
Fighting Modern Slavery

2023 Report
Canada

February 28, 2024

About this Report

Ensuring that we operate in a transparent, ethical, and accountable manner is at the very heart of ATCO's purpose: creating prosperity and opportunity for generations to come.

For more than 75 years, we have had the sincere privilege of serving millions of customers in hundreds of communities around the world. Recognizing and protecting human rights within these communities is not only a profound moral imperative but is also essential in creating truly sustainable prosperity for our customers, communities, partners, employees, and share owners.

Enshrined within ATCO's Code of Ethics is an unwavering commitment to fostering an environment where internationally proclaimed human rights are respected. Our core values of integrity, safety, agility, collaboration, and caring guide the conduct of each member of the global ATCO team, our officers, and our directors. In equal measure, we seek out business partners who are not only aligned with our core values, but who understand their meaning and fundamental importance to who we are and what we stand for.

At ATCO, our approach to human rights is based on the United Nations (UN) Universal Declaration of Human Rights and we respect human rights in accordance with the UN Guiding Principles on Business and Human Rights. We prohibit all forms of forced labour and child labour (hereafter referred to as Modern Slavery) within our operated business activities—inclusive of our supply chain, vendors, and partners.

I am pleased to present ATCO's 2023 Report: Fighting Modern Slavery, which demonstrates our commitment to taking action to positively impact our supply chains and other business partnerships. This Report documents the steps taken within ATCO throughout 2023 to prevent and reduce the risk of Modern Slavery at any step of the production of goods in Canada or elsewhere by ATCO, or of goods imported into Canada by ATCO.

This Report has been prepared in accordance with requirements set out in Part 2 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c 9* (the "Act"). It is a joint report prepared on behalf of and approved by the Board of Directors of ATCO Ltd. pursuant to section 11 (4) (b) (ii) of the Act. This Report includes the entities as set out in the Reporting Entities section (collectively, "ATCO") of this document.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the Reporting Entities. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for 2023.

I have the authority to bind ATCO Ltd. and the Reporting Entities listed in the Appendix.

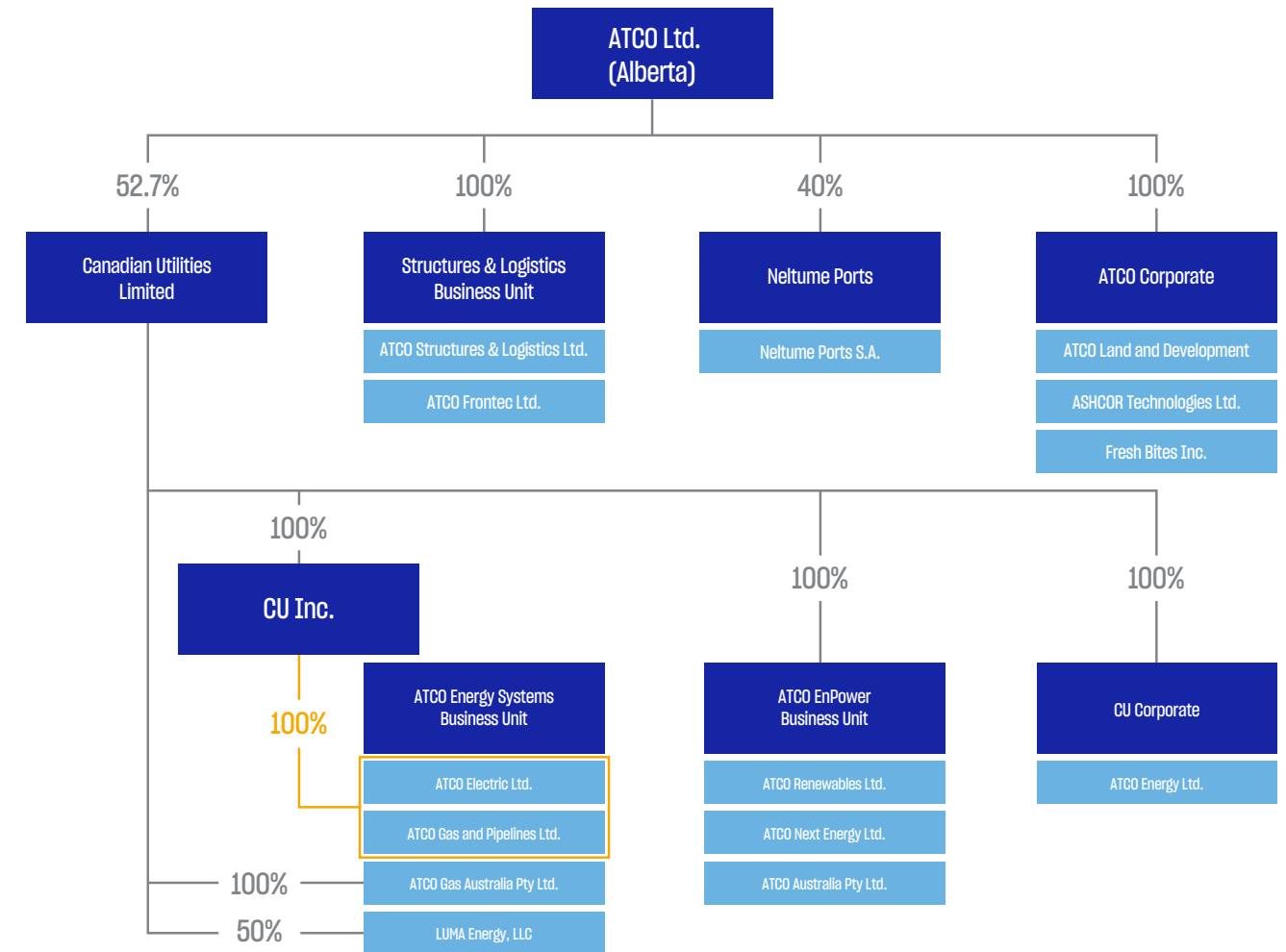
February 28, 2024



Nancy C. Southern
Chair & CEO, ATCO Ltd.

Our Structure, Activities & Supply Chain

Figure 1: Global Corporate Structure ¹



(1) This report includes the entities listed in the Reporting Entities section (see page 10).

Activities

Globally, ATCO Ltd. and its subsidiary and affiliate companies have approximately 20,000 employees and assets of \$25 billion. ATCO Ltd. is a diversified global corporation with investments in the essential services of Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency

management services); Utilities (electricity and natural gas transmission and distribution, and international operations); Energy Infrastructure (energy storage, energy generation, industrial water solutions, and clean fuels); Retail Energy (electricity and natural gas retail sales, and whole-home solutions); Transportation (ports and transportation logistics); and Commercial Real Estate. Data on ATCO Ltd.'s Global business is provided in the table below.

Figure 2: Current Operations & Investments

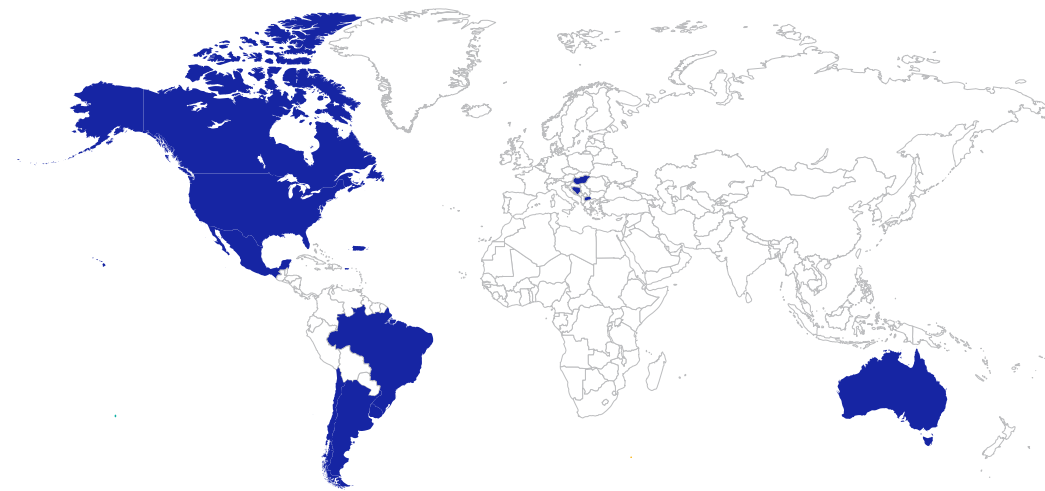


Figure 3: ATCO's 2023 Global Business Data

\$25B IN ASSETS	\$4.7B IN REVENUES	4M+ GLOBAL CUSTOMERS	544,000M³ NATURAL GAS LIQUIDS CAPACITY	65,600KM NATURAL GAS PIPELINES	7 MODULAR BUILDING MANUFACTURING FACILITIES	105,000KM ELECTRIC POWERLINES
18/5 PORT FACILITIES/ OPERATION SERVICES	\$1.6B CAPITAL EXPENDITURES	20,000 EMPLOYEES	85,200M³/Day WATER INFRASTRUCTURE CAPACITY	117PJ NATURAL GAS STORAGE CAPACITY	27,000 RENTAL FLEET UNITS	742MW POWER GENERATION OPERATED

Supply Chain

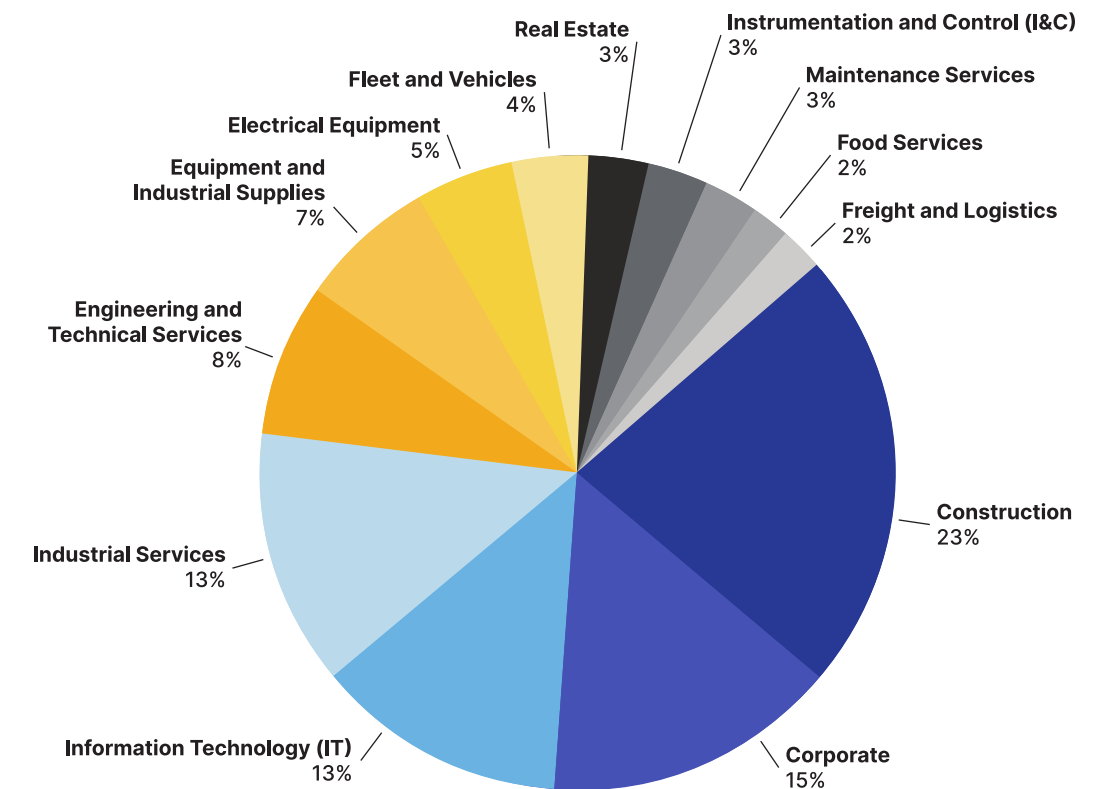
ATCO's² Supply Chain is the network between the company and its trusted vendors—including third-party contractors, preferred vendors, service providers, distributors, consultants, transportation companies, and producers—to deliver essential services to our customers. With diverse operations across multiple industries, the procurement of goods and services to support ATCO's strategic objectives is managed by a variety of teams and functions across our businesses, depending on the specific business need.

In 2022, ATCO developed an ATCO Procurement Manual—a consolidated and

comprehensive set of policies, practices, roles and responsibilities, and business and technology system processes that inform how ATCO manages the end-to-end procurement or purchasing of its third-party goods and services. The Procurement Manual has been rolled out to the utilities and corporate business in Alberta in 2023, which represents the majority of our spend (67%).

In 2023, ATCO's collective vendor base totalled approximately 23,000 individual vendors, organized into distinct categories of spend as shown in the below Figure 4: ATCO's 2023 Spend by Category.

Figure 4: ATCO's 2023 Spend by Category³



(2) While Figures 1, 2 and 3 show all current ATCO Ltd. operations and investments, the information that follows in this Modern Slavery report reflects the entities in Canada operated by ATCO and under our control shown in the Reporting Entities section.

(3) Spend by Category is for the period Q1-Q4 2023. It excludes procurement activity from Triple M Housing Ltd. The total for this figure exceeds 100% due to rounding.

Our Values, Policies & Due Diligence

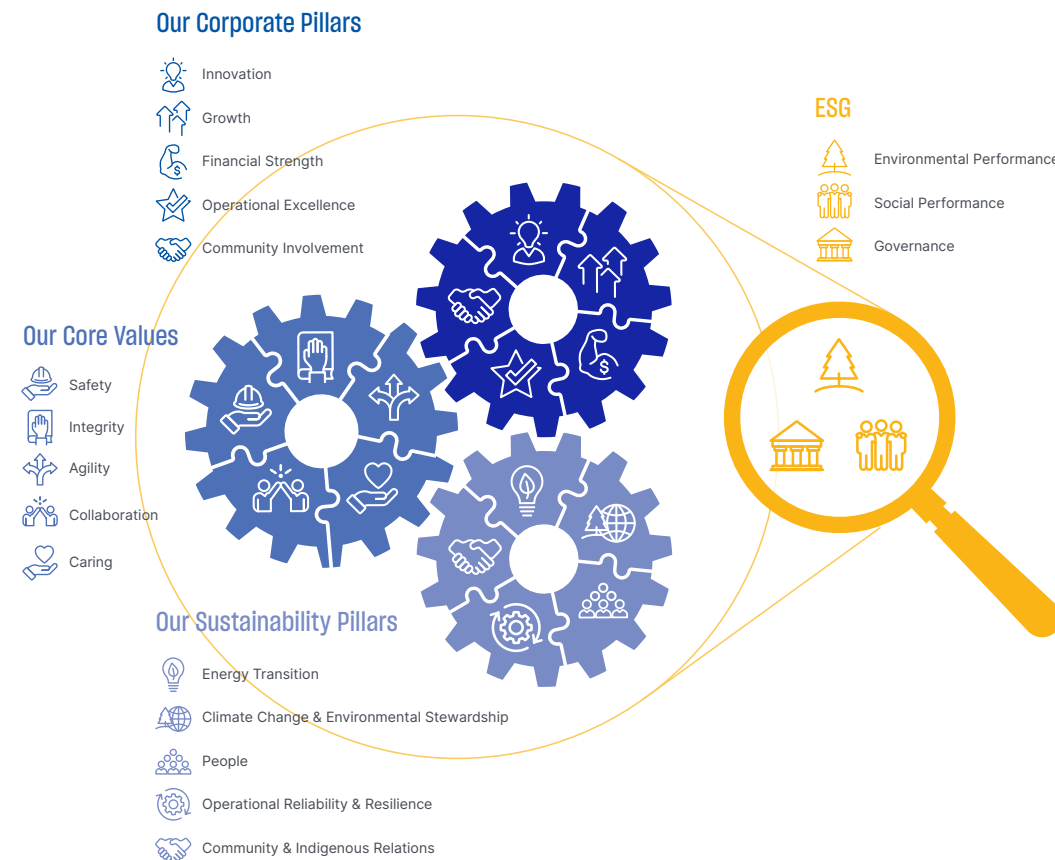
Our Values

ATCO is a provider of essential products and services. With this comes a responsibility to ensure those products and services are safe, reliable, sustainable and affordable.

Our actions reflect our core values of safety, integrity, agility, collaboration and caring. Based on these core values, our Code of Ethics: How We Do Business sets out the behaviours and standards of conduct we expect of ourselves and each other. Suppliers, joint venture partners and agents working with us are expected to adhere to the equivalent ethical standards as our people.

Our sustainability pillars are fundamental to long-term value creation, and integrated into our strategy and risk management processes. Evaluating Modern Slavery and supply chain risks is part of managing these risks and identifying opportunities for improvement in the future.

Figure 5: Our Approach to Sustainability



Policies

In 2023, ATCO revised the following policies and practices to address the requirements in relation to Modern Slavery risks within its operations. These updates to policies and practices are as follows:

- **Code of Ethics: How We Do Business, Living the ATCO Values,** or the ATCO Code of Ethics document, was updated to refer specifically to the different forms of Modern Slavery, including forced labour, child labour, and human trafficking, and to explicitly prohibit the use of Modern Slavery within any ATCO business activities. Use of vendors engaging in any type of Modern Slavery is also prohibited.
- **Speaking Up Practice:** This practice provides all ATCO employees with a confidential venue to speak out, ask questions, and express concerns if they encounter a scenario that breaches the ATCO Code of Ethics, or that signals unethical behaviour. This practice was updated to add Modern Slavery to the list of items that must be reported for investigation and remediation.

Due Diligence

ATCO believes in working with vendors that demonstrate high standards of ethical business conduct. We expect them to comply with the principles outlined in ATCO's Vendor Conduct Requirements (VCR), and we will not knowingly work with vendors who operate unethically, unsafely, or who violate the law, compete dishonestly, or implement unfair business practices. The VCR is included, by reference, in procurement approved vendor contracts. Violation(s) of the VCR constitute grounds for termination of the contract and relationship with the vendor in violation.

When engaging with our vendors, we take steps to retain them on commercially reasonable terms and conditions with the understanding that ATCO vendors with procurement approved contracts are contractually bound by our VCR. Prior to working with vendors operating in high risk regions in the world and/or who supply high risk goods on our behalf, ATCO may choose to conduct additional due diligence.

For example, in 2023, when engaging with a vendor providing solar panels procured in a known high-risk jurisdiction, further diligence was performed to oversee production, quality analysis, and associated timelines via a third-party inspection company that performed an on-site Supply Chain traceability audit.

Also in 2023, ATCO built a self-serve vendor onboarding process—the first step in our overall procurement process. This self-serve process collects, evaluates, and tracks basic vendor corporate and commercial details, including vendor classification (Indigenous and other diversity, equity, and inclusion considerations), corporate structure (including any ATCO affiliate joint venture relationships), banking details, required insurances, and required certifications. The process also allows for the vetting of certain policies and procedures, such as health, safety, and environment, ATCO inter-affiliate code and code of conduct regulation acknowledgements and the disclosure of Modern Slavery policies. These measures help to ensure that ATCO's vendor ecosystem contains qualified vendors that meet business, regulatory, and legal requirements before being awarded work. We expect to roll out the vendor onboarding process to ATCO's significant vendors in 2024.

In 2024, ATCO expects to implement a Third-Party Risk Management platform designed to provide real-time risk indices related to Modern Slavery, adverse media, and other Supply Chain risks. This platform will allow ATCO to access and analyse supply chain risks holistically, and will support identification of high risk vendors.

In 2025 and beyond, ATCO expects that it will continue to scale the Third-Party Risk Management program, exploring real-time management of existing vendors, further development of policies, processes, training, escalation processes, and remediation plans.

Risks of Modern Slavery in ATCO's Operations and Supply Chain

Modern Slavery & Our Operations

ATCO conducts a large portion of its business in Canada where there is a low risk of Modern Slavery. We intend to rely on Modern Slavery experts and leading non-governmental organizations to identify Modern Slavery risks associated with our Supply Chain. While Modern Slavery can impact any population, we recognize certain groups are particularly vulnerable, including:

- Domestic and foreign migrant workers.
- Contract, agency, and temporary workers.
- Refugees, asylum seekers, ethnic/religious minorities, and displaced persons.
- Young or student workers.

In 2023, ATCO formed a Modern Slavery Working Group to conduct an initial risk review. The initial risk review identified that the Modern Slavery risk levels for ATCO business and operations in Canada are:

- **Lower** within our business operations, based on the locations of labour resources and customers entirely within Canada and the United States and given adherence to the legal, regulatory, and market practice frameworks in place within both countries. ATCO conducts its operations within Canada where the risk is lower.
- **Moderate** for some service categories, such as unskilled labour, information technology and other offshore support services, and professional services such as legal and audit services.
- **Higher** in the materials and equipment area of our Supply Chains, considering global commodity sourcing, and manufacturing and logistics (including maritime transport) from overseas countries. As per the [US Government 2022 List of Goods Produced by Child Labor or Forced Labor](#), the majority of these high risk goods include raw goods: produce, cotton, and rubber. Any procurement of these raw goods is minimal and done through distributors in a manufactured form. ATCO's prime food distributor has a Supplier Code of Conduct that prohibits any form of child labour and forced labour.

Modern Slavery Vendor Risk Assessment

In 2023, ATCO also completed an initial vendor segmentation and risk review exercise. ATCO's vendors, representing 81% of spend, were assessed by an external consultant for Modern Slavery risk based on their country(ies) of operation and assigned a risk score. ATCO then placed them into low, medium, and high-risk categories⁴. Out of the vendors assessed, 1% had high risk ratings due to operations in high risk jurisdictions. The results of the assessment are presented in Figures 6 and 7, showing risk ratings by vendor and by spend for 2023⁴.

In the future, we expect to implement a Third Party Risk Management Platform to improve visibility into Modern Slavery risk in our supply chain.

Figure 6: ATCO's Vendors by Risk Rating

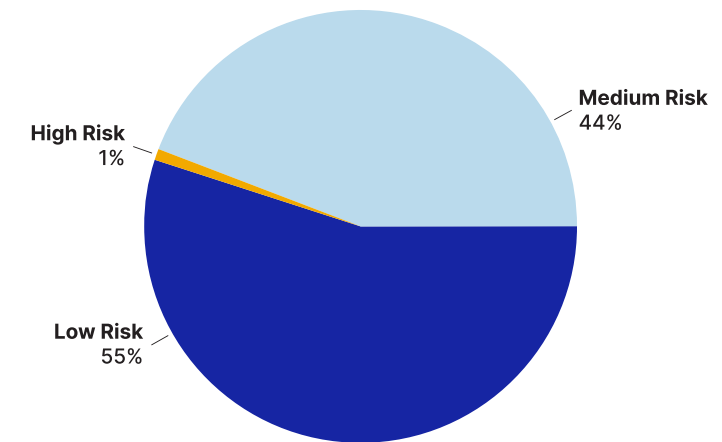
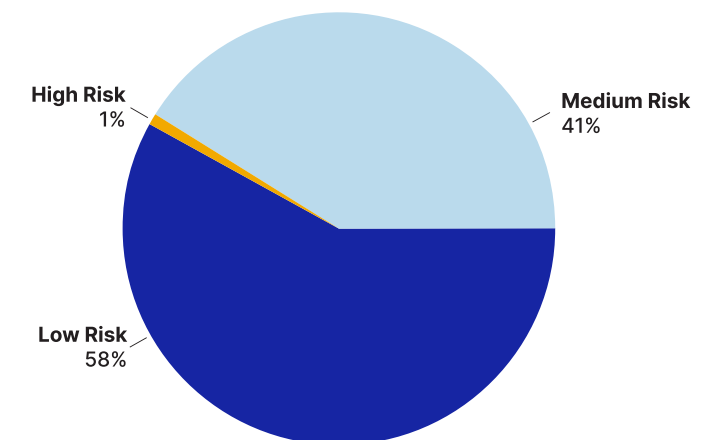


Figure 7: ATCO's Spend by Risk Rating



⁽⁴⁾ Vendor spend is for the period Q1-Q4, 2023 and vendor ratings are on a scale of 0.000 – 1.000; Low 0.000-0.250, Medium 0.251-0.500, High 0.501-1.000. The vendor risk ratings were generated in Q4-2022 for the ATCO Reporting Entities captured within this report. Triple M Housing Ltd. procurement data was not included in this assessment, but was manually compared to the risk assessment data resulting in no changes to the risk ratings in Figures 6 and 7.

Remediation

Measures to Remediate Modern Slavery

The risk of Modern Slavery is lower in Canada than in many other countries. No instances of Modern Slavery were identified in ATCO's business activities in 2023.

With respect to ATCO's vendors, remediation of any Modern Slavery concerns will occur after evaluations and audits of existing high-risk vendors. This process is expected to begin in 2024.

Measures to Remediate the Loss of Income to Vulnerable Families

As noted above, the risk of Modern Slavery is lower in Canada than in many other countries. Given that ATCO does not presently anticipate taking any remedial action for its Canadian operations, no loss of income to vulnerable families as a result of such actions is anticipated.

Loss of income may result from remediation or actions taken after evaluations and audits of vendors, however, ATCO does not currently envision any loss of income or remedial action. Future reports may include details on steps taken to remediate any loss of income.

Training

ATCO Code of Ethics: How We Do Business - Living the ATCO Values

Each year, ATCO delivers mandatory comprehensive Code of Ethics training in three languages — Spanish, French, and English — to members of the ATCO team around the world. In 2023, this training was enhanced to provide specific content on Modern Slavery in order to raise awareness and competency on this topic. Training will be delivered in 2024, and annually thereafter. Each ATCO employee completing the training must attest that they have read, understood, and will govern themselves in accordance with the requirements outlined in the Code of Ethics. Employees that join the ATCO team outside of the annual training period are also required to complete the Code of Ethics training as part of mandatory onboarding activities.

Measuring Our Effectiveness

ATCO has established specific measures to evaluate our progress and measure our program's effectiveness, and plans to evolve these measures going forward as necessary.

In 2024, we expect to measure:

1. Number of vendors that ATCO has chosen not to do business with due to Modern Slavery concerns.
2. Number of vendors identified as high-risk.

Appendix

Reporting Entities

Below is a list of the ATCO entities⁵ covered by this report as of 28 February 2024⁶:

- ATCO Electric Ltd.
- ATCO Energy Ltd.
- ATCO Energy Solutions Ltd.
- ATCO Frontec Ltd.
- ATCO Gas and Pipelines Ltd.
- ATCO Ltd.
- ATCO Renewables Ltd.
- ATCO Structures & Logistics Ltd.
- ATCO Two Rivers Camp Services Ltd.
- ATCO Two Rivers Lodging Group Limited Partnership
- Canadian Utilities Limited
- CU Inc.
- Forty Mile Granlea Wind Limited Partnership
- The Yukon Electrical Company Limited
- Triple M Housing Ltd.

(5) While Figures 1,2 and 3 show all current ATCO Ltd. operations and investments, this Modern Slavery report reflects these Reporting Entities in Canada. The process to bring recently-acquired entities into compliance with the policies and procedures noted in this report has been underway in 2023, and is expected to be completed in 2024.

(6) The fiscal year for the Reporting Entities listed above begins on January 1, 2023 and ends on December 31, 2023.

Legal Advisory

Forward-Looking Information

Certain statements contained in this Report constitute forward-looking information. Although ATCO believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such information is given made and processes used to prepare the information, such information is not a guarantee of future performance and no assurance can be given that the expectations will prove to be correct. Forward-looking information should not be unduly relied upon. Such information involves 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 by such forward-looking information. Actual results could differ materially from those anticipated in the forward-looking information as a result of a variety of risk factors, many of which are beyond the control of ATCO. Due to the interdependencies and correlation of these risk factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. For additional information about the principal risks ATCO faces, see "Business Risks and Risk Management" in ATCO's Management's Discussion and Analysis for the year-ended December 31, 2023 (MD&A). The forward-looking information contained herein reflects Management's expectations as of the date of this Report and is subject to change after such date. ATCO disclaims 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.