

# ***AltaGas***

ESG REPORT 2019



# Our Vision

Our vision is to be a leading North American infrastructure company that connects natural gas and natural gas liquids to markets at home and abroad.

We strive to improve the lives of our customers by safely delivering clean, affordable and reliable natural gas solutions that meet their evolving energy needs – today and tomorrow.

# Our Values

Every day, our team of more than 2,700 people is guided by our core values.

These values form the foundation for how we do business with our customers, partners and other stakeholders, and serve as a blueprint to fulfill our vision and strategy.



Work Safely,  
Think  
Responsibly



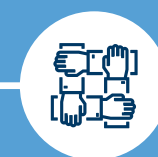
Act With  
Integrity



Make Informed  
Decisions



Achieve  
Results



Invest in our  
People and  
Foster Diversity

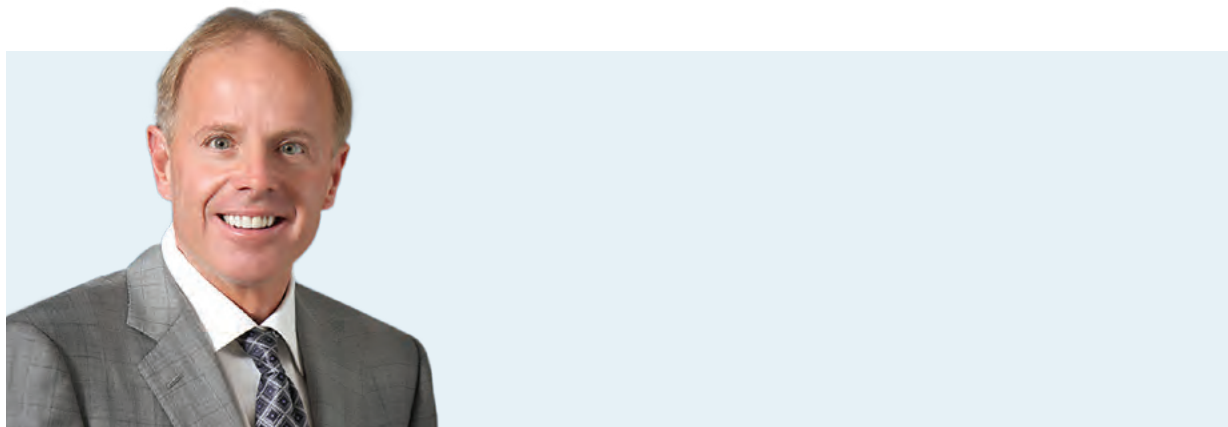
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# A Message from our President and Chief Executive Officer



Our world is rapidly changing and increasingly becoming more complex which creates both challenges and opportunities for industry to adapt and grow. At AltaGas, we are writing a bright story for a future where energy is affordable, efficient and clean. Through investment and innovation, we are taking on the world's energy challenges as we prove that a sustainable energy future is possible and beneficial to our shareholders.

In 2019, AltaGas invested more than \$1.3 billion in energy infrastructure and became the first company in Canada to export clean-burning liquefied petroleum gas (LPG) to Asia. Our disruption of the Canadian midstream sector demonstrates our overall commitment to supporting the transition to a low-carbon global economy.

Yet we have really just begun. We are deeply committed to doing what's right and that means respecting our environment, providing value for our customers, sustaining our communities, focusing on continuous improvement and innovation, investing in our people and growing stakeholder value.

With that in mind, I am pleased to present AltaGas' inaugural ESG report, which outlines our ongoing efforts to improve our operational performance, minimize our environmental footprint and deliver social value.

## OUR ESG JOURNEY

We have a strong team at AltaGas, governed by an experienced Board of Directors, led by a skilled senior leadership team and powered by more than 2,700 talented people who demonstrate the values that are core to our company. Thanks to them, we have the beginning of a great ESG story that manifests itself every day in our activities, and one that we will strive to improve upon in the future.

Our company has always valued supporting the communities we serve, partnering with stakeholders and delivering energy solutions in a responsible manner. This report marks the next step in a journey that will see us consolidate performance data from across the enterprise, benchmark our current performance and establish challenging but achievable goals in our pursuit of continuous improvement. While we have undertaken risk assessments and reported on select ESG data

in the past, our organization has changed significantly – adding and divesting different assets over the years.

Moving forward, we will continue to expand the scope of our efforts and enhance the breadth of our metrics and disclosure. This will continue to evolve as we develop and embed our ESG strategy in our corporate strategy.

## FOCUSING ON THE FUTURE

Globally, the shift to a low-carbon economy continues to shape ESG and business strategy. With demand for clean energy increasing daily, natural gas and natural gas liquids (NGLs) like propane will continue to play a critical role in supporting this transition – a core tenet of our business model.

Natural gas is abundant and serves as a cleaner, foundational fuel that is reliable, affordable and safe. Our business strategy focuses on maximizing the value of natural gas by extracting valuable NGLs and connecting these lower GHG-emitting fuels from the well sites of natural gas producers to the doorsteps of businesses and consumers around the world. We believe the energy

solutions we are uniquely positioned to provide will continue to be valued by our stakeholders, and we are seeing evidence of this today.

For example, the growing demand for energy in Asia and other global markets continues to be the driving force behind our Canadian Midstream business. Currently, Asian propane consumption accounts for approximately 50 percent of total global demand. Leveraging our first-mover advantage, we are distinctively positioned to meet this demand and help improve air quality by displacing more carbon-intense energy sources like coal.

This unique export capability in turn drives growth across our integrated Midstream value chain and creates value for our company, our customers, as well as local communities and Indigenous partners.

## DELIVERING ON OPERATIONAL EXCELLENCE

Core to our business and developing ESG strategy is our unwavering commitment to operational excellence. At AltaGas, this means operating a safe and reliable system, delivering cost-effective solutions, minimizing our environmental footprint and providing

“ Our world is rapidly changing and increasingly becoming more complex which creates both challenges and opportunities for industry to adapt and grow. ”

an exceptional customer experience across our business. In our Utilities, this manifests itself in our accelerated pipeline replacement program where replacing aging infrastructure improves our service offering to customers, enhances reliability, lowers emissions and drives down costs. We are committed to excellence by leveraging the digitization of data, machine learning and artificial intelligence to deliver results for our stakeholders and across our businesses.

## CLOSING THOUGHTS

While our company has changed significantly over a short period of time, our commitment to operating in a responsible manner and creating social value has been a constant. Today our enterprise is on solid financial footing and positioned to capture new opportunities for growth.

In order to achieve this growth, we will continue to maintain and strengthen the many collaborative relationships we have established with local communities and our Indigenous partners, and earn their trust through open communications and responsible operations. We will continue to be transparent and inclusive in our approach to sustainable project development.

This ESG report is a first for our company and marks the beginning of an exciting new chapter. We are committed to maintaining our efforts to incorporate ESG metrics into our business practices and improving our monitoring and reporting.

As we continue to align and improve processes across our business divisions, we will gather and evaluate more data, focus on areas of improvement and regularly share our progress with our stakeholders.

Thank you for taking the time to read our report. I encourage you to follow our progress as we provide updates on our ESG performance in the future.

Sincerely,

**Randy Crawford**  
President and  
Chief Executive Officer

# About AltaGas

We are a North American energy infrastructure company with a focus on providing clean and affordable energy in the Utilities and Midstream sectors.

Every day, we leverage the strength of our assets and expertise along the energy value chain to connect our customers with premier energy solutions – from the well sites of upstream producers, to the doorsteps of homes and businesses, to markets around the world.

With a strong portfolio of assets in some of the fastest growing energy markets, including a prominent position in the Montney basin and utilities in five U.S. jurisdictions, we are developing an integrated footprint capable of delivering sustained value to shareholders and customers for many years to come.

### A YEAR OF TRANSFORMATION

2018 was a transformational year for AltaGas. By acquiring a major U.S. utility and divesting a number of non-core assets, we reshaped our business and made significant progress in repositioning ourselves as a low-risk, high-growth Utilities and Midstream company.

### 2018 highlights included:

- Added one of the United States' largest and longest serving utilities – Washington Gas – to our portfolio with the successful closing of the \$9 billion acquisition of WGL Holdings, Inc.
- Advanced our integrated Midstream offering in northeast British Columbia where we increased our natural gas liquids (NGL) capabilities in the Montney and signed definitive agreements which

underpin future expansion of our gas processing and fractionation capabilities. Both steps help to shore up additional supply to our cornerstone asset – the Ridley Island Propane Export Terminal, located on Canada's northwest coast – which was constructed throughout 2018 and commissioned in May 2019.

- Sold several non-core Midstream and Power assets including our interest in the Northwest Hydro Facilities and completed the initial public offering of AltaGas Canada Inc.

These strategic moves and our continued efforts in 2019 have effectively re-focused our business and established a strong platform for future growth.

### OUR BUSINESS

#### Midstream

We have established a significant presence in Western Canada through our continued investment in natural gas infrastructure, and the development of a western energy hub in northeast British Columbia. Our integrated footprint in the region provides producers with value-added services and the opportunity to move NGLs to premium markets in Asia (see the Ridley Island Propane Export Terminal on pg. 17). We also have investments in natural gas pipelines, both in operation and under development, in Canada and the U.S. and ownership interests in the

Ferndale Terminal, which is capable of exporting LPG off the west coast of the U.S. in excess of 40,000 bbls/d and providing 750,000 bbls of on-site storage capacity.

### Our capabilities include:

- Natural gas gathering and processing
- NGL extraction and fractionation
- Storage, marketing and transport
- Propane export to Asia

#### Utilities













Through our regulated natural gas utilities – ENSTAR, SEMCO and Washington Gas – we serve approximately 1.6 million residential, commercial and industrial customers in five jurisdictions in the U.S. including Alaska, the District of Columbia, Maryland, Michigan and Virginia.

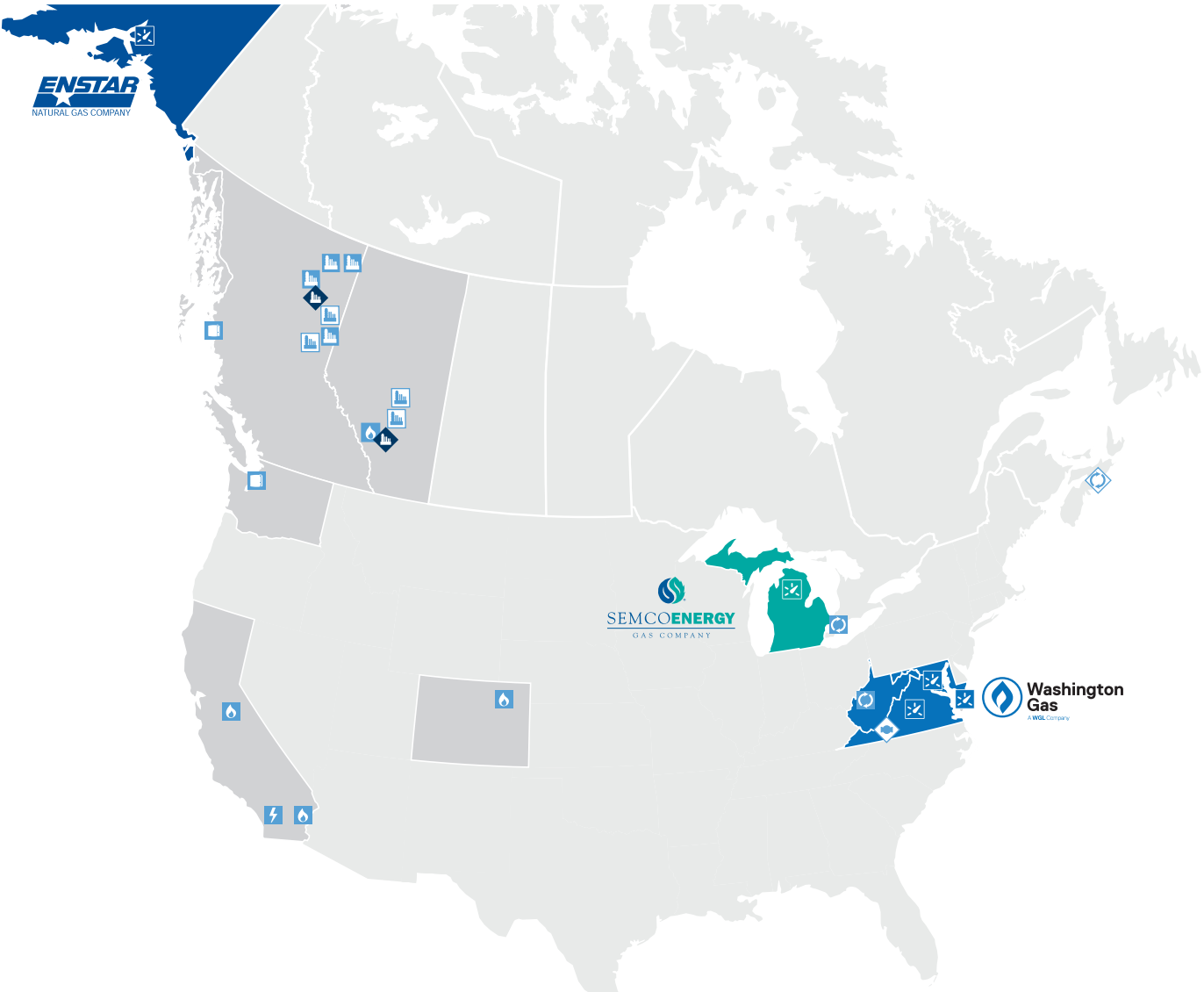
Through a commitment to operational excellence, we are focused on modernizing our natural gas infrastructure, providing an exceptional customer experience and safely delivering this critical energy source to heat the homes and fuel the businesses of the communities we serve.

#### Power

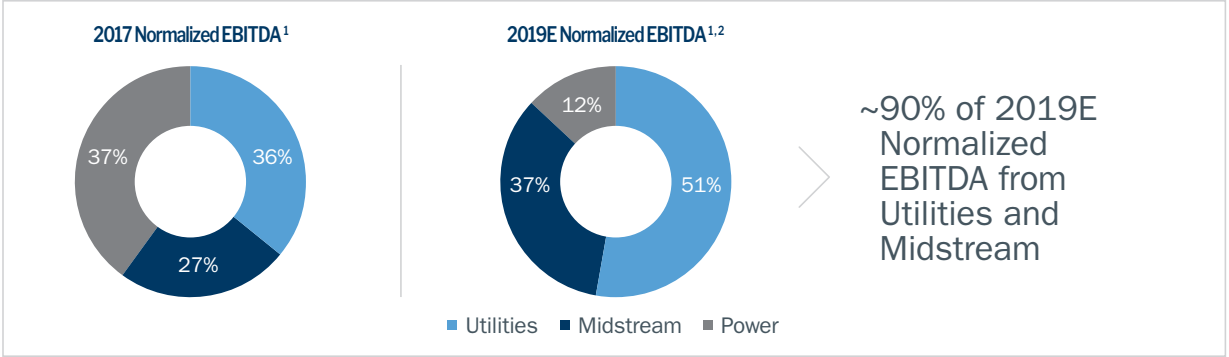
Although no longer core to our strategy, we continue to maintain a small portfolio of power assets including gas-fired power generation and energy storage facilities in Canada and the U.S.

## Our Assets

 Energy Storage	 NGL Extraction	 Transmission Pipelines Under Construction
 Gas-Fired Power Generation	 Processing and Extraction	 Utilities (WGL)
 Gas Processing	 Storage Facility	 Utilities (SEMCO)
 LPG Export Terminal	 Storage Facility Under Construction	 Utilities (ENSTAR)



### Transitioning to a Low-Risk, High-Growth Utilities and Midstream Company



Our Midstream strategy is to leverage our unique export capability to drive growth across our business.

Our Utilities strategy is to drive continued operational excellence by reducing our costs and improving our customer experience.

<sup>(1)</sup> Non-GAAP financial measure; see discussion in the advisories.  
<sup>(2)</sup> Excludes the impact of asset sales. See "Forward-looking Information".



# About This Report

We are proud to present our inaugural Environmental, Social and Governance (ESG) Report, which illustrates our ongoing efforts to improve our governance, management, performance and transparency across the enterprise.

### FRAMEWORK

The topics and data in this report are the result of extensive consultation, materiality assessment, and analysis of ESG requirements. It was prepared with reference to international ESG reporting frameworks, including the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). The core material topics included in our report are based on SASB standards.

### SCOPE

This report covers consolidated enterprise-wide environmental, social and governance performance from January 1 to December 31, 2018 for the facilities and infrastructure for which AltaGas (referred to as “we”, “us” or “our” in this report) is the majority-owner or operator. Assets attained through the WGL acquisition on July 6, 2018, and those divested

in 2018, are not included in our metrics. However, WGL ESG initiatives are profiled in this report as these efforts reflect our commitment to ESG and will continue to contribute to our ESG strategy going forward.

This report does not focus on our financial performance. A thorough overview of our economic and operational performance can be found in our 2018 Annual Report and the public disclosures available on our website.

### DATA

The data included in this report has been reviewed by the AltaGas executives responsible for the respective subject areas. The data collection methodologies used are aligned with industry best practices and applicable regulations and standards. No external assurance was sought for the content of the report. All currency is in Canadian dollars (\$CAD) unless otherwise noted.

### FUTURE REPORTING

Moving forward, ESG initiatives will be further integrated with our approach to risk management and the development of our business strategy, and we are committed to monitoring, reporting and improving our ESG metrics over time. Future reports will also include metrics on WGL performance.

AltaGas recognizes TCFD recommended guidelines on disclosure reporting, and we are currently considering how to best integrate the recommendations into our ESG strategy and reporting in the future.

## Materiality and Our Key Stakeholders

Materiality, in the context of this report, refers to the relative significance of environmental, social and governance priorities and their impacts, both positive and negative, to our business and to our stakeholders.

### OUR STAKEHOLDERS

Engaging in meaningful dialogue with our stakeholders has always been core to our business. Ongoing communication with our stakeholders is critical to informing our community consultation, strategy development, and risk management activities, and ensuring we approach our work in a responsible way that creates social value where we operate.

For the purposes of this report, our stakeholders include any individuals

or groups that may be affected by our operations (including those proposed), products or services. This includes employees, investors, customers, business partners, governments and regulators at the local, provincial, state and national levels, and communities, with special consideration of Indigenous communities.

Each division in our company has their own requirements and standards for interacting with its stakeholder groups, which may be subject to legislation, regulation or agreements with Indigenous communities. A corporate objective for 2019 and onward is to develop a consistent framework for stakeholder communication and community consultation across the enterprise.

### MATERIALITY ASSESSMENT PROCESS

Supported by a third-party with expertise in ESG reporting and materiality assessments, we conducted extensive consultation with internal stakeholders. With reference to SASB standards, we developed a list of material topics that were validated and prioritized. The result of this work guided the definition of our material topics included in this report and the collection of performance data. We plan to review these topics annually to ensure their relevance and accuracy is maintained and a broad range of perspectives is reflected.

## Our Material Topics

Our material topics for ESG reporting are those that, in the view of management, impact our performance, long-term sustainability and help investors learn about the nature of our business.

	Material ESG Topic	ESG Framework	Definition	Response
ENVIRONMENT	Climate Change (Climate Change, GHG Emissions)	EM-MD-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Pg.13-16 – Environment Pg.33 – Key Performance Data
		EM-MD-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Pg.12 – Business Model Resilience Pg.14-16 – Climate Change & GHG Emissions
	Air Quality	EM-MD-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N <sub>2</sub> O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM <sub>10</sub> )	Pg.13 – Protecting Air Quality Pg.33 – Key Performance Data
	Land Use (Land Disturbed and Restored)	EM-MD-160a.1	Description of environmental management policies and practices for active operations	Pg.15 – Improving Land Use and Remediation
	Spills and Incidents, Reportable Incidents, Corrective Actions & Fines	EM-MD-540a.1	Number of reportable pipeline incidents, percentage significant	All reportable incidents were reported to respective authorities. As reporting standards and jurisdictions vary, comparative metrics are not possible.
SOCIAL	Water Management	GRI 303-1	Interactions with water as a shared resource	Pg.16 – Minimizing our Water Impacts
	Employee Engagement (Hiring, Training, Diversity and Inclusion and Gender Equity)	GRI 405	Diversity and equal opportunity	Pg.25-28 – Our People Pg.33 – Key Performance Data
		GRI 405-1	Diversity of governance bodies and employees	Pg.10 – Experienced and Diverse Board
		GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Pg.27 – Learning and Development Programs
	Health & Safety	GRI 405-1	Occupational health and safety management system	Pg.25 – Health and Safety Governance Pg.33 – Key Performance Data
		GRI 403-5	Worker training on occupational health and safety	Pg.25 – Safety Training
	Access & Affordability	IF-GU-240a.4	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	Pg.23 – Support for Those in Need Pg.30 – Affordability and Support
	Community Engagement (Including Indigenous Communities)	GRI 413-1	Operations with local community engagement, impact assessments and development programs	Pg.19 – Uniting Communities Pg.29-32 – The Community
	Community Investment	AltaGas*	Contribute to charitable organizations or activities that support local communities through financial and volunteer donations	Pg.29-32 – The Community Pg.33 – Key Performance Data
	Indigenous Lands and Rights & Agreements with Indigenous Peoples	GRI 411	Rights of Indigenous Peoples	Pg.30 – Indigenous Engagement Pg.32 – Indigenous Development Fund Pg.33 – Key Performance Data
GOVERNANCE	Procurement & Supply Chain	GRI 204-1	Proportion of spending on local suppliers	Pg.31 – Supply Chain Diversity
	Business Model Resilience	IF-GU-420a.2	Customer gas savings from efficiency measures by market	Pg.30 – Energy Efficiency Programs
	Business Ethics	GRI 102-16	Ethics and Integrity: values, principles, standards and norms of behaviour	Pg.11 – Ethics & Compliance
	Critical Incident Risk Management	EM-MD-540a.4	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and project lifecycles	Pg.11 – Enterprise Risk Management Program Pg.26 – Emergency Planning and Preparedness
		IF-GU-540a.2	Percentage of distribution pipeline that is (1) cast and/or wrought iron and (2) unprotected steel	Pg.22 – Accelerated Pipeline Replacement (Partial Response)
		IF-GU-540a.3	Percentage of gas (1) transmission and (2) distribution pipelines inspected	Pg.14 – Minimizing Fugitive Emissions
		IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	Pg.14 – Minimizing Fugitive Emissions Pg.22 – Accelerated Pipeline Replacement
	Cybersecurity	GRI 102-15	Key impacts, risks and opportunities	Pg.11 – Information Security and the Risk of Cyberattack
	Stakeholder Engagement	GRI 102-42	Basis for identifying and selecting stakeholders	Pg.7 – Our Stakeholders
		GRI 102-43	Approach to stakeholder engagement	Pg.7 – Our Stakeholders

\* Not required by SASB or GRI. Disclosure topic included due to additional material assessment with internal subject matter experts.



For any questions regarding this report or its contents, please contact [ESG@altagas.ca](mailto:ESG@altagas.ca).

# Leadership and Governance

Sound governance and strong leadership are core to achieving our strategy and delivering sustained value for our stakeholders. As the stewards of our company, our Board of Directors provides guidance and oversight of our business and ensures the highest ethical standards are maintained in all that we do.

### OUR APPROACH

Our Board of Directors’ primary role is to manage our business and its affairs by implementing a governance framework, approving strategic direction and overseeing succession planning and risk management.

Each of the Board’s four standing committees assist the Board in providing oversight of these areas, with different aspects of our ESG performance falling under each committee mandate.

The Board committees and their mandates include:

- **Human Resources and Compensation Committee** – oversees human resources, people development and training, compensation programs, executive compensation and compensation risk and succession planning for key management roles
- **Environment, Health and Safety Committee** – oversees environment, health and safety policy, compliance and risk

- **Governance Committee** – oversees stakeholder relations (including with our Indigenous partners), community investment, government relations and succession planning for the Board
- **Audit Committee** – oversees our risk management framework, financial reporting, disclosure controls and procedures, internal control over financial reporting, accounting, and matters related to audits, cybersecurity and enterprise risk management

### ESG at AltaGas

Our core values reinforce our commitment to integrating strong environmental, health and safety, social and governance performance into every aspect of our business.

These efforts support our business strategy by allowing us to be more responsive to customer needs, better manage risk, and attract, motivate and retain the talent we need to bring value to the communities we serve.

By balancing economic priorities with our social and environmental values, we believe we can help meet growing global demands for clean energy, while continuing to deliver sustainable benefits to our shareholders.

At AltaGas, our commitment to ESG means:

- Operating our business with the highest regard for the safety of our employees, contractors and stakeholders

- Protecting the environment and minimizing our impact
- Building long-term, mutually beneficial relationships with Indigenous Peoples, partners and communities
- Working closely with governments and regulatory agencies to develop long-term sustainable projects
- Investing in communities through employment and training opportunities and donations to charitable organizations



▲ Pentti Karkkainen, our Board Chair, speaking at the opening celebration of the Ridley Island Propane Export Terminal. Mr. Karkkainen was appointed Chair on April 2, 2019.

### EXPERIENCED & DIVERSE BOARD

A key part of effective governance is ensuring our Board has the right mix of background, experience and diversity of perspectives, to support the scope and complexity of our business. AltaGas actively considers gender among other diversity criteria.

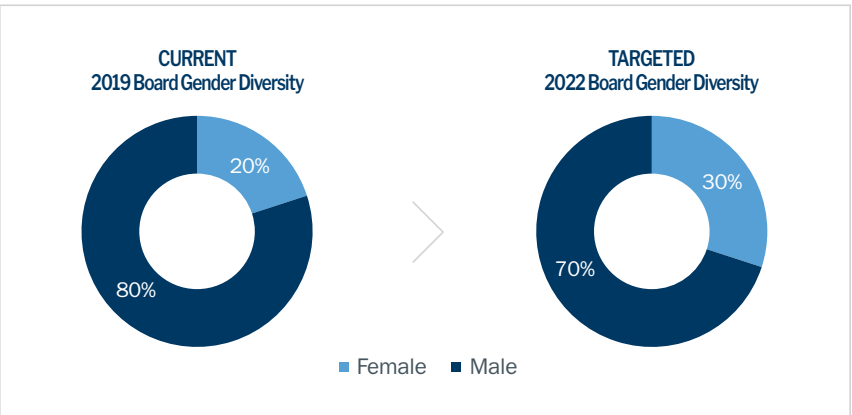
The Board’s approach to succession and renewal is to strike a balance between continuity of experience and fresh perspective.

As part of our Board succession planning and to coincide with the closing of the WGL acquisition, three new directors were appointed in July 2018.

### Board Composition – At A Glance



### Commitment to Gender Diversity



## Leadership and Governance Highlights

### ► President and CEO

At the end of 2018, we welcomed our new President and Chief Executive Officer, Randy Crawford. Randy’s unique set of skills, past experience as an executive officer in both midstream and U.S. utilities, and his strong leadership capabilities align with the vision and strategic direction of our company.

### ► Board Renewal

In 2018, we welcomed three new directors to the Board. The three new directors were selected to collectively enhance the skills and experience of the Board.

### ► Executive Vice President and CFO

In 2019, we appointed our new Executive Vice President and Chief Financial Officer, James Harbilas. James’ deep background in both energy and utilities, as well as his proven track record in business optimization and integration, will be key contributors to achieving our strategic objectives.

### ► Independent Chair and Transition from Founder

In early 2019, we appointed an independent director, Pentti Karkkainen, as Chair of the Board. We also retained the experience and knowledge of the founder of our company, David Cornhill, who continues to serve as a director.

### ► Refreshed Board Committees

In 2019, we refreshed our committee composition by rotating in at least one new director to each committee.

### ► Set Gender Diversity Target

We updated our diversity and gender diversity policy to include an aspirational target of 30% female representation on the Board by 2022.



# Leadership and Governance

## RISK MANAGEMENT

Effectively identifying, evaluating and mitigating risks and their impacts to our business and our stakeholders, is a central area of focus at AltaGas. Our governance framework is designed to effectively manage this process across the enterprise. Our Board of Directors is ultimately responsible for risk oversight.

In addition, a large portion of our business is comprised of regulated utilities whose governance policies and compliance reporting are subject to significant regulatory scrutiny.

### Enterprise Risk Management Program

Our management systems integrate a culture of safety and emergency preparedness throughout our value chain. All levels of our organization are engaged with our Enterprise Risk Management (ERM) program which serves as our primary vehicle for risk management.

As part of our ERM, senior leaders across the enterprise work together to identify the material risks and develop appropriate mitigation strategies. These risks are validated

and ranked by senior leadership and reviewed with the Board and its committees.

### Critical Incident Risk Management

Responsibility for mitigating the risk of sudden, unexpected, critical events such as natural disasters falls with the EHS Committee. Due to the regulated nature of our Utilities, we operate under strict regulations for emergency preparedness.

How we anticipate and prepare for incidents is foundational to our approach to emergency response. Across the company, our people regularly participate in training to ensure readiness in the event of a critical incident.

For instance, at Pipetown – a safety training site near our Springfield Operations Center in Washington – Washington Gas employees regularly participate alongside first responders in live safety training exercises that prepare them for natural gas incidents.

Directors and senior leadership also participate in Safety Stand Downs where they meet with our people in

the field to discuss safety. For more about our approach to emergency preparedness see pg. 26.

### Information Security and the Risk of Cyberattack

Protecting the safety and effectiveness of our operations and the security of customer, employee and company data is paramount. Oversight of cybersecurity risks falls under the mandate of the Audit Committee. To mitigate these evolving risks, we have implemented preventive, detective and remedial measures to continually identify and manage our highest cyber risk exposures.

Our cybersecurity program is designed to improve our security posture, reduce risk, and ensure the protection and availability of critical data and systems. We follow the National Institute of Standards and Technology (NIST) framework for information security and have provided regular training to improve cybersecurity and risk awareness for our people.

As our company evolves, we believe customers and regulators will value the energy solutions we provide and that we will continue to play a key role in the transition to a low-carbon economy.

## Business Model Resilience

Meeting the growing demand for energy while addressing global climate concerns is a complex challenge. We are committed to taking actions that are consistent with our business model, align with evolving market fundamentals, and address government, regulator and stakeholder expectations for progress on emissions reductions and climate risk management.

### PLANNING FOR CLIMATE CHANGE

As our company evolves, we believe customers and regulators will value the energy solutions we provide and that we will continue to play a key role in the transition to a low-carbon economy.

The energy we deliver is produced in compliance with stringent environmental policies. We are committed to collaborating with stakeholders and continually reviewing and advancing our strategy to mitigate climate risks to ensure our business remains strong and resilient in the future.

### THE CLIMATE BUSINESS PLAN FOR D.C.

In 2018, in connection with the acquisition of WGL, we made a firm commitment to support the District of Columbia's climate goals, which include:

- Reducing net carbon emissions by 50 percent (relative to 2006 levels) by 2032; and,
- Achieving carbon neutrality by 2050.

We are developing a business plan to help the District achieve these emissions goals taking into consideration affordability, reliability, resilience and equity. Some additional considerations include maintaining a safe and reliable energy supply that provides customers with choice, ensuring flexibility in technology, and ensuring an equitable allocation of costs and benefits to our customers and shareholders.

The plan will lay out the challenges and the steps required to achieve these goals. It will also outline the essential partnerships that we will need to establish between our company both with the District of Columbia Public Service Commission and other community stakeholders.

The plan is intended to demonstrate how we can provide new and innovative products and services that will enable our District of Columbia customers to reduce their GHG emissions. We are currently conducting scenario analyses, under various future conditions, that will guide us in identifying potential business opportunities for diversifying our business as we move into a low-carbon world.

The Climate Business Plan will be filed early in 2020. Once it is filed, we will hold bi-annual public meetings to report on our progress.



## Making Informed Decisions

- We use data and sound judgement to support our decision-making.
- We're not afraid to make tough decisions that align with our strategy.
- We evaluate risk and the impact on all stakeholders.
- We give our people accountability and empower them to make the best decisions.

For a detailed review of our key risks, please read our 2018 Management's Discussion and Analysis and Annual Information Form.



## ETHICS & COMPLIANCE

Our Code of Business Ethics (COBE) ensures we uphold our core values and conduct business in a safe, respectful and ethical manner. Our COBE is applicable to our people, contractors, suppliers, partners and Board of Directors, and is approved, along with its related policies, by the Board. To ensure adherence to the COBE, all employees are required to review it and its related policies, and certify their understanding and compliance, on an annual basis.

Our key COBE-related policies include:

- Acceptable Use of Technology and Social Media
- Anti-Bribery and Anti-Corruption
- Conflicts of Interest
- Disclosure
- Drugs and Alcohol in the Workplace
- Environment, Health and Safety
- Information Security
- Privacy
- Respectful Workplace
- Securities Trading and Reporting
- Whistleblower

### Fostering Integrity

Defined processes and procedures are in place to enable individuals to report what they perceive to be unacceptable behaviour. This includes the availability of a Whistleblower Hotline allowing for concerns to be made anonymously. All reports are treated confidentially and are escalated in accordance with our guidelines, including escalation to our Board, when circumstances require.

Instituting practices of annual review and compliance and providing the appropriate forums for raising concerns in a safe environment, fosters a corporate culture of ethical behaviour.



# Environment

As a North American energy infrastructure company, it is our responsibility to safely and sustainably deliver the energy the world needs. Minimizing our environmental impact is fundamental to earning the right to grow, and building a strong and sustainable business for our stakeholders in the future.

## OUR APPROACH

'Work Safely, Think Responsibly' is a core value at AltaGas. Guided by our Environment, Health and Safety (EHS) policy, we are committed to managing and minimizing our environmental impacts and enabling a strong EHS culture. This includes implementing programs that safeguard our people and the environment, proactively identifying and managing risk, and applying lessons learned and best practices to improve our performance.

Our EHS management framework establishes enterprise-wide requirements and expectations, and outlines actions and accountabilities for EHS-related performance within a Plan-Do-Check-Act cycle. Each business division is responsible for

its internal policies and continuous improvement within the framework.

## PROTECTING AIR QUALITY

We are committed to continuously reducing our emissions through innovative technologies and operational improvements.

Through a combination of performance testing, technology upgrades and changes to operating parameters, we are reducing nitrogen oxide (NOx) emissions associated with our Midstream operations' engines, boilers and heaters, and are on track to reach our target of an average of 8 g/kWh by 2021.

At our power plants, the use of natural gas for power generation helps reduce atmospheric emissions by displacing higher-intensity energy sources such as coal.

## Continually Reducing GHG Emissions

To continuously reduce greenhouse gas (GHG) emissions from our operations, we consistently measure and monitor emissions and seek new technologies and other efficiency strategies. New facility construction and major retrofits are all subject to efficiency reviews to optimize potential emission reductions.

In some of our operating areas, GHG improvements offer direct business benefits through emission offset credits and emission performance credits that minimize the costs of compliance. Our existing GHG reduction initiatives have generated life-cycle savings in our Midstream division of \$15 – \$20 million in credits as of the end of 2018.

GHG reduction initiatives have generated life-cycle savings of \$15 - \$20 M in credits at the end of 2018 in our Midstream division

# \$15-\$20M

## Minimizing Fugitive Emissions

To combat fugitive methane emissions generally released through the transport or processing of natural gas, our Midstream operations have implemented a Fugitive Emission Management Program.

Through this program, we regularly use infrared and acoustic detection technologies to proactively identify potential sources of leaks in our Midstream operations. To further reduce methane emissions, we have a retrofit compliance plan under development that sets specific gas-vent limits and identifies equipment for replacement or upgrade.

Our Utilities must meet the requirements of the Pipeline and Hazardous Materials Safety Administration (PHMSA) which specifies that distribution systems must be inspected every five years.

Our utility in Alaska, ENSTAR, has adopted a four-year inspection cycle plus annual surveys for fugitive leaks on their copper service lines and steel systems.

They also complete inspections on above-ground piping for atmospheric corrosion on a two-year cycle instead of every three years as is required under regulation.

In Michigan, SEMCO's Main Replacement Program (MRP) replaces aging pipeline infrastructure ahead of schedule to reduce leaks and address safety concerns. The accelerated replacement program's approach is to proactively replace aging pipe in large sections instead of small ones after leaks are detected.

Through the MRP, all of SEMCO's cast, wrought, and ductile iron pipelines have been replaced, which has resulted in a 67 percent reduction in corrosion-related leaks since the program's inception in 2011.

## Climate Change

One of the most significant environmental factors impacting our world is the effects of climate change.

Climate change presents risks to AltaGas and our operations, but it also provides opportunity.

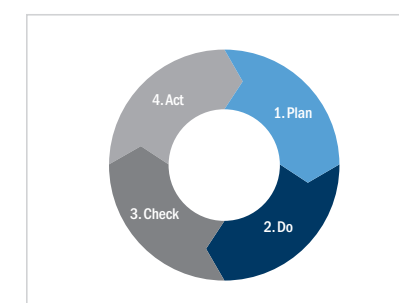
We are committed to continuing to improve our operations and deliver products and services that meet the evolving needs of our stakeholders.

Read more on our response to climate change in the Business Model Resilience section on pg. 12.

▼ Ridley Island Propane Export Terminal near Prince Rupert, British Columbia, Canada.



## Plan-Do-Check-Act Cycle



SEMCO's Main Replacement Program has resulted in a 67% reduction in corrosion-related leaks since 2011.

# 67%



# Environment

## INVESTING IN INNOVATION

### Midstream

At our Harmattan Gas Plant, we have invested in major emissions reduction improvements that include installing cogeneration units and replacing gas-fired compression with electric compression. Thanks to these and other improvements, the Harmattan Gas Plant exceeded its 2018 emissions target set by the Government of Alberta, and was awarded 35,781 emission-performance credits.

Our Ridley Island Propane Export Terminal on the northwest coast of Canada, which came into service in May 2019, was designed with energy-saving and GHG-reduction features. For example, instead of flaring excess ethane gas (separated from the propane stream prior to export), the terminal uses the waste ethane as an efficient fuel source for its own use on site. Similarly at the Townsend Complex, heat generated in gas processing is recovered and used at the facility.

Our North Pine Fractionation Facility is primarily powered by the provincial electrical grid, which represents a significant reduction in emissions, as hydro-electricity has replaced hydrocarbons for the energy-intensive fractionation process.

In many of our gas processing and power plants, intelligent sensors provide live data for analytics software that predicts likely failure so we can proactively implement repairs and increase plant uptime.

### Utilities

In our Utilities, many of our pipelines feature sensors – pressure, temperature and flow – that provide real-time data that quickly identifies when product balances are out of alignment, potentially indicating a leak or operational changes. This dramatically decreases the potential impact of leaks, and helps identify trouble spots so pipes can be repaired or replaced before problems arise.

### Power

At our Pomona Energy Storage Facility in southern California, we commissioned one of the largest battery storage facilities in North America, helping to backstop the electrical grid in the Los Angeles area and supporting the expansion of renewable energy generation.

## IMPROVING LAND USE & REMEDIATION

Our strategy for land use is to minimize and mitigate our impacts. Before development begins, we conduct environmental impact assessments when applicable, including biodiversity studies, to understand each project's potential effects.

We design each project to limit impacts and throughout operations, we monitor land, air and water quality, where appropriate.



▲ 'Work Safely, Think Responsibly' is a core value at AltaGas. Our people are committed to operational excellence to minimize our impact and deliver safe and reliable energy to our customers.

In our Utilities, we employ boring techniques – a much less invasive method versus trenching – during project work whenever possible to minimize our impacts to the land. Impacts are also mitigated through pipeline route optimization during conceptual engineering. During and after operations, we remediate and reclaim lands that have been disturbed or affected, including land at historic sites.

At SEMCO, we are in the process of restoring the pipeline right-of-way (ROW) for the construction of our Marquette Connector Pipeline. Reclamation includes the utilization of appropriate soil separation, erosion control and native plantings.

We have also engaged the Marquette Area Public Schools and the Superior Watershed Partnership to participate in planting native wildflowers on the ROW to promote environmental stewardship in the area.

## MINIMIZING OUR WATER IMPACTS

Water is a vital resource that we use responsibly and work to protect. Our business does not involve oil or gas exploration or operation of wells. As a result, our water use is significantly less intensive than in those industries. Our operating practices ensure that when we do use water, we protect the environment and safeguard public health during sourcing, treatment and disposal.

The Marquette Connector Pipeline provides another example of our work to minimize water impacts. As part of the project, SEMCO created more than 10 acres of wetland to ensure that the Escanaba River watershed was not negatively impacted by the construction of the pipeline.

Across our company, we operate in compliance with applicable regulations and industry best practices regarding water use, and we continue to seek technologies and practices that can further improve our water management.

Nearly 90% of the Scope 1 emissions reported were audited and third-party verified.

90%



Work Safely,  
Think  
Responsibly

- We put the health and safety of our people, customers and communities above all else.
- We believe no job is so urgent that it cannot be done safely and we always act to prevent environmental, health and safety issues.
- We proactively identify and manage risks, integrate lessons learned and best practices in our approach to the environment, health and safety.
- Focusing on operational excellence ensures we minimize our environmental impacts while also delivering safe and reliable energy to our customers.

▼ In 2018, at our Harmattan gas processing facility in central Alberta, improvements made to the facility resulted in the provincial government recognizing the plant with 35,781 emission-performance credits.





# Ridley Island Propane Export Terminal

## Canada's First LPG Export Facility

### Delivering Clean Energy to Asia and Building Social and Economic Value At Home

Global environmental concerns over increasing GHG emissions have resulted in higher demand for low-emission fuels. Propane – one of the most versatile, cost-effective and safe fuel sources in the world – provides a clean alternative to more emission-intense sources such as diesel and coal.

Located south of Prince Rupert on the northwest coast of British Columbia, the Ridley Island Propane Export Terminal (RIPET) connects low-carbon Canadian energy to global markets, providing them with greater energy security and diversification of supply. Commissioned in May 2019, the terminal is currently operating at approximately 40,000 barrels of propane per day (bbls/d) but can achieve almost double this throughput with minimal capital investment.

RIPET demonstrates our unwavering commitment to the environment, safety and developing true community partnerships that stand the test of time. The facility was built in collaboration with numerous stakeholders including the Prince Rupert Port Authority, local and regional Indigenous Peoples, surrounding communities and our customers in Asia.

**AltaGas**

## World-Class Facility

RIPET was designed for efficiency and minimal environmental impact. Not only was it built to save energy through state-of-the-art engineering, it also reduces GHG emissions by using ethane, a by-product component of the gas blend in the incoming stream.

Instead of flaring off the excess ethane, RIPET uses it as a source of efficient, clean energy.



## Quick Facts

**~250**  
construction jobs  
**up to 40**  
permanent  
jobs created

**40k**  
bbls/d of export  
capacity

**50–60**  
railcars offloaded  
per day on average

**1.2M**  
tonnes per  
year capacity

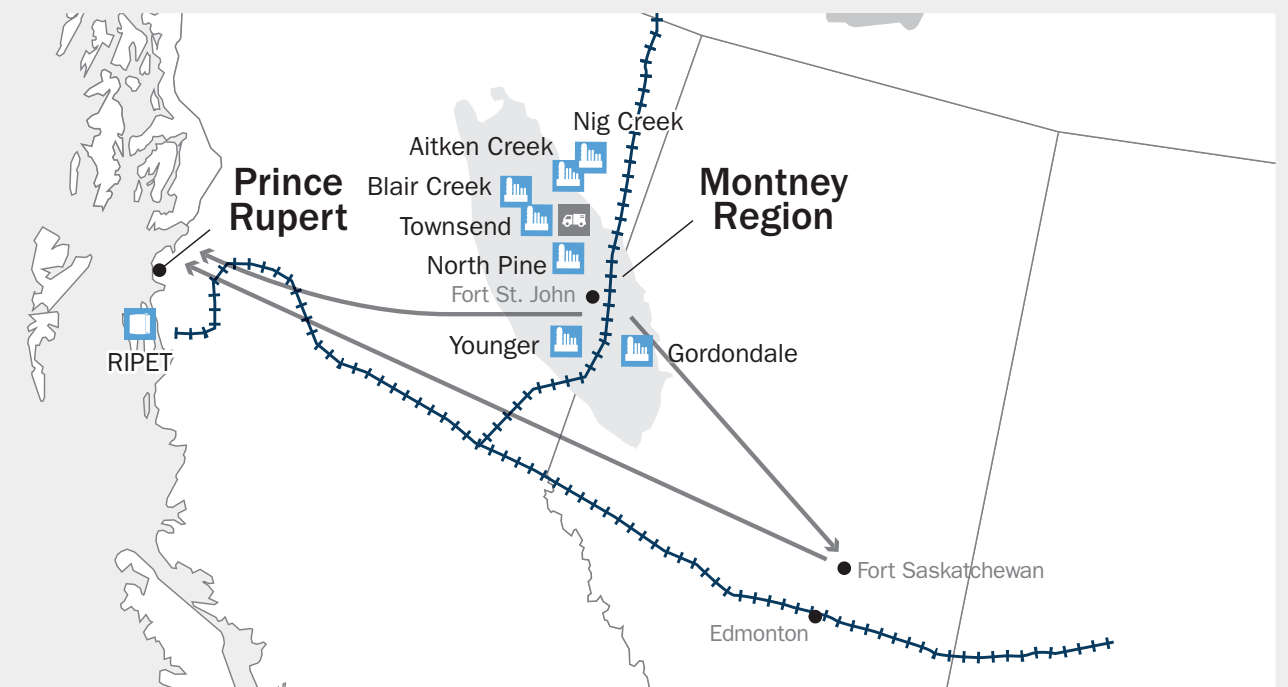
**20–30**  
cargos of propane  
delivered per year  
to market

**10-day**  
shipping time  
to Asia

## Northeast B.C. Export Strategy

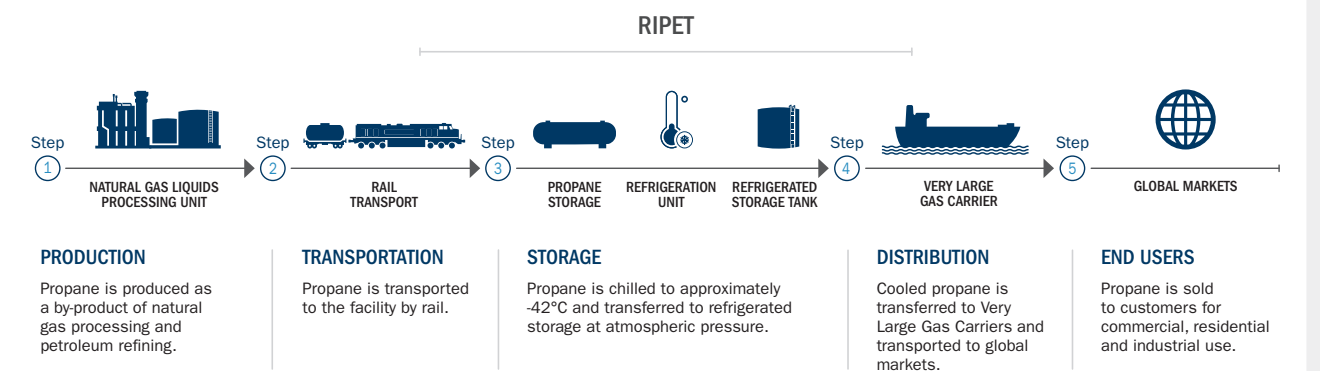
Over the years, we have established a significant presence in British Columbia through our continued investment in natural gas infrastructure, and the development of a western energy hub in the northeast region of the province. Our comprehensive offering provides producers with value-added services and a uniquely complete solution for their natural gas.

From gas gathering and processing, liquids handling and fractionation, to export to premium global markets, we help Canadian natural gas producers capture greater value for their product while delivering cleaner-burning energy to help meet growing global demand. This integrated value-chain is driving further growth across our Midstream business – a true win-win for our customers and our company.



Gas Processing LPG Export Terminal Truck Terminal Rail Montney (raw gas) Product Flow

## How it Works





# Ridley Island Propane Export Terminal

Canada's First LPG Export Facility

## Building Strong Partnerships to Support Safe, Prosperous Communities

As many proposed Canadian energy projects struggle to move forward, the success of RIPET is a testament to what can be accomplished by approaching project development in the right way.

From the very beginning, we developed a strong relationship with our customer Astomos Energy Corporation and proactively engaged local Indigenous communities, business leaders, emergency responders and municipal, provincial and federal governments, to ensure all stakeholders were properly informed and supportive of the project.

We also worked closely with local Indigenous, community and business leaders to outline their expectations, identify their needs and generate economic and social development through training and employment opportunities.

Together, we turned a vision into reality and created a facility that provides new market access, jobs, and a secure supply of low-emission energy for global markets.

**AltaGas**

## Uniting Communities

To make this project a reality, we engaged communities across northwest British Columbia including Prince Rupert, Port Edward, Terrace and the Tsimshian Nation communities of Metlakatla, Lax Kw'alaams, Kitselas and Kitsumkalum, throughout the environmental assessment and construction phases to ensure we were respecting the land and providing economic benefits to local community members.

As a symbol of the communities uniting in support of the project, the new tugboat that supports operations at RIPET was named the SST Tsimshian Warrior, in honour of the coastal Tsimshian Nations.



▲ The SST Tsimshian Warrior is the most environmentally friendly tug in Canada. Its emissions reduction system is world-class and includes an IMO Tier III compliant exhaust after-treatment system.



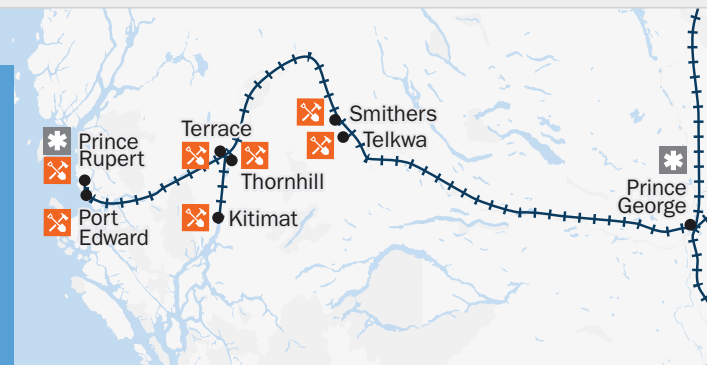
## Investing in Emergency Equipment

To ensure first responders are properly equipped, we placed nearly \$200,000 in emergency response equipment in Prince George and Prince Rupert to help establish temporary command posts if needed. CN Rail also funded equipment caches for Valemont, Terrace and Smithers that can easily be transported to remote locations by helicopter if required. With this new equipment, the CN railway between Jasper and Prince Rupert now boasts the highest concentration of emergency response equipment in North America.

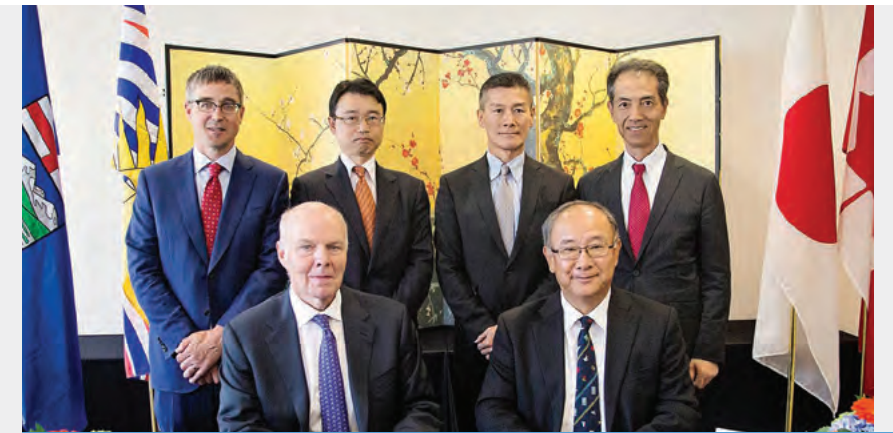


## Training Along the Railway

From construction through operation, the project focused on safeguarding the health and safety of our people, the local community and the communities along the railway connecting RIPET to our Midstream plants. To prepare first responders for the handling of liquefied petroleum gas (LPG), we sponsored emergency LPG Firefighting Training in Terrace, Thornhill, Kitimat, Smithers, Telkwa, Port Edward and Prince Rupert.



✱ AltaGas Sponsored Emergency Equipment  
✱ LPG Firefighting Training



## Strengthening Trade Relations with Japan

At a time when Canada is seeking to diversify its energy markets, and Japan is in need of new energy sources, the agreement between Astomos and AltaGas helps strengthen the cooperative ties between the two nations. The opening of RIPET sends a signal to customers overseas that Canada can deliver on infrastructure and energy export projects, and ultimately, increases Canada-Japan trade by approximately 6 percent.



**100%**  
of graduates  
were hired  
at RIPET



**65%**  
of program  
participants  
were Indigenous  
Peoples



## Providing Skills and Employment

Early in project development, we made a commitment to support our neighbouring communities by training and hiring locally. Working in consultation and close collaboration with communities from the Tsimshian Nation and in partnership with the Southern Alberta Institute of Technology and Coast Mountain College, we developed an Operator Training Program geared to Indigenous Peoples and local residents that prepared participants for rewarding careers and possible employment at RIPET. All of the graduates were hired – 65 percent were local Indigenous Peoples of which 30 percent were women.



# Serving Our Washington Gas Customers

## Building and Contributing to Our Community for More Than 170 years

WGL, which includes Washington Gas, WGL Midstream and WGL Energy, has been serving customers in the District of Columbia, Maryland and Virginia with natural gas, electricity, green power, carbon offsets, distributed generation and energy services for more than 170 years. In 2018, WGL joined the AltaGas family, enhancing our position as a leading North American clean energy infrastructure company.

As a trusted member of the community, we go above and beyond the role of service provider in the jurisdictions we serve. We are good neighbours, friends and partners in each community's growth and prosperity – a commitment we take seriously every day.

Our people play a key role. In 2018 alone, our employees at WGL volunteered more than 14,000 hours to help those in need. This is a proud tradition that is core to how we operate across our business.

14k  
volunteer hours  
by WGL  
employees  
in 2018



## WGL's Sustainability Journey

We are committed to reducing our greenhouse gas emissions and continuously set and exceed aggressive targets to improve our environmental performance. Our efforts to enhance the sustainability of our business have endured for decades:

### 2008

Established a low-carbon strategy initiative

### 2010 - 2011

Set sustainability targets for 2020, with goals of:

- **70% reduction** in absolute GHG emissions from our fleet and facilities
- **18% reduction** in GHG intensity (GHG per unit of gas delivered to customers) in our natural gas distribution system

### 2015 - 2017

Published two GRI Sustainability Reports and announced new sustainability targets for 2025 including:

- **Carbon neutrality** for Washington Gas fleet and facilities
- **38% reduction** in fugitive carbon intensity

### 1993

Embraced the EPA's Natural Gas STAR Program, with its emphasis on safety, environmental stewardship and environmental audits

### 2009

Compiled the first company-wide GHG emissions inventory

### 2014

Exceeded our 2020 GHG targets

### 2016

Became a founding partner of EPA's Methane Challenge Program with publicly announced methane reduction goals

## LEED Buildings

To ensure we create healthy, highly efficient and cost-saving green buildings, we have aligned our facilities with Leadership in Energy and Environmental Design (LEED) construction principles. With each new building, we are working to reduce our environmental footprint:

- LEED Gold Core and Shell Green: WGL headquarters at The Wharf in Washington, D.C.
- LEED Gold: WGL's Operations Center in Springfield, Virginia, and Northwest Station Fleet Facility in Rockville, Maryland
- LEED Silver: WGL Energy's leased building in Tysons, Virginia

At our Springfield Operations Center, approximately one-third of the building's base load electricity needs are supplied by a solid oxide fuel cell that generates electricity with approximately half the GHG emissions of conventional grid electricity. In addition, more than 31 percent of the buildings' construction came from recycled materials.



1/3  
of our Springfield Operations Center is powered by a lower-emitting solid oxide fuel cell



76%  
reduction in GHG emissions from fleet and facilities since 2008 despite increasing our fleet

293  
vehicles replaced with natural gas vehicles

## Natural Gas Fleet

To help reduce our carbon footprint, we have replaced 293 gasoline and diesel vehicles in the Washington Gas fleet with natural gas vehicles that emit fewer GHGs and virtually no airborne particulate matter.



US \$720M  
invested in accelerated pipeline replacement programs from 2010 – 2018

## Accelerated Pipeline Replacement

Washington Gas continues proactive accelerated pipeline replacement programs in all three of its jurisdictions to modernize our natural gas distribution infrastructure.

Proactively replacing vintage materials helps to enhance the safety and reliability of our natural gas system, as well as helps to reduce fugitive emissions.



# Serving Our Washington Gas Customers

## Giving Back and Supporting Our Communities

Every day, in the communities we serve we provide natural gas and electricity for homes and businesses.

We also manage greening efforts for our facilities, offer energy efficiency programs for our customers and make a special effort to do more by volunteering our time to support those in need.

By contributing jobs and maintaining safe energy infrastructure which serves as the foundation for local businesses, we also support strong local economies.



In 2018, Washington Gas was recognized for the second consecutive year as a "Customer Champion Utility Company" by Cogent Reports. The award recognizes utilities that accomplished the industry's strongest customer engagement through customer service, brand and product experiences.



At the WAFF Ice House, we use infrared cameras to demonstrate to visitors how quickly people can get cold in the absence of heat in their homes.



## Support for Those in Need

Throughout our service areas, WGL companies offer budget billing programs for qualifying, low-income customers to help them afford the cost of essential energy. In 1983, we founded the Washington Area Fuel Fund (WAFF) to assist low-income residents in Maryland, Virginia and Washington, D.C. in keeping their homes warm. The program offers much needed support to families who do not qualify for, or who have exhausted, government energy assistance.

Since its inception, WAFF has provided nearly US\$29 million and helped approximately 300,000 homes manage their energy costs. In 2018 alone, more than US\$1.4 million was given to support more than 8,000 people. The program is administered by the Salvation Army and we cover the administrative costs, ensuring 100 percent of donations go directly to providing assistance.

Now, as part of AltaGas, we have committed an additional US\$1.5 million over five years to support WAFF and expand energy assistance to more families in need.

**US\$29M**

disbursed to date to help low-income families manage their energy costs

**300k**

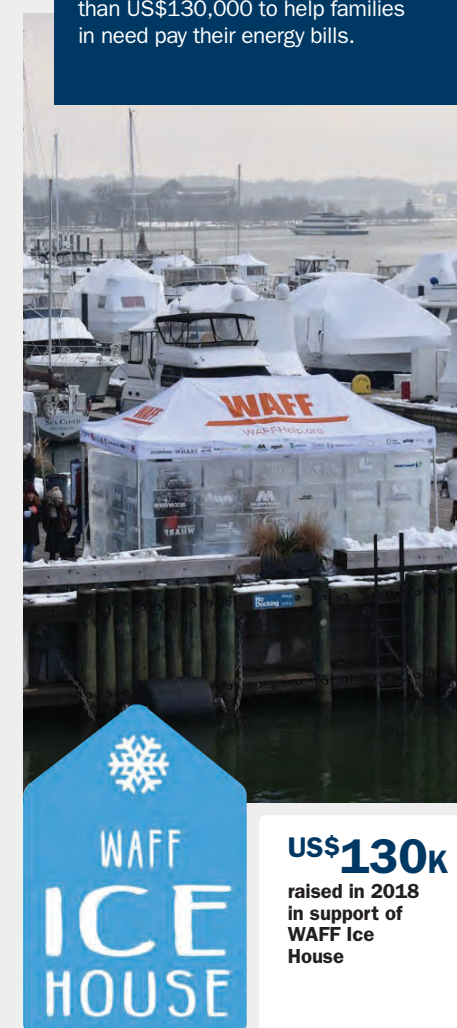
homes helped to manage energy costs to date

## Feeling the Chill to Warm Our Neighbours

The Ice House is a two-day event that raises funds for WAFF. Situated in a high traffic area in Washington, the event features a 10' x 20', 26,000-pound house made of ice that simulates the harsh conditions facing many families, seniors and veterans who have difficulty paying their energy bills and struggle with the challenges of living without heat.

The interactive format invites residents and local celebrities to spend some time inside, and experience being in a home without heat to "Feel the Chill. Warm Your Neighbour".

In 2018, the Ice House raised more than US\$130,000 to help families in need pay their energy bills.



**US\$130k**

raised in 2018 in support of WAFF Ice House



## Helping Customers Reduce Energy and Emissions

In our campaign to reduce energy consumption and carbon emissions and help with energy affordability, we offer a variety of programs to help customers improve the energy efficiency of their homes and appliances.

These programs include:

- Help for low-income customers with home sealing and insulation, including the Weatherization Assistance Program, EmPOWER Maryland, and the Virginia Low-Income Energy Audit and Weatherization Program
- Existing Homes program, New Home Construction program and Behavioural programs that encourage efficient homes and appliances

We also support programs offered by the D.C. Sustainable Energy Utility.



## Volunteering for the Day of Weatherization

The Day of Weatherization is an annual event that sees our employees, friends and families roll up their sleeves to help low-income families and the elderly in our service areas prepare their homes for winter.

In 2018, 215 volunteers donated their time and completed low-cost upgrades to improve energy efficiency at 105 homes. Activities included replacing or installing caulking on windows, furnace filters, faucet aerators, weather stripping and plastic film on windows. On average, these weatherization efforts resulted in 25 percent savings on energy consumption or the equivalent of US\$275 annually per home.

Weatherization activities resulted in a **25%** reduction in energy consumption



# Our People

Our people are the heart of AltaGas and key to delivering operational excellence across our company. From Anchorage, Calgary and Vancouver, to Port Huron, Washington and everywhere in between, our strong culture guides our talented team of people every day and ensures that safety comes above all else.

## OUR APPROACH

Our people are an important differentiating factor for AltaGas and are key to bringing our strategy to life. More than 2,700 strong, our team of people embodies our core values in every interaction they have with our stakeholders. As our greatest asset, we take great care in investing in programs to keep them safe, enable them to keep our customers safe, and develop them to reach their full potential.

We strive to create a healthy, safe and inclusive workplace. We believe this environment enables our people to do their best work. We are diligent in reinforcing our strong safety culture through regular communication, reporting and training, and employ a mindset of continuous improvement.

To reinforce the importance of safety, each employee and contractor must commit to upholding our environment, health and safety (EHS) policy and living our core values on the job every day.

## HEALTH & SAFETY GOVERNANCE

Our EHS strategy and policy are guided by our EHS Board committee, that oversees the development of all EHS programs for the company.

Our EHS standards and guidelines set expectations and parameters that apply consistently across the organization and provide a framework to reinforce our safety culture.

## PROTECTING OUR PEOPLE

### Safety Training

Achieving exceptional safety performance and a zero-injury culture is a top priority. To strengthen safe behaviours across our business, we employ a frontline training program called SafeStart. Through open discussions and scenario-based learning, SafeStart educates employees on frequent mistakes and unsafe behaviours common in the workplace and provides tips to help prevent these incidents before they happen. To date, 72 percent of employees have completed SafeStart training.

### Innovative Safety Tools

The business applications of geolocation technologies have vastly improved operational accuracy, enhanced safety measures and accelerated emergency response capabilities. From location sensors on equipment to wearable devices, GPS technologies are revolutionizing how we work. In some of our facilities, wearable GPS devices are used when employees are working in remote or potentially hazardous locations so that supervisors can identify potential safety concerns and quickly locate and aid employees in the event of an incident.

GPS sensors in our service vehicles proved invaluable during a recent pipeline accident in Anchorage, Alaska, when a contractor accidentally punctured one of ENSTAR's underground pipelines. With GPS capabilities, dispatch teams were able to quickly identify

the closest technicians and routed a crew to the site within minutes.

### Safety Performance

In 2018, we had a Total Recordable Injury Frequency (TRIF) of 1.50 per 200,000 work hours and an Employee Motor Vehicle Accident Rate of 0.85 per 1,000,000 kilometres driven. Although we have seen a steady improvement in our TRIF, we are committed to continuous improvement, operational excellence and a zero-incident culture.

## PROTECTING OUR CUSTOMERS

### Safe Digging Campaign

Our Utilities provide essential services to customers in Alaska, the District of Columbia, Maryland, Michigan and Virginia. When accidents strike, and businesses and homes lose service, our people are on the front lines. To help prevent accidental contact with underground pipelines, ENSTAR, SEMCO and Washington Gas conduct annual Safe Digging campaigns in their service territories. They provide educational initiatives and training sessions to promote safe digging practices, and emphasize the importance of dialing 811 before beginning excavation work.

### 811 Awareness

National 811 Day, which is celebrated annually in the U.S. on August 11, is a chance for our Utilities to partner with their industry peers and increase awareness of the free 811 "Call Before You Dig" service. The service protects local communities by helping to prevent pipeline damage that can cause injuries, property damage, and interrupted service.



Industry Leader  
in Accident  
Prevention Award

RECEIVED BY SEMCO IN 2018



## Achieve Results

- We strive for operational excellence and put every dollar to work to deliver our strategy.
- We embrace new ideas and foster innovation to evolve our strategy and continually improve our performance.
- We collaborate and work together as a unified team to achieve our goals.
- We go the extra mile for our customers and deliver outstanding service in the communities we serve.

## Emergency Planning and Preparedness

To ensure our organization is prepared and our teams are equipped to quickly and safely respond to emergency situations, we proactively identify and manage risks, share lessons learned, and incorporate best practices.

We maintain comprehensive emergency response plans for each of our facilities, and for all lines of our business. We conduct regular emergency response exercises, which are often coordinated with local first responders. These exercises allow us to gain a better understanding of each other's roles and responsibilities in the event of an emergency, so we are more effective in our response.

## Responding to our Customers

All three of our Utilities have sophisticated 24/7 Gas Control and Dispatch Centers to respond to our customers' concerns, and mobilize teams in the event of an incident. Our Washington Gas operations dispatch call center receives approximately 50,000 calls per year related to odour or general concerns, and responds to approximately 15 incidents per week, usually involving a third-party contractor making contact with a pipeline during excavations.

No matter the incident, our teams respond on average in 30 minutes from the time the call comes in until our people arrive on site.

## Our People in Action

In late 2018, a massive earthquake struck Alaska. Amid the aftershocks, ENSTAR emergency responders followed their emergency training, quickly deploying response teams to ensure system safety and restoration of gas services.

Customer Service employees relocated from their evacuated building and set up communication lines. As the area recovered, every ENSTAR department contributed to the response effort.



▲ Severe damage from the 2018 Alaska earthquake.

On one hard hit stretch of road, the force and impact of the quake moved a 6-inch plastic main pipeline and a 4-inch steel transmission pipeline approximately 13 feet from their original location. After the earthquake, these lines were surveyed weekly to confirm their ongoing safety.

In August 2019, ENSTAR crews came together to install new pipelines along the road. With the new lines in service, natural gas continues to flow safely and reliably to our customers.



▲ The same stretch of highway today, showing the relocation of the displaced gas line.

▼ Our people at WGL Energy partnered with the Chesapeake Bay Foundation to plant 29,915 trees to date throughout the Chesapeake Bay region that will absorb an estimated 30,434 metric tons of carbon dioxide from the atmosphere over the course of their lifetime – the equivalent of taking 6,462 cars off the road for one year.



# Our People

86% of employees believe AltaGas upholds a strong safety culture

# 86%

## ENGAGING & DEVELOPING OUR PEOPLE

An engaged workforce results in productive teams that achieve results. AltaGas has taken many steps over the years to invest in our people to create a positive environment where they feel informed, aligned and engaged.

Our hiring, performance management and training policies help to ensure we attract and develop the talent we need and support future growth for our employees across the company.

Our rapid growth has brought many new people into our global workforce, most notably 1,600 employees through the acquisition of WGL in 2018. Historically, our company and our subsidiaries have operated separately, but in 2019 we began taking steps to integrate the company into one aligned enterprise. These

efforts included the implementation of new enterprise-wide programs and policies that strive to unify and strengthen our culture.

For example, in 2019, we launched a new set of core values. We also issued our first enterprise-wide employee engagement survey where employees could share their candid feedback. The survey achieved a participation rate of 69 percent and provided valuable insights into key engagement drivers our leadership team is acting on to improve performance going forward.

### Learning and Development Programs

Providing development opportunities for our people is another key focus area for the company. Investing in training and development enables our employees to perform their duties safely, pursue new challenges within the company, and learn new skills we need today and in the future.

The company has a variety of programs:

- Our Leadership Development Program provides new supervisors and managers with the foundational skills needed to be successful leaders
- Our Gas Operations Leadership Development Program (GOLD) creates a pipeline of employees for leadership roles in construction, field operations and gas supply
- Our New Grad Program prepares post-secondary graduates for challenging roles at our company by pairing them with a senior mentor and providing them with an opportunity to rotate through four different business areas over a two-year period



▲ Across the company, we offer a variety of training and development programs that support future growth for our people.

- Mentoring circles, facilitated by WGL leaders, provide like-minded employees with regular mentorship and advice on career development
- Frontline employees have an opportunity to participate in development programs including Mentorships, Respectful Workplace, Indigenous Awareness, "Introduction to the Energy Industry", as well as a variety of informative lunch and learns

## CREATING A DIVERSE & INCLUSIVE WORKPLACE

AltaGas is committed to ensuring that diversity and inclusion are consistently reflected in our business practices. We believe hiring employees with different demographics, work styles and experience, results in better solutions for our customers and creates value for our organization.

This commitment is visible through a number of best-in-class diversity and inclusion strategies and underlying principles which ensure:

- Leadership understands what diversity and inclusion means and are held accountable to lead in an inclusive way
- Employees in our organization feel valued for their unique contributions and perspectives

- Potential candidates for all open positions are diverse and reflect our community
- We leverage the diversity of our talent to innovate, grow and better serve our customers

Currently, Washington Gas maintains five employee resource groups:

1. African-American Resource Council (AARC)
2. LEAD (Latino Empowerment and Diversity)
3. PRIDE (LGBTQ Ally Group)
4. Veterans of Washington Gas
5. Women's Leadership Network

These groups are invaluable in making employees feel comfortable and welcome. In 2019, these groups collectively hosted more than 15 professional development, networking and community events.

At ENSTAR, we also work closely with the Alaska Division of Vocational Rehabilitations to assist veterans in re-entering the workforce.



## Invest in Our People and Foster Diversity

- We appreciate and empower our people, always creating opportunities to help them grow.
- We believe that diversity of people and thought leads to better solutions.
- We are never done learning and always seek to improve ourselves.
- We support our colleagues and create an environment where everyone feels welcome.

▼ To ensure our people are ready in the event of an emergency, we conduct regular exercises with local first responders.



## Award-Winning Workplace





# The Community

We strive to excel as responsible corporate citizens in the communities where we live, work and do business by giving back and by creating long-term economic and social value for local residents and Indigenous Peoples.

## OUR APPROACH

At AltaGas, we recognize that each community we operate in is unique. This is the foundation from which we engage with our stakeholders. To meet each community's individual needs, we strive to build long-term, collaborative relationships that are based on trust and a willingness to listen, learn and adapt.

We are committed to hiring locally and using businesses and services from the areas around our operations whenever possible. And through community partnerships, sponsorships and volunteerism, we get involved in projects and causes that align with our values.

We aim to form open, respectful, inclusive relationships with Indigenous Peoples throughout every phase of project development and operations. The principles that underscore our approach are:

- Early, open and honest communication
- Willingness to integrate Indigenous teachings and knowledge to help inform our planning and development

- Desire to engage with as many community members as possible
- Commitment to educate, train and build capacity so community members can participate from project planning through operation
- Work with Indigenous Peoples to achieve goals that have been defined by the community and provide lasting benefits

## MAINTAINING STRONG RELATIONSHIPS

We believe the success of our business depends on our ability to build and maintain mutually beneficial relationships with the people and communities near our operations.

### Community Consultation

Starting early in the development of a project, we engage in discussions with local communities to gain a solid understanding of the region and to learn about the priorities, interests and concerns of our project stakeholders. Our commitment to open, honest and ongoing engagement throughout the process is critical.

Early in project planning for RIPET, we learned, through dialogue with the communities around the proposed project's location, that residents had concerns and questions regarding the safe transport of propane along the CN railway to our site.

To mitigate these concerns, we engaged in sustained dialogue with affected communities to inform them about the risks associated with propane transport by rail, and worked proactively with these communities to mitigate those risks.

As a result, by the time that RIPET was due to begin operations, along with our partner Emergency Response Assistance Canada, we had addressed community concerns by offering liquefied petroleum gas (LPG) firefighter training in affected communities and providing specialized LPG firefighting equipment at strategic points along the railway in the event of an emergency.

For more information on RIPET and our work with communities see pg. 19.



▲ Developing strong relationships with Indigenous Peoples and communities is an important part of how we do business. We recognize and respect each community's unique values and traditions and work to form relationships that deliver shared value.

## Indigenous Engagement

As our company's presence in British Columbia and Alberta has grown, we have been privileged to develop a number of relationships with Indigenous communities whose traditional territories are affected by our operations. With each project and relationship, we work to build long-term, mutually beneficial working relationships while recognizing and respecting individual values and traditions. We develop these relationships on a foundation of respect for their languages, customs, and political, social and cultural institutions.

## DELIVERING COMMUNITY-FOCUSED SOLUTIONS

As a corporate citizen, we have a responsibility to manage our activities in a way that creates a positive impact for both communities and our business. We are committed to developing and funding programs that provide clean and affordable energy, support small businesses, and maintain policies that enhance diversity and inclusion in our workforce and supply chain.

### Affordability and Support

In 2018, our Utilities delivered clean and affordable natural gas to 1.6 million residential, commercial and industrial customers.

Through our Washington Area Fuel Fund (WAFF), we provide financial aid to nearly 300,000 low and moderate

income residents in the Washington metropolitan area to help them pay their home heating bills and stay warm through the winter. When all other government assistance has run out, or is simply not available, WAFF is the last safety net our customers can count on. For more on WAFF, see pg. 23.

### Energy Efficiency Programs

To help our customers and communities conserve energy, we offer programs and run campaigns to promote energy efficiency and reduce consumption.

In 2009, SEMCO implemented an Energy Waste Reduction (EWR) program that incentivizes customers to invest in energy-saving measures and learn more about energy conservation. During 2018, SEMCO spent nearly US\$12.5 million on the delivery of EWR programs to its residential, commercial, industrial and qualified low-income customers. The program provides rebates to customers for the installation of energy efficient appliances and space and water-heating systems; and provides energy efficient measures to qualifying low-income customers at little to no cost.

In 2018, the EWR plan resulted in first-year energy savings of more than 4,700,000 therms and lifetime energy savings of 60,000,000 therms.

Moving forward, our focus on energy efficiency will continue as we look to provide innovative solutions for our customers.

## ADDRESSING CHALLENGES

In any project, challenges can arise in its development. In Eastern Canada, we are progressing an underground natural gas storage project to help offset the use of higher carbon-emitting fuels such as fuel oil and coal, and reduce energy costs for consumers.

As the project develops, we are engaging with the Mi'kmaq of Nova Scotia, academia, the local community, government and regulators. Our engagement has also included an independent third-party review and more than 10 years of scientific analysis. While challenges remain, we are committed to ongoing dialogue, comprehensive environmental monitoring and opportunities for local communities to benefit from the project.



▲ Our accelerated pipeline replacement programs proactively replace aging infrastructure, to protect communities and minimize fugitive emissions. Core to this work is open dialogue and consultation with stakeholders.



## Act With Integrity

- We are honest and forthright, both in our words and our actions.
- We treat everyone with fairness and respect.
- We act ethically and have the hard conversations.
- We are trusted partners and build strong relationships with stakeholders through open communication and always following through on our commitments.

“ Good partnerships can only form when both parties get to know each other. AltaGas is a good community partner. They included us from the beginning, respected us, trusted us, and worked with us to understand what our community needs. Together, we developed a training program so our people could get good jobs and enjoy the benefits they provide. ”

Mayor John Helin,  
Lax Kw'alaams  
May 2019



# The Community

## SUPPLY CHAIN DIVERSITY

Procuring goods and services from a diverse set of suppliers is a sound business practice that produces competition in the marketplace, and benefits our customers, communities, and employees.

Over our history, we have worked closely with Indigenous partners in Canada and have formalized innovative Partnering Agreements that deliver value to their communities through meaningful work opportunities in our facilities and projects. We have also facilitated relationships between some of our suppliers and our Indigenous partners that have resulted in several joint-venture agreements that will create future opportunities with us and our partners.

### Supply Chain at WGL

WGL has strong policies and commitments in place regarding supply chain diversity. For more than 30 years, WGL has been committed to supporting women, minorities, and veteran-owned businesses through its Supplier Diversity Management Program. WGL's efforts have not only been recognized locally and nationally, but have led to significant increases in total system supply chain management spend with minority businesses.

Since 2009, WGL's diversity spend has more than doubled, growing from 11 percent to 26 percent in 2018, representing US\$1.27 billion in goods and services purchased from certified businesses owned by minorities, women and service-disabled veterans.

In 2018, WGL announced the "Strive for 35" program, which seeks to support and strengthen diverse and minority businesses in our community by increasing spending on diverse suppliers to 35 percent by 2028.

## TRAINING & EMPLOYMENT OPPORTUNITIES

We are committed to training and hiring locally whenever possible so that we can share the benefits of our project with our neighbours. RIPET, North Pine Natural Gas Liquids Facility, and Townsend Complex are all located within traditional Indigenous territories where we have entered into agreements with Indigenous communities for education, training and employment opportunities.

In 2016, we participated in an Operator Training Program led by a consortium of resource developers in northeast British Columbia to provide long-term careers and meaningful employment to local Indigenous Peoples.

The program provided hands-on professional training, support and mentorship to Indigenous students to enhance their technical skills and prepare them for operational roles in the workforce. We applied elements of this training model again in 2018 in Prince Rupert when we were developing RIPET. We consulted extensively with Indigenous groups to ensure that Indigenous Peoples could participate fully in this training opportunity.

As a result of these successful operator training programs, graduates from remote areas have earned the opportunity to pursue rewarding careers in the energy industry. We are proud of the success of these graduates and look forward to bringing more opportunities to local residents and Indigenous Peoples as we grow our business through future projects.

## SUPPORTING SAFE, HEALTHY COMMUNITIES

By balancing social responsibility with the economics of doing business, we believe we can deliver sustainable benefits to our stakeholders. In addition to supporting local community initiatives, we are a significant donor to charitable organizations across our operating regions.

US\$1.27B in goods and services purchased from certified diverse businesses by WGL since 2009

Community investment in 2018 =

US\$1.27<sub>B</sub> \$1.15M\*

\*Does not include WGL community investment

## Our Corporate Giving Program

In our corporate giving, we concentrate on three core areas:

- Healthy and Safe Communities
- Bright Futures
- Environmental Champions

In 2018, we invested more than \$1.15 million in our communities through direct financial contributions, volunteer time, in-kind donations, and program management. This does not include WGL's community contributions, which will be reported in the next report. We encourage our people to volunteer in their communities and offer paid days off so they can get involved with the charitable organizations that they support.



As our company continues to transform, we are reviewing our policies to ensure we make the greatest impact in all our communities. In 2018, we engaged the London Benchmarking Group to audit our charitable spending in its quantity, strategic objectives and performance in comparison to our peers. Informed by this audit, we have begun a review of our charitable performance and strategic objectives

and will be enhancing these policies across our company through 2019 and 2020.

## Charitable Donations

### Indigenous Development Fund

In conjunction with the Indian Business Corporation (IBC), we established an Indigenous Development Fund to provide access to capital for early-stage Indigenous entrepreneurs in Alberta. We provided a \$500,000 interest-free loan to IBC to help finance entrepreneurs with deserving and credible business plans. When funds are repaid to IBC they are subsequently lent out to other Indigenous entrepreneurs.

In 2018, \$100,000 in support was provided to three Indigenous companies through the fund to enable them to grow their businesses in their communities.

### United Way

United Way improves lives locally by bringing together agencies, donors, corporations, volunteers, and government to create lasting social change in the communities they serve. Since 1994, we have received platinum or gold awards in Calgary for our involvement in annual United Way campaigns.

In 2018, through our employee-led United Way campaign, we donated approximately \$300,000 to support local agencies, initiatives and programs.

## STARS

The Shock Trauma Air Rescue Service (STARS) is a Canadian, non-profit helicopter air ambulance organization funded by individual donors, service groups, corporate donors and government contributions. STARS provides rapid and specialized emergency care and transportation for critically ill and injured patients.

Over the past 21 years, we have contributed more than \$1 million to help bring emergency medical services to the residents of Alberta, British Columbia and Saskatchewan.

## Nordiq Canada

Our partnership with Nordiq Canada started in 2007 and includes sponsorship of the Ski-at-School program. Through this program, we help bring cross-country skiing to schools across Canada so students can experience the sport and build their self-esteem, confidence, health and well-being.



▲ 100 percent of local residents and Indigenous Peoples who graduated from our Operating Training Program in Prince Rupert were hired at our RIPET facility.

▼ In 2018, AltaGas invested more than \$1.15 million in initiatives and programs to support the communities in which we live and do business.





Key Performance Data

These indicators represent summarized annual performance from January 1 to December 31, 2018. Environmental and social data from WGL Holdings, Inc. (including Washington Gas) is not included, because these companies joined AltaGas in July 2018. All currency is in Canadian dollars (\$CAD) unless otherwise noted.

For any questions regarding this report or its contents, please contact ESG@altagas.ca.

ESG Topic	Indicator	Company-Wide*	Midstream	Utilities	Power
Environment					
Greenhouse Gas (GHG) Emissions	Scope 1 and 2 GHG emissions tonnes CO <sub>2</sub> e	2,361,713	1,208,798	56,936	1,095,979
	Scope 1 GHG emissions tonnes CO <sub>2</sub> e	2,094,111	944,319	54,691	1,095,101
	Scope 2 GHG emissions tonnes CO <sub>2</sub> e	267,602	264,479	2,245	878
	Scope 1 methane emissions %	9%	15%	64%	0%
	Scope 1 emissions third-party verified %	87%	78%	0%	100%
	Scope 1 emissions under emission limiting regulations %	97%	100%	0%	100%
Air Emissions	SO <sub>2</sub> emissions tonnes		200		
	NOx emissions tonnes		3,609		
	VOC emissions tonnes		2,427		
	PM10 emission tonnes		42		
Stakeholder Engagement					
Stakeholder Engagement	Community investment \$	\$1,155,163			
	Significant community disputes #	1			
Indigenous Engagement	Indigenous Peoples agreements #	9			
	Impacts to Indigenous Peoples' traditional rights #	0			
Employee Engagement	Company survey participants %	69%			
	Average age of employee #	43.3			
	Total unionized workforce #	321			
	Total non-unionized workforce #	935			
Diversity and Inclusion	Total attrition %	5.9%			
	Females in executive positions %	14%			
	Males in executive positions %	86%			
Health and Safety					
Health and Safety	Employee and contractor TRIF total injuries x 200,000 / work hours	1.50			
	Employee MVAR motor vehicle accidents x 1,000,000 / km driven	0.85			

Our ESG Journey

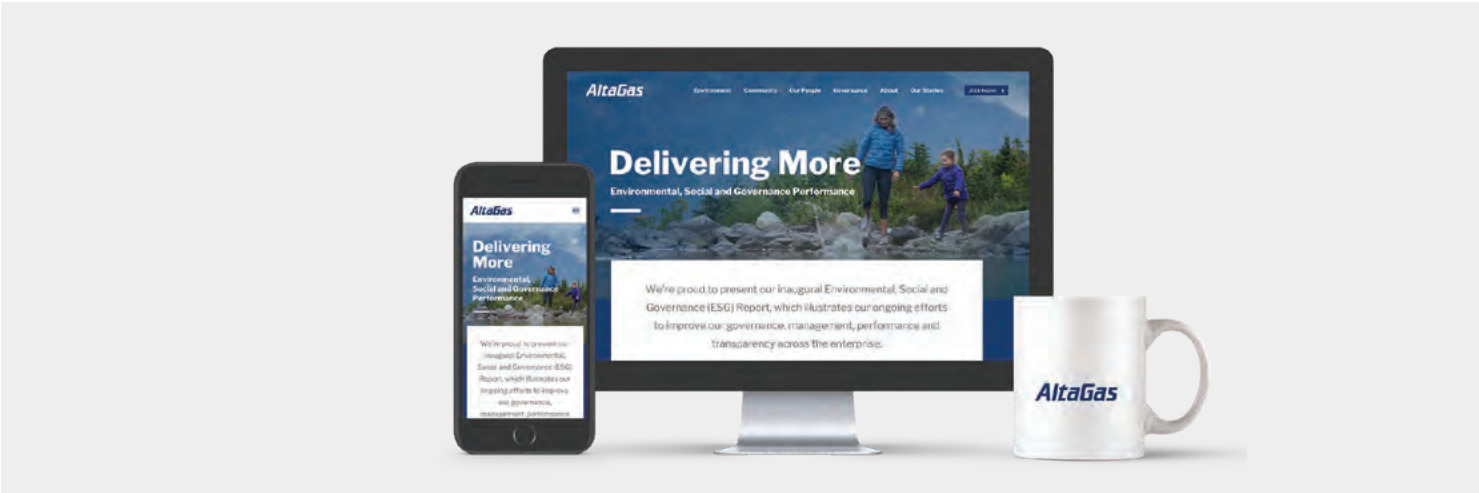
At AltaGas, our core values guide our behaviour and strategy, including ESG. We pride ourselves on using data and sound judgement to support our decision-making. The data we include in our ESG decision-making and reporting is based upon industry best practice.

In 2018, we began the process of standardizing our measurement and collection of ESG performance data across the AltaGas family of companies. While our companies have always reported in compliance to the relevant standards and authorities, we are now enhancing our data collection and reporting, to provide increased transparency and consistency and improve our ability to deliver comparative metrics.

In the coming years, our ESG reports will include performance data covering more categories, in greater depth, guided by internal materiality assessments. This, and our ESG strategy, is continuously evolving as we mature and the broader industry changes.

Visit Us Online

For more information on our ESG performance, visit us at [www.ESGatAltaGas.ca](http://www.ESGatAltaGas.ca) where you can view the online version of the report and learn more about our ESG initiatives.



Forward-Looking Information

This document contains forward-looking statements. When used in this document, the words “will”, “intend”, “plan”, “potential”, “generate”, “grow”, “deliver”, “can”, “continue”, “drive”, “anticipate”, “target”, “come”, “create”, “position”, “achieve”, “seek”, “propose”, “forecast”, “estimate”, “expect”, “solution”, “outlook”, “assumes” and similar expressions, as they relate to AltaGas or any affiliate of AltaGas, are intended to identify forward-looking statements. In particular, this document contains forward-looking statements with respect to, among other things: our vision; contents and breadth of future ESG reporting; role of natural gas and NGLs in supporting the transition to clean energy; air quality improvements in Asia; 2019 estimated normalized EBITDA by segment; 2022 targeted board gender diversity; WGL’s commitments to and development of a business plan to support the District of Columbia’s climate goals; timing of filing the Climate Business Plan and intent to hold bi-annual public meetings once the plan is filed; target of 8g/kWh for NOx emissions associated with Midstream operations by 2021; our GHG emission reduction initiatives; potential of RIPET to double propane throughput with minimal capital investment; commitment of US\$1.5 million to support WAFF over the next 5 years; goals of Strive for 35 program at WGL; target of WGL to increase spending on diverse suppliers to 35% by 2028; and enhancement of charitable spending program in 2019 and 2020. Information and statements contained in this document that are not historical facts may be forward-looking statements.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect AltaGas’ current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including, without limitation, prevailing economic conditions; AltaGas’ relationships with external stakeholders, including Indigenous stakeholders; volume throughput and the impacts of commodity pricing, supply, composition and other market risks; legislative and regulatory environment; weather, hydrology and climate changes; AltaGas’ ability to economically and safely develop, contract and operate assets; AltaGas’ ability to update infrastructure on a timely basis; AltaGas’ dependence on certain partners; impacts of climate change and carbon taxing; effects of decommissioning, abandonment and reclamation costs; impact of labour relations and reliance on key personnel; cybersecurity risks; and other factors set out in AltaGas’ continuous disclosure documents. Many factors could cause AltaGas’ or any of its business segments’ actual results, performance or achievements to vary from those described in this document including, without limitation, those listed above as well as the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this document as intended, planned, anticipated, believed, sought, proposed, forecasted, estimated or expected, and such forward-looking statements included in this document herein should not be unduly relied upon. These statements speak only as of the date of this document. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Financial outlook information contained in this document about prospective financial performance, financial position or cash flows is based on assumptions about future events, including, without limitation, economic conditions and proposed courses of action, based on management’s assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this document should not be used for purposes other than for which it is disclosed herein.

In this document we use certain supplementary measures, including Normalized EBITDA, that do not have any standardized meaning as prescribed under U.S. generally accepted accounting principles (“GAAP”) and, therefore, are considered non-GAAP measures. AltaGas’ method of calculating these non-GAAP measures may differ from the methods used by other issuers. Readers are advised to refer to AltaGas’ Management’s Discussion and Analysis (“MD&A”) as at and for the three and nine months ended September 30, 2019 for a description of the manner in which AltaGas calculates such non-GAAP measures and for a reconciliation to the nearest GAAP financial measure.

Readers are also cautioned that these non-GAAP measures should not be considered as alternatives to other measures of financial performance calculated in accordance with GAAP. Additional information relating to AltaGas can be found on its website at [www.altagas.ca](http://www.altagas.ca). The continuous disclosure materials of AltaGas, including its annual and interim MD&A and Consolidated Financial Statements, Annual Information Form, Information Circular, material change reports and press releases, are also available through AltaGas’ website or directly through the SEDAR system at [www.sedar.com](http://www.sedar.com) and provide more information on risks and uncertainties associated with forward-looking statements.

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