

Canadian Utilities Limited 2018 Sustainability Report

Sustainability Framework Reference Document

This document includes references to a variety of publicly available documents that contain governance, economic, environmental, and social information for 2018, including the Annual Report, Sustainability Report, financial filings, and website.

This reference document contains information for Canadian Utilities Limited (CU, CU.X), which should not be misconstrued as ATCO Ltd. (ACO.X, ACO.Y). Canadian Utilities Limited's sustainability reporting references Global Reporting Initiative (GRI) Standards and Sustainability Accounting Standards Board (SASB) as listed below.

For more information on the GRI please visit www.globalreporting.org.

For more information on SASB please visit www.sasb.org.

SUSTAINABILITY FRAMEWORK INDEX

Standard Reference	Disclosure	Page Number and/or URL(s)
GENERAL DISCLOSURES		
GRI 102-1	Name of the organization	Canadian Utilities Limited
GRI 102-2	Activities, brands, products, and services	Sustainability Report (p. 2-3) Canadian Utilities Limited Annual Information Form (p. 8-21)
GRI 102-3	Location of headquarters	Calgary, Alberta, Canada
GRI 102-4	Location of operations	Sustainability Report (p. 2-3) Canadian Utilities Limited Annual Information Form (p. 8-21)
GRI 102-5	Ownership and legal form	Company shares are traded on the Toronto Stock Exchange (TSX) as CU (non-voting shares) and CU.X (voting shares). Canadian Utilities Limited Annual Information Form (p. 2-3)
GRI 102-6	Markets served	Sustainability Report (p. 2-3) Canadian Utilities Limited Annual Information Form (p. 5)
GRI 102-7	Scale of the organization	Sustainability Report (p. 2-3) Canadian Utilities Limited Annual Report (p. 5)
GRI 102-8	Information on employees and other workers	Canadian Utilities Limited Performance Summary
GRI 102-10	Significant changes to the organization and its supply chain	Canadian Utilities Limited Management's Discussion & Analysis (p. 19-31)
GRI 102-11	Precautionary Principle or approach	Although Canadian Utilities Limited 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.
GRI 102-14	Statement from senior decision-maker	Sustainability Report (p. 1)
GRI 102-16	Values, principles, standards, and norms of behaviour	Vision & Values Code of Ethics Canadian Utilities Limited Management's Discussion & Analysis (p. 7)
GRI 102-17	Mechanisms for advice and concerns about ethics	Integrity and Compliance

GRI 102-18	Governance structure	Sustainability Report (p. 37) Canadian Utilities Limited Management Proxy Circular (p. 24)
GRI 102-22	Composition of Board and its committees	Canadian Utilities Limited Board Members: Management Proxy Circular (p. 8-19) Canadian Utilities Limited Committee Members: Management Proxy Circular (p. 29-32)
GRI 102-23	Chair of the Board	Canadian Utilities Limited Management Proxy Circular (p. 15)
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.
GRI 102-41	Collective bargaining agreements	Canadian Utilities Limited Performance Summary
GRI 102-43	Approach to stakeholder engagement	Community & Indigenous Relations Sustainability Report (p. 24-29)
GRI 102-45	Entities included in the consolidated financial statements	Canadian Utilities Limited: 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 Canadian Utilities Limited's 2018 Annual Report with respect to financial performance.
GRI 102-46	Defining report content and topic boundaries	Sustainability Report (p. 38-39)
GRI 102-47	List of material topics	Sustainability Report (p. 38)
GRI 102-48	Restatements of information	Canadian Utilities Limited Performance Summary
GRI 102-49	Changes in reporting	Canadian Utilities Limited Performance Summary
GRI 102-50	Reporting period	January 1 - December 31, 2018. Due to differences in government reporting systems, some of the environmental data from our Australian operations is based on a July to June reporting period. Although this does not align with the conventional January to December time period, data reported reflects their annual environmental performance.
GRI 102-51	Date of most recent report	Our 2017 Sustainability Report was released in June 2018.
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	Our 2018 Sustainability Report references the specific GRI Standards listed in this document.
GRI 102-55	GRI content index	Sustainability Framework Index
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 this report. However, third-party assurance of this report has not been conducted.

MATERIAL TOPICS		
ENERGY STEWARDSHIP		
Customer Satisfaction		
Company Indicator	Employees completing customer service training (#)	1,369 employees completed customer service training in 2018
Security & Reliability		
Company Indicator	Spend on new and refurbished infrastructure (\$)	Energy Stewardship Sustainability Report (p. 5)
Access & Affordability		
Company Indicator	Distributed generation installed (MW)	Canadian Utilities Limited Annual Information Form (p. 54-55)
SASB EU-240-A4	Discussion of factors that affect energy affordability	Energy Stewardship Sustainability Report (p. 6)
ENVIRONMENTAL STEWARDSHIP		
Climate Change & Energy Use		
GRI 302-4	Reduction of energy consumption	Environmental Stewardship Sustainability Report (p. 15-16)
GRI 305-1, SASB EU-11-A1	Direct (Scope 1) GHG emissions	Environmental Stewardship Canadian Utilities Limited Performance Summary
SASB EU-110-A3	Direct (Scope 1) GHG emissions strategy including reduction targets	Environmental Stewardship Sustainability Report (p. 14-16)
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Environmental Stewardship Canadian Utilities Limited Performance Summary
GRI 305-4	GHG emissions intensity	GHG emission intensity was a new disclosure in 2017. In 2018, we estimate that emissions intensity for power generation was 0.68 CO ₂ e/MWh. Emissions intensity for power generation is calculated by dividing direct GHG emissions (CO ₂ e) by production (MWh equivalent), for facilities we operate regardless of financial ownership. Operated facilities include power generation facilities in Canada, Australia and Mexico, distributed generation including remote communities, as well as a combined heat and power unit at one of our operations centres.
Environmental Management		
GRI 306-3	Significant spills	Environmental Stewardship Sustainability Report (p. 17) Canadian Utilities Limited Performance Summary
GRI 307-1	Non-compliance with environmental laws and regulations	Canadian Utilities Limited Performance Summary
SAFETY		
Employee and Contractor Health & Safety		
GRI 403-9, SASB EU-320-A1	Work-related injury rates	Safety Sustainability Report (p. 22-23) Canadian Utilities Limited Performance Summary
COMMUNITY & INDIGENOUS RELATIONS		
GRI 411-1	Incidents of violations involving rights of Indigenous Peoples	Canadian Utilities Limited Performance Summary

OTHER TOPICS COVERED		
ECONOMIC		
GRI 201-1	Economic value generated and distributed	Canadian Utilities Limited Performance Summary
GRI 201-3	Coverage of defined benefit pension plan obligations	Canadian Utilities Limited Performance Summary
GRI 201-4	Financial assistance received from governments	Canadian Utilities Limited Performance Summary
GRI 205-3	Corruption incidents	Canadian Utilities Limited Performance Summary
ENVIRONMENT		
GRI 303-5, SASB IF-EU-140a.1	Water consumption	Canadian Utilities Limited Performance Summary
GRI 305-6	Emissions of ozone-depleting substances	Canadian Utilities Limited Performance Summary
GRI 305-7, SASB EU-120-A1	Nitrogen oxides, sulphur dioxides and other significant air emissions	Canadian Utilities Limited Performance Summary
GRI 306-2	Waste by type	Canadian Utilities Limited Performance Summary
SOCIAL		
GRI 401-1	Employee turnover rate	Canadian Utilities Limited Performance Summary
GRI 405-1	Diversity of governance bodies and employees	Canadian Utilities Limited Management Proxy Circular (p. 26) Canadian Utilities Limited Performance Summary
GRI 406-1	Incidents of discrimination	Canadian Utilities Limited Performance Summary
GRI 416-2	Non-compliance incidents regarding safety of products and services	Included as part of 'Number of Regulatory Non-compliance Incidents' in Canadian Utilities Limited Performance Summary
GRI 418-1	Customer privacy breaches	Canadian Utilities Limited Performance Summary
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 Canadian Utilities Limited Performance Summary
GAS DELIVERY INFRASTRUCTURE		
SASB EU-540-A3	Transmission pipeline in-line inspections	Sustainability Report (p. 17)
SASB EU-540-A4	Integrity discussion	Sustainability Report (p. 17)
SASB EU-000-C	Length of natural gas transmission and distribution pipelines	Sustainability Report (p. 17)

ENVIRONMENTAL DATA ON AN ASSET OWNERSHIP BASIS

The table below reports data for Canadian Utilities Limited (CU, CU.X).

Environmental data reported in the Sustainability Report is on an operational control basis which includes 100 per cent for facilities where Canadian Utilities Limited, or one of its subsidiaries, has operational control, regardless of percentage of financial ownership. Operational control is defined in alignment with The GHG Protocol.

For select environmental indicators, we also provide reporting on an ownership basis below. Data reported on an ownership basis is prorated to the percentage of subsidiaries, joint operations and joint ventures owned by Canadian Utilities Limited. In line with standard sustainability reporting practice, all sustainability performance data excludes non-controlling equity investments, such as Neltume Ports. The treatment of joint ventures may be addressed differently in Canadian Utilities Limited's 2018 Annual Report with respect to financial performance.

2018 ENVIRONMENTAL DATA ON AN ASSET OWNERSHIP BASIS

Environmental Indicator	2018 Ownership Basis	2018 Operatorship Basis
Direct greenhouse gases (kilotonnes CO ₂ e)	8,669	10,796
Indirect greenhouse gases (kilotonnes CO ₂ e)	34	34
Sulphur dioxide (tonnes)	22,253	35,242
Nitrogen oxides (tonnes)	12,246	15,938
Particulate matter (PM2.5) (tonnes)	347	458
Carbon monoxide (tonnes)	1,855	2,131
Volatile organic compounds (tonnes)	264	270
Water Use (million m ³)	27.9	21.1
Hazardous Waste (tonnes)	3,478	3,879

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Canadian Utilities Limited 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).

For this reason, in alignment with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we have provided available mapping to existing disclosures below. We plan to continue to evolve our external disclosure around climate risks and opportunities as TCFD reporting matures and become more common.

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

LOCATION OF TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) ALIGNED DISCLOSURES

TCFD Recommendations		Links to Canadian Utilities Limited Information
Governance		
Disclose the organization's governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities.	Management Proxy Circular (p. 24-32) Sustainability Report (p.37)
	Describe management's role in assessing and managing risks and opportunities.	Management Proxy Circular (p. 24-32) Sustainability Report (p. 37)
	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Management's Discussion & Analysis (p. 3-5) Management's Discussion & Analysis (p. 36-38)
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 impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Management's Discussion & Analysis (p. 50-57) Sustainability Report (p. 16)
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Management's Discussion & Analysis (p. 47)
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.	Management's Discussion & Analysis (p. 50-57) Sustainability Report (p. 37)
	Describe the organization's processes for managing climate-related risks.	Management's Discussion & Analysis (p. 50-57) Sustainability Report (p. 16) Sustainability Report (p. 37)
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Management's Discussion & Analysis (p. 50-57) Sustainability Report (p. 37)
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Management Proxy Circular (p. 49-62) Canadian Utilities Limited Performance Summary
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Canadian Utilities Limited Performance Summary
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Management's Discussion & Analysis (p. 9-15) Sustainability Report (p. 14)