

AltaLink Corporate Sustainability Report 2017



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1.0 Introduction

It's an exciting time at AltaLink as our corporate sustainability journey continues to evolve and grow. We are committed to pushing forward to become an industry leader in the area of corporate sustainability and are proud of our 2017 results.

This report will help you understand how our cohesive focus on sustainability across the organization is supporting us in our mission to safely delivering reliable, affordable and clean energy to our customers.

This report builds off of previous years' reports by using the international Global Reporting Initiative (GRI) protocol to standardize information and data. All relevant performance indicators, where information is available for disclosure, have been included and aligned to the extent possible with the GRI fourth generation (G4).

Like previous years' reports, this information highlights data and information publically available in AltaLink documents.

2.0 Standard Disclosures

2.1 ALTALINK'S VISION AND STRATEGY & 2.1.1 ALTALINK'S VISION

To be the best energy company in serving customers, while delivering sustainable energy solutions.

2.1.2 STRATEGY – CONTINUING TO INVEST IN RELIABLE, AFFORDABLE, SAFE AND CLEAN ELECTRICITY FOR ALL ALBERTANS

AltaLink's business activities continue to align with the Alberta Government's vision of eliminating coal-fired electricity generation and growing renewable energy generation. The Alberta Government's Climate Leadership Plan, AltaLink, and Berkshire Hathaway Energy (BHE) share the goal of achieving material emissions reductions and positioning Alberta as a leader in creating a greener future for Canada.

To support this vision, AltaLink has been reinforcing the transmission system in central and southern Alberta, readying it to accommodate additional generation capacity from sources like wind. Connecting a diverse and greener generation mix, including renewables and other gas-fired generation, to Alberta's electric grid will advance Alberta's commitment to emissions reductions.

AltaLink's depth of expertise in Alberta's electricity sector, our set of core principles and our commitment to being a sustainable electricity company through our brand designation with the Canadian Electricity Association (CEA) remain fundamental components of our overall corporate sustainability strategy. AltaLink recognizes that reliable, affordable, and environmentally sustainable electricity for Alberta's businesses and families depends on a diversified portfolio of resources that includes renewables, cogeneration and other gas-fired generation, energy

efficiency, and strong access to regional markets.

AltaLink is committed to pragmatic, made-in-Alberta solutions that bring about fundamental changes to reduce carbon emissions while maintaining a reliable, affordable, clean and safe electricity grid. AltaLink continues to prepare Alberta for generation capacity from regionally dispersed resources such as wind and solar, while monitoring technological advances such as electricity storage.

AltaLink's investment in Alberta's transmission system are detailed below and more information on AltaLink's strategy is available at the following site: <http://www.altalink.ca/about/investing-in-albertas-future.cfm>.

2.1.3 ALTALINK'S SIX CORE PRINCIPLES & 2.1.4 ANALYSIS

Our six core principles are at the heart of everything AltaLink does each day and direct all activities to achieve our strategy – they represent how AltaLink will be successful.

The following demonstrates how AltaLink is tracking and trending in relation to this transition and our six core principles.

Customer Service

We are focused on delivering reliability, dependability, fair prices and exceptional service to our customers.

In 2017, 91% of AltaLink's directly connected customers surveyed indicated they were satisfied with AltaLink's services. Direct connect customers include industry that connects directly to our transmission system. These survey results represent a 6% improvement from the 2016 results.

Also in 2017, our Consultation team made 610 calls to landowners who host our facilities on their property. More than a third (235) of the landowners we contacted agreed to provide us with their input about our performance. The results from these conversations provided AltaLink with valuable information and feedback including: 80% provided a rating of eight or higher when asked "How satisfied are you with AltaLink?"

- 88.5% of landowners confirmed they have no issues with AltaLink
- 11% of landowners had questions or issues –approximately half of the questions were about Annual Structure Payments or compensation
- 10% of landowners required a follow-up

Employee Commitment

We equip employees with the resources and support they need to be successful. We encourage teamwork and provide a safe, rewarding work environment. We make no compromise when it comes to safety.

AltaLink conducts employee engagement surveys with our employees every two years. We conducted an employee engagement survey in the fourth quarter of 2017 with 95% of employees responding and an employee engagement score of 71%. Our employee engagement score ranks AltaLink on par with Mercer Sirotta's Canadian norm.

AltaLink's commitment to employee safety has resulted in excellent results. Our 2016-17 performance exceeded our five-year historical average. We received an award from the Canadian Electricity Association (CEA) in November 2017 - the 2016 Canadian Electricity Association President's Award of Excellence for employee safety as the best performing Transmission Company with 250 to 1,000 employees. We currently sit in the top decile of CEA performance for transmission companies.

Environmental Respect

We are committed to using natural resources wisely and protecting our environment for the benefit of future generations. Our Environmental RESPECT Policy details this commitment.

We have an Environmental Management System (EMS) that is modelled after the International Organization for Standardization (ISO) 14001:2015 requirements. The EMS is a framework for systematically managing environmental risks and improving environmental performance. In 2017, the EMS was audited by an external consulting firm to determine conformance with ISO 14001:2015, our own requirements, and industry best practices. The audit resulted in a satisfactory rating and we evaluated the implementation and effectiveness of existing controls as part of the findings. In 2018, we will continue to evaluate the effectiveness of existing controls and make improvements as required.

Additional work in 2017 included developing 10 new environmental standards and procedures to mitigate areas of highest risk and to effectively communicate our requirements to both employees and contractors. The EMS once again proved to be an effective tool to share this information, and provide appropriate awareness and training to all impacted employees and contractors.

Regulatory Integrity

We adhere to a policy of strict regulatory compliance and pursue frequent, open communication with regulators regarding our business performance.

In August of 2017, the Alberta Utilities Commission (AUC) approved AltaLink's negotiated settlement agreement with our customers for 2017 and 2018. Along with more than \$50 million in customer savings for these two years, the first-of-its-kind negotiated settlement agreement allows AltaLink to share equally with our customers certain additional cost savings we may achieve during this time period. Combined with AltaLink's previously approved rate reduction efforts, rates have been reduced for our customers by more than \$650M during the 2015 to 2018 period.

Operational Excellence

Together with our employees, we pride ourselves on excellence in every aspect of our work. Our high standards for operations and system maintenance enable us to meet and exceed our customers' expectations, perform our work safely and preserve our assets.

A part of our drive for operational excellence, we are continuing our efforts to effectively manage the amount of energy we consume. This includes a focus on reducing the amount of fuel we consume in our fleet.

Building on our success in 2016, over the course of 2017 we reduced a further 176,766 litres of gasoline and diesel from our 2016 performance, which resulted in a reduction of more than 400 tonnes of carbon dioxide being released into the atmosphere.

In 2018, the focus will be on improving the fleet’s passenger vehicles overall efficiency by tracking the number of litres consumed to drive 100 kilometres. Using a variety of operational controls such as reducing the amount of idle time and ensuring the correct vehicles are used for the appropriate job and loaded accordingly, a goal has been set of 15.59 – 15.69 L/100 km.

AltaLink’s Western Alberta Transmission Line (WATL) high voltage direct current technology was able to quickly reverse the direction of the power flow to cost-effectively bring energy where it was needed throughout Alberta. For example, in May 2017, 41% of the energy transmitted on WATL was primarily wind generated energy moving from the south to the north, which represented the most ever in Alberta on a monthly basis. By the end of 2017 the link was dispatched to different power flows over 380 times including 68 times where flows were reversed from south to north in support of the power system and market. This important link was also used by AltaLink for 100% peak utilization in March to facilitate planned outages on the interconnected electric system.

AltaLink furthered cyber security preparedness by implementing and certifying to the International Organization for Standardization (ISO) 27001 Standard. The sustained focus on operational excellence with our cyber and physical security across AltaLink operations continues to assist in ensuring reliable and safe operation of the grid for all Albertans.

Financial Strength

We are excellent stewards of our substantial financial resources. Backed by Berkshire Hathaway, we invest in hard assets and focus on long-term opportunities that will contribute to the future strength of the company.

Continued investments in the Alberta transmission system including the completion and energization of the south and west of Edmonton Area Transmission Development, Red Deer Regional Transmission Development and the southwest Calgary Ring Road Transmission Projects on time and on budget as planned.

On August 22, 2017, Standard & Poors (S&P) reaffirmed an “A” rating and revised their outlook on AltaLink to stable from negative. The financial strength demonstrated through an “A” rating allows us to keep debt financing costs low for our customers.

2.2 ORGANIZATIONAL PROFILE

The following standard disclosures give an overview of the organizational characteristics of AltaLink and provide context for more detailed reporting later in this document. A broad materiality assessment was undertaken to determine what other information should be included in this sustainability report. Consistent with the GRI reporting requirements the following tables that appear throughout the remainder of this report identify the specific aspects and correspond to the GRI reporting guideline requirements.



The topic of each table provides the AltaLink specific information as required by the GRI along with a brief description (labelled Comment in the tables). Where appropriate and available hyperlinks to publically available information are provided. More detailed information on the G4 reporting guidelines are available at the following link:

<https://www.globalreporting.org/resource/library/GRIG4-Part2-Implementation-Manual.pdf>

Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Aspect	Topic	Comment
G4-3	Name of organization	AltaLink Management Ltd. (ALM)
G4-4	Primary services/brands	Alberta’s largest regulated electricity transmission company (www.altalink.ca)
G4-5	Location of HQ	Calgary, AB
G4-6	# of Countries operational in	One, Canada
G4-7	Nature of ownership and legal form	(http://www.altalink.ca/files/pdf/reports/mda/Q4_2017_MDA.PDF)
G4-8	Markets served (geographically, sectors and types of customers)	<p>The Alberta Integrated Electric System (AIES) is a network or grid of transmission facilities operating at high voltages ranging from 69 to 500 kilovolts (kV). The grid delivers electricity from generating units across the province through approximately 25,000 kilometres of transmission lines and more than 600 substations. The AIES is interconnected to:</p> <ul style="list-style-type: none"> - British Columbia’s transmission system through a 500kV circuit and two 138kV circuits that we own and operate. - Saskatchewan’s transmission system via a 150 megawatt direct current converter station. - Montana’s transmission system via a 230kV line. <p>Our transmission facilities are an integral part of the AIES, as our service area covers 226,000 square kilometres and we service approximately 85% of Alberta’s population.</p> <p>We own approximately 13,000 kilometres of transmission lines and 312 substations which we manage and operate through our control centre and telecommunications network. Our transmission system includes a 350-kilometre high voltage direct current (HVDC) transmission link, to facilitate power transfer, grid resiliency and reduce power system losses for the benefit of customers. Our transmission lines are comprised of wood or metal support structures, conductors, foundations, insulators, connecting hardware and grounding systems. Our substations are comprised of high-voltage power transformers, power circuit breakers, switches, capacitor and reactor banks, protection and control systems, metering and monitoring systems, buildings and security systems. Our substations integrate the transmission lines into a network and transform the voltage of</p>

		<p>electricity to meet the requirements of generators and customers. We generally accept electricity into our system at our generator interconnection substations and deliver power to distribution facility owners and wholesale customers at our customer supply substations. Where the transmission system connects to a distribution network, transmission substations step down the voltage to distribution level voltages. The HVDC link includes solid state power electronic equipment (valves), converter transformer, cooling systems and control systems utilized in the direct current conversion process.</p> <p>Our real-time control centre and telecommunications system enable us to continuously monitor, control and manage our transmission facilities and coordinate with the Alberta Electric System Operator and other transmission facility owners. Our telecommunications system includes microwave radio, fibre optic cable, power line carrier and mobile radio systems. To further support the maintenance and operation of our transmission facilities, we own and operate office and service buildings, transport and work equipment, and information technology assets.</p> <p>Most of our transmission facilities are situated on lands owned by private landowners, railway companies, industrial customers, and federal and provincial governments, for which we have obtained appropriate land-use rights through utility right-of-way agreements, crossing agreements, leases, permits, licences and other agreements. We also own land and office and storage space used in connection with our operations. In addition, we lease office and storage space on customary terms and at market rates.</p>
G4-9	Scale of Operation	<p>Total number of employees – 743</p> <p>Total number of operational employees – 268</p>
G4-10	<p>Report the total:</p> <ul style="list-style-type: none"> • Employees by employment (contract or permanent) type • Workforce and associated variations (seasonal, etc.) 	<p>716 full time permanent employees</p> <p>13 full time term positions</p> <p>14 part time permanent positions</p>
G4-11	% Covered by collective agreement	<p>57% within two unions: International Brotherhood of Electrical Workers (IBEW) United Utility Workers' Association of Canada (UUWA)</p>

G4-12	Describe the organization's supply chain	AltaLink currently has a procurement policy in place that impacts the entire supply chain within the company. (AltaLink Procurement Policy for Materials and Services, AL-2000)
G4-13	Report significant changes to size, structure, ownership	None for reporting period
G4-14	Report whether and how "precautionary principle" is addressed.	Information on AltaLink's business strategies, projects, community involvement and opportunities are available at the following website: http://www.altalink.ca/ Additionally, AltaLink's enterprise risk management process is located at the following website under the heading of Risk Management and provides insight into assessing risk and appropriate levels of response: http://www.altalink.ca/files/pdf/reports/mda/Q4_2017_MDA.PDF
G4-15	Externally or third party developed charters, principles or initiatives the organ endorses or subscribes.	Canadian Electricity Association's Sustainable Electricity Program
G4-16	List memberships held, participates in, provides funding for or views membership as strategic – applies to both 2015 and 2016	<ul style="list-style-type: none"> • CEA – Canadian Electricity Association • IPPSA – Independent Power Producers Association • CIGRE Canada - International Council on Large Electric Systems • EEI – Edison Electric Institute • BCC – Business Council of Canada • CanSIA – Canadian Solar Industries Association • CanWEA - Canadian Wind Energy Association • Calgary Chamber of Commerce • Edmonton Chamber of Commerce • NATF - North American Transmission Forum • JUST – Joint Utility Safety Team • COAA – Construction Owners of Alberta Assoc. • AEUSA – Alberta Electric Utility Safety Assoc. • Avian Powerline Interaction Committee

2.3 MATERIAL ASPECTS AND BOUNDARIES

These standard disclosures provide an overview of the processes followed by the organization to define report content, material aspects and boundaries.

GRI G4 Sustainability Reporting Guidelines

Aspect	Topic	Comment
G4 -17	Entities included in consolidated financial statements	See existing 2017 Financial statement for AltaLink Management Ltd. (AML): http://www.altalink.ca/files/pdf/reports/quarterly/Q4_2017_FS_and_Notes.pdf

G4-18	Explain process for defining report content and aspect boundaries	One operational unit (ALM) operating in one geographic territory allowed direct aspect boundary determination.
G4-18	Explain how the organization has implemented the Reporting Principles for defining report content	Corporate sustainability specialist with direction from SVP, Corporate Services and VP, EH&S
G4-19	List all material Aspects identified in the process	Detailed process with focus on EMS
G4-20	Boundary of report	AltaLink Management Limited
G4-21	Aspect boundary outside organization	N/A
G4-22	Report any restatements	None to report
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect boundaries	http://www.altalink.ca/files/pdf/reports/mda/Q4_2017_MDA.PDF

2.4 STAKEHOLDER ENGAGEMENT

These standard disclosures outline the stakeholder engagement process during the reporting period. While these disclosures may not specifically align with the report preparation guidelines they are relevant and material to AltaLink’s core business.

GRI G4 Sustainability Reporting Guidelines G4 Framework

Aspect	Topic	Comment
G4-24	Provide a list of stakeholders groups engaged by the organization.	<p>The Alberta Utilities Commission (AUC) defines stakeholder as “All persons whose rights may be directly and adversely affected by a proposed development.” This may include, but not limited to, the following:</p> <ul style="list-style-type: none"> • landowners • renters or lessors • proxy, POA, or direction holders • encumbrance holders • occupants • residents • Crown land leaseholders • trappers • local government representatives, officials and departments • regional government representatives, officials and departments • provincial government representatives, officials and departments • landowner advocate groups

		<ul style="list-style-type: none"> • public and private companies • First Nations communities • Métis communities <p>All stakeholders on a project received project information. There are additional classifications of stakeholders which help us identify the level of consultation to provide. For example, notification stakeholders, who are within the notification boundary, are personally consulted with when requested. Stakeholders adjacent to proposed facilities are personally contacted and consulted with. .</p>
G4-25	Report process to identify stakeholders	<p>AltaLink uses the definition of stakeholders as identified by the Alberta Utilities Commission, specifically within Rule 007 Appendix A A1 – Participant involvement program guidelines:</p> <p>http://www.auc.ab.ca/acts-regulations-and-auc-rules/rules/Documents/Rule007.pdf</p>
G4-26	Report approach to stakeholder engagement	<p>The stakeholder engagement process begins once the project direction has been provided by the AESO to AltaLink. The direction includes project scope and technical requirements. This allows AltaLink to begin siting the transmission facilities as well as begin the stakeholder identification and selection process, outlined in section G4-25.</p> <p>Stakeholders are specific to each project based on the notification criteria. We provide project specific information to all project stakeholders. The information is provided after material changes or progress in the project such as, but not limited to the following:</p> <ul style="list-style-type: none"> • preliminary siting and routing of transmission facilities • site and route updates • project scope changes • route determination timing of construction activities <p>We also notify all stakeholders after:</p> <ul style="list-style-type: none"> • the facility application has been filed with the AUC • approval of the facility application and receipt of permits and licenses <p>We also notify stakeholders if:</p> <ul style="list-style-type: none"> • a hearing is called by the AUC for the project • AltaLink files an amendment with the AUC

		<p>AltaLink uses the following methods to communicate with stakeholders:</p> <ul style="list-style-type: none"> • mailing, hand delivery and email of Project Specific Information Packages • phone calls, and meetings to complete consultations • group meetings and presentations • open houses, information sessions and information feedback sessions • 1-800 number and general email • online and telephone surveys
G4-27	<p>Report key topics and areas of concerns identified by stakeholders and process to deal with them</p>	<p>A compilation of issues identified by all of AltaLink’s stakeholders across all projects includes the following:</p> <ul style="list-style-type: none"> • annual structure payments • audible noise • compensation • electric and magnetic fields (EMF) • environment • farm/machinery access • other – future developments, other developments in the area, access roads, construction activities, fire safety • radio/TV interference • right-of-way acquisition • tree trimming • visual • weed control <p>AltaLink records the concerns and questions of stakeholders and either a Stakeholder Engagement team member or subject matter expert within AltaLink will follow up with the stakeholder to address, inform, and hopefully resolve the concern.</p> <p>See Note 1 – Landowner Outreach Initiative update</p>

Note 1: Landowner Outreach Initiative Update

AltaLink’s Landowner Outreach (LOI) program continues to provide an important avenue of communication for landowners who host our facilities, especially if there are issues, questions or information that can be provided by AltaLink. In 2017 AltaLink made 610 calls to landowners hosting our facilities. Out of those calls, the team had conversations with 235 landowners. The results from these conversations provide AltaLink with valuable information and feedback about how our landowners feel about hosting our facilities on their lands. These conversations also provide an opportunity for landowners to receive timely feedback on their inquiries and identified issues.

Note 2: Power System Simulator Partnership

One of the ways AltaLink is delivering on its support for renewable energy is through its donation of \$760,000 to the Southern Alberta Institute of Technology (SAIT) for a power system simulator to be utilized by the Electrical Engineering Technology students. This important piece of equipment, the first of its kind in Canada, is comparable to the power control boards AltaLink currently uses to operate the grid across Alberta and offers unprecedented career-ready experience.

By modelling the management of electricity from a variety of energy sources (e.g. wind, solar, natural gas, coal, nuclear), students are able to simulate various demand and response electrical scenarios. Using realistic and real-time scenarios, the simulator and supporting curriculum teaches students how to deliver power to industrial, commercial and residential consumers safely and cost-effectively. Additionally, students will be able to simulate the incorporation of intermittent renewable sources while maintaining grid stability.

The simulator is housed in the MacPhail School of Energy, which according to SAIT is the first school of energy in Canada, and one of only a handful of energy schools in North America.

2.5 REPORT PROFILE

These standard disclosures provide basic information about the report within the GRI context.

GRI G4 Sustainability Reporting Guidelines

Aspect	Topic	Comment
G4-28	Reporting period	2017
G4-29	Date of previous report	Sept., 2017 for 2016 and 2015 activities
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions regarding report content	ALM Corporate Sustainability Specialist
G4-32	GRI Index	These series of tables For this reporting cycle “in accordance” will not be used

2.6 GOVERNANCE

The following sections of this report provide hyperlinks to existing publically available documents for activities occurring in 2017. The documents provide specific and detailed information for the respective aspects.

GRI G4 Sustainability Reporting Guidelines

Aspect	Topic	Comment
G4-34	Report the governance structure of the highest decision making committee of the organ	http://www.altalink.ca/about/governance/management.cfm http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571

G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-37	Process for consultation between identified stakeholders and highest governance body.	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-38	Composition and biographies of the Board of Directors	http://www.altalink.ca/about/governance/management.cfm
G4-39	Confirm if Chair of the highest governance body is also an executive officer	No
G4-40	Process for the nomination and selection of Board of Directors	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-41	Report process to avoid conflicts of interest and disclosure of same by Board of Directors	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-42	Highest governance body's role in developing, approving and updating vision,	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571

	mission, strategies, policies and goals related to corporate sustainability	
G4-43	Report measures taken to enhance highest governance body's knowledge of corporate sustainability	(http://www.altalink.ca/about/investing-in-albertas-future.cfm)
G4-44	Describe processes for evaluating highest governance body's performance including: <ul style="list-style-type: none"> • Independence • Self-assessed • Frequency, • Actions taken to respond to evaluation 	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-45	Highest governance body's role in risk assessment and due diligence	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571

	material aspects are covered.	
G4-49	Report the process for communicating critical concerns to the highest governance body.	http://www.altalink.ca/about/governance/regulatory-information.cfm
G4-50	Report number and nature of concerns raised in last reporting period and mechanisms used to address them	As reported in section 2 above regarding the Landowner Outreach Initiative, over 50% of issues raised focused on annual structure payments
G4-51	Report the remuneration policies for the highest governance body and senior executives and any relation to corporate sustainability objectives.	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-52	Report process for determining remuneration and whether outside consultants are retained and whether they are independent from management.	http://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-53	Report how stakeholders views are sought and incorporated regarding remuneration	Landowner Outreach Initiative (see Note 1)

2.7 ETHICS AND INTEGRITY

These standard disclosures provide an overview of:

- AltaLink’s values, principles, standards and norms
- internal and external mechanisms for seeking advice on ethical and lawful behavior
- internal and external mechanisms for reporting concerns about unethical or unlawful behavior and matters of integrity

GRI G4 Sustainability Reporting Guidelines

Aspect	Topic	Comment
G4-56	Describe the organization’s principles, codes of	http://www.altalink.ca/files/doc/AltaLink_Inter-Affiliate_Code_of_Conduct_Compliance_Plan.pdf

	conduct and codes of ethics	http://www.altalink.ca/about/vision-core-principles.cfm http://www.altalink.ca/files/pdf/about/2017_AltaLink_Code_of_Ethics_and_Business_Conduct_Policy.pdf
G4-57	Report on internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	http://sedar.com/GetFile.do?lang=EN&docClass=1&issueNo=00019365&issuerType=03&projectNo=02486786&docId=3923571
G4-58	Report on internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	http://www.altalink.ca/files/doc/AltaLink_Inter-Affiliate_Code_of_Conduct_Compliance_Plan.pdf

3.0 Specific Standard Disclosures – Performance based indicators

3.1 DISCLOSURES ON MANAGEMENT APPROACH

AltaLink uses a scorecard to track and trend annual performance to ensure consistent results relative to a set of objectives and targets that are established annually. All departments and business units work to ensure success with consistent and timely information shared throughout the course of the year with regards to progress towards meeting these objectives and targets.

Directly linked to AltaLink’s strategy and analysis previously referenced, the GRI management approach is an opportunity to outline material impacts and how these are being managed.

A rudimentary materiality assessment was undertaken for this report to align with GRI reporting framework protocol.

3.2 ECONOMIC DISCLOSURES

GRI G4 Sustainability Reporting Guidelines

Aspect	Topic	Comment
EC-1	Direct economic value generated and distributed: <ul style="list-style-type: none"> • Operating costs • Employee wages/benefits • Provincial taxes • Federal taxes • Gross spent in Alberta (cap and operating costs as %) • Property, plant and equipment 	http://www.altalink.ca/files/pdf/reports/quarterly/Q4_2017_FS_and_Notes.pdf <ul style="list-style-type: none"> • \$96M • \$116M • \$46M • \$16M • 83% • \$8,054M
EC-3	Coverage of the organization's defined benefit plan obligations	http://www.altalink.ca/files/pdf/reports/mda/Q4_2017_MDA.PDF
Previous reports*	Operating expenses measured against property, plant and equipment (trends operating costs as a ratio of size of the system – relative metric as AltaLink moves towards operations/main. vs new construction)	$\$96M/\$8,054M = 1.2\%$
Previous reports*	Infrastructure maintenance and investment – CRU/PPE (as a %, trends reinvesting in the system)	$\$135M/\$8,054M = 1.7\%$
Previous reports*	Construction work in progress (CWIP) <ul style="list-style-type: none"> - includes new facilities and upgrades/maintenance to existing assets 	\$117M
Previous reports*	Credit rating	A

(* - while not a GRI aspect as defined within the reporting framework these criteria have been identified as being material and representative of AltaLink's corporate sustainability profile and representative of a corporately sustainable entity)

3.3 ENVIRONMENTAL DISCLOSURES

As indicated in the 2016 corporate sustainability report, AltaLink's Environmental Management System (EMS) underwent a significant level of review and revision during 2015 and 2016. The review was followed by an audit conducted by an independent third party in the fall of 2017.

For 2015, the focus was to both align with the new ISO14001:2015 standard and ensure the EMS was fully integrated within the company. The 2016 activities included an in depth review of all relevant environmental standards by a multi-disciplinary working group. Topics covered in the

review included clubroot, SF6 and PCB standards and procedures. The 2016 review resulted in a new and improved company-wide mandatory environmental awareness training program.

AltaLink received a satisfactory rating as a result of the audit undertaken during the fall of 2017, and we have developed an action plan to address the audit recommendations and continuous improvement opportunities.

The following information has been presented in previous sustainability reports and, consistent with the focus on materiality required within the GRI G4 framework, remain important metrics on environmental performance for AltaLink. These are also in alignment with AltaLink’s EMS.

AltaLink Specific Environmental Elements

Element	2017 data
# of high-risk substations mitigated in 2017	7
High-risk bird electrocution structures/facilities retrofitted (includes km of bird diverters installed)	6.54 km
# of priority spill events (CEA definition – any spill to water or spill of >500L)	2
Amount of material destroyed containing PCB’s (kg)	4,423 kg*
Units of electronic waste removed for repurposing or recycling	2,127 units
Amount of paper sent for recycling	19,968.85 kg
SF6 consumed as part of normal operations	23.86 kg (52.6 lb)
Electricity consumed	5,749,013 kWh
* product going to 3 rd party for destruction as per invoices/weigh bills (1.16L = 1 kg)	

3.4 LABOR PRACTICES AND DECENT WORK DISCLOSURES

The aspects under this category are based on and provide relevant data as it pertains to a number of internationally recognized universal standards. The following link to the GRI G-4 Implementation Manual provides further details:

<https://www.globalreporting.org/resource/library/GRIG4-Part2-Implementation-Manual.pdf>

GRI G4 Sustainability Reporting Guidelines

Aspect	Topic	Comment
G4-LA1	Total number of employee turnover	11%

G4-LA2	Benefits provided to full-time employees	<ul style="list-style-type: none"> • life insurance • healthcare • disability and invalidity coverage • Parental leave • retirement provision – employer contribution to retirement savings plan • Dental, Health spending account, Wellness spending account, Employee and Family Assistance Program, Travel plan
G4-LA3	Return to work and retention rates	N/A
G4-LA4	Labor/Mgmt. Relations – minimum notice periods	Via recently negotiated collective agreement for four year term ending 2019
G4-LA5	Occupational Health and Safety	No such committee currently exists
G4-LA6	Types of injuries and rates reported by region	N/A
G4-LA7	Report whether there are workers who are involved in occupational activities who have a high incidence or risk of specific diseases	N/A
G4-LA8	Health and Safety topics covered in formal agreements with trade unions	None previously identified. A Joint Health and Safety Committee will be established in 2018 to deal with any issues/topics arising.
G4-LA9	Average hours of training per year per employee	While no specific metric or quantifiable amount of time is identified per employee, all employees receive training appropriate to their level and position within the company. High risk activities or individuals in positions of authority and responsibility will receive appropriate levels of training to ensure they have appropriate certification to perform work activities as required.
G4-LA10	Programs for lifelong learning that facilitate continued employment and mgmt. of career endings	Prior to terms being completed outgoing employees are given access to various transitional services by a qualified third party vendor (counselling and resume writing, etc.)
G4-LA11	% of employees receiving regular performance and career development reviews	100% - employees undergo annual performance reviews and develop forward focused work plans
EU-15	% of employees eligible to retire within the next five years	5 yrs – 40% (criteria = 55 yrs of age and have worked at least 2 yrs with AltaLink)

Note 3: Leadership Observation Program

AltaLink's Leadership Observation program was officially launched in 2017 after a 2016 pilot process. This program provides the opportunity for leaders from across the organization to visit active field sites, observe the activities and engage with field personnel. The prearranged site visits provide a platform for leaders to understand the challenges, risks and constantly changing work requirements in the field environment. .

Site visits are conducted throughout the year at different types and sizes of projects. During the visit, the leader engages directly with the field employees and discusses the activities underway to ensure a complete understanding of what was observed. Based on the visit, a field observation form is filled out and then entered into AltaLink's internal document control system with any follow up items flagged for subsequent review and closure.

This program has proven to be successful at raising awareness and providing a formal process to deal with facility construction and maintenance issues that need to be addressed. The interactions that take place between the leadership team and field personnel provide insight around issues that the other may not fully appreciate or be aware of. This increased and improved sense of understanding is contributing to better decision making in the office and in the field. In 2017, 677 leadership observations were completed by all levels of the leadership team, from front-line managers to our Chief Executive Officer. Annual targets will continue to be set on the number of site visits to be conducted on an annual basis to ensure members of the organizational leadership team are connected with field level activities.

Note 4: Safety Update

Safety remains one of our core values – safety will never be prioritized and is embedded into all aspects of the work we do. In alignment with the industry, AltaLink has now moved to using a total recordable injury frequency rate (TRIF) instead of the previous all injury frequency rate. This new metric now includes restricted work incidents, and is a demonstrable example of how the industry is actively managing high risk work to ensure all employees remain safe.

Our safety goal remains to deliver a 10% improvement year over year and includes all contractors and consultants. The TRIF is calculated as follows:

$$(LTI&MA&RW_1) \times 200,000_2 / \text{Total hrs. worked}_3$$

1= Lost time, medical aid and restricted work incidents

2= 100 people working 2,000 hrs/yr

3= total number of hrs worked in a calendar year

In 2017 our employee TRIF was 0.26, which is in the top tier compared to our industry peers.

AltaLink's safety record was recognized by the Canadian Electricity Association (CEA) in 2017 by receiving the 2016 President's Award of Safety Excellence. This is awarded each year to the top performing transmission company in the 250 – 1,000 employee grouping. This is the third year in a row that AltaLink's been recognized by the national electricity association and puts us in the top percentile in regards to our safety record.

Reporting hazards and near misses has proven to be a simple, yet important action that our employees take to help keep our workplace safe and reduce potential incidents. Employees are reminded that when they see something, to say something, and do something about the hazard or near miss. In 2017 we set a goal of obtaining 1,600 hazard and near miss reports, we were proud to finish the year with 1,871 reports.

AltaLink participated in the Calgary Stampede’s Farm Safety Day along with a wide variety of other farm safety organizations. The day provided life-long safety awareness for over 650 students, aged 10 to 15, which included a custom-designed electrical safety booth where AltaLink employees took the students through a “real life display” about electrical safety on their farms.

3.5 HUMAN RIGHTS DISCLOSURES

AltaLink has a strong commitment to working collaboratively with our First Nations partners. Within the context of the GRI reporting guidelines aspects that represent or could impact this working relationship are found under the subcategory of Human Rights and are presented below. Note 4 provides more contextual and relevant information on the work undertaken by AltaLink’s Aboriginal Relations team during 2017.

GRI G4 Sustainability Reporting Guidelines

Aspect	Topic	Comment
G4-HR 2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights relevant to operations.	See Note 4 Indigenous Relations
G4-HR 3	Total number of incidents or discrimination and corrective actions taken	0
G4-HR 4	Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights.	Collective bargaining agreements in place until the end of 2019 according to applicable legislation.
G4-HR 8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	0

Note 5: Indigenous Relations Update
Indigenous Business Relations Strategy

In 2017, AltaLink focused its business strategy on optimizing Indigenous communities’ participation in our projects. As a result of our business relations efforts, two projects had 30% and 45% Indigenous participation in the labour force while two other projects procured approximately \$825,000 in Indigenous contracts.

Indigenous Partnership Development Program – Executive Training

Twenty-two members of AltaLink’s Executive and senior leadership team completed the University of Alberta’s (U of A’s) Indigenous Partnership Development Program (IPDP) over four half-day modules in 2017. This program covered topics such as Indigenous World Views, Indigenous Peoples Past & Present; the United Nations Declaration on the Rights of Indigenous Peoples, Canada’s Truth & Reconciliation Commission, and legal perspectives; Youth

Engagement, and Perspectives of the Chief; and finally Progressive Aboriginal Relations presented by the Canadian Council for Aboriginal Business. The Executive Education program was the first time the U of A had tailored the program for a single corporation.

National Aboriginal Day

On June 20, 2017, the summer solstice, AltaLink's Indigenous relations team hosted the company's 4th annual celebration, involving staff and members from Métis and Indigenous communities to share their culture and heritage through song and dance. AltaLink staff enjoyed drum classes and hand games, shopping for crafts on sale, eating bannock burgers from the Native Delights food truck, learning how to raise a teepee, and listening to traditional storytelling from an esteemed Blackfoot member of the sacred Horn Society. An estimated 175 employees participated in the festivities.

In-Kind Office Furnishings Donations

AltaLink works to donate gently-used office furniture to Indigenous communities in Alberta. In 2017 AltaLink's South Edmonton Office merged with the Acheson Office, which resulted in office desks and other furnishings no longer needed from the re-organization being donated to benefit both AltaLink and community organizations. Receiving organizations included the University of Alberta's Aboriginal Student Services Centre and Aboriginal student housing residences, the Gunn Métis Local, and Paul First Nation.

Community Investments

Indigenous Scholarship program: Since 2007, AltaLink has supported higher education in Indigenous communities through our Indigenous scholarship program. A commitment to investing in the Indigenous people of Alberta is a crucial element of our social responsibility, and the opportunity to help young people succeed is something we can all get excited about.

The scholarship program currently offers eight \$1,000 scholarships to Indigenous students attending post-secondary institutions and are awarded to eligible students from each of the Treaty 6, 7, and 8 areas and the Métis communities in Alberta. Since the program began we've invested in 50 Indigenous students with \$76,000 in scholarships.

ONEXONE First Nations Breakfast Program: In 2017, AltaLink extended our partnership with ONEXONE and local First Nations schools to provide daily breakfast to school children. For the 2016-2017 school year, the partnership benefited over 1,200 students.

Alberta Indigenous Games: As a supporter of the 2017 Alberta Indigenous Games, AltaLink was title sponsor of the Track and Field event. AltaLink's Indigenous relations team also volunteered at the competitions to support the youth and build connections with the various community representatives.

Aboriginal Role Models of Alberta: AltaLink sponsored the 2017 annual awards celebrating excellence and leadership within Indigenous communities.

Earth Rangers School Assemblies: AltaLink's sponsorship brought the Earth Rangers School Assembly Program to schools throughout Alberta, including seven Indigenous schools. This fun, dynamic and interactive program educates kids about conservation initiatives and the importance of protecting biodiversity.

Métis Education Foundation: In 2017, AltaLink became a contributing partner to the Métis Education Foundation’s (MEF) Endowment Trust Fund. The MEF is over half way to reaching the Fund’s goal of \$2,000,000, and by 2020, the interest earned on the investment will be distributed as Métis Scholar Awards. The interest the Fund will earn ensures awards are available to Métis post-secondary students for decades to come.

Relationship Building

AltaLink raised awareness about its role in the electric system and related business opportunities through seven Indigenous job fairs and tradeshow in 2017 hosted by First Nations, Treaty organizations, the Métis Nation, university and Indigenous organizations.

New connections were created by participating in seven other events such as economic development forums, pow-wows and other cultural events.

Satisfaction surveys

AltaLink surveyed four First Nations engaged on two transmission line rebuild projects. Surveys with the First Nations’ consultation representatives measured their satisfaction with AltaLink’s engagement, from project notification through the construction phases. The four First Nations combined rating was 84% satisfied.

Meaningful Consultation

Meaningful consultation practices are essential to AltaLink’s core values and to growing Indigenous participation in our business. While AltaLink met or exceeded its regulatory requirements to fulfill the Duty to Consult, we engaged in ways that added value. From creating limited partnerships, progressive business relations, and community connections at various levels, to ensuring Traditional Land Use field assessments are conducted respectfully and safely, we believe we are on the right path to reconciliation.

Indigenous Consultation in 2017					
Number of projects with Indigenous engagement	Number of Indigenous communities/ organizations engaged on projects	Project mailouts	Number of fieldwork days (per Nation or IR personnel)	Community information sessions	Applications filed
19	30	6	63	5	5

3.5 DIVERSITY AND EQUAL OPPORTUNITY

AltaLink is not a federal contractor and as such does not have a business need to request groups to self-identify. However, AltaLink takes gender equality, non-discriminatory and ethical behavior and business practices very seriously and requires all employees to review AltaLink’s expectations and requirements on this annually (see sec. 4.1.8 above).

GRI G4 Sustainability Reporting Guidelines

Section	Element	Comment

G4-SO1	% operations with implemented community engagement, impact assessment and development programs	Relates to our ROW Commitments, stakeholder and landowner relations ongoing relationship building
G4-SO-2	Operations with significant actual or potential negative impacts on local communities	See Note 1 regarding consultation with stakeholders including communities
G4-SO-3	Total # or % of ops assessed for risks related to corruption and associated significant risks	Enterprise Risk Mgmt process reviews all aspects of AltaLink projects and operations
G4-SO-4	Communication and training for anti-corruption policies	Annual employee training on code of conduct and business ethics See G4-56-58 above
G4-SO-5	Confirmed incidents of corruption and actions taken	0
G4- SO-6	Total value of political contributions and recipients/beneficiary	\$0
G4-SO-7-11	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices	0

4.0 Conclusion

AltaLink continues to build and evolve its corporate sustainability profile. Part of this evolution includes ongoing refining of and reporting on programs, policies and best practices that support and align with AltaLink’s corporate sustainability profile. The move to align with the GRI G4 reporting guidelines represents part of this evolution and provides the opportunity to expand reporting on material issues that impact business for AltaLink.

Whether is it the continued investment in the communities where our facilities are located, volunteering for numerous agencies across Alberta or seeking new, innovative and affordable solutions for our customers, AltaLink remains a corporately sustainable business.

The electricity industry is under significant pressure to provide more renewable energy in a responsible manner. AltaLink embraces this responsibility to help to safely deliver clean, reliable electricity while also maintaining exceptional service for our customers.

Going forward we will continue our goal of demonstrating how we’ve progressed since 2014 when we received the CEA sustainable brand designation. We will strive to re-certify and 2018 will play an important role in reaching this milestone.