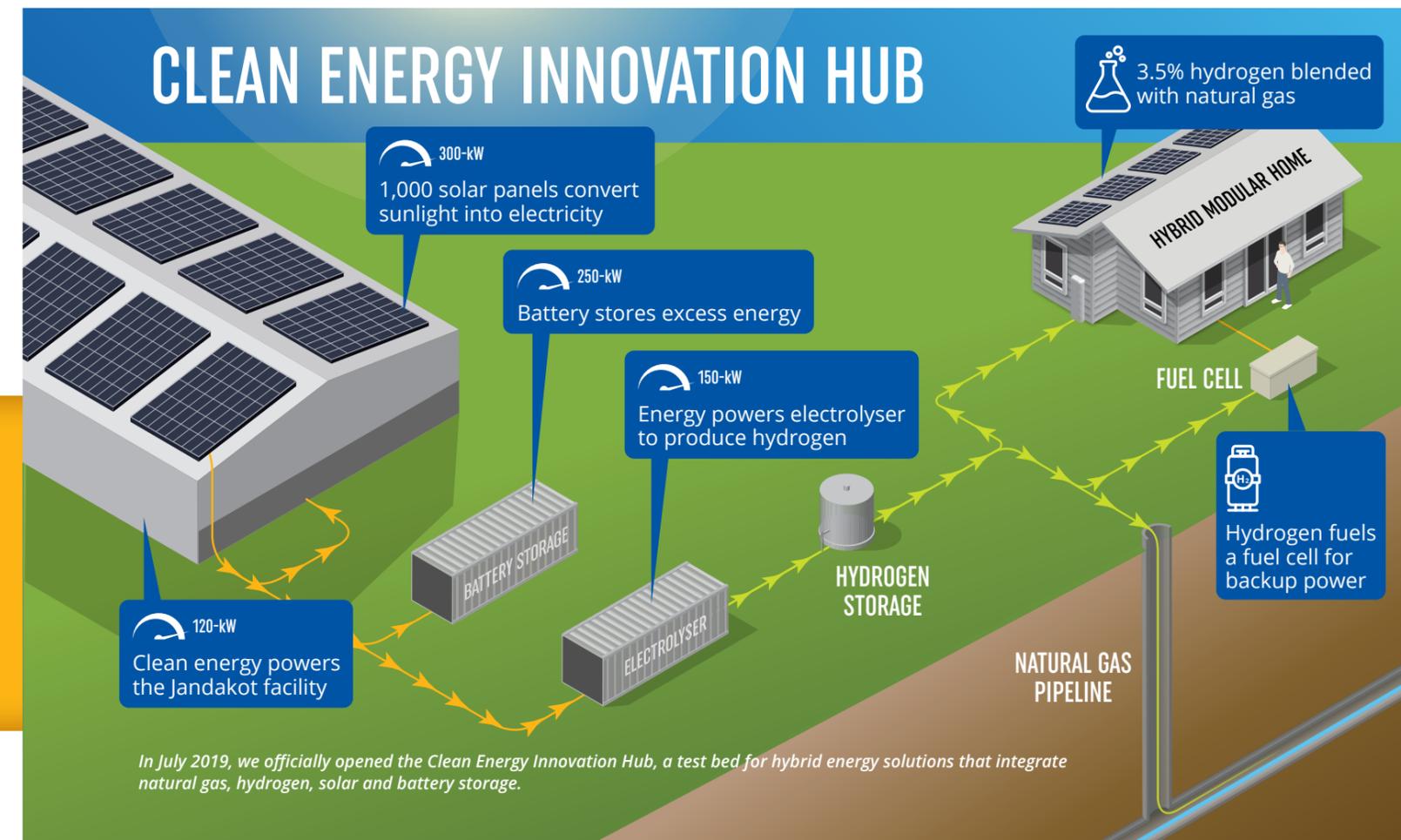
The development of clean energy systems that have the potential to evolve and expand is something we are deeply committed to on a global scale. One example of this commitment



**11,490**  
Renewable Energy Credits redeemed on behalf of ATCOenergy customers



**\$1.2 billion**  
spent on new and refurbished energy infrastructure projects



In July 2019, we officially opened the Clean Energy Innovation Hub, a test bed for hybrid energy solutions that integrate natural gas, hydrogen, solar and battery storage.



is the Clean Energy Innovation Hub (CEIH), supported by funding from the Australian Renewable Energy Agency (ARENA). The CEIH is designed to explore hybrid energy solutions that leverage the benefits of renewable energy, battery storage and zero-emission hydrogen fuels.

The facility, located at our operations centre in Jandakot, Western Australia, was completed in 2019 and includes over 1,000 solar panels (300-kW generation capacity), 478-kWh battery storage capacity, and a 65-kg hydrogen production plant. With the system fully operational, a total rate of 3.5 per cent hydrogen was successfully blended with natural gas to decrease emissions with no negative impacts on natural gas infrastructure and downstream appliances.

In 2020, with the support of government grant funding, we will be undertaking a feasibility study to explore the potential of scaling-up the systems and methods used at the existing CEIH to a larger commercial scale. While we advance our work at CEIH, we continue to explore potential applications of hydrogen within the other jurisdictions in which we operate.

We also have several promising Alberta-based projects. Our renewable natural gas (RNG) project with G4 Insights and the Natural Gas Innovation Fund reached a key milestone in 2019, converting forestry biomass into pipeline-quality natural gas. For the first time in Alberta, RNG produced from this project was successfully injected into our natural gas distribution system. The injected RNG results in 85 per cent less emissions than conventional natural gas.

In addition, ATCO became a shareholder in SeeO2 Energy Inc. (SeeO2) in 2019 after years of support, with a small ownership stake. ATCO has been a supporter of the SeeO2 team as they develop an efficient and high-performance reversible solid oxide cell to convert water to hydrogen, a clean fuel. This technology has been recognized internationally, and ATCO will continue to work to showcase Alberta-born SeeO2 technology to the world.

In collaboration with several highly respected Alberta-focused organizations, the Distributed Energy Management System Initiative (DEMI) has resulted in the successful design, installation and commissioning of a new microgrid research facility. Phase two of this initiative will expand the microgrid, as well as our commitment to advancing clean energy innovation into the market.

## CUSTOMER SATISFACTION

We value our customers and make every effort to ensure we go above and beyond what is expected of us with respect to providing the best customer service possible. Thanks to the hard work, dedication and expertise of our people, 94 per cent of our electricity distribution customers in Alberta agree we provide good service, and more than 95 per cent of our natural gas distribution customers feel the same way.

Ensuring best-in-class customer satisfaction is an ongoing initiative, and we are continually improving our processes to make it easier for our customers to reach us. In 2019, we implemented a new mobile application called "ICwhatUC" (I See What You See) that allows natural gas customers with a malfunctioning appliance to easily share photos or videos of the appliance with our expert technicians in order to troubleshoot the problem from the comfort of their home. In many cases, this application eliminates the need for a technician to come to their house and fixes the problem quickly and efficiently.

We also implemented the Customer Availability Model that allows customers to live chat and communicate with us via text messaging regarding their natural gas service, or to reach us on social media platforms. Thanks to these efforts, and many others, we saw happier customers and an overall decrease in customer call volumes. Our natural gas division saw a 16 per cent decrease in call volume from 2018 to 2019.



**Over \$3 million**

invested globally in natural gas innovation to develop and test technology that affordably reduces GHG emissions



**95%**

of our natural gas customers and 94 per cent of our electricity distribution customers agree we provide good service

# ENVIRONMENTAL STEWARDSHIP



CLIMATE CHANGE & ENERGY USE



ENVIRONMENTAL MANAGEMENT

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

**Nearly 25%**  
of our global power generation portfolio is now hydroelectric.

**23%**  
reduction in our direct GHG emissions in 2019, equal to almost 2.5 million tonnes.

**775 tonnes**  
of GHG emissions avoided at ATCO operations in 2019 by switching to renewable energy sources.

**18-MW**  
Cabrero Solar Project in Chile will provide clean energy to the Chilean electricity grid. The first 3-MW phase is expected to be operational in 2020.

As a provider of essential services around the world, a holistic and long-term approach to minimizing the environmental impacts of our own operations is paramount. In all areas of our global enterprise, we take a disciplined approach to managing the environmental impacts associated with our operations. From design through to decommissioning, we incorporate environmental considerations into every stage of project development, and regularly monitor, assess and report on our performance. This section focuses on the direct environmental impacts that can result from our business operations or as we upgrade or construct new infrastructure.

## OUR APPROACH TO CLIMATE CHANGE

Across our operations, we are focused on reducing GHG and other air emissions, reducing our energy demands through improved efficiency and phasing in lower-emitting fuels and technologies.

Potential impacts to our business from climate change are integrated into our strategy and risk management processes. We consider climate resiliency throughout each of our business units, including grid resiliency initiatives in electricity transmission and distribution, asset improvement projects in natural gas transmission and distribution, and production of high-efficiency designs in structures and logistics. We carefully manage climate-related risks, including preparing for, and responding to, extreme weather events through strategies such as design specifications, proactive route selection, regular maintenance and insurance.

We also participate in a variety of carbon markets, both voluntary to meet customer demand and to meet our obligations in the regulatory systems we operate in. For example, in 2019 our Oldman River hydroelectric facility generated 41,502 Alberta Emission Performance Credits, each representing one tonne of GHG emissions and granted for performance under current regulations.

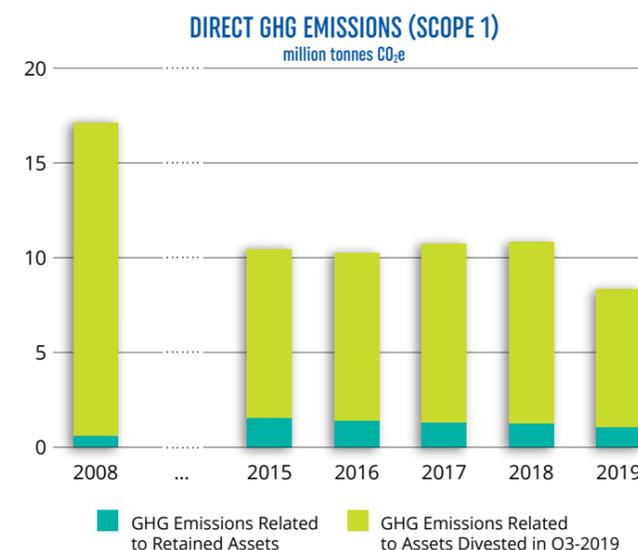
In ATCO's Management's Discussion & Analysis, we provide further information on our approach to the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), including specific climate-related challenges and opportunities relating to policy, regulatory, market, technology, reputational and physical factors.

## Transitioning Our Electricity Generation Portfolio

In September 2019, we completed the sale of our Canadian fossil fuel-based electricity generation assets, thereby eliminating coal from our entire global portfolio. Currently, we own 244-megawatt (MW) of power generation in Australia, Mexico and Canada. As our portfolio of power generation assets evolves, so too does our direct environmental footprint. While the majority of our remaining generating capacity is fueled with natural gas, nearly 25 per cent is hydroelectric and represents a significant decarbonization, lower air emissions and lower water consumption in comparison to the portfolio we held at the beginning of 2019. In 2019 alone we reduced our sulphur dioxide emissions by 59 per cent, and our nitrogen oxide emissions by

44 per cent; in part resulting from the divestment but also through increased fuel switching.

The future strategic growth of our company will continue to consider both the need to meet demands for essential services and infrastructure and mitigation of any environmental impacts. We are actively growing our renewable energy expertise and portfolio, including providing clean energy solutions to communities around the world. In Chile, we partnered with a Chilean developer to build and operate the 18-MW Cabrero Solar Project. This project, located in southern Chile, will provide clean solar energy to the Chilean electricity grid. Construction is underway for the initial 3-MW phase and is expected to be operational in 2020. The remaining 15-MW is scheduled for completion in 2021.



*Our direct (Scope 1) GHG emissions have been reduced by 23 per cent since 2018. 92 per cent of this reduction is the result of assets divested in the third quarter of 2019. The full year effect of this divestiture will be experienced in 2020. Since 2008, our direct (Scope 1) emissions have reduced by 51 per cent with reductions primarily related to decreased energy output from our electricity generating assets, fuel-switching and other efficiencies.*

## Operational Efficiency

In the same way we enable our customers to efficiently meet their clean energy needs, we also seek to minimize the impacts from our own operations by the efficient use of energy and resources.

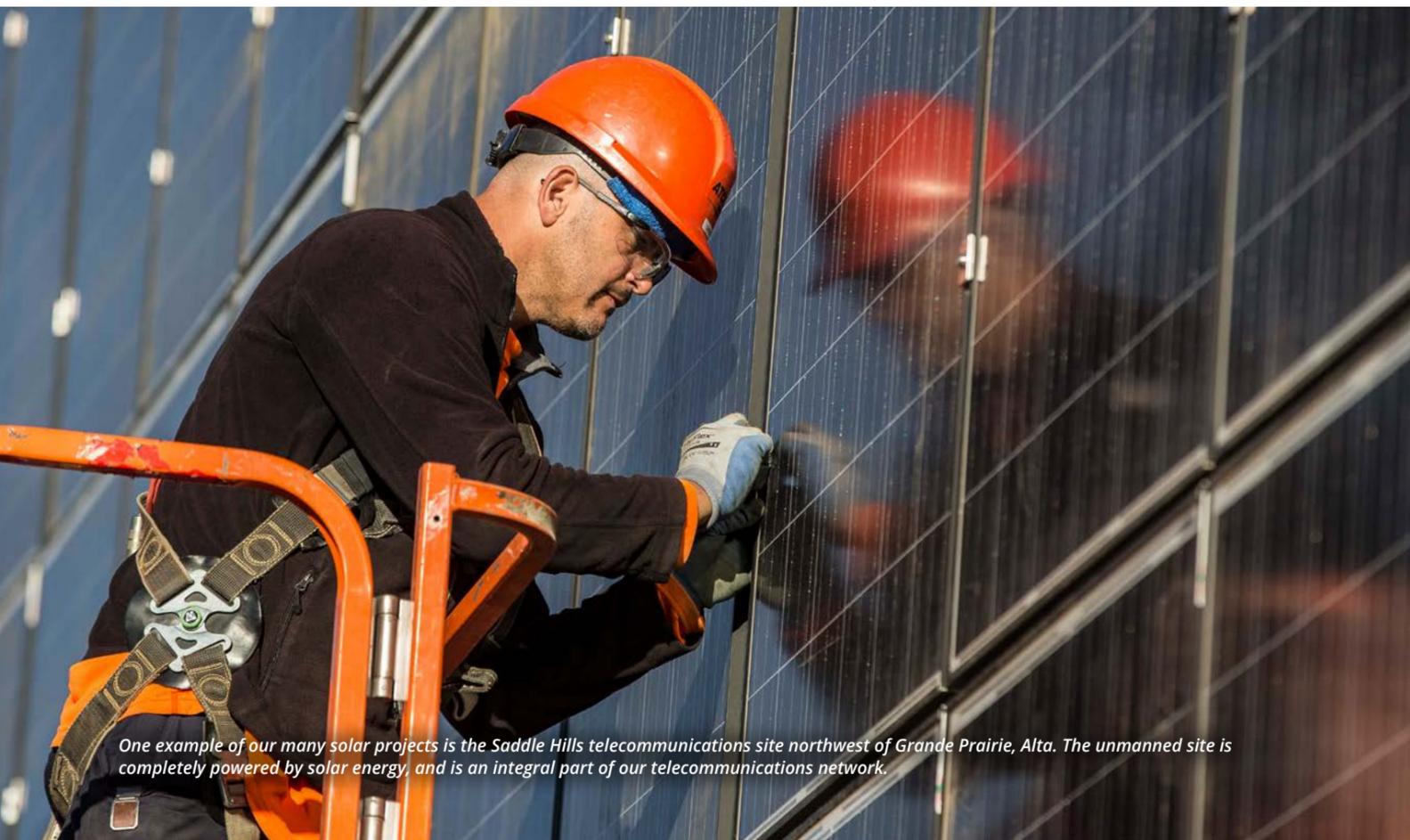
We have found ways to reduce both our operating costs and energy requirements. In 2019, we continued our aerial meter reading program as well as centralized, efficient trip planning, considerably reducing the distance travelled by our fleet vehicles. In 2019, a plan was developed to expand the success of centralized trip planning across divisions in 2020.

We are also committed to switching our energy sources to reduce environmental impacts. For example, solar panels installed at our Jandakot facility in Western Australia reduced our consumption of electricity from the grid by 210-MWh and avoided 145 tonnes of GHG emissions in 2019. At full capacity, the system achieved an average of between 95 and 98 per cent of renewable electricity across the site, reducing GHG emissions by 60 per cent. Solar projects were also installed at five of our Canadian locations in 2019, with the combined potential to supply 1,156-MWh of energy and reduce GHG emissions by 630 tonnes each year.

## Reducing Methane Emissions

Within our operations, methane emissions are predominantly related to venting and fugitive emissions from our natural gas transmission and distribution infrastructure in both Australia and Canada. Our 2019 methane emissions have decreased year over year.

Fugitive methane emissions decreased 19 per cent since 2017, as we continue routine maintenance supplemented by targeted leak detection and repair programs. For example, since 2017 our Canadian operations have used an optical gas imaging program which locates and quantifies above-ground fugitive emissions sources with increased accuracy. In 2019, we further improved survey coverage and operational efficiency by implementing a complementary new leak detection technology, first piloted in 2018. In addition, we have identified potential equipment upgrades to reduce venting sources. We also monitor regulatory developments and are well positioned in Australia and Canada to meet or exceed future regulations and reduction targets.



One example of our many solar projects is the Saddle Hills telecommunications site northwest of Grande Prairie, Alta. The unmanned site is completely powered by solar energy, and is an integral part of our telecommunications network.

**65%**  
progress towards our goal of completing inline inspections on natural gas transmission lines by 2024



Our Pembina-Keephills Transmission Pipeline Project will support the coal-to-gas conversion of power plants in Alberta.

## ENVIRONMENTAL MANAGEMENT

### Natural Gas Pipeline Integrity

We own and operate more than 9,000 km of natural gas transmission pipelines and 55,000 km of natural gas distribution pipelines in Canada and Australia. Ensuring the safety and reliability of this critical energy infrastructure is integral to our business, and to providing our customers with the safe, reliable energy they need.

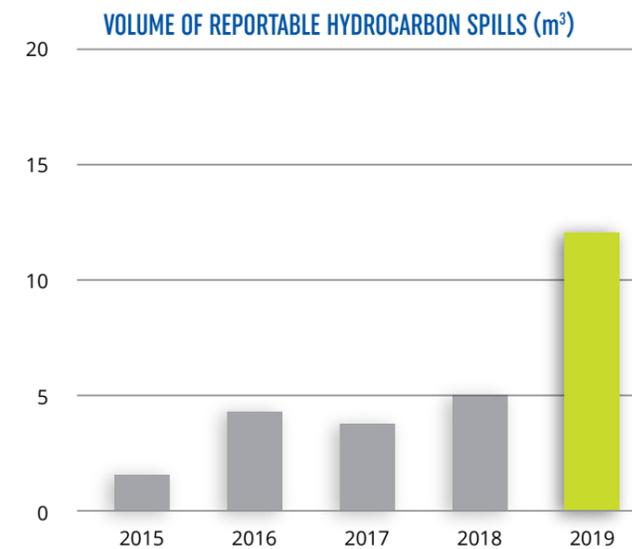
In 2019, we brought the total length of in-line inspected transmission pipeline within our operations to more than 2,964 km, as part of a continuing pipeline integrity program. Our target is to inspect all transmission lines of more than eight inches in diameter and 5 km in length by 2024. Pipeline is repaired or replaced as required, and in 2019 we replaced approximately 56 km of the ATCO natural gas distribution system in Western Australia. We have also mapped water crossings and continue to regularly inspect environmentally sensitive areas.

### Environmental Incident Management

A crucial component of our environmental management portfolio is spill prevention. We prevent, mitigate and manage spills through a variety of measures including equipment design, training, and operating and maintenance procedures. When spills do occur, we assess the unique circumstances to ensure all appropriate steps are taken to minimize environmental impacts.

As 99 per cent of our pipelines transport natural gas, most of the hydrocarbon liquids we manage are related to fuel management solutions in northern and remote communities, hydrocarbon storage solutions in Alberta's Industrial Heartland and small volumes in operating equipment in electrical transmission and distribution.

Similar to other utility companies in Alberta, we have seen a large increase in the number of copper thefts from our electrical transformers. Unfortunately, these vandalism incidents often result in the release of transformer oil and accounted for over 60 per cent of the hydrocarbon spills recorded in 2019, and nearly 80 per cent of the total hydrocarbon spill volume. We continue to explore trends associated with vandalism incidents and determine if there are cost effective preventative measures to reduce vandalism incidents in the future. When these releases occur, we ensure tailored remediation plans are developed, approved and completed.



Our hydrocarbon spill volume has increased over previous years. The majority of hydrocarbon spills are related to our electricity business and include vandalism damage to electrical transformers.

	2019 REPORTABLE SPILLS	
	Reportable Spills (Number)	Volume of Reportable Spills (m <sup>3</sup> )
Hydrocarbon	19	12
Non-Hydrocarbon	1	25

Non-hydrocarbon spills are often comprised of saline water or water containing small quantities of other substances. In 2019, we had a significantly lower number and volume of non-hydrocarbon spills compared to the previous two years.

### Responsible Infrastructure Development

As we seek to provide essential services to new markets, construction activities are carefully planned to minimize environmental impacts. This can include considering routing alternatives, paralleling existing transportation, utility, and pipeline corridors, the use of covered conductors on transmission lines and completing construction during winter months. These strategies limit environmental and wildlife impacts, and reduce outages.

For example, the Jasper Interconnection Project, energized in spring 2019, replaces natural gas- and diesel-fired power generation with access to a reliable grid supply reducing localized air emissions. We also incorporate traditional Indigenous knowledge when developing energy infrastructure projects. Working collaboratively with Indigenous partners, environmental specialists, and regulatory agencies, we altered the route of APL to maximize cultural and environmental protection, including reducing the potential impact on caribou populations.

In Alberta's Industrial Heartland, we provide multi-user infrastructure systems for our industrial customers in the area. Using common infrastructure limits the effects on the surrounding ecosystems while supporting development in a safe and sustainable manner. One example of this is ATCO's centralized water management solutions, which provide reliable water services so individual users do not have to build their own water infrastructure.



Centuries-old culture, histories and Indigenous local knowledge helped us shape the Alberta PowerLine route and our Caribou Protection Program.

# SAFETY



EMERGENCY PREPAREDNESS  
& PUBLIC SAFETY



EMPLOYEE AND CONTRACTOR  
HEALTH & SAFETY

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

**27%**

reduction in employee lost-time  
incident frequency in 2019.

**More than 240**

ATCO employees contributed to the  
coordinated response effort to the 2019  
wildfires in northwest Alberta.

**Over 175%**

increase in voluntary participation by ATCO  
employees in programs promoting health  
and wellness in 2019.

**35**

Siksika Nation participants attended  
an Incident Management Training Course.  
The course was built in partnership  
with the Nation to increase self-sufficiency  
in preparation, response and recovery  
from disasters.

## OUR EMERGENCY PREPAREDNESS AND RESPONSE

As a provider of essential services, emergency preparedness is critical to providing the reliable and efficient service that our customers depend on. Our crews are prepared to respond to ensure that service is maintained or restored to customers as soon as possible. ATCO has long had Crisis Management Teams within our divisions to implement emergency coordination and incident management plans. These teams are overseen by an enterprise-wide Crisis Management Committee, allowing us to coordinate our efforts and resources across divisions and geographies.

In May 2019, our enterprise-wide Crisis Management System was activated by the wildfires in northwest Alberta. Mandatory evacuations were triggered in many of the communities to which we supply electricity, and our electric transmission and distribution infrastructure sustained significant fire damage. To ensure our customers had continued access to the electricity they rely on, more than 240 of our employees contributed to a coordinated response effort. Our people responded to requests from government agencies and local emergency operations centres to safely and efficiently replace damaged infrastructure, prevent further damage and secure backup generation that could be drawn upon to power communities, if needed. We received the Emergency Recovery Award from the prestigious Edison Electric Institute for our outstanding restoration of service.



Our modular solutions can be rapidly deployed to respond to natural disasters and emergencies. The Tuscan Ridge Lodge in Butte County, California, was built to house 1,500 men and women supporting critical clean-up and restoration efforts after the wildfire in northern California.

## EMERGENCY PREPAREDNESS AND RESPONSE SERVICES

In addition to preparing our own infrastructure for disaster, we are also available to provide assistance to others when disaster strikes. ATCO Frontec provides disaster and emergency management services around the globe, partnering with governments, militaries and first responders to respond to catastrophic events.

We work with local communities to ensure that they are prepared to respond in case of disaster. In Alberta, we partnered with the Siksika Nation to create a unique and culturally aligned Emergency Management curriculum that empowers their community to be self-sufficient in the preparation, response and recovery from disasters. In Mexico, we support civil protection groups working with local residents in disaster prevention, first response, assessment of public safety and disaster response. This includes how to create a more resilient community as the climate changes and the risk of flooding in the community increases. To ensure these groups are prepared with the correct equipment to respond, we donate emergency kits and uniforms.

In April 2019, Cyclone Idai made landfall in Zimbabwe, causing catastrophic damage to the country, including to infrastructure such as roads and bridges. ATCO Frontec worked with the Government of Zimbabwe to develop an emergency response and recovery strategy. This included bridge assessments, identifying routes to communities that had been cut-off and providing ground assessment data to help develop the most accurate maps available in the country.

Logistics expertise is essential when responding and recovering from natural disasters. Category 5 Hurricane Dorian struck the Bahamas in September 2019, causing loss of life and catastrophic damage estimated at over US\$7 billion. Our team conducted a needs assessment and worked alongside the National Emergency Management Agency (NEMA) - Bahamas, the US Coast Guard and the world's top disaster-relief organizations. We were one of only two private entities accredited by United Nations (UN) and NEMA to support the response and recovery efforts by coordinating logistics and identifying critical infrastructure requirements.

## PUBLIC SAFETY

With nearly 140,000 km of utility lines in hundreds of communities around the world, we collaborate with fellow utility providers, governments and municipalities to promote public awareness of safety around powerlines and natural gas pipelines. While these assets provide reliable and affordable access to energy for residential and industrial consumers, it is crucially important that the public understands the dangers that can be inherent when working near these pieces of critical infrastructure, and knows how to mitigate the risks in order to prevent serious, and sometimes, fatal injuries.

One example of this is ATCO's active membership in Alberta One-Call, a corporation that facilitates marking of buried facilities, including natural gas pipelines, before a ground disturbance takes place. In 2019, ATCO awarded a contract to a qualified member of the Blood Tribe in southern Alberta, enabling him to locate natural gas pipelines on the traditional territory. Through this contract—a first of its kind—65 locations were identified in the first three months.

In 2019, our natural gas team met with 150 contractors across Alberta to discuss safe digging practices near natural gas lines. These outreach efforts resulted in a total reduction of contacts with our natural gas pipelines by contractors of 46 per cent and an overall decrease in third-party contacts of 25 per cent in 2019.

Within our electricity division, we continue to actively participate in the Joint Utility Safety Team (JUST), an organization of the major electricity utilities in Alberta. JUST is committed to reducing the frequency of powerline contacts across the province by providing industry education, resources and public awareness through the "Where's the Line" campaign. In addition to participating in JUST, we also provide industry and public safety training. As part of this outreach, our electricity division delivered more than 40 safety presentations to the public in 2019, and we have seen farming- and forestry-related contacts with ATCO powerlines reduced by more than 40 per cent in 2019.



**Over 40%**  
reduction in farming-  
and forestry-related  
powerline contacts



**46%**  
reduction in contacts with  
our natural gas pipelines  
by contractors as a result  
of our outreach efforts

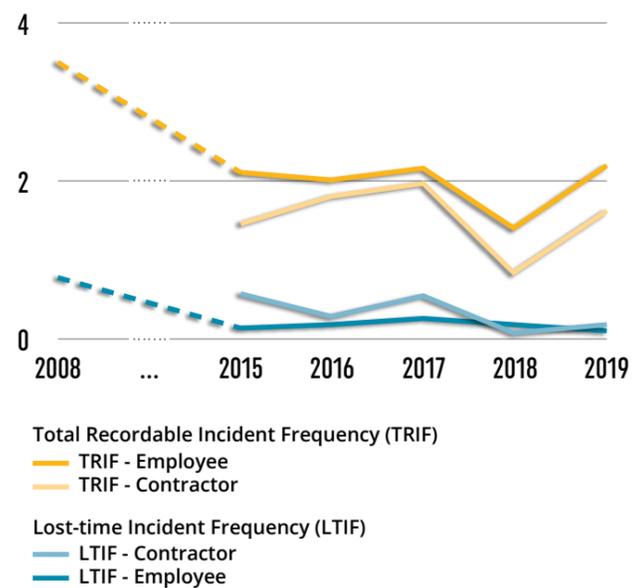
## EMPLOYEE AND CONTRACTOR HEALTH & SAFETY

The safety of our employees and contractors is top-of-mind for us every day. As we expand our global footprint, we continually assess our safety systems to ensure that our employees and contractors are part of an integrated approach and benefit from lessons learned and best practices no matter their work location.

ATCO reports our safety performance with multiple metrics. Each of our divisions measures metrics specific to their industries that focus on incident prevention, including hazard identification and reporting of near-miss events. When reported and managed, these metrics help us to better understand the cause of our incidents and reduce the risk of future incidents.

In addition, we closely monitor and manage lost-time incident frequency (LTIF) and total recordable incident frequency (TRIF). When compared, our employee LTIF for both the overall organization and individual business lines continue to outperform their respective benchmarks. In 2019, although we continued to see a decrease in employee LTIF, our contractor LTIF and both TRIF rates increased. Multiple factors contributed to an increased reporting of recordable incidents, including further alignment of internal definitions and interpretations to enhance consistency across the organization.

INCIDENT FREQUENCY RATES  
(incidents per 200,000 hours worked)



In 2019, while we saw a decrease in employee lost-time incident frequency we reported an increase in other incident frequencies. Through our continued focus on awareness and incident-prevention campaigns, we have seen a decrease in all incident frequencies over a longer-term basis.

## HEALTH AND SAFETY INITIATIVES

We work hard to ensure that our employees are equipped with the training and knowledge to work safely. In 2019, we implemented a number of initiatives to improve health and safety in the workplace.



### Pilot Programs

- Programs with a focus on using proper movement and technique when performing tasks.
- Video analysis by Stanford University to offer feedback for improvements in tools and techniques.



### Employee Engagement

- Our "Safety in Action" program by our ATCO Structures division to empower workers to make changes to improve safety.
- A safety assessment survey by our natural gas division to measure and improve how employees feel about the culture of safety.



### Leadership Training

- Safety essentials training for utility supervisors and managers.
- Target: 50 per cent of utility leaders will be trained by the end of 2020, with the goal to train all leaders by the end of 2021.



### Refresher Training

- Monthly health and safety refresher courses that keep employees engaged, which contributed to our track record of zero safety incidents in 2019 at our electricity generation operations in Mexico.



All of our employees and contractors have the right to a safe and healthy workplace. We're committed to ensuring that our people have the knowledge and training that they require to work safely.

To address these increases, we reviewed incident trending, continued successful health and safety initiatives and introduced additional measures that focused on reversing increases. For example, new employees in our ATCO Structures division underwent extensive safety training, and a medic was brought onsite as an added protection to provide immediate assistance and treatment for any safety incidents that do occur.

## HEALTH & WELLNESS

The mental health and wellness of our employees is extremely important to us, and we have numerous programs to ensure that this component of health and well-being is acknowledged and addressed. In 2019, more than 1,200 attendees participated in a wide variety of mental health training and awareness sessions offered across the globe. Two examples are the continuation of the Not Myself Today campaign, with more than 250 local champions who volunteer to run the program across our operations, and Mental Health First Aid training that has been rolled out in both Australia and Canada.

In addition to mental health, we are striving to inspire a more holistic view of health and wellness for our employees. Our natural gas division has implemented a number of proactive measures to encourage a healthy lifestyle. For example, in operating centres, unhealthy snacks like pastries and donuts were replaced with fresh fruit, eight fitness centres were opened and morning warm up sessions were implemented to reduce the risk of strain or sprain, the leading cause of injury.

Our commitment to health and wellness spans beyond the well-being of our employees. Our programs in Mexico include community workshops to build wood-burning stoves, reducing the respiratory impacts of open fire stoves, and the Child Nutrition program, aimed at introducing amaranth grain in school meals to ensure better nutrition.

Additionally in 2019, we piloted a Smart Academic Green Environment, or SAGE, classroom. This alternative to "portables" is designed to create a healthier learning environment for students.

# COMMUNITY & INDIGENOUS RELATIONS



ENGAGEMENT



EMPLOYMENT



PARTNERSHIPS



EDUCATION

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

**\$9.3M**

invested in communities through gifts-in-kind, sponsorships, donations and our matching contribution to the employee-led ATCO Employees Participating in Communities (ATCO EPIC) program.

**50**

partnerships, joint ventures and relationship agreements with Indigenous communities, generating more than \$220 million in economic benefits for our Indigenous partners in 2019.

**40%**

equity interest in APL Fort McMurray West 500-kV Transmission line purchased by seven Indigenous communities along the route.

**Over 500**

employees completed Indigenous awareness training in 2019. This is in addition to offering foundational Indigenous awareness training online to all Canadian employees since 2016.



Students enjoying the Muminbulah Wilak—Six Seasons Garden as part of the Blue Flame Kitchen Schools Program in Jandakot, Western Australia.

Building respectful and mutually beneficial relationships with our community and Indigenous partners has long defined how we do business. We are continually exploring new ways to engage and collaborate and we pride ourselves on the many novel partnerships, joint ventures and other relationships we have established.

## COMMUNITY ENGAGEMENT AND INVESTMENT

Building long-term and mutually beneficial relationships is essential to our operations and in completing infrastructure projects. Central to these efforts are our people, who live, work and volunteer in the hundreds of communities we serve around

the world. Their local presence and perspectives help to inform our understanding of community and customer priorities, needs and concerns.

We engage communities early in project planning, focusing on listening to concerns and working collaboratively to mitigate potential impacts. The success of engagement hinges on providing accessible information and ample opportunity for involvement through meetings, information sessions, open houses and other means.

In 2019, we undertook several major infrastructure projects, which entailed extensive community engagement and consultation. For example, after significant engagement,

our Pembina-Keephills Transmission Pipeline Project received approval in August 2019. With a peak daily workforce of approximately 600 people, over 90 per cent of whom call Alberta home, this project brought economic benefits to local communities of approximately \$12 million throughout the duration of the build, completed in April 2020.

## Community Investment

Consistent with our focus on supporting social and economic development in the communities we serve, we work closely with non-governmental organizations and community groups near our operations to provide volunteer hours, in-kind donations and financial support.

One way our people give back is through our award-winning fundraising program, ATCO EPIC (Employees Participating in Communities). The program combines fundraising events, auctions, friendly team competitions and employee pledges that support more than 800 charities around the world. ATCO matches employee donations made to human health and wellness charities. We also support our employees' volunteer work through our Time to Give program, with a financial contribution to the charity of their choice. In 2019, we raised \$2.7 million and since the inception of ATCO EPIC in 2006, we have raised more than \$44 million for local charitable organizations.

In late 2019 through to early 2020, much of Australia was decimated by raging bushfires that caused heartbreaking loss of life, and significant destruction to homes, communities, wildlife and the natural environment. While our operations were spared any damage, our people were swift to respond with support for their friends and neighbours. Through ATCO EPIC, we raised more than \$118,000 for charities in Australia focused on three important areas—families, farmers and wildlife. Employee-led contributions were in addition to ATCO's \$1 million donation to help businesses recover from the natural disaster.

In Alberta, we have partnered with the Homes For Heroes Foundation that provides housing for homeless Canadian Armed Forces veterans transitioning into civilian life. In 2019, we completed construction of ATCO Village in Calgary—a community

of 15 tiny homes, provided through our in-kind donation of \$1.5 million. Every unit is designed for enhanced energy efficiency and environmental performance, and to minimize operational costs for residents. In 2020, we are working on the development of a second veterans' community in Edmonton, and the Foundation is considering opportunities to expand across the country.

We believe sport can have a tremendous impact on communities and youth, both as a tool to build leadership and confidence, and to create a sense of unity. In 2019, we participated as co-sponsor of the Canada Winter Games Festival in Red Deer, Alta., providing temporary structures and more than 100 volunteers who set up the Athletes Village, which fed and housed 3,600 athletes. We are also partners in the Spirit North Program, where we have supported 3,500 Indigenous students in 46 communities to participate in cross country ski days and community events in 2019/2020 alone.

## INDIGENOUS RELATIONS AND COMMUNITY DEVELOPMENT

Building and sustaining relationships with Indigenous Peoples has long been a hallmark of our operations. Using an approach based on trust, respect and transparency, we are developing partnerships in the spirit of Truth & Reconciliation and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Across our global operations, our Indigenous strategy is guided by four pillars: meaningful engagement, economic participation, employment and training, and education and awareness. We have also implemented metrics to ensure we can measure our progress.

For example, in Australia, our employees and local Indigenous Elders have developed a Reconciliation Action Plan. This plan documents the objectives and strategies we employ to promote understanding and reconciliation between Indigenous and non-Indigenous Australians by building respectful, trusting relationships with more than 300 communities. We also offer educational opportunities to promote cultural awareness and inclusivity across our company.



**\$2.7M**  
raised for charities through our ATCO EPIC campaign with more than \$44 million raised for charities since inception in 2006



**\$12M**  
in economic benefits to local communities from our Pembina-Keephills Transmission Pipeline Project



**Gold level certification**  
from the Canadian Council for Aboriginal Business' Progressive Aboriginal Relations (PAR) program received by ATCO Structures and ATCO Frontec



We believe in the power of education and training to build vibrant communities, stronger workforces and support social and economic development. We're committed to working with our Indigenous partners to offer meaningful programs, tailored for their community.

## Meaningful Engagement

Heartfelt and open-minded engagement is foundational to our business and our relationships with Indigenous partners. First and foremost, we believe in listening and understanding the needs and concerns of communities, and addressing conflict through collaborative discussions around mitigating impacts. We prioritize meeting and discussing projects in person to understand all viewpoints and tailor solutions to the specific needs and traditions of each community.

With existing infrastructure spanning thousands of kilometres, it is vital that we engage with Indigenous communities in the areas where we operate. In 2019, our electricity division successfully completed consultation on 61 different projects, ranging from a single community to more than ten. Our natural gas division held 70 meetings with Indigenous groups over the year to build and foster strong relationships.

We worked with the Paul First Nation to install natural gas infrastructure to 75 homes. This will enable their community to transition from heating their houses with wood stoves to using clean-burning natural gas, improving air quality.

In addition to projects that shifted Indigenous and remote communities to more sustainable energy, highlighted in the Energy Stewardship section, 2019 brought unprecedented dialogue with Indigenous partners regarding their future priorities. Through listening to the needs of our partners, we have opened up the dialogue around multi-faceted expertise and solutions that ATCO can bring. This included everything from energy efficiency audits, renewable energy, water infrastructure and gas infrastructure to emergency preparedness and response services.

Our engagement strategy also includes 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 memoranda of understandings (MOUs) and joint venture (JV) partnerships. We signed two relationship agreements in 2019, bringing our total to 12 across the company, and continue to work on new opportunities in 2020.

## Economic Participation

Our business relationships with Indigenous communities are varied—ranging from equity and JV partners to employees, contractors and suppliers. Over the last several years, we have successfully grown and expanded economic opportunities with Indigenous communities across our operations.

APL, the Fort McMurray West 500-kV Transmission Project highlighted in the Energy Stewardship section, exemplifies how economic participation can be a true partnership, where industry and Indigenous communities work together to develop world-class energy infrastructure that benefits everyone. Following early energization of the project in March 2019, we provided an opportunity for Indigenous communities along the route to purchase equity ownership. Seven Indigenous communities in Alberta purchased a combined 40 per cent equity interest in APL, providing a stable source of income for years to come.

Collaborating over several years of planning allowed us to complete the project with meaningful engagement with Indigenous communities that took into account their input on cultural knowledge and history. The cooperation and commitment from all Indigenous communities along the line meant their centuries-old culture, histories and knowledge informed the project route.

As of the end of 2019, we maintain 50 formal JV partnerships, MOUs and other relationships with Indigenous communities, including

some that have lasted decades. In 2019, they generated over \$220 million of economic benefits for our Indigenous partners.

One such partnership is our JV with the Haisla Nation and Bird Construction, which continues to progress on manufacturing and site construction work for the LNG Canada Cedar Valley Lodge, near Kitimat, B.C., one of the largest accommodation facilities ever built in Canada.

Economic participation is also woven into our procurement approach. We look for opportunities to implement Indigenous contracting strategies to help create jobs, opportunities for skills training and local economic development. While we continue to progress and improve our processes and metrics around Indigenous contracting, across the company, we awarded contracts totaling more than \$70 million for Indigenous and Indigenous affiliated contractors in 2019. These contracts include our Alberta electricity division awarding contracts of more than \$18 million for forestry work in Alberta, and our Australian operations continuing to support a new Indigenous-owned travel agency.

## Employee Education and Awareness Training

We believe in the significant value of educating our employees on the unique cultural and historical status of Indigenous Peoples and communities. Over 500 employees took Indigenous training last year, ranging from online training, informal lunch and learn sessions and in-person training, to a University of Calgary Indigenous Relations program, which we sponsor. Participation took place in both Canada and Australia.

In 2020, we are working on developing a similar program to be offered to employees in Mexico, as well as additional awareness training about UNDRIP and recruitment and retention.

## Employment and Training Opportunities

Working with our Indigenous partners, we provide opportunities to provide life-changing education, training and scholarship opportunities. We continue to expand on our existing programs, and develop new ones.

### SCHOLARSHIPS



#### Indigenous Education Awards

53 First Nation, Inuit and Métis students across Canada received scholarships, bursaries and merit awards totaling \$66,000 to help pursue higher education.



#### Emerging Aboriginal Leaders Program

Eight young Aboriginal leaders graduated as part of this leadership program for 18 to 25 year-olds, delivered in partnership with the Western Australian Aboriginal Leadership Institute.



#### Peraj Mexico and the Instituto Tecnológico Superior de Zongolica Partnership

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

### TRAINING AND EDUCATION



#### ATCO Explore

43 grade nine students in Alberta from five Indigenous communities visited ATCO worksites to further explore career and educational opportunities.



#### Utility Operator Program

Twelve participants took part in a five-day program providing classroom and hands-on training for skills as a natural gas operator, including service installation, locating pipelines and identifying hazards in the workplace.



#### Kitchen Skills Program

23 Indigenous students participated in the program held at Two Rivers Lodge providing career and life skills. 15 participants were hired by ATCO following this program.



#### Indigenous Summer Student Program

Nine students were welcomed in a variety of different roles in 2019. ATCO has committed to bring on ten students into the program in 2020.



As a provider of energy, structures, logistics and other essential services, ATCO contributes to all 17 of the UN Sustainable Development Goals (SDGs). In this report, we highlight how we contribute to four SDGs in particular (Goals 7, 8, 11, and 13).

Below are the examples in this report that align with these four SDGs. For more information, please see ATCO.com.



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

**MODERN ENERGY SERVICES**

We continue to work with customers to provide access to clean and affordable energy by identifying the

right combination of innovative technologies. Solutions include integrating mCHP, rooftop solar panels and energy storage, as well as larger integrated-systems scale solutions such as RNG and hydrogen.

**ATCO's Contributions in 2019:**

- 38 mCHP units sold in first year of commercialization.
- 3.5 per cent hydrogen successfully blended with natural gas as part of the CEIH.
- Began construction of the 59km Pembina-Keephills Transmission Pipeline Project to enable coal-to-gas conversion for electricity generation.
- Installed natural gas infrastructure to 75 homes with Paul First Nation.
- 11,490 RECs redeemed on behalf of ATCOenergy customers.

**RENEWABLE ENERGY**

Across our operations, we continue to advance new renewable technologies. Whether it's solar panels or hydroelectric power, we have the expertise to deliver reliable and innovative clean energy solutions.

**ATCO's Contributions in 2019:**

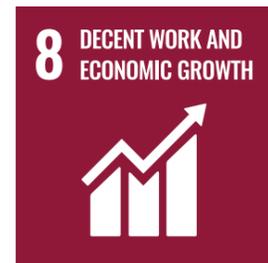
- Improved access to renewable energy in remote communities through completing a 600-kW solar project in Fort Chipewyan, Alta. and a 940-kW solar project in Old Crow, Yukon.
- Sale of power generation assets removed coal-power generation from our portfolio, with remaining generation capacity nearly 25 per cent hydroelectric.
- Developing a 18-MW Cabrero Solar Project in Chile.
- Installed solar panels at five of our Canadian locations, with the combined potential to supply 1,156-MWh of energy and reduce GHG emissions by 630 tonnes a year.

**ENERGY EFFICIENCY**

We seek to understand the evolving energy needs of our customers and develop efficient and effective solutions that support the transition to a lower-emitting energy system. We collaborate with customers and partners to enable energy-efficient solutions, such as switching to more efficient fuels and reducing energy consumption.

**ATCO's Contributions in 2019:**

- Converted 5,044 streetlights, or over 30% of streetlights in our service area, to LED.
- Construction Energy Services enables customers to use natural gas, which is 15 per cent cleaner than propane and 40 per cent cleaner than diesel, and can save customers up to 60 per cent on fuel costs.



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

**INDIGENOUS PARTNERSHIPS**

We continue to develop new and innovative models of economic participation with our Indigenous partners.

**ATCO's Contributions in 2019:**

- Seven Indigenous communities purchased a combined 40 per cent equity interest in APL.
- Over \$220 million in economic benefit generated for our Indigenous partners.
- Over \$70 million in contracts awarded to Indigenous and Indigenous-affiliated contractors.
- Partnership with Three Nations Energy to expand their solar project to include a 2,200-kW solar farm, battery energy storage and microgrid control system.

**SAFE AND SECURE WORKING ENVIRONMENTS**

Our safety programs include all employees and contractors in all locations. We actively share best practices among business units and jurisdictions.

**ATCO's Contributions in 2019:**

- Zero lost time injuries for a 17th consecutive year in our Natural Gas Transmission division.
- Zero recordable incidents at our electricity generation facility in Mexico since we entered the partnership in 2016.
- Extensive safety initiatives focused on strong leadership and empowering employees, including safety essentials training for managers and a safety assessment survey for employees.
- Over 1,200 attendees participated in a wide variety of mental health training and awareness sessions offered across the globe.

**DIVERSITY & INCLUSION**

The strength of our workforce comes from diversity. Our policies ensure we hire people based on their experience and expertise. We also provide skills training and apprenticeship opportunities.

**ATCO's Contributions in 2019:**

- 30 per cent women in total workforce, and 20 per cent women in senior management.
- Kitchen Skills program employed 15 Indigenous students following completion of the training.
- 43 Indigenous students participated in ATCO Explore to further discover career and education opportunities.
- Over 500 employees completed Indigenous awareness training.



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

**AFFORDABLE HOUSING**

Our modular structures division showcases our ability to rapidly deliver residential solutions using energy-efficient modular construction techniques to address the growing demand for affordable housing.

**ATCO's Contributions in 2019:**

- Built 15 homes for veterans through the Homes for Heroes Foundation.
- Developed three multi-storey residential buildings in B.C. to address the need for affordable housing.

**LOW-CARBON TRANSPORTATION**

We enable low-carbon transportation solutions such as CNG and EV charging infrastructure.

**ATCO's Contributions in 2019:**

- 15 EV charging stations installed, with a total of 20 to be completed in 2020 through our Peaks to Prairies Project.
- Developing two publicly accessible CNG refueling stations.

**DISASTER RELIEF**

We continue to support the Canadian Armed Forces, North Atlantic Treaty Organization (NATO), and various non-government organizations in disaster and emergency response services.

**ATCO's Contributions in 2019:**

- Emergency response for Cyclone Idai in Zimbabwe.
- Logistics expertise following Hurricane Dorian in the Bahamas.
- In Alberta, we partnered with the Siksika Nation to create an Emergency Management curriculum.



Across our operations, we are focused on reducing GHG emissions, reducing our energy demands though improved efficiency and improving the resiliency of our infrastructure.

**CLIMATE CHANGE RESILIENCE AND ADAPTATION**

We carefully manage climate-related risks by preparing for, and responding to, extreme weather events and continuing to evaluate ways to create greater system reliability and resiliency.

**ATCO's Contributions in 2019:**

- \$1.2 billion invested in new and refurbished energy infrastructure.
- 65 per cent progress towards our goal of completing inline inspections on natural gas transmission lines by 2024.
- Expanded disclosures aligned to TCFD recommendations in ATCO's Management's Discussion & Analysis.

**GHG EMISSIONS**

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

**ATCO's Contributions in 2019:**

- Absolute GHG emissions reduced 51 per cent since 2008, primarily related to decreased electricity generation, fuel-switching initiatives, and the sale of our Canadian fossil fuel-based electricity generation portfolio in Q3-2019.
- 60 per cent reduction in GHG emissions from our Jandakot facility in Western Australia because it now uses solar power and battery storage.



# SUSTAINABILITY AT ATCO

The foundation of our approach to sustainability is strong governance, a dedicated leadership team and a rigorous management approach. These cornerstones, along with ATCO's core values—integrity, agility, caring and collaboration, help us deliver on our commitment to sustainability. Our strategy on sustainability is woven into all aspects of the business.

## GOVERNANCE

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).

The Audit & Risk Committee, comprised of independent directors, has the greatest oversight of our sustainability practices. The committee reviews risks and opportunities that could materially impact our ability to achieve our strategic 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 and opportunities by both severity of impact and probability of occurrence. This evaluation includes climate-related challenges and opportunities relating to transitional (policy/regulatory, market, technology, reputational) and physical factors.

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

The sustainability reporting function at ATCO directly reports through the Vice President of Finance, Treasury & Risk to the Chief Financial Officer. 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, Indigenous Relations, Health & Safety, Environment, Marketing & Communications, Business Development, Internal Audit and Risk Management, among others. These groups monitor best practices, develop and implement policies and standards and support our various divisions.

## CORE VALUES



### INTEGRITY

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

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



### AGILITY

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

We stay relevant, reward action and learn from failure.



### CARING

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

We seek to understand and care enough to challenge each other.



### COLLABORATION

We work together, share ideas, recognize the contribution of others and learn from our successes and failures.

We are clear about our intentions and communicate openly especially when problems or issues arise.

We value and encourage diversity and different perspectives.

We work together to build strong networks.

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

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

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

## REPORTING ON MATERIAL TOPICS

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

Our Sustainability Report provides both qualitative and quantitative performance updates for 2019 on these four material topics. This report references the internationally recognized Global Reporting Initiative (GRI) Standards. Our reporting is also guided by the Sustainability Accounting Standards Board (SASB)

and the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

For more on our approach to our key material topics, please visit [ATCO.com/en-ca/our-commitment/sustainability.html](https://atco.com/en-ca/our-commitment/sustainability.html)

For more information on our key policies, please visit our website at [ATCO.com/en-ca/about-us/governance/code-ethics.html](https://atco.com/en-ca/about-us/governance/code-ethics.html)

For more information on other disclosures, including the Sustainability Framework Index, Annual Reports, and Management Proxy Circulars, please visit our website at [ATCO.com/en-ca/about-us/investors/documents-filings.html](https://atco.com/en-ca/about-us/investors/documents-filings.html)

## REPORTING SCOPE AND BOUNDARIES

- The terms ATCO, ATCO Group, the ATCO Group of Companies, our, we, the company and the corporation, refer to ATCO Ltd. as a whole, including its subsidiary company Canadian Utilities Limited.
- ATCO Ltd. is a diversified holding corporation, with 100 per cent ownership of ATCO Structures, ATCO Frontec, and ATCO Land & Development; and a 52.2 per cent ownership of Canadian Utilities Limited.
- Our most recent previous ATCO Sustainability Report was released in June 2019 and reflects operations as of December 31, 2018.

- This report communicates our sustainability performance in 2019 and reflects operations as of December 31, 2019.
- Our Performance Summary includes data for the three years ending December 31, 2019, unless otherwise noted, for ATCO, our subsidiaries and joint ventures. Exceptions are explicitly noted with the relevant information. For brevity, data from 2009 through 2016 is not included in the performance summary; however, this historical data is available on our website.
- Data for 2008, our baseline year for many reporting indicators, is included where available. Certain indicators that have been included in our sustainability reporting more recently may not have data available for 2008; however, graphs will show available trending.
- Financial data is in Canadian dollars and environmental data is in metric units.
- Environmental performance metrics reported include 100 per cent for facilities where ATCO, or one of its subsidiaries, has operational control, regardless of percentage of financial ownership. Operational control is defined in alignment with the GHG Protocol.
- In the third quarter of 2019, Canadian Utilities finalized the sale of its 2,276-MW Canadian fossil fuel-based electricity generation portfolio. Following the close of the transaction, Canadian Utilities continues to own 244-MW of electricity

- generation assets in Canada, Mexico and Australia. Environmental data is included until the date of the sale.
- The following facilities are not currently included in the operational control reporting boundary: Primrose, McMahon, Muskeg, Rainbow 4, Scotford, House Mountain, UQSUQ, ATCO Espaciomovil and ATCO Sabinco S.A.
- For select sustainability performance indicators, we also provide reporting guided by a financial control basis in our ATCO Sustainability Framework Index, available on our website. Data guided by a financial control basis includes 100 per cent of Canadian Utilities Limited, the equity share of joint ventures where available, and excludes non-controlling equity investments. The treatment of various entities may be addressed differently in ATCO’s 2019 Annual Report with respect to financial performance.
- In 2018, ATCO acquired a 40 per cent interest in Neltume Ports, a leading port operator and developer in South America. ATCO does not have operational control of Neltume Ports. Neltume Ports is a subsidiary of Ultramar, already a strategic partner with ATCO, and operates primarily in Chile and Uruguay along with operations in Brazil and Argentina. As with any investment, a review of health and safety risks, including anti-bribery and corruption, was undertaken to confirm alignment of values.



On June 21, 2019, ATCO joined people across the country in recognizing and celebrating the unique heritage, diverse cultures and outstanding contributions of First Nations, Inuit and Métis Peoples across Canada. To mark the occasion, events were held in Edmonton and Calgary and included workshops, and more. At our global headquarters, ATCO Park in Calgary, Alta., a tipi was set up and our Vice President of Indigenous Stewardship, Lillian Brewster, thanked Elder Clarence Wolfleg for blessing the tipi in celebration of National Indigenous Peoples Day.

# ATCO LTD. PERFORMANCE SUMMARY

Indicator <sup>1,2,3</sup>	Units	2019	2018	2017	...	2008
<b>ENVIRONMENT<sup>4,5</sup></b>						
<b>Air Emissions<sup>6</sup></b>						
Direct greenhouse gases (Scope 1)	kilotonnes CO <sub>2</sub> e	8,319	10,808	10,713		17,049
Indirect greenhouse gases (Scope 2) <sup>7</sup>	kilotonnes CO <sub>2</sub> e	108	43	189		-
Sulphur dioxide	tonnes	14,564	35,242	40,150		63,182
Nitrogen oxides	tonnes	8,909	15,938	16,051		26,566
Particulate matter (PM2.5)	tonnes	332	458	439		510
Carbon monoxide	tonnes	1,460	2,131	2,523		3,768
Volatile organic compounds	tonnes	143	270	216		168
Mercury	kilograms	24	27	31		157
Ozone depleting substances	kilograms	0	0	74		77
Water Use <sup>8</sup>	million m <sup>3</sup>	16.0	21.2	22.4		22.1
<b>Spills<sup>9</sup></b>						
Hydrocarbon - number <sup>10</sup>	number	19	13	14		-
Hydrocarbon - volume	m <sup>3</sup>	12	5.2	3.9		-
Non-hydrocarbon - number <sup>11</sup>	number	1	6	7		-
Non-hydrocarbon - volume <sup>12</sup>	m <sup>3</sup>	25	45.7	2,059.4		-
Hazardous Waste <sup>13</sup>	tonnes	1,226	3,947	1,651		-
Environmental Fines and Penalties	\$ thousand	0	0	0		0
<b>SOCIAL<sup>14</sup></b>						
<b>Health &amp; Safety<sup>15,16,17</sup></b>						
Lost-time incident rate (employees)	cases/200,000 hours worked	0.12	0.16	0.25		0.77
Lost-time incident rate (contractors)	cases/200,000 hours worked	0.17	0.06	0.53		-
Recordable incident rate (employees)	cases/200,000 hours worked	2.20	1.41	2.17		3.50
Recordable incident rate (contractors)	cases/200,000 hours worked	1.65	0.84	1.97		-
Fatalities (employees)	number	0	0	0		0
Fatalities (contractors)	number	0	0	0		0
Employees	number	6,556	6,241	6,752		7,781
Voluntary Turnover Rate	per cent	8.7	6.1	7.2		12.8
Employees in Employee Unions or Associations	per cent	48	48	50		54
<b>Diversity</b>						
Women in workforce	per cent	30	31	31		29
Women in senior management	per cent	21	19	17		14
Women on Board of Directors	per cent	33	30	30		9
<b>Human Rights and Ethics Incidents<sup>18</sup></b>						
Discrimination incidents	number	0	0	0		-
Indigenous rights incidents	number	0	0	0		-
Corruption Incidents	number	0	0	0		-
Customer Privacy Breaches	number	0	6	1		40
Number of Regulatory Non-compliance Incidents	number	1	2	4		-
Fines and Penalties for Regulatory Non-compliance	\$ thousand	0.8	15.3	10.8		-
<b>ECONOMIC</b>						
Economic Value Generated <sup>19</sup>	\$ million	4,706	4,888	4,600		3,266
<b>Economic Value Distributed</b>						
Suppliers	\$ million	1,785	2,084	1,870		1,127
Employees <sup>20</sup>	\$ million	538	599	514		466
Lenders	\$ million	498	485	414		239
Shareholders	\$ million	480	387	348		166
Governments <sup>21</sup>	\$ million	487	448	433		365
Communities <sup>22</sup>	\$ million	9	8	8		5
Economic Value Retained <sup>23</sup>	\$ million	909	877	1,013		897
Financial Assistance Received from Governments <sup>24</sup>	\$ million	6.06	1.51	2.07		-
Coverage of Defined Benefit Pension Plan Obligations	per cent	91	91	92		99

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

1. This summary table consolidates data for ATCO Ltd. (ACO.X, ACO.Y). A performance summary for Canadian Utilities Limited (CU, C.X), ATCO's largest principally owned and independently traded entity, can be found online and on page 40.
2. We have also provided a limited number of environmental performance metrics guided by a financial control basis in our Sustainability Framework Index.
3. 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

4. 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.
5. Many environmental metrics were significantly lower as a result of Canadian Utilities' sale of its 2,276-MW Canadian fossil fuel-based electricity generation portfolio in the third quarter of 2019.

## Air Emissions

6. GHG emissions are calculated and reported in line with carbon regulations where the facility is located and are also guided by the Greenhouse Gas Protocol (GHG Protocol).

## Indirect GHGs

7. The 2019 increase is predominantly due to electrical distribution losses being categorized as indirect Scope 2 emissions after the sale of our associated generation portfolio, in line with the GHG Protocol.

## Water

8. Water use is calculated by deducting water discharged from water withdrawn.

## Spills

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. Increase in hydrocarbon spills is primarily due to vandalism incidents to electrical transformers.
11. Non-hydrocarbon spills are often comprised of saline water or water containing small quantities of other substances.
12. The non-hydrocarbon spill volume in 2017 is a result of a treated waste water discharge at one of our workforce housing facilities and a brine spill at one of our storage facilities.

## Waste

13. Hazardous waste volumes vary due to size and scope of projects.

## Social

14. Includes our temporary workforce but does not include JV employees.

## Health & Safety

15. Multiple factors contributed to the increased reporting of recordable incidents in 2019, including further alignment of internal definitions and interpretations to enhance consistency across the organization.
16. Our contractor safety rates do not cover all our contractors since some of our business units only track safety statistics for contractors conducting certain work scopes or greater than a threshold contract size. Changes to contractor incident rates year over year vary depending on significant capital projects which occur during that year. Work is ongoing to align contractor reporting across the organization.
17. Data is not yet fully available for all employees of ATCO joint ventures, 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.

## Ethics Incidents

18. 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.

## Economic

19. Economic value generated includes revenues and interest income.
20. Payments to employees includes salaries, wages and total benefits, including amounts paid to government institutions on behalf of employees.
21. Payments to governments include income, property, and franchise taxes.
22. Distributions to communities include donations, in-kind contributions, and sponsorships.
23. 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.
24. Financial assistance received from governments includes tax relief/credits, investment grants, R&D grants, financial awards, subsidies, and favourable financing terms from domestic and foreign governments. The increase is predominately related to 2016/2017 scientific research and experimental development (SR&ED) investment tax credits that were accounted for in 2019.

# SUSTAINABILITY AT CANADIAN UTILITIES LIMITED

Canadian Utilities Limited (Canadian Utilities), ATCO's largest principally controlled company, is a proud member of the ATCO Group of Companies, with divisions for Electricity, Natural Gas, Energy Infrastructure, and Retail Energy.

Canadian Utilities' approach to sustainability is fully aligned with ATCO's as highlighted in this report. Specific performance data for Canadian Utilities is provided in the Performance Summary on page 40.

## GOVERNANCE

Canadian Utilities has an independent Board of Directors from ATCO. All other significant elements of our corporate governance system and sustainability practice at Canadian Utilities are aligned with ATCO's, discussed in the Sustainability at ATCO section.

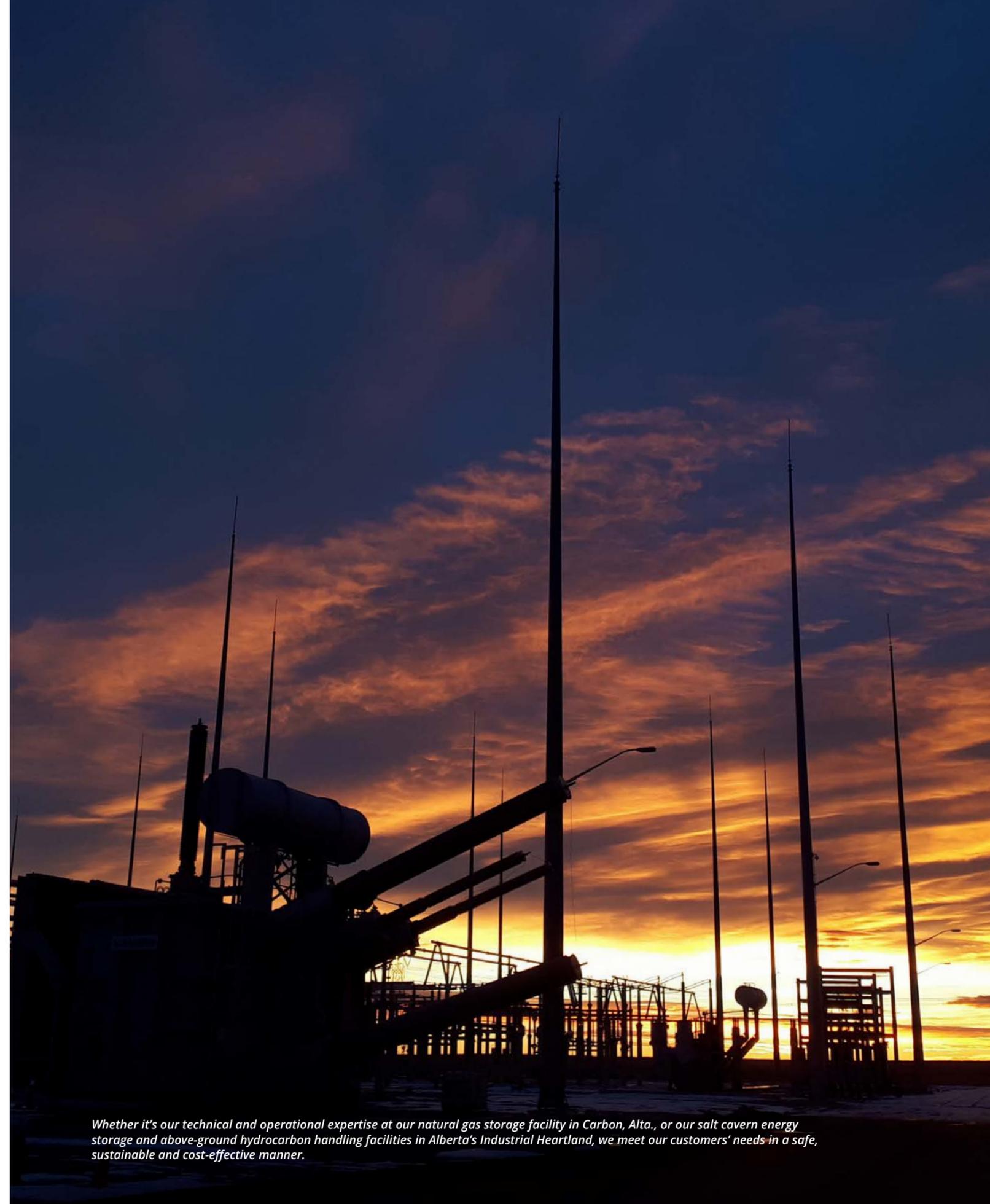
Reporting on material topics for Canadian Utilities is consistent with the approach used for ATCO. Please visit our website for more information at [canadianutilities.com/en-ca/about-us/our-commitment.html](http://canadianutilities.com/en-ca/about-us/our-commitment.html)

For more information on our key policies, please visit our website at [canadianutilities.com/en-ca/about-us/governance/code-ethics.html](http://canadianutilities.com/en-ca/about-us/governance/code-ethics.html)

For more information on the Sustainability Framework Index, Annual Reports, and Management Proxy Circulars, please visit our website at [canadianutilities.com/en-ca/investors/documents-filings.html](http://canadianutilities.com/en-ca/investors/documents-filings.html)

## REPORTING SCOPE AND BOUNDARIES

- This report communicates our sustainability performance in 2019 and reflects operations as of December 31, 2019.
- In 2018, a Canadian Utilities Performance Summary and Framework Index were available on our website.
- Our Performance Summary includes data for the two years ending December 31, 2019, unless otherwise noted, for Canadian Utilities, our subsidiaries and joint ventures. Exceptions are explicitly noted with the relevant information.
- Financial data is in Canadian dollars and environmental data is in metric units.
- Due to the sale of Canadian Utilities' 2,276-MW Canadian fossil fuel-based electricity generation portfolio, environmental data is included until the date of the sale. Canadian Utilities continues to own 244-MW of electricity generation assets in Canada, Mexico, and Australia.
- The following facilities are not currently included in the operational control reporting boundary: Primrose, McMahon, Muskeg, Rainbow 4, Scotford and House Mountain.
- For select sustainability performance indicators, we also provide reporting guided by a financial control basis in our Canadian Utilities Sustainability Framework Index, available on our website. The treatment of various entities may be addressed differently in Canadian Utilities 2019 Annual Report with respect to financial performance.



*Whether it's our technical and operational expertise at our natural gas storage facility in Carbon, Alta., or our salt cavern energy storage and above-ground hydrocarbon handling facilities in Alberta's Industrial Heartland, we meet our customers' needs in a safe, sustainable and cost-effective manner.*

# CANADIAN UTILITIES LIMITED PERFORMANCE SUMMARY

Indicator <sup>1,2</sup>	Units	2019	2018
<b>ENVIRONMENT<sup>3,4</sup></b>			
<b>Air Emissions<sup>5</sup></b>			
Direct greenhouse gases (Scope 1)	kilotonnes CO <sub>2</sub> e	8,306	10,796
Indirect greenhouse gases (Scope 2) <sup>6</sup>	kilotonnes CO <sub>2</sub> e	103	34
Sulphur dioxide	tonnes	14,564	35,242
Nitrogen oxides	tonnes	8,909	15,938
Particulate matter (PM2.5)	tonnes	332	458
Carbon monoxide	tonnes	1,460	2,131
Volatile organic compounds	tonnes	143	270
Mercury	kilograms	24	27
Ozone depleting substances	kilograms	0	0
Water Use <sup>7</sup>	million m <sup>3</sup>	15.9	21.1
<b>Spills<sup>8</sup></b>			
Hydrocarbon - number <sup>9</sup>	number	18	13
Hydrocarbon - volume	m <sup>3</sup>	12.1	5.2
Non-hydrocarbon - number <sup>10</sup>	number	1	6
Non-hydrocarbon - volume	m <sup>3</sup>	25.0	45.7
Hazardous Waste <sup>11</sup>	tonnes	426	3,879
Environmental Fines and Penalties	\$ thousand	0	0
<b>SOCIAL<sup>12</sup></b>			
<b>Health &amp; Safety<sup>13,14,15</sup></b>			
Lost-time incident rate (employees)	cases/200,000 hours worked	0.12	0.22
Lost-time incident rate (contractors)	cases/200,000 hours worked	0.06	0.07
Recordable incident rate (employees)	cases/200,000 hours worked	2.15	1.59
Recordable incident rate (contractors)	cases/200,000 hours worked	1.56	0.97
Fatalities (employees)	number	0	0
Fatalities (contractors)	number	0	0
Employees	number	4,593	4,919
Voluntary Turnover Rate	per cent	3.8	4.4
Employees in Employee Unions or Associations	per cent	51	52
<b>Diversity</b>			
Women in workforce	per cent	32	31
Women in senior management	per cent	26	22
Women on Board of Directors	per cent	36	40
<b>Human Rights and Ethics Incidents<sup>16</sup></b>			
Discrimination incidents	number	0	0
Indigenous rights incidents	number	0	0
Corruption Incidents	number	0	0
Customer Privacy Breaches	number	0	6
Number of Regulatory Non-compliance Incidents	number	1	2
Fines and Penalties for Regulatory Non-compliance	\$ thousand	0.8	15.3
<b>ECONOMIC</b>			
Economic Value Generated <sup>17</sup>	\$ million	3,905	4,377
<b>Economic Value Distributed</b>			
Suppliers	\$ million	1,306	1,833
Employees <sup>18</sup>	\$ million	343	428
Lenders	\$ million	478	477
Shareholders	\$ million	536	439
Governments <sup>19</sup>	\$ million	466	446
Communities <sup>20</sup>	\$ million	7	7
Economic Value Retained <sup>21</sup>	\$ million	769	747
Financial Assistance Received from Governments <sup>22</sup>	\$ million	6.06	1.51
Coverage of Defined Benefit Pension Plan Obligations	per cent	91	91

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

- This summary table consolidates data for Canadian Utilities Limited (CU, CU.X). Although we have historically reported metrics for the whole ATCO Group of Companies, in 2018 we began aligning our reporting with the traded entities to help shareholders and other stakeholders make informed decisions.
- We have also provided a limited number of environmental performance metrics guided by a financial control basis in our Sustainability Framework Index.

## Environment

- 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 Canadian Utilities Limited, or one of its subsidiaries, has operational control, regardless of percentage of financial ownership.
- Many environmental metrics were significantly lower as a result of Canadian Utilities' sale of its 2,276-MW Canadian fossil fuel-based electricity generation portfolio in the third quarter of 2019.

## Air Emissions

- GHG emissions are calculated and reported in line with carbon regulations where the facility is located and are also guided by the GHG Protocol.

## Indirect GHGs

- The 2019 increase is predominantly due to electrical distribution losses being categorized as indirect Scope 2 emissions after the sale of our associated generation portfolio, in line with the GHG Protocol.

## Water

- Water use is calculated by deducting water discharged from water withdrawn.

## Spills

- 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.
- Increase in hydrocarbon spills is primarily due to vandalism incidents to electrical transformers.
- Non-hydrocarbon spills are often comprised of saline water or water containing small quantities of other substances.

## Waste

- Hazardous waste volumes vary due to size and scope of projects.

## Social

- Includes our temporary workforce but does not include JV employees.

## Health & Safety

- Multiple factors contributed to the increased reporting of recordable incidents in 2019, including further alignment of internal definitions and interpretations to enhance consistency across the organization.
- Our contractor safety rates do not cover all our contractors since some of our business units only track safety statistics for contractors conducting certain work scopes or greater than a threshold contract size. Changes to contractor incident rates year over year vary depending on significant capital projects which occur during that year. Work is ongoing to align contractor reporting across the organization.
- Safety data for employees of Canadian Utilities joint ventures is included where available and when Canadian Utilities has the governing authority and responsibility for the health and safety of the people, processes and facility.

## Ethics Incidents

- 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.

## Economic

- Economic value generated includes revenues and interest income.
- Payments to employees includes salaries, wages and total benefits, including amounts paid to government institutions on behalf of employees.
- Payments to governments include income, property, and franchise taxes.
- Distributions to communities include donations, in-kind contributions, and sponsorships.
- Economic value retained is economic value generated minus economic value distributed. This is not a financial reporting indicator and should not be confused with retained earnings.
- Financial assistance received from governments includes tax relief/credits, investment grants, R&D grants, financial awards, subsidies, and favourable financing terms from domestic and foreign governments. The increase is predominately related to 2016/2017 scientific research and experimental development (SR&ED) investment tax credits that were accounted for in 2019.



Our cover photo features the skyline of Perth, Western Australia, where our Clean Energy Innovation Hub was built to explore innovative new ways to deliver energy. Learn more about this exciting initiative on page 9.