

DISCLAIMER

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



CANADIAN UTILITIES LIMITED

An **ATCO** Company



SUSTAINABILITY REPORT 2021



TABLE OF CONTENTS

Message from the Chair and CEO	2	Climate Change & Environmental Stewardship	16
Integrated Solutions	4	Operational Reliability & Resilience	21
Current Operations and Investments	5	People	27
Our Approach to Sustainability	6	Community & Indigenous Relations	32
Strategic 2030 ESG Targets	8	Governance	37
Roadmap to Net-Zero	9	ESG Datasheet	40
Energy Transition	10		

About Our Navigation

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



We have a long and successful history of building effective partnerships with Indigenous communities across Canada. The NorthwesTel project—operated by our 50/50 joint venture with the Northern Aboriginal Services Company (NASCO)—serves 157 NorthwesTel microwave sites across 96 different communities in the Northwest Territories, Yukon, Nunavut and northern British Columbia.

FORWARD-LOOKING INFORMATION

Certain statements contained in this document 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”, “goals”, “targets”, “strategy”, “future”, and similar expressions. In particular, forward-looking information in this document includes, but is not limited to: references to general strategic plans, goals and targets, including targeted net zero emissions by 2050; the 2030 ESG targets outlined on pages 8 and 9; expectations and projections regarding planned hydrogen, solar, pumped hydro, RNG or energy efficiency projects, including the timing, productive capacity, emissions reductions and other project benefits related to such projects; projected capabilities of technology under development; and electricity to be generated from planned solar projects and related emissions reductions from such projects.

Although we believe that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity and achievements to differ materially from those anticipated in such forward-looking information. The forward-looking information reflects our beliefs and assumptions with respect to, among other things, our ability to successfully achieve our net zero GHG target by 2050; our ability to achieve our 2030 ESG goals; the development and performance of technology and technological innovations and the ability to otherwise access and implement all technology necessary to achieve GHG and other ESG targets; continuing collaboration with certain regulatory and environmental groups; the performance of assets and equipment; demand levels for oil, natural gas, gasoline, diesel and other energy sources; certain levels of future energy use; future production rates; future revenue and earnings; the ability to meet current project schedules, and other assumptions inherent in our expectations in respect of the forward-looking information identified herein.

Actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things, risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws and government policies; regulatory decisions; competitive factors in the industries in which we operate; prevailing economic conditions (including as may be affected by the COVID-19 pandemic); credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, and infrastructure; the development and execution of projects; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; the occurrence of unexpected events such as fires, severe weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; and other risk factors, many of which are beyond our control. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see “Business Risks and Risk Management” in our Management’s Discussion and Analysis for the year ended December 31, 2021. Any forward-looking information contained in this document represents our expectations as of the date hereof, and is subject to change after such date. We disclaim 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.

MESSAGE FROM THE CHAIR AND CEO

For 75 years, we have taken a holistic approach to growth—recognizing that to create intergenerational prosperity, we must also create sustainable value for all constituents. Long before the convergence of today's environmental, social and governance (ESG) priorities, the founders and early leaders of our enterprise employed pre-emptive "before-the-fact" strategies to identify and solve complex economic, environmental, and social challenges.

From the very genesis of our group of companies—humble beginnings in a small family bungalow, from which my grandfather and father grew a little trailer rental business into an entirely new global industry—the people of ATCO have taken a purpose-driven approach to commerce. Today, though we are diverse in our holdings, we are integrated in our focus on sustainability and steadfast in our underlying core values: integrity, caring, agility, safety and collaboration.

This is, and always has been, ATCO's winning formula.

At the start of 2022, we expanded upon our deeply integrated commitment to sustainability with the announcement of a comprehensive set of 2030 ESG targets and a commitment to net-zero by 2050. These targets represent the full breadth of our diverse global operations, which are positioned at the forefront of sectors vital to healthy and growing economies. They also reflect a broad spectrum of ESG topics, including the energy transition, advancing Indigenous reconciliation, and promoting diversity, equity, and inclusion.

Though our targets were only recently unveiled, as you will read in this report, our achievements from the past year are interspersed with tangible examples of early progress.





With operations across the energy value chain, ATCO is at the forefront in driving the energy transition towards cleaner fuels and electricity. Throughout our group of companies, we are pioneering innovative solutions that enable our customers to achieve their emissions goals without sacrificing the safety, reliability, and affordability of energy. Achieving net-zero by 2050 is a societal challenge that no individual, business, or government can solve on its own. It will require unprecedented collaboration among all constituents, as well as an informed, pragmatic, and affordable roadmap from policymakers to unlock the necessary scale and pace of private sector investment and expertise.

Within that context, there are few greater opportunities for global constituents than hydrogen. That is why we continue to collaborate with our partners and invest in cleaner fuels, including with Suncor on a potential world-scale clean hydrogen project in Alberta, blending hydrogen into a portion of the natural gas transmission system in Fort Saskatchewan, Alberta, and generating renewable hydrogen through solar-powered electrolysis in Western Australia. Growing the global clean hydrogen economy is one opportunity to accelerate the transition to net-zero.

We also continue to grow our renewable energy footprint, with plans underway to repurpose two industrial sites in the heart of Calgary to generate enough electricity to power 18,000 homes every year. This is in addition to the acquisition of another 39-megawatt solar facility, under development in eastern Alberta.

“This is an incredibly exciting time for ATCO, as we knit together our deep appreciation of our roots with our optimism and drive for a future that looks very different from where we are today. From where I stand, the horizon has never looked brighter for ATCO as we pursue and continue to develop inspired solutions for a more sustainable world.”

Meanwhile, ATCO Frontec is forging innovative Indigenous partnerships that serve as models for Canada on how to accelerate Indigenous economic reconciliation. In early 2022, after a rigorous competitive process, the Government of Canada awarded Nasittuq Corporation, a partnership between Frontec and the Pan Arctic Inuit Logistics Corporation (PAIL), a seven-year contract to operate and maintain the North Warning System—a 5,000 km “tripwire” of radar sites throughout the Arctic. The roots of our partnership with PAIL extend back decades and today, as a majority Inuit-owned corporation, Nasittuq will deliver long-lasting benefits to Inuit beneficiaries, including earnings, employment, sub-contracting opportunities, and training.

Our achievements from the past year are due in no small part to the extraordinary people of ATCO and the diverse perspectives, backgrounds, and expertise they bring to our company. Recognizing that diversity, equity and inclusion (DEI) is a journey, not a destination, we have created an enterprise-wide DEI council, to complement our many existing grassroots committees and initiatives. The council's goal will be to focus on concrete action to overcome systemic inequality and play a key role in our ongoing efforts to be a leader in DEI and attract and retain the best and brightest in our workforce.

In sum, as has been our course for 75 years, sustainability is more than an aspiration: it is interwoven into our vision, values, strategy, and day-to-day operations. It manifests in the everyday decisions of our exemplary team of 6,400 people around the world—and I would like to thank each of them for their unwavering commitment.

This is an incredibly exciting time for ATCO, as we knit together our deep appreciation of our roots with our optimism and drive for a future that looks very different from where we are today. From where I stand, the horizon has never looked brighter for ATCO as we pursue and continue to develop inspired solutions for a more sustainable world.

Sincerely yours,

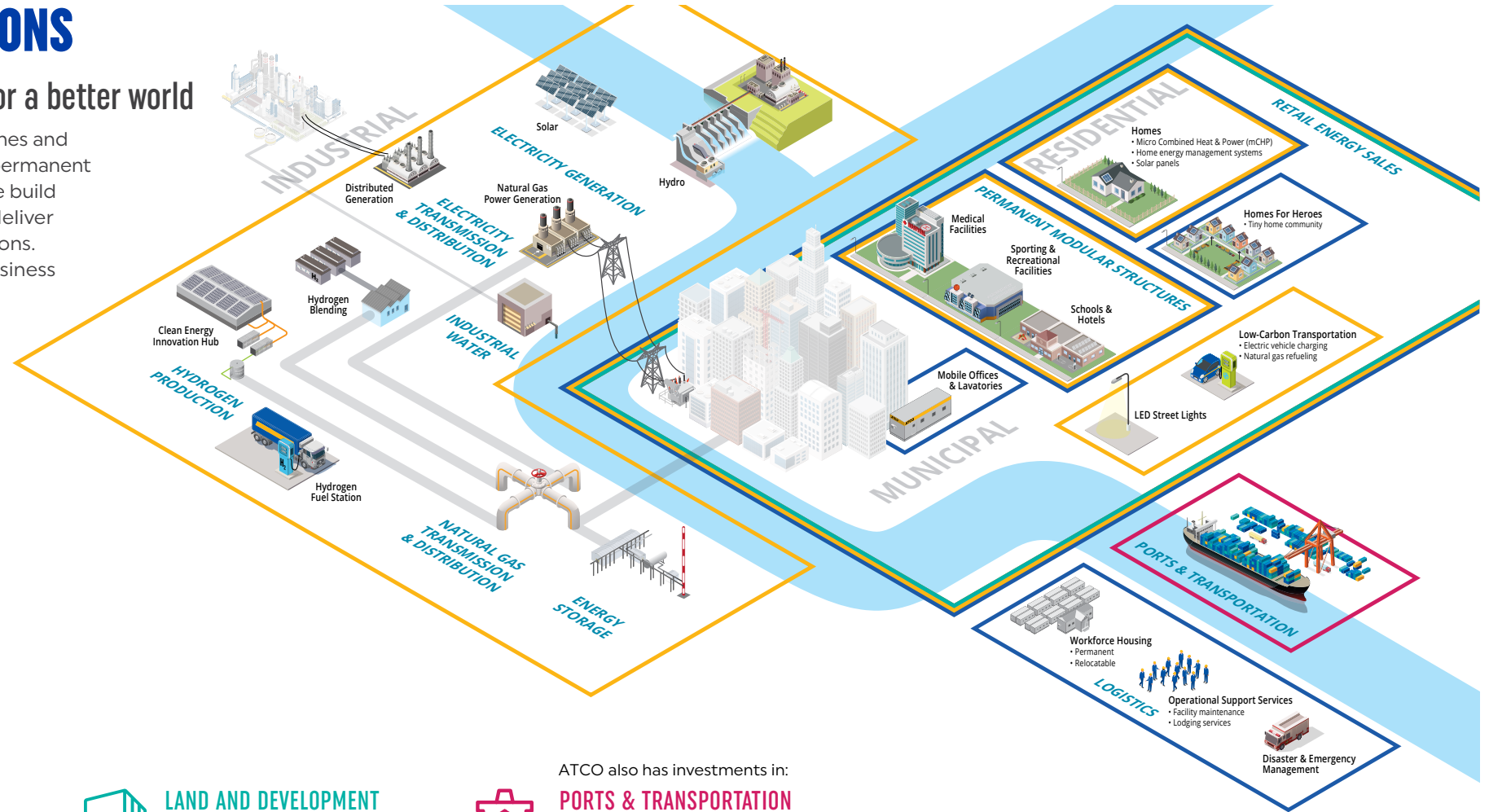


Nancy Southern
Chair & Chief Executive Officer

INTEGRATED SOLUTIONS

Delivering inspired solutions for a better world

From reliable, sustainable energy for homes and businesses to innovative temporary and permanent structures and everything in between, we build communities, energize industries and deliver customer-focused infrastructure solutions. Sustainability disclosures reflect our business operations including:



ENERGY

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



STRUCTURES & LOGISTICS

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



LAND AND DEVELOPMENT

- Salable or Leasable Office Space
- Industrial Space
- Land



PORTS & TRANSPORTATION

- Port Facilities
- Port Operations Services

ATCO also has investments in:

CURRENT OPERATIONS AND INVESTMENTS



\$23B
IN ASSETS

\$4.3B
IN REVENUES

2M+
GLOBAL CUSTOMERS

400,000M³
NATURAL GAS LIQUIDS CAPACITY

64,000KM
NATURAL GAS PIPELINES

6
MODULAR BUILDING MANUFACTURING FACILITIES

105,000KM
ELECTRIC POWERLINES

\$382M
ADJUSTED EARNINGS*

\$1.4B
CAPITAL EXPENDITURES

6,400
EMPLOYEES

85,200M³/D
WATER INFRASTRUCTURE CAPACITY

101PJ
NATURAL GAS STORAGE CAPACITY

22,000
RENTAL FLEET UNITS

398MW
POWER GENERATION OPERATED

*The most directly comparable measure to "adjusted earnings" that is reported in accordance with International Financial Reporting Standards (IFRS) is "earnings attributable to Class I and Class II shares", which was \$246 million as at December 31, 2021. For additional information, see "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in the MD&A for the year ended December 31, 2021, which is available on SEDAR at www.sedar.com. The information provided in the MD&A under the heading "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" is incorporated by reference herein.

OUR APPROACH TO SUSTAINABILITY

For ATCO, sustainability is more than an aspiration; it is interwoven into our strategy, our day-to-day operations and the products and services we provide. We balance the short- and long-term economic, environmental and social considerations of our businesses, while creating value for our customers, employees, share owners, and Indigenous and community partners. As a provider of safe, reliable, sustainable and affordable essential services in diverse communities around the world, we operate in an inclusive manner to meet the needs of society, today and for generations to come.

Our actions reflect our values. Integrity, agility, collaboration, safety and caring—these foundational principles help us deliver on our commitment to sustainability.

Our strategy has always been driven by a holistic, long-term perspective, one that prioritizes our sustainability objectives and environmental, social and governance (ESG) performance while reliably delivering essential products and services to our customers, each and every day. Together, our core values and corporate and sustainability pillars have created long-term value and underpinned our growth for the past 75 years and will allow us to create truly intergenerational, sustainable prosperity for the future.

To further demonstrate our commitment to sustainability, our recently announced ESG targets and commitment to net-zero will measure our progress in achieving our strategic goals of accelerating the energy transition, advancing Indigenous reconciliation and supporting the communities we serve, while also supporting long-term growth.

"For us at ATCO, ESG is about creating long-term value for our stakeholders. We embed our sustainability philosophy into our business strategies and investment decisions with the understanding that ESG is not misaligned with financial sustainability—it is an inherent part of our future success."




COLIN JACKSON

Senior Vice President
Finance, Treasury, Risk & Sustainability






OUR CORPORATE PILLARS

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

ESG

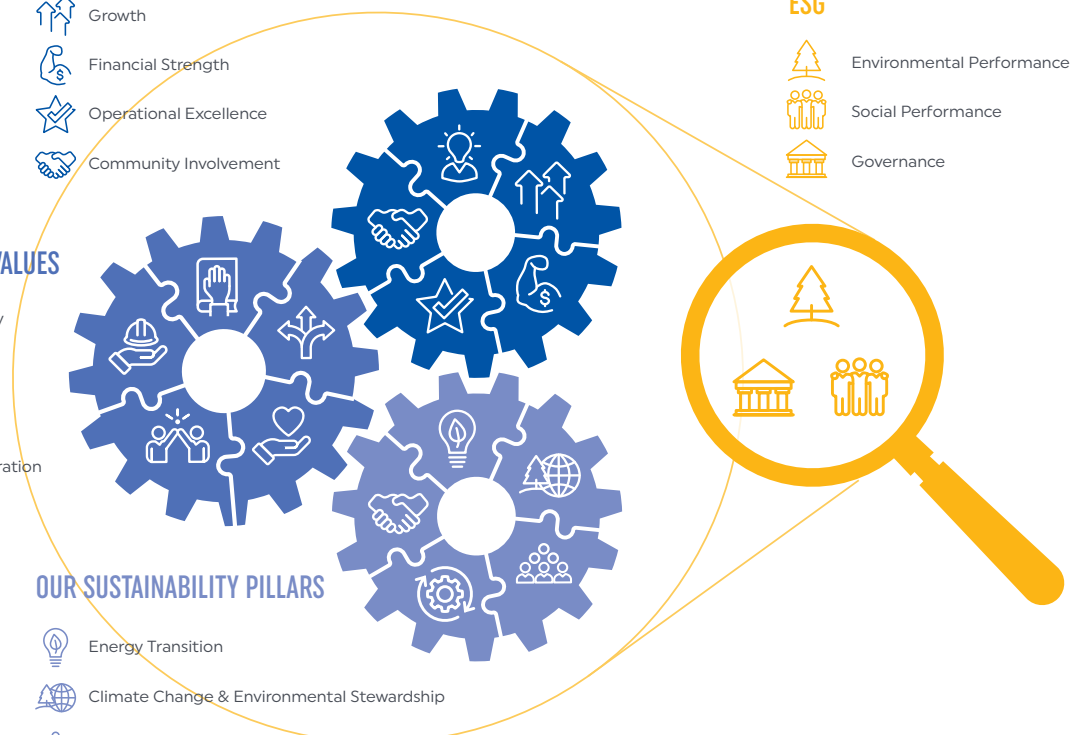
-  Environmental Performance
-  Social Performance
-  Governance

OUR CORE VALUES

-  Integrity
-  Agility
-  Caring
-  Collaboration
-  Safety

OUR SUSTAINABILITY PILLARS

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



About This Report

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



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



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



[Learn more about our contributions to the UN SDGs](#)

Materiality Assessment

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



[Learn more about our Materiality Assessment](#)



[Learn more about our Stakeholder Engagement](#)

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

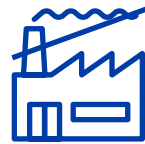


STRATEGIC 2030 ESG TARGETS

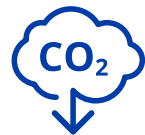
In January 2022, we announced an initial set of 2030 ESG targets. Our 2030 ESG targets include reducing our operational greenhouse gas (GHG) intensity and customer emissions, growing our renewable energy footprint and transitional products, increasing economic benefits for Indigenous partners, continuing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

We define each of these targets throughout the report and in our *ESG Datasheet* and will report progress toward achieving these targets in future reports against a 2020 baseline at the ATCO level. These targets are applicable to all of the ATCO Group of Companies, including its subsidiaries Canadian Utilities Limited and CU Inc. We also continue to evaluate additional potential ESG targets in each of our material categories.

Supporting the energy transition and reducing GHG emissions



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



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



Owning, developing or managing over 1,000-megawatts (MW) of renewable energy.



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

Promoting inclusive growth in our workforce and communities



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



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



Achieving and maintaining a minimum of 25 per cent minority representation within the ATCO Group workforce.



Maintaining leading health and safety practices and performance.

ROADMAP TO NET-ZERO

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

While the declarative nature of our targets and net-zero commitment may be new, the motivation and capabilities to achieve them are not. With operations across the energy value chain, ATCO will be a leader in driving the energy transition towards cleaner fuels and electricity, without sacrificing the safety, reliability, and affordability of energy that our customers rely on.

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



Cleaner Fuels

Supporting the transition to a low-carbon energy system by enabling the switch to cleaner fuels.



Renewable Energy

Developing and integrating renewable energy and storage solutions.



Energy Infrastructure and Storage

Developing and modernizing infrastructure and storage solutions, including the integration of carbon capture utilization and storage (CCUS).



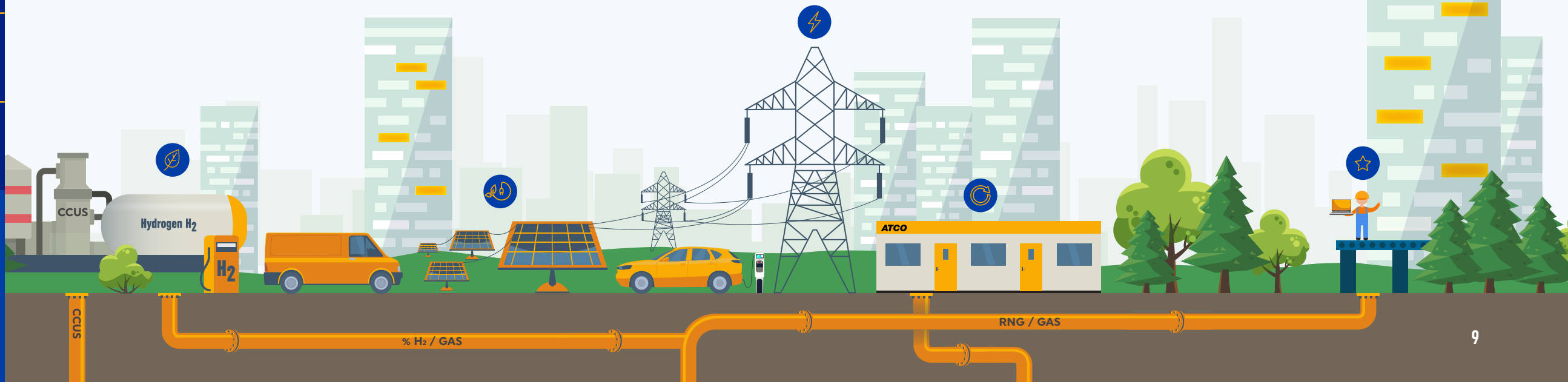
Energy Efficiency

Implementing solutions for more efficient energy use to reduce emissions while also creating economic benefit.



Carbon Credits and Offsets

Evaluating carbon offset opportunities.



ENERGY TRANSITION

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

IN THIS SECTION

- [Cleaner fuels](#)
- [Renewable energy](#)
- [Energy infrastructure and storage](#)
- [Energy efficiency](#)
- [Carbon credits and offsets](#)

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





ATCO has been on a path of energy transition and decarbonization for many years and is committed to continuing this work. A significant step in our sustainability journey was the announcement of our commitment to net-zero emissions and ESG performance targets, several of which focus on energy transition.

Achieving these targets involves thoughtfully transitioning our assets and investing in many new and different options, so that our customers and business units can reduce their emissions in ways that work for their individual situations. Our strategy is to focus initiatives on cleaner fuels (hydrogen and renewable natural gas, or RNG), renewable energy, energy infrastructure and storage (including carbon-capture technologies), energy efficiency and carbon offsets. To demonstrate our progress in enabling the energy transition, we have included a target to derive 20 per cent of our revenues from transitional products across these strategic areas. The next section, *Climate Change & Environmental Stewardship*, highlights the GHG emissions reductions resulting from these initiatives.

"Achieving net-zero requires a bold and collaborative approach—one in which government works with industry to co-create the most affordable and reliable decarbonization pathways for each sector and region. There is no one-size-fits-all solution in enabling the cleaner energy future we all envision, and our shared success requires that we understand, explore and embrace all available avenues. Within ATCO, we are continuously working together with industry, governments, customers and Indigenous and community partners to create sustainable growth and innovation."

DALE FRIESEN

Senior Vice President, Corporate Affairs & Chief Government Affairs Officer

Transitioning to a net-zero energy system by 2050 is a societal challenge requiring collaboration and a pragmatic and affordable roadmap from policymakers to unlock the necessary scale and pace of private sector investment and expertise. We constructively advocate with all levels of government to enable policy and regulation, and to identify barriers that impede cost-effective, economy-wide decarbonization.

Cleaner fuels

As part of our energy transition strategy, we are investing in fuels that can be produced with less carbon and that lower the carbon intensity when used. Hydrogen and RNG have the ability to provide low or even zero carbon energy and work within our existing energy infrastructure, presenting an exciting opportunity for ATCO and the world.

In pursuit of a world-scale hydrogen project, we are collaborating with Suncor Energy on the early-stage design and engineering for a facility at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta. We continue to work with provincial and federal governments to seek greater fiscal, regulatory and policy certainty, prior to making a final investment decision. If completed, the project would produce more than 300,000 tonnes of clean hydrogen per year.

Although in the early stages, the vision for the project would significantly advance Alberta's hydrogen strategy, generate substantial economic activity and jobs, and make a sizable contribution to Canada's net-zero ambition.



Hydrogen can play a powerful role in affordably reducing GHG emissions to achieve net-zero targets. When burned, hydrogen produces water vapour and no carbon emissions. Learn more about hydrogen as an important fuel of the future.

This builds on our 2020 announcement to establish the province's first hydrogen blending project, also in Fort Saskatchewan. Scheduled to be operational in fall 2022, the project will blend five per cent hydrogen into the conventional natural gas distribution system to lower carbon intensity.

Blending hydrogen with natural gas also has implications for end-use appliances. At our distribution operating centre, we are testing hydrogen appliances, such as stoves, BBQs and furnaces, some of which can run on 100 per cent hydrogen.

We are also working with the University of British Columbia on their new hydrogen production technology. Methane thermal cracking can produce hydrogen, without using water, while reducing or eliminating GHG emissions. The \$7 million project can reduce the cost of producing hydrogen to support its adoption.

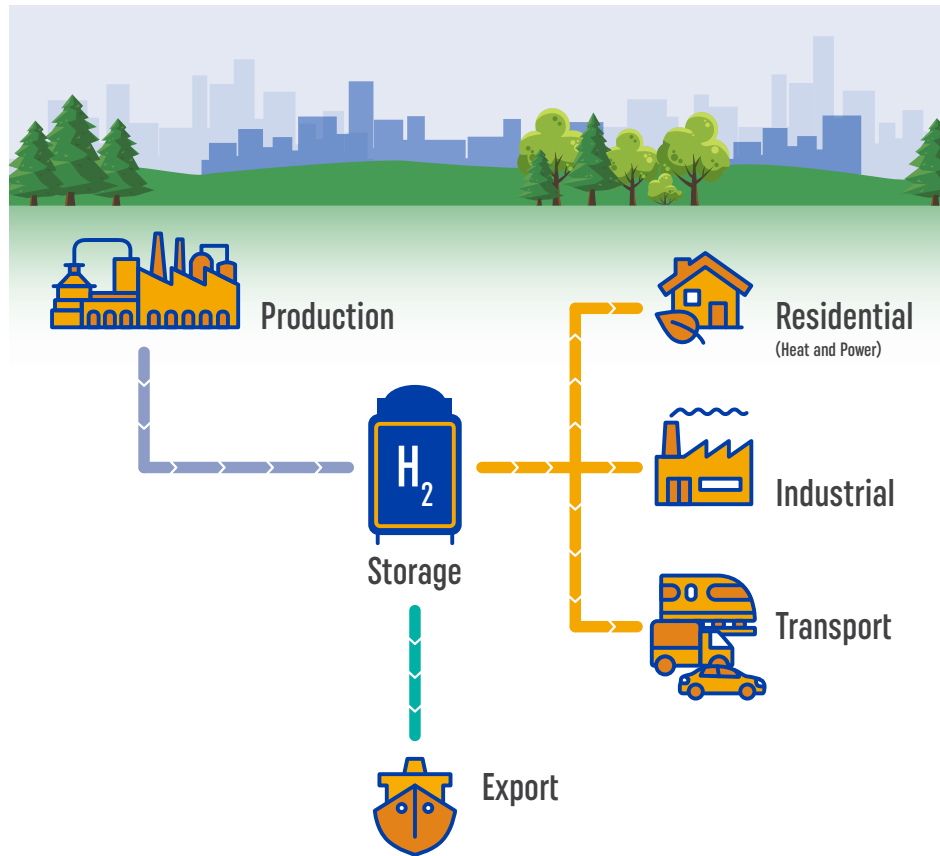
In Australia, our plans for the country's first commercial-scale, hydrogen supply chain are set to become a reality with the Clean Energy Innovation Park (CEIP) project receiving support from the Australian Renewable Energy Agency.

Powered by renewable energy, the CEIP will be capable of producing up to four tonnes of hydrogen a day, along with storage and delivery to end users.

Analyst Corner

Management's Discussion & Analysis (MD&A) (pp. 16, 44–48, 68)
 Annual Information Form (AIF) (pp. 33–34, 40)
 GRI 103, 302-1, 302-4
 SASB IF-EU-150a.1, IF-EU-150a.2

The CEIP leverages ATCO's learnings from its Clean Energy Innovation Hub (CEIH), a pilot project which saw us become the first in Australia to integrate solar power and natural gas to generate, store and use hydrogen. In 2020, we successfully blended 10 per cent hydrogen at our CEIH, doubling the amount of hydrogen successfully blended from the year before.



Hydrogen can play a significant role in decarbonizing our energy systems. From production and storage, to end-use including residential heat and power, industrial applications, and transportation alternatives, hydrogen provides an exciting new opportunity to enable the transition to a net-zero energy system without sacrificing the safety, reliability and affordability customers rely on.

RNG is another exciting fuel that we believe has great potential. When organic materials decompose, they release methane into the air. Now, we can capture that gas and purify it so that it can flow into existing natural gas pipelines and be used anywhere conventionally produced natural gas is used. This is an exciting development as it gives natural gas producers access to a renewable energy market.

Lethbridge Biogas had an ambition to evolve their facility from using biogas as a fuel to generate electricity, to upgrading the biogas to RNG that could be blended directly into our natural gas distribution system. To make this happen, we installed a station to analyze, measure and inject the RNG into our system so that it can be sold to renewable markets wherever they may be located. The result is that 200,000 gigajoules of RNG are produced and injected a year, the equivalent of heating 1,600 homes, with plans to double that amount. Completed in 2021, this is the first RNG project connected to Alberta's natural gas grid, paving the way for others to do the same.

Stepping further into the RNG sector, we have partnered with Future Fuel Ltd. to build and operate ATCO's first commercial RNG facility. The Two Hills RNG Facility in Alberta will combine organic waste from nearby municipalities with agricultural waste; these gases will be purified, producing enough energy to fuel 2,500 homes. Pacific Northern Gas Ltd. will be blending RNG from our Two Hills Facility into its distribution network, providing its customers with a cleaner energy alternative in late 2022.

Cleaner fuels, such as hydrogen and RNG, have the potential to significantly reduce our customers' emissions and will play an important role in meeting our target to reduce customer GHG emissions by 2 million tonnes by 2030.

RNG can play a powerful role in affordably reducing GHG emissions to achieve net-zero targets. Learn more about RNG as an important fuel of the future.

Over
\$3.2M
invested globally to reduce
GHG emissions from natural gas



Renewable energy

Renewable energy, such as solar, is another strategic focus of our energy transition. To solidify our commitment, we have an ESG target to own, develop or manage 1,000-MW of renewable energy by 2030.

We continue to enable off-diesel initiatives. For example, when the Vuntut Gwitchin First Nation announced with ATCO the completion of Canada's most northerly off-grid solar project, there was excitement about the steps toward future energy independence. But there was another benefit—the community of Old Crow went quiet when the constant hum of the diesel generators shut off and the full electrical load was met by solar power. Yukon's Old Crow will see an annual reduction of 189,000 litres of diesel use as they replace about a quarter of their energy needs with solar. For more information, please see the *Community & Indigenous Relations* section.

On a smaller scale, we installed 55-kilowatts (kW) of solar generation at our diesel-fired Peace Point Power Plant. The generation from the solar panels has the potential to generate 58-megawatt hours (MWh) annually to supplement the operation of the existing power plant. Looking ahead, we have been awarded a \$5 million grant from Emissions Reductions Alberta (ERA) to help two additional remote and electrically isolated communities in northern Alberta—Indian Cabins and Steen River—reduce their carbon emissions. Our project will supplement the existing diesel power plant with solar and reduce diesel use by more than 60 per cent.

As well as working in remote northern communities, last year we acquired the development rights to repurpose two industrial sites in the heart of Calgary, Alberta to generate solar energy. When the projects are energized in late 2022, the Deerfoot and Barlow projects will be the largest urban solar farms in Western Canada, at 37 and 27-MW, respectively, providing renewable electricity to power 18,000 homes every year.

This is in addition to our acquisition of the Empress Solar Project, a 39-MW solar facility under development in eastern Alberta. The project will include about 85,000 solar panels that will provide enough renewable electricity to power more than 11,000 homes annually.



The Two Hills RNG facility will capture enough RNG from organic waste to power 2,500 homes.

A new frontier for us in renewable energy development is pumped hydro storage. The 325-MW Central West Pumped Hydro Project in New South Wales, Australia supports the development of new renewable generation capacity and the transition away from carbon-based fuels, while maintaining grid stability.

Pumped hydro storage addresses the issue that the sun and wind are variable, and so can't always be relied on to provide energy. Moving water between lower and upper reservoirs allows us to create a "battery" that can be quickly charged and released to meet supply and demand. This facility will generate sufficient energy to power over 153,000 homes, providing 200 jobs during construction and 30 jobs on an ongoing basis.

All of these projects mark steps in our commitment to contribute to the decarbonization of the electricity grid, while helping customers reduce the carbon intensity of their energy.



Energy infrastructure and storage

We are actively preparing for a new energy future by modernizing our electric grid and natural gas system. To accommodate new and innovative forms of energy, in 2021 we invested \$1.3 billion on new and existing energy infrastructure.

Energy infrastructure takes many forms. From the perspective of our electric grid, as our society moves to lower-emitting energy sources and away from carbon-intensive fuels, the nature of our energy consumption is fundamentally changing. People are incorporating solar panels, batteries, electric vehicles (EVs), on-site charging equipment and other distributed energy sources into their homes and businesses. To make all this work across the larger system, we must transform our distribution system from the traditional one-way flow of energy to a new, complex multi-directional flow. More information is available on grid modernization in the *Operational Reliability & Resilience* section.

To further support EV adoption, EVs require an infrastructure of public charging stations to allow owners to drive with confidence, knowing there is readily available electricity. To date, we have installed 25 public EV charging stations, including 20 fast-charging stations throughout southern Alberta, as part of the Peaks to Prairies project. By 2021, customers took advantage of the opportunity to charge their vehicles, leading to over half a million emissions-free kilometres (km).

We are also working with Fortescue Future Industries in Australia to develop hydrogen-vehicle fuelling infrastructure. In 2020, we were awarded funding from the Government of Western Australia's Renewable Hydrogen Fund to support the development of the Hydrogen Vehicle Refuelling System. The H2 Refueller will fill a sedan-sized hydrogen vehicle's tank in less than five minutes, allowing it to travel up to 500 km emissions-free.

While we transition to more renewables, we can utilize existing infrastructure—and build on it—to enable industry's transition from coal-fired electricity generating plants to cleaner-burning natural gas. In 2021, we acquired Pioneer Pipeline—a 131 km natural gas pipeline west of Edmonton, Alberta—to facilitate the conversion of two additional generating plants.

\$1.3B

spent on new and refurbished energy infrastructure

Over

500,000

emissions-free km provided by Peaks to Prairies network

Natural gas has an important role to play in the transition to cleaner fuels. Natural gas storage is critical to resolving seasonal demand swings and ensuring stable supply during winter months in Alberta. Last year, we announced the acquisition of the Alberta Hub underground natural gas storage facility near Edson, Alberta. The facility has a capacity of approximately 49 petajoules (PJ) and is connected to the NOVA Gas Transmission system. Complementing our existing natural gas storage facility at Carbon, Alberta, the Alberta Hub facility will provide flexible storage solutions tailored to our customers' needs while minimizing effects on the environment.



ATCO is investing in lower-carbon transportation infrastructure including hydrogen refuelling systems and EV charging stations.



Energy efficiency

A key part of the energy transition and decarbonization is to use energy more efficiently. Energy efficiency reduces our need for energy, which decreases energy costs and our environmental footprint.

We conduct feasibility studies to identify the best solutions for customers, whether that be solar, combined heat and power (CHP), advanced metering or a combination of different options.

The City of Grande Prairie in Alberta has engaged ATCO on several energy projects in support of their Community Sustainability Master Plan. We are integrating an innovative EV bus charging system with existing rooftop solar panels at their bus barns. Any power not consumed by charging buses is exported to the grid.

We're now going a step further, using software and analytics technologies to help the City manage its demand profile, lowering its utility bill and emissions.

The City of Grande Prairie also asked us to install two 333-kW CHP units at a community recreation facility. CHP technology can be an excellent solution for energy efficiency in situations where both electricity and heat are required. It uses natural gas to produce electricity and, at the same time, captures energy that would otherwise be lost for overall heating and hot water needs. We collaborated closely with stakeholders from facility operations to subcommittees and the city manager, which was critical to bringing the project to life.

In 2021, we also installed 70-kW and 150-kW CHP units in Taber and Grand Cache, Alberta, respectively.

We look across our business to find energy efficiency opportunities, including reducing energy consumption at our corporate buildings and our structures manufacturing facilities. For example, our ATCO Structures business is focusing on improving the energy efficiency of our modular units, optimizing the capacity of our facilities and improving our production efficiency. Also, our modular units are pre-fabricated in our facilities, so there is less heating required on the construction site compared to typical structures built on site.

Carbon credits and offsets

ATCO participates in carbon offset markets in Canada and Australia. We look to reduce emissions where possible, but ATCO may apply these carbon offsets as a transitional tool to address residual emissions in our portfolio.

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

We also offer our Alberta-based customers the option to choose a "Green Energy" electricity plan, allowing them to purchase 25 or 100 per cent renewable energy. A REC is a tradable energy commodity that represents one-MWh of energy generated from a renewable source. In 2021, ATCOenergy redeemed 15,000 RECs on behalf of these consumers.

15,000

Renewable Energy Certificates redeemed on behalf of ATCOenergy customers

CLIMATE CHANGE & ENVIRONMENTAL STEWARDSHIP

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

IN THIS SECTION

- [Climate change strategy](#)
- [Transitioning our portfolio](#)
- [GHG performance and air emissions](#)
- [GHG reduction initiatives](#)
- [Methane emission reductions](#)
- [Environmental stewardship](#)

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





Climate change is a global issue that everyone has a part to play in managing, and we take full responsibility for our role. We have a strategy in place to decarbonize our operations and enable our customers to reduce their emissions. We know we must also minimize our environmental impacts.

ATCO is both affected by, and is a key enabler of, society's clean energy transition. This creates both risks and opportunities that we are actively managing. Changing policy and regulatory frameworks, technological innovation, market changes and even how our reputation is perceived are transitional risks that we are managing.

Climate change strategy

Our Climate Change Strategy includes reducing emissions from our operations, enabling the energy transition and decarbonizing our portfolio. Our focus is on four key areas – cleaner fuels, renewable energy, energy infrastructure and storage, and energy efficiency – as well as managing and mitigating climate-related transitional and physical risks.

This includes:

- evaluating climate-related risks regarding transitional challenges – policy, regulatory, market, technology and reputational – and physical factors,
- evaluating climate-related opportunities (resource efficiency, cleaner energy sources, innovative products and services, access to markets, and climate change resilience and adaptation),
- oversight of climate-related issues by senior management,
- integrating sustainability throughout our enterprise strategy, and
- disclosing targets and metrics to monitor performance, including a net-zero GHG emissions commitment by 2050, an emissions intensity target by 2030 and Scope 3 emissions.

Building on our track record of sustainability leadership, we have pledged to meet an initial set of 2030 ESG targets and have declared a commitment to achieve net-zero GHG emissions by 2050. For more information on our ESG targets and net-zero commitment, please see the *Strategic 2030 ESG Targets* and *Roadmap to Net-Zero* sections.

In 2021, we took another step in our strategy by creating a Sustainability/ESG Council. The Council will help drive our progress toward sustainability targets and advance sustainability initiatives. More information can be found in the *Governance* section of this report.

Also in 2021, we began conducting scenario analysis through a significant decarbonization modelling project. While this project focused on our energy businesses, we hope to expand this work to include other business areas.

Transitioning our portfolio

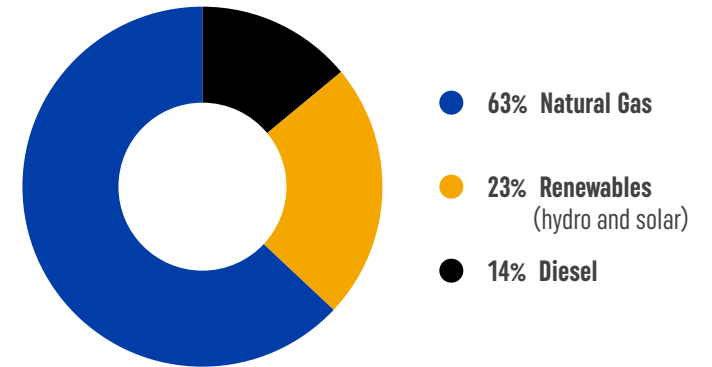
Since 2005, we have significantly decarbonized our portfolio by selling carbon-intensive assets, implementing fuel-switching and GHG reduction initiatives, and other efficiency programs. We have already been working diligently to reduce our emissions and have decreased them by 96 per cent since 2005. The sale of our Canadian electricity generation assets in 2019 allows us to look for opportunities to expand in areas such as renewable generation and cleaner fuels to transition to a net-zero energy future.

Once the projects mentioned in the *Energy Transition* section become operational, they will contribute to our target to install, own or manage 1,000-MW of renewable energy by 2030.



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

Power Generation Capacity



While our power generation portfolio is similar to 2020, we have several renewable energy projects in various stages of the construction process.

13%

reduction in emissions intensity from 2020 to 2021

GHG emissions to earnings intensity is a ratio comparing financial basis emissions to adjusted earnings. Emissions intensity provides a meaningful way to measure annual emissions reduction progress when a corporation's asset base and/or its level of business activity is growing. Our emissions intensity in 2021 was 2.42 carbon dioxide equivalent (CO₂e) per million dollars in adjusted earnings.

GHG performance and air emissions

To ensure we meet our long-term goal of net-zero GHG emissions, we have set a target of reducing our operational GHG emissions to earnings intensity by 30 per cent. At the same time, we are expanding our disclosure to include Scope 3 emissions.

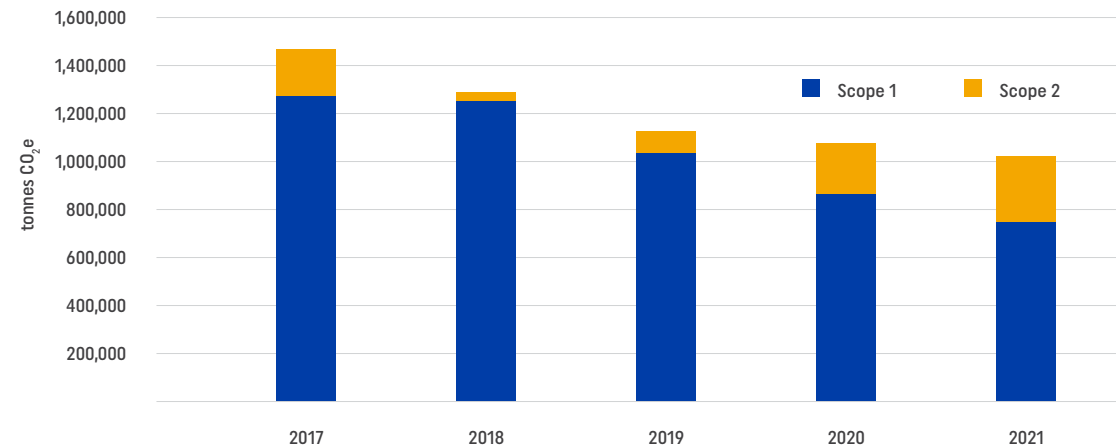
- Scope 1 emissions:** emissions that we emit directly from our operations, sometimes referred to as direct emissions
- Scope 2 emissions:** indirect emissions that are produced from purchased energy, such as electricity for our facilities
- Scope 3 emissions:** indirect emissions upstream and downstream of our operations; for example, customer use of natural gas from our distribution network

Our direct GHG emissions, or Scope 1 emissions, have been reduced by 15 per cent since 2020. Our natural gas electricity generation in Australia accounted for approximately half of our direct GHG emissions in 2021. Just under 50 per cent of the reduction from 2020 was related to decreased power generation resulting from scheduled maintenance activities and changing grid demands. The remaining reductions are due to a series of initiatives related to methane reductions and operational efficiency. We continue to look for new opportunities to reduce our GHG emissions. More information can be found in the *ESG Datasheet* later in this report.

15%

reduction of direct GHG emissions since 2020

GHG Emissions (Scope 1 and 2)



Total direct and indirect GHG emissions from our retained assets have trended downward over the last five years. Direct GHG emissions have been reduced by 15 per cent since 2020.

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

Focusing on these two sub-categories that are most material to our business will allow us to most effectively demonstrate our performance and progression toward our ESG target to reduce our customers' GHG emissions by 2 million tonnes.

In 2022, we will continue our work to disclose more Scope 3 categories in alignment with TCFD guidelines, focusing on the topics that are most material to our business. We recognize the importance of understanding emissions from our value chain to ensure we make informed strategic decisions and are as transparent as possible.

GHG reduction initiatives

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

Table 1: Examples of ATCO GHG Reduction Initiatives Across the Value Chain

	Project	Scope	Actual/Potential Reduction (tonnes of CO ₂ e)
Cleaner Fuels			
	Clean Energy Innovation Park	3	1,460
	Suncor Energy & ATCO Hydrogen Project ¹	3	2,000,000
	Two Hills RNG	3	20,000
Energy Efficiency			
	Ashcor's RAM™ Units	3	90,000
	CHP	3	2,000
	Leak detection surveys	1	21,400
	LED lighting	3	855
Renewable Energy			
	Hydro – Central West Pumped Storage Hydro	2, 3	2,000,000
	Solar – ATCO Structures Australia buildings	2, 3	1,400
	Solar – Deerfoot & Barlow	1, 2 & 3	68,000
	Solar – Empress	1, 2 & 3	43,000
	Solar – Old Crow	1, 3	750

1. In partnership with Suncor Energy

The following are additional examples of Scope 1, 2 and 3 emissions reductions.

In 2021, we installed three CARBINX units—a commercial carbon-capture device from Calgary-based CleanO2 Carbon Capture Technologies—to reduce energy demand and emissions at some of our facilities. The system extracts CO₂ from a natural gas appliance, while pre-heating incoming city water for domestic hot-water use. The byproduct is soda ash, which can be used to manufacture several products including soap.

In Australia, Source Energy Co.—a part of the ATCO Group of Companies—partnered with our ATCO Structures division to install solar panels on the division's manufacturing facility, reducing emissions by nearly 34 per cent. In 2021, Source Energy generated approximately 1,440-MWh of energy from solar sites, equivalent to removing 984 tonnes of CO₂e.

We are also supporting other industries in their emissions reduction initiatives through new technology. Fly ash, a byproduct of coal-fired generation, is an essential ingredient for concrete structures such as buildings, roads, bridges and other critical infrastructure. Using fly ash to supplement cement significantly lowers GHG emissions and carbon intensity. With coal phase-out, we are seeing a reduction—even regional supply shortages—of fly ash. Anticipating this shift, our fly ash marketing company Ashcor has engineered a commercial technology solution—known as RAM™—that processes previously stored and buried coal ashes into a high-grade cement supplement, providing a supply for many years to come. In 2021, Ashcor's RAM™ technology prevented CO₂ emissions of approximately 90,000 tonnes.



Methane emission reductions

Within our operations, methane emissions are predominantly related to venting (the controlled release of gases, such as during start-up or maintenance) and fugitive emissions (unintended vapours from pressurized equipment) from our natural gas transmission and distribution infrastructure in Australia and Canada. We continually look for ways to reduce or eliminate venting and fugitive emissions and, as a result, our methane emissions have decreased 25 per cent since 2019, almost 80,000 tonnes of CO₂e.

In 2021, we progressed our Canadian natural gas transmission's Fugitive Emission Management Plan with the goal of reducing or eliminating methane emissions from our operations, including completing an inventory of pneumatics—a common source of these emissions—so they can be monitored or replaced in the future. Fugitive emissions have decreased 80 per cent because of our detection and repair program, reducing associated methane emissions by over 20,000 tonnes of CO₂e since 2020.

Environmental stewardship

Our environmental stewardship approach is to minimize and mitigate our environmental impacts through best practices and robust environmental management systems, which are International Organization for Standardization (ISO) 14001 certified or equivalent. We meet or exceed environmental regulations and operational standards.

Spill prevention is a priority. We prevent and manage spills through a variety of measures, including equipment design, training, and operating and maintenance procedures. In the event a spill does occur, we ensure all comprehensive procedures are followed and use tailored remediation plans to minimize any potential environmental impacts.

As 99 per cent of our pipelines transport natural gas, the small amount of hydrocarbon liquids we manage are related to fuel management solutions in northern communities and hydrocarbon storage solutions in Alberta's Industrial Heartland, in addition to small volumes in electrical transmission and distribution equipment. In 2021, 38 per cent of our reported spills were a result of vandalism to our electricity transmission and distribution infrastructure.

We will always strive to be stewards of the environment, carefully managing our impacts on biodiversity, land use, water and air.



Land is reclaimed along Alberta PowerLine's (APL) Fort McMurray West 500-kilovolt transmission line.

Analyst Corner

- MD&A (pp. 62, 44–48)
- AIF (p. 6)
- Consolidated Financial Statements (CFS) (p. 49)
- Environmental Stewardship
- Management's Proxy Circular (MPC) (pp. 45–46)
- GRI 103, 303-5, 305-1, 305-2, 305-4, 305-6, 305-7, 306-2, 306-3, 307-1
- SASB IF-EU-110a.1, IF-EU-110a.3, IF-EU-120a.1, IF-EU-140a.1, IF-EU-140a.2, IF-EU-140a.3

OPERATIONAL RELIABILITY & RESILIENCE

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

IN THIS SECTION

- [Our emergency preparedness and response](#)
- [Emergency preparedness and response services](#)
- [System reliability and resiliency](#)
 - [Natural gas pipelines](#)
 - [Grid modernization](#)
 - [Grid resilience](#)
 - [Outage measurement and management](#)
- [Supply chain management](#)

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





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

We are keenly aware of the impact our essential services have on people, and how our customers depend on access to reliable, safe and affordable energy. We make sure that we are prepared to respond to unexpected emergencies, both in our own operations and as a service we offer.

As extreme weather events increase in frequency and severity, it is critical for us to be resilient, investing in our infrastructure so that it stands strong. 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.

Resiliency wasn't just about infrastructure in 2021. We continued to support the resiliency of our people and communities during the COVID-19 pandemic, while consistently delivering essential services. Taking a risk-based approach, we created a support system for our people along with health and safety protocols in step with local regulations. The foundation of our approach to the pandemic from day one has been proactive and transparent communication.



Comprehensive employee training is critical to ensuring the protection of our people, communities and our shared environment.

Our emergency preparedness and response

To ensure we track and respond to events that could impact our business in a coordinated manner, our enterprise-wide Crisis Management Committee is alerted to any incidents that could escalate to become a crisis for our organization. In 2021, all incidents were resolved without being escalated; however, the Crisis Management Committee remained engaged to manage the impacts of the COVID-19 pandemic. This is good news but it is not a reason for complacency.

We conduct training and exercises on a regular basis, including as leaders in full collaboration with our industry partners. We participated with the North American Electric Reliability Corporation, a not-for-profit international agency aimed at reducing risks to the reliability and security of the grid, in a security exercise to test our emergency response and recovery plans for cyber and physical security attacks. The two-day exercise included people from across our electric business, corporate security, and information technology.

We also conducted a major exercise to test the full mobilization of our natural gas emergency response plan and Incident Command System (ICS) to demonstrate we could effectively deploy resources and work with stakeholders in real time. Exercises like these build capacity and confidence so when an actual emergency occurs, we are ready to respond.

We continue to use ICS, an internationally recognized and standardized management system, across our utilities business and make progress on training employees in ICS 100, 200 and 300. In 2021, we trained upwards of 350 employees across all levels and are committed to continuing ICS training for employees in 2022.

Over
350
employees completed
either ICS 100, 200
or 300 training in 2021

Analyst Corner

MD&A (pp. 16–17, 62–63, 66–67)

GRI 103, 102-10

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



Emergency preparedness and response services

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

One of many examples of our work started in 2019 with our rapid response to two major earthquakes that damaged the China Lake U.S. Military Base in Southern California. Rebuilding and improving the base continues into 2022 and will involve a total of 3,000 workers. Our role, combining our expertise in structures and logistics services, is to provide workforce housing facilities and services for nearly 1,000 people.

In 2021, we led the logistics, planning and deployment of two mobile health units in Ontario to expand hospital capacity in Toronto and Hamilton. Working with infrastructure partner Weatherhaven Global Resources, we ensured the structures were safely installed, utilities were in place and the facilities maintained and operational throughout their deployment.

Our support to Alberta's largest land border crossing continued in 2021, where we operated a COVID-19 health screening checkpoint throughout much of the year. The project was demobilized following the federal government's decision to re-open the border with the United States.



ATCO provided workforce housing and lodging services at Naval Air Weapons Station, China Lake, near Ridgecrest, California.

Partnering 4 Resilience

ATCO Frontec's Partnering 4 Resilience program continues to find unique ways to support our Indigenous partners in their pursuit of more resilient communities. Through this program, we work with communities to strengthen capacity, while establishing the trust and transparency necessary to enable successful project implementation and, ultimately, sustainability. The projects are tailored to each individual community—understanding unique circumstances, aspirations and the tools available to assist in the process.

Serving partners across Alberta, our portfolio of projects continues to develop as we tackle new and ever-evolving challenges resulting from climate change. During the year, we conducted numerous risk assessments, delivered training programs and exercises, conducted research, developed mitigation strategies, and designed tailor-made systems, all with an emphasis on engagement and traditional and cultural values.

14

Indigenous groups are now involved in the Partnering 4 Resilience Program



System reliability and resiliency



Natural gas pipelines are constructed, maintained and—over time—replaced to ensure integrity and safety.

Natural gas pipelines

The ongoing maintenance of our natural gas transmission and distribution pipelines in Canada and Australia ensures our customers receive gas safely and reliably.

In 2021, we brought the total length of our in-line inspected transmission pipeline over eight inches in diameter and five kilometres in length to 3,585 km, as part of our continuing pipeline integrity program. This is approximately 79 per cent progress toward our target to inspect all transmission pipelines in this category.

We conducted a number of integrity digs in 2021, including on the Hinton Wabamun Transmission system, to increase capacity to the Edmonton area and increase operational reliability. We conduct integrity digs safely and ensure customers continue to receive natural gas while the inspection occurs.

Our Urban Pipeline Replacement Project is a redesign of our transmission and distribution systems, taking into account considerations to enhance safety, improve system reliability and address future system growth. This 12-year project was completed in July 2021 and is the largest pipeline replacement and upgrade project in our 75-year history.



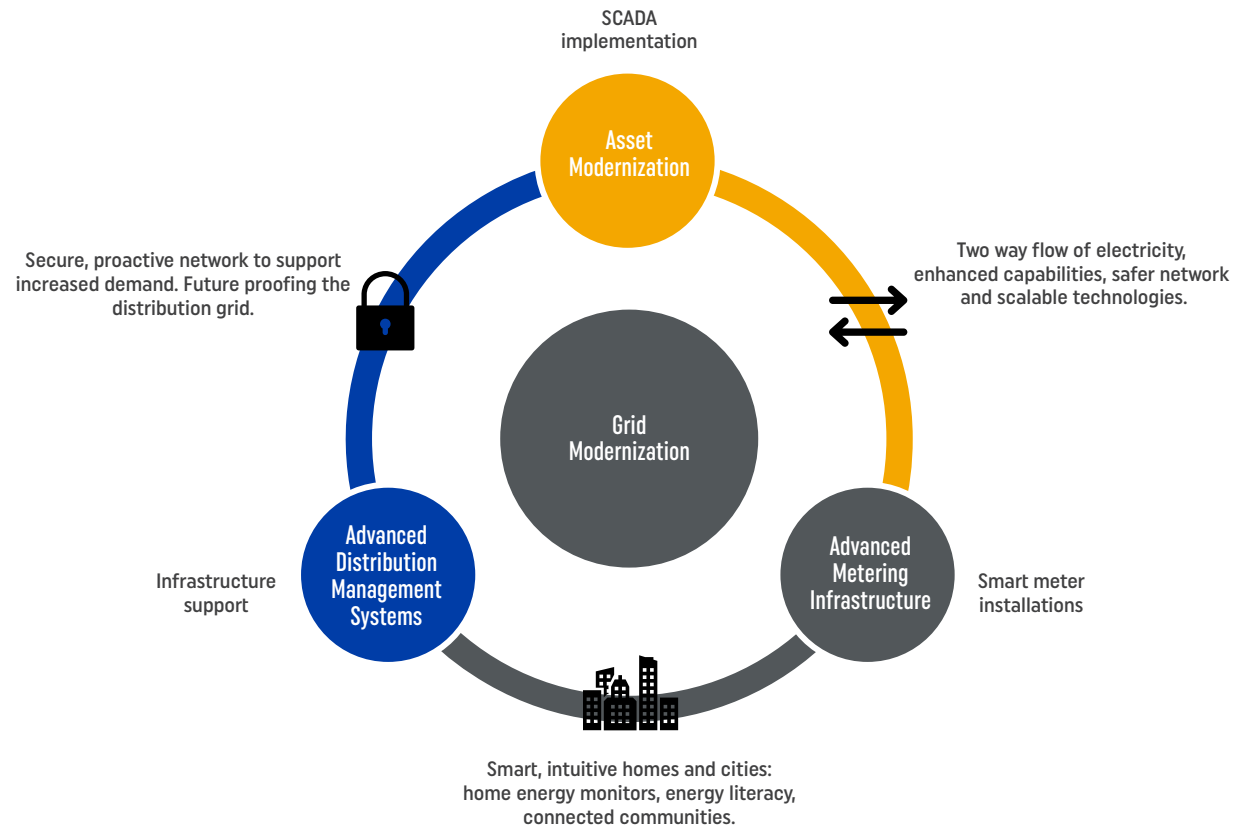
Recognition for excellence

Alberta PowerLine's (APL) Fort McMurray West 500-kilovolt Transmission Line—developed, operated and managed by ATCO—continues to be recognized as a world-class asset. In 2021, APL received a five-star rating from GRESB, an organization that provides ESG data to financial markets. Scoring 91 out of 100, this places the transmission line in the top 20th percentile of the 550 investments registered globally with GRESB.

79%

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

Grid Modernization Strategy



Grid modernization

Given the large-scale nature of the changes before us, we have begun work using a roadmap to ensure the success of grid modernization. This includes government dialogue to ensure success in an environment where the existing policy and regulatory framework was developed with the old world in mind. We continue to advocate for modernization of government policies that evolve with the realities on the ground, so that innovation is supported.

We must transform our distribution system from the traditional one-way flow of energy to a new, complex multi-directional flow. This allows us, our customers and partners to move towards a lower-emitting energy system that incorporates solar panels, batteries, EVs, on-site charging equipment and other distributed energy sources.

Investing in the electric grid leads to society-wide benefits, including energy efficiency, decarbonization and improved reliability. Grid modernization aligns with our strategy for energy infrastructure and storage, outlined in the *Energy Transition* section.

We have replaced over 30,000 traditional meters with advanced metering infrastructure in Grande Prairie, Alberta. With this step now complete, we have begun a pilot program that provides household energy consumption data from these advanced meters, so customers can adjust their energy use to lower-demand times. Shifting energy consumption in this way has the potential to decrease the delivery charges they see on their monthly electricity bill.

We are also installing Supervisory Control and Data Acquisition (SCADA) systems to remotely monitor and control dozens of critical electrical points in Grande Prairie, Grimshaw, Lloydminster and Fort McMurray, Alberta, allowing us to avoid or reduce the impacts of power outages. For the Town of Grimshaw, for example, this will ensure the Grimshaw Hospital has rapid, automatic power restoration should there ever be an outage, ensuring the safety of patients and staff.

Over **30,000**
advanced meters installed
in Grande Prairie



Grid resilience

In our analysis of where to focus our efforts to ensure grid resilience, Jasper National Park remains a priority area where we are taking action to ensure a safe and reliable system. The electric grid in Jasper is susceptible to causing wildfires, in part because of its proximity to dense forest, which elevates the risk of a tree connecting with wires and starting a fire, but also due to the prevalence of Mountain Pine Beetle infestations in this area. We are implementing a number of solutions to reduce risk in our service area over the next five years.

Following our successful pilot program in 2020, we continued to replace our standard protective fuses on our Jasper distribution system with a newer technology that minimizes the possibility of starting wildfires. We have now successfully completed the installation of 171 devices. We identified and completed other wildfire-resilience projects in 2021 based on our risk-management approach, including moving overhead wires underground in remote areas and converting to covered conductors, enhancing safety and reliability.

171

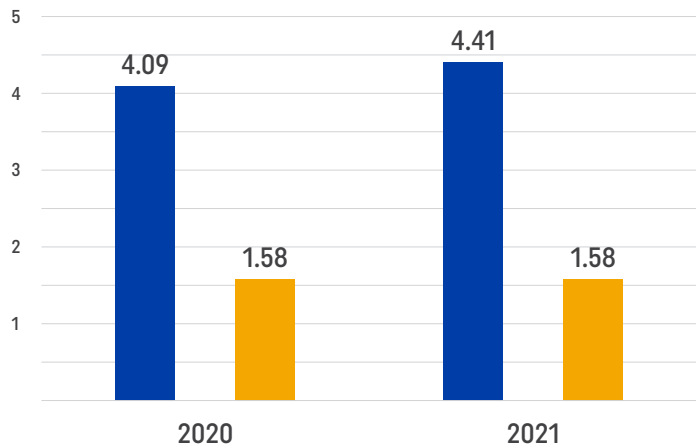
new devices installed in Jasper to reduce wildfire risk

Outage measurement and management

In 2021, there were no significant unplanned outages, with our teams able to reliably deliver electricity and natural gas to customers.

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

Electricity Reliability in Alberta



■ SAIDI – System Average Interruption Duration Index
 ■ SAIFI – System Average Interruption Frequency Index

Our Alberta electricity distribution business reported a SAIDI of 4.41 and SAIFI of 1.58 in 2021. This indicates we are exceeding performance metrics set for ATCO by the regulator, the Alberta Utilities Commission (AUC), and compares favourably to peers with similar customer profiles. Information on SAIDI and SAIFI scores for our other systems can be found in the *ESG Datasheet*.

Supply chain management

We continued to manage our supply chain with minimal disruption through 2021, even with the global impact of the COVID-19 pandemic. Our success has been supported by ATCO's practice of maintaining stocks of critical materials to respond to disruptions and our centralized supply chain administration that builds strong vendor relationships.

With over 22,000 active vendors it is critical that we have an enterprise-wide approach to supply chain management. We are improving our processes and using technology to enhance efficiency and, ultimately, ensure we have accurate information about our vendors. One significant project was implementing a technology solution that allowed us to better define information required from our suppliers, such as Indigenous ownership.

In addition to existing requirements to ensure our supply chain upholds the highest ethical standards, including those related to environment and safety, we now incorporate our Vendor Conduct Requirements directly into our vendor contracts to ensure this important vendor responsibility has the emphasis it deserves.



Constantly challenging ourselves to improve how we manage grid resilience and any outages is part of operational excellence.

PEOPLE

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

IN THIS SECTION

[Employee engagement](#)

[Employee and contractor health and safety](#)

[Public safety](#)

[Health and well-being](#)

[Diversity, equity and inclusion](#)



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





People are the core of our business. Without them, we would not be able to perform our fundamental mandate of delivering essential services. Employees, contractors, trusted partners, Indigenous communities, our customers and the public—we have a responsibility to each of them to listen, learn and focus on the issues that matter to us all.

Employee engagement

Our people are vital to our success. In 2021, we conducted our annual ATCO-wide employee engagement survey to give us a clear understanding of where our employees believe ATCO stands today in our vision to deliver inspired solutions for a better world. It was an important chance for employees to express their thoughts—confidentially—about the state of our company and to have their voices and opinions heard.

Over 82 per cent of employees responded, providing an excellent opportunity for the organization to understand our employees' perspectives and to identify areas where we can drive higher engagement.

Leaders across the business have shared the results with their teams and held commitment meetings to determine the next steps for improvement, based on the survey results.

Over
82%

of employees participated in our 2021 engagement survey, six points above the global norm

Employee and contractor health and safety

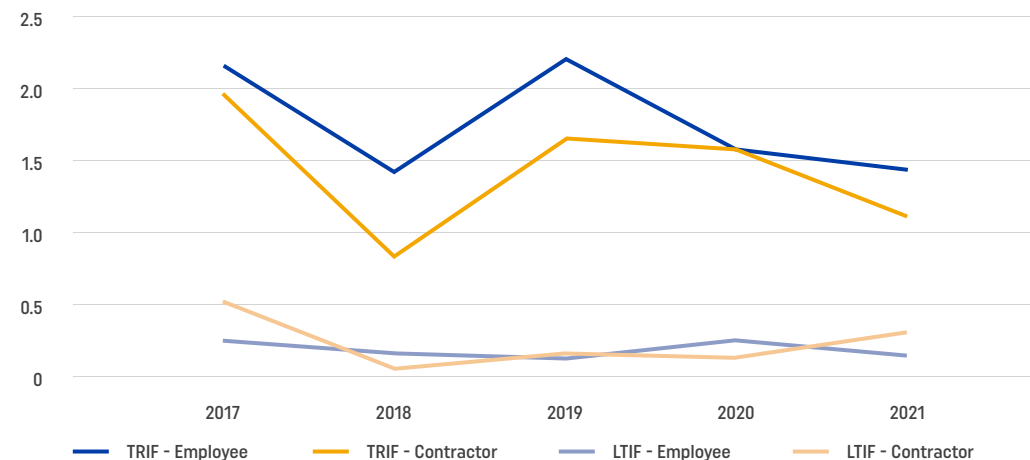
When people come to work, they expect to go home safely at the end of the day. It seems obvious, but to make sure that happens, we have fostered a safety-first culture since our inception 75 years ago.

As part of our 2030 ESG targets, we are committed to maintaining leading health and safety practices and performance, including conducting timely audits, implementing management systems, providing appropriate training and engaging our employees. Our objective is to out-perform industry-specific benchmarks.

We track safety performance with two key metrics—total recordable incident frequency (TRIF) and lost-time incident frequency (LTIF). In 2021, our employee and contractor TRIF decreased by nine per cent and 29 per cent, respectively, from 2020. Over the same period, our LTIF performance was varied with a decrease in employee LTIF, but an increase in contractor LTIF. Our strategy is to ensure people are aware of where safety incidents may occur so risks can be mitigated, implement high-quality prevention programs and encourage proactive reporting behaviour as we strive towards zero incidents.

Incident Frequency Rates

(incidents per 200,000 hours worked)



In 2021, we saw a decline in three key metrics: employee TRIF, contractor TRIF and employee LTIF, and an increase in contractor LTIF.



As a business with a diverse portfolio, the context of exactly what safety must look like can vary across our enterprise. Each of our divisions measures performance specific to their industries. When reported and managed, these metrics help us to better understand the causes of our incidents and reduce the chance of them happening again. There was a 58 per cent increase in proactive reporting in our Canadian natural gas division, including reports of both hazard identification and near misses.

In 2021—and similar to previous years—the majority of incidents were related to individual slips, trips and falls or musculoskeletal injuries. We are continuing to improve our management systems, implement training initiatives and engaging our employees through a variety of preventative measures.

Our Australian safety team offers the Soft Tissue Intervention Program, where a physiotherapist ascertains workplace and job-task risks. This preventative work also includes ergonomic assessments and education to support keeping people healthy. Coupled with the “Move Safe” pilot program in our Canadian utilities, which involves stretching and exercising to prevent injuries, soft tissue injuries have declined.

Leader training is another important prevention strategy. About 75 per cent of our utilities leaders have completed the Safety Excellence for Supervisors and Managers program, with sessions continuing into 2022. This comprehensive program focuses on how leaders can effectively engage their team members to influence positive safety behaviours.

75%

of our utilities leaders have completed Safety Excellence for Supervisors and Managers program with sessions continuing into 2022

Public safety

We all play a role in keeping the public safe from overhead powerlines and underground natural gas pipelines, and we take our responsibility in that social contract very seriously. We engage and educate stakeholders, as well as mark buried lines that pose an inherent danger to those who work near them. We are always looking for new ways to engage the public so they understand they must be vigilant when working around energy infrastructure.

Public safety is not just about how we work or how we support our customers—it’s also about supporting the contractors and businesses that are critical to delivering safe and reliable products and services. In our natural gas division, we participated in over 400 industry meetings, 200 contractor meetings and 100 damage prevention meetings, a substantial increase from 2020, to discuss safe digging practices near natural gas lines.

In partnership with SpaceLab, an internal space where we collaborate and execute innovative projects, we have developed a new automated tool that analyzes incoming public requests for underground pipeline locations to predict the likelihood that a proposed activity will lead to an incident.

Our outreach and education efforts resulted in the highest number of “locate” requests we have ever received for gas lines from industrial, commercial and residential building and development activities. There was a slight increase in gas line hits in 2021, but still one of the lowest numbers recorded after 2019’s and 2020’s performance. In our electricity division, the number of powerline contacts overhead and underground was largely consistent with 2020.

1.5 line hits

per 1,000 locates—below the Alberta provincial average



A central hub for utility safety

A significant change in 2021 was the merger of three agencies that focused on different aspects of public safety around utilities. Alberta One-Call, Alberta Common Ground Alliance and the Joint Utility Safety Team have come together to become Utility Safety Partners. Bringing together the resources of three similar programs into one powerhouse will allow for greater collaboration and impact.



Health and well-being

We consider our employees' health and well-being an extension of our safety culture. In the same way we work to protect the physical health of our people, we must do the same for their emotional and mental health. To support a cohesive and comprehensive approach to health and well-being, we have brought all mental, social, psychological and financial programs related to this function under the same umbrella, referred to as Well-being @ ATCO.

Well-being @ ATCO is about creating programs and providing options of support, encouragement, social activities and community for our employees' personal mental health and well-being journey. Central to our program is an ATCO-specific app that supports people through their wellness journey. We have over 250 local Well-being @ ATCO champions across the organization who meet regularly to guide employees and help foster a healthy workplace. In 2021, we celebrated with several wellness-related events and activities that put mental, physical, financial and emotional well-being in focus and ran multiple Global Step Challenges for employees through our Well-being @ ATCO app.

250

ATCO local champions for Well-being @ ATCO

In Australia, our health and well-being strategy is aligned with The Mentally Healthy Workplace Alliance, consisting of national organizations from the business, union, community and government sectors leading change to promote and create mentally healthy workplaces. We base our strategy and initiatives on the Integrated Approach Model, which consists of three key areas—promote, support and protect—resulting in an improved understanding of health and well-being as we combat stigma associated with mental health issues.

In addition, the Psychological Safety module in our Power of Conversations Leadership Learning Series focused on the importance of understanding why feeling safe to speak up, be our authentic selves and ask for help are key factors in our success as individuals and as valued team members. In 2021, over 350 employees participated in the Psychological Safety module.

Diversity, equity and inclusion

Diversity, equity and inclusion (DEI) has been top-of-mind across our divisions for some time. We are strongest when we embrace the different perspectives inherent in our teams, and so we are deepening our commitment to DEI. Our ability to draw upon a range of backgrounds and experiences enables us to make more informed decisions. We hire people, partner with businesses and engage advisors based on a diversity of lived experience and learned expertise. Our ongoing efforts to be a leader in DEI is an important element in attracting and retaining the best and brightest in our workforce, and maintaining strong relationships with our partner organizations.

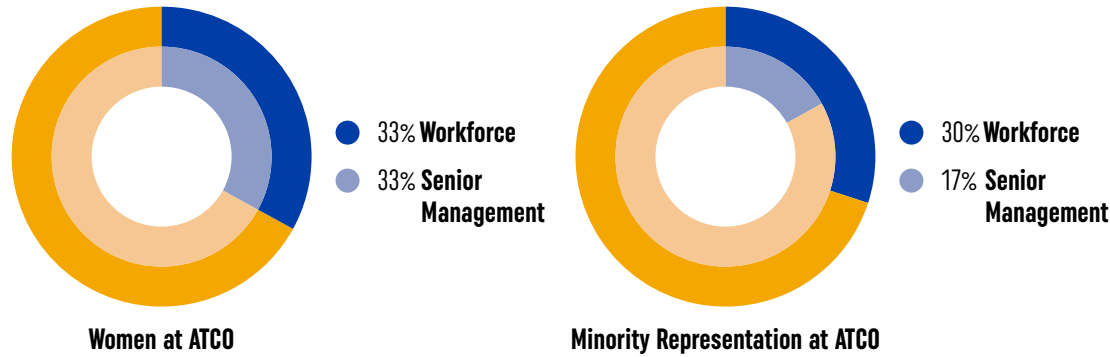
Our [Inclusive and Respectful Workforce Policy](#) supports a diverse workforce and encourages a variety of perspectives.

Understanding how important DEI is to the overall health of our organization, we recognized it was time to create an enterprise-wide committee, not to replace what is currently happening in the several highly active grassroots groups across the organization, but to link our activities together and amplify the voices of our people.

Our new DEI Council will create a long-term strategy focused on concrete action to overcome systemic inequality and implement meaningful change. The approach is for management to listen first, identifying common themes and trends to share broadly. We invite open dialogue with employees—safe and effective communication—so we can all take tangible steps to defining and improving our DEI culture. This includes addressing barriers and developing mentors, so that we are ready to try new ways of thinking and working as we strive for continuous improvement.

We recognize there is more work to be done within our organization and will continue to create a more inclusive environment and provide equal opportunity for all. Part of this commitment is a target to achieve and maintain 30 per cent female representation in our senior leadership and Board of Directors and 25 per cent minority representation in our workforce by 2030. While we have achieved some of these targets, they signify our ongoing commitment to inclusion practices, including attracting a diverse workforce, fostering a safe working environment and providing development and succession planning.

ATCO 2021 Senior Management and Workforce Diversity



It is the actions of our people that make the biggest difference. There are multiple grassroots committees that raise awareness and promote inclusion and diversity within the workplace throughout the different divisions, including the Employment Equity Advisory Committee (EEAC), Workplace Inclusion, Diversity and Equity (WIDE) group and the Mexico Employment Equity Advisory Committee. Highlights from these committees in 2021 include the EEAC's formation of a new LGBTQ2S+ (lesbian, gay, bisexual, transgender, queer, two spirit or questioning) subcommittee that celebrated events such as Pride Week and Month and WIDE's introduction of an Indigenous Peoples' and Allies Group.

To build a foundational understanding of DEI, 125 leaders from across the enterprise attended a full-day training session on DEI at our annual strategy conference. Additionally, during Disability Employment Awareness Month, multiple training sessions were hosted to provide tools to foster an inclusive and diverse workplace for people with disabilities. More information about Indigenous training and employment initiatives is included in the *Community & Indigenous Relations* section.

125
leaders attended a DEI
training session



International Women's Day is just one of many employee-driven events for acknowledgement and celebration.

Analyst Corner

- MD&A (pp. 20–21, 24, 66)
- MPC (pp. 45–46)
- Working at ATCO: DEI
- GRI 103, 401-1, 403-9, 405-1, 406-1, 416-2, 418-1, 419-1
- SASB IF-EU-320a.1, IF-GU-540a.3, IF-GU-540a.4, IF-EU-550a.1

COMMUNITY & INDIGENOUS RELATIONS

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

IN THIS SECTION

[Community engagement](#)

[Community investment](#)

[Indigenous relations](#)

- [Meaningful engagement](#)
- [Economic participation](#)
- [Employment and training](#)
- [Employee education and awareness training](#)

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





We see ATCO very much as a family of businesses, and so it makes sense that we also see the communities where we operate and our Indigenous partners as true neighbours. What makes someone a good neighbour is a mutually beneficial connection, with open dialogue and a sense of working together.

Community engagement

Our projects evolve based on our conversations with the people who are impacted by them. We engage with our neighbours early and often, describing our projects in ways that meet their information needs and with an open mind. There's more than one way to implement any project and every community is different, so we listen first and choose a path where the potential effects are managed, and our stakeholders feel their input has been addressed.

For example, we engaged with homeowners in Grande Prairie, Alberta to let them know about our project to install advanced meters, ensuring they were informed about the benefits of the new technology. We learned a lot in this engagement, including what our customers want to know and what concerns them. We remain committed to open dialogue and working with customers to understand how they would like us to engage with them in the future.

30

garden beds constructed and 4,720 meals provided to seniors and veterans as part of ATCO Giving Gardens

Community investment

Sponsorships, donations and in-kind support are all ways we invest in the communities where we live and work. Behind those activities are employees who want to make a difference in the lives of their neighbours. The pandemic continued to affect how we invested, but our commitment is unwavering.

ATCO EPIC

ATCO EPIC (Employees Participating in Communities) is a long-standing employee-led program that rallies the spirit of our people all over the world, combining volunteerism, fundraising events and individual donations. With the combined efforts of our employees around the world, we pledged more than \$3 million to support hundreds of community charities through our annual ATCO EPIC campaign, taking the program's cumulative fundraising total to over \$50 million since its inception in 2006. Employees donate directly to the charities of their choice, and we enhance our people's generosity by matching those donations made to health and wellness charities.

ATCO Giving Gardens

In partnership with Spruce Meadows, 30 garden beds were constructed out of reclaimed lumber from our operations, recycled milk crates and old water troughs. With the support of our amazing ATCO volunteers, a harvest of delicious beets, potatoes, carrots, squash and herbs were transformed into wonderful meals by our Blue Flame Kitchen chefs, destined for vulnerable seniors and veterans who needed them.

\$3M

raised for charities through our ATCO EPIC campaign, with over \$50 million raised for charities since inception in 2006

Homes For Heroes

One project that will always be close to our hearts is our partnership with the Homes For Heroes Foundation. The latest chapter of this fulfilling venture is the new ATCO Veterans Village in Edmonton. We delivered expertise on the design, manufacturing, transportation and placement of the new village, which will help veterans on the path to homelessness find a safe place to land and heal.



Analyst Corner

MD&A (pp. 21–22, 24)
GRI 103, 411-1



Investment around the world

Through our Communities Fund in Australia, we offer local groups sponsorships of up to AUS\$10,000 for projects that will improve their communities in the following priority areas: supporting Indigenous communities through education, health and employment; promoting community connectedness and capacity; environmental sustainability; health and well-being and education. In 2021, 11 partnerships were developed, worth a total value of AUS\$69,300.

In Mexico, we continue to invest in the communities around our hydroelectric plant in Veracruz. We have supported meeting essential needs in the community, including water distribution, school infrastructure, and housing and road improvements.

\$6.3M

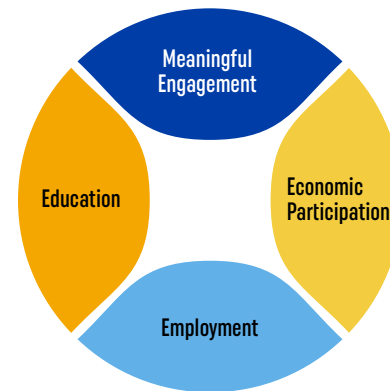
invested in communities through gifts in-kind, sponsorships, donations and our matching contribution to the employee-led ATCO Employees Participating in Communities (ATCO EPIC) program

 [Learn more about our new Indigenous Advisory Board](#)

Indigenous relations

From the Arctic to the heart of the Prairies, from the Americas to Australia and everywhere in between, the Indigenous Peoples we are proud to call neighbours, friends and partners can always count on our respect, transparency and trust. Our Indigenous strategy is captured by four “Es”:

4 “Es” of Indigenous Strategy



We continue to innovate new, collaborative models for partnerships with Indigenous Peoples around the world, in the spirit of Canada’s Truth and Reconciliation Commission’s Calls to Action and the United Nations Declaration on the Rights of Indigenous Peoples.

One example of our commitment to reconciliation is the launch of our Innovate Reconciliation Action Plan (RAP) in Australia. It represents the passion of our organization and will provide guidance on the next phase of our reconciliation journey. The vision is that Aboriginal and Torres Strait Islander communities have opportunity, respect and empowerment, by working towards an Australia where its First Peoples’ histories and cultures are respected. To date the RAP Governance Group has implemented 31 per cent of the 94 deliverables and 43 per cent are in progress.

Meaningful engagement

We have created a new Indigenous Advisory Board, whose members have deep experience and wisdom that will enhance how we work and engage with our partners, while helping to develop sustainable economic opportunities for both Indigenous communities and ATCO.

Ultimately, we hope to establish a new global standard for governments and industry that supports economic reconciliation, inclusive opportunities and truly equitable partnerships for Indigenous communities.

We develop genuine relationships with many Indigenous groups. Our engagement includes discussions about projects that may impact them and exploring how we can best meet their needs and collaborate.

Our Thickwood-Voyageur Transmission Project near Fort McMurray, Alberta was our largest consultation in our electricity division last year, with six Indigenous communities providing input on 35 km of power line between the Suncor Base Plant Cogeneration Facility and the Alberta Interconnected Electric System. We honoured all our commitments made during consultation and have now begun construction.

In our natural gas division, as part of a reclamation project in the community of Bow Island, Alberta, our archaeology, land and Indigenous relations teams collaborated with members of the Blood Tribe to visit culturally significant sites. The result was a positive and collaborative site visit, where ATCO team members were invited to participate in an opening ceremony and prayer, as well as knowledge-sharing from an Elder of the Tribe.

We continued dialogue to advance many initiatives, including transitioning to lower-emitting energy sources and systems, switching from fuels such as diesel to renewables and providing procurement opportunities and disaster management services. As we work together, we are always



looking for new ways to collaborate through partnerships, potential memorandums of understanding (MOUs), ownership of assets and other unique arrangements. For more information on these initiatives, see the *Energy Transition* and *Operational Reliability & Resilience* sections.

Our engagement strategy also includes 12 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 MOUs and joint-venture (JV) partnerships.

Economic participation

We believe that our Indigenous partners should be provided with opportunities to share in the economic benefits of developments that happen in their communities. Participation can take many forms, such as equity arrangements, revenue sharing, JV partnerships, MOUs and procurement opportunities. As of the end of 2021, we maintained 56 JVs, MOUs and other partnerships with Indigenous groups and continue to look for new opportunities.

\$120.1M

in Indigenous joint-venture revenue, representing 42% of the total revenue from our Indigenous JVs

The Old Crow solar project with the Vuntut Gwitchin First Nation in Yukon allows the community to benefit from approximately 100 days of electricity production from the project in the summer months of each year. While the Vuntut Gwitchin owns the solar field, we buy the solar energy, feed it into the grid, and redistribute it to the community.

To see this important project through to completion, we worked with the Vuntut Gwitchin to develop a first-of-its-kind Electricity Purchase Agreement that is a model for effective collaboration in the utilities sector. The Vuntut Gwitchin will serve as the Independent Power Producer, owner and operator of the solar facility, while we will purchase the solar electricity generated for the next 25 years and distribute it to the community. For more information on Old Crow and projects such as Peace Point Solar and other off-diesel projects, see the *Energy Transition* section.

We are the first to admit we made some mistakes that came to light through an internal investigation in 2021. In 2018, we executed a contract at higher rates than market with a partner Indigenous group and did not properly disclose the details of the contract in a rate application. ATCO deeply regrets the situation and has proposed a number of corrective actions to improve our contracting and disclosure practices to ensure this type of issue never happens again. Additional information about this situation was provided in [ATCO's news release](#) that was filed on November 30, 2021.

56

JV partnerships, memorandums of understanding and other partnerships with Indigenous groups



Serving Canada's North

ATCO Frontec continues to advance partnerships, including a new JV company called Nunavut Arctic Services Ltd., a new 10-year contract for Uqsuq Corporation and a new contract starting in 2022 for Nasittuq Corporation to operate and maintain the North Warning System.

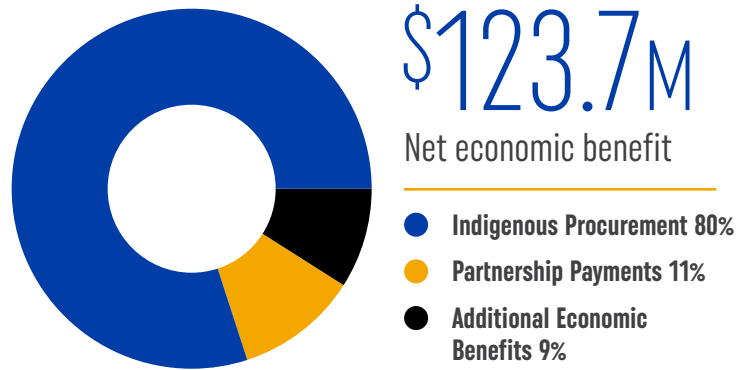


Learn more about Uqsuq Corporation's 10-year fuel supply contract



Learn more about Nasittuq's contract to operate Canada's North Warning System

Indigenous Net Economic Benefit



We generated \$123.7 million in net economic benefit to Indigenous groups, including awarding contracts totalling nearly \$99.5 million to Indigenous and Indigenous-affiliated contractors. We saw an increase in these opportunities largely due to procurement from Indigenous suppliers on our Northwest Connector project.

We look for opportunities to implement Indigenous contracting strategies and develop partnerships to create jobs, opportunities for skills training and local economic development. For example, Indigenous JV revenue is a metric that highlights the health of our formal JVs with our Indigenous partners, while net economic benefit to Indigenous groups captures other unique benefits we provide. These metrics are tied to our commitment to advance Indigenous reconciliation, demonstrated by our 2030 ESG targets to increase our net economic benefit to our Indigenous partners by 40 per cent.

In 2017, our Australian team embarked on an accelerated journey to increase supplier diversity and have now engaged over 20 Indigenous businesses who provide products and services across the organization. These business relationships equate to over \$10 million of investment since 2018.

Employment and training

We actively look for opportunities to train and hire Indigenous Peoples. ATCO Frontec implemented a successful pilot program for nine Indigenous employees who expressed an interest in career growth. Implemented at several sites, the focus was to ensure Indigenous employees were progressing to senior roles through leadership training and opportunities for cross-training. Over the duration of the pilot program, participants enjoyed a sharing circle each month where leaders from the community joined to talk about leadership, ATCO values and how they relate to Indigenous values. We plan to continue this program in 2022.

Employee education and awareness training

It is important that our employees understand the unique cultural and historical status of Indigenous Peoples and communities and the importance of Indigenous Knowledge. Over the past year, 5,000 employees participated in some form of Indigenous cultural training, including online orientations, informal virtual lunch and learn sessions, in-person and virtual full-day courses, and the University of Calgary Indigenous Relations Training Program, which we sponsor.

In 2021, we launched an updated Indigenous Awareness Orientation to our Canadian employees, completed by almost 96 per cent of staff. The orientation now includes information on the history of Canada's Indigenous Peoples and the importance of Indigenous relations to our operations, today and into the future.

Over
5,000
employees participated in additional Indigenous cultural training



Scholarships, training and education

Indigenous Education Awards

53 First Nation, Inuit and Métis students across Canada received scholarships, bursaries and merit awards totalling \$64,500 to help pursue higher education.

Emerging Aboriginal Leaders Program

Four Aboriginal leaders graduated from this 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.

Indigenous Summer Student Program

We continued our Indigenous Summer Student Program in 2021, with 28 students welcomed in different roles.

Our culinary program that offers career and life skills and ATCO Explore were postponed once again in 2021 due to COVID-19.

GOVERNANCE

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

IN THIS SECTION

[Board oversight](#)

[Management's role](#)

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





Effective corporate governance stewards the interests of our employees, share owners, and Indigenous and community partners over the near-, medium- and long-term, providing review and oversight of corporate strategies and executive decisions. We regularly evaluate our governance practices to ensure they are aligned with international standards for assessing sustainability and climate-related issues. As such, our Board of Directors and management team fully endorse our net-zero commitment and 2030 ESG targets announced in January 2022.

Board oversight

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

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

The GOCOM Committee oversees our corporate governance practices, including succession planning and evaluates senior executive officers' compensation and performance.

The Audit & Risk Committee has the greatest oversight over our sustainability practices and disclosures. It oversees accounting and financial reporting, as well as risk management and control practices. The committee reviews risks and opportunities that could materially impact our ability to achieve our strategic and operational objectives and is responsible for ensuring that management addresses risks by implementing appropriate mitigation measures.

We have an established enterprise risk-management process that allows us to identify and evaluate risks by both severity of impact and probability of occurrence. This evaluation includes climate-related risks involving transitional (policy/regulatory, market, technology and reputational) and physical factors. In addition, we evaluate climate-related

opportunities, such as resource efficiency, cleaner energy sources, innovative products and services, access to markets, and climate change resilience and adaptation.

The senior executive of each operating division reports on operating results and risks to a designated audit director, who in turn reports to the Audit & Risk Committee. In addition, each division prepares Stewardship Reports, which are presented to the Audit & Risk Committee on a bi-annual basis, and include topics such as safety, environment and Code of Ethics compliance. Our [How We Do Business](#) document 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.

An important aspect of governance is internal checks and balances. In 2021, an internal investigation showed that failures in our procedures and disclosure processes resulted in contraventions of the Inter-Affiliate Code of Conduct, a set of rules ATCO's regulated companies follow to ensure fair business practices and proper disclosure. ATCO deeply regrets the situation and is actively correcting and improving its contracting and disclosure practices to ensure this type of issue never happens again. Additional information about this situation was provided in [ATCO's news release](#) that was filed on November 30, 2021.



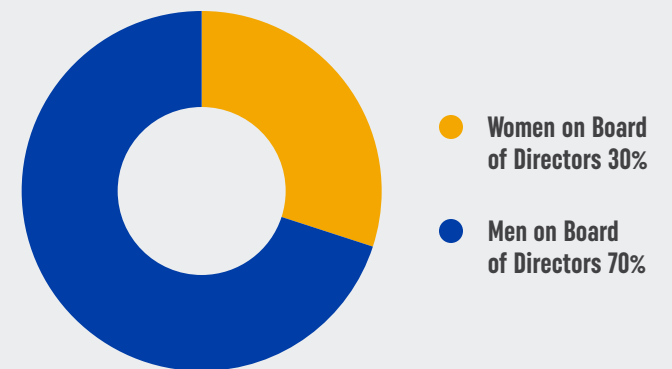
Effective corporate governance provides the foundation for ATCO's continued success.

Board diversity

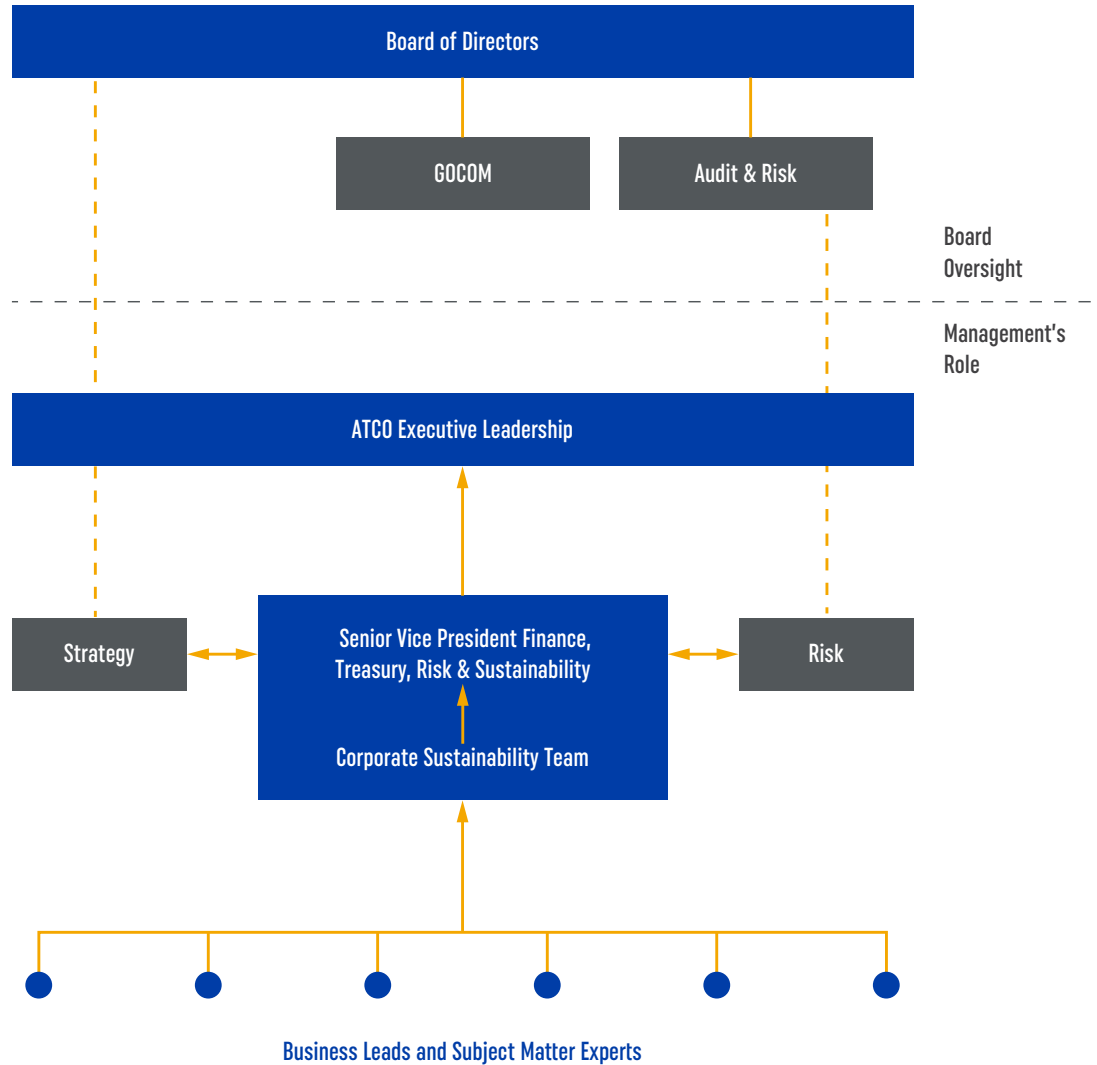
We are focused on finding the most qualified individuals available with the skills, experience and expertise that will complement the board and align with our strategic objectives, with gender and other characteristics among the many factors taken into consideration. Our GOCOM Committee evaluates the need for change to board and committee composition based on these factors.

We are a leader in the representation of women on our Board of Directors, having already reached our 2030 ESG target of 30 per cent female representation; that said, we continue to evaluate new targets and look for areas to improve such as minority representation.

ATCO Board of Directors Diversity



Sustainability Oversight



Management's role

At ATCO, the sustainability team reports through the Senior Vice President of Finance, Treasury, Risk & Sustainability to the Chief Financial Officers of ATCO Ltd. and Canadian Utilities Limited. Several senior members of leadership also oversee and contribute their expertise due to the cross-functional nature of many sustainability initiatives. Sustainability is managed collaboratively across numerous groups, including Human Resources, Government Relations, Indigenous Relations, Health and Safety, Environment, Marketing and Communications, Corporate Governance and Secretarial, Business Development, Internal Audit and Risk Management, among others. These groups monitor best practices, develop and implement policies and standards, and support our various divisions.

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

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

[Read our Management Proxy Circular](#)

[Read our How We Do Business document](#)

Analyst Corner

MD&A (pp. 25, 61)

MPC (pp. 24-32, 45-46)

GRI 102-18, 102-22, 102-23

ESG DATASHEET

The purpose of this *ESG Datasheet* is to provide an overview of ATCO's operational performance. Some of the performance data is discussed in more detail within the 2021 Sustainability Report. The Datasheet should be read in conjunction with the Sustainability Report and is not to be viewed as a substitute.

IN THIS SECTION

[Reporting boundaries](#)

[ATCO Ltd. performance summary](#)

[ATCO Ltd. framework index mapping](#)

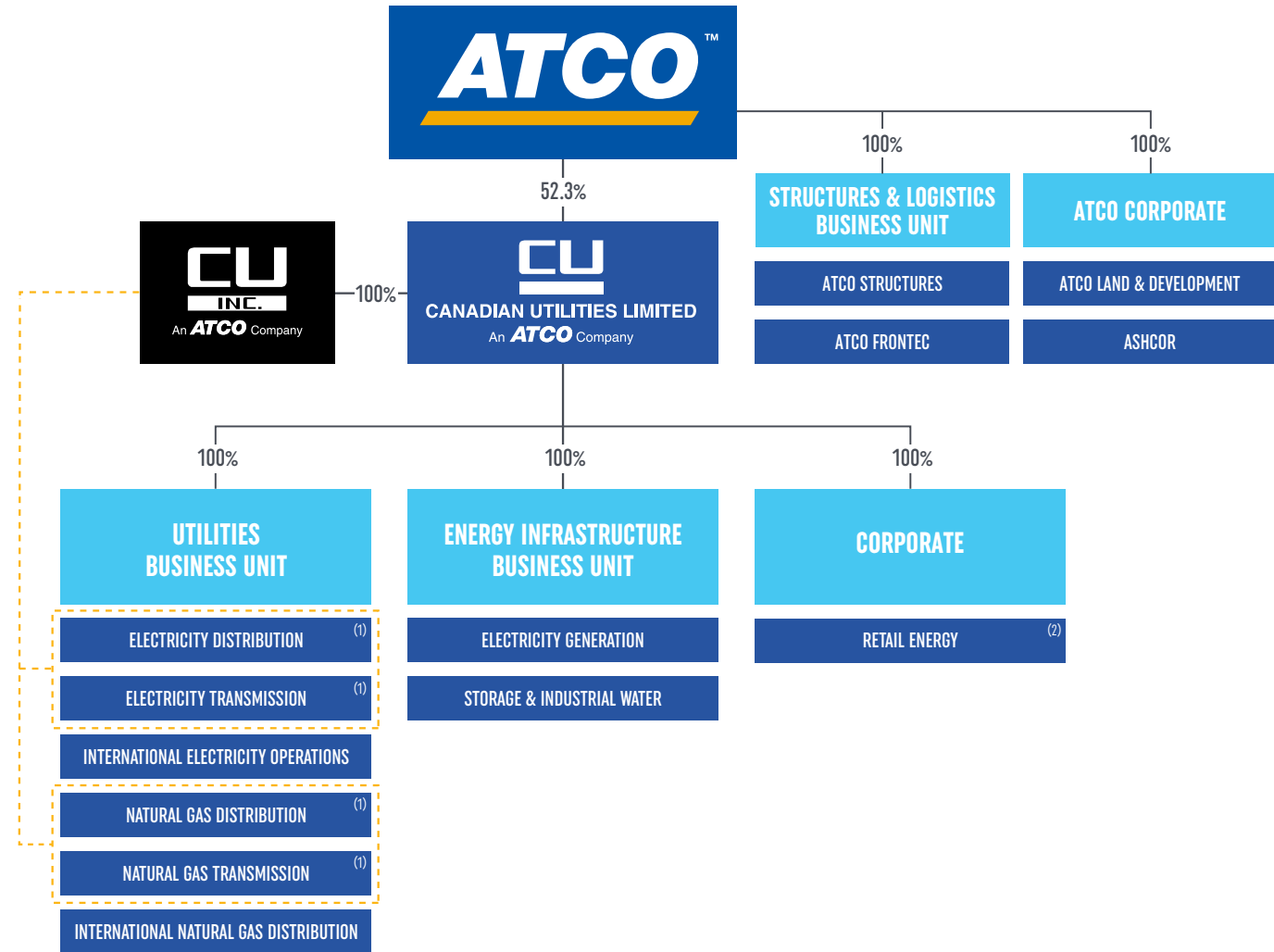
- [Global Reporting Initiative \(GRI\)](#)
- [Sustainability Accounting Standards Board \(SASB\)](#)
- [Task Force on Climate-related Financial Disclosures \(TCFD\)](#)



Reporting boundaries

The terms ATCO, ATCO Group, the ATCO Group of Companies, our, we, the Company and the corporation, refer to ATCO Ltd. as a whole, including its subsidiary companies Canadian Utilities Limited and CU Inc. Our Sustainability Report is based on the internationally recognized Global Reporting Initiative (GRI) Standards and guided by the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

This report communicates our sustainability performance in 2021 and reflects operations as of December 31, 2021 unless otherwise noted, for ATCO, our subsidiaries and JVs. Financial data is in Canadian dollars and environmental data is in metric units. Environmental performance metrics reported include 100 per cent for facilities where ATCO, or one of its subsidiaries, has operational control, regardless of percentage of financial ownership. Operational control is defined in alignment with the GHG Protocol. Exceptions are explicitly noted in the data notes with the relevant information. We also have investments in Neltume Ports (40 per cent) and LUMA Energy (50 per cent), which are not included in our operational control boundary, as defined in alignment with the GHG Protocol. All available data for Canadian Utilities Limited and CU Inc. is included in their respective ESG Datasheets, available at canadianutilities.com.



(1) CU Inc. includes Electricity Distribution, Electricity Transmission, Natural Gas Distribution and Natural Gas Transmission.

(2) ATCOenergy includes Rūmi, Blue Flame Kitchen, and Retail Energy and provides home products, home maintenance services, professional advice, and retail electricity and natural gas services in Alberta.



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

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

Canadian Utilities Limited (Canadian Utilities) is the largest principally controlled company of the ATCO Group of Companies, with operations in electricity, natural gas, energy and water infrastructure, and retail energy. Canadian Utilities' Board of Directors is independent from ATCO's.

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



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

ATCO Ltd. Performance Summary

Indicator ^{1,2}	Units	2021	2020	2019
Environment				
Greenhouse Gas Emissions^{3,4,7}				
Operational direct (Scope 1) greenhouse gases	kilotonnes CO ₂ e	741	873	8,319
Operational indirect (Scope 2) greenhouse gases ⁵	kilotonnes CO ₂ e	251	248	108
Operational (Scope 3) greenhouse gases ⁶	kilotonnes CO ₂ e	24,677	24,241	–
Financial reporting basis (Scope 1) greenhouse gases ⁸	kilotonnes CO ₂ e	647	749	6,686
Financial reporting basis (Scope 2) greenhouse gases	kilotonnes CO ₂ e	250	232	134
Financial Reporting Basis Greenhouse Gas Emission Intensity⁹	kilotonnes CO ₂ e / millions \$CAD earnings	2.42	2.79	–
Air Emissions^{3,4}				
Sulphur dioxide	tonnes	30	36	14,564
Nitrogen oxides	tonnes	1,542	1,796	8,909
Particulate matter (PM2.5)	tonnes	21	22	332
Carbon monoxide	tonnes	570	608	1,460
Volatile organic compounds	tonnes	171	188	143
Mercury	kg	1	1	24
Ozone depleting substances	kg	0	0	0
Energy Consumption	(GJ) gigajoules	8.9	10.4	72.7
Operational Water Use¹⁰	million m ³	2.0	1.5	16.0
Financial Reporting Basis Water Use	million m ³	1.5	0.9	14.1



Indicator ^{1,2}	Units	2021	2020	2019
Environment				
Spills¹¹				
Hydrocarbon - number ¹²	number	39	18	19
Hydrocarbon - volume	thousand litres	25.6	10.0	12.1
Non-hydrocarbon - number	number	0	2	1
Non-hydrocarbon - volume	thousand litres	0	0	25
Hazardous Waste¹³	tonnes	1,166	2,210	3,749
Environmental Fines and Penalties	\$ thousand	0	0	0
Owned, Developed or Managed Renewable Energy¹⁴	(MW) megawatts	76	–	–
Revenues from Transitional Product Categories¹⁵ (e.g., renewable natural gas and hydrogen)	per cent	1.12	–	–
Social¹⁶				
Health & Safety^{17,18,19}				
Lost-time injury rate (employees)	cases/200,000 hours worked	0.14	0.26	0.12
Lost-time injury rate (contractors)	cases/200,000 hours worked	0.30	0.13	0.17
Recordable injury rate (employees)	cases/200,000 hours worked	1.44	1.58	2.20
Recordable injury rate (contractors)	cases/200,000 hours worked	1.12	1.58	1.65
Fatalities (employees)	number	0	0	0
Fatalities (contractors)	number	0	0	0
Employees	number	6,358	6,183	6,556
Workforce by Employment Type				
Male - full-time	number	4,245	4,200	4,538
Female - full-time	number	1,993	1,873	1,894



Indicator ^{1,2}	Units	2021	2020	2019
Social¹⁶				
Male - part-time	number	29	23	23
Female - part-time	number	91	87	101
Workforce by Employment Contract				
Male - permanent	number	3,906	3,937	4,164
Female - permanent	number	1,800	1,738	1,782
Male - temporary	number	368	286	397
Female - temporary	number	284	222	213
Workforce by Region				
Canada - permanent	number	4,840	4,877	5,043
Canada - temporary	number	539	419	485
Mexico - permanent	number	32	33	39
Mexico - temporary	number	0	0	0
Australia - permanent	number	579	567	563
Australia - temporary	number	85	59	53
South America - permanent	number	61	9	7
South America - temporary	number	2	0	0
Other - permanent	number	194	189	294
Other - temporary	number	26	30	72
Voluntary Turnover Rate	per cent	6.4	6.3	8.7
Employees in Employee Unions or Associations	per cent	46	49	48



Indicator ^{1,2}	Units	2021	2020	2019
Social¹⁶				
Diversity				
Women in workforce	per cent	33	30	30
Women in senior management ²⁰	per cent	33	26	21
Minorities in workforce ²¹	per cent	30	–	–
Minorities in senior management	per cent	17	–	–
Revenue Generated from Indigenous Joint Ventures (Indigenous share only)	\$ million	120.1	113.6	147.6
Net Economic Benefit to Indigenous Groups²²	\$ million	123.7	71.4	–
Governance²³				
Human Rights and Ethics Incidents				
Discrimination incidents	number	0	0	0
Indigenous rights incidents	number	0	0	0
Corruption Incidents	number	0	0	0
Customer Privacy Breaches	number	0	0	0
Number of Regulatory Non-compliance Incidents²⁴	number	0	1	1
Fines and Penalties for Regulatory Non-compliance²⁴	\$ thousand	0.0	0.8	0.8
Board Diversity				
Women on Board of Directors	per cent	30	33	33
Minorities on Board of Directors	per cent	–	–	–



Indicator ^{1,2}	Units	2021	2020	2019
Economic				
Economic Value Generated²⁵	\$ million	4,289	3,944	4,706
Economic Value Distributed				
Suppliers	\$ million	1,691	1,402	1,785
Employee wages and benefits ²⁶	\$ million	573	531	538
Lenders	\$ million	401	413	498
Shareholders	\$ million	502	501	480
Governments ²⁷	\$ million	388	346	487
Communities ²⁸	\$ million	6	6	9
Economic Value Retained²⁹	\$ million	728	745	909
Coverage of Defined Benefit Pension Plan Obligations	per cent	98	91	91
Operational				
System Average Interruption Duration Index (SAIDI)³⁰				
Alberta electricity distribution	minutes	4.41	4.09	–
Yellowknife	minutes	0.27	0.19	–
Northwest Territories	minutes	4.72	1.96	–
Yukon	minutes	2.81	4.91	–
System Average Interruption Frequency Index (SAIFI)³¹				
Alberta electricity distribution	per cent	1.58	1.58	–
Yellowknife	per cent	0.77	0.64	–
Northwest Territories	per cent	2.16	4.01	–
Yukon	per cent	1.97	2.71	–



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

Indicator

1. This summary table consolidates data for ATCO Ltd. (ACO.X, ACOY). Performance summaries for ATCO's subsidiaries Canadian Utilities Limited (CU, C.X) and CU Inc. can be found online.
2. This report includes performance data on indicators that were not included in all previous reports. Data for the new indicators is not provided for previous years and is denoted with a "-" symbol.

Environment

3. 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. ATCO Espaciomovil and ATCO Sabinco are not currently included in the operational control boundary; we expect to include these operations in 2022.
4. GHG emissions are calculated and reported in line with carbon regulations where the facility is located and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol).
5. Indirect (Scope 2) GHG emissions for 2020 have been restated as a result of an update to the grid emission factor used for Alberta.
6. Scope 3 GHG emissions are calculated and reported in line with the GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We currently only report Scope 3 GHG emissions from our Upstream Production and Generation (category 3) and Downstream End-use (category 11), focusing on the categories most material to our business. Storage, handling and transmission of natural gas is not included in our Scope 3 calculations; however, any associated emissions from facilities to handle and move these products are captured in direct (Scope 1) GHG emissions. As the guidance on the reporting of Scope 3 GHG emissions continues to evolve, we will annually review this approach to ensure we are in line with best practice.
7. Financial reporting basis aligns with financial reporting in relation to treatment in external financial filings and is also guided by the GHG Protocol. However, our equity share of LUMA and Neltume Ports have not yet been included in reported 2021 financial reporting basis. We expect to include these operations in 2022.
8. The financial reporting basis direct (Scope 1) GHG emissions for 2020 has been restated as a result of revised data from our Australian division.

9. GHG emissions intensity is calculated by dividing financial reporting basis direct (Scope 1) and indirect (Scope 2) GHG emissions over earnings. Earnings are adjusted earnings as defined in the MD&A.
10. Water use is calculated by deducting water discharged from water withdrawn. The increase in water consumption for 2021 is mainly attributable to increase in activity in our Energy Infrastructure and Storage business.
11. 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.
12. In 2021, 38 per cent of hydrocarbon spills were related to vandalism incidents to electrical transformers.
13. The decrease in hazardous waste volume is mainly attributable to a fluctuation in capital projects within the business units.
14. This metric has been established to be intentionally broad to demonstrate various ways we are contributing to the energy transition, and does not align with typical operational control or financial basis concepts. Renewable energy is included in three circumstances: 1) Ownership of a renewable project when ATCO has financial control; 2) Development of a renewable project where ATCO has an engineering, procurement and construction contract, but ultimately no financial or operational control once in operation; and 3) Management or operation of a renewable energy asset for a customer; however, ATCO doesn't have ownership.
15. Transitional products and services are defined as products or services that reduce Scope 1, 2 or 3 GHG emissions. They can include products or services that are lower carbon or to upgrade existing activities and systems.

Social

16. Includes our temporary workforce but does not include joint-venture employees, unless otherwise noted.
17. The increase in contractor lost-time incident rate is mainly attributable to a slight increase in incident occurrences as well as continuous improvement in our contractor reporting processes.
18. Our contractor safety rates do not cover all contractors since some of our business units only track safety statistics for certain work mode classification (focus on where we have a supervisory, inspection or monitoring role), or contractors with greater than a threshold contract size. Changes to contractor incident rates vary year-over-year depending on significant capital projects which occur during that year. Work is ongoing to align and improve contractor reporting across the organization.
19. Data is not included 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.

20. Senior Management includes senior executive officers (which aligns with disclosures in the Management Proxy Circular).
21. Minorities include people of different race and ethnic backgrounds. Note that this metric only includes those who choose to self-identify, and does not include persons with disabilities or LGBTQ2S+.
22. Net Economic Benefit to Indigenous groups equals net earnings from Indigenous joint-ventures, partnership payments, Indigenous procurement and additional economic benefits.

Governance

23. 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.
24. Process failings were identified in 2021 that resulted in enforcement proceedings being initiated with the Alberta Utilities Commission. ATCO issued a news release on November 30, 2021 to describe the situation and the corrective actions being taken. Any fines or penalties that may be issued for regulatory non-compliance have yet to be determined at the time of publication in connection with the ongoing regulatory proceedings. Our policy is to report both the incident and any related fines or penalties in the year they are finalized, and therefore anticipate this will be included in 2022 reporting.

Economic

25. Economic value generated is equal to revenue as defined in the MD&A.
26. Employee wages and benefits include employee salaries and amounts paid to government institutions on behalf of employees plus total benefits.
27. Payments to governments include income, property and franchise taxes.
28. Distributions to communities include donations, in-kind contributions, and sponsorships.
29. Economic value retained is economic value generated minus economic value distributed. This is not a financial reporting indicator and should not be confused with retained earnings.

Operational

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

ATCO Ltd. Sustainability Framework References

This section includes references to a variety of publicly available documents that contain governance, economic, environmental, and social information for 2021, including the Annual Report, Sustainability Report, financial filings, and website.

GRI Aligned Disclosures

The Sustainability Report includes data for ATCO Ltd. (ACO.X, ACO.Y). ATCO's sustainability reporting references GRI Standards.

Standard Reference	Disclosure	Page Number and/or URL(s)
General Disclosures		
GRI 102-1	Name of the organization	ATCO Ltd.
GRI 102-2	Activities, brands, products, and services	Sustainability Report (p. 4) ATCO Ltd. Annual Information Form (pp. 7–41)
GRI 102-3	Location of headquarters	Calgary, Alberta, Canada
GRI 102-4	Location of operations	Sustainability Report (p. 5) ATCO Ltd. Annual Information Form (pp. 7–41)
GRI 102-5	Ownership and legal form	Company shares are traded on the Toronto Stock Exchange (TSX) as ACO.Y (non-voting shares) and ACO.X (voting shares). ATCO Ltd. Annual Information Form (pp. 2–3)
GRI 102-6	Markets served	Sustainability Report (p. 5) ATCO Ltd. Annual Information Form (p. 7)
GRI 102-7	Scale of the organization	Sustainability Report (p. 5) ATCO Ltd. Business Profile (pp. 36–37)
GRI 102-8	Information on employees and other workers	ATCO Performance Summary (pp. 43–48)
GRI 102-10	Significant changes to the organization and its supply chain	ATCO Ltd. Management's Discussion & Analysis (pp. 26–43)
GRI 102-11	Precautionary principle or approach	Although ATCO has not formally adopted the precautionary principle (as described in the U.N. Rio Declaration of 1992), our implementation of sustainability practices demonstrates a commitment to proactively identify, and prevent or mitigate negative impacts.



Standard Reference	Disclosure	Page Number and/or URL(s)
General Disclosures		
GRI 102-14	Statement from senior decision-maker	Sustainability Report (pp. 2–3)
GRI 102-16	Values, principles, standards, and norms of behaviour	Vision & Values Code of Ethics
GRI 102-17	Mechanisms for advice and concerns about ethics	Integrity and Compliance
GRI 102-18	Governance structure	Sustainability Report (pp. 37–39) ATCO Ltd. Management Proxy Circular (p. 26)
GRI 102-22	Composition of Board and its committees	ATCO Ltd. Board Members: Management Proxy Circular (pp. 11–20) ATCO Ltd. Committee Members: Management Proxy Circular (pp. 34–37)
GRI 102-23	Chair of the Board	ATCO Ltd. Management Proxy Circular (p. 16)
GRI 102-40	List of stakeholder groups	The groups we engage include, but are not limited to: <ul style="list-style-type: none"> • community residents and landowners; • customers and potential customers; • Indigenous communities; • governments and regulators; • special interest groups and non-government organizations; • investors and potential investors; and • employees and potential employees. For more information visit ATCO.com
GRI 102-41	Collective bargaining agreements	ATCO Performance Summary (pp. 43–48)
GRI 102-43	Approach to stakeholder engagement	Sustainability Report (pp. 32–36)
GRI 102-45	Entities included in the consolidated financial statements	ATCO Ltd. Consolidated Financial Statements Entities covered in the CFS are also covered in our sustainability reporting unless noted. The treatment of joint ventures may be addressed differently in ATCO's 2021 Annual Report with respect to financial performance.
GRI 102-46	Defining report content and topic boundaries	Sustainability Report (p. 41)
GRI 102-47	List of material topics	Sustainability Report (p. 7) For more information visit ATCO.com



Standard Reference	Disclosure	Page Number and/or URL(s)
General Disclosures		
GRI 102-48	Restatements of information	ATCO Performance Summary (pp. 43–48)
GRI 102-49	Changes in reporting	ATCO Performance Summary (pp. 43–48)
GRI 102-50	Reporting period	January 1–December 31, 2021
GRI 102-51	Date of most recent report	Our 2021 Sustainability Report was released in April 2022
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	sustainability@atco.com
GRI 102-54	Claims of reporting in accordance with the GRI Standards	ATCO's Sustainability Report references the specific GRI Standards listed in this document.
GRI 102-55	GRI content index	Sustainability Framework Reference
GRI 102-56	External assurance	Senior management and relevant staff have reviewed all information and believe it is an accurate representation of our performance. We undertook a variety of internal and external review activities on information presented in the 2021 Sustainability Report and associated disclosures. However, third-party assurance has not been conducted. In 2022, we will start the process of external third-party assurance.
Material Topics		
Energy Transition		
GRI 103	Management Approach	Sustainability Report (pp. 11–15)
Company Indicator	Spend on new and refurbished infrastructure (\$)	Sustainability Report (p. 14)
GRI 302-1	Energy consumption within the organization	ATCO Performance Summary (pp. 43–48)
GRI 302-4	Reduction of energy consumption	Sustainability Report (pp. 16–20)
Climate Change & Environmental Stewardship		
GRI 103	Management Approach	Sustainability Report (pp. 16–20)
GRI 305-1	Direct (Scope 1) GHG emissions	ATCO Performance Summary (pp. 43–48)
GRI 305-2	Energy indirect (Scope 2) GHG emissions	ATCO Performance Summary (pp. 43–48)
GRI 305-4	GHG emissions intensity	ATCO Performance Summary (pp. 43–48)
GRI 306-3	Significant spills	ATCO Performance Summary (pp. 43–48)
GRI 307-1	Non-compliance with environmental laws and regulations	ATCO Performance Summary (pp. 43–48)



Standard Reference	Disclosure	Page Number and/or URL(s)
Material Topics		
GRI 303-5	Water consumption	ATCO Performance Summary (pp. 43–48)
GRI 305-6	Emissions of ozone-depleting substances	ATCO Performance Summary (pp. 43–48)
GRI 305-7	Nitrogen oxides, sulphur dioxides and other significant air emissions	ATCO Performance Summary (pp. 43–48)
GRI 306-2	Waste by type	ATCO Performance Summary (pp. 43–48)
People		
GRI 103	Management Approach	Sustainability Report (pp. 21–26, 27–31)
GRI 403-9	Work-related injury rates	Sustainability Report (p. 29) ATCO Performance Summary (pp. 43–48)
GRI 401-1	Employee turnover rate	ATCO Performance Summary (pp. 43–48)
GRI 405-1	Diversity of governance bodies and employees	ATCO Ltd. Management Proxy Circular (pp. 30–32) Sustainability Report (pp. 30–31, 38) ATCO Performance Summary (pp. 43–48)
GRI 406-1	Incidents of discrimination	ATCO Performance Summary (pp. 43–48)
GRI 416-2	Non-compliance incidents regarding safety of products and services	Included as part of 'Number of Regulatory Non-compliance Incidents' in ATCO Performance Summary (pp. 43–48)
GRI 418-1	Customer privacy breaches	ATCO Performance Summary (pp. 43–48)
GRI 419-1	Non-compliance with laws and regulations in the social and economic areas	Included as part of 'Number of Regulatory Non-compliance Incidents' in ATCO Performance Summary (pp. 43–48)
Community & Indigenous Relations		
GRI 103	Management Approach	Sustainability Report (pp. 32–36)
GRI 411-1	Incidents of violations involving rights of Indigenous Peoples	ATCO Performance Summary (pp. 43–48)
Other Topics Covered		
Economic		
GRI 201-1	Economic value generated and distributed	ATCO Performance Summary (pp. 43–48)
GRI 201-3	Coverage of defined benefit pension plan obligations	ATCO Performance Summary (pp. 43–48)
GRI 201-4	Financial assistance received from governments	Any material financial assistance from governments is reported in the ATCO Ltd. Management's Discussion & Analysis
GRI 205-3	Corruption incidents	ATCO Performance Summary (pp. 43–48)

SASB Aligned Disclosures

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

Standard Reference	Disclosure	Page Number and/or URL(s)
SASB IF-EU-110a.1	Direct (Scope 1) GHG emissions	ATCO Performance Summary (p. 43)
SASB IF-EU-110a.3	Direct (Scope 1) GHG emissions strategy including reduction targets	Sustainability Report (pp. 8–9, 16–20)
SASB IF-EU-110a.4	Renewable portfolio standard (RPS) customers	Not applicable
SASB IF-EU-120a.1	Nitrogen oxides, sulphur dioxides and other significant air emissions	ATCO Performance Summary (p. 43)
SASB IF-EU-140a.1	Water consumption	ATCO Performance Summary (p. 43)
SASB IF-EU-150a.1	Coal combustion residuals (CCR) generated and recycled	Not applicable
SASB IF-EU-150a.2	Coal combustion residuals (CCR) impoundments	Not applicable
SASB IF-EU-240a.4	Discussion of factors that affect energy affordability	Sustainability Report (pp. 10–15)
SASB IF-EU-320a.1	Work-related injury rates	Sustainability Report (p. 29) & ATCO Performance Summary (p. 44)
SASB IF-EU-540a.1	Nuclear power units	Not applicable
SASB IF-EU-540a.2	Nuclear safety	Not applicable
SASB IF-EU-550a.2	System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI)	Sustainability Report (p. 26) & ATCO Performance Summary (p. 47)
SASB IF-EU-000.C	Length of electricity transmission and distribution lines	Sustainability Report (p. 5)
SASB IF-GU-240a.4	Discussion of factors that affect energy affordability	Sustainability Report (pp. 10–15)
SASB IF-GU-540a.3	Transmission pipeline in-line inspections	Sustainability Report (p. 24)
SASB IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	Sustainability Report (p. 24)
SASB IF-GU-000.C	Length of gas (1) transmission and (2) distribution pipelines	Sustainability Report (pp. 5, 24)



TCFD Aligned Disclosures

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

In 2021, ATCO expanded alignment to the TCFD recommendations. We have provided available mapping to existing disclosures below, and plan to continue to evolve our external disclosure around climate-related risks and opportunities in alignment with the TCFD recommendations.

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

TCFD Recommendations		Links to ATCO Information
Governance		
Disclose the organization's governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities.	The board and committees of the board provide oversight on material sustainability topics, including climate-related risks and opportunities. Our Sustainability Report (pp. 37–39) describes the board's oversight of climate-related risks and opportunities, as well as the roles and responsibilities of the board committees. The Management Proxy Circular (pp. 26–34) provides more information on our overall approach to governance. The board fully endorses our strategic 2030 ESG Targets and commitment to net-zero emissions by 2050.
	Describe management's role in assessing and managing risks and opportunities.	Management assesses material climate-related risks and opportunities to determine the best course of action. Our Sustainability Report (pp. 37–39) describes management's role in assessing and managing climate-related risks and opportunities. The Management Proxy Circular (pp. 26–34) provides more information on our overall approach to governance.



TCFD Recommendations		Links to ATCO Information
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	Our climate-related risks and opportunities include policy/regulatory, market, technology, reputational, and physical risks. The Management's Discussion & Analysis (pp. 5–11), Management's Discussion & Analysis (pp. 44–48), Management's Discussion & Analysis (pp. 61–69) and Sustainability Report (pp. 16–20) describe the material climate-related risks and opportunities we have identified.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Sustainability is interwoven into our businesses, strategy, and planning. Our Sustainability Report (p. 6) provides an overview of how climate-related risks and opportunities are integrated throughout the organization. The Management's Discussion & Analysis (p. 4), Management's Discussion & Analysis (pp. 5–11), Management's Discussion & Analysis (pp. 44–48), Management's Discussion & Analysis (pp. 61–69) and Sustainability Report (pp. 16–20) provide more information on how we incorporate climate-related risks and opportunities into our businesses, strategy, and planning.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	In 2021 we conducted a significant decarbonization modelling project for our energy businesses, which highlighted the resilience of our business model and strategy to decarbonize. The Management's Discussion & Analysis (pp. 44–48) and Sustainability Report (pp. 16–20) provide more information on our climate-related strategies and resiliency.
Risk Management		
Disclose how the organization identifies, assesses, and manages climate-related risks.	Describe the organization's processes for identifying and assessing climate-related risks.	Our enterprise risk management process allows us to identify and assess risks by both severity of impact and probability of occurrence, including climate-related risks. The Management's Discussion & Analysis (pp. 44–48), Management's Discussion & Analysis (pp. 61–69), Sustainability Report (pp. 16–20) and the Sustainability Report (pp. 37–39) provide more information on how we identify and assess climate-related risks.
	Describe the organization's processes for managing climate-related risks.	Our enterprise risk management process allows us to identify and assess risks by both severity of impact and probability of occurrence, including climate-related risks. The Management's Discussion & Analysis (pp. 44–48), Management's Discussion & Analysis (pp. 61–69), Sustainability Report (pp. 16–20) and the Sustainability Report (pp. 37–39) provide more information on how we manage climate-related risks.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Our enterprise risk management process allows us to identify and assess risks by both severity of impact and probability of occurrence, including climate-related risks. The Management's Discussion & Analysis (pp. 44–48), Management's Discussion & Analysis (pp. 61–69), Sustainability Report (pp. 16–20) and the Sustainability Report (pp. 37–39) provide more information on how identifying, assessing, and managing climate-related risks are integrated into our overall risk management processes.



TCFD Recommendations		Links to ATCO Information
Metrics and Targets		
<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>The ATCO Performance Summary (pp. 43–48) outlines the metrics we use and our performance.</p>
	<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>The ATCO Performance Summary (pp. 43–48) outlines our Scope 1, Scope 2, and Scope 3 GHG emissions. Our Sustainability Report (pp. 16–20) provides more information on our Scope 1, Scope 2, and Scope 3 GHG emissions.</p>
	<p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>In January 2022, we published a news release announcing an initial set of strategic 2030 ESG Targets as well as a commitment to net-zero emissions by 2050. The Management's Discussion & Analysis (p. 4) provides more information on how we plan to achieve these targets, and the 'Scorecard' section of the Management's Discussion & Analysis (pp. 15–22) outlines our strategic priorities and progress towards targets. Our Sustainability Report (pp. 8–9, 11, 12, 13, 17, 18, 28, 30, 36, 38) provides more detailed information on our ESG Targets and net-zero commitment, and the ATCO Performance Summary (pp. 43–48) outlines our performance towards targets.</p>