



ESG REPORT AND SCORECARD 2022 REPORTING PERIOD

Who We Are

Aquatera Utilities is a municipally owned corporation headquartered in the Grande Prairie region and is a leading provider of water, wastewater and solid waste services throughout Alberta. We play an integral role in growing healthy communities while supporting economic development in our service territories

Our Core Purpose and Core Values are fundamental to who we are as a company. They guide our behaviours and allow us to focus our energy and resources on key outcomes.

Core Purpose

Growing Healthy Communities

Core Values

Safety, Teamwork, Quality, Respect

Vision

Trusted experts delivering ideal solutions and services essential to growing healthy communities

Mission

We provide high quality, environmentally sustainable utility services and optimize value to customers and Shareholders

Brand Promise

Trusted Quality, Valued Service, Peace of Mind



Aquatera Utilities Inc. Board of Directors and Management Team are pleased to present the inaugural 2022 Environmental, Social and Governance (ESG) Report and Scorecard.

Aligning with our Core Purpose of Growing Healthy Communities, Aquatera’s commitment to environmental, social, and governance performance is key to how we work and approach sustainability at Aquatera. We recognize the importance of reporting in an open and accountable manner. Our reporting is further guided by our corporate strategic priorities of Operational Excellence; Customer and Stakeholder Engagement; Culture, Leadership and Talent; and Financial Success.



Environmental Priorities – Water, Air and Solid Waste

Aquatera has defined measures and initiatives in place for the conservation of water; we also manage and maintain comprehensive water, wastewater and solid waste environmental compliance and regulatory approvals programs. To ensure compliance, Alberta Environment conducts external audits on Aquatera's various facilities from year-to-year. Additionally, Aquatera generates monthly, quarterly and annual reports for the provincial and federal regulators. Our goal is to ensure that all regulatory requirements are achieved.

We own and operate a Regional Water Treatment Facility, a Water Distribution System, a Wastewater Treatment Facility, a Wastewater Collection System, a Power Generation Facility, an award-winning Recycling Centre and a Class II Bioreactor Landfill. We understand the importance of protecting the environment and public health and we do this by operating in an environmentally ethical manner and by implementing sound environmental management practices.

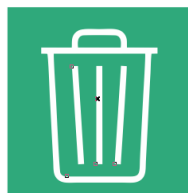


Whether it is water, wastewater or solid waste, our goal is to have zero non-compliances that are material in nature. Aquatera proudly employs a number of environmental professionals and subject matter experts who work together to exceed regulatory compliance to minimize impacts to both public health and the environment. In 2022, one boil water advisory was issued for the Town of Sexsmith, after a third-party contractor struck and damaged Aquatera's water line feeding into the community. Although, the water line retained positive pressure, Aquatera issued a boil water advisory to ensure public health and safety was not compromised. Aquatera worked closely with Alberta Environment and Parks, Alberta Health Services, the Grande Prairie Regional Emergency Partnership (GPREP), the Town of Sexsmith, the local school divisions and a number of contractors and vendors to monitor the situation, and to make certain that potable water was readily available to the community during the advisory. Criteria that would result in a material non-compliance would be impactful to either the public's health and safety, Aquatera's reputation or Aquatera's finances.

Effective and responsible water management is key to Aquatera operations. In 2022, we diverted 8,591,380m³ of raw water from the Wapiti River (the Grande Prairie area's regional source water) which is well under the provincial licensing limits of 16,000,000m³. Of the diverted amount, approximately twelve per cent of water was unaccounted for. Water loss within the distribution system can be attributed to water breaks and leaks, rink hydrants, evaporation and fire prevention, just to mention a few.



8,591,380m³ of raw water was diverted from the Wapiti River



Approximately 71kgs (174lbs) of recycled material per residential dwelling was collected curbside



We received certification for 36,800 tonnes of carbon credits in 2022

Solid Waste Management is another important business line for Aquatera. We are responsible for collecting, treating, and disposing of material that is discarded because it has served its purpose, or is no longer useful. When recycled material is responsibly diverted from our landfill the benefit is two-fold, the material can be reused or repurposed and the life of the landfill is extended. In 2022, approximately 71kgs (156lbs) of recycled material per residential dwelling was collected curbside.

Another metric highlighted in our ESG Scorecard is the offsetting of greenhouse gases and the selling of carbon credits. A carbon credit, also known as a carbon offset or carbon allowance, is a tradable unit that represents the reduction or removal of one metric ton of carbon dioxide (CO₂) or other greenhouse gas emissions from the atmosphere.

With the Landfill bioreactor design the decomposition process and capture of Green House Gases are greatly accelerated. The gases that form during the decomposition process are captured and conveyed to the Cogen facility. The electricity that is produced from the process is used internally and/or sold back to the grid. We obtain carbon credits by measuring the volume when the landfill gas is burned in the generators or flared to atmosphere. This volume will provide the quantity of carbon credits that we are able to sell



Social Priorities – Safety, Employee and Customer Satisfaction, Community Support



Aquatera's Core Values of Safety, Teamwork, Quality and Respect are fundamental to how we conduct our day-to-day operations, activities, how we interact with others, and how we expect others to interact with us.

As stated in our Health and Safety Policy, Aquatera is committed to promoting and maintaining the physical, psychological and social health, safety, and well-being of our employees. It is our goal to minimize

exposure to the risks and hazards associated with our business. As the global pandemic continued into 2022, the health and safety of our employees and customers remained our highest priority. In 2022, we achieved a Total Recordable Incident Rate (TRIR) of 1.98; we are pleased to report that this result is lower than the target of 2.18 set earlier in the year. With increased planned safety response exercises and safety development, our goal is to decrease the TRIR target year-over-year by 10 per cent.

Aquatera prides itself on being an exemplary employer, and we know that having a positive safety culture fosters employee morale, attracts, and retains talent and promotes a positive reputation within the communities that we live in and serve. There are a few different ways that we gauge employee satisfaction and customer satisfaction. One way we accomplish this is by assessing our employee retention and turnover rates. Although employee turnover rates for 2022 were slightly above (8.3 per cent) the average in comparison to the Conference Board of Canada average (eight per cent), the rate is still considered to be within a healthy range. Another way to measure employee satisfaction and engagement is through employee surveys. We review how many employees participated in the survey, their answers, and develop an action plan. In 2022, Aquatera conducted two employee satisfaction surveys. One direct "yes" or "no" question that we ask employees is "Would you recommend Aquatera as an employer to a friend?" With 85 per cent of the workforce participating in the survey, 76.25 per cent responded "yes" they would recommend Aquatera as an employer to a friend. Both the participation rate and the results show that employees are both engaged and satisfied within their workplace, which in turn promotes a healthier workplace where employees feel valued, respected, and invested in their own achievements.

Similarly, we also assess how satisfied customers are with our services and interactions. We use a Net Promoter Score (NPS) survey as a tool to gauge customer satisfaction and these surveys are ongoing throughout the year. In 2022, customers rated Aquatera at a 42 indicating that they were very satisfied, a score of 50 or more is considered a world class ranking.

At Aquatera, we understand that being diverse and inclusive can generate diversity of thoughts and perspectives. In 2021, we conducted our first employee diversity survey. This survey was completed on a voluntary basis where employees could self-identify as an ethnic visible minority, their gender, their disabilities or as otherwise defined in Aquatera's Diversity and Inclusion Policy. The next diversity survey will occur in 2023.



As a measure, and to understand where we are in comparison to the City of Grande Prairie and region, we compared our results with the *Regional Northwestern Alberta's Vital Signs* statistical data compiled each year by the Community Foundation of Northwestern Alberta. We found that we were aligned with the composition of the community and that 52 per cent of Aquatera's management team in 2022, were women.

Our relationships with our communities and stakeholders are an important part of our success. We are committed to understanding the needs and interests of all stakeholders and work to maintain positive relationships through open communication, transparency, and respect.

Through our Core Purpose of Growing Healthy Communities, Aquatera is extremely proud of the support we have been able to provide to the communities that we serve. Through our Sponsorship Policy we strive to commit at least one per cent of net income (before dividends) each year in donations, sponsorships, or gift-in-kind initiatives. Our support primarily focusses on the environment, youth, active living, and education. In 2022, we donated nearly \$189,692 back into the communities we serve in both monetary support and gift-in-kind initiatives.



\$189,692+ in sponsorships (cash and gift-in-kind in all communities we serve)



52% women in management roles



76.25% of employees would recommend Aquatera as an employer to their friends

Governance Priorities – Ethics, Behaviours and Accountability

Aquatera is committed to transparency and responsible corporate governance practices. The Board is responsible for the stewardship of the company, establishing the key policies and standards, including policies for the assessment and management of risks, and for reviewing and approving strategic plans.

To meet its corporate governance and oversight responsibilities, the Board has adopted a Board Mandate, a set of Committee Charters and associated workplans for how the business and affairs of the company will be carried out. The Board believes that these practices benefit all stakeholders and form the building blocks for long-term success. As a new metric, a workplan completion target of 90 per cent has been set for 2022.

Our fully independent Board of Directors has oversight of compliance with Aquatera’s corporate policies and practices. All Employees, Officers and Board of Directors are expected to review and commit to our Code of Conduct Policy and a number of other key policies and standards which guide expected behaviour. In 2022, we were pleased to report that 100 per cent Board of Directors signed off that they read and understand the Code of Conduct



Policy and that no formal Whistleblower complaints were received from either external or internal parties. As indicated in the ESG scorecard, there was an administrative error regarding the employee signoff process on the Code of Conduct Policy in 2022. As a result, proactive measures have been put in place to prevent a similar recurrence, which includes the implementation of an automated process. Board policies and other reporting documents are available on our website and can be referenced at www.aquatera.ca/transparency-growth/reporting-and-policies.

In summary, Aquatera is only in its preliminary stage of developing a more robust ESG Report and Scorecard system. As an essential service provider, the first step in our ESG journey was to review internal metrics and consider items or operational practices that impact our customers, our employees, our communities, and the environment. As we continue to develop more internal ESG goals, we will also look outward and endeavour to work with those that are supportive of our goals. It is important for us to work with both contractors and suppliers who recognize the importance of ESG, most notably that of safety, the environment and responsible supply chain management.

Environmental, Social & Governance Scorecard and Goals

ENVIRONMENT

Objective	Measure	2023 Target:	2022 Results	2021 Results
No material non-compliances (water, wastewater or solid waste operations)	Zero material non-compliances that negatively impact any of the following: Public safety (e.g. boil water advisory) Reputation (e.g. environmental spill) Financial (>\$100,000)	Target: 0	Target: 0 Actual: 1 One boil water advisory issued for the Town of Sexsmith.	Target: 0 Actual: 1
¹ Water loss efficiencies	≤13% of water unaccounted for within the distribution system	Target: ≤13%	Target: ≤13% Actual: 12%	Target: NA Actual: 11%
Offset Greenhouse Gas Emissions	Carbon credits produced per year	Target: ≥39,000 tonnes	Target: ≥33,000 tonnes Actual: 36,800	Target: 33,500 tonnes Actual: 28,881
Landfill Gas Collection Optimization	Optimizing the collection, processing and treating of methane or another gas emitted from decomposing garbage	Target: 155,000,000cft	Target: NA Actual: 140,025,000cft	Target: NA Actual: 113,525,000cft
² Certified Water, Wastewater and Solid Waste Operator Provincial requirements met	Meet or exceed Provincial requirements in water treatment and distribution, wastewater treatment and collection and solid waste operations	Target: meet or exceed requirements	Target Exceeded: 7 – level IV Water Treatment Operators 5 – level IV Wastewater Treatment Operators 2 – level IV Distribution & Collection Operators 13 – certified Solid Waste Operators	Target Exceeded: 5 – level IV Water Treatment Operators 5 – level IV Wastewater Treatment Operators 2 – level IV Distribution & Collection Operators 11 – certified Solid Waste Operators

Environmental, Social & Governance Scorecard and Goals

Curbside residential recycling program	Increased recycling in kilograms per dwelling (within the City of Grande Prairie)	Target: ≥ 74 kgs	Target: ≥ 74 kgs Actual: 71 kgs	Target: NA Actual: 79 kgs
Raw water diverted from the Wapiti River	Actual: annual volume of raw water diverted from the Wapiti River per Aquatera's Water ACT Licences / Population 0 – 75,000 (16,000,000m ³) (regional pop. +/- 69,000)	Target: <16,000,000m ³	Target: <16,000,000m ³ Actual: 8,591,380m ³	Target: <16,000,000m ³ Actual: 8,546,196m ³

SOCIAL – Internal and External

Objective	Measure	2023 Target:	2022 Results	2021 Results
Increase employee use of matching sponsorship or volunteer hours	Number of employees who participate in the program	Target: 23	Target: 23 Actual: 9	Target: NA Actual: 21
Be diverse and inclusive and reflect the communities we serve	Women in management positions	Target: 33% - 67%	Target: 33% - 67% Actual: 52% (12 out of 23 managers are women)	Target: NA Actual: 47% (11 out of 23 managers are women)
Increase diversity within Aquatera workforce	³ Percentage of employees that voluntarily self-identified as a visible minority, a person of Indigenous heritage, a person with a disability, or as otherwise defined in the Diversity and Inclusion Policy Consistent with Vital Signs This survey is conducted on a biennial basis.	Target: $\geq 25\%$	Next survey will occur in 2023	Target: NA 24.25% A voluntary employee response rate of 65% Results were slightly less than Community Foundation regional statistics of 24.62%
Exemplary employer	Number of employees who would recommend Aquatera to a friend as a great place to work	Target: $\geq 80\%$	Target: $\geq 70\%$ Actual: 76.25%	Target: NA Actual: 77.5%

Environmental, Social & Governance Scorecard and Goals

Employee Engagement	Number of employees who participate in engagement surveys	Target: 65% - 85%	Target: $\geq 75\%$ Actual: 85%	Target: NA Actual: 81%
Employee Turnover Rate	⁴ Average employee turnover rate (Conference Board of Canada average)	Target $\leq 8\%$ or less than available data	Target $\leq 8\%$ or less than available data Actual: 8.3%	Target $\leq 8\%$ or less than available data Actual: 9.8%
Safety	Safety results Total Recordable Incident Rate (TRIR). Targeting a 10% reduction year over year.	Target: 1.25 TRIR	Target: 2.18 Actual: 1.98	Target: 1 Actual: 1.51
Safety	Percentage of Employees participating in Safety Reporting	Target: 90%	Target: NA Actual: 82%	Target: NA Actual: 71.5%
Customer Satisfaction	Customer Net Promoter Score	Target: 42	Target: 40 Actual: 42	Target: 37 Actual: 38
⁴ Community Sponsorships	Community sponsorship or support will strive to meet at least $\leq 1\%$ of net income (before dividends)	Target: $\leq 1\%$ of net income	Target: \$150,000 Actual: \$189,692 or 1.3%	Target: \$150,000 Actual \$115,787 or 0.8%

Environmental, Social & Governance Scorecard and Goals

GOVERNANCE

Objective	Measure	2023 Target:	2022 Results	2021 Results
Foster responsible conduct and compliance	Percentage of eligible employees who reviewed and signed off on the Code of Conduct Policy (including Directors)	Target: - Employees 100%	Target: Employees 100% ⁵ Actual: Employees 0%	Target Employees 100% Actual: Employees 100%
		Target: – Directors 100%	Target: Directors 100% Actual: 100% Actual: – Directors 100%	Target: Directors 100% Actual: 100% Actual: – Directors 100%
Number of Whistleblower Complaints	Number of formal (internal/external) Whistleblower line complaints received	Target: 0	Target: 0 Actual: 0	Target: 0 Actual: 0
Board and Committee Work Plans	Percentage of completed items as scheduled in the work plan(s)	Target: >90%	Target: >90% Actual: 95%	No available data
Board Independence	Percentage of Directors who are independent members of the Board	Target: 100%	Target: 100% Actual: 100%	Target: 100% Actual: 100%

¹Environment Canada estimates that an average of 13 per cent of water loss within municipalities – 7 per cent average water loss calculated from water plant through Aquatera distribution system from 2003 – 2021. Water loss through Aquatera’s distribution system could be caused by: fire protection, rink hydrant and water line/main leaks

²Minimum Approval Requirements for Certified Operators:

- Water Treatment: 1 - Level III, 1 - Level II, 1 - Level I
- Water Distribution: 1 - Level IV, 1 – 2 Level III
- Wastewater Treatment: 1 - Level IV, 2 - Level III, 1 - Level II
- Wastewater Collection: 1 - Level III, 1 - Level II
- Solid Waste: One certified operator on-site during hours of operation

³*Regional Northwestern Alberta’s Vital Signs* statistical data compiled by the Community Foundation of Northwestern Alberta

⁴Aquatera will commit at least 1% of net income (before dividends) to the community through Sponsorships each year. This sponsorship benchmark is considered a minimum required by the Imagine Canada program.

⁵An administrative error regarding the employee signoff on the Code of Conduct Policy occurred in 2022. Automation measures have since been put in place to prevent a recurrence.

General acronyms where otherwise not identified: kgs (kilograms), cft (cubic feet), m3 (cubic meter), lbs (pounds)