

Environmental, Social & Governance Report

2020



CDN Controls at a Glance

Services We Offer

- Electrical
- Instrumentation
- Construction
- Maintenance
- Project Management
- Automation
- Control Panels & Systems
- SCADA & Telecommunications
- Combustion & Emission Solutions
- Measurement & Meter Proving

3 Formal Indigenous Partnerships

- Halfway River First Nation
- Kelly Lake Cree Nation
- Aseniwuche Winewak Nation

CCAB PAR Committed Status

Progressive
Aboriginal
RELATIONS **COMMITTED**

Canadian Council for
Aboriginal Business 

7 Branch Offices



Employees and full-time contractors



Active major projects



Directed to local communities

Indigenous Engagement and Employment

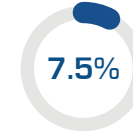


CDN Annual Revenue through Indigenous Partnerships

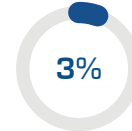
Diversity



Female



Aboriginal or Indigenous



Voluntary employee turnover

Purpose

“We believe in the relentless pursuit of solving challenges through impactful relationships and partnerships”

Core Values



We Win as a Team



Committed to Excellence



We Take Care of Everything



Act with Honesty, Loyalty and Respect



Talented People, Driven to Grow

CDN is the first service provider in Western Canada to integrate ESG in a focused and tangible manner

What ESG means to us

ENVIRONMENTAL

How we perform as a steward of the natural environment, with a focus on emissions and waste and materials management

SOCIAL

How we conduct our relationships with employees, contractors, customers, Indigenous partners, and the communities that we operate within

GOVERNANCE

How we structure our Indigenous partnerships to ensure quality, transparency and shared value, and assurance of sound internal corporate policies

The Evolution of ESG at CDN

When CDN Controls was created in 2011, it began with a culture focused on safety, quality service, and great people. From our modest beginnings in Grande Prairie, we have grown into one of the largest Electrical and Instrumentation service providers in Western Canada, with skills and experience across numerous service offerings. We have been successful because the organization has never lost site of the original ethos our company was founded on.

Our commitment to ESG has a foundation in five years of focused engagement and relationship development with three Indigenous communities we are now proud to call formal partners. We have recognized the future trajectory of Canada's energy sector, with an increasing focus on ESG being required to ensure Canada's position as a leader on the global energy stage. This will be a critical element throughout all aspects of the supply chain - and necessary to ensure ongoing growth and success as a service provider. With our history of Indigenous and Community engagement and more recent ESG achievements, CDN is very proud to be the first service provider to approach ESG in a robust and meaningful way.

As a current client of CDN, it is our hope that this report will allow you to confidently demonstrate to employees, local communities, Indigenous partners, stakeholders and investors that ESG is being implemented throughout your entire supply chain. For future clients – collaborating with CDN on your projects will enable you to highlight your efforts in partnering with service providers who are well aligned with your ESG values.

CDN is uniquely positioned to enhance the profile of energy producers and midstream operators by delivering high-quality services, while also integrating ESG considerations into each stage of their respective supply chains. This is a critical factor in the continued growth and prosperity of the Canadian energy sector, as we continue to deliver the cleanest and most socially responsible energy on the planet.



Dean Fraser

President and Co-Founder, CDN Controls Ltd.



Our ESG Journey Continues

I am thrilled to have joined the CDN family in September 2020 as the Director of ESG. Although ESG leaders are becoming more common in the world of oil and gas production, within the Canadian energy sector services realm, this topic is still quite new. CDN's clear commitment to becoming a model company for ESG performance within this sector could not be exemplified more strongly than in hiring a full-time position to focus on advancing a robust ESG strategy for the company.

This inaugural ESG Report focuses on the great work CDN has done to-date, and discusses the types of approaches we will be considering going forward. This year represents an exploration phase for us, in which we will be focussing on targeted conversations to actively listen to you to distill which, of the many ESG paths before us, will provide the most positive material impacts. We will strive to focus on key areas of current and emerging expertise, in which we can support our clients in meeting their ESG targets and challenges, while continuing to elevate our own ambitious internal goals and performance metrics.

We are driven to lead the charge within the services sector for ESG for more than just the “buzz” words. This focus will provide enhanced value proposition and mutual benefit to the Indigenous and local partners that we work with and continue to give us confidence that we are conducting our business with a very high standard of rigour. Throughout, we will constantly be striving for continued progress on our chosen metrics, rather than stagnating in the search of perfection.

In my short time with CDN it has been abundantly clear to me that the strength of this company lies within the talented and driven people that are committed to winning together as a team. This unwavering focus will propel us forward with a unique and tangible approach to ESG for our clients, customers, and the Canadian energy sector. We look forward to wowing you.

Onwards and upwards,



Jennifer Ezekiel, P.Eng.
Director, ESG



CDN Controls Through the Decade



Current ESG Profile

What Have We Done?

Environmental

We are steadfast at following practices that reduce our impact on the environment, and those impacts of the companies we serve. To meet our commitment to Health, Safety and the Environment (HSE), CDN employs an HSE Manager, two HSE Coordinators, Site Safety Administrators, and maintains relationships with industry experts for project-specific environmental requirements. Both the HSE Manager and HSE Coordinators are tasked with having a strong presence in the field to help reinforce company environmental practices.

We continue to improve our HSE Management System, relying on documentation, communication, and the implementation of control measures to assess, prioritize, and mitigate potential hazards and environmental concerns. To further solidify our commitments in this area, in 2021 we will be introducing a new CDN Environmental Policy, as well as an “Emissions Solution” service offering.

Although we are fortunate that the nature of our services do not result in significant direct environmental impacts (for example, we do not have substantial use of water, toxic materials, spill hazards, or ecological impacts), the responsibility of environmental protection is a key consideration across our operations. Given waste and material management is one area in which we do have a direct impact, all CDN workers, contractors, and suppliers are mandated to reduce, reuse and recycle materials whenever possible by following CDN best practices that are intended to maximize the diversion of unusable material from landfills. This includes recycling in our offices and in the field, and organics composting in our offices.



Social

Progressive
Aboriginal
RELATIONS



Canadian Council for
Aboriginal Business 

Indigenous Relations and Partnerships

In 2015 we made a leadership decision to focus on Indigenous partnerships as a pillar of CDN's corporate culture and long-term growth strategy. We began with a Policy Statement and Action Plan that has since evolved into our formal Indigenous Relations strategy. This decision was based on our desire to do our part in advancing reconciliation with Indigenous peoples by creating shared value in the communities we work in.

In 2016 our efforts resulted in the creation of Halfway River CDN Controls Ltd., a majority Aboriginal owned joint-venture company based in Fort St John, BC. In 2017, we formalized our second Indigenous Relations agreement through the signing of a Memorandum of Understanding (MOU) with Kelly Lake Cree Nation. This agreement outlines how we will create economic development, training, employment, and community investment opportunities within that community. Most recently, we completed our third partnership agreement through the signing of a MOU with Aseniwuche Winewak Nation in September 2020, to establish a business relationship and create and capitalize on shared opportunities.

We participate in the Canadian Council of Aboriginal Business (CCAB) Progressive Aboriginal Relations (PAR) program, to provide a third-party assessment of CDN's Indigenous Relations activities. PAR is an independent certification that evaluates corporate Indigenous Relations

performance and confirms that an organization is a good business partner, a great place to work, and committed to prosperity in Indigenous communities. CDN's PAR journey began in 2016, following review of CDN's Indigenous relations corporate metrics and programs and interviews by the PAR team with our Indigenous partners, quickly resulted in a "PAR Committed" certification in 2017. We are now actively pursuing our PAR "Bronze" status with a goal to achieve it in 2021.



Halfway River
CDN Controls Ltd.



ASENIWUCHE
WINEWAK NATION



As'ini'wa'chi Ni'yaw Nation



"Halfway River CDN Controls Ltd. is a business with a focus on community engagement. Through this focus, they provide opportunities to the HRFN community that may not otherwise be available, and are able to effect meaningful change."

- Brad Bonner (President and CEO, Halfway River Group of Companies)

What Have We Done?

Halfway River First Nation Rodeo Sponsorship



Halfway River First Nation Drivers Training Program Graduate

Highlights

15% of CDN's total revenue is through our Indigenous partnerships

Direct employment for a Halfway River First Nation member

Direct employment for a West Moberly First Nation member

CCAB "Committed" Level with plans to achieve PAR Bronze certification in 2021

Cultural awareness training and orientation for all employees and contractors

Support for the following Indigenous focused programs and organizations:

- 9 graduates from Halfway River First Nation Drivers Training program (2017-present)
- Kelly Lake Cree Nation and Horse Lake First Nation H2S Alive training
- AWN youth sports grant
- Bold Eagle Basic Military Training program (2017-present)
- Halfway River First Nation Rodeo (2016-present)
- North East Native Advancing Society (2017-present)
- "Electrical and Instrumentation Day" in Fort St. John, for Indigenous high school students
- Annual Halfway River First Nation community events (including Christmas Party, Halloween Party, Indigenous Peoples Day, Easter celebrations)

What Have We Done?

Community Relations

CDN's Community Relations endeavours are based on the principles of community investment, hiring local, and strong civic partnerships. Our community investment starts by building and operating full-service branches in all the communities we work in. By investing in local infrastructure, our success becomes aligned with the prosperity of the communities we work in, and our local presence allows us to hire and retain local labour for maintenance and construction projects. As a true local business, our branches are proud to pay municipal taxes, donate to charity, and sponsor community events, and maximize economic benefits for local communities.

We have built strong relationships with municipal leaders, local high schools, colleges, and non-profit organizations in the communities we call home. These strong relationships serve to create and support a sense of excitement about regional energy investment. Ultimately, through our civic relationships we champion both CDN and the companies we work with to sustain the creation of shared value for our local community partners.



Highlights

>\$125,000 paid in local property taxes

>\$50,000 directed to local communities for events and donations of COVID-19 supplies

North Peace Secondary School Funding Sponsorships

Support of minor sports organizations and community initiatives in all areas we operate

United Way support

Grande Prairie Hospital donations and voluntary position on the Board of Directors

Petroleum Association Sponsorship

What Have We Done?

Commitment to Safety

CDN is committed to a Health, Safety and Environmental (HSE) program that provides a safe and healthy working environment for our employees, contract-employees, vendors/service providers, and the public who enter our offices, shops, and worksites. Managers, Supervisors, Foremen, and workers at every level are both responsible and accountable for the HSE program, its performance, and the safety culture. A positive safety culture, active participation, and the internal responsibility of all workers to be compliant - each and every day - is necessary to achieve our vision and goal for an injury-free workplace. We are constantly re-evaluating our policies and procedures to be one step ahead of emerging HSE trends that create a resilient safety culture.



Our 2019 Safety Performance:

710,309

Number of Exposure Hours

1.41

Total Recordable Incident Frequency (TRIF)

0.28

Lost Time Frequency

4.22

Lost Time Severity

2.83

Motor Vehicle Incident Frequency

0

Environmental Citation Actions

86% in AB & BC

Certificate of Recognition (COR) Audit Score

COVID-19 Response

The world has drastically changed as a result of the COVID-19 pandemic. Along with the human toll counted in lives lost and individuals hospitalized, the crisis has also impacted the mental health and financial security of millions across Canada. Despite the challenging situation, CDN has taken a team approach by focusing on three key areas during this difficult period.

First and foremost, we have made the safety of our employees and client's work sites CDN's top priority. This began at the onset of the lockdown in March 2020 by quickly assessing the situation, closing our offices to everyone except essential workers who were unable to work remotely, and pivoting to a work from home model. In the field, we continued both our construction and maintenance projects safely by implementing enhanced COVID-19 specific procedures and practices, resulting in not a single positive case of COVID-19 on our project sites.

Next, CDN has focused on supporting the mental health of our team as we all adjust to the world's "new normal". CDN's leadership team is aware that that our employees are coping with new stress factors and anxieties. As such, we have been focused on maintaining consistent and clear communication with our team members on how CDN is managing operations during the pandemic and encouraging employees to use our confidential Employee Assistance Program to gain support with mental, financial, physical and emotional well-being. Moreover, we have taken this time to re-invest in our workforce through training opportunities, flexible output-based work schedules, and providing other financial support when

needed. Together, we plan on emerging from this episode with a healthy, more resilient, and collaborative workforce.

Finally, we have also maintained support for our local community and Indigenous partners through donations of personal protective equipment, supplies, and food, in the communities of AWN, Halfway River First Nation, Kelly Lake Cree Nation and Beaverlodge. Moving forward, we will continue to work closely with our community partners and provide support where required.



COVID-19 Donations at Aseniwuche Winewak Nation

Employee Engagement, Diversity, and Inclusion

Given the strength of our company will always lie within our people, this topic is of utmost importance to us, and one that we will continuously strive to improve upon. Key actions we have taken include:

- Mandatory onboarding and ongoing training for all employees on issues including Workplace Discrimination and Harassment, Workplace Violence, and Indigenous Relations
- Since 2017, we have issued Quarterly Employee Satisfaction Surveys to facilitate anonymous feedback. In 2020 the average rating of these surveys was 8/10. Topics with a low score are raised to Management to rectify
- 3% voluntary employee turnover rate - substantially lower than the average for Canadian companies of 12%
- 7.5% of our workforce identify as Aboriginal or Indigenous. (This is greater than the total number of Canadians in the general population who self-identified as Aboriginal or Indigenous in the most recent federal census
- Monthly and Annual employee reward and recognition programs across various categories including core values, safety excellence and years of service to recognize the tremendous efforts and commitments of our employees
- 15Five Performance Software to ensure weekly alignment around top priorities, ensure consistent employee engagement and remove potential roadblocks to employee progress



GOVERNANCE

Although CDN is a privately-held company and does not have external Investors or a share price to answer to, good governance is critical to the success of our business and our ability to deliver high-quality solutions to our customers. Furthermore, we need to demonstrate accountability to our employees, contractors, suppliers, customers and Indigenous and Community partners. We have the advantage of making decisions for the business that may not provide immediate value, but that we feel confident will show value in the future, without providing a story or justification of why to shareholders.

For CDN, placing a significant focus on ESG is an example of just this. CDN has always operated with a visionary (versus reactive) approach, and this is yet another example.

CDN has welcomed the Truth and Reconciliation Commission's "Call to Action" encouraging corporate Canada to engage in economic reconciliation with Indigenous peoples and communities. We have embraced this effort through the relationships formed with our three Indigenous partners. The governance structures, including transparency and accountability, that we have established with each community have been an important aspect of our shared success. By developing and implementing sound governance practices, we have created sustainable businesses models that create shared value and minimize the political and reputational risk for CDN, our Indigenous partners, and the clients we collectively work for.



Case Study: Creating Shared Value at the CSV Midstream Karr Expansion Project

A priority of both CDN and CSV on the Karr project was to create shared value by maximizing regional labour participation and collaborating with impacted Indigenous communities. The ESG collaboration between the various service providers involved at Karr was a powerful and precedent-setting experience for all contractors involved and established a future trajectory of making a difference today and leaving a legacy for tomorrow.

A few of the unique initiatives on the project included an “ESG Lunch Box” event for contractors to discuss their ESG experiences and brainstorm ideas to foster mutual commitment on these topics; and an intentional focus on mental health challenges and realities on the project site with two events held by a comedian and a former NHL player to set a precedent for considerations beyond just the physical aspects of Health & Safety to include both body and mind.

Despite peak construction occurring simultaneously with the crux of COVID-19, the collaborative leadership approach at CSV and CDN ensured the project’s completion on time, and without a single case of COVID-19 on-site. A significant feat, given there were up to 200 people working on-site at one time. Despite significant and widespread job losses across the province, the project resulted in ~40,500 person days of employment during the worst economic downturn in Alberta’s history.

We have included ESG metrics that are directly linked to CDN’s participation in this Project. Many of these activities involved other contractors with the full support of the CSV team. Our collective efforts increased the overall ESG profile of the project by incorporating ESG considerations into CSV’s entire supply chain – a transformative experience for all involved.

Key Project ESG Metrics

> \$1.2MM

Local Wages Paid

60%

Regional Employment

30%

Indigenous Employment

2.5%

Female Employment

\$5,000

Youth Sports Grant for Aseniwuche Winewak Nation

Training and Employment for Horse Lake First Nation and Kelly Lake Cree Nation

Safety:

TRIF: 0.68

3 Incidents Reported, 1 Recordable Injury

Robust incident response and aggressive injury management program



CSV completed a major expansion in Q2 2020 to increase the Plant’s capacity to 150 Million cubic feet per day of gas.

Case Study: ESG in Practice During NuVista Pipestone North and South Projects

The NuVista Pipestone North and South projects provided CDN an opportunity to put our ESG vision and ideas into practice on a project level. Based on our interactions with all levels of the NuVista Energy Ltd. team, we were able to create shared value by maximizing local labour participation, collaborating with Indigenous communities in the area, and implementing an ESG-focused project mindset. Of note were our efforts to provide a training and employment opportunity to Horse Lake First Nation, along with the new relationships developed with members of that community. Moving forward, to maintain positive momentum as a service provider of choice for NuVista, we continue to collaborate to realize our shared goal of providing long-term positive educational outcomes and meaningful career opportunities to Horse Lake First Nation, and other Indigenous communities in the region.

Although our ESG highlights from these projects may be modest in nature, the information collected established a foundation for future ESG metrics that we will share with NuVista in an ongoing manner on future project work. Most importantly, the legacy of CDN's involvement with NuVista on these projects reflects our corporate commitment to ongoing development and continuous improvement to CDN's ESG approach.

We have provided ESG metrics that are directly linked to CDN's participation during the Pipestone Projects. Our collective efforts increased the overall ESG profile of the projects by incorporating tangible ESG considerations directly into NuVista's supply chain.

Key Project ESG Metrics

> \$1.2MM
Local Wages
Paid

80%
Local
Employment

>11%
Indigenous
Employment

4.5%
Female
Employment

Excellent collaboration between
CDN crews, NuVista personnel
and other trades on site

Project successfully completed
on time & on budget

Safety:

Pipestone South: 0 incidents

Pipestone North: No Reportable Injuries
TRIF: 0, 1 Investigated Event (minor property damage)

Thorough implementation of COVID-19 safety procedures to
maintain a safe work environment



Future ESG Profile

What Is Next?

Turning our eye to the horizon and the coming year for ESG at CDN, we are very excited to show you more of what we know we can achieve. We will focus on curating our ESG Plan specifically to support clients, collaborate on challenging targets, provide data that closely align with client metrics, and ultimately create a plan that best leverages CDN's strengths in this space.

The following are examples of the types of initiatives we will be exploring more closely over the coming months. We will be seeking feedback from you to discern how CDN can best partner with you to address your ESG challenges, and support you in surpassing your targets. We will be very thorough in this process to ensure we focus our energy and skills on those initiatives that would most effectively leverage both your business and ours. This list is not intended to be complete or exhaustive; as we continue on our ESG journey we will add or subtract items from the list as reasonable and report on a periodic basis on our progress on our chosen focus initiatives.

Potential ESG initiatives to pursue

- ESG strategy is fully integrated as a way we do business at CDN
- KPI for Indigenous Employment
- CCAB PAR Bronze certification
- Expanded service offerings to include Renewables and Emissions Reduction Solutions
- GHG Emissions Inventory and Reporting
- Collection of GHG emission data during the construction phase of projects to support clients' GHG reporting
- Solar panel installation at key CDN branch offices
- Expansion of reporting to include additional metrics
- SASB and/or TCFD aligned disclosure
- Diversity and Inclusion objectives and/or targets
- Creation or support of a Women in Trades initiative or program
- Customized ESG approaches and reporting for key clients
- Publication of an Annual ESG Report



CDN

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