

ATCO
GROUP



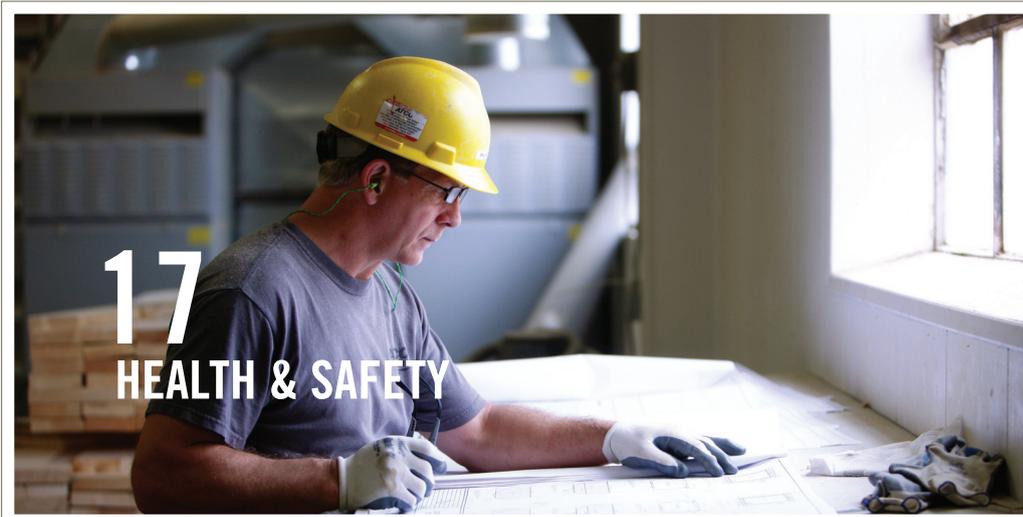
**SUSTAINABILITY
REPORT 2010**

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About this Report

- ▶ This is ATCO Group's second biennial sustainability report. Unless otherwise noted, the information covers the 2009 and 2010 calendar years.
- ▶ We used the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines to help determine report content. Under the GRI Guidelines we achieved a B level of reporting. The GRI index on page 43 indicates where you can find specific disclosures. We also conducted an internal materiality assessment to determine which topics and indicators would be of most relevance to interested parties and to the success of our business.
- ▶ This report includes performance on indicators that were not included in the 2008 report. Consequently, the new indicators are not included for 2008.
- ▶ Not all information for all operations for every year is available. Limitations are explicitly noted on page 41.
- ▶ Performance data for assets we divest is reported for the portion of the year until they were divested. Performance data for assets we acquire is included for the year following acquisition to allow for integration of new systems.
- ▶ We are currently unable to collect environmental data for all ATCO companies. However, we believe that the figures cover 90-95 per cent of our emissions and resource use. Indicators for spills and fines cover all of ATCO Group.
- ▶ We are unable to report some employee indicators for 2009 because we integrated multiple data management systems into one during that year.
- ▶ Unless noted, indicators do not cover contractors or temporary employees.
- ▶ Measurement and calculation techniques, if not obvious, are stated with the data.
- ▶ Financial data is in Canadian dollars and environmental data is in metric units.
- ▶ Senior management and relevant staff have reviewed all information and believe it is an accurate representation of our performance. We undertook a variety of internal and external assurance activities on information presented in this report, including financial, environmental, health and safety performance, management system and compliance audits. Third-party assurance of this report did not take place.
- ▶ The terms ATCO, ATCO Group, the ATCO Group of Companies, our, we, the company, and the corporation, refer to ATCO Group as a whole. Company names such as ATCO Gas, ATCO Power, are used to refer to principal operating subsidiaries.



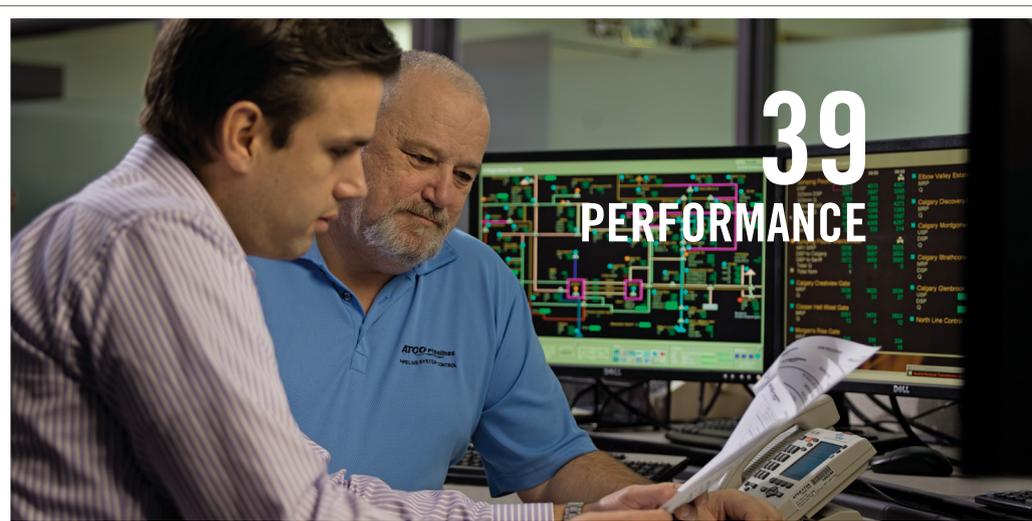
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Cover Photos:



ATCO Electric's Avian Protection Plan involves nest relocations, see page 38 for more information.



ATCO Structures & Logistics provides reliable modular space to clients worldwide.



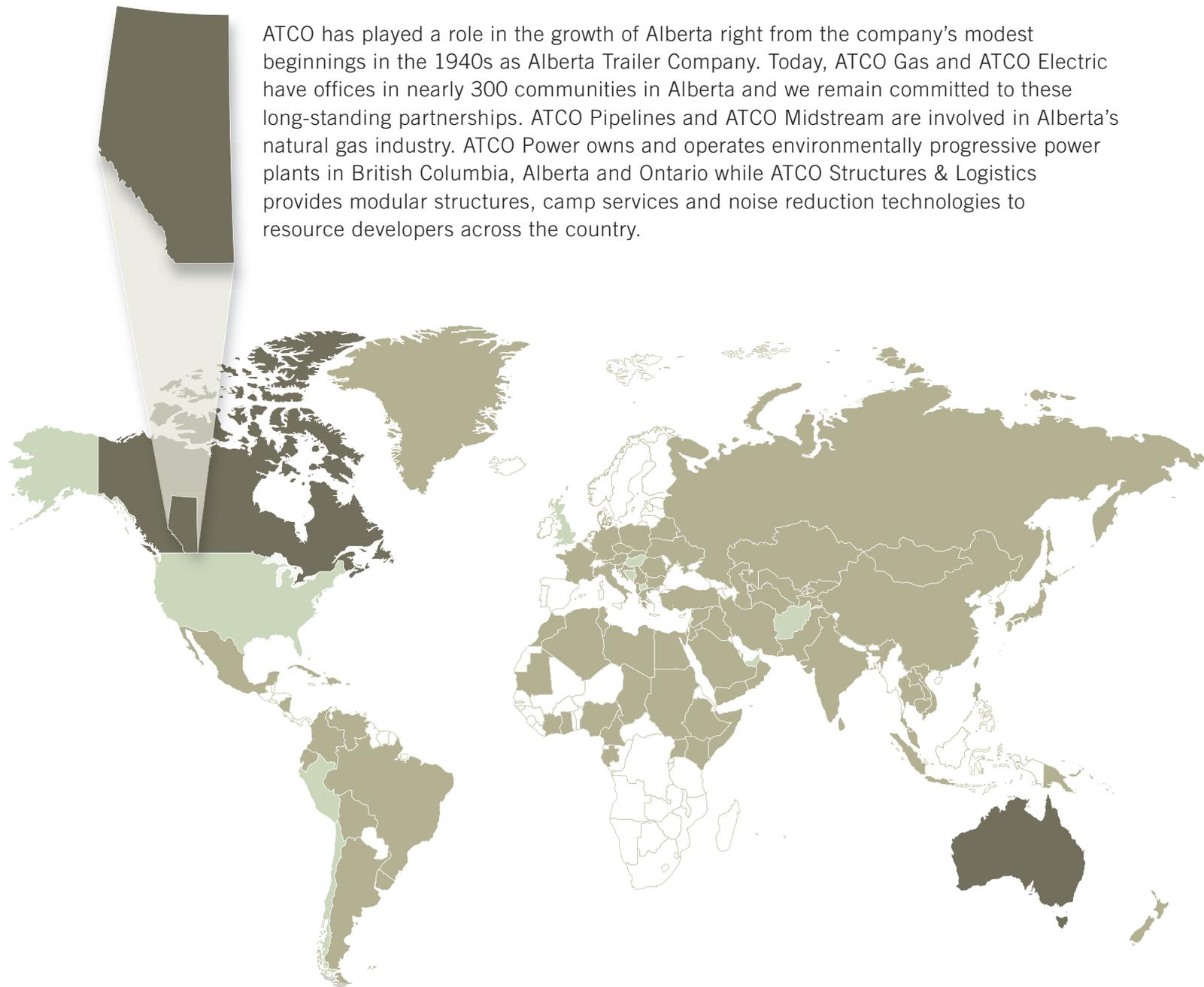
ATCO employs more than 7,700 people around the world.

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Alberta Roots ...

ATCO has played a role in the growth of Alberta right from the company's modest beginnings in the 1940s as Alberta Trailer Company. Today, ATCO Gas and ATCO Electric have offices in nearly 300 communities in Alberta and we remain committed to these long-standing partnerships. ATCO Pipelines and ATCO Midstream are involved in Alberta's natural gas industry. ATCO Power owns and operates environmentally progressive power plants in British Columbia, Alberta and Ontario while ATCO Structures & Logistics provides modular structures, camp services and noise reduction technologies to resource developers across the country.



■ Countries with ATCO Head Offices ■ Countries with ATCO Office Locations ■ Countries where ATCO has conducted business

Global Reach

ATCO first expanded to Australia in 1961. It has since grown to a \$10 billion enterprise built upon eight principal operating subsidiaries that span more than 100 countries on five continents, delivering service excellence and innovative business solutions around the world. Whether providing gas and electricity to remote locations in northern Canada, building modular structures in South America, or operating environmentally friendly power plants in Australia, the scope and scale of ATCO's operations have grown to be truly global.

ATCO Group Corporate Structure



Alberta based ATCO Group, with more than 7,700 employees and assets of approximately \$10 billion, delivers service excellence and innovative business solutions worldwide with leading companies engaged in Utilities (pipelines, natural gas and electricity transmission and distribution), Energy (power generation, natural gas gathering, processing, storage and liquids extraction), Structures & Logistics (manufacturing, logistics and noise abatement) and Technologies (business systems solutions). www.atco.com.

<p>Structures & Logistics</p>	<p>ATCO Structures & Logistics</p> <p>ATCO Structures & Logistics provides solutions to customers worldwide, including workforce housing, modular units, construction, site support services, logistics support, operations management, noise reduction and turbine silencing, and emission management systems. With manufacturing facilities in North America, South America and Australia and operations on five continents, ATCO Structures and Logistics specializes in rapid mobilization of services to remote and challenging locations.</p> <p>www.atcosl.com</p>		
<p>Utilities</p>	<p>ATCO Electric</p> <p>ATCO Electric operates and maintains nearly 83,000 km of distribution and transmission power lines which serve nearly 211,000 customers in 245 communities. Includes subsidiaries Northland Utilities and Yukon Electrical.</p> <p>www.atcoelectric.com</p>	<p>ATCO Gas</p> <p>ATCO Gas serves more than one million customers in nearly 300 communities and owns and operates nearly 38,000 km of distribution pipeline. ATCO Gas also provides expert advice through ATCO EnergySense.</p> <p>www.atcogas.com</p>	<p>ATCO Pipelines</p> <p>ATCO Pipelines owns and operates 8,486 km of pipeline and delivers 3.8 billion cubic feet of natural gas per day to 217 natural gas transmission customers.</p> <p>www.atcopipelines.com</p>
<p>Energy</p>	<p>ATCO Power</p> <p>ATCO Power operated 19 power generation plants in Canada, Australia* and the United Kingdom with a combined capacity of approximately 4,957 megawatts (MW) and a total ownership interest of approximately 2,811 MW.</p> <p>www.atcower.com</p>	<p>ATCO Midstream</p> <p>ATCO Midstream provides natural gas gathering, processing, storage and natural gas liquids solutions to the Canadian natural gas producing sector. ATCO Midstream's facilities have a processing capacity of 1.8 billion cubic feet per day.</p> <p>www.atcomidstream.com</p>	<p>ATCO Energy Solutions</p> <p>ATCO Energy Solutions is focused on building, owning and operating non-regulated electric assets, industrial pipelines and hydrocarbon storage facilities.</p> <p>Water initiatives are pursued through ATCO Water, a division of ATCO Energy Solutions.</p> <p>www.atcoenergysolutions.com</p>
<p>Corporate</p>	<p>ATCO I-Tek</p> <p>ATCO I-Tek manages business-critical technology, applications, data and processes and provides business-ready IT infrastructure with connectivity to more than 100 sites across Alberta, and end-to-end retail energy and utility customer care and billing.</p> <p>www.atcoitek.com</p>		

*In January 2011 ATCO Power's three Australian generating facilities were transferred to ATCO Australia (see ATCO Ltd. Annual Report 2010 for more information).

PRESIDENT'S MESSAGE



**“ We know our success as a company is dependent upon our ability
to operate in a sustainable and responsible manner. ”**

ATCO's businesses are part of the fabric of everyday life and we take our role and responsibilities as a corporate citizen very seriously. In this, our second Sustainability Report, we provide the reader with highlights of our commitment to communities, safety, employees and the environment.

Commitment to communities represents a wide variety of activities for ATCO and its people. Our operations span over 100 countries across the globe and, for every project, there are a variety of opportunities – for public engagement, partnerships and investment.

In Alberta, ATCO Electric is advancing the Eastern Alberta Transmission Line in accordance with the 2008 Government of Alberta Provincial Energy Strategy. We have consulted more than 6,500 people as a proposed route along the less populated east side of the province was developed. We will continue engaging with people as the project moves toward permitting and construction.

The 500 kilovolt transmission line will allow Albertans to harness wind and clean hydroelectric power as our coal-fired plants are decommissioned in the future – greatly reducing our emissions footprint.

ATCO began moving toward environmentally progressive energy solutions more than 15 years ago with our first cogeneration plant in Taylor, British Columbia. Since then, we have developed a leadership position by employing alternative energy for power plants as well as in our operations facilities. Since 2008, we have commissioned a natural-gas fired power plant in Western Australia and constructed three geothermal operations centres in Alberta.

We also continue to work closely and collaboratively with governments to address climate changes issues, especially now that

the federal Minister of the Environment has set preliminary parameters for eliminating traditional coal-fired generation.

We know our success as a company is dependent upon our ability to operate in a sustainable and responsible manner. A large part of our responsibility is toward ensuring our employees go home safe and sound at the end of the day. I am saddened to report that we experienced a fatality at our operations in the Kandahar Airfield in Afghanistan in 2010. Several corrective measures were taken to ensure this is our first and only workplace fatality.

Overall, our safety performance has improved substantially over the past two years and several of our facilities did not incur a single lost-time incident during this period. ATCO Structures & Logistics, in particular, has focused attention on safety training and tools for its employees and contractors.

In December 2010, ATCO employed approximately 7,700 people. Each individual has their own role in our success – taking on challenges and solving problems collaboratively everyday. As we grow and evolve, people who work at ATCO continue to be offered diverse and exciting opportunities within our organization.

Together, we are dedicated to the pursuit of excellence in everything we do. Our employees' commitment, dedication and hard work is the essence of the Heart and Mind of ATCO and our true competitive advantage.



Nancy C. Southern
President & Chief Executive Officer
ATCO Group



Our Approach to Sustainability

ATCO's success is dependant on our ability to operate in a responsible and sustainable manner, today and in the future. We want to create value for our share owners, but not at any cost. Our responsibility is to conduct our business in a manner that reflects our values: integrity, transparency, entrepreneurship, accountability, collaboration, perseverance and caring.

ATCO's operations deliver essential services, electricity and heat, that are a basic necessity for life, especially in northern climates. This important role has helped to shape our companies' culture as a safe, responsible corporate citizen with people and operations that help sustain our communities.

A focus on social wellbeing enables us to attract and retain a talented, motivated workforce. We earn a social licence to operate through our commitment to excellence in our everyday operations – this trust in our company is something we do not take lightly. In the pursuit of sustainability, we not only improve social and environmental conditions, we also achieve cost savings, revenue enhancements and numerous intangible benefits.

Corporate Governance

Our Board views effective corporate governance as an essential element for the ongoing sustainability of ATCO and its operations. We continually assess our corporate governance practices and make improvements as needed. The Risk Review committee reviews significant risks identified by management, including those related to sustainability issues, which could materially affect the Company's ability to achieve its strategic or operational targets.

“ In the pursuit of sustainability, we not only improve social and environmental conditions, we also achieve cost savings, revenue enhancements and numerous intangible benefits. ”

◀ An ATCO Pipelines employee monitors the natural gas presence in the air while investigating an unconfirmed leak.

Board Structure

<p>Independence of Board chair</p>	<p>The Chairman of the ATCO Ltd. Board is not independent. To facilitate independent functioning of the Board, an independent Lead Director has been appointed.</p>
<p>Independent Board members</p>	<p>Six of the nine Board members are independent.</p>
<p>Board Committees</p>	<p>ATCO has three Board committees: Audit; Risk Review; and Corporate Governance Nomination, Compensation and Succession (GOCOM). Their mandates are described on www.atco.com.</p>
<p>Mechanisms for shareholders and others to provide input to Board</p>	<p>Shareholders, employees and other interested parties may contact the Board by sending correspondence, marked to the attention of the Lead Director. Through attendance at the Annual General Meeting (AGM) or through the use of proxies for voting, Class II voting shareholders are given the opportunity to vote on matters to be addressed at the AGM. In addition, subject to statutory provisions, shareholders may submit their own resolution for consideration at the AGM. Shareholders also have the opportunity to raise questions from the floor during the AGM.</p>
<p>Process for Board to avoid conflicts of interest</p>	<p>The Board has adopted a written Code of Ethics (the Code). Each director, officer and employee of the Company is required to acknowledge annually that he or she has read the Code and disclosed any matters of potential conflict.</p>
<p>Process for evaluating Board's own performance</p>	<p>The Lead Director facilitates an annual assessment of the Board, its committees and its individual directors. Board and committee performance evaluation questionnaires are distributed to each director and Board committee member. The questions address director skills and experience, preparation, attendance and availability at meetings, communication and interaction, business, company and industry knowledge, as well as an overall assessment.</p>
<p>Process for determining Board member qualifications</p>	<p>Each year, the GOCOM Committee reviews Board composition to ensure it has the best mix of skills and experience to guide the company's long-term strategy and ongoing operations. This review examines diversity of background, skill and experience of each Director currently on the Board and takes into account upcoming retirements, succession, specialized committee membership requirements, industry, market and potential future developments of the company's business. GOCOM maintains a list of potential Board candidates. This list is reviewed annually.</p>
<p>Linkage between Board and senior management compensation and company performance</p>	<p>GOCOM is responsible for making recommendations on the President & CEO's objectives, executive compensation and the link to corporate performance measures. Among other items, the performance measures include: health and safety of employees and contractors; environmental stewardship; succession management and the attraction, development and retention of employees, and the development of long-term sustainable growth strategies.</p>



ATCO Power's 19th power generating station in the world, the 86MW Karratha Power Station in Western Australia was constructed with zero lost-time injuries.

Management Approach

The strategic management of sustainability is shared among numerous corporate groups: Human Resources; Aboriginal Relations, Health & Safety, Environment; Marketing & Communications; and Internal Audit, among others. These groups monitor best practices, develop policies and standards, and support ATCO companies. The daily management of sustainability commitments and implementation of programs is guided by operating company leaders. More specific descriptions of our management approach on employee practices, community engagement, environment, and safety are included in subsequent sections. The descriptions include topic-specific policies, responsibilities, training, monitoring and other management considerations.

Establishment of a corporate Aboriginal Relations, Health & Safety, Environment group and a new, related Vice President position in 2010 acknowledge the need for proactive senior leadership in sustainability issues and the need to integrate and embed sustainability company wide.

Ethical Behaviour

We believe that ethical conduct goes beyond staying in compliance with regulations. The ATCO Code of Ethics affirms our commitment to uphold high moral and ethical standards, and specifies the basic norms of behaviour for directors, officers and employees (see p.27).

The public and our employees expect ATCO to demonstrate integrity in all facets of our business. We annually analyze organizational risk, including risk related to corruption, for all ATCO companies. We did not record a corruption incident in the reporting period, nor were any such actions brought against ATCO. We were not involved in any legal actions for anti-competitive behaviour, anti-trust or monopoly practices during the reporting period. We did not receive any fines for non-compliance with laws and regulations during 2009-10.

We are committed to protecting the privacy of the personal information of people with whom we interact,

including customers, suppliers, employees and contractors. ATCO I-Tek, in particular, manages large amounts of customer information through its call centre and billing processes.

All call centre employees are trained in practices to ensure customer privacy. Customer privacy breaches totalled 82 in 2009, and 83 in 2010, about twice the 40 we reported for 2008. One of our call centre service providers required further clarity regarding privacy requirements. The centre has since implemented additional controls and increased management involvement to ensure privacy requirements are met. Most incidents typically involved an agent providing information to a caller who was not listed as an additional responsible party. All incidents were resolved successfully.

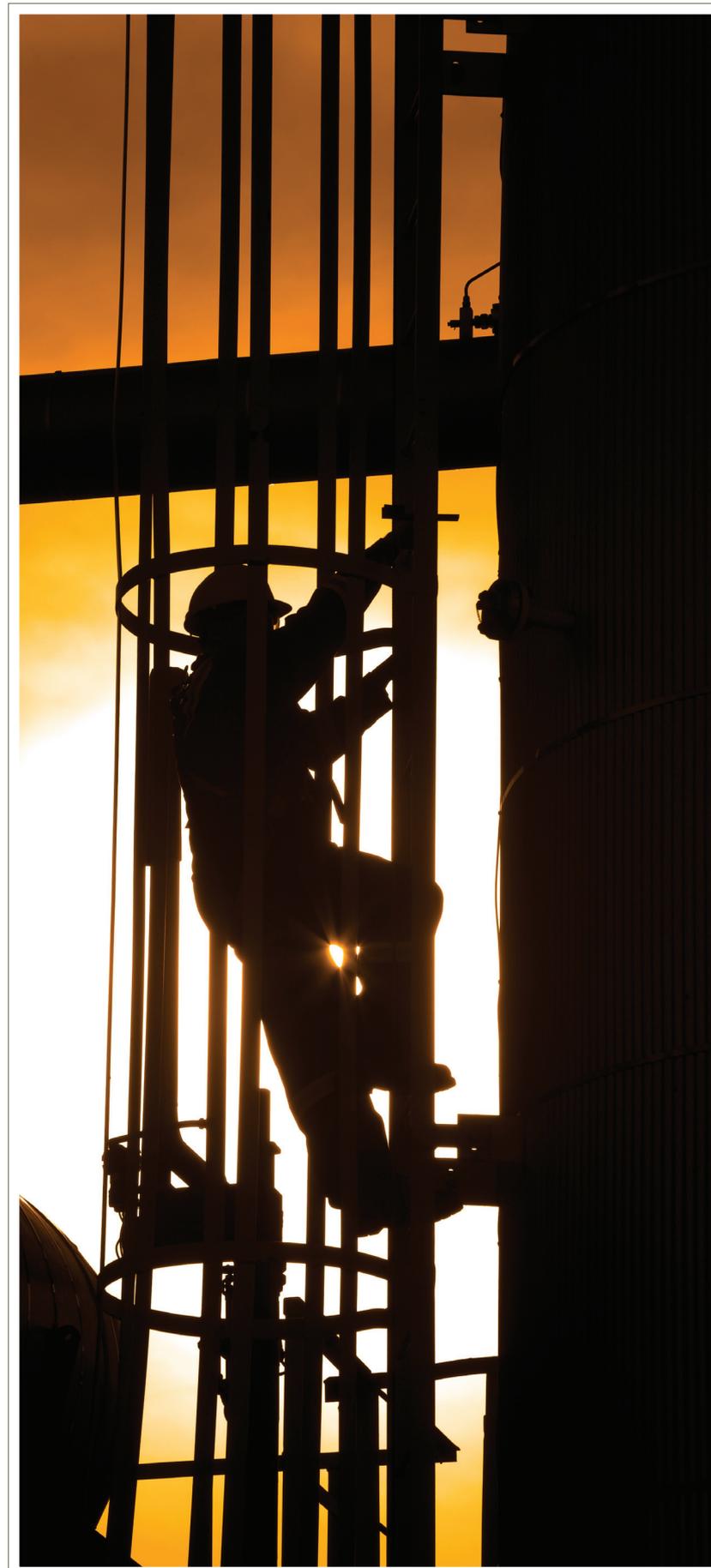
Public Policy Involvement

ATCO companies communicate with policy makers at provincial and federal levels to better understand policy direction, explain the practicalities of our businesses, and collaborate on effective improvements wherever possible. During 2009 – 2010, we participated in the following public policy discussions:

- ▶ Canadian and Alberta regulations on greenhouse gas emissions reductions and carbon offset markets;
- ▶ Canadian federal direction on a national air quality management system;
- ▶ Alberta's Land Use Framework consultations; and
- ▶ Alberta Electric System Operator's Long-term Transmission System Plan that lays out plans for high-voltage direct current transmission lines.

We are also an active contributor to the development of frameworks and government regulations through our participation in various industry associations.

ATCO Midstream is an owner and the operator of the Empress Gas Liquids Joint-Venture Straddle Plant. 



COMMUNITIES



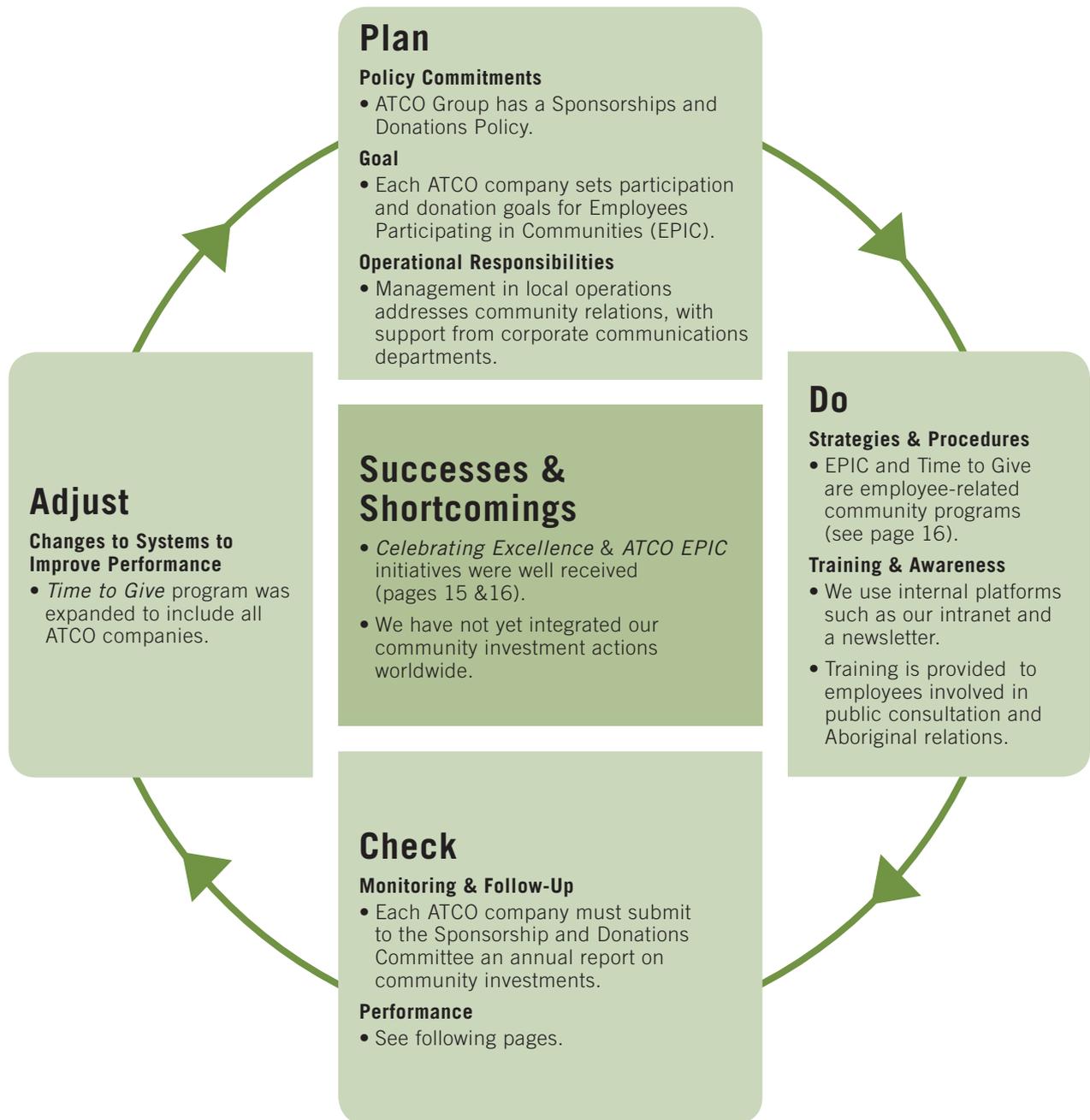
Our Commitment

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

- seeking to understand and meet the needs and interests of the communities we serve;
- facilitating engagement with governing authorities, regulatory bodies, landowners and community groups that may be affected by our project proposals and operations; and
- building mutually beneficial commercial relationships with local suppliers.

Our Approach to Community Involvement

We are careful and thoughtful in our approach, whether it involves investing in community organizations or engaging people who may be affected by our operations. Our decisions are often guided by the first-hand knowledge of our employees who live in the communities they serve. The diagram below features relevant examples of this approach.



Since 2005, ATCO Group has sponsored the Arctic Youth Leadership program.



Public Engagement

Through our operations in numerous communities, we have an impact on many people. Caring – being a good neighbour and a responsible member of the broader community – is a core value at ATCO.

We seek to engage organizations and individuals who are directly affected by our operations, or who have a direct impact on ATCO. In some cases, such as our customers, employees, suppliers, and investors, the impact is largely economic. For others, such as governments, communities, non-profit groups and individual citizens, the impact can be broader.

ATCO is committed to substantial consultations with communities and landowners – both in groups and one-on-one – on all of our major projects, facilities and services we provide.

New Transmission

Over the next 30 years, Alberta is expected to need thousands of megawatts of new generation to replace aging facilities, improve environmental performance and meet population and economic growth. New transmission lines are also required to move more electricity from renewable sources – wind and hydro facilities located where the wind blows and the water flows.

ATCO Electric has been asked to lead some of the first significant Alberta transmission line investments in decades. On one project alone, ATCO Electric has engaged more than 6,500 people in the planning process, often meeting with affected landowners one-on-one to listen, learn and discuss options. These landowners influenced our route selection and we will continue to address concerns and adapt during the project development.

Throughout our consultation process we employed the lessons we learned from our experience constructing the Dover to Whitefish transmission line in northeastern Alberta. This project led to ATCO Electric being the first Canadian company to win an Edison award, recognizing ATCO Electric's leadership and innovation on this project.

Our approach involves taking the time to engage with communities that may be affected by our projects to ensure we have the least possible impact on people, land and the environment.

◀ A 240 kV ATCO Electric transmission line near St. Paul, Alberta.



Eastern Alberta Transmission Line open house hosted by ATCO Electric.

Community Symposiums

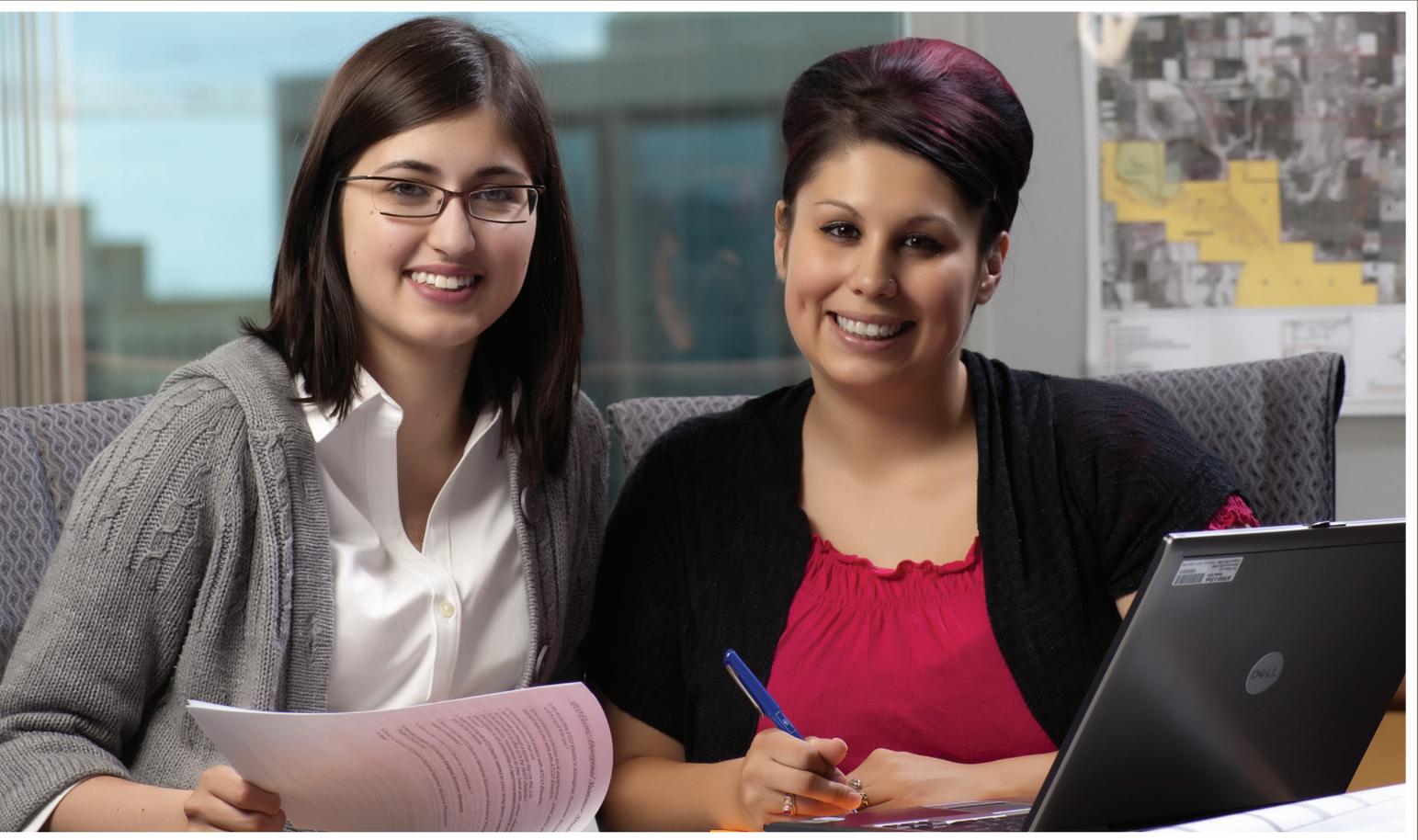
ATCO Gas and ATCO Electric have offices in almost every small town across Alberta, and as a responsible community member, we developed Community Symposiums over a decade ago to play an active role in the sustainability of these smaller centres.

These symposiums are designed to help those working in rural not-for-profit organizations and the volunteer sector stay informed about the latest trends and best practices in their industry. Comments and feedback from hundreds of speakers and participants have been overwhelmingly positive demonstrating the

programs' success in advancing the knowledge and capacity of people working to improve the quality of life in rural Alberta.

Topics have ranged from helping communities enhance the energy efficiency of community-owned buildings, arenas and facilities, to best practices in fund development and new trends in fundraising. ATCO Community Symposiums were held in Claresholm and Stettler in 2010, and Viking and Trochu in 2009.

“ ATCO Gas and ATCO Electric have offices in almost every small town across Alberta. ”



Aboriginal Summer Student Program participants Andrea Fleury and Jenna Calahashen.

Aboriginal Relations

ATCO works to build and maintain mutually beneficial relationships with Aboriginal communities and individuals based on respect, trust and understanding of their interests.

In 2010, ATCO continued to strengthen its relationships with Aboriginal communities across Canada through the signing of several Memorandums of Understanding (MOUs), partnering with the Government of Alberta to sponsor the Alberta's Future Leaders program, and ongoing community investment, support, and recognition.

Wherever possible, ATCO seeks to support Aboriginal organizations and initiatives that contribute to sustainable economic and social development of Aboriginal communities.

Joint Venture Agreements and Partnerships

ATCO values the opportunity to establish positive working relationships with Aboriginal communities throughout Canada. In 2010, ATCO Structures & Logistics signed one joint venture agreement and five MOUs to provide camps and camp services with communities from British Columbia, Saskatchewan, Ontario, and Nunavut.

ATCO Group and Northland Utilities sponsored the 40th Dene National Assembly. The Dene National Assembly represents all native people in regions of Denendeh of the Northwest Territories, including the Akaitcho Territory Government, Deh Cho First Nations, Gwich'in Tribal Council, Sahtu Dene Council and Tlicho.

Northern Youth Leadership

ATCO believes that supporting sustainable communities means also investing in young leaders through promoting education and providing work opportunities. In partnership with the Government of Alberta, ATCO Electric provided financial and in-kind support to the Alberta's Future Leaders program for the Aboriginal communities of Peerless Lake and Trout Lake.

Program components include fun activities as well as leadership initiatives to build interpersonal development skills such as teamwork, self-esteem and conflict resolution. ATCO's support to the program helps local youths develop leadership skills and self-confidence so that they can be positive role models and help improve the quality of life in their communities.

ATCO Electric demonstrates its commitment to providing training and work opportunities to Aboriginal youths through the company's Aboriginal Summer Student Program, and through participating in career fairs such as the National Aboriginal Achievement Foundation's Blueprint for the Future's (BFF) career fair. BFF is a series of national career fairs designed to attract First Nation, Métis, and Inuit high school students to the wide array of potential careers available in all employment sectors.

Toys donated by ATCO employees brought smiles to the children of Haiti.



ATCO Gas employee volunteering at the Calgary Inter-Faith Food Bank.

Community Commitment

For more than 60 years, ATCO has been steadfast in its commitment to being a positive, active presence in all the communities where we work and live. We support hundreds of community endeavours through financial contributions and the volunteer efforts of our employees. Our community investments include support to health and wellness, arts and culture, sports and recreation, youth and education, as well as projects and initiatives that strengthen the foundation of our communities.

The value of our contributions surpassed \$5.8 million in 2010. One of the major increases in our contributions came in the gift-in-kind category, largely due to our Celebrating Excellence and Arctic Winter Games involvement (see pages 15 and 16). Gift-in-kind amounts are based on the value attributed to the use of our products or tangible gifts given.

Helping Haitian Families

After the devastating earthquake in Haiti in 2010, ATCO worked with a Haitian non-governmental organization (NGO), La Maison l'ARC-en-Ciel to distribute thousands of high-priority items, such as



Participants of the 2010 Arctic Winter Games in Grande Prairie, Alberta.

Edmonton Celebrating Excellence winner Kurtis Steendam and his father.



tools, medical and school supplies, toiletries and linens to Haitian families.

The items were donated by ATCO employees who provided tangible help for a country that has experienced so much devastation. ATCO employees working in Haiti got a ground-level view of the needs of Haitians, and the response from employees across Canada was overwhelming, with more than 34,000 items donated in just a few weeks.

La Maison l'ARC-en-Ciel estimated that more than 600 people associated with their programs have benefited directly from ATCO's donations. The NGO has been recognized by UNICEF for its works with Haitian children and families. See page 22 for more information on Haiti assistance.

Donating Temporary Schools in Chile

After a tsunami in February 2010 destroyed a school in the coastal town of Iloca, Chile, Tecno Fast ATCO SA (ATCO's South American joint-venture) rapidly deployed portable units to accommodate 4,800 students who otherwise would have had to wait until the following year for their school to be rebuilt. In just over a month the school rooms were manufactured, transported and installed.

Celebrating Excellence

ATCO reached out to every corner of Alberta with a program that encouraged more than 400,000 students to think about leadership and making a difference in their communities. Students were invited to submit an essay on how they demonstrated leadership in their community. We received approximately 5,000 essays from young Albertans. Topics ranged from how they are contributing time to charities, volunteering in their communities, helping older neighbours and reaching out to immigrant newcomers.

Celebrating Excellence recognized the community spirit and perseverance of these individuals. Through a random draw, one boy and one girl from every Alberta electoral constituency, along with their parent or guardian, was escorted to Vancouver to cheer on Canada's sports heroes. In total, 166 Alberta students received a trip to the 2010 Winter Olympics in Vancouver and another 83 runners-up received laptop computers.

The youth leadership initiative was undertaken in partnership with the Government of Alberta. The Government of Alberta provided the winners with tickets to Olympic sport and medal celebration events and invited them to Alberta House in downtown Vancouver.

Arctic Winter Games

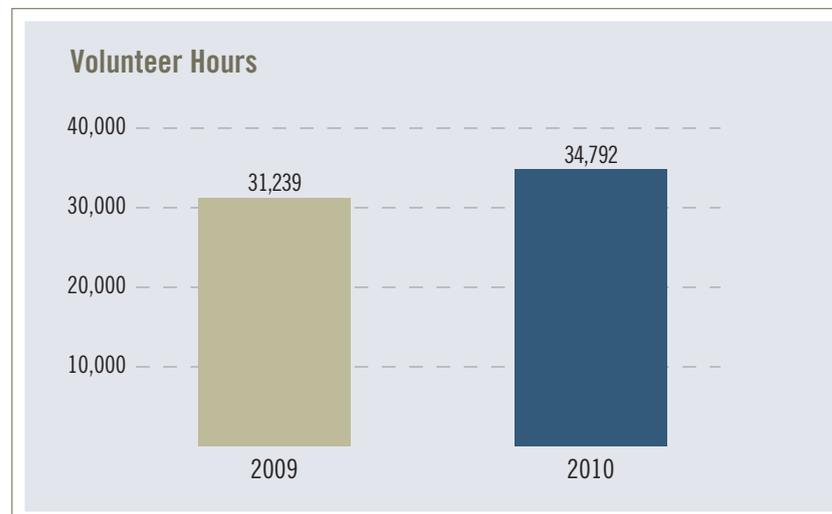
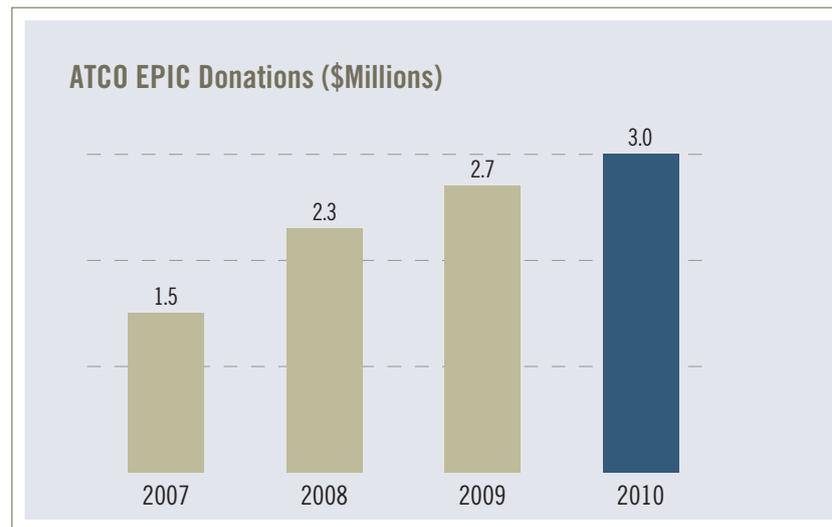
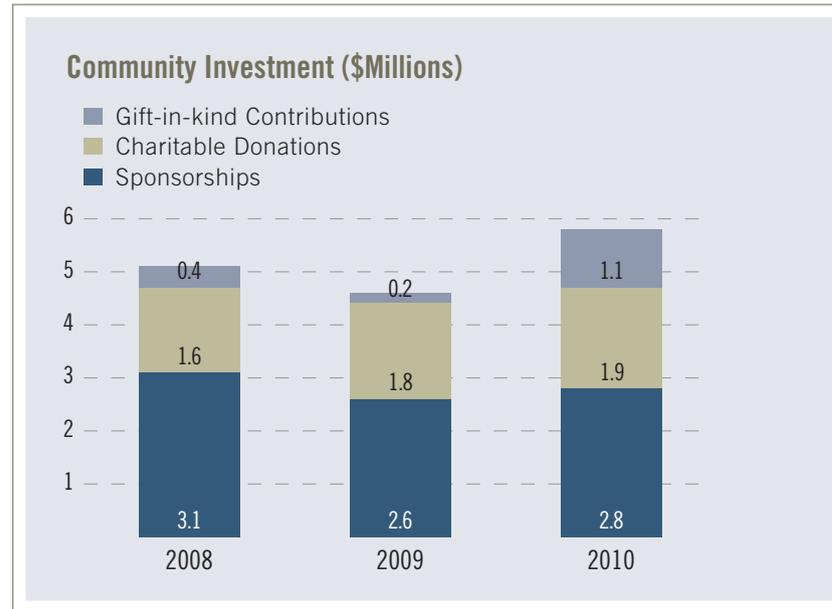
In 2010, ATCO sponsored the 21st biennial Arctic Winter Games, held in Grande Prairie. Nearly 2,000 athletes and cultural participants competed and showcased their talents from Arctic nations around the world. ATCO provided volunteers, products and services to the Games including the supply of temporary modular units in the athlete village and at the sport venues, support of the volunteer lounges, and construction of the Games cauldron.

EPIC / Time to Give

Through our company-wide ATCO Employees Participating In Communities (EPIC) program, ATCO and its people donated \$2.97 million to more than 500 charities across Alberta in 2010. The program is a grassroots fundraising initiative involving employee-led committees that plan, implement and administer workplace fundraising campaigns within each ATCO company and the ATCO Group corporate office.

Employees donate to the charity of their choice and ATCO matches their donations dollar-for-dollar to human health and wellness charities, giving people the opportunity to make a difference in their own community. ATCO also absorbs all administration costs, ensuring that 100 per cent of the funds go directly to benefiting organizations.

The ATCO EPIC Time to Give program was created to recognize the contributions made by ATCO employees who volunteer their time and talents to charitable and non-profit organizations. Through the program, employees who volunteer 50 hours or more are eligible for a \$150 donation to a registered charity of their choice. During calendar years 2009 and 2010, ATCO employees volunteered a total of more than 65,000 hours to make our communities a better place to work and live.



HEALTH & SAFETY

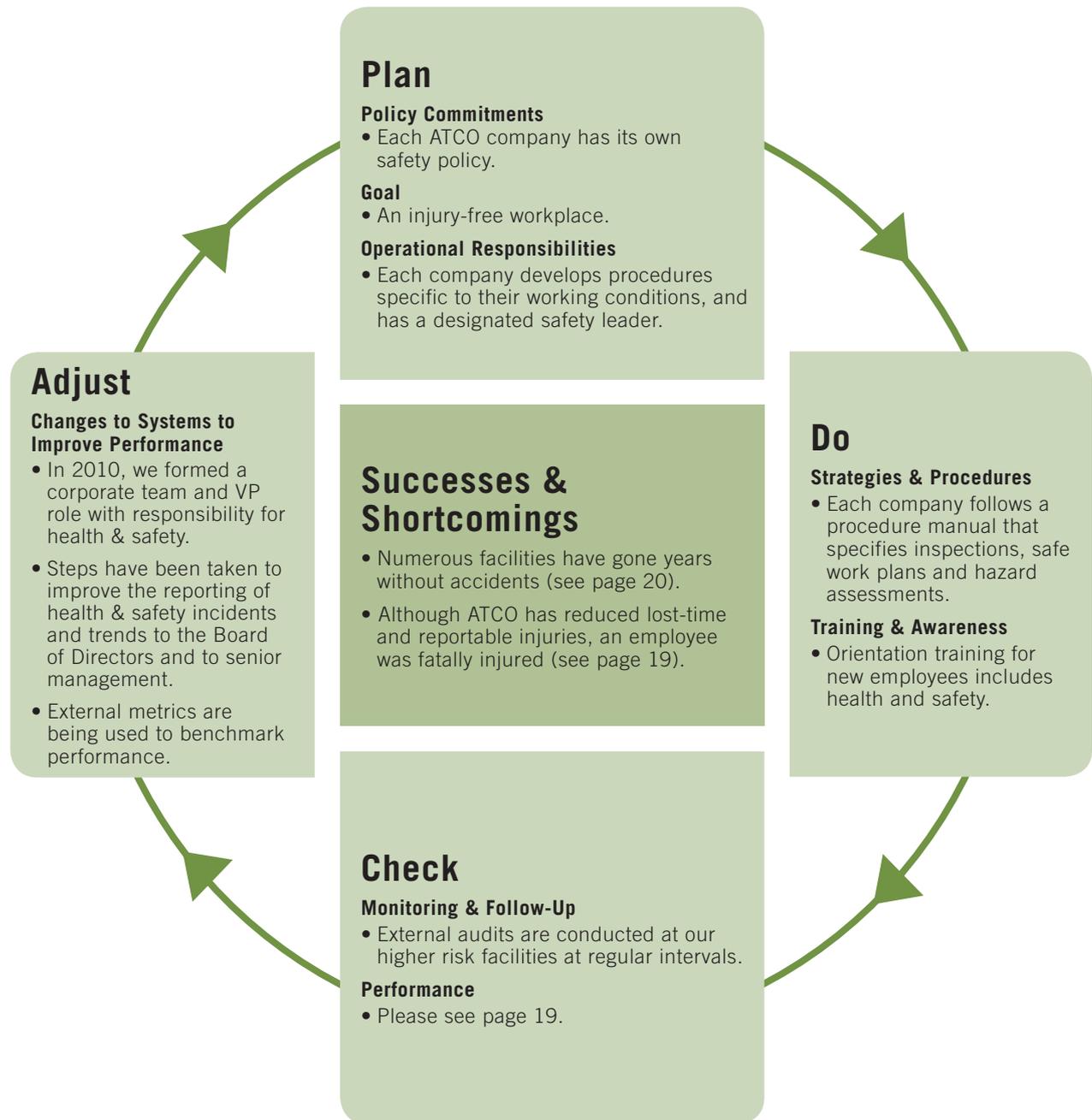


Our Commitment

Safety is the first consideration in everything we do. We strive to continually improve our safety programs with the objective of providing the awareness, training, procedures, equipment and follow-up to ensure fewer injuries. Our ultimate goal is zero injuries.

Our Approach to Safety

ATCO business is defined by the provision of safe, reliable services and products for customers. Our work environments and processes are regularly inspected, evaluated and adjusted to improve overall safety for employees and the public. A more centralized approach to maintaining and improving our safety record allows more learning and improvement across the company. The diagram below features relevant examples of this approach.



◀ An ATCO Structures & Logistics employee reviews blueprints at the Calgary manufacturing facility.



Employees at ATCO Structures & Logistics Calgary manufacturing facility attend a safety training session.

Employee Safety Excellence

Every person working for ATCO has a responsibility to ensure their personal safety and to avoid endangering others. Through our systematic approach to safety, we provide the tools to empower employees and contractors to make safe work decisions.

- ▶ Employees follow detailed work instructions.
- ▶ Employees receive ongoing education and training.
- ▶ We participate in industry partnerships to identify common issues and share best practices.
- ▶ We provide resources for emergency response.

Over the years, ATCO companies have received numerous safety awards (see page 44), reflecting our commitment to maintain the highest possible standards in often very difficult work environments.

Regrettably, in June of 2010, an ATCO Structures & Logistics employee was involved in a fatal accident with some heavy equipment at a waste management yard at Kandahar Airfield in Afghanistan. We have implemented appropriate corrective measures to prevent similar incidents in the future.

Safety Performance

During 2009 – 2010, our lost-time injury rate declined 44 per cent and our recordable injury rate declined 11 per cent from 2008. Several of our facilities did not incur a single lost-time injury during this period. ATCO compares favourably with the general lost-time injury rate for the province of Alberta, and is on par with the Alberta recordable injury rate. We have used these general benchmarks because ATCO companies work in a variety of industries, including factory, field and office settings – a single industry benchmark would not be appropriate. (Alberta rates for 2010 were not available at the time of printing).

The decline in injury rates since 2008 is a testament to our employees' focus on early recognition and documentation of unsafe behaviours. This trend is partly attributed to ATCO Structures & Logistics' increased focus on safety training and standards. Because the greatest number of lost-time injuries occur within ATCO Structures & Logistics, improvements here have a significant impact on consolidated safety performance figures.

ATCO Structures & Logistics has equipped all leaders, staff and contractors with the proper safety training, information and tools. Comprehensive safety manuals and online training systems include a mandatory contractor management program and a commitment to investigating incidents to identify and learn from root causes.

Promoting Public Safety

In addition to making safety an internal priority, we have several safety promotion activities for specific groups, including industrial and agricultural industry workers, school children, and homeowners. These programs are meant to keep our customers safe and often affect our employees. For example, ATCO Gas launched a province-wide campaign in the fall of 2009 with the goal of increasing homeowners' awareness of steps they can take to increase the safety of workers who are reading gas meters.

Lost-time and Recordable Injury Rates

(cases per 200,000 hours worked, employees only)



*Alberta 2010 rates unavailable at time of printing.

ATCO Electric

ATCO Gas

For Workers	<ul style="list-style-type: none"> • Seven Steps to Electrical Safety program with information and demonstrations about high voltage lines. • Contractor Safety Program provides extensive resources to contractors to support the safety standards and practices ATCO Electric expects from its contractors. • Partnered in the Where's the Line safety awareness program for workers. 	<ul style="list-style-type: none"> • Participates and promotes Alberta One-Call, which provides contractors with information on underground facilities. • www.atcogas.com provides extensive safety resources.
	<ul style="list-style-type: none"> • ATCO Gas and ATCO Electric invest in training and resources for emergency responders to ensure they are able to safely respond to emergencies that involve natural gas and electricity. 	
For Home Owners	<ul style="list-style-type: none"> • www.atcoelectric.com provides extensive information about how to be power safe in the home. 	<ul style="list-style-type: none"> • Call Before You Dig reminder campaign. • Home safety program includes advice about natural gas lines and valves, home heating, operating natural gas appliances, carbon monoxide, inspections. • www.atcogas.com provides extensive safety resources.
For Students	<ul style="list-style-type: none"> • Louie the Lightning Bug safety video and presentation for young Alberta students. • Teaching Power program provides resources for Alberta teachers to teach students about power safety. 	<ul style="list-style-type: none"> • ATCO Gas supports a fire safety education program in conjunction with the Calgary Fire Department's Fire Cadet Program, which is targeted at school age children. • ATCO Gas Lost Kids program at the Calgary Stampede helps ensure lost kids and their parents can be reunited quickly and safely.
	<ul style="list-style-type: none"> • ATCO Energy Theatre SuperPower show delivers important safety message to Alberta school children. 	

Natural Gas Transmission

Pipelines are the safest method of transporting large volumes of natural gas throughout North America everyday. To keep our system safe, we rely on our customers and contractors to act as our partners in safety.

ATCO Gas and ATCO Pipelines' extensive network of pipes, meters and compressor stations transports non-toxic natural gas. The natural gas transported is colourless, odourless, and if released, will travel high into the atmosphere because it's lighter than air. Natural gas is flammable and can be explosive if allowed to collect in an enclosed space.

There are many benefits to using natural gas, but there are actions we all must take to ensure our safety. Pipeline operators take every precaution to ensure safe, reliable and efficient operations, but it is important that everyone is aware of pipeline locations and pipeline safety.

As part of ATCO's commitment to ensuring safe excavations near our pipelines, pipeline locates are provided free of charge to the excavating community.

ATCO Energy Sense performs energy assessments for commercial facilities as well as residential homes.



Those working near or crossing an ATCO Pipelines facility, should contact ATCO Pipelines to obtain a free copy of the Alberta Pipeline Crossing Agreement. ATCO Pipelines will be on-site during the ground disturbance activity to help ensure the work takes place safely.

ATCO Gas offers homeowners information and services to ensure their safety around natural gas, including free inspections and our Call Before You Dig reminders.

Maintaining Pipeline Integrity

ATCO Pipelines has a comprehensive preventive maintenance and integrity program in place. Methods used to test our facilities incorporate a cross-section of practices, and are applied to portions of our pipelines on a rotating basis. They include: leak surveys, corrosion assessments, in-line inspections, aerial inspections and capital improvements. Each year we conduct a cathodic protection survey of 100 per cent of our lines in accordance with applicable regulations. In the past two years we checked 25 watercourse crossings to ensure our lines had adequate cover.

Urban Pipeline Renewal Project

Improving the safety and reliability of the high-pressure natural gas transmission systems in Alberta's two major urban centres of Calgary and Edmonton is a major initiative for ATCO Pipelines.

After extensive internal review in 2010, ATCO Pipelines is planning to create the equivalent of ring roads of high-pressure transmission pipelines away from the highly developed and populated areas where the pipelines are currently located. The existing pipelines were built more than four decades ago when the two cities were much smaller. Over time, these pipelines have become surrounded by urban growth.

The pipeline plan incorporates major elements of sustainability:

- ▶ The pipelines are being located in utility corridors surrounding the cities;
- ▶ The new, larger pipes will have capacity for future growth; and
- ▶ Portions of the existing pipelines will be decommissioned. Other portions will be transferred to ATCO Gas to be used as infrastructure within its low-pressure distribution network.



ATCO supplied modular units to assist in the rescue of 33 trapped Chilean miners.

Emergency Response and Disaster Relief

ATCO has a unique combination of businesses that are relied upon for first response in emergency situations. In Alberta, ATCO Gas and ATCO Electric provide quick response to natural gas leaks, hit gas lines and power outages. For example, in 2009 and 2010, ATCO Gas responded to more than 1,200 hit gas lines in Alberta. The number of damages per locate has decreased 34 per cent since 2008 and both ATCO Gas and ATCO Electric have several targeted communications campaigns (see table, page 20) to raise customer awareness and continue this positive trend.

Around the world, ATCO Structures & Logistics has unique experience with disaster relief, including providing the temporary structures for various government departments in Haiti after the 2010 earthquake. The new offices for 280 civil servants

have been designed to sustain 209 km/h winds, which provides for Category 3 hurricane resistance.

Later in 2010, 33 Chilean miners were trapped underground in a mine explosion and Tecno Fast ATCO provided 33 modular units at the rescue site. The units included three integrated complexes: a triage area for initial medical evaluation, a lavatory and shower area, and a family reception area.

ATCO Structures & Logistics also provides critical first-responder services, including fire and crash rescue services and emergency ambulance response capability, for NATO at Kandahar Airfield in Afghanistan. We also manage water, waste water and solid waste for the 30,000 troops serving in the International Security Assistance Force in Kandahar.

EMPLOYEES



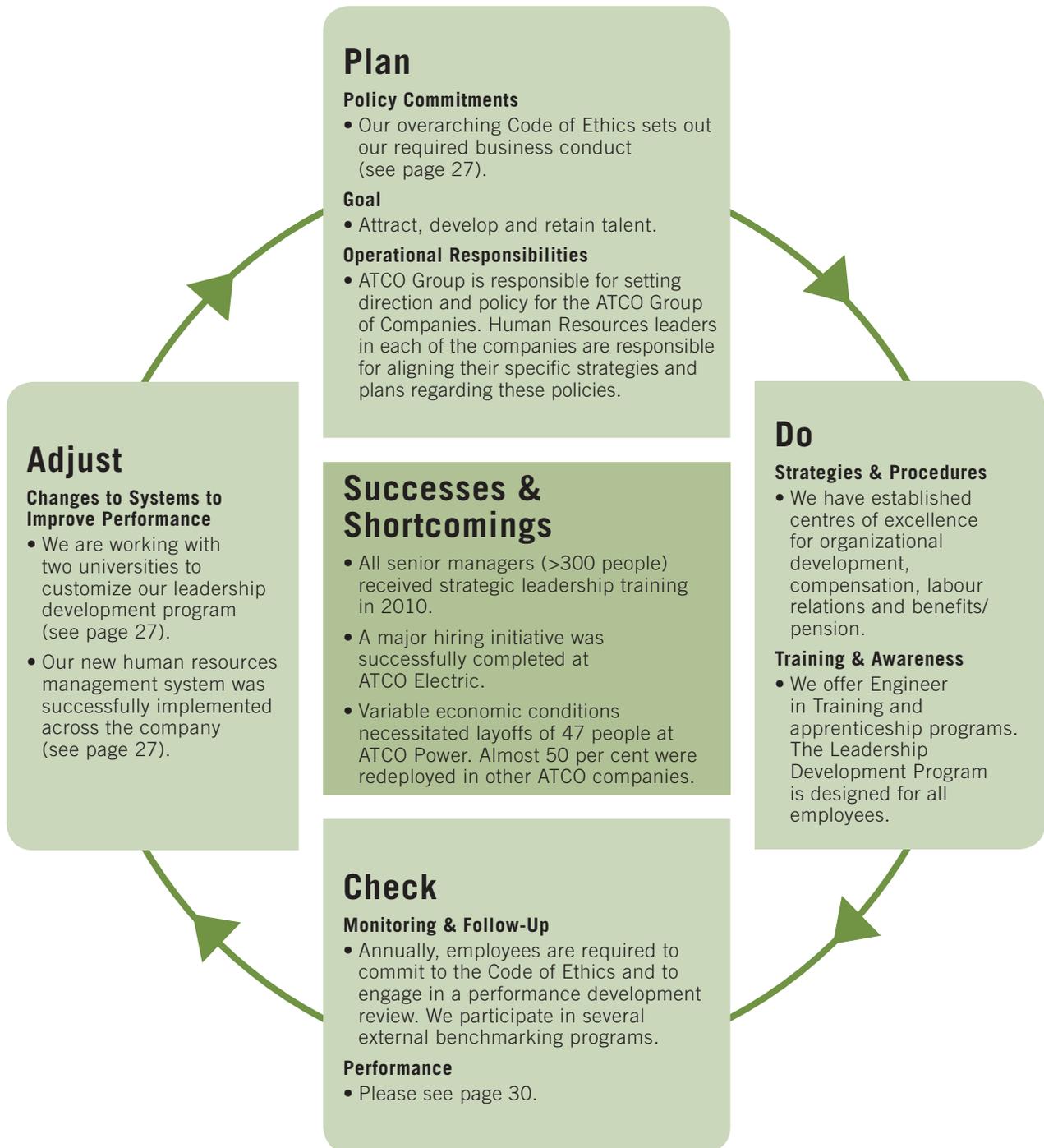
Our Commitment

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

- established performance expectations and reviews with regular feedback on achievements;
- a respectful work environment, free from harassment, bullying and violence;
- attractive compensation and benefits packages, including an industry leading Employee Share Purchase Plan;
- ethical business practices;
- professional, leadership and occupational skills development opportunities; and
- health and safety.

Our Approach to Employee Practices

ATCO's eight companies each have their own distinct culture and way of doing business. Many of ATCO's Human Resources processes and practices have been standardized over the years, while retaining the unique culture of each operating company. The diagram below features relevant examples of this approach.



◀ An ATCO Electric serviceman replaces a transformer near Vegreville.



An ATCO employee cleans frost off a line to ensure the power stays on.

“ Going far beyond the call of duty. Doing more than others expect. This is what excellence is all about. It comes from striving, maintaining the highest standards, looking after the smallest detail and going the extra mile.

Excellence means caring. It means making a special effort to do more. ”

- R.D. Southern, Chairman, ATCO Group

Excellence – the Heart and Mind of ATCO

Heart and Mind is our ethos – it is the spirit of who and what we are, what we stand for, what we believe in. Excellence is putting into action our Heart and Mind. Our pursuit of excellence governs the way we act and make everyday decisions at all levels, and is shaped by the values outlined as follows:

- ▶ Integrity – we are honest and ethical, and treat others with fairness, dignity and respect.
- ▶ Transparency – we are clear about our intentions and communicate openly.
- ▶ Entrepreneurship – we are creative, innovative, and take a measured approach to opportunities, balanced with a long-term perspective.
- ▶ Accountability – we make good decisions, take personal ownership of tasks, are responsible for our actions, and deliver on our commitments.
- ▶ Collaboration – we work together, share ideas, and recognize the contribution of others.
- ▶ Perseverance – we persevere in the face of adversity with courage, a positive attitude, and a fierce determination to succeed.
- ▶ Caring – we care about our customers, our employees and their families, our communities, and the environment.

Full Cycle Approach to Human Resources

Getting Started



- ▶ Attraction
- ▶ Selection
- ▶ Recruitment and Onboarding

Throughout Career



- ▶ Continual Improvement and Learning
- ▶ Leadership Development
- ▶ Health & Wellness
- ▶ Employee & Family Assistance
- ▶ Service Awards
- ▶ Mentoring

Moving On



- ▶ Graduated Transition to Retirement
- ▶ Planning for Retirement

Attraction

- ▶ Attracting the best and brightest to ATCO is an ongoing priority. The company sponsors numerous industry initiatives to promote ATCO's diverse and exceptional opportunities.

Selection

- ▶ A rigorous employee selection process has been put in place to ensure ATCO hires individuals who exemplify "Excellence", the Heart and Mind of ATCO.

Recruitment and Onboarding

- ▶ Information and support starts at the recruitment stage and continues through those important first days and weeks on the job.

Continual Improvement and Learning

- ▶ Employees are provided training and career development throughout their career.

Leadership Development

- ▶ ATCO has leadership development programs designed for all employees.

Health & Wellness

- ▶ ATCO Flex is a customizable, comprehensive benefits package.

Employee & Family Assistance

- ▶ Our Employee and Family Assistance Program provides confidential counselling to employees and their dependents for a broad range of issues related to emotional and mental health.

Service Awards

- ▶ Our employees' loyal and dedicated service is recognized in a program that includes gifts and special service recognition events.

Mentoring

- ▶ Through informal mentoring partnerships, knowledge transfer to younger employees is more prominent than ever before.

Graduated Transition to Retirement

- ▶ Some ATCO companies have instituted a graduated transition to retirement, where employees slowly reduce their work commitments over time.

Planning for Retirement

- ▶ Information and tools are provided to all employees to assist them in taking an active role in planning for their retirement.



ATCO employees participating in discussion at a Foundations of Leadership session in Edmonton.

The ATCO Advantage

ATCO offers over 7,700 employees challenging, interesting jobs that develop experience and skills in a variety of settings. Our business model also offers people increased job stability in tough economic times through the ability to transition from one company to another. For example, ATCO supported its succession efforts in 2010 by providing 118 promotions or developmental moves for employees.

Leadership Development Programs

Offered through Mount Royal University in Calgary, and the Ivey School of Business at the University of Western Ontario in London, Ontario, the goal of our customized programs is to develop performance-driven leaders that set ATCO apart from its competitors.

In order to accomplish this, we offer our employees a broad spectrum of experiences that will develop their leadership capabilities. The programs also provide a forum for communicating and understanding ATCO's leadership competencies and the ATCO Heart and Mind. Our leadership programs are designed so that leaders from the different ATCO companies can build connections and learn together.

We want to earn a reputation for being an organization that values its people and invests in them in the long term. In 2010, 427 full time employees participated in the Leadership Development Programs.

HRXcellence

ATCO replaced its eight legacy payroll and human resource systems in January 2010 with an enterprise-wide human resources management system. This system has provided enhanced functionality and laid the foundation for the next stage of the project, the implementation of an integrated talent management solution.

The next stage will equip ATCO with a broad range of functional and decision-making capabilities for strategically handling business issues within a consistent, end-to-end framework. This work commenced in early 2011.

Code of Ethics

ATCO's solid reputation is a competitive advantage for our company, and we uphold our reputation in our everyday business activities. Our employees are expected to demonstrate integrity in all facets of their work and we require annual review and

acknowledgement of our Code of Ethics from all employees, officers and directors.

The Code covers conflict of interest, harassment, insider trading, fair dealings, gifts, legal compliance, and confidentiality. Employees can use a confidential, anonymous hotline, called the Integrity Line, to report concerns related to accounting, auditing, fraud and/or theft. The investigation of these complaints is the responsibility of the Chairman of the Audit Committee of the Board of Directors, assisted by the Vice President Internal Audit and Risk Management as well as the Director of Corporate Security. Concerns regarding other breaches of the Code are addressed through the employee's supervisor or Human Resources department.

Employee Share Purchase Plan

ATCO's Employee Share Purchase Plan enables our full time employees to own ATCO and/or Canadian Utilities non-voting shares through regular payroll

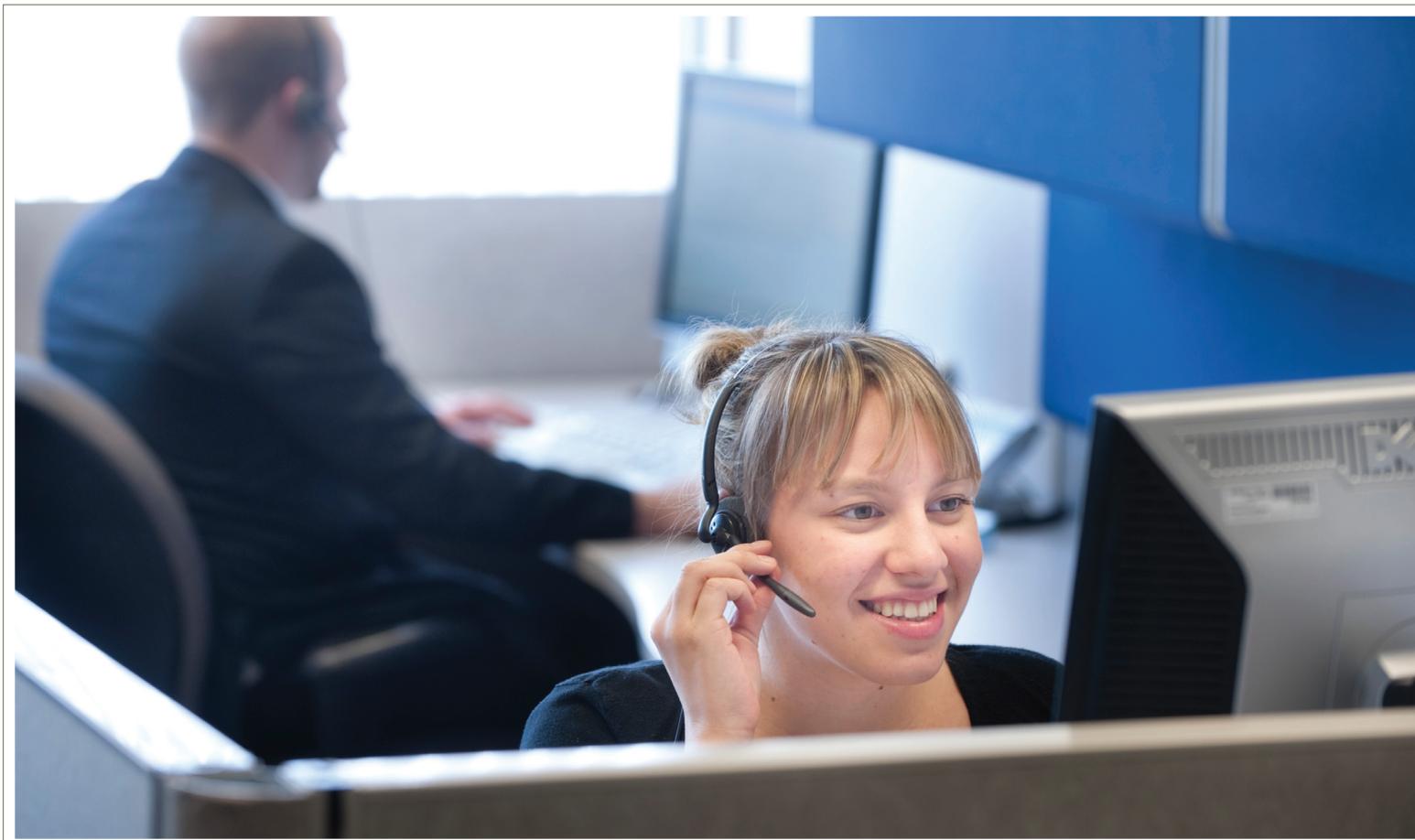
contributions. Employees can choose what percentage of gross earnings to contribute (up to 10 per cent) and ATCO will match the contribution by 15 per cent. As of December 31, 2010, more than 40 per cent of ATCO employees were active contributors, which is significantly higher than the industry average.

About our Employees

The dedication and innovation of ATCO employees is critical to our success. Our employee base has grown by 19 per cent during the past five years. Most of our employees are located in Canada. Approximately nine per cent of our employees are located outside of Canada in countries such as Afghanistan, Australia, Chile, the United States, and the United Kingdom.

Almost 91 per cent of ATCO's employees have permanent full-time positions. Since 2006, a higher percentage of positions have become permanent – providing more stability for employees.

ATCO I-Tek manages approximately 2.5 million customer relationships and answers more than 1.7 million customer calls on behalf of our clients each year.





ATCO Energy Solutions employees working at a new substation, commissioned in 2009.

Approximately 56 per cent of our employees are members of employee associations and unions and are covered by 25 collective agreements. These agreements often specify certain obligations on the part of ATCO. We will typically provide 30 days notice prior to implementation of significant operational changes that could substantially affect employees (e.g. restructuring). The agreements also often state a commitment to worker health and safety, and include provisions for joint employee/management health and safety committees, company-paid first aid training and protective equipment, and the right to refuse unsafe work.

The voluntary employee turnover rate (excluding retirements and involuntary terminations) for 2010 was approximately seven per cent. The significant decrease in turnover since 2006 is likely the result

of our employee development programs and an uncertain economy in which employees value stability. ATCO has a large number of long-term employees who provide valued knowledge and continuity. More than one-quarter of our workforce has more than 20 years of service.

We assist in our employees' career development in a number of ways. We support their learning pursuits through general training and by offering financial assistance. In 2010, ATCO provided our employees more than \$650,000 in scholarships and bursaries. All of our non-unionized employees received a performance review in 2010.

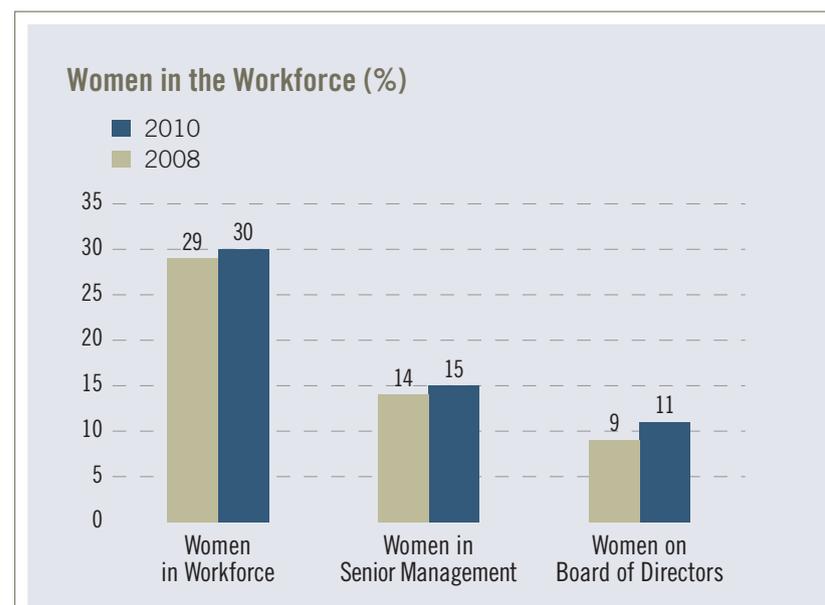
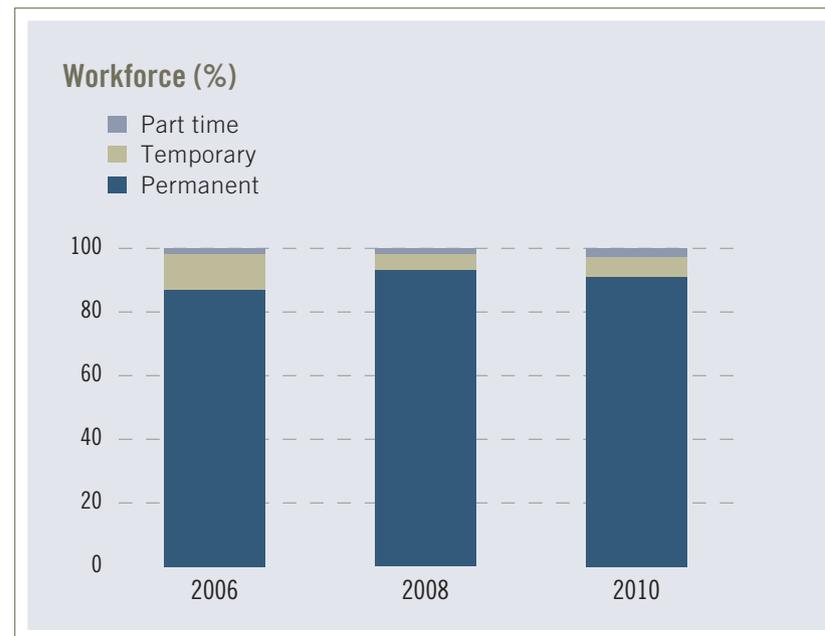
We value the diversity of experience, backgrounds, and perspectives our employees bring to work every day. ATCO is committed to employment practices

that do not discriminate on the basis of race, gender, culture of origin, age, religion, marital and family status, physical disabilities or sexual orientation.

We do not ask our employees to self-identify into specific diversity categories, nor do we set diversity quotas. However, we do track the percentage of women in management and in our entire workforce. We have seen slight increases in the past two years in all measured categories. There has been an increase in women in senior management due to the promotion of women. The increase in proportion of women on the Board of Directors is due to the number of female directors staying the same, while the number of male directors decreased. According to the independent Catalyst Census, roughly 14 per cent of the officers in public companies in Canada in 2010 were women. At 15 per cent women in senior management, ATCO compares favourably with the national average.

“ More than one-quarter of our workforce has more than 20 years of service. ”

ATCO Pipelines employs more than 320 people with headquarters in Calgary, Alberta, offices in Edmonton and facilities throughout the province.



ENVIRONMENT

A photograph of a dirt road lined with trees, with several large grey pipes laid out on the ground in the foreground. The pipes are arranged in a line, extending into the distance. The trees are lush and green, suggesting a forest or wooded area. The sky is bright and clear.

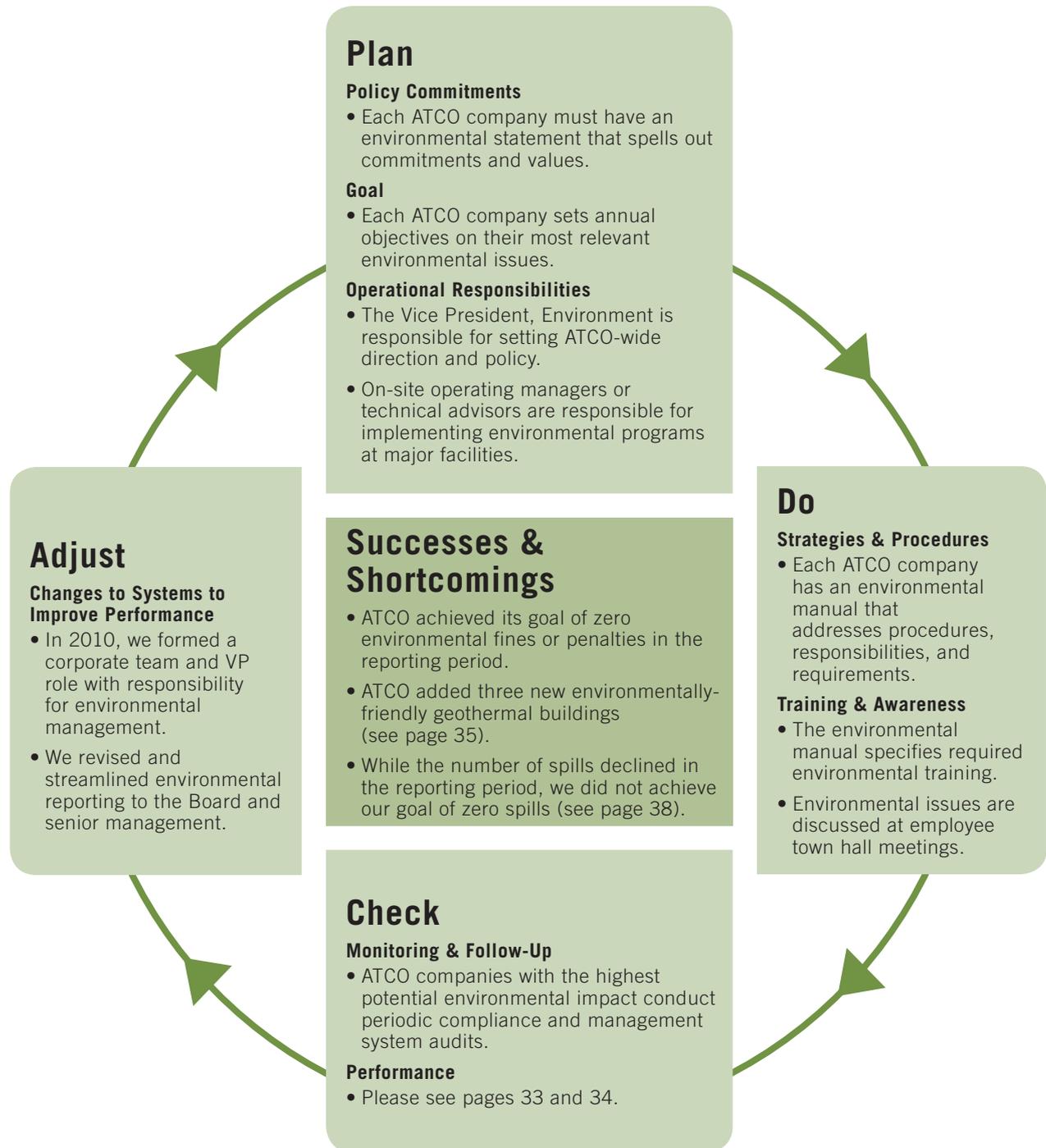
Our Commitment

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

- striving to minimize our environmental impacts throughout our global operations;
- incorporating efficiency and environmental considerations in the planning and implementation of all our projects;
- developing a leadership position in the area of alternative energy technologies, including: cogeneration, hydro, geothermal and solar energy; and
- monitoring and assessing our performance, and providing related information.

Our Approach to Environmental Management

The mitigation of our environmental impact is approached with the same discipline, planning and accountability that have been the foundation of our corporation's long-term success. The diagram below features relevant examples of this approach.



ATCO Pipelines uses wooden rig mats in rights-of-way during periods of high activity to prevent rutting and damage to vegetation in wet conditions.

Air

Total Gross Direct Greenhouse Gas Emissions
(thousand tonnes CO₂e)

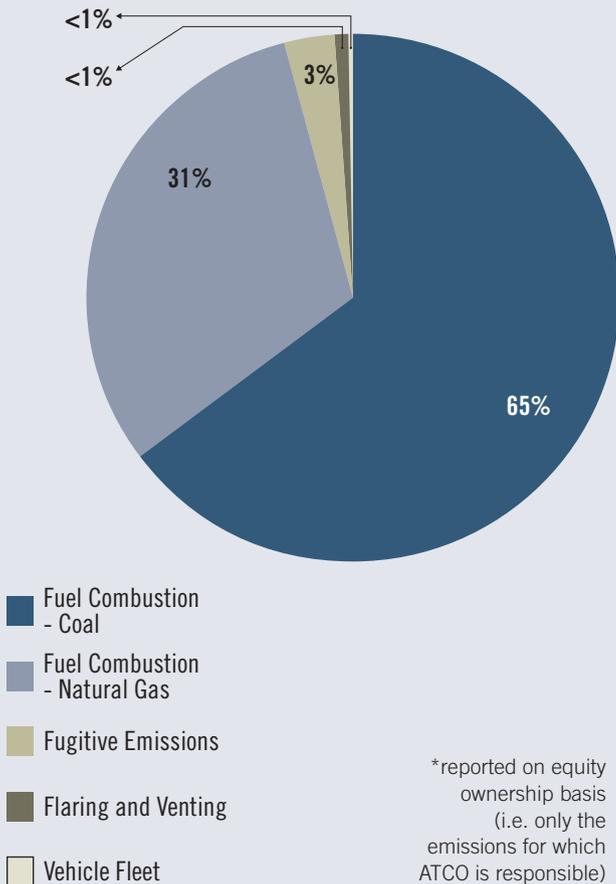


Climate change is a global issue and we recognize that ATCO has a role to play in the development of cost effective, environmentally responsible solutions. Future solutions require innovative thinking along with a long-term perspective, as the economic life of power plants, for example, can be more than 40 years.

Our emissions management strategy balances environmental benefits and the need for cost-effective customer solutions and includes the following actions:

- ▶ Investing in the development of new reduced-emission power plants
- ▶ Encouraging efficiency at the consumer level by providing energy management services in Alberta through ATCO EnergySense (see page 36)
- ▶ Finding new ways to increase the efficiency of our operations, which leads to economic and environmental benefits

GHG Emission Sources*



Low-emitting Generation: A Global Responsibility

ATCO Power's most recent development project exemplifies our commitment to environmental efficiency. Located 1,600 kilometres north of Perth, in Western Australia, the 86 megawatt natural gas-fired facility uses 35 per cent less natural gas to produce each megawatt hour of electricity compared to existing generation in the area, resulting in a 35 per cent reduction in greenhouse gas emissions (GHGs). The facility was completed without a single lost-time safety incident.

ATCO started investing in alternative energy solutions more than 16 years ago, with the construction of our gas-fired, cogeneration plant at Taylor, British Columbia. As Alberta's largest operator of cogeneration plants, ATCO has led in the construction of environmentally responsible power plants, delivering much-needed new electricity for economic growth, while avoiding significant greenhouse gas emissions.

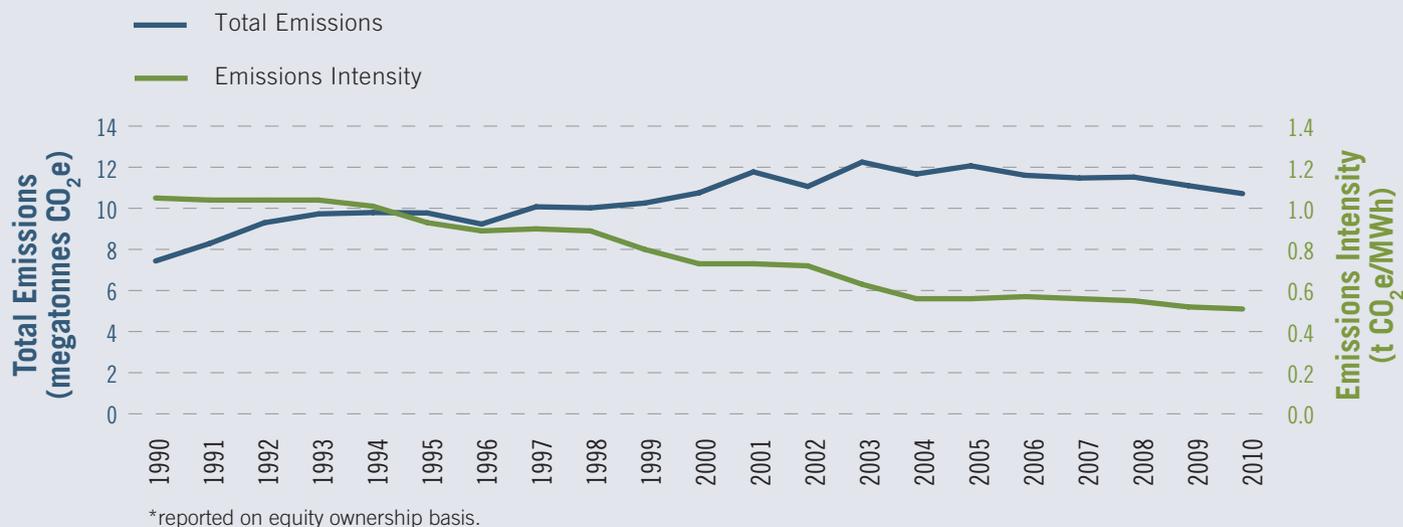
ATCO develops and purchases government-certified offsets to be retired as part of our compliance with the Specified Gas Emitters Regulations in Alberta. Cogeneration and run-of-river hydro generation have both been identified as qualifying projects by Alberta Environment.

ATCO Power Greenhouse Gas Emissions since 1990

A significant portion of our GHG emissions are a result of burning fossil fuels in our ATCO Power generation facilities. Since 1990 ATCO Power has voluntarily reduced its emissions intensity – a measure of efficiency – by more than 50 per cent by installing 16 environmentally progressive, natural gas-fired generation facilities.

Our facilities include two coal plants which have provided consistent, reliable low-cost power to Albertans for more than 20 years. We have taken significant steps toward reducing the emissions intensity at these coal plants, including several multi-million dollar upgrades to the steam turbines. Additional efficiency improvements at these facilities are difficult to achieve.

ATCO Power Greenhouse Gas Emissions and Emission Intensity



As with greenhouse gases, the majority of our air pollutant emissions are due to ATCO Power’s coal-fired facilities. The exceptions are carbon monoxide and volatile organic compounds, which

are emitted by ATCO Gas, ATCO Midstream and ATCO Pipelines. The air emissions amounts are determined through direct measurement, engineering estimates and calculations.

Air Pollutant (units)	2008	2009	2010	3 Year Trend	Note
Sulphur dioxide (tonnes)	43,556	39,419	41,225	↓ 5%	Due to changes in the sulphur content of the coal burned
Nitrogen oxides (tonnes)	18,752	18,126	16,301	↓ 13%	Electricity generation from coal decreased over the reporting period
Carbon monoxide (tonnes)	969	859	718	↓ 26%	ATCO Gas used less fuel, resulting in fewer emissions
Particulate matter – PM2.5 (tonnes)	501	526	519	↑ 4%	Overall electricity generation has increased in the reporting period
Volatile organic compounds (tonnes)	77	74	68	↓ 12%	ATCO Gas used less fuel, resulting in fewer emissions
Mercury (kilograms)	112	127	142	↑ 27%	Due to changes in the mercury content of the coal burned
Ozone depleting substances (kilograms)	4	6	4	← →	Emissions are due to accidental releases

Energy Efficiency

Energy efficiency realizes both environmental and economic benefits, and it is a natural part of the culture of operational excellence at ATCO. Many of our energy efficiency improvements are aimed at optimizing our operations, but some are also aimed at improving our products and services.

During 2009 – 2010:

- ▶ ATCO Midstream improved its measurement of energy use by installing metering on all major gas-fired equipment. This will help us identify where, when and how reductions can be achieved.
- ▶ ATCO Pipelines installed electronic controllers that optimize the ratio of air to fuel in engines at two compressor stations.
- ▶ ATCO Structures & Logistics introduced design changes in insulation, windows, door seals and appliances that increase energy efficiency in our standard space rentals fleet.

Sustainable Buildings

To better meet the growing needs of 20,000 new customers in 2010, ATCO Gas opened two new operations centres and completed construction of a third. The North Edmonton Operations Centre (NEOC) is the largest commercial building in Canada to make use of geothermal heating, ventilating, and cooling technology.

NEOC uses 40 per cent less energy than similar-sized buildings. The result: an estimated reduction in carbon dioxide emissions by 60 tonnes annually. This achievement resulted in ATCO Gas becoming a finalist for an Alberta Emerald Foundation Award in 2010.

Construction on ATCO Gas's third geothermal facility, the Airdrie Operations Centre, was also completed in 2010. An official opening is scheduled in 2011.

The company's first geothermal facility was opened in Viking in 2009. The facility was designed to reduce carbon dioxide emissions by approximately 15 tonnes annually and raised the bar for sustainable building standards in our industry.

ATCO Gas' North Edmonton Operations Centre uses geothermal heating and cooling techniques.





The ATCO EnergySense Education Mobile.

Also in 2010, the ATCO Gas Drake Landing solar project in Okotoks, south of Calgary, became the first solar community in the world to receive 80 per cent of its yearly space heating through solar energy. With this important milestone, the project is well on its way to achieving greater than 90 per cent of its heating needs through solar energy by its fifth year.

In its third year in operation, Drake Landing is North America's first large-scale seasonal storage system (i.e. energy is stored underground in summer and used in winter). It is the largest subdivision of energy-efficient and environmentally responsible new single family homes in Canada. ATCO Gas has partnered with other organizations such as Alberta Environment, Sterling Homes and Climate Change Central to fund this one-of-a-kind community.

ATCO EnergySense

Established in 2001 by ATCO Gas and ATCO Electric, ATCO EnergySense provides Albertans with energy efficiency advice and improvement services for their homes and businesses.

ATCO EnergySense launched a new initiative in 2010 that is focused on engaging young students across the province. The Energy Education Mobile is a travelling

classroom that provides students with an opportunity to learn about the province's energy sources and energy efficiency in a fun, hands-on setting.

Located in a specially designed, tallow-based biodiesel-fuelled bus, the project was developed by ATCO EnergySense after extensive consultation with and input from Alberta teachers.

It was built as an interactive experience to enhance learning. Using computers, and participating in games, students learn to identify where the province's energy comes from and how to minimize waste and conserve energy. Topics, designed to be educational, enjoyable and useful in everyday life, tie in with the Grade 4 Science and Social Studies curriculum.

ATCO EnergySense coordinators travel with the classroom, answering students' questions and helping them to interact with the various learning stations. In addition, teachers and students can download support materials at www.atcoenergysense.com.

The Energy Education Mobile has visited more than 90 schools and appeared at several community events. In total, more than 18,000 Albertans have experienced the ATCO Energy Mobile.

Water Consumption (millions m³)



Water

ATCO understands that water is a precious resource. Although we withdraw significant amounts of water for cooling at our coal-fired power facilities, we return almost 99 per cent of it to its original sources.

Before releasing used water to the environment, extensive testing is done to ensure it meets all regulatory requirements for temperature and pollutant levels. At our Sheerness power generating plant, water from the cooling pond is also used for irrigation by the farming community and recreation by local residents.

The amount of water we consume has declined slightly since 2008 to 14.5 million cubic metres. Our water use figures cover process use only and data from our non-industrial companies is not included.

ATCO Water

ATCO Water, a division of ATCO Energy Solutions, focuses on water and wastewater solutions for industry and municipalities. ATCO Water is moving forward on a project to provide water transportation services for an industrial customer in the Alberta Heartland. The project makes use of existing ATCO water facilities thereby minimizing the footprint on the North Saskatchewan River consistent with the Water Management Framework put forth by Alberta Environment.

“ ATCO understands that water is a precious resource. We return almost 99 per cent of it to its original sources. ”

Crowsnest Lake Pipeline Crossing

ATCO's commitment to preserving our water resources is demonstrated in our replacement of an aging pipeline located in the waters of Crowsnest Lake in southern Alberta.

In 1962, ATCO Pipelines installed a 60-millimetre high-pressure steel natural gas pipeline to serve the Summit Lime Plant and community of Hazell. Approximately 2.5 kilometres of pipe was installed within Crowsnest Lake due to limited space between the mountain ridges. The pipeline was laid on the lakebed and anchored to the rock ledge on the north side of the lake. After 50 years without issue, inspections revealed rock debris from the adjacent ridge threatened pipeline integrity.

The project included the construction of a new natural gas pipeline and the safe abandonment of an existing pipeline within the lake. The abandoned pipeline was removed from the bed of the lake wherever possible, but the build-up of rock debris prevented certain sections of pipeline from being safely removed by workers. The sections of pipeline left in place were sealed via welded caps and separated from the new in-service pipeline.

An inclusive approval process was undertaken that engaged environmental regulators, local parties and First Nations.

We undertook several measures to minimize environmental impacts:

- ▶ shoreline disturbance was reduced by utilizing existing entry points;
- ▶ sensitive vegetation, such as a stand of large Douglas firs and narrow leaf cottonwood, was identified and working space was adjusted to prevent damage to the trees; and
- ▶ a silt curtain was used during boat launch alterations and under the temporary bridging of Crowsnest Creek to prevent unwanted sedimentation.

Land

Our environmental responsibility includes the stewardship of land resources and protecting the biodiversity of species that share these resources. ATCO Electric's Avian Protection Plan is one example of these efforts.

Spills

We strive to minimize the number and size of spills to the environment through operational excellence and asset integrity. Our goal is zero spills. We were able to reduce the number of spills in 2010. Although it appears we have reduced the volume of spills, we were unable to determine volumes from a spill in 2009 and two in 2010.

Avian Protection Program

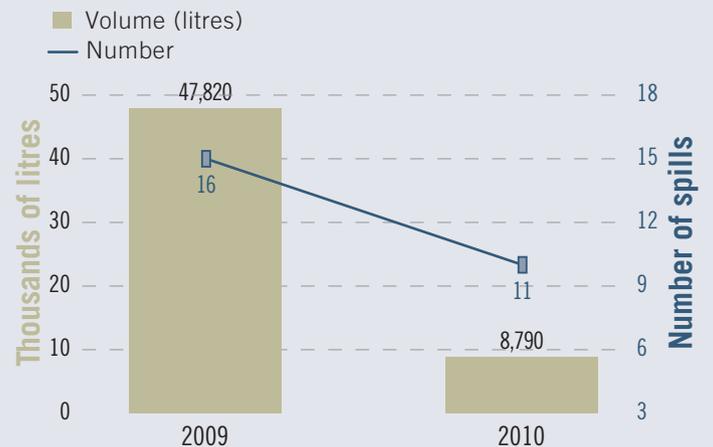
ATCO Electric's Avian Protection Plan is a voluntary management plan that outlines a set of operating principles and actions in an effort to address bird-related power line issues. There are numerous components, including new construction design standards, nest management, risk assessment, and training for ATCO employees.

Some highlights of the program include:

In 2010, a crew relocated a large osprey nest that was perched on a power line north of Fox Creek. A platform was installed on a 14-metre pole that was erected about 90 metres from the power line. Alberta Sustainable Resource Development helped move the nest onto the platform.

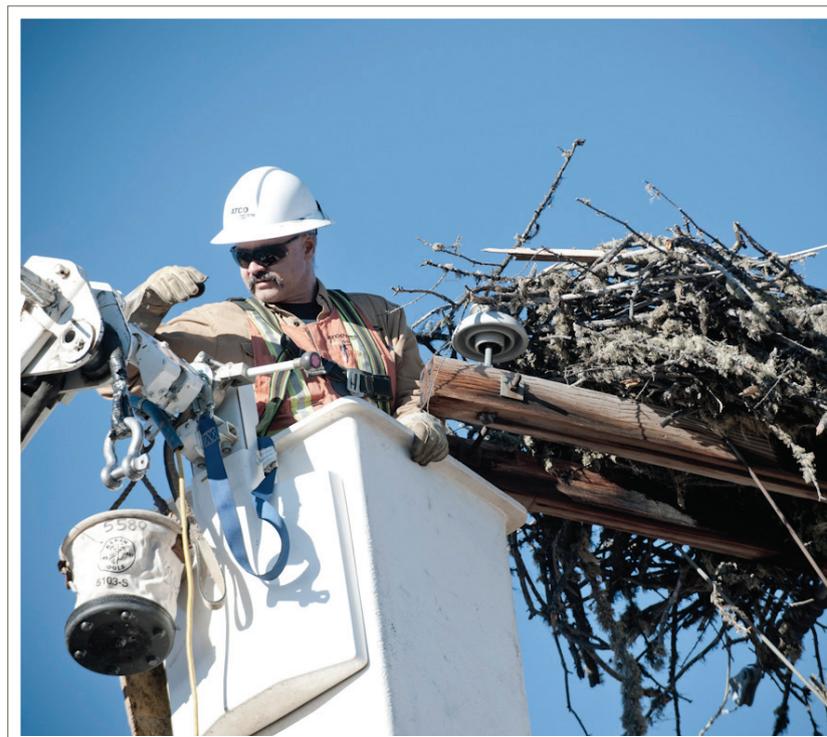
We have also been working with Alberta Fish & Game Association's Operation Grassland Community to assist in artificial nest platform construction for ferruginous hawks. In 2009, ATCO Electric partnered with the government to install a hawk nesting platform on a shortened utility pole. The joint effort continued in 2010 with the addition of two more nesting structures. These platforms provide alternate nesting sites for the ferruginous hawk, which is listed as endangered in Alberta. In areas where trees have decreased in number, an increase in artificial nest platforms has helped to increase bird numbers.

Reportable Spills



A major effort has been directed to marking lines in sensitive areas used by trumpeter swans in the Grande Prairie area. With the assistance of a wildlife biologist from Alberta Sustainable Resource Development, ATCO Electric considered swan activity into a number of design elements and construction activities involved in a new transmission line northwest of Grande Prairie.

ATCO Electric's Avian Protection Plan involves nest relocations.



PERFORMANCE



Our Commitment

ATCO is committed to measuring and reporting our sustainable development performance in a transparent manner. Transparency holds us accountable to our shareowners, employees and customers, but it also triggers internal action. This report is a management tool that helps us identify areas where we can make further investments of resources to improve our performance.

“ We used the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines to help determine report content. Under the GRI Guidelines we achieved a B level of reporting. ”

Indicator ¹	Units	2008	2009	2010
Environment				
Air Emissions²				
GHGs	kilotonnes CO ₂ e	11,866	11,752	11,305
Sulphur dioxide	tonnes	43,556	39,419	41,225
Nitrogen oxides	tonnes	18,752	18,126	16,301
Particulate matter (PM2.5)	tonnes	501	526	519
Carbon monoxide	tonnes	969	859	718
Volatile organic compounds	tonnes	77	74	68
Mercury	kilograms	112	127	142
Ozone depleting substances (CFC11-equivalent)	kilograms	4	6	4
Water Use³	million m ³	15.9	16.1	14.5
Spills⁴				
Number	#	--	16	11
Volume	litres	--	47,820	8,790
Environmental Fines and Penalties	\$	0	0	0
Social				
Employees⁵	#	7,781	7,524	7,726
Voluntary Turnover Rate^{5,6,7}	%	12.8	--	7.0
Employees In Employee Unions or Associations⁶	%	54	--	56
Health & Safety⁸				
Lost time injury rate	Cases/200,000 hours worked	0.77	0.53	0.43
Recordable injury rate	Cases/200,000 hours worked	3.50	2.55	3.07
Fatalities	#	0	0	1
Non-compliance incidents regarding safety of products and services	#	--	0	0
Diversity⁵				
Women in workforce ⁶	%	29	--	30
Women in senior management ⁶	%	14	--	15
Women on Board of Directors	%	9	11	11
Human Rights and Ethics Incidents				
Discrimination incidents	#	--	0	0
Indigenous rights incidents	#	--	0	0
Corruption incidents	#	--	0	0
Customer Privacy Breaches⁹	#	40	82	83

◀ The ATCO Pipelines Control Centre in Edmonton.

Indicator	Units	2008	2009	2010
Economic				
Economic Value Generated¹⁰	\$ million	3,315	3,140	3,471
Economic Value Distributed		2,313	2,194	2,480
Suppliers	\$ million	1,127	1,064	1,300
Employees ¹¹	\$ million	466	405	462
Lenders	\$ million	246	255	245
Shareholders	\$ million	95	107	110
Governments ¹²	\$ million	374	358	357
Communities ¹³	\$ million	5	5	6
Economic Value Retained	\$ million	1,002	946	991
Financial Assistance Received from Government¹⁴	\$ million	--	3.28	3.42
Coverage of Defined Benefit Pension Plan Obligations	%	--	99	89

Notes:

1. Because sustainability reporting is relatively young and indicator definitions and measurements are still evolving, revisions to figures are periodically made to provide the most accurate and consistently reported data available at the time.
2. Different industries have varying emissions reporting requirements. This report reflects those approaches for our joint ventures. We report on an operator basis, claiming 100 per cent of the emissions for the facilities we operate.
3. Water use = water diverted minus water returned to source. Includes estimated data from ATCO Gas, ATCO Midstream, ATCO Pipelines, and ATCO Power. Data from our non-industrial companies is not included. Includes water for process use; does not include water used for domestic purposes.
4. A reportable spill is one that meets the requirements for formal notification to a regulator. Volume spilled is often estimated due to variables such as duration, location and when the spill was identified. The listed spill volumes are low because we were unable to determine amounts from three spills at ATCO Midstream facilities.
5. Does not include joint ventures employees.
6. We are unable to report data for some employee indicators for 2009 because we integrated multiple data management systems into one during that year.
7. Does not include a percentage of our international employees where historical data was not available.
8. In some cases, joint ventures employees are included in subsidiary safety statistics.
9. All incidents were resolved successfully, and typically involved a call centre agent providing information to a caller who was not listed as an additional responsible party. One of the complaints was received through the Alberta Privacy Commissioner.
10. Economic value generated includes revenues, gains on asset dispositions, and interest income.
11. Payments to employees include the expensed cost of wages and benefits.
12. Payments to governments include income, property, and franchise taxes.
13. Distributions to communities include donations, in-kind contributions and sponsorships.
14. Financial assistance received from governments includes tax relief/credits, investment grants, R&D grants, awards and favourable financing terms from both domestic and foreign governments.

GRI Content Index

This report has been prepared using the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. We self-declare this report as achieving Application Level B. For more information on the GRI please visit www.globalreporting.org.

Category	Indicator	Description	Page #
Strategy & Analysis	1.1	CEO statement	4
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	2.2	Primary brands, products, and/or services	2
	2.3	Operational structure	2
	2.4	Location of headquarters	1
	2.5	Countries where ATCO operates	1
	2.6	Nature of ownership and legal form	2
	2.7	Nature of markets served	1
	2.8	Scale of the company	1
	2.9	Significant changes during reporting period	Inside Front Cover
	2.10	Awards received	44
Report Parameters	3.1	Reporting period	Inside Front Cover
	3.2	Date of most recent previous report	Inside Front Cover
	3.3	Reporting cycle	Inside Front Cover
	3.4	Contact point for questions	44
	3.5	Process for defining report content	Inside Front Cover
	3.6	Boundary of report	Inside Front Cover
	3.7	Limitations on report scope or boundary	Inside Front Cover
	3.8	Basis for reporting on non-wholly owned operations	Inside Front Cover
	3.10	Explanation of information restatements	Inside Front Cover
	3.11	Significant changes in measurement	Inside Front Cover
	3.12	List of GRI indicators addressed	42-43
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	Governance, Commitments & Engagement	4.1	Governance structure, including major committees under the Board
4.2		Independence of Board chair	6
4.3		Independent, non-executive directors on Board	6
4.4		Mechanisms for shareholder participation	6
4.5		Link between compensation and ATCO's performance (including social and environmental performance)	6
4.6		Processes for the Board to avoid conflicts of interest	6
4.7		Process for determining qualifications and expertise of Board members for guiding ATCO's sustainability strategy	6
4.8		Mission and values statements, internally developed codes of conduct or principles and policies	25, 27
4.9		Organizational structure for economic, environmental and social management	10, 18, 24, 32
4.10		Processes for evaluating Board performance, particularly with respect to economic, environmental, and social performance	6
4.11		Application of the precautionary principle	33
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4.14		Stakeholder groups engaged	

Category	Indicator	Description	Page #
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	4.16	Approaches to stakeholder engagement	11-13
	4.17	Key topics and concerns raised through stakeholder engagement	11
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	EC3	Coverage of defined benefit plan obligations	41
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	LA7	Standard injury and lost day rates and fatalities	20, 40
	LA9	Health and safety topics covered in labour agreements	29
	LA12	Employees receiving regular performance reviews	29
	LA13	Diversity	40
	HR4	Incidents of discrimination and actions taken	40
	HR9	Incidents of violations of indigenous rights and actions taken	40
		Disclosure on Management Approach - Communities	10
	SO4	Incidents of corruption and actions taken	40
	SO5	Participation in public policy development	8
	SO7	Incidents of anti-competitive behaviour	7
	SO8	Regulatory non-compliance and fines	40
	PR8	Customer privacy breaches	8

Notes:

- We have not included an Economic Disclosure on Management Approach (DMA) because we believe that our Annual Report describes our economic risks and opportunities, systems, and strategies in appropriate detail.
- We have not included a Human Rights DMA because risk analyses conducted to date have not indicated the need for a comprehensive human rights policy, training and monitoring system. However, as we expand globally we continually test this assertion, and should our analysis suggest further action on a human rights management system is required we will take immediate action.
- We have not included a Society DMA in this report because we do not have just one consolidated approach that addresses the dissimilar aspects that are listed under the Society heading in the GRI Guidelines – community; corruption; public policy; anti-competitive behaviour; and compliance. Our Communities DMA addresses community issues, and the Our Approach to Sustainability section addresses the other issues.
- We have not included a Product Responsibility DMA in this report because we do not have just one consolidated approach that addresses the diversity of services we provide.

Recognition

External recognition we receive for our initiatives and operational excellence is a measure of our performance, and gives us a benchmark for further improvement in these activities. The following is a sample of the significant external recognition we received in 2009 – 2010.

Year	Recognition:	Awarded to:	Recognized by:	For:
2010	Award of Distinction 1st Place in the Permanent Modular Category	ATCO Structures & Logistics	Modular Building Institute	Tecno Fast ATCO S.A.'s Esperanza Guard House project
2010	Programa de Empresa Competitiva	ATCO Structures & Logistics	Mutual de Seguridad	2nd place for safety and occupational health in Chile
2009	President's Award of Excellence for Employee Safety	ATCO Power	Canadian Electricity Association	Low injury frequency and severity rates
2009	Certificate of Achievement: Best Performer Award	ATCO Power	Saskatchewan Workers Compensation Board	Making Saskatchewan workplaces safe

Associations and Initiatives

ATCO companies participate in a variety of industry associations and related groups to understand and share best practices. The major groups include:

- ▶ American Gas Association
- ▶ Australian Industry Group
- ▶ Builders, construction, engineers and safety associations (various)
- ▶ Canadian Acoustical Association
- ▶ Canadian Association of Defence and Security Industries
- ▶ Canadian Association of Petroleum Producers
- ▶ Canadian Council for Aboriginal Business
- ▶ Canadian Electricity Association
- ▶ Canadian Energy Pipeline Association
- ▶ Canadian Energy Partnership for Environmental Innovation
- ▶ Canadian Gas Association
- ▶ Canadian Information Processing Society
- ▶ Chambers of commerce (various)
- ▶ Clean Air Strategic Alliance
- ▶ Gas Processors and Suppliers Association
- ▶ Modular Building Institute

- ▶ Project Management Institute of Canada
- ▶ Propane Gas Association of Canada
- ▶ Small Explorers and Producers Association of Canada

We have also signed on to or subscribe to the following externally developed initiatives that specify sustainability-related principles or commitments:

- ▶ Canadian Greenhouse Gas Challenge Registry
- ▶ Carbon Disclosure Project
- ▶ Sustainable Electricity Program (Canadian Electricity Association)



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