



**AQUATERA UTILITIES INC.
2024 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE
(ESG) REPORT AND SCORECARD**

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 2024 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, a state-of the art solar power array system 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.

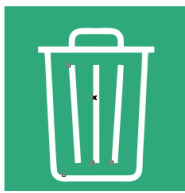
In the year under review, Aquatera proudly reports that in 2024 there were no material non-compliances affecting public safety, reputation, or resulting in financial losses exceeding \$100,000.

Efficient and responsible water management lies at the core of Aquatera's operations. In 2024, we diverted 9,053,253 cubic meters of raw water from the Wapiti River, the primary regional source water for the Grande Prairie area. This quantity is well below the provincial licensing limits of 16,000,000 cubic meters.

Of the diverted volume, approximately 7% of water within the regional distribution system was unaccounted for. Various factors can contribute to water loss including water breaks and leaks, rink hydrants, evaporation, and measures for fire prevention, among others. Aquatera remains committed to implementing strategies to mitigate water loss and enhance efficiency within our operations, ensuring the sustainable utilization of this vital resource.



9,053,253m3 of raw water
was diverted from the
Wapiti River



Approximately 71kgs (156lbs) of
recycled material per residential
dwelling was collected curbside



We received certification for *45,344
tonnes of carbon credits in 2024

In January 2023, Aquatera received a renewed Waterworks Operating Approval, effective from January 2, 2023, and extending until 2033. Subsequently, in August 2023, Aquatera obtained a renewed Wastewater Works Operating Approval, also valid until 2033. These approvals demonstrate regulatory compliance and signify Aquatera's commitment to providing safe and efficient water and wastewater services to the community for the foreseeable future.

Solid Waste Management is another important business line for Aquatera. Our responsibilities encompass the collection, treatment, and disposal of discarded materials that have fulfilled their purpose or are deemed no longer useful. When recyclable materials are efficiently diverted from our landfills, the advantages are twofold: these materials can be reused or repurposed, and the lifespan of the landfill is prolonged. In 2024, 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.

Our innovative Landfill bioreactor design accelerates the decomposition process and enhances the capture of greenhouse gases. 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 electrical grid. We acquire carbon credits by quantifying the volume of landfill gas burned in the generators or flared to the atmosphere. This volume determines the quantity of carbon credits available for external sale. Through these measures, Aquatera actively contributes to mitigating greenhouse gas emissions while simultaneously leveraging carbon credit sales for environmental sustainability. For 2024 we expect to receive certification of *45,344 tonnes of carbon credits from this system, this verification will occur in 2025.



In a strategic move towards reducing power costs, and minimizing our environmental footprint, we invested in state-of-the-art solar panel technology to generate clean and renewable energy at the Zone III Reservoir and Pump Station. The solar panels, which became active in December 2023, are expected to produce approximately 80% of the power required at the Zone III Reservoir and Pump Station, greatly reducing our reliance on traditional power sources, and safeguarding against the cost challenges that can occur in a volatile energy market. In

2024, the system generated 582.05 MWh of power, reaching 83% of the estimated production. Output was impacted by an equipment malfunction, corrected in mid-May 2024, as well as weather and environmental conditions such as cloud cover, smoke, and snow accumulation. Despite these factors, power production in June, July, and September exceeded estimates.

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

SAFETY - Aquatera's core values of Safety, Teamwork, Quality, and Respect form the foundation of our daily operations and interactions. They guide our activities, our relationships with others, and our expectations for how others engage with us.



As outlined in our Health and Safety Policy, Aquatera remains steadfast in our dedication to fostering the physical, psychological, and social health, safety, and overall well-being of our employees. Our primary objective is to mitigate exposure to the various risks and hazards faced in our day-to-day operations.

In 2024, we attained a Total Recordable Incident Rate (TRIR) of 1.45. While we are pleased to note that this rate is an improvement over the previous year, it falls slightly above the target of 1.25 set at the beginning of the year. We are committed to continued diligence and enhancement of our safety measures to ensure the well-being of our workforce. With increased planned safety response exercises and safety development, our goal is to decrease the TRIR target year-over-year by 10%.

EMPLOYEE AND CUSTOMER SATISFACTION - 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. We gauge both employee and customer satisfaction through various methods, one of which involves assessing our employee retention and turnover rates.

For a third year in a row, Aquatera was named an Alberta Top 85 Employer (previously Top 75), an accomplishment to be celebrated.

In 2024, Aquatera experienced an employee voluntary turnover rate of 6% which remains significantly lower than the Canadian average of 11.9% and the Energy Industry rate of 8% reported by Mercer Canada. Aquatera's turnover rate decreased from 2023 and is 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 based on their response.

In 2024, 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 125 employees participating in the surveys, 103 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.

Following these surveys, employees are encouraged to participate in Employee Focus Groups to discuss any issues that may have arisen. In addition, employees can also take part in the Staff CEO Council, where representatives nominated from each work group present concerns or suggestions directly to the CEO on behalf of their teams.

CUSTOMER SATISFACTION

Similarly, we gauge customer satisfaction through informal assessments of our services and interactions. Utilizing a Net Promoter Score (NPS) survey, we continuously measure satisfaction levels throughout the year.

The NPS score is calculated by taking the percentage of promoters (scores 9-10) and subtracting the percentage of detractors (score 0-6) resulting in a numeric value. A score above 0 is considered good, with 50 considered world-class.

In 2024, our NPS reached 55 with an average over the year of 40, signifying high satisfaction. A formal customer satisfaction survey (completed by a third-party contractor) is conducted every two years, with the next survey scheduled for fall of 2025.

DIVERSITY AND INCLUSION

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.



In 2023, to gauge our progress relative to the City of Grande Prairie and the surrounding region, we compared our survey results with the *Alberta's Regional Northwestern Vital Signs* statistical data, compiled annually by the Northwestern Alberta Foundation (formally Community Foundation of Northwestern Alberta). Our analysis indicated that we closely reflected the demographic makeup of the community. Specifically, 29% of Aquatera's workforce is comprised of individuals from diverse backgrounds, aligning closely with the community's 28% diversity rate. The next Diversity and Inclusion Survey will occur in 2025.

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.

COMMUNITY SUPPORT

At Aquatera, we take great pride in supporting the communities we serve, guided by our Core Purpose of *Growing Healthy Communities*. In alignment with our Sponsorship Policy, we are committed to contributing at least 1.3% of our net income (before dividends) annually through donations, sponsorships, and gift-in-kind initiatives. Our support focusses primarily on key areas that make a meaningful impact: the environment, youth, active living, and education.

In 2024 we donated over \$242,000 in both monetary support and gift-in-kind initiatives. Additionally, a total of \$26,490 was donated by employees to support charities all of which were matched by Aquatera.




Aquatera continues to support the community through the Bottle Donation Program, a partnership between Aquatera and Recycle Plus. Each year, a committee made up of partnership members selects the non-profit organizations residing within our service region as recipients for the month. In 2024, over \$25,000 was raised for local charities.

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. The final outcome of 95% is slightly higher than the workplan completion target of 90% for 2024.

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 2024, we were pleased to report that 100% of the Board of Directors signed off that they read and understand the Code of Conduct Policy. One formal Whistleblower complaint was received from an internal party; the complaint was investigated by an external party and was not substantiated. Board policies and other reporting documents are available on our website and can be referenced at www.aquatera.ca/transparency-growth/reporting-and-policies.



Recognizing our role as an essential service provider, our focus has been on evaluating internal metrics and identifying operational practices that impact our customers, employees, communities, and the environment.

We are committed to collaborating with stakeholders who share our goals. This includes contractors and suppliers who prioritize ESG principles, particularly in areas such as safety, environmental stewardship, and responsible supply chain management. We aim to integrate these considerations into our operations and partnerships to drive positive outcomes for all stakeholders.

Environmental, Social & Governance Scorecard and Goals

ENVIRONMENT

Objective	Measure	2024 Target:	2023 Results	2022 Results
No material non-compliances (water, wastewater or solid waste operations) Relates to SASB IF-WU-140b.1 and IF-WU-250a.1 and IF-WU-140a.2 and SASB IF-WM-150a.3	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 Actual: 0	Target: 0 Actual: 0	Target: 0 Actual: 1 One boil water advisory issued for the Town of Sexsmith.
¹ 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 Actual: Exceeded: 7 – level IV Water Treatment Operators 8 – level IV Waste-water Treatment Operators 2 – level IV Water Distribution Operators 3 – level IV Waste-water collection Operators 12 – certified Solid Waste Operators	Target: meet or exceed requirements Actual: Exceeded: 8 – level IV Water Treatment Operators 7 – level IV Waste-water Treatment Operators 7 – level IV Distribution & Collection Operators 13 – certified Solid Waste Operators	Target Exceeded: 7 – level IV Water Treatment Operators 5 – level IV Waste-water Treatment Operators 2 – level IV Distribution & Collection Operators 13 – certified Solid Waste Operators
² Water loss efficiencies Relates to SASB IF-WU-140a.2	≤13% of water unaccounted for within the distribution system	Target: ≤13% Actual: 6.87%	Target: <13% Actual: 7.22%	Target: ≤13% Actual: 12%
Raw water diverted from the Wapiti River	Actual: annual volume of raw water diverted from the Wapiti River per	Target: <16,000,000m3 Actual: 9,053,253m3	Target: <16,000,000m3 Actual: 8,944,029m3	Target: <16,000,000m3 Actual: 8,591,380m3

Environmental, Social & Governance Scorecard and Goals

Relates to SASB IF-WU-000.A	Aquatera's Water ACT Licences / Population 0 – 75,000 (16,000,000m3) (regional pop. +/- 99,000)			
Offset Greenhouse Gas Emissions	Carbon credits produced per year <i>* to be verified in 2025</i>	Target: $\geq 41,000$ tonnes Actual: *45,344 tonnes	Target: >39,000 tonnes Actual: 43,830 tonnes	Target: $\geq 33,000$ tonnes Actual: 36,800 tonnes
Landfill Gas Collection Optimization Relates to SASB IF-WM-110a.2	Optimizing the collection, processing and treating of methane or another gas emitted from decomposing garbage	Target: 170,725 MMBtu Actual: 177,132 MMBtu	Target: 159,340 MMBtu Actual: 174,243 MMBtu	Target: NA Actual: 143,946 MMBtu
Landfill Gas Collection Optimization Relates to SASB IF-WM-110a.2	Total MMBtu of landfill gas flared	Target: $\leq 15\%$ MMBtu Actual: 5%	Target: NA Actual: NA	Target: NA Actual: NA
Management of leachate and Hazardous Waste Relates to SASB IF-WM-150a.2 Relates to SASB IF-WM-150a.3	Number of incidents of non-compliance associated with environmental impacts and the number of corrective actions implemented for landfill release	Target: 0 Actual: 0	Target: NA Actual: NA	Target: NA Actual: NA
Recycling and Resource Recovery Relates to SASB IF-WM-420a.2 Relates to SASB IF-WM-420a.4	Curbside residential recycling program. Increased recycling in kilograms per dwelling (within the City of Grande Prairie)	Target: ≥ 74 kgs Actual: 71 kgs	Target: ≥ 74 kgs Actual: 71 kgs	Target: ≥ 74 kgs Actual: 71 kgs
Fleet Fuel Management Relates to SASB IF-WM-110b.1	The amount of fleet fuel consumed (litres) – reduction of 3% year-over-year	Target: 3% < 2023 Actual: 460,322 L (2.5% reduction from 2023)	Target: NA Actual: 472,249 L	Target: NA Actual: 495,662 L
Solar Power Production	The amount of Megawatt Hours for the year	Target: 700 MWH Actual: 582 MWH	Target: NA Actual: NA	Target: NA Actual: NA

Environmental, Social & Governance Scorecard and Goals

SOCIAL – Internal and External

Objective	Measure	2024 Target:	2023 Results	2022 Results
Increase employee use of matching sponsorship or volunteer hours	Number of employees who participate in the program	Target: 23 Actual: 6	Target: 23 Actual: 12	Target: 23 Actual: 9
Be diverse and inclusive and reflect the communities we serve Relates to GRI 405-1 (b)(iii)	Diversity in management positions	Target: 33% - 67% Actual: 43% (9 out of 21 leaders are gender diverse)	Target: 33% - 67% Actual: 37.5% (9 out of 24 managers are gender diverse)	Target: 33% - 67% Actual: 52% (12 out of 23 managers are gender diverse)
Increase diversity within Aquatera workforce Relates to GRI 405-1 (b)(iii)	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 This survey is conducted on a biennial basis.	Next survey will occur in 2025	Target: \geq 25% Actual: 29% A voluntary employee response rate of 65% Results were slightly less than Community Foundation regional statistics of 28%	Next survey will occur in 2023
Exemplary Employer	Number of employees who would recommend Aquatera to a friend as a great place to work	Target: \geq 80% Actual: 82.5%	Target: \geq 80% Actual: 85.6%	Target: \geq 70% Actual: 76.25%
Employee Engagement	Number of employees who participate in employee surveys	Target: 65% - 85% Actual: 67%	Target: 65% - 85% Actual: 78%	Target: \geq 75% Actual: 85%
Employee Turnover Rate	Average employee turnover rate Average voluntary turnover rate statistics per Mercer Canada	Target \leq 15.5% or less than available data Actual: 10.8 %	Target \leq 15.5% or less than available data Actual: 11.9%	Target \leq 8% or less than available data Actual: 8.3%

Environmental, Social & Governance Scorecard and Goals

Safety Relates to SASB IF-WM-320a.1	Safety results Total Recordable Incident Rate (TRIR). Targeting a 10% reduction year over year.	Target: 1.25 TRIR Actual: 1.45	Target: 1.25 TRIR Actual: 1.88	Target: 2.18 Actual: 1.98
Safety	Safety results - employee proactive incident reporting frequency rate (hazard ID, near miss, positive observation)	Target: 875 Actual: 1956	Target: NA Actual: NA	Target: NA Actual: NA
Safety	Percentage of Hazardous Condition with corrective actions that were resolved.	Target: 90%-100% Actual: 100%	Target: NA Actual: NA	Target: NA Actual: NA
Safety	Percentage of Employees participating in Safety Reporting	Target: 90% Actual: 92%	Target: 90% Actual: 90%	Target: NA Actual: 82%
Customer Satisfaction	Customer Net Promoter Score	Target: 25 Actual: 40	Target: 42 Actual: 56	Target: 40 Actual: 42
⁴ Community Sponsorships	Community sponsorship or support will strive to meet at least 1.3% of net income (before dividends)	Target: at least 1.3% of net income Actual: \$242,010 or 1.4%	Target: ≤1% of net income Actual: \$221,000 or 1.4%	Target: \$150,000 Actual: \$189,692 or 1.3%

Environmental, Social & Governance Scorecard and Goals

GOVERNANCE

Objective	Measure	2024 Target:	2023 Results	2022 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% Actual: 95% Target: Directors 100% Actual: 100%	Target: Employees 100% Actual: 100% Target: Directors 100% Actual: 100%	Target: Employees 100% ⁵ Actual: 0% Target: Directors 100% Actual: 100%
Number of Whistleblower Complaints Relates to GRI 2-26 (a)(ii)	Number of formal (internal/external) Whistleblower line complaints received	Target: 0 Actual: 1	Target: 0 Actual: 0	Target: 0 Actual: 0
Board and Committee Work Plans Relates to GRI 2-23 (a)	Percentage of completed items as scheduled in the work plan(s)	Target: >90% Actual: 95%	Target: >90% Actual: 95%	Target: >90% Actual: 95%
Board Independence under National Instrument 58-101 Relates to GRI 2-9 (c)(ii), GRI 2-11(a)(b)	Percentage of Directors who are independent members of the Board	Target: 100% Actual: 100%	Target: 100% Actual: 100%	Target: 100% Actual: 100%
Director Tenures Relates to GRI 2-9 (c)(iii)	Adherence to Company's Board and Committees Procedures <u><9 maximum guidelines.</u>	Target: 100% Actual: 100%	NA	NA
Board Evaluations Relates to GRI 2-18 (b)	Conduct Board Evaluations Annually	Target: 100% Actual: 100%	NA	NA

Environmental, Social & Governance Scorecard and Goals

Board Diversity Relates to GRI 405-1(a)(i)(iii)	The Board is committed to Diversity and Inclusion that is reflective of the communities in which we operate	Target: 25% Actual: 33% (3 out of 9 Directors are gender diverse)	NA	NA
--	---	--	----	----

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

²Environment 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

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), MMBtu (Million British Thermal Units, m3 (cubic meter), lbs (pounds)