



AQUATERA UTILITIES INC ESG REPORT AND SCORECARD 2023 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 2023 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.

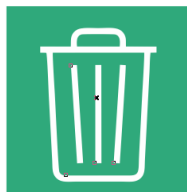
In the year under review, Aquatera proudly reports that in 2023 there were no material non-compliances affecting public safety, reputation, or resulting in financial losses.

Efficient and responsible water management lies at the core of Aquatera's operations. In 2023, we diverted 8,944,029 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.



8,944,029m³ 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 *40,000 tonnes of carbon credits in 2023

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 2023, 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 Aquatera's Cogeneration (Cogen) Facility. Cogens offer a practical, long-term solution to control high energy costs and reduce greenhouse gas emissions by utilising methane produced at the landfill to generate power and heat. At Aquatera, 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 2023 we expect to receive certification of *40,000 tonnes of carbon credits from this system, this verification will occur in 2024.

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. Reporting on the production of power will occur in 2024.



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 2023, we attained a Total Recordable Incident Rate (TRIR) of 1.88. 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%.



In an effort to prioritize the safety of our workers and raise awareness with drivers about the hazards associated with work on roadways, Aquatera organized an internal contest focussed on designing safety signage to be displayed on fleet vehicles. These signs act as a visual cue for drivers, reminding them that the workers in the area have families and loved ones who are expecting them to arrive home safely at the end of the day. The purpose is to encourage drivers to reduce speed and adhere to signage, thereby supporting the safety of workers and preventing accidents.

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 second year in a row, Aquatera was named an Alberta Top 75 Employer, an accomplishment to be celebrated.

In 2023, Aquatera experienced an employee turnover rate of 11.9% which, although higher than the previous year's rate, remains significantly lower than the industry average of 15.5% reported by Mercer Canada. Despite the increase, Aquatera's turnover 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 based on their response.

In 2023, 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, 107 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.

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 2023, our NPS reached 56, signifying high satisfaction. Additionally, in the autumn of 2023, we conducted a formal customer satisfaction survey completed by a third-party contractor to further understand how Aquatera's services are perceived. This survey involved 362 randomly recruited residential respondents and 121 commercial respondents. The combined NPS of 13 indicates that the majority of customers are satisfied with the services provided. The formal survey is conducted every two years.

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.



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 Community Foundation of Northwestern Alberta. Our analysis indicated that we closely reflect the demographic makeup of the community. Specifically, 29% of Aquatera’s workforce comprises 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 - In May of 2023, Aquatera celebrated our 20th Milestone Year with 20 Days of Giving! To commemorate this achievement and show our appreciation to the communities we serve, Aquatera provided give-a-ways and acts of service for the City of Grande Prairie, County of Grande Prairie, Town of Sexsmith, and Town of Wembley. This included delivering cookies and treats to all of the fire departments in our shareholder region, donating hot meals to Wapiti House, and providing \$20 vouchers to Aquatera customers for their utility bills.




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, including our remote operations in the City of Wetaskiwin and Towns of Manning, Hinton and Jasper. Through our Sponsorship Policy we strive to commit at least 1% 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 2023, we donated over \$221,000 back into the communities we serve, in both monetary support and gift-in-kind initiatives.

On May 5, 2023, the County of Grande Prairie declared a local state of emergency in response to wildfires north of the Wapiti River, prompting the activation of the Grande Prairie Regional Emergency Partnership (GPREP). Aquatera played an important role in supporting firefighting operations by providing continuous updates, facilitating unimpeded access to the Dimsdale Bulk Water Station, and by conducting thorough assessments of our water infrastructure in the fire-affected areas. These efforts were aimed at ensuring the prompt restoration of safe potable water services before residents could safely return to their homes. We also provided residents who were impacted by the wildfire with a reduction in landfill tipping fees, and free disposal of fridges or freezers.

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. A workplan completion target of 90% was set for 2023.



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 2023, we were pleased to report that 100% of the 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. 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 still in the early stages of establishing a comprehensive ESG Report and Scorecard system. Recognizing our role as an essential service provider, our initial focus has been on evaluating internal metrics and identifying operational practices that impact our customers, employees, communities, and the environment.

As we progress in defining internal ESG objectives, 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. Moving forward, 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	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 Actual: 0	Target: 0 Actual: 1 One boil water advisory issued for the Town of Sexsmith.	Target: 0 Actual: 0
¹ Water loss efficiencies	≤13% of water unaccounted for within the distribution system	Target: <13% Actual: 7.17%	Target: ≤13% Actual: 7.22%	Target: NA Actual: 6.59%
Offset Greenhouse Gas Emissions	Carbon credits produced per year	Target: >39,000 tonnes Actual: *40,000	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 Actual: 169,486,000cft	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: 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	Target Exceeded: 5 – level IV Water Treatment Operators 5 – level IV Waste-water 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 Actual: 71 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 Actual: 8,944,029m 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 Actual: 12	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% Actual: 37.5% (9 out of 24 managers are women)	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, or as otherwise defined in the Diversity and Inclusion Policy Consistent with Vital Signs This survey is conducted on a biennial basis.	Target: $\geq 25\%$ Actual: 29% A voluntary employee response rate of 65% Results were slightly higher than Community Foundation regional statistics of 28%	Next survey will occur in 2023	Target: NA Actual: 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: $\geq 80\%$ Actual: 85.6%	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% Actual: 78%	Target: \geq 75% Actual: 85%	Target: NA Actual: 81%
Employee Turnover Rate	⁴ Average employee turnover rate	Target \leq 8% or less than available data Actual: 11.9%	<u>Target</u> \leq 8% or less than available data Actual: 8.3%	<u>Target</u> \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 Actual: 1.88	Target: 2.18 Actual: 1.98	Target: 1 Actual: 1.51
Safety	Percentage of Employees participating in Safety Reporting	Target: 90% Actual: 90%	Target: NA Actual: 82%	Target: NA Actual: 71.5%
Customer Satisfaction	Customer Net Promoter Score	Target: 42 Actual: 56	Target: 40 Actual: 42	Target: 37 Actual: 38
⁵ Community Sponsorships	Community sponsorship or support will strive to meet at least \leq 1% of net income (before dividends)	Target: \$170,000 Actual: \$221,000 or 1.15%	Target: \$150,000 Actual: \$189,692 or 1.3%	Target: \$150,000 Actual \$115,787 or 0.8%

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% Actual: Employees 100% Target: Directors 100% Actual: – Directors 100%	Target: Employees 100% **Actual: Employees 0% Target: Directors 100% Actual: – Directors 100%	Target Employees 100% Actual: Employees 100% Target: Directors 100% Actual: – Directors 100%
Number of Whistleblower Complaints	Number of formal (internal/external) Whistleblower line complaints received	Target: 0 Actual: 0	Target: 0 Actual: 0	Target: 0 Actual: 0

Environmental, Social & Governance Scorecard and Goals

Board and Committee Work Plans	Percentage of completed items as scheduled in the work plan(s)	Target: >90% Actual: 95%	Target: >90% Actual: 95%	No available data
Board Independence	Percentage of Directors who are independent members of the Board	Target: 100% Actual: 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

⁴2023 Turnover rate comparator = Mercer Canada

⁵Aquatera 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.

*Verification of Carbon credits to occur in 2024

⁶*An 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)