2024

# ANNUAL INFORMATION FORM

AltaGas

For the year ended December 31, 2024
March 6, 2025

## TABLE OF CONTENTS

## GENERAL INFORMATION

Unless otherwise noted, the information contained in this AIF is stated as at December 31, 2024 and all dollar amounts in this AIF are in Canadian dollars. Financial information is presented in accordance with U.S. GAAP. For an explanation of certain terms and abbreviations used in this AIF, see the "Glossary" of this AIF.

## FORWARD-LOOKING INFORMATION AND STATEMENTS

This AIF contains forward-looking information ("forward-looking statements"). Words such as "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity", and similar expressions suggesting future events or future performance, as they relate to the Corporation or any affiliate of the Corporation, are intended to identify forward-looking statements. In particular, this AIF contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results.

Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: AltaGas' strategy, priorities and focus with regard to its Utilities and Midstream segments; the role of global exports in Canadian resource development; expected financial impact of requested rates; timing of material regulatory filings, proceedings and decisions in the Utilities business; anticipated use of proceeds from Washington Gas' issuance of US$100 million of private placement notes in April 2025; Washington Gas’ potential remediation obligations related to real property; SEMCO potential obligations related to environmental, health and safety regulations; expected in-service and completion dates for current projects and transactions in the Midstream business, including REEF, MVP, the MVP Southgate Project, Pipestone Phase II and the anticipated benefits of such projects and transactions; AltaGas' responsibilities with respect to the construction and operation of REEF; the belief that AltaGas has and will maintain a structural and locational advantage through RIPET, the Ferndale terminal and REEF and the anticipated benefits therefrom; AltaGas’ belief that the MVP Southgate project will become operational and its commitment to supporting the MVP Southgate project; AltaGas' 2025 strategic priorities, including its competitive advantage, export capabilities and logistics optimization; the expectation that AltaGas will have two additional VLGCs commencing in 2026; AltaGas' expectations for continued North American natural gas development, LPG supply/demand imbalance in North America, strong Asian demand and a robust pricing differential; AltaGas' plans with respect to tolling agreements and underpinning an increasing amount of RIPET and Ferndale terminal's capacity with tolling agreements; the percentage of contracted volumes expected to be shipped from RIPET and the Ferndale terminal in 2025; anticipated timing and impact of material environmental legislation and regulations on AltaGas' businesses; expected impacts of international conflicts on AltaGas' business and operations; anticipated timing and impact of court and regulatory proceedings on AltaGas' businesses, including with respect to Indigenous and treaty rights; the expectation that existing credit facilities are sufficient for operations and AltaGas' ability to renew its credit facilities or refinance its long-term senior unsecured notes and Subordinated Hybrid Notes on commercially reasonable terms; and AltaGas' ESG commitments, strategies, policies, priorities and goals, AltaGas' ability to achieve and implement them into its businesses and operations, and any expected outcomes therefrom.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas' current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: AltaGas' effective tax rate, U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal; pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions including tariffs; internal credit risk; capital market and liquidity risks; interest rates; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; construction and development; cybersecurity, information, and control systems; regulatory risks; changes in law; climate-related risks; environmental regulation risks; Indigenous and treaty rights; litigation; dependence on certain partners; political uncertainty, activism, civil unrest, terrorist attacks and threats, escalation of military activity and acts of war; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; decommissioning, abandonment and reclamation costs; reputation risk; weather data; technical systems and processes incidents; growth strategy risk; failure to realize anticipated benefits of acquisitions and dispositions; underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of the Common Shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the acquisition of WGL; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks; and the other factors discussed under the heading "Risk Factors" in this AIF.

Many factors could cause AltaGas' or any particular business segment's actual results, performance, or achievements to vary from those described in this AIF, including, without limitation, those listed above and 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 AIF as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected, or targeted and such forward-looking statements included in this AIF should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas' future decisions and actions will depend on management's assessment of all information at the relevant time. Such statements speak only as of the date of this AIF. 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 AIF are expressly qualified by these cautionary statements.

Financial outlook information contained in this AIF about prospective results of operations, financial position, or cash flow is based on assumptions about future events, including 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 AIF should not be used for purposes other than for which it is disclosed herein.

Additional information relating to AltaGas, including its quarterly and annual MD&A and Consolidated Financial Statements and press releases are available through AltaGas' website at www.altagas.ca or through SEDAR+ at www.sedarplus.ca.

## CORPORATE STRUCTURE

### Incorporation

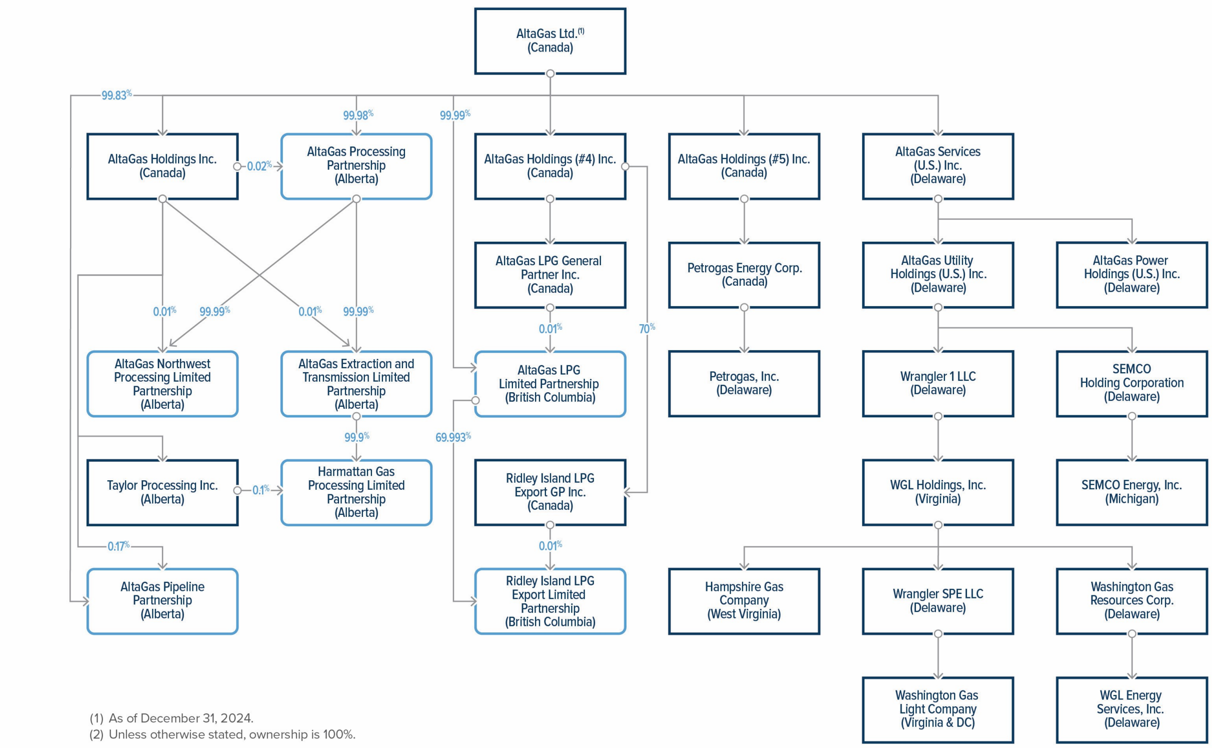
AltaGas is a Canadian corporation amalgamated pursuant to the CBCA on January 1, 2020. AltaGas and/or its predecessors began operations in Calgary, Alberta on April 1, 1994 and AltaGas continues to maintain its head, principal, and registered office in Calgary, Alberta currently located at 1300, 707 - 5th Street SW, Calgary, Alberta T2P 0Y3. AltaGas is a public company, the Common Shares of which trade on the TSX under the symbol "ALA".

### Amended Articles

On July 1, 2010, AltaGas filed articles of arrangement under the CBCA to effect a corporate arrangement and the amalgamation of AltaGas Ltd., AltaGas Conversion Inc., and AltaGas Conversion #2 Inc. to form AltaGas. Subsequent to the filing of the articles of arrangement, AltaGas filed articles of amendment on the following dates in connection with the creation of each series of Preferred Shares: (i) August 13, 2010 to create the first series of Preferred Shares, Series A Shares and the second series of Preferred Shares, Series B Shares; (ii) June 1, 2012 to create the third series of Preferred Shares, Series C Shares and the fourth series of Preferred Shares, Series D Shares; (iii) December 9, 2013 to create the fifth series of Preferred Shares, Series E Shares and the sixth series of Preferred Shares, Series F Shares; (iv) June 27, 2014 to create the seventh series of Preferred Shares, Series G Shares and the eighth series of Preferred Shares, Series H Shares; (v) November 17, 2015 to create the ninth series of Preferred Shares, Series I Shares and the tenth series of Preferred Shares, Series J Shares; and (vi) February 15, 2017 to create the eleventh series of Preferred Shares, Series K Shares and the twelfth series of Preferred Shares, Series L Shares. On January 1, 2020, AltaGas filed articles of amalgamation to effect the amalgamation of AltaGas with its non-operating subsidiaries AltaGas Investment Ltd., 11801376 Canada Ltd., and Northwest Triumph Contracting Ltd. On January 7, 2022, AltaGas filed articles of amendment to create the thirteenth series of Preferred Shares, Series 2022-A Shares, on August 15, 2022, AltaGas filed articles of amendment to create the fourteenth series of Preferred Shares, Series 2022-B Shares, and on November 8, 2023, AltaGas filed articles of amendment to create the fifteenth series of Preferred Shares, Series 2023-A Shares. On January 1, 2025, AltaGas filed articles of amalgamation to effect the amalgamation of AltaGas with Petrogas Energy Corp., Enerchem International Inc., Millard Trucking Ltd., Petrogas Terminals Corp., Express Tankers Inc., Petrogas Logistics Corp., Petrogas Energy Services Ltd., and AltaGas Natural Gas Storage Ltd. pursuant to an internal reorganization of certain of AltaGas' subsidiaries.

## Intercorporate Relationships

The following organization diagram presents the name and the jurisdiction of incorporation of certain of AltaGas' subsidiaries as at the date of this AIF. The diagram does not include all of the subsidiaries of AltaGas. The assets and revenues of those subsidiaries omitted from the diagram individually did not exceed 10 percent, and in the aggregate did not exceed 20 percent, of the total consolidated assets or total consolidated revenues of AltaGas as at and for the year ended December 31, 2024.



## ALTAGAS ORGANIZATION AND BUSINESS OVERVIEW

AltaGas is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders. AltaGas has three reporting segments - Utilities, Midstream, and Corporate/Other.

**Utilities Segment**

AltaGas' Utilities segment owns and operates franchised, cost-of-service, rate-regulated natural gas distribution and storage utilities that are focused on providing safe, reliable, and affordable energy to its customers. AltaGas' Utilities provided energy to approximately 1.6 million residential and commercial customers in 2024 with an average rate base of approximately US$5.4 billion.

The Utilities segment includes two utilities that deliver essential energy across four major U.S. jurisdictions:

- Washington Gas, which is the Company's largest operating utility that serves approximately 1.2 million customers across Maryland, Virginia, and D.C.; and
- SEMCO Energy, which serves approximately 330,000 customers in Southern Michigan and Michigan's Upper Peninsula.

The Utilities segment also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers that operates across Maryland, Virginia, Delaware, Pennsylvania, Ohio, and D.C. AltaGas also previously owned ENSTAR and a 65 percent indirect interest in CINGSA and other ancillary operations in Alaska, which were divested pursuant to the Alaska Utilities Disposition.

**Midstream Segment**

AltaGas' Midstream segment is a leading North American platform that connects customers and markets to critical forms of energy. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity across the Midstream value chain that facilitates the best outcomes for their businesses. This includes global market access for North American LPGs, which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia to AltaGas' downstream customers.

Throughout AltaGas' Midstream operations, the Company is playing a vital role within the larger energy ecosystem that keeps the global economy moving forward in a safe, reliable, and affordable manner.

AltaGas' Midstream platform is heavily focused on the Montney and Deep Basin resource plays and centers around global exports, which is where the Company believes the market is headed for Canadian resource development over the long-term. AltaGas also operates a broader set of midstream infrastructure assets across the WCSB and select regions in the U.S., which are all focused on connecting customers and markets in the most efficient manner possible.

There are three core pillars to AltaGas' Midstream platform that are integral to each other and facilitate the Company's wellhead to tidewater and beyond value chain. These include:

- **Global Exports,** which includes AltaGas' two operational LPG export terminals where the Company has nameplate capacity to export up to 150,000 Bbl/d of propane and butane to key markets in Asia;
- **Natural Gas Gathering, Processing and Extraction**, which includes 1.2 Bcf/d of extraction processing capacity and approximately 1.2 Bcf/d of raw field gas processing capacity, which is heavily focused on the Montney and Deep Basin; and
- **Fractionation and Liquids Handling**, which includes 70 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and NGLs marketing businesses, domestic logistics, trucking and rail terminals, liquids storage with approximately 3.2 million barrels of capacity through a network of underground salt caverns through the Company's Strathcona Storage JV with ATCO Energy Solutions Ltd., 15 Bcf of natural gas storage through Dimsdale, which was acquired through the Pipestone Acquisition in December 2023, as well as AltaGas' 10 percent equity interest in the MVP which is a 2.0 Bcf/d transportation pipeline that transports natural gas from the Marcellus across Virginia and West Virginia to key downstream demand markets.

**Corporate/Other Segment**

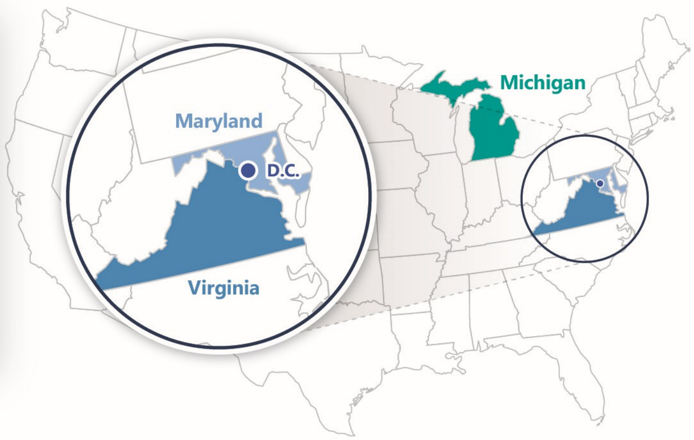
AltaGas' Corporate/Other segment consists of the Company's corporate activities and a small portfolio of gas-fired power generation and distribution assets capable of generating 508 MW of power, primarily in California.

## ALTAGAS' GEOGRAPHIC FOOTPRINT

### AltaGas Utilities

| Breakdown | | Customers[1] | Rate Base[2] (US$MM) | Allowed ROE |
|---|---|---|---|---|
| Washington Gas | Maryland | 518,000 | 1,622 | 9.50% |
| | Virginia | 557,000 | 1,964 | 9.65% |
| | D.C. | 164,000 | 848 | 9.65% |
| SEMCO ENERGY | Michigan | 330,000 | 932 | 9.87% |

1) Numbers are rounded/approximate.
2) Average rate base.




### AltaGas Midstream

- NGL Fractionation
- Gas Processing
- Processing and Fractionation
- LPG Export Terminal
- Storage Facility
- Truck Terminal
- Rail Transport
- Rail
- Pipeline
- Under Construction

## GENERAL DEVELOPMENT OF ALTAGAS' BUSINESS

Below is a summary of key developments, acquisitions and dispositions, construction projects, and other commercial arrangements broken down by business segment, which have influenced the development of the business segments of the Corporation over the last three completed fiscal years.

### Utilities

- On April 4, 2022, Washington Gas filed an application for authority to increase charges for gas service in D.C. On December 22, 2023, the PSC of DC approved a rate increase of approximately US$25 million, of which approximately US$5 million was transferred from the PROJECTpipes surcharge. The new rates went into effect January 19, 2024. For further details see "Business of the Corporation - Utilities Business - Washington Gas - Recent Material Regulatory Developments and Approvals".

- On June 29, 2022, Washington Gas filed an application for authority to increase rates in the Commonwealth of Virginia. On August 29, 2023, the SCC of VA adopted the Hearing Examiner's report for the Virginia rate case, approving approximately US$41 million of incremental base rates plus approximately US$32 million of SAVE surcharges for a total rate increase of approximately US$73 million.

- On December 22, 2022, Washington Gas filed an application with the PSC of DC for PROJECTpipes 3, seeking approval of approximately US$672 million for the five-year period from January 1, 2024 to December 31, 2028. The PSC of DC has issued orders extending PROJECTpipes 2 through December 2025 with an additional approved spending limit of approximately US$93 million. On September 27, 2024, Washington Gas filed its restructured plan, District SAFE, requesting US$215 million for the period from March 1, 2025 through December 31, 2027. A final order in the District SAFE case is not expected until the second half of 2025. For further details, see "Business of the Corporation - Utilities Business - Washington Gas - Recent Material Regulatory Developments and Approvals".

- On March 1, 2023, AltaGas closed the Alaska Utilities Disposition for consideration of US$800 million (approximately CAD$1.1 billion) prior to closing adjustments, resulting in a pre-tax gain on disposition of approximately $304 million.

- On May 18, 2023, Washington Gas filed an application for authority to increase charges for gas service in Maryland. On December 14, 2023, the PSC of MD approved a US$10 million rate increase with a 9.5 percent return on equity and 52 percent equity thickness. On March 28, 2024, the PSC of MD issued its Order on Rehearing, increasing base rate revenues by an additional approximately US$3 million, for a total base rate revenue increase of approximately US$13 million.

- On June 16, 2023, Washington Gas filed an application with the PSC of MD for the third phase of its modernization ARP program, seeking approval for approximately US$495 million of modernization investments over the five-year period from January 1, 2024 to December 31, 2028. On December 13, 2023, the PSC of MD affirmed the public law judge's proposed order, with a total five-year spending cap of approximately US$330 million. For further details, see "Business of the Corporation - Utilities Business - Washington Gas - Recent Material Regulatory Developments and Approvals".

- On June 30, 2023, SEMCO submitted its 2024-2025 EWRP proposing to spend approximately US$35 million on energy waste reduction over the two-year period. On December 21, 2023 the MPSC approved the EWRP settlement agreement. See "Business of the Corporation - Utilities Business - SEMCO Energy - Recent Material Regulatory Developments and Approvals".

- On October 19, 2023, Washington Gas issued US$200 million in private placement notes, which included US$150 million at 6.06 percent maturing on October 14, 2033 and US$50 million at 6.43 percent maturing on October 15, 2053.

- On October 20, 2023, Washington Gas executed a definitive agreement with Opal Fuels Inc. to support a RNG project at the Prince William County Landfill in Virginia. As part of the proposed RNG project, Washington Gas would become an offtake customer for RNG production and purchase key interconnect infrastructure for approximately US$25 million and continue to advance long-term climate goals. Washington Gas and Opal Fuels Inc. continue to evaluate the proposed RNG project. For further details, see "Business of the Corporation - Utilities Business - Washington Gas - Recent Material Regulatory Developments and Approvals".

- Effective January 1, 2024, the PSC of MD approved Washington Gas' three-year plan modifying and expanding the existing portfolio of programs for residential, commercial, industrial, and low-income customers with a total three-year budget of approximately US$64 million. See "Business of the Corporation - Utilities Business - Washington Gas - Recent Material Regulatory Developments and Approvals".

- On April 1, 2024, SEMCO submitted its MRP and IRIP amendment application, seeking approval from the MPSC to extend its MRP and IRIP programs for approximately US$46 million and US$68 million, respectively, for the period from 2025 to 2027, which includes approximately US$15 million of spend for 2025 approved through the previous program. The MPSC approved the settlement on September 26, 2024. See "Business of the Corporation - Utilities Business - SEMCO - Recent Material Regulatory Developments and Approvals".

- On August 5, 2024, Washington Gas filed an application for authority to increase existing rates and charges for gas service in D.C. The requested rates are designed to collect approximately US$257 million in total revenues, which represents an increase in Washington Gas' weather-normalized annual revenues of approximately US$46 million. Of the requested revenue increase, approximately US$12 million represents costs currently collected through the PROJECTpipes surcharge and approximately US$34 million represents an incremental increase in new base rate revenues. Washington Gas expects to receive a final order from the PSC of DC in the fourth quarter of 2025. For further details, see "Business of the Corporation - Utilities Business - Washington Gas - Recent Material Regulatory Developments and Approvals".

- On October 1, 2024, Washington Gas executed a note purchase agreement to issue US$200 million in private placement notes. US$100 million of these notes were issued on October 1, 2024 at 5.40 percent with a maturity date of October 1, 2054 and the remaining US$100 million will be issued on April 1, 2025 at 4.84 percent with a maturity date of April 1, 2035. The proceeds will be used for general corporate purposes.

- In D.C., DC Law 24-177 requires the Mayor to issue final regulations by December 31, 2026 that requires all new construction or substantial improvements of commercial buildings (buildings with more than three stories) to be constructed to a net-zero-energy standard, which is defined to prohibit on-site fuel combustion. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for D.C. challenging the legality of D.C. 24-177.

- In Montgomery County, Maryland, Bill 13-22 will require regulations that establish all-electric building standards for all new construction (with limited exceptions) by December 31, 2026. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Maryland challenging the legality of Montgomery County, Maryland Bill 13-22.

- In the State of In the State of Maryland, the Maryland Department of Environment promulgated final “Building Energy Performance Standards” regulations that will impose carbon dioxide reduction requirements (that will eventually reach zero) for certain covered buildings, effective December 23, 2024. On January 17, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

### Midstream

- On April 12, 2022, AltaGas closed the sale of its interest in the Aitken Creek processing facilities for cash consideration of approximately $224 million, net of closing adjustments, resulting in a pre-tax gain on disposition of $1 million.

- On June 23, 2022, the Canada Energy Regulator issued AltaGas a 25-year export license for an additional 46,000 Bbls/d of butane.

- On July 5, 2022, AltaGas announced the purchase of the remaining equity ownership of Petrogas from Idemitsu for total cash consideration of approximately $285 million.

- In February 2023, AltaGas reached an agreement with an investment grade counterparty to extend the existing throughput and marketing agreement at the Ferndale terminal by five years through 2033. The extension is aligned with AltaGas' long-term focus of de-risking the global exports business and operating in strong partnership with its customers to drive the best collective outcomes for all parties.

- In April 2023, AltaGas entered a seven-year time charter with two one-year optional extensions for a new 545 MBbl dual fuel VLGC with delivery expected in the first half of 2026. The agreement is expected to further reduce AltaGas' maritime shipping costs by approximately 25 percent relative to current Baltic freight forward pricing, while lowering pricing volatility.

- In April 2023, AltaGas and Vopak entered into a 50/50 joint venture to develop REEF. REEF is a $1.35 billion project slated to come online near 2026 year-end, with an initial export capacity of 56,000 Bbls/d of propane and butane, 600,000 Bbls of LPG storage, a new dedicated multi-product jetty, and extensive rail and logistics infrastructure. On May 29, 2024, AltaGas and Vopak reached a positive FID on REEF. For further details, see "Business of the Corporation - Midstream Business - Global Exports - REEF".

- On December 22, 2023, AltaGas closed the Pipestone Acquisition. Total cash consideration for the transaction was $321 million, inclusive of working capital and other adjustments, as well as approximately 12.5 million AltaGas common shares. Following the completion of key de-risking milestones in December 2023, AltaGas declared a positive FID on the Pipestone Phase II expansion project. For further details on the Pipestone Phase II expansion project, see "Business of the Corporation - Midstream Business - Natural Gas Gathering, Processing and Extraction - Pipestone".

- In the first quarter of 2024, AltaGas commissioned one new VLGC, the Boreal Voyager, under a seven-year contract with optional extensions, and extended an existing contract for one VLGC time charter with Astomos, with whom AltaGas has had a long-standing partnership since RIPET was commissioned. This follows the commissioning of the Boreal Pioneer in December 2023, which is also operating under a seven-year agreement.

- MVP was completed and placed into service in June of 2024 with firm service contracts coming into effect July 1, 2024. The 2.0 Bcf/d pipeline is fully subscribed with 20-year contracts with investment grade counterparties. The pipeline is expandable by an additional 550 MMcf/d through low cost compression and extension into North Carolina through the MVP Southgate Project.

- During the second quarter of 2024, AltaGas executed an agreement to construct and contract an additional time charter for a VLGC for a ten-year term with optional extensions. The time charter is expected to be commissioned in late 2026.

- Effective July 1, 2024, AltaGas transferred operatorship of its Gordondale facility to Birchcliff on a contract basis. AltaGas continues to own 100 percent of the facility and there is no change in the long-term take-or-pay commitments. In conjunction with the agreement, Birchcliff has committed additional butane volumes to AltaGas' global export platform on a long term basis.

- In the fourth quarter of 2024, AltaGas executed several commercial contracts that will provide long-term LPG supply and tolling contracts for its global exports' platform.

### Corporate/Other

- On January 11, 2022, AltaGas closed its offering of $300 million of Subordinated Notes, Series 1. The Subordinated Notes, Series 1 were offered under the Corporation's base shelf prospectus dated February 22, 2021, as supplemented by a prospectus supplement dated January 5, 2022. In connection with the offering, 300,000 Series 2022-A Shares were issued to Computershare Trust Company of Canada to satisfy AltaGas' obligations under the Series 1 Indenture. The proceeds from the offering were used to redeem the Corporation's outstanding Series K Shares on March 31, 2022.

- On February 9, 2022, AltaGas closed the sale of a 60 MW stand-alone energy storage development project in Goleta, California for total proceeds of approximately $20 million (US$15 million), subject to certain contingencies. In February 2023, the parties reached an agreement on outstanding contingencies and as a result, the buyer paid AltaGas an additional payment of approximately $11 million (US$8 million) which was recognized as a pre-tax gain on disposition.

- On August 17, 2022, AltaGas closed its offering of $250 million of Subordinated Notes, Series 2. The Subordinated Notes, Series 2 were offered under the Corporation's base shelf prospectus dated February 22, 2021, as supplemented by a prospectus supplement dated August 4, 2022. In connection with the offering, 250,000 Series 2022-B Shares were issued to Computershare Trust Company of Canada to satisfy AltaGas' obligations under the Series 2 Indenture. The proceeds from the offering were used to redeem the Corporation's outstanding Series C Shares on September 30, 2022.

- Effective July 1, 2023, Vern Yu joined AltaGas as President and Chief Executive Officer and was appointed to the Board of Directors. Mr. Yu has over three decades of experience in energy infrastructure, including the Utilities and Midstream sectors across North America.

- In February 2023, AltaGas reached an agreement with SCE for the purchase of resource adequacy attributes from the Blythe facility for the period from January 1, 2024 through December 31, 2027.

- On May 15, 2023, AltaGas closed its offering of $400 million senior unsecured MTNs with a coupon rate of 4.64 percent, due May 15, 2026. The net proceeds were used to pay down existing indebtedness under AltaGas' credit facility and refinance the senior unsecured MTNs that matured in June 2023.

- On November 10, 2023, AltaGas closed its offering of $200 million of Subordinated Notes, Series 3 due November 10, 2083. The Subordinated Notes, Series 3 were offered under AltaGas' short form base shelf prospectus dated March 31, 2023, as supplemented by a prospectus supplement dated November 7, 2023. In connection with the offering, 200,000 Series 2023-A Shares were issued to Computershare Trust Company of Canada to satisfy AltaGas' obligations under the Series 3 Indenture. The proceeds from the offering were used to redeem the Corporation's outstanding Series E Shares on December 31, 2023.

- On January 8, 2024, AltaGas closed its offering of $400 million of senior unsecured MTNs with a coupon rate of 4.67 percent, due on January 8, 2029. The net proceeds were used to pay down existing indebtedness under AltaGas' credit facilities (part of which was incurred to fund the debt portion of the Pipestone Acquisition), to fund working capital, and for general corporate purposes.

- On March 14, 2024, AltaGas closed its offering of $350 million of senior unsecured medium-term notes with a 5.14 percent coupon, due on March 14, 2034 and $250 million of senior unsecured medium-term notes with a 5.60 percent coupon, due on March 14, 2054. The net proceeds were used to refinance AltaGas' March 2024 medium-term note maturities, pay down other existing indebtedness, fund working capital, and for general corporate purposes.

- On July 9, 2024, AltaGas closed its offering of $250 million of senior unsecured medium-term notes with a 5.60 percent coupon, due on March 14, 2054. The net proceeds were used to pay down amounts drawn on the syndicated credit facility, which was incurred when the Company repaid its term loan on June 28, 2024.

- On September 23, 2024, AltaGas closed its offering of US$900 million of US Dollar Subordinated Notes due October 15, 2054. The US Dollar Subordinated Notes are callable at the first reset date of October 15, 2034. AltaGas also executed a cross-currency swap arrangement to convert the underlying proceeds and interest costs of the US Dollar Subordinated Notes into Canadian dollars, resulting in an effective annual interest rate of 6.90 percent over their initial ten year period. The net proceeds were used to reduce the Company's outstanding senior notes and bank debt.

- On September 30, 2024, AltaGas announced the conversion of its Series H Shares into Series G Shares on a one for one basis, and the subsequent cancellation and de-listing of the Series H Shares from the TSX.

- On November 18, 2024, AltaGas executed a partial debt extinguishment of its MTNs, resulting in the derecognition of approximately $806 million of previously issued MTNs for total consideration of $793 million.

## BUSINESS OF THE CORPORATION

AltaGas' revenue for the year ended December 31, 2024 was approximately $12.4 billion compared to $13.0 billion for the year ended December 31, 2023. In 2024, 64 percent of revenue from AltaGas' operating segments (excluding Corporate/Other and intercompany eliminations) was from the Midstream segment and 36 percent was from the Utilities segment, compared to 63 percent and 37 percent, respectively, in 2023.

## UTILITIES BUSINESS

The Utilities business contributed revenue of approximately $4.4 billion for the year ended December 31, 2024 (2023 - $4.8 billion), representing approximately 36 percent (2023 – 37 percent) of AltaGas' total revenue before the Corporate/Other segment and intersegment eliminations.

**Regulatory Process**

The Utilities business predominantly operates in regulated marketplaces where, as franchise or certificate holders, regulated utilities are allowed by the regulator to charge regulated rates that provide the utilities the opportunity to recover costs and earn a return on capital. The return on capital is to reflect a fair rate of return on approved utility investments (i.e. rate base) based on a regulatory deemed or targeted capital structure. The ability of a regulated utility to recover prudently incurred costs of providing service and earn the regulator-approved rate of return on equity depends on the utility achieving the cost levels established in the rate-setting processes.

SEMCO and Washington Gas have accelerated pipe and infrastructure replacement programs in place in Michigan and in D.C., Maryland, and Virginia, respectively. These long-term programs are subject to both changing conditions and regulatory review and approval in multi-year increments. These programs enable SEMCO and Washington Gas to accelerate pipe and infrastructure replacement to further enhance the safety and reliability of the natural gas delivery system. SEMCO and Washington Gas are allowed to begin recovering the cost, including a return, for these investments immediately through approved surcharges for each accelerated pipe or infrastructure replacement program outside of a normal rate case process, mitigating regulatory lag. Once new base rates are put into effect in a given jurisdiction following approval of an application to increase rates, expenditures previously being recovered through the surcharge will be collected through the new base rates.

The Utilities business is subject to regulation over, among other things, rates, accounting procedures, and standards of service. The MPSC has jurisdiction over the regulatory matters related, directly or indirectly, to the services that SEMCO provides to its Michigan customers. Washington Gas is regulated by the PSC of DC, the PSC of MD, and the SCC of VA, which approve its terms of service and the billing rates that it charges to its customers, regulate interactions with affiliates, and regulate retail competition for natural gas supply service. In all jurisdictions, the regulators approve distribution rates based on a cost-of-service regulatory model. In D.C. and Maryland, rates are set using the results from a historical test year plus known and measurable changes. In Michigan and Virginia, rates are set using a projected test year. In all jurisdictions, the rates charged to utility customers are designed to provide the distribution utility with an opportunity to recover all prudently incurred operating, depreciation, income tax, and financing costs and to earn a reasonable return on its investment in the net assets used in its gas sales and delivery service.

**Utilities Business Key Utility Metrics**

The following table summarizes the average rate base for the Utilities business for the years ended December 31, 2024 and 2023:

| *(US$ millions)* | **2024** | 2023 |
|---|---|---|
| Rate base (1) (2) | **5,366** | 5,100 |

(1) Rate base is indicative of the earning potential of each utility over time. Approved revenue requirement for each utility is typically based on the rate base as approved by the regulator for the respective rate application, but may differ from the rate base indicated above.

(2) 2023 rate base excludes ENSTAR and SEMCO Energy's 65 percent interest in CINGSA, which were sold on March 1, 2023 pursuant to the Alaska Utilities Disposition.

The following table summarizes the nature of regulation applicable to each utility:

| Regulated Utility | Regulated Authority | % of AltaGas' Consolidated Rate Base as at December 31, 2024 | Allowed Common Equity (%) | Allowed ROE (%) 2023 | Allowed ROE (%) 2024 |
|---|---|---|---|---|---|
| **Washington Gas** | PSC of MD<br>SCC of VA<br>PSC of DC | 83% | 52.0 - 52.5 | 9.3 - 9.7 | 9.5 - 9.65 |
| **SEMCO** | MPSC | 17% | 45.86 | 9.87 | 9.87 |
| **Hampshire Gas (1)** | FERC | n/a | n/a | n/a | n/a |

(1) Operates under a "pass through" cost of service based tariff approved by FERC.

## Washington Gas

Washington Gas has been engaged in the natural gas distribution business since 1848 and provides regulated gas distribution services to end users in D.C., Maryland, and Virginia. The utility has approximately 1.2 million customers across these three jurisdictions: D.C. (~164,000; 13 percent), Maryland (~518,000; 42 percent), and Virginia (~557,000; 45 percent). Washington Gas operations are such that the loss of any one customer or group of customers would not have a significant adverse effect on its business.

### *Operations*

Washington Gas obtains natural gas supplies that originate from multiple regions throughout the U.S. At December 31, 2024, it had service agreements with four pipeline companies that provided firm transportation and storage services, with contract expiration dates ranging from 2025 to 2045. Washington Gas has also contracted with various interstate pipeline and storage companies to add to its storage and transportation capacity.

The following table sets out, by customer category, Washington Gas' deliveries:

| | **2024** | 2023 |
|---|---|---|
| **Deliveries: (MDth)** | | |
| Residential | **61,075** | 60,815 |
| Commercial | **18,033** | 19,699 |
| Transport | **84,099** | 84,832 |
| Total deliveries | **163,207** | 165,346 |

| | **2024** | 2023 |
|---|---|---|
| **Customers at Year End:** | | |
| Residential | **1,037,388** | 1,024,800 |
| Commercial | **51,087** | 49,812 |
| Transport | **149,842** | 158,145 |
| Total customers | **1,238,317** | 1,232,757 |

### *Seasonality*

The natural gas distribution business in D.C., Maryland, and Virginia is seasonal, as the majority of natural gas demand occurs during the winter heating season that extends from November to March. Accordingly, annualized individual quarterly revenues and earnings are not indicative of annual results.

Forecasted volumes in D.C. are set based on the 30-year average Degree Days expected for the period. In Maryland and Virginia, there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In D.C., there is no weather normalization billing mechanism, nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

## Recent Material Regulatory Developments and Approvals

### *District of Columbia Jurisdiction*

The second phase of Washington Gas' ARP in D.C. was scheduled to end in December 2023. On December 22, 2022, Washington Gas filed an application with the PSC of DC for PROJECTpipes 3, seeking approval of approximately US$672 million for the five-year period from January 1, 2024 to December 31, 2028. On November 6, 2023, Washington Gas filed a request to extend PROJECTpipes 2 through December 31, 2024.

The PSC of DC has issued orders extending PROJECTpipes 2 through December 2025 with an additional approved spending limit of approximately US$93 million.

On June 12, 2024, the PSC of DC issued an order dismissing Washington Gas' PROJECTpipes 3 application, and concurrently opened a new docket and directed Washington Gas to file a new and restructured application that comports with DC's climate goals. On September 27, 2024, Washington Gas filed its restructured plan, District SAFE, requesting US$215 million for the period from March 1, 2025 through December 31, 2027. The procedural schedule in the District SAFE matter has been extended to allow additional discovery on Washington Gas' rebuttal testimony, and the PSC of DC directed the parties to file a Joint List of Material Facts in dispute on May 30, 2025. The PSC of DC will determine if evidentiary hearings are needed after review of the Joint List of Material facts in dispute. A final order in the District SAFE case is not expected until the second half of 2025.

On April 4, 2022, Washington Gas filed an application for authority to increase charges for gas service in D.C. On December 22, 2023, the PSC of DC approved a rate increase of approximately US$25 million, of which approximately US$5 million was transferred from the PROJECTpipes surcharge. The new rates went into effect January 19, 2024.

On August 9, 2023, the PSC of DC determined that AltaGas had failed to fulfill Term No. 5 Commitment of the PSC of DC's merger approval order related to the June 2018 merger of AltaGas, WGL, and Washington Gas. On reconsideration, the PSC of DC confirmed, in relevant part, that it had credited AltaGas with causing the development of 2.4 MW of Tier one renewable resources by the July 6, 2023 deadline, and that the Company had breached its Term No. 5 Commitment only for the remaining 7.6 MW. As directed by the PSC of DC, AltaGas, the DCG, and the DC OPC conducted negotiations in good faith to reach agreement on a penalty but were unable to reach agreement. Thereafter, AltaGas confirmed that it will specifically perform its Term No. 5 obligations by continuing to cause the development of the remaining 7.6 MW of solar renewable energy. On March 8, 2024, the PSC of DC issued an order to show cause why the penalty amount should not be the maximum allowed under D.C. Code §34-708 (US$5,000/day). On June 14, 2024, AltaGas and DCG jointly requested that the PSC of DC allow sixty (60) days for the parties to negotiate a settlement in the form of a consent decree or, if no agreement is reached, to file a report on the status of the negotiations. AltaGas and DCG have kept the PSC of DC appraised of the status of the negotiations and, on October 8, 2024, filed a Proposed Consent Decree for PSC of DC approval. On November 6, 2024, the PSC of DC approved the Consent Decree, without modification, as complete resolution of the issues in dispute concerning Merger Commitment No. 5. As at December 31, 2024, AltaGas recorded an accrued liability of approximately US$2.1 million and subsequently paid the civil penalty on January 5, 2025. In accordance with the terms of the PSC of DC approved Consent Decree, AltaGas continues to report on its progress that the Company is making in causing the development of the remaining megawatts of renewable resources in D.C.

On August 5, 2024, Washington Gas filed an application for authority to increase existing rates and charges for gas service in D.C. The requested rates are designed to collect approximately US$257 million in total revenues, which represents an increase in Washington Gas' weather-normalized annual revenues of approximately US$46 million. Of the requested revenue increase, approximately US$12 million represents costs currently collected through the PROJECTpipes surcharge and approximately US$34 million represents an incremental increase in new base rate revenues. On September 25, 2024, Washington Gas and the parties filed a Joint Proposed Procedural Schedule with the PSC of DC. The proposed schedule calls for legal briefs to be filed on June 18, 2025, whereupon the case would be before the PSC of DC for decision. On October 9, 2024, the Joint Proposed Procedural Schedule filed by Washington Gas was approved by the PSC of DC with hearings scheduled for May 2025. Washington Gas expects to receive a final order from the PSC of DC in the fourth quarter of 2025.

In D.C., DC Law 24-177 requires the Mayor to issue final regulations by December 31, 2026 that requires all new construction or substantial improvements of commercial buildings (buildings with more than three stories) to be constructed to a net-zero-energy standard, which is defined to prohibit on-site fuel combustion. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for D.C. challenging the legality of D.C. 24-177.

***Maryland Jurisdiction***

On June 16, 2023, Washington Gas filed an application with the PSC of MD for the third phase of its modernization ARP program, seeking approval for approximately US$495 million in modernization investments on behalf of customers over the five-year period from January 1, 2024 to December 31, 2028. On October 25, 2023, a public law judge issued a proposed order to approve the STRIDE 3 plan, subject to a reduced number of replacement projects equal to a reduction to the five-year budget by at least one third. On November 13, 2023, Washington Gas notified the PSC of MD that it accepts the order. Two other parties (MD OPC and Sierra Club) appealed, with Sierra Club arguing for a greater reduction. On December 13, 2023, the PSC of MD affirmed the public law judge's proposed order in part, and directed Washington Gas to negotiate the terms of a notice to be sent to impacted customers. On January 10, 2024, the PSC of MD issued a memorandum explaining its December 13, 2023 decision. On February 9, 2024, the MD OPC filed a motion for rehearing with the PSC of MD. Washington Gas filed a response on February 22, 2024. On April 19, 2024 the PSC of MD denied the MD OPC's request for rehearing.

Effective January 1, 2024, the PSC of MD approved Washington Gas' three-year plan modifying and expanding the existing portfolio of programs for residential, commercial, industrial, and low-income customers with a total three-year budget of approximately US$64 million. The approved EmPOWER Plan also includes a new Demand Response program for eligible residential customers and a pilot to test and monitor Energy Management Systems for commercial buildings with centralized boiler heating systems.

In connection with the WGL Acquisition, AltaGas made certain merger commitments including causing the development of 5 MW of either electric grid energy storage or tier one renewable resources in Maryland within five years of the WGL Acquisition. By Order of the PC of MD, Washington Gas provided an update on February 17, 2025, informing the Commission of progress of completing that merger condition. Additionally, Washington Gas is required to file an annual report, on April 1 each year documenting the status of compliance with each merger commitment.

In Montgomery County, Maryland, Bill 13-22 will require regulations that establish all-electric building standards for all new construction (with limited exceptions) by December 31, 2026. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Maryland challenging the legality of Montgomery County, Maryland Bill 13-22.

In the State of In the State of Maryland, the Maryland Department of Environment promulgated final "Building Energy Performance Standards" regulations that will impose carbon dioxide reduction requirements (that will eventually reach zero) for certain covered buildings, effective December 23, 2024. On January 17, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

***Virginia Jurisdiction***

On December 4, 2023, Washington Gas filed an application with the SCC of VA seeking approval for a biogas supply investment plan and rate adjustment clause. Washington Gas seeks approval to purchase, own, operate, and maintain an eight-mile pipeline, associated interconnection facilities and other necessary equipment to transport RNG from a biogas production facility located at the Prince William County Landfill. Washington Gas also proposes to purchase a portion of the facilities output, a subset of which will be accompanied by marketable environmental attributes. Washington Gas and Opal Fuels Inc. continue to evaluate the proposed RNG project.

### Hampshire Gas

Hampshire owns underground natural gas storage facilities, including pipeline delivery facilities located in and around Hampshire County, West Virginia, and operates these facilities to serve Washington Gas. Hampshire is regulated by the FERC. Washington Gas purchases all of the storage services of Hampshire, and includes the cost of the services in the commodity cost of its regulated energy bills to customers. Hampshire operates under a “pass-through” cost-of-service based tariff approved by FERC.

### SEMCO Energy

SEMCO Energy’s head office is located in Port Huron, Michigan. SEMCO Energy’s primary business is a gas utility business. It operates regulated natural gas transmission and distribution divisions in Michigan, doing business as SEMCO. The gas utility business accounts for approximately 98 percent of SEMCO Energy’s 2024 consolidated revenues. The gas utility business purchases, transports, distributes, stores and sells natural gas and related gas distribution services to residential and C&I customers and is SEMCO Energy's largest business segment.

SEMCO distributes natural gas to approximately 325,000 regulated customers located in both southern Michigan and Michigan’s Upper Peninsula, approximately 93 percent of which are residential. The remaining customers include power plants, food production facilities, furniture manufacturers, and other industrial customers. Additionally, SEMCO serves approximately 5,000 customers through its non-regulated business.

SEMCO pursues opportunities to develop service areas that are not currently served with natural gas. Expansion opportunities that currently exist represent relatively minor asset growth, but SEMCO remains committed to its strategy of pursuing expansion projects that meet management’s target return on investment.

On March 1, 2023, AltaGas closed the Alaska Utilities Disposition for consideration of approximately US$800 million (approximately CAD$1.1 billion) prior to closing adjustments.

#### *Operations*

The SEMCO natural gas transmission and delivery system in Michigan includes approximately 178 miles of gas transmission pipelines and 6,700 miles of gas distribution mains. The pipelines and mains are located throughout the southern half of Michigan’s Lower Peninsula (including in and around the cities of Albion, Battle Creek, Holland, Niles, Port Huron, and Three Rivers) and also in the central, eastern, and western areas of Michigan’s Upper Peninsula.

SEMCO has access to natural gas supplies throughout the U.S. and Canada via interstate and intrastate pipelines in and near Michigan. To provide gas to SEMCO sales customers, SEMCO has negotiated standard terms and conditions for the purchase of natural gas under the NAESB form of agreement with a variety of suppliers.

The following table sets out, by customer category, SEMCO's deliveries:

| | 2024 | 2023 |
|---|---|---|
| **Deliveries: (MDth)** | | |
| Residential | **22,974** | 23,592 |
| Commercial | **13,347** | 14,465 |
| Transport | **19,627** | 19,028 |
| Gas Customer Choice (1) | **2,316** | 2,495 |
| Total deliveries | **58,264** | 59,580 |

| | 2024 | 2023 |
|---|---|---|
| **Customers at Year End (2):** | | |
| Residential | **281,054** | 275,632 |
| Commercial | **25,297** | 25,179 |
| Transport | **289** | 278 |
| Gas Customer Choice (1) | **18,268** | 18,929 |
| Total customers | **324,908** | 320,018 |

(1) In Michigan, the MPSC has a program known as the Gas Customer Choice Program, under which gas sales customers may choose to purchase natural gas from third-party suppliers, while SEMCO continues to charge these customers applicable distribution charges and customer fees, plus a balancing fee.

(2) Excludes customers from SEMCO's non-regulated business.

***Seasonality***

The natural gas distribution business in Michigan is seasonal, as the majority of natural gas demand occurs during the winter heating season that extends from November to March. Accordingly, annualized individual quarterly revenues and earnings are not indicative of annual results.

Forecasted volumes for SEMCO are set based on the 15-year rolling average Degree Days expected for the period. Temperature fluctuations impact the operating results of SEMCO.

***Recent Material Regulatory Developments and Approvals***

SEMCO is required by Michigan law (Public Acts of 2008 Act No. 295, amended by Public Acts of 2016 Act No. 342) to establish and maintain an EWRP for its customers and to implement and fund various energy efficiency and conservation matters. The costs of the EWRP are recovered through surcharges imposed on all customers of SEMCO. EWRP plans and reconciliations are subject to review and approval by the MPSC. SEMCO also has the ability to earn a performance incentive if certain EWRP goals and objectives are met annually. On April 30, 2024, SEMCO submitted its 2023 EWRP reconciliation filing which demonstrated it achieved the goals and parameters established in the 2023 EWRP and requested that it receive a performance incentive of approximately US$3 million, which the MPSC approved on September 5, 2024. On June 27, 2024, SEMCO submitted an application to amend its 2024-2025 EWRP seeking approval to increase spend to approximately US$41 million on energy waste reduction over 2024 and 2025 and to implement changes outlined in PA 229. SEMCO reached an in-principle settlement agreement with the MPSC staff which was formally approved on September 5, 2024. SEMCO filed its 2026-2029 EWRP on December 30, 2024, in accordance with PA 229.

A MRP was agreed to in SEMCO's last rate case settled in December 2019. The five-year MRP program began in 2021 with a total spend of approximately US$60 million. In addition to the MRP program, SEMCO was granted an IRIP, which is also a five-year program with a total spend of approximately US$55 million beginning in 2021. On April 1, 2024, SEMCO submitted its MRP and IRIP amendment application, seeking approval from the MPSC to extend its MRP and IRIP programs for approximately US$46 million and US$68 million, respectively, for the period from 2025 to 2027, which includes approximately US$15 million of spend for 2025 approved through the previous program. The MPSC approved the settlement on September 26, 2024.

### Retail Energy Marketing

AltaGas' retail energy marketing business consists of the operations of WGL Energy Services, which sells natural gas and electricity directly to residential, commercial, and industrial customers located in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and D.C.

WGL Energy Services has a secured supply arrangement with Shell Energy. Under this arrangement, WGL Energy Services has the ability to purchase the majority of its power, natural gas, and related products from Shell Energy in a structure that reduces WGL Energy Services' cash flow risk from collateral posting requirements. While Shell Energy is intended to be the majority provider of natural gas and electricity, WGL Energy Services retains the right to purchase supply from other providers. The supply arrangement with Shell Energy expires in March 2026.

Natural Gas

As of December 31, 2024, WGL Energy Services served approximately 74,844 residential, commercial and industrial natural gas customers located in Maryland, Virginia, Delaware, Pennsylvania, and D.C. WGL Energy Services is subject to regulation by the public service regulatory commission of the jurisdictions in which it is authorized as a competitive service provider. WGL Energy Services contracts for storage and pipeline capacity to meet its customers' needs primarily through transportation releases and storage services allocated from the utility companies in the various service territories through several interstate natural gas pipelines. To supplement WGL Energy Services' natural gas supplies during periods of high customer demand, WGL Energy Services maintains natural gas storage inventory in storage facilities that are assigned by natural gas utilities such as Washington Gas. This storage inventory enables WGL Energy Services to meet daily and monthly fluctuations in demand and to minimize the effect of market price volatility.

Electricity

As of December 31, 2024, WGL Energy Services served approximately 96,376 residential, commercial, and industrial electricity customer accounts located in Maryland, Delaware, Pennsylvania, Ohio, and D.C. WGL Energy Services does not own or operate any electric generation, transmission, or distribution assets.

### Competition

WGL Energy Services competes with wholesale energy suppliers, regulated natural gas and electric utilities, and other third-party marketers to sell natural gas and electricity to customers. Marketers of natural gas and electric supply compete largely on price; therefore, volumes are relatively high compared to margins.

Operations can be positively or negatively affected by significant volatility in the wholesale price of natural gas and electricity. Accordingly, risk management policies and procedures are designed to minimize the risk that purchase commitments and the related sales commitments do not closely match. Additionally, WGL Energy Services has optimization opportunities that arise from the price volatility of natural gas and renewable energy credits.

To provide competitive pricing to its retail customers and in adherence to its risk management policies and procedures, WGL Energy Services manages its contract portfolios by attempting to closely match the commitments for deliveries from suppliers with requirements to serve sales customers. WGL Energy Services' residential and small commercial electric customer growth opportunities are significantly affected by the price for SOS offered by electric utilities. These rates are periodically reset for each customer class based on the regulatory requirements in each jurisdiction. Customer growth opportunities either expand or contract due to the relationship of these SOS rates to current market prices.

### Environmental Considerations Impacting the Utilities Business

Washington Gas

Washington Gas is subject to federal, state, and local laws and regulations related to environmental matters. These laws and regulations may require sustained expenditures over time to control environmental effects. The cost of compliance associated with environmental laws and regulation can be significant and is subject to change. Almost all environmental liabilities associated with Washington Gas operations are costs expected to be incurred to remediate sites where Washington Gas or a predecessor affiliate operated MGPs or gas holder sites. Estimates of liabilities for environmental response costs are difficult to determine with precision because of the various and variable factors that can affect eventual remediation costs for a given site. These factors include, but are not limited to, the following:

- the complexity of the site;
- changes in environmental laws and regulations at the federal, state, and local levels;
- the number of regulatory agencies or other parties involved;
- new technology that renders previous technology obsolete or experience with existing technology that proves ineffective;
- the level of remediation required; and
- variations between the estimated and actual time required to remediate an environmentally contaminated site.

Washington Gas has identified up to ten sites where it or its predecessors may have operated MGPs. Washington Gas last used any such plant in 1984. In connection with these operations, Washington Gas is aware that coal tar and certain other by-products of the gas manufacturing process are present at or near some former sites and may be present at others.

East Station

Washington Gas is conducting remediation at the East Station property adjacent to the Anacostia River in Washington, D.C., which includes ground water pumping and treating, tar recovery, soil encapsulation, and other treatment. In compliance with a 2012 Consent Decree with D.C. and the federal government, Washington Gas is also performing a RI and Feasibility Study on an adjacent property owned by the District. Washington Gas continues to work with the government to complete this RI. Additional remediation may be required at this property.

Washington Gas is performing site investigations at two adjoining properties; the Eastern Power Boat Club and the District Yacht Club, under a 2020 Administrative Order on Consent with the D.C. DOEE. Washington Gas continues to work with the government to complete this RI. Additional remediation may be required at this property.

On March 11, 2021, Washington Gas received an Administrative Order related to the alleged presence of sheens in the Anacostia River adjacent to the Eastern Power Boat Club and the District Yacht Club. The company appealed that order. With the appeal pending, without waiving its defenses, Washington Gas has taken voluntary interim measures to address the sheens under DOEE oversight. The appeal is pending.

Anacostia River Sediment Project

Washington Gas may be responsible for environmental cleanup and government costs associated with the ARSP. In February 2016, Washington Gas received notice from the DOEE and NPS regarding an ongoing investigation of the Anacostia River aimed at determining necessary cleanup actions and preparing a natural resource damage assessment. Washington Gas received further notification from DOEE and NPS of potential cleanup obligations related to the ARSP in June 2021 and remains actively involved in ARSP meetings as the project advances.

On November 12, 2021, Washington Gas was notified by DOEE, the U.S. Department of Interior, and the National Oceanic and Atmospheric Administration that those agencies, as trustees, will perform a Natural Resource Damage Assessment of the Anacostia River and that Washington Gas was identified as a potentially responsible party. Washington Gas has accrued an amount for estimated study costs based on a potential range of estimates. However, Washington Gas is not able to estimate the total amount of potential costs or timing associated with D.C.'s environmental investigation on the Anacostia River at this time. In addition, an allocation method among the potential parties has not been established.

Chillum

On May 27, 2021, Washington Gas submitted an application to the MDE VCP for a former gas holder site located in Chillum, Maryland. On November 27, 2024, Washington Gas submitted the Remedial Investigation Report to the MDE VCP. Washington Gas has accrued an amount for the Chillum site based on the potential costs of a range of remedial options.

West Station

On September 8, 2023, Washington Gas received a Directive Letter from DOEE concerning the former MGP known as the "West Station Gas Works." This Directive requested specific information and implementation of a site investigation for which the Site Investigation Work Plan was approved by DOEE on April 19, 2024. The Company is not able to estimate the total amount of potential costs or timing associated with a site investigation at this time. Washington Gas has accrued an amount for estimated information request response costs based on a potential range of estimates.

Regulatory orders issued by the PSC of MD allow Washington Gas to recover the costs associated with the sites applicable to Maryland over the period ending in 2035. Rate orders issued by the PSC of DC allow Washington Gas a three-year recovery of prudently incurred environmental response costs and allow Washington Gas to defer additional costs incurred between rate cases. Regulatory orders from the SCC of VA have generally allowed the recovery of prudent environmental remediation costs to the extent they were included in the underlying financial data supporting an application for rate change.

If revisions to applicable environmental laws or regulations require further investigation and remediation to be performed at the sites in the future, Washington Gas could incur a material liability. This liability would be offset by a corresponding regulatory asset. To the extent that any costs are not fully recoverable from customers through regulatory proceedings or from insurance or other potentially responsible persons in any of Washington Gas' jurisdictions, these costs would reduce its earnings and results of operations.

Climate Regulation

In certain jurisdictions where Washington Gas operates, legislation and other forms of regulation driven by climate goals or other policies intended to reduce carbon or decarbonize — including policy-driven electrification, renewable fuel requirements, building code revisions that reduce or eliminate natural gas in residential or commercial buildings, building performance standards that eliminate natural gas, efficiency standards or other measures — may be, or have been, enacted at the federal, state or local level. For example, D.C. Law 24-177 requires the Mayor to issue final regulations by December 31, 2026 that require all new construction or substantial improvements of commercial buildings (with limited exceptions) to be constructed to a net-zero-energy standard, which is defined to prohibit on-site fuel combustion. In Montgomery County, Maryland, Bill 13-22 will require regulations that establish all-electric building standards for all new construction (with limited exceptions) by December 31, 2026. In December 2024, the Maryland Department of Environment promulgated final "Building Energy Performance Standards" regulations that will impose carbon dioxide reduction requirements (that will eventually reach zero) for certain covered buildings. Washington Gas is now a plaintiff in federal district court litigation challenging each of the foregoing limitations on natural gas usage. See *National Association of Homebuilders of the United States v. District of Columbia,* No. 1:24-v-0292 (D.D.C.); *National Association of Homebuilders of the United States v. Montgomery County, Maryland,* No. 8:24-cv-03204 (D.Md.); *Maryland Building Industry Association, Inc. v McIllwain,* No. 1:25-cv-00113 (D.Md.).

This current or future legislation or regulation may impose additional requirements, restrictions, or costs on Washington Gas' operations or may adversely impact customer growth or usage or may impact Washington Gas' ability to recover costs and maintain reasonable rates. Additionally, current or pending environmental laws and regulations could restrict or impact AltaGas' business operations, financial conditions, and operating expenses (which may or may not be recoverable in customer rates) by providing a cost or other competitive advantage to energy sources other than natural gas, reducing demand for natural gas service and/or the amount of potential new customers, passing on additional costs or restrictions to end users of natural gas, negatively impacting the price of natural gas, increasing the likelihood of litigation, requiring new infrastructure and technology development and implementation, and negatively impacting the overall public perception of AltaGas' services or products that negatively diminishes the value of its brand.

SEMCO

SEMCO has completed its investigation and remediation at the two MGP sites it was responsible for and has received NFA letters from the Michigan Department of Environment, Great Lakes, and Energy for both sites. SEMCO will continue to monitor these sites in the future as required by the NFA letters.

In accordance with an MPSC accounting order, SEMCO's environmental investigation and remediation costs associated with these MGP sites are deferred and amortized over ten years. Rate recognition of the related amortization expense does not begin until the costs are subject to review by the MPSC in a base rate case. To the extent that any costs are not fully recoverable from customers through regulatory proceedings or from insurance or other potentially responsible persons, these costs would reduce SEMCO's earnings and results of operations.

As a result of the NFA letters received to date, SEMCO believes that the likelihood of any further liability at either of these sites is remote. However, if applicable environmental laws change that require further investigation and remediation to be performed at the sites in the future, SEMCO could incur a material liability. This liability would be offset by a corresponding regulatory asset.

Environmental, health, and safety regulations may also require SEMCO to install pollution control equipment, modify its operations, or perform other corrective actions at its facilities.

**U.S. Federal Air and GHG Regulations**

Greenhouse Gas Reporting Program

The U.S. GHGRP requires reporting of GHG data and other relevant information from large GHG emission sources, fuel, and industrial gas suppliers, and $CO_2$ injection sites in the United States. A total of 41 categories of reporters are covered by the GHGRP. Facilities determine whether they are required to report based on the types of industrial operations located at the facility, their emission levels, or other factors. Facilities are generally required to submit annual reports under Part 98 of the GHGRP if:

- GHG emissions from covered sources exceed 25,000 metric tons $CO_2e$ per year;

- Supply of certain products would result in over 25,000 metric tons $CO_2e$ of GHG emissions if those products were released, combusted, or oxidized; or
- The facility receives 25,000 metric tons or more of $CO_2$ for underground injection.

On May 6, 2024, the USEPA issued a final rule to strengthen, expand, and update methane emissions reporting requirements for petroleum and natural gas systems under the GHGRP. Operational adjustments may be required by AltaGas to align with new reporting and monitoring requirements.

All of AltaGas’ operating facilities and utilities located in the U.S. operate under and comply with the requirements set forth by the GHGRP.

For further discussion of the U.S. federal and state air emission regulations, please see "Business of the Corporation – Corporate/Other Segment – Environmental Considerations Impacting the Corporate/Other Segment".

## MIDSTREAM BUSINESS

AltaGas’ Midstream business contributed revenue of $7.9 billion for the year ended December 31, 2024 (2023 - $8.1 billion), representing approximately 64 percent (2023 – 63 percent) of AltaGas’ total revenue before the Corporate/Other segment and intersegment eliminations.

### Global Exports

AltaGas' global export assets are focused on providing global market access for North American LPGs, which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia to AltaGas' downstream customers. Global export assets extend AltaGas' integrated value chain and attract additional volumes to the AltaGas system, supporting future growth of the overall Midstream infrastructure platform. AltaGas' significant export facilities are as follows:

| Export Facilities | | | | | | |
|---|---|---|---|---|---|---|
| Facility | Location | Equity Interest (%) | Propane LPG Storage Capacity (Bbls) | Butane Storage Capacity (Bbls) | Nameplate LPG Export Capacity (Bbls/d) | 2024 LPG Export Throughput (Bbls/d) |
| RIPET | Ridley Island, BC | 70 % | 600,000 | — | 80,000 | 76,296 |
| Ferndale | Ferndale, WA | 100 % | 400,000 | 400,000 | 70,000 | 45,951 |
| REEF - *under construction* (1) | Ridley Island, BC | 50 % | 400,000 | 200,000 | 56,000 | n/a |
| Total | | | 1,400,000 | 600,000 | 206,000 | 122,247 |

(1) Listed storage and export capacity is proposed as REEF is under construction.

<u>RIPET</u>

On October 16, 2015, AltaGas entered into a project agreement with RTI (now Trigon) for RIPET, with construction commencing in April 2017. In May 2017, AltaGas entered into a joint venture agreement with Vopak pursuant to which Vopak acquired a 30 percent interest in RIPET. The commercial operations of RIPET commenced in May 2019, with the first propane shipment departing from the terminal to Asia.

The terminal leverages CN's existing railway network and the deepest harbor in North America to offer Canada's natural gas liquids producers direct access to international markets and a 15-day shipping advantage versus the U.S. Gulf Coast. With RIPET being the closest North American LPG terminal to Asia, it allows Canadian natural gas and propane producers and aggregators to diversify their market access to Asia, a premium market for propane.

REEF

REEF is a large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is currently being constructed on Ridley Island, British Columbia. The project is being developed by AltaGas and Vopak and will be located adjacent to the partners' existing RIPET facility. AltaGas will hold a 50 percent working interest in REEF and will be the project operator with Vopak holding the other 50 percent interest.

On May 29, 2024, a positive FID for Phase 1 was announced on the project. Construction of in water works, overburden removal, rock blasting and early rail offloading foundation works are all progressing. Phase 1 includes construction of a new deep water marine jetty with significant capacity for potential future phases.

Ferndale LPG Export Facility

Located approximately 100 miles north of Seattle, the Ferndale terminal represents a strategic outlet point for North American LPG volumes. Like RIPET, it is competitively situated to serve the high-demand Far East market with shorter average shipping times and has a similar competitive arbitrage as RIPET compared to the U.S. Gulf Coast.

Terminal demand is supported through various long-term purchase agreements with Canadian and U.S. suppliers, primarily from key producing regions, processing facilities and refineries in parts of Western Canada and the Northern U.S., including the Bakken in North Dakota. AltaGas also maintains service agreements with numerous Tier 1 rail providers in order to leverage existing railway networks to take advantage of competitively priced product across North America. The terminal is also pipeline connected to two regional refineries, providing additional supply, sales and fee-for-service opportunities for the terminal.

Time Charters

AltaGas has a total of five contracted time charters, three of which are currently operating and two are under construction, with deliveries expected in 2026. The terms of these time charters range from 2 years to 10 years with certain optional extensions.

### Natural Gas Gathering, Processing and Extraction

Midstream processing activities are comprised of gathering systems that move natural gas on behalf of producers from the wellhead to AltaGas plants where impurities and certain hydrocarbon components are removed, and the gas is compressed to meet the operating specifications of downstream pipeline systems. AltaGas' Midstream processing facilities serve customers primarily in the WCSB that deliver natural gas into downstream pipeline systems and can connect producers to the global export markets for LPG. AltaGas has a total net licensed processing capacity of approximately 2.4 Bcf/d (excluding projects under development). All of AltaGas' processing facilities are capable of extracting NGLs, which are then converted into useable products. The main drivers of AltaGas' processing activities are throughput, inlet composition, gathering and processing fees, frac spreads, and operating costs, with several facilities having the benefit of take-or-pay contracts. Throughput is impacted by new well tie-ins, re-activations, re-completions, well optimizations performed by producers, natural production declines in areas served by AltaGas' processing facilities, and gas available on the main lines. Additionally, a significant portion of AltaGas' Midstream contracts flow the Company's operating costs through to its end customers and provide a steady rate of return on its infrastructure investments.

AltaGas' significant processing facilities are as follows:

| Natural Gas Gathering, Processing, and Extraction Facilities | | | | | |
|---|---|---|---|---|---|
| Facility | Location | Equity Interest (%) | Operated / Non-Operated | Licensed Gas Processing Capacity - Net (Mmcf/d) | 2024 Gas Processing Throughput - Net (Mmcf/d) |
| Townsend | North of Fort St. John, BC | 100 % | Operated | 550 | 254 |
| Pipestone Phase I | Grand Prairie, AB | 100 % | Operated | 110 | 90 |
| Pipestone Phase II - *under construction* (1) | Grand Prairie, AB | 100 % | Operated | 100 | n/a |
| Gordondale | Bonanza, AB | 100 % | Non-Operated | 150 | 106 |
| Blair Creek | North of Fort St. John, BC | 100 % | Operated | 120 | 46 |
| JEEP | Joffre, AB | 100 % | Operated | 250 | 103 |
| EEEP | Edmonton, AB | 100 % | Operated | 390 | 155 |
| PEEP | Empress, AB | 11 % | Non-Operated | 135 | 132 |
| Harmattan | Sundre, AB | 100 % | Operated | 490 | 352 |
| Younger | Taylor, BC | 28 % | Non-Operated | 213 | 159 |
| Total | | | | 2,508 | 1,397 |

(1) Listed licensed capacity is proposed as Pipestone Phase II is under construction.

Townsend Complex

The Townsend complex, which is wholly owned by AltaGas, is a 550 Mmcf/d gas processing facility located approximately 100 km north of Fort St. John and 20 km southeast of AltaGas' Blair Creek facility. The majority of the processing capacity is contracted with Montney producers in the area under long-term take-or-pay agreements. In addition, the Townsend complex is able to provide NGL handling, treatment, and storage services to producers. Refer to the "Fractionation and Liquids Handling" section below.

A 25 km gas gathering line connects the Blair Creek field gathering area to the Townsend complex.

Pipestone

AltaGas owns 100 percent of Pipestone Phase I which is a high-quality operational sour deep-cut natural gas facility with 110 Mmcf/d of processing capacity and 20,000 Bbls/d of liquids handling capacity located in the heart of the Alberta Montney. The facility is currently 100 percent contracted with the majority of volumes coming from long-term take-or-pay contracts with credit worthy customers. The facility includes 67 km of natural gas gathering pipelines that are tied into key production regions and provides strategic egress connections to the NGTL and the Alliance pipeline systems. The facility also includes the Pipestone condensate truck-in/truck-out terminal for liquids handling and value maximization.

AltaGas also owns 100 percent of Pipestone Phase II, which is currently under construction and will provide an additional 100 MMcf/d of sour deep-cut natural gas processing capacity and an additional 20,000 Bbls/d of liquids handling capabilities. Pipestone Phase II is 100 percent contracted under long-term take-or-pay agreements with a combination of marquee independent and investment grade producers. All Pipestone Phase II customers who are existing Pipestone Phase I customers have also agreed to multi-year contract extensions, further improving the long-term commercial profile of the Pipestone Assets. The project is adjacent to Pipestone Phase I, which AltaGas acquired in December 2023, and is being constructed on a fixed price turnkey basis for the majority of the capital costs. When complete, this project will deliver critical gas processing and liquids handling capacity in the Pipestone region of Alberta, which is one of the fastest growing liquids-rich natural gas developments in Canada.

AltaGas has 33 MW of co-generation capacity at Pipestone Phase I. The co-generation facility has a waste heat recovery unit that is capable of producing the process heat required to process gas at Pipestone Phase I.

<u>Gordondale</u>

AltaGas owns 100 percent of the Gordondale facility which has licensed capacity of 150 Mmcf/d for processing sour natural gas and is located in the Gordondale area of the Montney reserve area approximately 100 km northwest of Grande Prairie, Alberta. The Gordondale facility processes gas gathered from Birchcliff's Gordondale Montney development under a long-term take-or-pay contract. The plant is equipped with liquids extraction facilities to capture the NGL value for the producer. The plant also has peaking power plant generators which serve as emergency back-up generation for the plant as well as power supply to the grid when demand is high or supply is low. Effective July 1, 2024, AltaGas transferred operatorship of the Gordondale facility to Birchcliff on a contract basis. AltaGas continues to own 100 percent of the facility and there is no change in the long term take-or-pay commitments.

<u>Blair Creek</u>

AltaGas owns 100 percent of the Blair Creek facility which has licensed capacity of 120 Mmcf/d of natural gas. AltaGas operates the facility which is located approximately 140 km northwest of Fort St. John, British Columbia. The facility processes natural gas gathered from Montney producers in the area. The plant is equipped with liquids extraction facilities to capture the NGL value for the producer.

<u>JEEP</u>

AltaGas owns 100 percent of JEEP which has processing capacity of 250 Mmcf/d of natural gas and is capable of producing up to 10,400 Bbls/d of ethane and other NGLs.

The plant is adjacent to Nova Chemicals’ Joffre petrochemical complex and recovers ethane and other NGLs from the fuel gas used at the complex and other nearby facilities. Ethane from JEEP is contracted under an annual spot purchase agreement, while negotiations towards a long-term agreement continue. AltaGas delivers its NGL production to the Harmattan fractionation plant for further processing. The resulting spec products are sold into markets throughout North America to maximize plant gate netbacks.

<u>EEEP</u>

AltaGas owns 100 percent of EEEP. EEEP is directly connected to the Alberta Ethane Gathering System and to Plains Midstream Canada’s Co-Ed NGL pipeline. The plant has a licensed gross inlet capacity of 390 Mmcf/d of natural gas and gross production capacity of 30,500 Bbls/d of ethane and other NGLs.

The processed gas from the facility supplies end-use markets in the city of Edmonton, Alberta. Some of the EEEP ethane production capacity is currently sold to ethane buyers under both spot and long-term fee-for-service contracts. The NGL production is delivered to a Fort Saskatchewan fractionator for further processing. AltaGas takes the resulting spec products in-kind and sells to North American and global markets, through RIPET, to maximize plant gate netbacks.

Gas is supplied to EEEP under a gas supply agreement with NGTL which includes the right for AltaGas to extract liquids from all gas processed at EEEP.

Harmattan

AltaGas owns a 100 percent interest in Harmattan located 100 km north of Calgary, Alberta. Harmattan has natural gas processing capacity of 490 Mmcf/d consisting of sour gas treating, co-stream processing, and NGL extraction. In addition, Harmattan has fractionation and terminalling facilities (see the "Fractionation and Liquids Handling" section below). Harmattan's raw natural gas supply is based on producer activity in the west-central region of Alberta. Harmattan is well-positioned as the high-volume, low-cost processing facility in its service area.

At Harmattan, natural gas processing services are provided to approximately 70 producers under contracts with a variety of commercial arrangements and terms. Approximately 17 percent of the natural gas volume processed at Harmattan is done under the terms of the Rep Agreements which have life-of-reserves dedications. The balance of the raw natural gas processed at Harmattan is processed under contracts with terms varying from one month to life-of-reserves. The majority of the contracts provide for fee escalation based on CPI.

The co-stream processing allows the extraction of NGLs from gas in the west leg of the NGTL system using unused capacity in the NGL recovery units at Harmattan. The co-stream processing has resulted in increased utilization at the plant, with the added benefit that the equipment installed for the co-stream process increases reliability and efficiency for both gas processing and co-streaming customers. AltaGas entered into a 250 Mmcf/d cost-of-service co-stream processing agreement with Nova Chemicals related to ethane and other NGL extraction at Harmattan in 2012 for an initial term of 20 years. AltaGas delivers all NGLs or co-stream gas products on a full cost-of-service basis to Nova Chemicals.

AltaGas has 45 MW of co-generation capacity at Harmattan through three co-generation facilities, each of which can generate 15 MW of power. The co-generation facilities have a heat recovery steam generator that is capable of producing all of the steam required to process gas at Harmattan from the waste heat in the exhaust gases from the turbine. Excess electricity from the co-generation units is delivered to the Alberta power market.

In January 2024, AltaGas completed and placed in-service the Harmattan Acid Gas Injection well, which is capable of capturing up to 60,000 tonnes per year of carbon emissions at the Company's Harmattan gas plant.

Management identified environmental issues associated with the prior activities of Harmattan. An environmental allocation agreement is in place with the former operator that allocates the liability. This agreement significantly reduces soil and groundwater contamination liability to AltaGas. See "Risk Factors - Decommissioning, Abandonment, and Reclamation Costs" in this AIF.

Younger

AltaGas owns a 28 percent interest in Younger processing and extraction assets and a 50 percent interest in Younger's fractionation and terminalling assets (see the "Fractionation and Liquids handling" section below). Younger has licensed capacity to process up to 750 Mmcf/d of natural gas and AltaGas' share of such capacity is 213 Mmcf/d. The remaining interest is held by Pembina, which has assumed plant operatorship. Younger processes natural gas transported on the West Coast transmission system and other regional transmission systems to recover NGLs. Natural gas supply to Younger is dependent on the amount of raw gas processed at the McMahon gas plant, which is based on the robust natural gas producing region of northeastern British Columbia.

### Fractionation and Liquids Handling

AltaGas' fractionation and liquids handling business is highly integrated with its upstream gas gathering, processing, and extraction business, with the business driven by gas processing volumes, liquids composition, and NGL extraction volumes from the gas streams. AltaGas' fractionation and liquids handling business is also physically linked to its global exports business, with LPGs that come from fractionators shipped through its NGL pipelines and rail network to the Company's global exports terminals.

AltaGas' liquids handling infrastructure consists of NGL pipelines, treating, storage, and truck and rail terminal infrastructure centered around AltaGas’ key Midstream operating assets at RIPET, the Ferndale terminal, Harmattan, and in NEBC, the Townsend complex and the North Pine facility. In the NEBC area, a network of NGL pipelines connects upstream gas plant producers to the AltaGas North Pine facility. AltaGas' liquids handling infrastructure also consists of a 19,500 Bbls/d NGL treatment facility at the Townsend complex designed to process mercaptan rich NGL volumes delivered from the Townsend complex deep-cut plant and Aitken Connector pipeline.

AltaGas' significant fractionation facilities are as follows:

| Fractionation and Liquids Handling Facilities | | | | | |
|---|---|---|---|---|---|
| Facility | Location | Equity Interest (%) | Operated / Non-Operated | NGL Fractionation Capacity - Net (Bbls/d) | 2024 NGL Fractionation Throughput - Net (Mmcf/d) |
| Harmattan | Sundre, AB | 100 % | Operated | 35,000 | 18,352 |
| Younger | Taylor, BC | 50 % | Non-Operated | 9,750 | 4,717 |
| North Pine | Fort St. John, BC | 100 % | Operated | 25,000 | 20,283 |
| Total | | | | 69,750 | 43,352 |

Harmattan

Harmattan has NGL fractionation capacity of 35,000 Bbls/d, a 450 Bbls/d capacity frac oil processing facility, and a 200 tonnes/d capacity industrial grade $CO_2$ facility. Harmattan is the only deep-cut and full fractionation plant in its operating area. Fractionation services at Harmattan are provided under contracts with a variety of commercial arrangements and terms, typically fee-for-service revenues. Harmattan fractionation services include a truck terminal for NGL mix delivered from adjacent plants in the area, as well as a rail terminal at Didsbury with a loading capacity of approximately 10,000 Bbls/d.

Younger

AltaGas owns a 50 percent interest in Younger's fractionation, storage, loading, treating and terminalling of NGL facility, with the remaining interest held by Pembina, which operates the plant. While Younger is the only straddle plant in its operating area, the Alliance pipeline competes for local natural gas supply. Pembina is responsible for sourcing AltaGas’ gas supply and AltaGas markets its share of NGLs produced.

North Pine Facility

The North Pine facility is the only custom fractionation plant in B.C., providing area producers with a lower cost, higher netback alternative for their NGLs than transporting and fractionating in Edmonton. After the most recent optimization of the facility in 2024, the North Pine facility is capable of processing up to 25,000 Bbls/d of NGL mix.

The North Pine facility is connected via the North Pine pipelines to the Townsend truck terminal which has a capacity of 10,000 Bbls/d and is contracted through long-term supply agreements with the producers at the Townsend complex. The North Pine facility is also connected to the Tourmaline Gundy facility, and has access to the CN rail network, allowing for the transportation of propane, butane, and condensate to North American markets and propane to global markets via RIPET.

### Terminals and Storage Business

AltaGas' Midstream segment also includes a terminals and storage business, which supports its marketing and distribution business by providing the ability to source, transport, process, store, and deliver products through strategically located fixed assets throughout North America. In addition, the business provides various terminalling services to third party customers through take-or-pay or fee-for-service agreements which provide earnings stability through volatile commodity price environments.

The terminals and storage business consists of strategically located crude oil, natural gas, and NGL assets which provide storage, blending, rail and truck logistical support and waterborne LPG export capabilities.

AltaGas' significant terminals are as follows:

| 2024 Licensed Capacity | | | | | |
|---|---|---|---|---|---|
| Facility | Location | Equity Interest (%) | Operated / Non-Operated | Operational Capacity LPG/ NGL/Crude - Gross (Bbls/d) | Storage Capacity - Gross (Bbls) |
| Griffith LPG Terminal [1] | Griffith, IN | 100 % | Operated | 12,000 | 700,000 |
| Fort Sask. NGL Terminal [2] | Fort Saskatchewan, AB | 100 % | Operated | 25,000 | 180,000 |
| Strathcona Storage JV | Fort Saskatchewan, AB | 40 % | Non-Operated | — | 3,215,500 |
| Crude Blending Terminals | Various | 100 % | Operated | 25,700 | 20,000 |
| Total | | | | 62,700 | 4,115,500 |

(1) Operational capacity can be expandable to 30,000 Bbls/d. Also includes rail siding capacity of up to 220 railcars.

(2) Includes rail siding capacity of up to 265 railcars.

Sarnia Storage and Crude Oil Terminal Agreement

The Sarnia storage and crude oil terminal agreement with Nova Chemicals provides AltaGas with crude oil storage and rail loading infrastructure accessibility as well as pipeline connection to a local Sarnia refiner. Situated in southern Ontario, this terminal provides the ability to service crude oil demand needs to eastern refiners and end users through regional rail networks and Enbridge pipeline infrastructure. Nova Chemicals maintains and manages the terminal assets, while AltaGas manages the marketing and commercial agreements for the terminal. This terminal provides up to 2.1 million Bbls of crude oil and refined product storage capacity with outbound throughput supported by 10,000 Bbls/d of rail loading capacity as well as 75 Bbl/d of pipeline egress. The terminal generates revenue through storage contracts and storage tank leases, rail loading, and term commitments for crude oil supply. The agreement expires in 2028 and can be renewed at the discretion of the parties. The right to access the terminal assets under the arrangement have been recorded as a lease by AltaGas.

AltaGas' significant storage facilities are as follows:

| 2024 Licensed Capacity | | | | |
|---|---|---|---|---|
| Facility | Location | Equity Interest (%) | Operated / Non-Operated | Storage Capacity - Gross (Bcf) |
| Sarnia Gas Storage | Sarnia, ON | 50 % | Non-Operated | 5.9 |
| Dimsdale Natural Gas Storage [1] | Grand Prairie, AB | 100 % | Operated | 15.0 |

(1) Storage capacity can be increased more than four-fold through potential expansion projects.

***Trucking and Wellsite Fluids***

AltaGas' Midstream business includes two primary trucking entities, which provide transportation related services within the WCSB and the United States Pacific Northwest by hauling frac fluid, produced water, crude oil and NGLs between producers, terminals, customers and end users. Trucking operations are instrumental in connecting suppliers and customers to either the AltaGas infrastructure assets, third party terminals, or long-haul transportation to domestic wholesale markets.

Additionally, AltaGas owns Enerchem, a Canadian partnership which focuses on the production of drilling and wellsite fluids as well as consumer fuels. Enerchem operates two primary facilities located in Sundre and Slave Lake, Alberta, which are capable of processing over 1.5 million Bbls of finished products per year. These plants are supported by various ancillary storage and distribution facilities located across the WCSB providing over 150,000 Bbls of storage capacity, strategically placed within the vicinity of active drilling regions.

### NGL and Crude Oil Marketing

AltaGas' marketing business is focused on the purchase, sale, exchange, and distribution of NGLs and crude oil, primarily in proximity to its strategically owned and leased asset base. By leveraging AltaGas' fully integrated infrastructure base and extensive logistical capabilities, the marketing team is able to source competitively priced supply at the key hubs and across various hydrocarbon basins in order to capture arbitrage opportunities derived through regional pricing differentials. Marketing efforts are driven by two primary focuses: 1) domestic NGL and crude oil wholesale, and 2) LPG waterborne exports. AltaGas supports its distribution efforts by maintaining an extensive leased rail fleet consisting of approximately 4,500 rail cars in 2024. Leases are on a full-service basis and are established on a staggered maturity schedule with multiple lessors to ensure railcar integrity and up-to-date DOT classification. AltaGas also provides energy procurement services for utility gas users and manages the third-party pipeline transportation requirements for many of its gas marketing customers.

### Mountain Valley Pipeline

AltaGas owns a 10 percent equity interest in the Mountain Valley Pipeline. The FERC regulated interstate natural gas pipeline, which is owned by Mountain Valley (a venture of EQT and other entities), transports approximately 2.0 Bcf/d of firm transmission capacity to markets in the Mid- and South-Atlantic regions of the United States and has throughput expansion opportunities. MVP extends more than 300 miles from Equitrans LP's system in Wetzel County, West Virginia to Transco's Station 165 in Pittsylvania County, Virginia.

On June 14, 2024, MVP was placed into service after satisfying all legal and regulatory requirements. Long-term firm capacity service started on July 1, 2024, in which MVP has agreements with multiple shippers for the full capacity of the pipeline for at least 20 years.

MVP Southgate Project

The MVP Southgate Project is an interstate natural gas pipeline that will extend MVP from southern Virginia into central North Carolina. The project is owned by a consortium with AltaGas owning a 5.1 percent equity stake. In December 2023, MVP announced it entered into precedent agreements with two counterparties to collectively provide 550,000 Dth per day of firm capacity commitments for 20-year terms with two potential five-year extensions. The precedent agreements contemplate a redesigned project, which would extend 31-miles from the terminus of MVP in Pittsylvania County, Virginia to planned new delivery points in Rockingham County, North Carolina using a 30-inch diameter pipe, substantially fewer water crossings, and would not require a new compressor station. On February 3, 2025, MVP filed with the FERC requesting amendment to the existing "Certificate of Public Convenience and Necessity" for the redesigned MVP Southgate Project. The redesigned MVP Southgate Project is expected to cost approximately US$370 million, of which approximately US$19 million will be AltaGas' portion. In the fourth quarter of 2021, AltaGas impaired its equity investment in the MVP Southgate project to a carrying value of $nil as a result of legal and regulatory challenges the project had encountered. AltaGas has a high degree of confidence in MVP Southgate becoming operational and remains committed to supporting the MVP Southgate project and connecting downstream customers to this critical transportation capacity.

## Competition

Through its integrated infrastructure value chain, AltaGas connects North American producers and aggregators from the wellhead to the global LPG markets via RIPET and the Ferndale terminal. As previously mentioned, AltaGas, with its partner Royal Vopak, is developing a third west coast LPG export terminal, REEF, that is slated to be in service near the end of 2026. With three VLGC time charters currently in use and the addition of two new VLGCs commencing in 2026, AltaGas' integrated value proposition is a unique offering that would be challenging to replicate. Regardless, ensuring consistent cost competitiveness and the highest netbacks is critical as AltaGas is competing for LPG supply from the WCSB. Currently, RIPET and the Ferndale terminal, at upwards of 150,000 Bbls/d of nameplate throughput capacity, account for approximately one quarter of the LPG demand in the WCSB. When REEF becomes operational, AltaGas will add an additional 56,000 Bbls/d of west coast export capacity. The expectation of continued North American natural gas volume growth and the resulting LPG supply/demand imbalance, combined with strong Asian demand, is expected to maintain a robust pricing differential between North America and Asia. AltaGas' structural and locational advantage through RIPET and the Ferndale terminal, as well as the advancement of REEF, will enhance producers' netbacks and be highly competitive with other North American LPG exports for LPG supply as AltaGas' global export operations continue to be optimized. To protect and enhance its competitive advantage, logistics optimization remains one of AltaGas' top priorities.

On the upstream side of the value chain, AltaGas competes with large, integrated exploration and production entities, as well as other midstream entities operating in the WCSB for natural gas processing services. AltaGas' core natural gas processing facilities are strategically located in liquids rich basins which are positioned to drive WCSB volume growth, and offer additional services such as extraction, LPG fractionation, liquids handling and rail loading. These facilities provide AltaGas' producers and other customers with access to lower cost and higher netback alternatives for their NGLs, the opportunity to market their LPGs regionally and most importantly, attracts supply to AltaGas' export terminals. AltaGas' net licensed gas processing capacity is approximately 2.4 Bcf/d, which is approximately 13 percent of the natural gas volumes produced in the WCSB. The majority of WCSB processing capacity generally continues to be provided by the upstream natural gas exploration and production companies. With the ability to provide Western Canadian producers a fully integrated value chain, supported by liquids processing and handling and global export capabilities, AltaGas is well positioned to compete for incremental throughput for its existing processing facilities and attract future growth.

## Midstream Customers and Contracts

### *Significant Operating Areas and Customers*

Global Exports

As two of the only three LPG terminals operating on the west coast of North America and the only two able to ship with VLGCs and Large Gas Carriers, RIPET and the Ferndale terminal offer significantly reduced shipping times to the Asian LPG markets compared to the other North American LPG terminals that are not located on the west coast. Both terminals are connected to the key North American hubs with rail networks.

Processing and Fractionation

Approximately 53 percent of AltaGas’ processing volumes are processed through the Townsend complex, Blair Creek facility, Gordondale facility, the Pipestone I facility, and the Younger facility located in the liquids-rich Montney resource play in NEBC.

AltaGas has also fractionation capacity in NEBC through the North Pine facility and Younger facility. The North Pine facility is interconnected to the Townsend complex and is the only custom fractionation plant in British Columbia, providing area producers with a lower cost, higher netback alternative for their NGLs than fractionating in Edmonton. AltaGas undertook optimization initiatives in 2024 that increased North Pine throughput capacity to 25,000 Bbls/d.

The JEEP and EEEP facilities are strategically located and take advantage of the gas consumption by the petrochemical industry and the City of Edmonton. Harmattan is a significant service provider with a large capture area in west central Alberta. Many other facilities in the Harmattan area are currently underutilized, providing AltaGas with opportunities to consolidate and increase asset utilization and profitability.

<u>Terminals and Storage</u>

The Fort Saskatchewan NGL terminal is strategically located in the Fort Saskatchewan petrochemical hub, near Edmonton. It is pipeline connected to a regional fractionator with long-term agreements to ship LPGs. The terminal is also pipeline connected to the Strathcona Storage Joint Venture which is located in the same area. The LPG caverns are supporting the supply and logistics capabilities required for the global export business.

The Dimsdale natural gas storage facility is strategically located north of the upstream James River constraints within the NGTL system and provides unconstrained access to the Montney gas volumes during periods of AECO volatility. It is also one of only three facilities able to serve the balancing needs of the Montney and Canadian LNG demand pulls mid-decade and will be the only integrated processing and storage facility in the Montney.

***Midstream Contractual Arrangements***

<u>Global Exports</u>

RIPET and Ferndale terminal annual capacity is currently managed through a combination of merchant supply agreements and tolling arrangements for both propane and butane. AltaGas' plans are to have an increasing amount of RIPET and Ferndale terminal's capacity underpinned by tolling arrangements with focus on creating an integrated value chain for AltaGas' customers and suppliers in the WCSB from the wellhead to the global export markets.

<u>Processing and Fractionation</u>

AltaGas gathers, processes, and fractionates natural gas and NGL under contracts with natural gas producers. There are approximately 208 active processing contracts with approximately 115 counterparties. These contracts, in general:

- Establish fees for the gathering and processing services offered by AltaGas;
- Establish operating costs flow through to the producers for a significant portion of the contracts;
- Define the producers’ access rights to gathering and processing services;
- Establish minimum throughput commitments with producers and use appropriate fee structures to recover invested capital early in the life of the contract where capital investment is required by AltaGas;
- Define the terms and conditions under which future production is processed at an AltaGas facility; and
- Establish processing fees at several facilities on a take-or-pay basis.

The majority of contracts in place at December 31, 2024 were subject to annual price escalation related to changes in CPI.

Where natural gas reserves have been dedicated under a contract, the contract normally extends beyond one year and up to the life of the reserves, depending on the amount of capital AltaGas has invested in the facility.

Where reserves have not been dedicated under a contract or AltaGas has not made a significant capital investment, the contracts are normally subject to termination by either party upon one to three months' notice. Producing wells typically remain connected to a processing system for their entire productive lives.

Natural gas processing facility owners have the right to extract liquids from the natural gas stream, either directly as the owner of the natural gas, or through NGL extraction agreements. The typical commercial arrangement involves the ethane and NGL extraction plant owner contracting with the gas shipper on a natural gas transmission system for the right to extract NGL from the transporter's natural gas. Ethane and NGL are extracted from the energy content of the shipper's natural gas.

The value of ethane and NGL extraction is a function of the difference between the value of the ethane, propane, butane and condensate as separate marketable commodities and their heating value as constituents of the natural gas stream. If the components are not extracted and sold at prices that reflect the value for each of the individual commodities, they are sold as part of natural gas and generate revenue for their heating value at the prevailing natural gas price.

Fractionation facilities charge a fee to separate NGL mix into specification propane, butane, and condensate.

Terminals and Storage

The Fort Saskatchewan terminal offloads NGLs from the nearby fractionator and loads propane and butane onto tank trucks and railcars. A portion of the terminal's capacity is dedicated under a long-term agreement to the fractionation facility and provides egress capability for its customers. AltaGas enters into annual and long-term loading agreements with customers in the Fort Saskatchewan hub at the current competitive market based rates.

The Strathcona Storage Joint Venture currently handles propane, butane, and ethylene for customers/owners of the Fort Saskatchewan petrochemical hub. The two ethylene caverns store products under long-term lease agreements underpinned by cost of service models with creditworthy counterparties. The NGL caverns are leased under long-term agreements at market rate storage fees plus reimbursement of operating and maintenance costs.

The Dimsdale natural gas storage facility is contracted with multiple investment grade counterparties with contracts over an average 5 year term.

### Environmental Considerations Impacting the Midstream Business

The Midstream business is subject to the following environmental regulations:

***Canadian Jurisdictions***

Multi-Sector Air Pollutants Regulations

The Multi-Sector Air Pollutants Regulation promulgated under the Canadian EPA was passed on June 17, 2016. The regulation requires owners and operators of specific industrial facilities and equipment types to meet consistent performance standards across the country. The objectives of the regulations are to limit the amount of NOx emitted from modern (new) and pre-existing (existing), gaseous-fuel-fired engines and non-utility boilers and heaters used in many industrial facilities.

AltaGas is currently focused on evaluating and implementing air emissions reductions opportunities to reduce NOx emissions associated with its engine, heater, and boiler fleet. AltaGas will continue monitoring these regulations for updates as there are two parts of the regulations that the ECCC is considering amending. First, there are proposed amendments which would modify testing requirements for boilers and heaters. Second, there may be additional amendments put forth which will introduce methane requirements on regulated facilities, including facilities within the oil and gas sector. ECCC is targeting 2025 for the publication of the proposed amendments.

Federal Carbon Pricing

On December 9, 2016, the Government of Canada formally announced the "Pan-Canadian Framework on Clean Growth and Climate Change". As a result, on June 21, 2018, the federal government enacted the GGPPA to implement a carbon pollution pricing system that took effect beginning in 2019, to be applied in provinces and territories that do not have a carbon pricing system that aligns with the federal benchmark.

On October 11, 2022, the Government of Canada amended the GGPPA to establish the federal benchmark carbon price post-2022. These amendments formally set the national minimum price on carbon pollution to 2030. The Government of Canada has also over time strengthened the criteria that all provincial pricing systems across Canada must meet.

The federal carbon pollution pricing scheme is composed of two elements, both of which may impact AltaGas' business: (1) a carbon levy applied to the distribution of fossil fuels, priced at $65 per tonne in 2023, $80 per tonne as of April 2024, $95 per tonne beginning April 2025, and then increasing by $15 per year, reaching $170 per tonne of carbon emitted in 2030; and (2) an output-based pricing system for industrial facilities that emit 50,000 tonnes of $CO_2$e per year or more, with an opt-in capability for smaller facilities with emissions below the threshold.

The output-based pricing system applies to a covered facility's emissions from fuel combustion as well as any emissions of synthetically produced GHG's from industrial processes and products, provided the facility is in a designated province that does not have an equivalent carbon pricing system. As of December 31, 2024, AltaGas has three processing facilities that would exceed the 50,000 tonnes of $CO_2$e per year threshold, including two facilities in Alberta and one facility in British Columbia. These facilities will continue to be regulated by the carbon pricing and reporting systems within those provinces because the federal government currently considers the carbon pricing schemes in both Alberta and British Columbia as equivalent to the federal output-based pricing system. The B.C. scheme is also deemed equivalent to the federal carbon levy. In contrast, the federal carbon levy applies in Alberta, which does not have an equivalent regime applicable to the distribution of fossil fuels.

Provincial and territorial carbon pollution pricing systems will continue to be required to meet the strengthened 2023 to 2030 benchmark criteria to be a federally recognized carbon pollution pricing system. The federal government will continue to assess, on an annual basis, whether provinces and territories meet these criteria and whether they can continue to implement their own carbon pollution pricing regimes in lieu of the GGPPA. The outcome of the 2025 federal election may impact the federal carbon pricing scheme, and aspects of this scheme may be eliminated or substantially modified if there is a change in government.

Federal Greenhouse Gas Reporting Program

The GHGRP collects information on GHG emissions annually from facilities across Canada. It is a mandatory program for those who meet the requirements. Facilities that emit 10,000 tonnes or more of GHGs, in $CO_2$e per year, must report their emissions to Environment and Climate Change Canada. As of June 1, 2024, nine facilities within the Midstream segment reported to the GHGRP.

Methane Reduction Regulation

ECCC methane reduction regulations that detail requirements to reduce methane emissions through operational and equipment modifications came into effect in January 2020. ECCC's methane reduction regulations aim to reduce the oil and gas sector emissions by 40 to 45 percent below 2012 levels by 2025. ECCC has also pledged to develop a plan to reduce the sector's methane emissions by at least 75 percent below 2012 levels by 2030, as discussed further below. Alberta and British Columbia have drafted their own methane regulations that supersede the current federal regulation for provincially regulated assets.

The Alberta methane regulations (AER Directives 060 and 017) set out requirements for flaring, incinerating, and venting in Alberta at all upstream petroleum industry wells and facilities, with specific operational requirements to address fugitive emissions and venting. These operational requirements could result in equipment retrofit, equipment replacement, advanced planning, and investment to ensure compliance. In addition, companies are required to have a fugitive emissions management program that must be designed to reduce fugitive emissions over time and conduct leak detection surveys at their facilities at a prescribed frequency (annually or tri-annually) based on equipment or facility type.

In British Columbia, oil and gas facilities under the *Energy Resource Activities Act* - Drilling and Production Regulation are required to conduct leak detection surveys at their facilities at a prescribed frequency (annually or tri-annually) based on equipment or facility type. In addition to the leak detection surveys, natural gas vent limits have been established for various types of oil and gas equipment, which could result in equipment retrofit, equipment replacement, advanced planning, and investment to ensure compliance.

<u>TIER</u>

The TIER regulation in Alberta requires established industrial facilities with GHG emissions above a certain threshold to reduce their emissions. Emission reduction obligations under TIER are determined according to a facility specific benchmark approach, which initially required facilities to reduce emissions intensity by 10 percent relative to the facility's historical production weighted average emissions intensity and increased the stringency of the facility specific benchmark by 1 percent annually. Effective January 1, 2023, the benchmarks for most sectors will increase by 2 percent annually until the benchmark meets a designated high-performance benchmark, which is calculated as the average emissions intensity of the most emissions-efficient facilities in the sector. The Government of Alberta has also announced it will be increasing the price of fund credits under the TIER regulation to match the national minimum price on GHG emissions between 2023 and 2030.

AltaGas' Harmattan and Pipestone facilities are mandatory participants in the TIER program. Effective July 1, 2024, AltaGas no longer includes Gordondale as part of its TIER reporting as it no longer has operatorship of the facility.

<u>Greenhouse Gas Industrial Reporting and Control Act</u>

On January 1, 2016, the B.C. *Greenhouse Gas Industrial Reporting and Control Act* came into force to, among other things, ensure LNG facilities in B.C. have an emissions cap. The legislation replaced the previous *Greenhouse Gas Reduction (Cap and Trade) Act.*

AltaGas' Blair Creek facility, Townsend complex, North Pine facility, RIPET, and other assets in B.C. are subject to the reporting obligations and as of December 31, 2024, are in compliance with the Greenhouse Gas Emission Reporting Regulation.

<u>Carbon Tax Act</u>

AltaGas' operating facilities in B.C. operate under and comply with requirements set forth by the Carbon Tax Act of B.C. While AltaGas is subject to this tax, some of the compliance costs are recovered through contract recovery mechanisms with its customers. British Columbia established the CleanBC program which provided incentive payments or tax rebates for industrial operations that meet an established emission intensity benchmark. AltaGas participated in these programs and received carbon tax rebates at its facilities that met or exceeded the emission intensity benchmarks. The CleanBC rebate program ended in 2024, as the province transitioned to an output-based pricing system starting in April 2024. This system applies to covered industrial emitters and prices emissions that exceed specified output-based limits, as discussed further below.

British Columbia Output-Based Pricing System/Emission Cap

Beginning April 1, 2024, B.C. transitioned to an OBPS system that replaced the CIIP. The B.C. OBPS will be made more stringent for the oil and gas industry as the mechanism for the government to implement its Oil and Gas Emissions Cap, which is targeting 33 to 38 percent emissions reductions by 2030. The OBPS provides a carbon tax exemption for covered industrial operations, allowing them to pay a carbon price based on their emissions that exceed specified output-based limits. Industrial operations will be required to report under the OBPS for the first time on May 31, 2025. AltaGas will continue to monitor the B.C. government's implementation strategy and is evaluating the impact on AltaGas' facilities.

AltaGas' Blair Creek facility, Townsend complex, North Pine facility, RIPET, and other assets in B.C. are subject to the B.C. OBPS.

**Clean Electricity Regulations**

ECCC is advancing CER to achieve a net-zero electricity system by 2050. On August 10, 2023, the federal government released a draft of the CER, which if implemented as drafted, would cover all generating units that generate electricity using fossil fuels, have a capacity of 25 MW or greater, and are connected to an electricity system that is subject to North American Electric Reliability Corporation standards. With certain exceptions, the CER would impose a performance standard of 30 tonnes of $CO_2$ per gigawatt hour of electricity generated by covered units, measured on an annual average basis, provided the unit is a net exporter of electricity to the grid in the applicable year. On February 16, 2024, an update on the CER was released, introducing new design options for provincial operators and addressing feedback from consultations. On December 18, 2024, the final version of the CER was published with key provisions coming into force on January 1, 2025 and additional provisions coming into effect in 2035 and 2050. The final CER includes provisions on credit trading and pooling through transferable credits that fit within the CER's criteria. Additionally, the finalized version of CER revised emissions limits to be defined through annual emission limits expressed as the allowable tonnes of $CO_2e$ per year. AltaGas is currently assessing how the finalized version of CER may impact its co-generation facilities.

**Bill C-59 - Anti-Greenwashing Legislation**

On June 20, 2024, Bill C-59, an act to implement certain provisions of the fall economic statement (Bill C-59) came into force. Bill C-59 introduced significant updates to Canada's *Competition Act*, expanding on the deceptive marketing provisions and targeting environmental claims. The amendments to the *Competition Act* require businesses making environmental claims about products or business practices to substantiate their statements with adequate and proper testing or in accordance with internationally recognized methodologies. Additionally, beginning on June 20, 2025, private parties are entitled to bring deceptive marketing claims before the Competition Tribunal; a right previously exclusive to the Competition Bureau. Failure to comply with Bill C-59 may result in penalties of up to 3 percent of worldwide revenues and reputational damage. The introduction of Bill C-59 increases compliance risks for energy industry participants that make public environmental claims or engage in marketing respecting environmental responsibility.

***Anticipated Policies***

Methane Emissions Reduction Plan

On October 11, 2021, the ECCC committed to developing a plan to reduce oil and gas sector methane emissions by at least 75 percent below 2012 levels by 2030. In 2022, Canada released its proposed framework on how it intends to reach this goal. The framework proposes to expand the scope of existing methane regulations to apply to a wider set of sources, eliminate exclusions, and drive as many individual sources as possible toward zero emissions. On December 16, 2023, ECCC published draft regulations to implement the proposed framework. On October 15, 2024, ECCC released updated draft regulations that include stricter monitoring and reporting requirements for methane emissions. If implemented as drafted, these regulations would aim to reduce the sector's methane emissions in line with the 2030 target described above. While AltaGas would not be directly impacted by these regulations, provincial regulations must obtain equivalency in order to supersede the federal regulations. As such, the federal regulation will guide how the methane requirements within the provinces of B.C. and Alberta may change. AltaGas will continue to monitor and assess the impacts of the amendments on its businesses and operations as more information becomes available.

<u>GHG Emissions Reduction Plan and Oil and Gas Sector Emissions Cap</u>

On June 29, 2021, the federal government enacted the Net-Zero Act, which legislated a federal commitment to achieve net-zero GHG emissions by 2050 and a nearer-term target of the federal government's Nationally Determined Contribution under the Paris Climate Agreement, which currently is a 40 - 45 percent GHG emissions reduction by 2030. The upstream crude oil and natural gas industry is expected to contribute a significant amount of the reduction needed to achieve these goals. On March 29, 2022, the federal government released the first plan under the Net-Zero Act, the "2030 Emissions Reduction Plan".

In the 2030 Emissions Reduction Plan and a discussion paper which followed, the federal government has proposed to cap and reduce oil and gas sector GHG emissions to achieve an overall reduction of GHG emissions from the sector of 32 percent below 2005 levels by 2030. On December 7, 2023, the federal government published a proposed regulatory framework for this cap. On November 4, 2024, the federal government announced the proposed Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations, which include draft quantification methods for emissions. According to this proposal, the federal government would introduce a cap-and-trade system that would limit 2030 emissions from covered sources in the oil and gas sector to 20 to 23 percent below 2019 levels (or 35 to 38 percent below 2019 levels, without the use of certain compliance flexibility mechanisms). The cap-and-trade system would apply to emissions from certain oil and gas facilities, including LNG, conventional oil, offshore, oil sands, and natural gas production and processing facilities. The federal government has indicated that it plans to publish final regulations establishing the cap-and-trade system in 2025; however, although the public consultation on proposed emissions cap regulations closed on January 8, 2025, it remains to be seen whether final regulations will be published given the federal election taking place in 2025. The details of this cap and reduction strategy are still in development and AltaGas continues to actively monitor such developments.

***United States Jurisdictions***

**Washington State**

<u>Department of Ecology Reporting of Emissions of Greenhouse Gases</u>

The Department of Ecology has established Greenhouse Gas Reporting requirements for any facility that exceeds the threshold of 10,000 metric tonnes of $CO_2e$ or more per calendar year in total GHG emissions from applicable source categories. If the reporting threshold is exceeded, an annual GHG report must be filed with the Department of Ecology.

As of December 31, 2024, the Ferndale terminal was in material compliance with its GHG emissions reporting requirements.

<u>Washington Cap-and-Invest Program</u>

In 2021, the Washington State Legislature passed the Climate Commitment Act which establishes a comprehensive, market-based cap-and-invest program to reduce carbon pollution and achieve the GHG limits set in state law. Generally, businesses are subject to the program if they generate covered emissions that exceed 25,000 metric tons of $CO_2e$ per year. Covered business types include, but are not limited to, fuel suppliers, natural gas and electric utilities, waste-to-energy facilities (starting in 2027), and railroads (starting in 2031).

The Washington cap-and-invest program commenced January 2023. Fuel supplied by AltaGas within Washington State for combustion purposes is a covered activity under this program. AltaGas expects all incremental costs associated with the Washington cap-and-invest program to be passed through to its customers.

In November 2023, the Director of Ecology announced a preliminary decision to pursue linking Washington's carbon market with California and Québec, which already have a combined carbon market. All three governments formally expressed mutual interest in forming a shared carbon market for the first time on March 20, 2024. This linkage aims to create a larger, more efficient market for carbon allowances and enhance the effectiveness of the Washington cap-and-invest program.

On November 5, 2024, Washington voters rejected an Initiative which sought to repeal the Climate Commitment Act and prohibit any state agencies from implementing a cap-and-trade or cap-and-tax program.

***U.S. Federal Air and GHG Regulations***

The U.S. GHGRP requires reporting of GHG data and other relevant information from large GHG emission sources, fuel, and industrial gas suppliers, and $CO_2$ injection sites in the United States. A total of 41 categories of reporters are covered by the U.S. GHGRP. Facilities determine whether they are required to report based on the types of industrial operations located at the facility, their emission levels, or other factors. Facilities are generally required to submit annual reports under Part 98 if:

- GHG emissions from covered sources exceed 25,000 metric tons $CO_2$e per year;
- Supply of certain products would result in over 25,000 metric tons $CO_2$e of GHG emissions if those products were released, combusted, or oxidized; or
- The facility receives 25,000 metric tons or more of $CO_2$ for underground injection.

On May 6, 2024, the U.S. Environmental Protection Agency (EPA) issued a final rule to strengthen, expand, and update methane emissions reporting requirements for petroleum and natural gas systems under the GHGRP. Operational adjustments may be required by AltaGas to align with new reporting and monitoring requirements.

All of AltaGas' operating facilities located in the U.S. operate under and comply with requirements set forth by the U.S. GHGRP.

***Anticipated Policies***

**California Climate Disclosure Bills**

On October 7, 2023, the state of California signed into law two climate disclosure bills which will require many companies doing business in California to make broad-based climate-related disclosures starting as early as 2026. The two bills are:

- SB 253, *Climate Corporate Data Accountability Act*: This bill will require certain companies to disclose their total GHG emissions on an annual basis beginning with scope 1 and scope 2 emissions in 2026 and phasing in scope 3 emissions in 2027. As part of SB 253, the CARB must develop and adopt regulations on or before January 1, 2025 outlining the specific requirements of the *Climate Corporate Data Accountability Act*.
- SB 261, *Greenhouse Gases: Climate-Related Financial Risk*: This bill will require certain companies to disclose climate-related financial risks, and measures to mitigate such risks, pursuant to the TCFD recommendations.

On September 27, 2024, California Governor Gavin Newsom signed SB 219 into law, making important changes to SB 253 and SB 261. SB 219 grants CARB an additional six months, until July 1, 2025, to adopt implementing regulations.

Reporting obligations under the two bills as currently written are expected to commence in 2026 and continue thereafter on an annual basis for SB 253 and a biennial basis for SB 261; however, the details regarding implementation are still in development and AltaGas continues to actively monitor such developments.

## CORPORATE/OTHER SEGMENT

The Corporate/Other business consists of power assets and AltaGas' corporate activities, including general corporate investments and other revenue and expense items, such as general corporate overhead, foreign exchange gains (losses), and interest expense, which are not directly attributable to AltaGas’ operating business segments. For the year ended December 31, 2024, the revenue for the Corporate/Other business was $86 million excluding intersegment eliminations and risk management and trading activities (2023 – $99 million).

### Power Assets

AltaGas' power assets are engaged in the generation and sale of resource adequacy, merchant energy and related products, primarily in California. AltaGas has 508 MW of installed power capacity from a combination of gas-fired and remaining distributed generation assets, as set forth in the below table:

| Facility | Interest (%) | Capacity (MW) | Type | Geographic Region | Contracted Expiry Date |
|---|---|---|---|---|---|
| Blythe | 100 % | 507 | Gas-fired | California, U.S. | 2027 |
| Distributed Generation | 100 % | 1 | Various | Various regions in the U.S. | Various |
| Total | | 508 | | | |

Gas-Fired Generation

Blythe Energy Center, located in southern California, utilizes gas-fired generation to produce power and serves the transmission grid, which is operated by the CAISO, to cover periods of high demand primarily driven by the Los Angeles area. The facility is directly connected to an El Paso Gas Company natural gas pipeline for its primary gas supply and a Southern California Gas Company pipeline as a secondary gas supply, and also interconnects to SCE and CAISO via a 67-mile transmission line which is also owned by Blythe Energy Center.

### Competition

In February 2023, AltaGas reached an agreement with SCE for the purchase of resource adequacy attributes from the Blythe Energy Center for the period from January 1, 2024 through December 31, 2027. Previously, the Blythe Energy Center was contracted under a PPA, which expired on December 31, 2023.

## Environmental Considerations Impacting the Corporate/Other Segment

AltaGas' power assets included in the Corporate/Other segment are subject to the following environmental regulations:

**U.S. Federal Air and GHG Regulations**

Clean Air Act

Under the *Clean Air Act*, the USEPA has the authority to set federal ambient air quality standards for certain air pollutants which apply throughout the U.S. The *Clean Air Act* could increase regulatory burdens for AltaGas' natural gas-fired power plants, which emit volatile organic compounds and NO2, by leading to additional control requirements, obligations to obtain emission offsets, or permitting delays.

Individual states must ensure that, at a minimum, their air quality meets the ambient federal standards set by the USEPA. In general, states may choose to impose stricter performance requirements than does the USEPA.

In addition, the *Clean Air Act* requires certain facilities to obtain construction and operating permits for their air emissions.

As of December 31, 2024, AltaGas' operating natural gas-fired power generation facility in California was in compliance with its air permit requirements, which are issued in accordance with federal and state emissions standards.

**California GHG Regulations**

Clean Energy Targets

In late 2022, California passed SB 1020. SB 1020 updates the clean electricity goals and targets previously set by SB 100 in 2018. SB 1020 has added interim targets to SB 100's policy framework to require renewable and zero-carbon resources to supply 90 percent of all retail electricity sales by 2035 and 95 percent of all electricity retail sales by 2040. SB 1020 also requires that all state agencies must source their energy from 100 percent renewable sources by 2035, ten years sooner than the current law requires. On January 15, 2024, the CPUC issued new guidelines to support the implementation of SB 1020, focusing on grid reliability and integration of renewable energy sources. AltaGas will continue to monitor and assess the impacts of SB 1020 on its operations as more information becomes available.

California Cap-and-Trade Program

In late 2022, the CARB adopted its SP, California's roadmap for reducing GHG emissions and achieving carbon neutrality. The SP contemplates the continuation, and revisions, to the California Cap-and-Trade Program. As of December 31, 2024, AltaGas' Blythe Energy Center in California was in compliance with the California Cap-and-Trade Program requirements. On October 15, 2024, CARB issued a market notice, which included updates to the California Cap-and-Trade Regulation, such as reducing the allowance supply and increasing cost-containment prices to align with the social cost of carbon. It also introduces measures to deter market manipulation and updates offset protocols and allowance allocations. As a result of these revisions regulated entities may experience higher compliance costs.

California Groundwater Regulation

In California, water supply availability can be volatile, particularly as implementation moves forward on the SGMA. SGMA will require adoption of new mandatory requirements with the aim of managing groundwater "sustainably" over the long term. SGMA gives primary responsibility for regulating groundwater to local agencies referred to as GSAs. GSAs must develop plans that allow the maximum quantity of groundwater to be withdrawn without causing the lowering of groundwater levels, reduction of storage, seawater intrusion, degraded water quality, land subsidence, or depletion of interconnected surface water. Although SGMA focuses on groundwater supplies, reduced availability of groundwater might increase surface water demands, whether originating from local or imported surface water supply sources. It is uncertain whether or how SGMA may impact water supplies for Blythe Energy Center. Blythe Energy Center was designed to operate with wastewater capture and other water recycling techniques. Water is reused at Blythe Energy Center in steam generation, reducing the amount of water used by the facility.

**New Source Performance Standards for Greenhouse Gas Emissions from New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units**

On May 23, 2023, the USEPA published a proposed rule to (i) revise the NSPS under the *Clean Air Act* section 111(b) for GHG emissions from new fossil fuel-fired stationary combustion turbine EGUs; (ii) revise the NSPS for GHG emissions from fossil fuel-fired steam generating units that undertake a large modification; (iii) establish emission guidelines pursuant to the *Clean Air Act* section 111(d) for GHG emissions from existing fossil fuel-fired steam generating EGUs, including coal-fired and oil/gas-fired steam generating EGUs; (iv) establish emissions guidelines pursuant to the *Clean Air Act* section 111(d) for GHG emissions from the largest, most frequently operated stationary combustion turbines; and (v) repeal the Affordable Clean Energy Rule, which was introduced by the USEPA in 2019 in an effort to reduce GHG emissions from existing coal-fired EGUs. Specifically, for existing natural gas EGUs with a combustion turbine larger than 300 MW and a capacity factor greater than 50 percent, USEPA is proposing a best system of emission reduction of highly efficient generation coupled with co-firing 30 percent low-GHG hydrogen by 2032 and 96 percent low-GHG hydrogen by 2038 or highly efficient generation coupled with 90 percent capture of $CO_2$ by 2035.

On April 25, 2024, the USEPA issued a final rule revising the NSPS for GHG emissions from new, modified, and reconstructed fossil fuel-fired power plants. AltaGas will continue to monitor for state implementation plans that will detail how they intend to meet the federal emissions guidelines.

**California Climate Disclosure Bills**

Please refer to "Business of the Corporation - Midstream Business - Environmental Considerations Impacting the Midstream Business - United States Jurisdictions - Anticipated Policies".

## CAPITAL STRUCTURE

### Description of Capital Structure

The authorized share capital of AltaGas consists of an unlimited number of Common Shares and such number of Preferred Shares issuable in series at any time as have aggregate voting rights either directly or on conversion or exchange that in the aggregate represent less than 50 percent of the voting rights attaching to the then issued and outstanding Common Shares. At December 31, 2024, AltaGas had 297,925,015 outstanding Common Shares, 6,746,679 outstanding Series A Shares, 1,253,321 outstanding Series B Shares, 8,000,000 outstanding Series G Shares, 300,000 outstanding Series 2022-A Shares, 250,000 outstanding Series 2022-B Shares, and 200,000 outstanding Series 2023-A Shares.

On March 31, 2022, AltaGas redeemed all of its 12,000,000 issued and outstanding Series K Shares for a redemption price equal to $25.00 per Series K Share, together with all accrued and unpaid dividends to, but excluding, the redemption date.

On September 30, 2022, AltaGas redeemed all of its 8,000,000 issued and outstanding Series C Shares for a redemption price equal to US$25.00 per Series C Share, together with all accrued and unpaid dividends to, but excluding, the redemption date.

On December 31, 2023, AltaGas redeemed all of its 8,000,000 issued and outstanding Series E Shares for a redemption price equal to $25.00 per Series E Share, together with all accrued and unpaid dividends to, but excluding, the redemption date.

On September 30, 2024, AltaGas converted all of its 1,114,177 issued and outstanding Series H Shares to Series G Shares on a one-for-one basis. Following the conversion of Series H Shares, 8,000,000 Series G shares are now outstanding, while no Series H Shares remain outstanding.

The summary below of the rights, privileges, restrictions and conditions attaching to the Common Shares and the Preferred Shares is subject to, and qualified by reference to, AltaGas' articles and by-laws.

**Common Shares**

Holders of Common Shares are entitled to one vote per share at meetings of Shareholders, to receive dividends if, as and when declared by the Board of Directors and to receive the remaining property and assets of AltaGas upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares.

### Preferred Shares [1] [8] [9] [10] [11]

The following table summarizes AltaGas' Preferred Shares outstanding as at December 31, 2024:

| | Current Yield | Annual dividend per share [2] | Redemption price per share [7] | Redemption and conversion option date [3] [7] | Right to convert into [4] |
|---|---|---|---|---|---|
| Series A Shares [5] | 3.060% | $0.76500 | $25 | September 30, 2025 | Series B |
| Series B Shares [6] [7] | Floating | Floating | $25 | September 30, 2025 | Series A |
| Series G Shares [5] | 6.017% | $1.50425 | $25 | September 30, 2029 | Series H |

(1) The Corporation is authorized to issue up to 8,000,000 of Series H Shares, subject to certain conditions, upon conversion by the holders of the applicable currently issued and outstanding series of Preferred Shares noted opposite such series in the table on the applicable conversion option date. If issued upon the conversion of the applicable series of Preferred Shares, Series H Shares are also redeemable for $25.50 on any date after the applicable conversion option date, plus all accrued but unpaid dividends to, but excluding, the date fixed for redemption.

(2) The holders of Series A Shares and Series G Shares are entitled to receive a cumulative quarterly fixed dividend as and when declared by the Board of Directors. The holders of Series B Shares are entitled to receive a quarterly floating dividend as and when declared by the Board of Directors. If issued upon the conversion of the applicable series of Preferred Shares, the holders of Series H Shares will be entitled to receive a quarterly floating dividend as and when declared by the Board of Directors.

(3) AltaGas may, at its option, redeem all or a portion of the outstanding shares for the redemption price per share, plus all accrued and unpaid dividends on the applicable redemption option date and on every fifth anniversary thereafter.

(4) The holder will have the right, subject to certain conditions, to convert their preferred shares of a specified series into preferred shares of that other specified series as noted in this column of the table on the applicable conversion option date and every fifth anniversary thereafter.

(5) Holders of Series A Shares and Series G Shares will be entitled to receive cumulative quarterly fixed dividends, which will reset on the redemption and conversion option date and every fifth year thereafter, at a rate equal to the sum of the then five-year Government of Canada bond yield plus 2.66 percent (Series A Shares) and 3.06 percent (Series G Shares).

(6) Holders of Series B Shares will be entitled to receive cumulative quarterly floating dividends, which will reset each quarter thereafter at a rate equal to the sum of the then 90-day Government of Canada Treasury Bill rate plus 2.66 percent. Each quarterly dividend is calculated as the annualized amount multiplied by the number of days in the quarter, divided by the number of days in the year. Commencing December 31, 2024, the floating quarterly dividend rate is $0.37855 per share for Series B Shares for the period starting December 31, 2024 to, but excluding, March 31, 2025.

(7) Series B Shares can be redeemed for $25.50 per share on any date after September 30, 2015 that is not a Series B conversion date, plus all accrued and unpaid dividends to, but excluding, the date fixed for redemption.

(8) The Series 2022-A Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 1 Indenture, in connection with the issuance of the Subordinated Notes, Series 1. Holders of the Series 2022-A Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2022-A Shares prior to delivery to the holders of the Subordinated Notes, Series 1 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 1 such number of Series 2022-A Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 1 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2022-A Shares.

(9) The Series 2022-B Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 2 Indenture, in connection with the issuance of the Subordinated Notes, Series 2. Holders of the Series 2022-B Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2022-B Shares prior to delivery to the holders of the Subordinated Notes, Series 2 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 2 such number of Series 2022-B Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 2 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2022-B Shares.

(10) The Series 2023-A Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 3 Indenture, in connection with the issuance of the Subordinated Notes, Series 3. Holders of the Series 2023-A Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2023-A Shares prior to delivery to the holders of the Subordinated Notes, Series 3 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 3 such number of Series 2023-A Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 3 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2023-A Shares.

(11) On September 30, 2024, AltaGas converted all of its outstanding Series H Shares to Series G Shares.

Preferred Shares may be used by AltaGas for any appropriate corporate purposes, including, without limitation, public or private financing transactions or issuance as a means of obtaining additional capital for use in AltaGas' business and operations or in connection with acquisitions of other businesses and properties. AltaGas does not intend to use Preferred Shares as a defensive tactic to block take-over bids.

The Board of Directors may divide any unissued Preferred Shares into series and fix the number of shares in each series and the designation, rights, privileges, restrictions, and conditions thereof. The Preferred Shares of each series will rank on parity with Preferred Shares of every other series with respect to accumulated dividends and return of capital and the holders of Preferred Shares will rank prior to the holders of Common Shares and any other shares of AltaGas ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of AltaGas, whether voluntary or involuntary.

The rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class may be repealed, altered, modified, amended or amplified or otherwise varied only with the sanction of the holders of the Preferred Shares given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution in writing executed by all holders of Preferred Shares entitled to vote on that resolution or passed by the affirmative vote of at least 66⅔ percent of the votes cast at a meeting of holders of Preferred Shares duly called for such purpose.

For the specific rights, privileges, restrictions, and conditions attaching to the currently issued and, as applicable, outstanding: (i) Series A Shares and the Series B Shares, reference should be made to the prospectus supplement of AltaGas dated August 11, 2010; (ii) Series G Shares and Series H Shares, reference should be made to the prospectus supplement of AltaGas dated June 25, 2014; (iii) Series 2022-A Shares, reference should be made to the prospectus supplement of AltaGas dated January 5, 2022; (iv) Series 2022-B Shares, reference should be made to the prospectus supplement of AltaGas dated August 4, 2022; and (v) Series 2023-A Shares, reference should be made to the prospectus supplement of AltaGas dated March 31, 2023. The articles of the corporation and each of the prospectus supplements described herein have been filed with, and may be retrieved from, SEDAR+ at www.sedarplus.ca.

**Debt**

AltaGas' total debt is primarily comprised of senior unsecured notes in the form of MTNs, WGL and Washington Gas long-term notes, SEMCO long-term notes, Subordinated Notes, draws under bank credit facilities, finance lease liabilities, and short-term debt in the form of commercial paper. For a complete list of such notes and draws currently outstanding, please refer to Notes 13, 14, and 15 of AltaGas' audited Consolidated Financial Statements as at and for the year ended December 31, 2024 (which has been filed with, and may be retrieved from, SEDAR+ at www.sedarplus.ca).

## GENERAL

### Employees

At December 31, 2024, there were 2,723 individuals employed by AltaGas.

| | December 31, 2024 |
|---|---|
| Utilities | 1,765 |
| Midstream | 705 |
| Corporate/Other | 253 |
| Total | 2,723 |

### Directors and Officers

As at February 28, 2025, the directors and executive officers of AltaGas, as a group, owned beneficially, directly or indirectly, or exercised control or direction over 2,257,205 of the outstanding Common Shares, or approximately 0.76 percent of the 297,973,242 Common Shares issued and outstanding.

### Directors

The number of directors of AltaGas is to be determined from time to time by resolution of the Board of Directors. The number of directors is currently 11, of which 10 are independent directors.

The term of office of any director continues until the next annual meeting of Shareholders following the director's election or appointment, unless the term ends earlier in the event of death, resignation, removal, disqualification or other reason in accordance with the constating documents of AltaGas. The Shareholders are annually entitled to elect the Board of Directors.

The following table sets forth the names of the directors of AltaGas on February 28, 2025, their municipalities of residence, and their principal occupations within the last five years.

| Name of Director, Municipality of Residence, and Position | Principal Occupation During the Past Five Years | Director Since |
|---|---|---|
| **Victoria Calvert** (1)<br>Calgary, Alberta, Canada<br>Director | Ms. Calvert is a Corporate Director and a private consultant specializing in executive coaching. She is also Professor Emerita of Business at Mount Royal University in Calgary, where she taught from 1988 to 2018. Ms. Calvert was a Director of the Canadian Alliance of Community Service Learning from 2009 to 2017. Prior to this, she held corporate positions at Hudson's Bay Oil and Gas, the Bank of Nova Scotia and British Petroleum. | November 1, 2015 |
| **David Cornhill** (1)<br>Calgary, Alberta, Canada<br>Director | Mr. Cornhill is a founding shareholder of AltaGas and its predecessors. Mr. Cornhill was Chief Executive Officer from 1994 to 2016 and served as interim Co-CEO from July to December 2018. He was Chairman of the Board from 1994 to April 2019. Prior to forming AltaGas, Mr. Cornhill served in various capacities with Alberta and Southern Gas Co. Ltd., including Vice President, Finance and Administration, Treasurer and President and Chief Executive Officer. | Director of AltaGas (and its predecessors) since April 1, 1994 |
| **Jon-Al Duplantier** (1) (2)<br>Houston, Texas, USA<br>Director | Mr. Duplantier is a Corporate Director. He retired from Parker Drilling Company in July 2020, where he held a number of executive roles since joining in 2009, most recently as President, Rental Tools and Well Services from April 2018. Prior thereto, he served as Senior Vice President, Chief Administrative Officer and General Counsel from April 2014 to March 2018. | February 2, 2021 |
| **Derek Evans** (1) (3)<br>Calgary, Alberta, Canada<br>Director | Mr. Evans is the Executive Chairman of the Pathways Alliance. He served as President and CEO of MEG Energy Corp. from 2018 until his retirement in May 2024. Previously Mr. Evans was President and CEO of Pengrowth Energy Corp. from May 2009 until March 2018. | January 7, 2025 |
| **Robert Hodgins** (1)<br>Calgary, Alberta, Canada<br>Director | Mr. Hodgins is a CA, CPA and has been an independent businessman since November 2004. Mr. Hodgins served as a non-executive part-time Senior Advisor, Investment Banking for Canaccord Genuity Corp. from September 2018 to May 2022. Mr. Hodgins also held the positions of Chief Financial Officer of Pengrowth Energy Trust, Vice President and Treasurer of Canadian Pacific Limited and Chief Financial Officer of TransCanada PipeLines Limited. | Director of AltaGas (and its predecessors) since March 2, 2005 |

| Name of Director, Municipality of Residence, and Position | Principal Occupation During the Past Five Years | Director Since |
|---|---|---|
| **Cynthia Johnston** [(1)]<br>Victoria, B.C., Canada<br>Director | Ms. Johnston is a Corporate Director. She was Executive Vice President, Gas, Renewables and Operations Services at TransAlta Corporation from 2015 to 2017. From 2011 to 2015, she held various positions, including Executive Vice President, Enterprise Risk and Corporate Services and Executive Vice President Corporate Services. Prior thereto, Ms. Johnston held various executive leadership positions with TransAlta and FortisAlberta Inc. | July 25, 2018 |
| **Pentti Karkkainen** [(1)]<br>West Vancouver, B.C., Canada<br>Chair of the Board | Mr. Karkkainen is the Chair of the Board. He was a co-founder and General Partner of KERN Partners from 2000 to 2014, and was the firm's Senior Strategy Advisor from 2014 until his retirement in 2015. Prior thereto, Mr. Karkkainen was the Managing Director and Head of Oil and Gas Equity Research at RBC Capital Markets. | July 25, 2018 |
| **Phillip Knoll** [(1)]<br>Kelowna, B.C., Canada<br>Director | Mr. Knoll is a Corporate Director. He is a Professional Engineer and served as President of Knoll Energy Inc., a private consulting company from 2006 until 2021. Mr. Knoll served as interim Co-CEO of AltaGas from July to December 2018. He was CEO of Corridor Resources Inc. from October 2010 to September 2014. Prior thereto, Mr. Knoll held senior roles with a number of companies, including Duke Energy Gas Transmission, Maritimes & Northeast Pipeline, Westcoast Energy Inc., TransCanada Pipelines Limited and Alberta Natural Gas Company Ltd. | November 1, 2015 |
| **Angela Lekatsas** [(1)]<br>Calgary, Alberta,<br>Canada<br>Director | Ms. Lekatsas is a retired executive with over two decades of broad industry and corporate finance experience. She served as President and CEO of Cervus Equipment Corporation from 2019 to 2021 and prior thereto was a senior executive with Nutrien Ltd. and its predecessor company Agrium Inc. for 15 years, holding several Vice President positions, including Treasurer, Corporate Controller, Chief Risk Officer and Merger Integration. Ms. Lekatsas previously worked in public practice accounting for 15 years. | September 1, 2023 |
| **Nancy Tower** [(1)]<br>Halifax, N.S., Canada<br>Director | Ms. Tower served as President and Chief Executive Officer of Tampa Electric Company, a regulated electric utility and a subsidiary of Emera Incorporated, from December 2017 until 2021. From 2014 to 2017, she was the Chief Corporate Development Officer of Emera. Since joining Emera in 1997, Ms. Tower held several senior positions in corporate finance and in operations at Emera and with its subsidiaries, including Controller and Vice President, Customer Operations of Nova Scotia Power Inc., Chief Financial Officer of Emera, and Chief Executive Officer of Emera Newfoundland and Labrador. | January 9, 2020 |
| **Vern Yu** [(4)]<br>Calgary, Alberta, Canada<br>Director | Mr. Yu has been the President and Chief Executive Officer of AltaGas since July 1, 2023. Refer to the disclosure under "Executive Officers" for further information. | July 1, 2023 |

(1) Independent director. The Board made this determination with reference to National Instrument 52-110 - *Audit Committees*.

(2) Mr. Duplantier was an officer of Parker Drilling Company ("Parker") from 2009 until July 2020. Parker and certain of its U.S. subsidiaries (collectively, the Debtors) commenced voluntary Chapter 11 proceedings and filed a prearranged Joint Chapter 11 Plan of Reorganization under Chapter 11 of the United States *Bankruptcy Code* in the United States Bankruptcy Court for the Southern District of Texas, Houston Division. The Plan was subsequently amended and was confirmed by the Bankruptcy Court on March 7, 2019. The Plan became effective on March 26, 2019 and the Debtors emerged from the Chapter 11 Cases.

(3) Mr. Evans was a director (until his resignation in January 2016) of a private oil and gas company that sought protection under the *Companies' Creditors Arrangement Act* (Canada) in May 2016.

(4) Mr. Yu, as current CEO of the Corporation, is not considered independent.

AltaGas has four standing committees of the Board of Directors: (1) Audit, (2) Governance, (3) Human Resources and Compensation (HRC), and (4) Environment, Health and Safety (EH&S). The members of each of these committees as of February 28, 2025 are identified below:

| Director | Audit Committee | Governance Committee | HRC Committee | EH&S Committee |
|---|---|---|---|---|
| Victoria Calvert | | ▪ | ▪ | |
| David Cornhill | | | | ▪ |
| Jon-Al Duplantier | | ▪ | ▪ | |
| Derek Evans | ▪ | | | ▪ |
| Cynthia Johnston | | ▪ | | Chair |
| Pentti Karkkainen | | | | |
| Robert Hodgins | ▪ | ▪ | | |
| Phillip Knoll | | Chair | | ▪ |
| Angela Lekatsas | Chair | | ▪ | |
| Nancy Tower | ▪ | | Chair | |

### Executive Officers

The names, municipality of residence and position of each of the current executive officers of AltaGas are as follows:

| Name of Officer, Municipality of Residence, and Position with AltaGas Ltd. | Principal Occupation During the Past Five Years |
|---|---|
| **Vern Yu**<br>Calgary, Alberta, Canada<br>President and Chief Executive Officer<br>Director | President and Chief Executive Officer of AltaGas since July 1, 2023. Prior to joining AltaGas, Mr. Yu served a number of roles over his three decades at Enbridge Inc., most recently as Executive Vice President, Corporate Development, Chief Financial Officer, and President, New Energy Technologies. |
| **James Harbilas**<br>Calgary, Alberta, Canada<br>Executive Vice President and Chief Financial Officer | Executive Vice President and Chief Financial Officer of AltaGas from June 2019. Prior to joining AltaGas, Executive Vice President and Chief Financial Officer of Enerflex Ltd. |
| **Corine Bushfield**<br>Airdrie, Alberta, Canada<br>Executive Vice President, Chief Administrative Officer | Executive Vice President, Chief Administrative Officer of AltaGas from December 2016. Prior to joining AltaGas, Senior Vice President and Chief Financial Officer of Long Run Exploration Ltd. and Vice President and Assistant Controller of Encana Corporation. |
| **Donald (Blue) Jenkins**<br>Falls Church, Virginia, USA<br>Executive Vice President and President Utilities, President of Washington Gas Light Company | Executive Vice President and President, Utilities of AltaGas from December 2019. President of WGL and Washington Gas from December 2019. Prior thereto, Mr. Jenkins was with EQT Corporation, most recently as Chief Commercial Officer. |
| **Randy Toone**<br>Calgary, Alberta, Canada<br>Executive Vice President and President, Midstream | Executive Vice President and President, Midstream from January 2019. From December 2016, served in a number of executive roles, including Executive Vice President and Acting President and Executive Vice President, Commercial and Business Development. Chief Operating Officer of CSV Midstream Solutions and Country Manager of TAG Oil Ltd. |
| **Karen Uehara**<br>Calgary, Alberta, Canada<br>Executive Vice President and Chief Legal Officer | Executive Vice President and Chief Legal Officer since January 1, 2025. From 2018 to May 2024, Vice President, Corporate and Corporate Secretary at Enbridge Inc. and prior thereto, Associate General Counsel at Enbridge. Also held legal roles at Repsol SA, Talisman Energy and Macleod Dixon LLP. |
| **Bradley Grant**<br>Calgary, Alberta, Canada<br>Executive Vice President and Strategic Advisor | Executive Vice President and Strategic Advisor from January 1, 2025 until his retirement in July 2025. Prior thereto, Executive Vice President and Chief Legal Officer of AltaGas since July 2018 and General Counsel of AltaGas since 2015. Also served as Corporate Secretary of AltaGas from April 2022 until December 2023 and as General Counsel. Prior to AltaGas, was Partner with the law firm of Stikeman Elliott LLP. |
| **Hejdi Carlsen**<br>Calgary, Alberta, Canada<br>Senior Vice President, Chief Safety, Stakeholder and Sustainability Officer | Chief Safety, Stakeholder and Sustainability Officer since January 1, 2025. Senior Vice President, Corporate Affairs from April 2024. From 2018, served in a number of roles with TC Energy Corporation, most recently as Vice President External Relations, Marketing, Brand & Communications. Prior thereto, Vice President, Government Relations with Berkshire Hathaway Energy Canada/AltaLink. |

## Audit Committee

### Composition of the Audit Committee

The Committee is currently comprised of four members, Angela Lekatsas (chair), Robert Hodgins, Nancy Tower and Derek Evans. Mr. Evans was appointed to the Board and the Audit Committee on January 7, 2025. All of the members of the Committee are independent and financially literate as defined under Canadian securities law.

### Relevant Education and Experience

Ms. Lekatsas served as President and CEO of Cervus Equipment Corporation until its acquisition in late 2021. Prior to her appointment as President and CEO, Ms. Lekatsas served as an Independent Director of Cervus, including Chair of its Audit Committee. From 2003 to 2018, Ms. Lekatsas was a senior executive with Nutrien Ltd. and its predecessor company Agrium Inc., where she held various roles spanning corporate development, operations, finance, and risk. Prior to that, Ms. Lekatsas worked in public practice accounting with a focus on financial institutions, large transactions, and cross border listed companies. Ms. Lekatsas has a Bachelor of Commerce Degree from the University of Saskatchewan. She received her Chartered Accountant designation from the Institute of Chartered Accountants of Alberta in 1990 and her Certified Public Accountant designation from the Illinois Institute of Certified Public Accountants in 2002. Ms. Lekatsas currently serves on the board of directors of Baytex Energy Corp.

Mr. Evans is the Executive Chairman of the Pathways Alliance. Mr. Evans served as President, CEO and a Director of MEG Energy Corp. from 2018 to May of 2024 and as President, CEO and a Director of Pengrowth Energy Corp. from May 2009 until March 2018. He currently serves on the board of directors of Franco-Nevada. In these roles, he has acquired experience that will serve him as a member of the audit committee. Mr. Evans holds a Bachelor of Science in Mining Engineering from Queen's University and is a registered professional engineer in Alberta.

Mr. Hodgins was the Chief Financial Officer at Pengrowth Energy Trust from 2002 to 2004. Mr. Hodgins was Vice President and Treasurer at Canadian Pacific Limited from 1998 to 2002 and Chief Financial Officer of TransCanada PipeLines Limited from 1993 to 1998. Mr. Hodgins has an Honours Degree in Business from the Richard Ivey School of Business at the University of Western Ontario, and is a CPA, CA in Ontario and Alberta. He has served on a number of public company audit committees, and is currently chair of the audit committee of MEG Energy Corp. and serves on the audit committee of Gran Tierra Energy Inc.

Ms. Tower served as President and Chief Executive Officer of Tampa Electric Company, a regulated electric utility and a subsidiary of Emera Incorporated in Tampa, Florida from 2017 until her retirement in 2021. Prior thereto, she was the Chief Corporate Development Officer of Emera Incorporated from 2014 to 2017. From 1997 until 2014, Ms. Tower held several senior positions in corporate finance and in operations at Emera Incorporated and with its subsidiaries, including Controller and Vice President, Customer Operations of Nova Scotia Power Inc., Chief Financial Officer of Emera Incorporated, and Chief Executive Officer of Emera Newfoundland and Labrador. Ms. Tower holds a Bachelor of Commerce from Dalhousie University, has been a Chartered Accountant (now Chartered Professional Accountant) since 1985 and also received her Fellow Chartered Professional Accountant designation. She serves on the audit committee of Finning International Inc. and is the chair of the audit committee at Toronto-Dominion Bank.

**Pre-Approval Policies and Procedures**

As set forth in the Committee's charter, the Committee must pre-approve services provided by the external auditor and has direct responsibility for overseeing the work of the external auditor.

**External Auditor Service Fees by Category**

The fees billed by E&Y, AltaGas' external auditor, during 2024 and 2023 were as follows:

| Category of External Auditor Service Fee [1] *($ millions)* | | **2024** | | 2023 |
|---|---|---|---|---|
| Audit fees | **$** | **4.5** | $ | 3.4 |
| Audit-related fees [2] | | **0.6** | | 0.8 |
| Tax compliance fees [3] | | **0.1** | | 0.3 |
| All other fees [4] | | **0.2** | | 0.3 |
| Total | **$** | **5.4** | $ | 4.8 |

(1) Due to the timing of invoices received, $2.2 million of fees relating to 2023 were paid in 2024.

(2) Represents the aggregate fees billed by E&Y for assurance and related services that were reasonably related to the performance of the audit or review of AltaGas' financial statements and were not reported under "Audit fees". During 2024 and 2023, the nature of the services provided included: certain subsidiary audits; specified audit procedures; regulatory audits; and registration costs for the CPAB.

(3) During 2024 and 2023, the nature of the services provided was for tax consultations, tax compliance, and transfer pricing.

(4) Represents the aggregate fees billed by E&Y for products and services, other than those reported with respect to the other categories of service fees, as well as any out-of-pocket costs incurred. During 2024 and 2023, the nature of the services provided was for translation services and work performed on emissions.

## RISK FACTORS

Set forth below is a summary of certain risk factors relating to AltaGas and the business of AltaGas. The risks described below are not an exhaustive list of all risks, nor should they be taken as a complete summary of all the risks associated with the applicable business being conducted. Security holders and prospective security holders of AltaGas should carefully review and consider the risk factors set out below as well as all other information contained and incorporated by reference in this AIF before making a decision on investment and should consult their own experts where necessary. Information regarding AltaGas' risk management activities can be found in AltaGas' management information circular dated March 7, 2024 and will also be included in AltaGas' management information circular for its 2025 annual and special meeting of Shareholders.

**Health and Safety**

The ownership and operation of AltaGas' business is subject to hazards of gathering, processing, transporting, fractionating, storing, and marketing hydrocarbon products, including, without limitation, blowouts, fires, explosions, gaseous leaks, releases and migration of harmful substances, hydrocarbon spills, corrosion, and acts of vandalism and terrorism. Any of these hazards can interrupt operations, impact AltaGas' reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, information technology systems, related data and control systems, and cause environmental damage that may include polluting water, land or air.

Further, such ownership and operations carry the potential for liability related to worker health and safety, including, without limitation, the risk of any or all of government-imposed orders to remedy unsafe conditions, potential penalties for contravention of health and safety laws, licenses, permits and other approvals, and potential civil liability.

### Operating Risk

AltaGas' businesses are subject to the risks normally associated with the operation and development, and storage and transportation of natural gas, NGL, LPG, and power systems and facilities, including, without limitation, mechanical failure, transportation problems, physical degradation, operator error, manufacturer defects, constraints on natural resource development, delay of or restrictions for projects due to climate change policies and initiatives, protests, activist activity, sabotage, terrorism, failure of supply, weather, wind or water resource deviation, catastrophic events and natural disasters, fires, floods, explosions, earthquakes, and other similar events. These types of events could result in injuries to personnel, third parties including the public, damage to property and the environment, as well as unplanned outages or prolonged downtime for maintenance and repair. Among other things, these events typically increase operation and maintenance expenses and reduce revenues. The occurrence or continuation of any of these events could increase AltaGas' costs and reduce its ability to process, store, transport, deliver, or distribute natural gas, NGLs, and LPG, and result in significant losses for which insurance may not be sufficient or available. Environmental damage could also result in increased costs to operate and insure AltaGas' assets and have a negative impact on AltaGas' reputation and its ability to work collaboratively with stakeholders.

As AltaGas continues to grow and diversify its energy infrastructure businesses, the operating risk profile of AltaGas may change. Operating entities may enter into or expand business segments where there is greater economic exposure and more "at-risk" capital.

### Aging Infrastructure

As utilities infrastructure matures, several of AltaGas' utilities have implemented replacement programs to replace aging infrastructure. If certain pipelines and related infrastructure were to become unexpectedly unavailable for delivery of current or future volumes of natural gas because of repairs, damage, spills or leaks, or any other reason, it could have a material adverse impact on financial conditions and results of operation of the utilities business. Although the costs of infrastructure replacement programs are typically recovered in rates, ongoing capital is required to fund such programs. In addition, operating issues resulting from maturing infrastructure such as leaks, equipment problems and incidents, including, without limitation, explosions and fire, could result in injuries to personnel, third parties including the public, damage to property and the environment, as well as unplanned outages or prolonged downtime for maintenance and repair, legal liability, repair and remediation costs, increased operating costs, increased capital expenditures, regulatory fines and penalties, and other costs and a loss of customer confidence. Any liabilities resulting from the occurrence of these events may not be fully covered by insurance or rates.

### Natural Gas Supply Risk

Adequate supplies of natural gas and pipeline and storage capacity may not be available to satisfy committed obligations as a result of economic events, natural occurrences, and/or failure of a counterparty to perform under gas purchase, capacity, or storage contracts and, accordingly, could have a material adverse effect on AltaGas' business, financial conditions and cash flow.

In addition, Washington Gas and SEMCO must acquire additional interstate pipeline transportation or storage capacity and construct transmission and distribution pipe to deliver additional capacity into growth areas on its system. The specific timing of any larger customer additions to its market may not be forecasted with sufficiently long lead time and the availability of these supply options to serve any of its customer additions may be limited by market supply and demand, the timing of participation in new interstate pipeline construction projects, local permitting requirements, and the ability to acquire necessary rights of way. These limitations could result in an interruption in Washington Gas or SEMCO's ability to satisfy the needs of some of its customers.

### Volume Throughput

AltaGas' businesses process, transport, and store natural gas, LPGs, NGLs, and other commodities. Throughput within the business is dependent on a number of factors, including the level of exploration and development activity within the WCSB, the long-term supply and demand dynamics for the applicable commodities, and the regulatory and stakeholder environment for market participants. Notably, as a result of the development of non-conventional shale gas supplies in North America, the price of natural gas in North America has declined and there has been a shift towards richer, wet gas with higher NGL content. Areas with dryer gas have seen depressed activity. Countering low natural gas prices, there has been an increase in LNG exports from the U.S. Gulf Coast accessing international gas markets resulting in North American pricing being increasingly influenced by global trends more directly than before. These factors and industry trends may result in AltaGas being unable to maintain throughput in certain areas. Consequently, AltaGas may be exposed to declining cash flow and profitability arising from reduced natural gas, ethane, and NGL throughput and from rising operating costs.

### Service Interruptions

Service interruption incidents that may arise through unexpected major power disruptions to facilities or pipeline systems, third-party negligence or unavailability of critical replacement parts could cause AltaGas to be unable to safely and effectively operate its assets. This could adversely affect AltaGas' business, operations and financial condition.

### Transportation of Petroleum Products

AltaGas' operations include transportation by truck and rail of petroleum products, including NGLs, crude oil, and other refined products. NGLs are transported from natural gas producers to RIPET and the Ferndale terminal by rail and truck and are delivered to customers by marine transport. Shipments may be impacted by service delays, inclement weather, rail car availability, rail car derailment, other transport incidents, protests, activist activities, or strikes, and could adversely impact volumes or the price received for product or impact its reputation or result in legal liability, loss of life or personal injury, loss of equipment or property, or environmental damage. Costs for environmental damage, damage to property, and/or personal injury in the event of a transportation incident involving petroleum products have the potential to be significant. Major Canadian railways have adopted standard contract provisions designed to shift liability for third-party claims to shippers. In the event that AltaGas is ultimately held liable for any damages resulting from its activities relating to rail or marine transport of petroleum products, and for which insurance is not available, or increased costs or obligations are imposed on AltaGas as a result of new regulations, AltaGas' business, operations, and financial condition may be adversely impacted. In addition, in instances where transport is not available, AltaGas may not be able to procure substitute transportation and, as a result, may experience an adverse impact on its operations at RIPET, the Ferndale terminal or other assets.

### Market Risk

AltaGas is exposed to market risks resulting from fluctuations in commodity prices and interest rates, in both North American markets and, with respect to the export business, offshore markets. In these markets, commodity supply and demand is affected by a number of factors including, without limitation: the significant cost of inflation; the amount of the commodity available to specific market areas either from the wellhead or from storage facilities; demand for product; changing customer preferences and behaviours; prevailing weather patterns; U.S. exports of Natural Gas Liquids; the U.S., Canadian and Asian economies; the occurrence of natural disasters; and pipeline restrictions. In addition, the retail energy marketing business is exposed to pricing of certain ancillary services provided by the power pool in which it operates. The fluctuations in commodity prices are beyond AltaGas' control and, accordingly, could have a material adverse effect on AltaGas' business, financial condition, and cash flow.

**Trade Policy and Tariffs**

The second Trump administration in the U.S. has imposed wide-ranging and substantial tariffs on certain products and materials entering the United States. Certain countries, including Canada, that are subject to increased tariffs for goods entering the U.S., have or are likely to, apply retaliatory tariffs on U.S. goods as well. The scope and magnitude of such new, retaliatory or reciprocal tariffs remain unclear. Imposition of such tariffs could damage the North American economy and the valuation of the Canadian dollar relative to the U.S. dollar. Also, tariffs could materially adversely affect AltaGas' business and operations in both Canada and the U.S. AltaGas cannot predict with certainty the outcomes of changing policies, tariffs or restrictions on trade, however, AltaGas continues to closely monitor developments in this area.

**General Economic Conditions and Inflation**

AltaGas' operations are affected by the condition and overall strength of the global economy and, in particular, the economies of Canada and the U.S. During economic downturns, the demand for the products and services that AltaGas provides and the supply of or demand for power, natural gas, and NGLs may be adversely affected. The occurrence of periods of poor economic conditions or low or negative economic growth could have an adverse impact on AltaGas' results and restrict AltaGas' ability to make dividends to Shareholders.

An inflationary economy could increase certain operating and capital costs across AltaGas' operating businesses and throughout its supply chains, including labour and materials. Inflationary pressures could also increase the amount of capital that needs to be deployed by the Company and the costs of such capital. Governmental actions, such as the imposition of higher interest rates or wage controls, may also negatively impact AltaGas' business and magnify the impacts of other risks identified in this AIF, including those relating to the Company's indebtedness, other financial risks and operational risks. Economic conditions can affect customers' demand and ability to pay for service, which could also adversely affect the Company.

**Internal Credit Risk**

Credit ratings affect AltaGas' ability to obtain short-term and long-term financing and the cost of such financing. Additionally, the ability of AltaGas to engage in ordinary course derivative or hedging transactions and maintain ordinary course contracts with customers and suppliers on acceptable terms depends on AltaGas' credit ratings.

A reduction in the current rating on AltaGas' debt by one or more of its rating agencies below an investment grade rating would adversely affect AltaGas' cost of financing and its access to sources of liquidity and capital.

In addition, a downgrade in AltaGas' credit ratings may affect AltaGas' ability to, and the associated costs to, (i) enter into ordinary course derivative or hedging transactions and may require AltaGas to post additional collateral under certain of its contracts, and (ii) enter into and maintain ordinary course contracts with customers and suppliers on acceptable terms.

Additionally, with respect to WGL, a reduction in credit rating could lead to higher borrowing costs. Merger-related commitments placed limitations on Washington Gas' ability to recover increased costs of financing from customers if caused by the ongoing affiliation of AltaGas and its affiliates. Therefore, a downgrade in AltaGas' or WGL's credit ratings could adversely affect earnings or cash flows by limiting Washington Gas' ability to earn its allowed rate of return. Credit ratings are intended to provide investors with an independent measure of credit quality of any issuer of securities. The credit ratings assigned to AltaGas' securities by the rating agencies are not recommendations to purchase, hold, or sell the securities in as much as such ratings do not comment as to market price or suitability for a particular investor. Any rating may not remain in effect for any given period of time or may be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant.

## Capital Market and Liquidity Risks

AltaGas may have restricted access to capital and increased borrowing costs. As AltaGas' future capital expenditures will be financed out of cash generated from operations, borrowings, and possible future equity sales, AltaGas' ability to finance such expenditures is dependent on, among other factors, the overall state of capital markets and investor demand for investments in the energy industry generally and AltaGas' securities in particular.

To the extent that external sources of capital become unavailable or available on onerous terms or otherwise limited, AltaGas' ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition, results of operations, and dividends may be materially and adversely affected as a result.

If cash flow from operations is lower than expected or capital costs for these projects exceed current estimates, or if AltaGas incurs major unanticipated expenses related to construction, development, or maintenance of its existing assets, AltaGas may be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain financing necessary for AltaGas' capital expenditure plans may result in a delay in AltaGas' capital program or a decrease in dividends.

Washington Gas and the SPE made certain ring-fencing commitments, such that the assets of the Ring-Fenced Entities will not be available to satisfy the debt or contractual obligations of any Non-Ring-Fenced Entity.

## Interest Rates

AltaGas is exposed to interest rate fluctuations on variable rate debt. Interest rates are influenced by Canadian, U.S., and global economic conditions beyond AltaGas' control and, accordingly, could have a material adverse effect on AltaGas' business, financial condition and cash flow.

## Foreign Exchange Risk

AltaGas' functional currency is the Canadian dollar. AltaGas is exposed to foreign exchange risk through its investments in the U.S. and is exposed to foreign exchange risk through its export business. Changes in the Canadian dollar/U.S. dollar exchange rate could impact the earnings of AltaGas, the value of the U.S. investments, and the cash generated from the U.S. businesses. AltaGas operates internationally, with an increasing amount of the Corporation's net income earned outside of Canada. As a result, AltaGas may experience a discrepancy between the currencies in which liabilities are incurred and the currency in which revenues are generated. This could adversely affect AltaGas' results due to the imposition of additional taxes and cost of currency exchange.

## Debt Financing, Refinancing, and Debt Service

AltaGas relies on debt financing for some of its business activities, including capital and operating expenditures. The credit facilities, long-term senior unsecured notes, and Subordinated Hybrid Notes have defined terms and there are no assurances that AltaGas will be able to refinance any or all of the borrowings at their maturity. In addition, there are no assurances that AltaGas will be able to comply at all times with the covenants applicable under its current borrowings, nor are there assurances that AltaGas will be able to secure new financing that may be necessary to finance its operations and capital growth program. Any failure of AltaGas to secure refinancing, to obtain new financing, or to comply with applicable covenants under its borrowings could have a material adverse effect on AltaGas' financial results, including its ability to maintain dividends to Shareholders. Further, any inability of AltaGas to obtain new financing may limit its ability to support future growth.

Borrowings or additional borrowings made by or on behalf of AltaGas will affect the leverage of the business. Interest and principal payments on such borrowings will take precedence over cash dividends and may increase the level of financial risk in the operations of AltaGas. AltaGas' debt prohibits the payment of dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying a dividend.

If AltaGas is unable to refinance debt obligations at the time of maturity or is unable to refinance on equally favourable terms, the level of cash dividends to Shareholders may be affected. Details regarding the maturity dates of debt facilities can be found in Notes 13, 14, and 15 of AltaGas' audited Consolidated Financial Statements as at and for the year ended December 31, 2024.

AltaGas believes that the existing credit facilities will be sufficient for its immediate requirements and has no reason to believe that it will not be able to renew its existing credit facilities or refinance its long-term senior unsecured notes and Subordinated Hybrid Notes on commercially reasonable terms. However, continued global economic uncertainty means AltaGas, along with other energy companies, may have restricted access to capital and increased borrowing costs. AltaGas' ability to raise debt is dependent upon, among other factors, the overall state of the capital markets, the quality of AltaGas' credit ratings, and investor appetite for investments in the energy industry and AltaGas' securities in particular. The ability to make scheduled payments on or to refinance debt obligations depends on the financial condition and operating performance of AltaGas, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond its control. As a result, AltaGas may be unable to maintain a level of cash flow from operations sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness. These conditions could have an adverse effect on the industry in which AltaGas operates and its business, including future operating and financial results. There can be no assurance that AltaGas' cash flow will be adequate for future financial obligations or that additional funds will be able to be obtained.

**Counterparty and Supplier Risk**

Significant delays and disruption in global supply chains may lead to a shortage of available products and higher prices. To the extent AltaGas is unable to secure products required for its operations at acceptable pricing or at all, it may result in delays in planned operational activities and higher costs of doing business. AltaGas could also face increased exposure that contract counterparties could fail to meet their obligations to AltaGas. Such non-performance by a significant counterparty could adversely affect AltaGas' operations and financial results.

**Construction and Development**

The construction and development of AltaGas' projects and their future operations are subject to changes in the policies and laws of both Canadian and U.S. federal, provincial, state, and local governments, including, without limitation, regulatory approvals and regulations relating to the environment, land use, health, culture, conflicts of interest with other parties, and other matters beyond the direct control of AltaGas.

Completion of capital projects are subject to various regulatory, operational and market risks, which may affect our ability to drive long-term growth. Risk factors impacting project execution include timing of regulatory and environmental permit applications, inflationary pressures on materials and labor, challenges with global supply chains which can create unpredictability in materials cost and availability, and labor shortages and union strikes which can increase costs of engineering and construction services. Other events that can and have delayed project completion and increased anticipated costs include contractor or supplier non-performance, extreme weather events or geological factors beyond AltaGas' control.

The construction of AltaGas' pipeline assets has experienced and may continue to experience legislative and regulatory obstacles, and the construction and operation of these assets are subject to hazards, equipment failures, supply chain disruptions, personnel issues, and related risks, which could result in decreased values of these investments, including impairments, and/or delays to their in-service dates, which would negatively affect results of operations. For instance, AltaGas is required to test certain assets for impairment on either an annual basis or when events or circumstances occur which indicate that the carrying value of such assets might be impaired. That testing might result in the impairment of assets, including goodwill, property, plant and equipment, intangible assets, or certain investments.

Because these assets are interconnected with facilities of third parties, the operation of these facilities could also be adversely affected by unexpected or uncontrollable events occurring on the systems of such third parties. These events could further delay the in-service date of AltaGas' projects or disrupt operations on these projects, which could have an adverse effect on AltaGas’ financial results.

**Cybersecurity, Information, and Control Systems**

AltaGas’ business processes are increasingly reliant upon information systems and automation provided by infrastructure, technologies, and data. A failure of these information systems could lead to the impairment of business processes, and there is a risk of cascading failure of information systems leading to the impairment of multiple business processes. The risk of cyber-attacks is increasing, with strong evidence of the energy industry being specifically targeted. In addition, AltaGas collects and stores sensitive information in the ordinary course of business, including personal information in respect of its employees and proprietary information in respect of its stakeholders, including customers, suppliers, and investors.

The mode, volume, and sophistication of targeted cyber-attacks are increasing by various actors including state sponsored attackers. Work from home arrangements and remote access to the Corporation's systems pose heightened risk of cybersecurity and privacy breaches and may put additional stress on the Corporation's IT infrastructure. A failure of such infrastructure could severely limit AltaGas' ability to conduct ordinary operations. To date, AltaGas’ systems have functioned capably, and it has not experienced a material impact to its operations as a result of an IT infrastructure issue.

Security breaches of AltaGas’ information technology or operational technology infrastructure, including, without limitation, cyber-attacks and cyber-terrorism, or other failures of AltaGas’ information technology and operational technology infrastructure could result in disruptions of natural gas distribution operations and other operational outages, ability to operate safely, delays, damage to assets, the environment or to AltaGas’ reputation, diminished customer confidence, lost profits, lost data including, without limitation, the unauthorized release of customer, employee, financial, or company data that is crucial to AltaGas’ operational security or could adversely affect the ability to deliver and collect on customer bills, increased regulation and other adverse outcomes, including, without limitation, material legal claims and liability or fines or penalties under applicable laws which adversely affect its business operations and financial results. If any of AltaGas' systems are damaged, fail to function properly, or otherwise become unavailable, AltaGas may incur substantial costs to repair or replace them.

AltaGas relies on third parties and managed service providers for various services. If these third parties undergo cyber-attacks, the services they provide AltaGas could be disrupted. The disruption could interfere with AltaGas’ ability to conduct its business, which in turn could negatively affect AltaGas’ financial condition and reputation. Additionally, the theft, damage, or improper disclosure of sensitive data held by these third parties may subject AltaGas to adverse consequences.

**Regulatory Approvals**

Many of our operations are regulated and failure to secure timely regulatory approval for our proposed projects, or loss of required approvals for our existing operations, could have a negative impact on our business, operations or financial results. The nature and degree of regulation and legislation affecting permitting and environmental review for energy infrastructure companies in Canada and the US continues to evolve. Changes in the regulatory environment may be beyond AltaGas’ control and may significantly affect AltaGas' businesses, results of operations, and financial conditions. Pipelines and facilities can be subject to common carrier and common processor applications and to rate setting by the regulatory authorities in the event an agreement on fees or tariffs cannot be reached with producers. The export and import of energy is also subject to regulatory approvals. Power facilities are subject to regulatory approvals and regulatory changes in tariffs, market structure, and penalties. Washington Gas and SEMCO operate in regulated marketplaces where regulatory approval is required to afford the utilities the opportunity to earn their regulated returns that provide for recovery of costs and a return on capital and may limit the ability to make and implement independent management decisions, including, without limitation, setting rates charged to customers, determining methods of cost recovery, and issuing debt. Earnings of AltaGas' regulated utilities may be impacted by a number of factors, including, without limitation, changes in the regulator-approved allowed return on equity and common equity component of capital structure; changes in rate base; changes in gas delivery volumes; changes in the number and composition of customers; variances between actual expenses incurred and forecast expenses used to determine revenue requirements and set customer rates; and recovery of unplanned costs through rate cases. Changes to regulations could increase AltaGas' operating costs and require enhanced disclosures. Increased expenditures could include capital expenditures, operating expenditures, and decommissioning, abandonment, and reclamation costs, which may not be recoverable in the marketplace or through rate cases. These changes could adversely affect AltaGas, resulting in current operations and projects becoming less profitable or uneconomic and could require significant investment to develop new technologies.

**Changes in Laws and Regulations**

AltaGas' businesses are subject to extensive and complex laws and regulations in the jurisdictions in which they carry on business. Regulations and laws are subject to ongoing policy initiatives, and AltaGas cannot definitively predict the future course of regulations. Applicable laws, including, without limitation, international trade laws and tariffs, environmental laws, policies, or government incentive programs may be changed in a manner that adversely affects AltaGas through the imposition of restrictions on its business activities or by the introduction of regulations that increase AltaGas' operating costs. There can be no assurance that applicable laws, policies, or government incentive programs relating to energy infrastructure will not be changed in a manner which adversely affects AltaGas.

The second Trump administration in the U.S. has outlined various policy initiatives and objectives and the President has issued various executive orders since taking office on January 20, 2025. There may be legal or regulatory actions or challenges where such policies and executive orders conflict with state laws or regulations. The effects of any potential challenges are currently unknown. While the impact of such executive orders, any future executive orders, policy initiatives and objectives on AltaGas' business remains unclear, AltaGas will continue to monitor and assess the impacts of such policy initiatives and objectives and any executive orders, including challenges thereto, on its business and operations.

Income tax laws relating to AltaGas may be changed in a manner that adversely affects its shareholders. This includes, without limitation, taxation and tax policy changes, tax rate changes, new tax laws, and revised tax law interpretations that may individually or collectively cause an increase in AltaGas' effective tax rate.

AltaGas may face regulatory and financial risks related to pipeline safety legislation seeking to require increased oversight over pipeline operations and increased investment in and inspections of pipeline. Additional operating expenses and capital expenditures may be necessary to remain in compliance with the increased federal oversight resulting from such proposals. While AltaGas cannot predict with certainty the extent of these expenses and expenditures or when they will become effective, the adoption of such proposals could result in significant additional costs to AltaGas' businesses. AltaGas' utilities may be unable to recover from customers through the regulatory process all or some of these costs which could impact the ability to earn its authorized rate of return on these costs.

**Climate-Related Risks**

AltaGas may be subject to both physical and transition risks related to climate change.

<u>Physical Risks</u>

Acute physical risk exposure is associated with the frequency and severity of climate-related physical adverse impacts such as wildfires, floods, and storms which may negatively impact AltaGas' assets, operations or supply chain by causing damages or interruptions that may require AltaGas to perform emergency repairs or incur material unplanned expenses. Extreme weather events may also impact AltaGas' ability to access its assets, cause operational difficulties or increase the risk of injury to employees or contractors as a result of dangerous weather conditions.

Chronic climate-related physical risks may arise from progressive shifts in climate patterns over the longer-term, such as increasing temperatures, sea level rise and changes in precipitation. These risks may adversely impact AltaGas' assets, operations, and supply chain or reduce aggregate customer demand from affected markets. Any long-term physical climate-related impacts may have a material adverse effect on the business of the Company, its reputation, financial condition, results of operations and cash flows.

<u>Transition Risks</u>

Climate-related transition risks arise from the global systematic shift away from traditional, carbon-intensive energy sources toward sources that may lower GHG emissions and reduce the impact on the environment. The pace and magnitude of climate change and associated transition risk impact on AltaGas' businesses varies in each operating jurisdiction. AltaGas is exposed to climate-related policy, market, technology, reputational and legal risks associated with the global transition to a lower carbon economy.

i. Climate-Related Legislation, Regulation and Policy

AltaGas' facilities and operations are, and may become subject to, current and emerging local, provincial, state, federal and international climate change legislation, regulation and policies designed to manage or limit GHG emissions or restrict natural gas production or usage. Carbon taxes, cap and trade programs, levies and other carbon abatement programs, among other legislation, regulation and policies, are active or may become active across some or all of AltaGas' operating areas. The scope, pricing, cost, and compliance requirements under these programs may continue to increase. The direct or indirect costs and obligations imposed on AltaGas and its customers to comply with these regulations, including carbon pricing regimes, may have a material adverse effect on AltaGas' business, financial condition or results of operations.

Additionally, AltaGas may become subject to emerging climate-related reporting frameworks, including GHG emissions reporting, that could introduce mandatory disclosure for AltaGas, and/or other entities, if implemented. Reporting requirements governed by legislation and regulation in the jurisdictions where AltaGas operates could also impact AltaGas' disclosure requirements if broadly adopted by peer companies or become required by stakeholders such as investors, credit agencies and lenders. These disclosure requirements, whether mandatory or voluntary, may also require significant resources and investments in data collection, monitoring, reporting and verification, including with respect to data generated by third parties, and high quality data may not always be available. The direct or indirect cost of compliance with these climate-related reporting requirements, the inability to meet future regulatory reporting requirements, unexpected changes in reporting requirements, methodologies or timelines, the inability to collect comprehensive and high quality data, or the current and future expectations of stakeholders, including investors, may adversely affect the Company's reputation, financial condition, ability to obtain regulatory permits or approvals and ability to raise capital.

ii. Climate-Related Market Risk

AltaGas is exposed to market risks, including fluctuations in commodity prices, foreign exchange rates and interest rates, and changes in consumer preferences. Increased commodity prices or other market factors such as inflation could have a negative impact on customer affordability which, in turn, may reduce demand for AltaGas' natural gas products. Higher natural gas prices result in increased direct costs for AltaGas' utility businesses which, in turn, impacts the price customers pay. The increased costs may impact customer decisions in the short-term and reduce the amount of natural gas used. Over the longer-term, increased commodity prices may result in customers switching from natural gas to alternative energy sources, negatively impacting the long-term demand for AltaGas' services. Sustained long-term increases in commodity prices could shift customer behavior and encourage the transition away from natural gas to alternative energy sources. Such increases could also materially increase the costs of materials required for AltaGas to operate its business.

Changing customer preferences towards lower-carbon energy sources may reduce the demand for AltaGas' product and services over the longer-term. Government incentives and regulatory requirements to transition energy usage towards lower-carbon or alternative energy sources, such as electrification or renewable or low carbon fuels, may also impact the long-term purchasing behaviors of AltaGas' customers and adversely impact the demand for the Company's services.

iii. Climate-Related Technology Risk

The pace at which technology advancements and improvements become available, and the cost of these advancements, may impact the pace at which new practices, technologies and GHG emissions reduction strategies can be implemented, in turn impacting AltaGas and its customers. Changes in energy consumption by customers as a result of the availability of and incentive to invest in energy efficient technologies have the potential to reduce customer demand and adversely impact AltaGas' business.

Emerging technologies that may be deployed in connection with GHG emission reduction strategies include the use of co-generation facilities, acid gas injection, carbon capture and storage, advanced leak detection, and methane capture technologies. The cost to acquire and implement technology required to reduce the carbon intensity of AltaGas' assets and operations, and the availability of that technology in the future, is difficult to predict given the uncertainty and pace of change with respect to advancements in emerging technologies. Rapid advancements in technology could result in the substitution of the Company's products and services with lower emissions options. Conversely, increasing costs to acquire or implement technologies, or an inability to procure and deploy such technologies, could negatively impact AltaGas' capital spending, operating costs or impact the rate of return on new projects.

iv. Climate-Related Reputational Risk

With increased public scrutiny of the energy industry related to climate change and reducing environmental impact, increasing public opposition to the energy industry may impact AltaGas' business and its reputation could become unfavorable. As governments and regulatory bodies increasingly focus on mitigating the risks associated with global climate change, there is reputational risk associated with AltaGas' ability to meet potential increasingly stringent regulatory requirements, achieve its emissions reduction targets and meet the expectation of its stakeholders. Climate-related reputational risk cannot be managed in isolation from other forms of climate-related risks.

Additionally, with the increased public focus on climate change and support for the energy transition, the energy industry is exposed to the risk of increased activism related to the continued processing, transportation and distribution of natural gas and related products, even where such activities are conducted in compliance with applicable laws. Activism in the form of protests, demonstrations or blockades could result in temporary disruptions to AltaGas' operations. AltaGas may also be subject to opposition from special interest groups resulting in regulatory process delays, which can impact schedules and increase both legal and operating costs. Furthermore, activism may impact AltaGas' ability to obtain or maintain permits and regulatory approvals or negatively impact the anticipated timing and costs associated with capital projects.

Damage to AltaGas' reputation could result in negative investor sentiment towards the Company and could limit its ability to access capital or decrease the price and liquidity of AltaGas' shares.

v. Climate-Related Legal Risk

The energy sector has seen an increase in climate-related litigation in recent years from environmental groups, community members and shareholders. As such, in the course of its business, AltaGas may be subject to lawsuits and other claims related to GHG emissions, climate-related impacts of AltaGas' products and services, the Company's disclosure of its climate-related initiatives or impacts, or the Company's climate-related commitments. In addition, AltaGas may be required to obtain legal or regulatory approval on projects from regulators or stakeholders in order to conduct its business, which may become the subject of legal proceedings in the event opponents seek to oppose or overturn such approvals. Costs associated with the resolution of any climate-related legal proceedings, even with respect to claims that have no merit, or failure to obtain required approvals could result in significant costs to the Company, delays or cancellation of projects, which may adversely impact the financial position or operating results of the Company.

**Environmental Regulation**

AltaGas is also subject to and may become subject to current and emerging environmental regulations beyond climate-related regulations. These regulations may apply to AltaGas' water usage, waste handling and disposal, air emissions, land use and other potential environmental-related impacts. AltaGas faces uncertainties related to future environmental laws and regulations affecting its business and operations. Existing environmental laws and regulations may be revised or interpreted more strictly, and new laws or regulations may be adopted or become applicable to AltaGas, which may result in increased compliance costs or additional operating restrictions, each of which could reduce AltaGas' earnings and adversely affect AltaGas' business. Compliance with these regulations could significantly increase capital spending, operating expenses, facility downtime or impact the affordability of rates charged to customers.

The Midstream and Utilities segments are subject to environmental regulation pursuant to local, provincial, state, territorial, and federal legislation. Environmental legislation places restrictions and prohibitions on land and water use as well as on various substances discharged to the air, land, and water in association with certain Utilities and Midstream operations. AltaGas' operations are required to obtain and comply with a variety of environmental licenses, permits, approvals, and registrations. In addition to the license and permit requirements, provincial, state, territorial, and federal legislation may require that end of life assets be abandoned, remediated, and reclaimed to the satisfaction of provincial, state, federal, or territorial authorities. Failure to comply with applicable environmental legislation can result in civil or criminal penalties, environmental contamination clean-up requirements, and government orders affecting future operations. It is possible that increasingly strict environmental laws, regulations, and enforcement policies, and potential claims for damages and injuries to property, employees, other persons, and the environment resulting from current or discontinued operations, could result in substantial costs and liabilities in the future. Environmental risks from AltaGas' operations can typically include, but are not limited to: air emissions, such as sulphur dioxide, nitrogen oxides, particulate matter and greenhouse gases; potential impacts on land; the use, storage, or release of chemicals or hydrocarbons; the generation, handling, and disposal of wastes and hazardous wastes; and water impacts.

See sections "Environmental, Social and Governance", "Business of the Corporation – Utilities Business – Environmental Considerations Impacting the Utilities Business", "Business of the Corporation – Midstream Business – Environmental Considerations Impacting the Midstream Business", "Business of the Corporation – Corporate/Other Segment - Environmental Considerations Impacting the Corporate/Other Segment" of this AIF.

**Indigenous and Treaty Rights**

Indigenous peoples assert and claim, or have established, Aboriginal and/or Treaty rights and/or Aboriginal title in relation to lands and waters in Canada. Analogous rights are also asserted and/or held by U.S. Tribes. Governments in Canada have a duty to consult with and, where appropriate, accommodate Indigenous peoples where the rights of Indigenous peoples may be affected by a government action or decision.

AltaGas respectfully develops and operates in territories in which Indigenous groups have established and claimed Aboriginal and/or Treaty rights and/or Aboriginal Title. Asserted claims, if successful, could have an impact on natural gas production, the development of natural gas and NGL extraction projects in Alberta and British Columbia, and the operations of RIPET in British Columbia and the Ferndale terminal in Washington State. The potential impacts of such matters could have a materially adverse effect on AltaGas' business and operations, including the volume of natural gas processed at AltaGas' facilities, and the operation or development of facilities for gathering and processing, energy exports, natural gas distribution, storage, power generation, or extraction and transmission.

It is uncertain to what extent, whether positive or adverse, the claims of Indigenous groups will affect AltaGas' ability to conduct its business and operations as currently undertaken or as may be undertaken in the future in such regions. Additionally, any failure of AltaGas to reach an agreement, seek alignment in interests, or resolve any conflict or disagreement that may arise with an Indigenous group could have a material adverse effect on AltaGas' business, financial condition, and results of operations.

The BRFN Implementation Agreement responds to the British Columbia Supreme Court ruling in June 2021 of Yahey vs. British Columbia which found that British Columbia had infringed upon BRFN's Treaty 8 rights due to the cumulative impacts of decades of industrial development which B.C. had authorized. The BRFN Implementation Agreement, signed on January 18, 2023, sets out a new approach to land, water, and resource-based decision making and stewardship that has the aim of ensuring that BRFN members can meaningfully exercise their Treaty 8 rights, while providing stability and predictability for industry. Effective June 30, 2023, a new consultation process for BRFN has provided clarity to a proponent of the engagement requirements in the BRFN claim area by requiring pre-application engagement with BRFN including identifying acceptable locations for oil and gas activities, ensuring these activities are consistent with land use plans that identify areas for protection, and the conditions under which new development may occur.

On May 30, 2024, the Province of British Columbia announced that British Columbia and BRFN were moving forward with the implementation of the Gundy High Value 1 Plan (the "Gundy Plan"), consistent with the BRFN Implementation Agreement. However, on July 8, 2024, the BRFN filed a notice of civil claim with the British Columbia Supreme Court against the province of British Columbia alleging that the Gundy Plan was made contrary to the parties' understandings, commitments and obligations in the BRFN Implementation Agreement. A ruling has not yet been made regarding this claim, however, a successful claim would increase regulatory uncertainty and likely lead to additional disputes. AltaGas has no current permits in process in the High Value 1 Gundy land use area, but operates natural gas processing facilities in the Treaty 8 area located in B.C., and requires continued volumes of natural gas production in this region in order to grow and sustain these developments. AltaGas' current and proposed projects may be subject to future land use plans under the terms of the BRFN Implementation Agreement.

In parallel to the negotiations between British Columbia and BRFN, discussed above, Halfway River First Nation and Doig River First Nation filed petitions in respect of the BRFN Implementation Agreement with the Province of British Columbia on September 22, 2023 and October 5, 2023, respectively. The petitions seek recognition that British Columbia still owes them a duty to consult and, if necessary, accommodate, with respect to its decision to enter into the BRFN Implementation Agreement. The petitions do not seek to invalidate the whole BRFN Implementation Agreement. On June 25, 2024, the Halfway River First Nation entered into a settlement agreement with the Province of British Columbia with respect to the petition filed on September 22, 2024 (the "Settlement Agreement"). The Settlement Agreements sets out, among other things, the role of the Halfway River First Nation in provincial decision-making processes set out in the BRFN Implementation Agreement, including the need to obtain Halfway River First Nation's consent to certain developments in the area specified in the Settlement Agreement and Halfway River First Nation's role in developing and implementing consultation processes and procedures for oil and gas activity applications in the relevant area. The Settlement Agreement and the Doig River First Nation court petition, if successful, may impact AltaGas’ operations within the Treaty 8 area through reduced regulatory certainty, however, the extent of the impact, whether positive or adverse, on AltaGas’ operations is unknown at this time.

On September 7, 2022, Duncan’s First Nation initiated a claim with the Court of King’s Bench of Alberta alleging that the cumulative effects of development activity have breached Alberta’s obligations to Duncan’s First Nation under Treaty 8. A ruling has not been made regarding the claim, however, a successful claim would require a re-examination of the regulatory processes governing land use and project approval to incorporate cumulative effect analysis. AltaGas operates natural gas processing facilities in the Treaty 8 area located in Alberta. AltaGas cannot predict the outcomes of any ruling in this claim or the potential impacts of any ruling on AltaGas’ operations.

In addition, in May 2008, the Beaver Lake Cree Nation filed a lawsuit in Alberta against the Governments of Alberta and Canada alleging that the cumulative effects from oil, gas, forestry and mining activities violate the Beaver Lake Cree Nation's Treaty 6 rights to hunt and fish. Based on the location of AltaGas' facilities and operations outside the Treaty 6 area, the ultimate decision is not currently expected to directly impact AltaGas. However, any decision, or the Government of Alberta's response to same, may have an indirect impact on other areas of Alberta where AltaGas does have facilities and operations.

**Litigation**

In the course of its business, AltaGas is subject to lawsuits and other claims. Defense and settlement costs associated with such lawsuits and claims can be substantial, even with respect to lawsuits and claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the financial position or operating results of AltaGas.

**Dependence on Certain Partners**

AltaGas co-owns certain facilities with joint venture partners. Failure by the operators of these facilities to operate at the cost or in the manner projected by AltaGas could negatively affect AltaGas’ results. In addition, for non-wholly owned subsidiaries, AltaGas relies on other investors to fulfill their commitments and obligations in respect of the project or facility. AltaGas has entered into various types of arrangements with joint venture partners for any or all of the construction, operation or ownership of certain facilities. Certain of these partners may have or develop interests or objectives which are different from or even in conflict with the objectives of AltaGas. AltaGas does not have the sole power to direct the business and operations of such facilities and AltaGas faces the risk of being impacted by partners’ decisions and by potential disagreements regarding operations and other business decisions. Any such differences could have a negative impact on the success of such facilities.

**Political Uncertainty, Activism, Civil Unrest, Terrorist Attacks and Threats, Escalation of Military Activity in Response to these Attacks, Acts of War**

Uncertainty exists with regard to the political climate in the jurisdictions where AltaGas operates. Changes in social, political, regulatory, or economic conditions, or in laws and policies governing environment, development, tax, trade, investment or energy could materially adversely affect AltaGas' business and operations.

Public activism has increased against activities involving fossil fuels and could potentially result in work delays, reduced demand for AltaGas' products and services, increased legislation or denial or delay of permits and rights-of-way. In addition, there have been significant incidents of civil unrest in areas where AltaGas operates. To the extent that public activism and/or civil unrest is accompanied by disruption to transportation routes, damage to infrastructure, violence or destruction, AltaGas' personnel, physical facilities, and operations may be placed at risk and financial and operational results may be adversely impacted.

Terrorist attacks and threats, escalation of military activity or acts of war, or other civil unrest or activism may have significant effects on general economic conditions and may cause fluctuations in consumer confidence and spending and market liquidity, each of which could adversely affect AltaGas' business. Future terrorist attacks, tensions between states, threats of war, acts of war including conflicts involving the US or Canada, or military or trade disruptions may significantly affect AltaGas' operations and those of its customers. Strategic targets, such as energy related assets, may be at greater risk of future attacks than other targets in the US and Canada. Finally, the disruption or a significant increase in energy prices could result in government-imposed price controls. It is possible that any of these occurrences, or a combination of them, could adversely affect AltaGas' business, operations or financial results.

International conflicts, both current and future, also have the potential to adversely affect AltaGas' business, operations and results. AltaGas' operations have not been, and are unlikely to be, directly impacted by the current conflicts between Ukraine and Russia and in the Middle East, and the international response to them. However, they have, and may continue to have, potential wide-ranging consequences for global market volatility and economic conditions, including energy and commodity prices, which may, in turn, increase inflationary pressures and interest rates. Certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which have, and may continue to have, far-reaching effects on the global economy and energy and commodity prices. The short-, medium- and long-term implications of the conflicts in Ukraine and the Middle East are difficult to predict with any certainty at this time. There remains uncertainty relating to the potential direct and indirect impact of international conflicts on AltaGas, and they could have a material and adverse effect on AltaGas' business, financial condition and results of operations. Depending on the extent, duration, and severity of the conflicts, they may have the effect of heightening many of the other risks described in this AIF.

**Decommissioning, Abandonment, and Reclamation Costs**

AltaGas is responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of its facilities at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they are a function of regulatory requirements at the time of decommissioning, abandonment and reclamation and the actual costs may exceed current estimates which are the basis of the asset retirement obligation shown in AltaGas' financial statements. In particular, management has identified environmental issues associated with the prior activities of Harmattan and the Utilities. There are indications of significant groundwater and soil contamination resulting from Harmattan's prior activities. There is a risk that the costs of addressing these environmental issues could be significant.

As well, Washington Gas has recorded environmental liabilities for costs expected to be incurred to remediate sites where Washington Gas or a predecessor affiliate operated manufactured gas plants. Estimates of liabilities for environmental response costs are difficult to determine with precision because of the various factors, including the likely effects of inflation, that can affect their ultimate level. See the section "Business of the Corporation – Utilities Business – Environmental Considerations Impacting the Utilities Business".

**Reputation**

AltaGas places great importance on establishing and maintaining positive relationships with its stakeholders, including, without limitation, within the communities in which AltaGas operates, regulators, and local Indigenous peoples. There is an increasing level of public concern and scrutiny relating to the perceived effect of natural resources activities, including, without limitation: exploration, development, production, processing, and transportation; on certain environmental and social aspects such as overall environmental performance, emissions, air and water quality, noise, dust, land, and ecological disturbance; and employment and economic development opportunities. Opposition to natural resources activities by communities, groups (including nongovernmental organizations), or Indigenous peoples may ultimately impact AltaGas, including its ability to obtain or maintain permits, the anticipated timing and costs associated with capital projects, its operations, shareholder confidence, and its reputation. Recent and proposed regulatory changes could increase the ability of groups to object to and/or delay certain capital projects. See "Changes in Laws and Regulations" above. Publicity adverse to AltaGas' operations, AltaGas' partners, or others operating in the energy industry generally, could have an adverse effect on AltaGas and its operations. While AltaGas is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk.

**Weather Data**

The utilities and natural gas distribution business is highly seasonal, with the majority of natural gas demand occurring during the winter heating season, the length of which varies in each jurisdiction in which AltaGas' utilities operate. Natural gas distribution revenue during the winter typically accounts for the largest share of annual revenue in the Utilities business. There can be no assurance that the long-term historical weather patterns will remain unchanged. Annual and seasonal deviations from the long-term average can be significant. In Maryland and Virginia, Washington Gas has in place regulatory mechanisms and rate designs intended to stabilize the level of net revenues that it collects from customers by eliminating the effect of deviations in customer usage caused by variations in weather from normal levels and other factors such as conservation. If Washington Gas' rates and tariffs are modified to eliminate these provisions, then Washington Gas would be exposed to significant risk associated with weather.

The operations of AltaGas' retail energy-marketing business are weather sensitive and seasonal, with a significant portion of revenues derived from the sale of natural gas to retail customers for space heating during the winter months, and from the sale of electricity to retail customers for cooling during the summer months. Weather conditions directly influence the volume of natural gas and electricity delivered to customers. Weather conditions can also affect the short-term pricing of energy supplies that the retail energy-marketing business may need to procure to meet the needs of its customers. Similarly, AltaGas' Midstream business is seasonal due to the tendency of storage and transportation spreads to increase during the winter. Deviations from normal weather conditions and the seasonal nature of these businesses can create large fluctuations in short-term cash requirements and earnings for these businesses.

**Technical Systems and Processes Incidents**

Failure of key technical systems and processes to effectively support information requirements and business processes may lead to AltaGas' inability to effectively and efficiently measure, record, access, analyze, and accurately report key data. This could result in increased costs and missed business opportunities.

**Growth Strategy Risk**

It is possible that the strategy AltaGas has implemented and plans to continue implementing in 2025 and onwards will not be as successful as projected. A failure to fully realize the anticipated benefits of AltaGas' strategy could have a negative impact on AltaGas' results, including causing the failure to achieve all or any targets provided in its financial guidance.

**Failure to Realize Anticipated Benefits of Acquisitions and Dispositions**

AltaGas considers acquisitions and dispositions of businesses and assets in the ordinary course of business; however, the anticipated benefits of acquisitions may not be achieved and AltaGas may dispose of certain non-core assets for less than their carrying value on the financial statements as a result of weak market conditions. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and AltaGas' ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of AltaGas. The integration of acquired businesses and assets may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and resources required to provide such services. In this regard, non-core assets may be periodically disposed of so AltaGas can focus its efforts and resources more efficiently. Depending on the market conditions for such non-core assets, certain non-core assets of AltaGas may realize less on disposition than their carrying value on the financial statements of AltaGas.

**Underinsured and Uninsured Losses**

There can be no assurance that AltaGas will be able to obtain or maintain adequate insurance coverage at all or at rates it considers reasonable. Further, there can be no assurance that available insurance will cover all losses or liabilities that might arise in the conduct of AltaGas' business. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by AltaGas, or a claim that falls within a significant self-insured retention could have a material adverse effect on AltaGas' business or its results. Further, significant insured claims could lead to an increased cost of operating and insuring AltaGas' assets in the future.

**Impact of Competition in AltaGas' Businesses**

AltaGas faces strong competition in its Retail Energy Marketing business. It competes with other non-regulated retail suppliers of natural gas and electricity, as well as with the commodity rate offerings of electric and gas utilities. Increases in competition, including utility commodity rate offers that are below prevailing market rates, may result in a loss of sales volumes or a reduction in growth opportunities. AltaGas' Midstream business competes with other midstream infrastructure and energy services companies, wholesale energy suppliers, and other non-utility affiliates of regulated utilities to acquire natural gas storage and transportation assets. There can be no assurances that AltaGas can compete successfully, and its failure to do so could have an adverse impact on AltaGas' results of operations and cash flow.

**Counterparty Credit Risk**

AltaGas is exposed to credit-related losses in the event that counterparties to contracts fail to fulfill their present or future obligations to AltaGas. AltaGas has credit risk relating to, among others, counterparties to the sale, purchase, and delivery of commodity, transportation capacity, energy system design and construction, investment terms, as well as long-term contracts including resource adequacy contracts, EPAs, and take-or-pay agreements. While the majority of AltaGas' counterparties are of investment grade quality, AltaGas can provide no assurance as to whether the credit quality of its counterparties will remain at current levels or decline. In addition, for non-wholly owned subsidiaries, AltaGas relies on other investors to fulfill their commitments and obligations in respect of the project or facility. In the event such entities fail to meet their contractual obligations to AltaGas, such failures may have a material adverse effect on AltaGas' business, financial condition, results of operations, and prospects.

**Composition Risk**

The extraction business is influenced by the composition of natural gas produced in the WCSB and processed at AltaGas' facilities. The composition of the gas stream has the potential to vary over time due to factors such as the level of processing done at plants upstream of AltaGas' facilities and the composition of the natural gas produced from reservoirs upstream of AltaGas' facilities.

**Collateral**

AltaGas is able to obtain unsecured credit limits from its counterparties in order to procure natural gas and NGL supply and services for its energy services business. If counterparties' credit exposure to AltaGas exceeds the unsecured credit limits granted, AltaGas may have to provide collateral such as letters of credit.

**Rep Agreements**

If AltaGas becomes insolvent or is in material default under the terms of the Rep Agreements for an extended period, effective ownership of the natural gas processing plant within Harmattan can be claimed by the original Harmattan owners for a nominal fee. Accordingly, under these circumstances, AltaGas could lose its investment in the natural gas processing plant, excluding the facilities that are owned 100 percent by AltaGas.

**Market Value of Common Shares and Other Securities**

AltaGas cannot predict at what price the Common Shares, Preferred Shares, or other securities issued by AltaGas will trade in the future. Common Shares, Preferred Shares, and other securities of AltaGas will not necessarily trade at values determined solely by reference to the underlying value of the Corporation’s assets. One of the factors that may influence the market price of such securities is the annual yield on such securities. An increase in market interest rates may lead purchasers of securities of AltaGas to demand a higher annual yield and this could adversely affect the market price of such securities. In addition, the market price for securities of AltaGas may be affected by announcements of new developments, changes in AltaGas’ operating results, differences between results and analysts’ expectations, changes in credit ratings, changes in general market conditions, fluctuations in the market for securities, and numerous other factors beyond the control of AltaGas.

**Variability of Dividends**

The declaration and payment of dividends on Common Shares by AltaGas are at the discretion of the Board of Directors. The cash available for dividends to Shareholders is a function of numerous factors, including, without limitation, AltaGas’ financial performance, the impact of interest rates, electricity prices, natural gas, NGL, and LPG prices, debt covenants and obligations, working capital requirements, liquidity, and future capital requirements. Dividends may be reduced or suspended entirely depending on the operations of AltaGas and the performance of its assets. The market value of AltaGas’ shares may deteriorate if AltaGas is unable to meet or otherwise chooses to modify its dividend targets, and that deterioration may be material.

**Potential Sales of Additional Shares**

AltaGas may issue additional shares in the future to directly or indirectly fund, among other things, capital expenditure requirements of entities now or hereafter owned directly or indirectly by AltaGas, including financing acquisitions by those entities. Such additional shares may be issued without the approval of Shareholders. Shareholders will have no pre-emptive rights in connection with such additional issuances. The Board of Directors has discretion in connection with the price and the other terms of the issue of such additional shares. Any issuance of Common Shares or securities convertible into Common Shares may have a dilutive effect on existing Shareholders.

**Labor Relations**

The operations and maintenance staff at the Blythe Energy Center and Younger, as well as some employees of Washington Gas and SEMCO Energy, are members of a labor union. Aspects of operations at both RIPET and the Ferndale terminal are also performed by employees that are members of a labor union. Also, other employee groups may organize to form labor unions within AltaGas' operating entities in the future. Labor disruptions could restrict AltaGas' operations including the ability of the Blythe Energy Center to generate power, the ability of Younger to process natural gas and produce NGLs, operations at RIPET and the Ferndale terminal, or could affect Washington Gas and SEMCO Energy’s operations and therefore could affect AltaGas’ cash flow and net income.

## Key Personnel

AltaGas' success has been largely dependent on the skills and expertise of its key personnel. The continued success of AltaGas will be dependent on its ability to retain such personnel and to attract additional talented personnel to the organization. Access to a sustained labor market from which to attract the required expertise, knowledge, and experience is a critical factor to AltaGas' success. Costs associated with attracting and retaining key personnel could adversely affect AltaGas' business operations and financial results.

## Risk Management Costs and Limitations

AltaGas uses derivative financial instruments to hedge risks associated with exchange rates, interest rates, and commodity price fluctuations. AltaGas does not enter into derivatives transactions for speculative purposes. AltaGas' derivative transactions cannot mitigate all risk associated with AltaGas' business nor the risk of unauthorized activities notwithstanding appropriate oversight through AltaGas' risk management function. Any such unauthorized activities could materially adversely affect AltaGas' business, operations, and financial condition.

## Commitments Associated with Regulatory Approvals for the Acquisition of WGL

As a result of the process to obtain any consents required of each of the PSC of DC, the PSC of MD, the SCC of VA, and FERC, as well as to obtain CFIUS approval for the acquisition of WGL, AltaGas is committed to various programs, contributions, and investments in several agreements and regulatory approval orders. It is possible that AltaGas may encounter delays, unexpected difficulties, or additional costs in meeting these commitments in compliance with the terms of the relevant agreements and orders. Failure to fulfill the commitments in accordance with their terms could result in increased costs or result in penalties or fines that could materially adversely affect AltaGas' business, financial condition, operating results, and prospects.

## Cost of Providing Retirement Plan Benefits

The cost of providing retirement plan benefits to eligible current and former employees is subject to changes in the market value of AltaGas' retirement plan assets, changing bond yields, changing demographics and changing assumptions. Any sustained declines in equity markets, reductions in bond yields, increases in health care cost trends, or increases in life expectancy of beneficiaries may have an adverse effect on AltaGas' retirement plan liabilities, assets and benefit costs. Additionally, AltaGas may be required to increase its contributions in future periods in order to preserve the current level of benefits under the plans and/or due to U.S. federal funding requirements.

## Failure of Service Providers

Certain of AltaGas' information technology, customer service, supply chain, pipeline and infrastructure installation and maintenance, engineering, payroll, and human resources functions that AltaGas relies on are provided by third party vendors. Some of these services may be provided by vendors from centers located outside of Canada or the U.S. Services provided pursuant to these agreements could be disrupted due to events and circumstances beyond AltaGas' control. AltaGas' reliance on these service providers could have an adverse effect on AltaGas' business, results of operations and financial condition.

## Pandemics, Epidemics or Disease Outbreaks May Adversely Affect Local and Global Economies and Our Business, Operations or Financial Results

Disruptions caused by pandemics, epidemics or infectious disease outbreaks could materially adversely affect AltaGas' business, operations, financial results and forward-looking expectations. Emergency measures imposed by governments to combat the spread could include restrictions on business activity and travel, as well as requirements to isolate or quarantine. The duration and magnitude of such impacts will depend on many factors that AltaGas may not be able to accurately predict. Pandemics, epidemics, or infectious disease outbreaks and government responses could interrupt business activities and supply chains, disrupt travel, and contribute to significant volatility in the financial and commodity markets. Disruptions related to pandemics, epidemics or infectious disease outbreaks could have the effect of heightening many of the other risks described in this "Risk Factors" section.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

AltaGas' commitment and approach to sustainability, including efforts with respect to environmental, social and governance topics, means upholding its Core Values and operating with purpose towards a shared mission of providing safe and reliable access to affordable energy. In managing GHG emissions; investing in its people and communities; building long-term relationships with Indigenous and Tribal groups, customers, regulators and local communities; ensuring sound leadership and oversight; adhering to risk management practices; and being disciplined in capital deployment, AltaGas is working to integrate sustainability considerations into its business. Ongoing communication with stakeholders is a key input to inform AltaGas' sustainability strategy development and risk management activities, ensuring the Company approaches work in a responsible way and creates social value for the communities it serves. AltaGas' commitment to providing safe, affordable and reliable access to energy, together with its Core Values, is supported by an inclusive, performance-based culture.

AltaGas has identified seven key topics that reflect the priorities of the Company, related to environmental, social and governance topics. The topics were identified through consideration of both the perspectives of internal and external stakeholders as well as an internal assessment of risks. AltaGas is updating this analysis and completing a comprehensive sustainability assessment to reassess, identify, and validate the most relevant sustainability-related topics to its businesses. The results of this assessment are expected in 2025.

Currently, AltaGas' seven key sustainability-related topics are:

- Safety and Reliability;
- Energy Affordability;
- Energy Evolution;
- Cybersecurity;
- Diversity and Inclusion;
- Culture; and
- Community Partnerships.

In September 2024, AltaGas released its 2023 Sustainability Update. This report covers AltaGas' consolidated enterprise-wide ESG performance and was prepared with reference to the TCFD framework, which now forms part of the IFRS Foundation's ISSB standards, the SASB standards for Oil & Gas – Midstream and Gas Utilities & Distributors, and supplemented with the GRI standards. The 2023 Sustainability Update can be accessed at www.altagas.ca.

### Environment

Environmental considerations are integrated into how AltaGas conducts its business. The Board established the EH&S Committee to review, monitor, and make recommendations to the Board regarding Environment, Health and Safety strategy, policy, compliance, and risk, including climate-related risks and opportunities.

AltaGas is focused on operational excellence to mitigate environmental impacts throughout the lifecycle of its operations while safely and reliably meeting the energy needs of its customers. AltaGas' EHS Policy guides its commitment to managing and mitigating environmental impacts and supporting a strong environmentally conscious culture. This includes implementing programs to proactively identify and manage risks, use innovative technology, apply lessons learned and follow leading practices to continually improve performance.

Climate Change and the Energy Evolution

AltaGas’ climate strategy is focused on working to reduce GHG emissions within its areas of operation while positioning the Utilities and Midstream businesses to participate in future global emissions reduction and decarbonization initiatives. AltaGas' diverse portfolio of strategically located Utilities and Midstream assets provide a strong platform to build upon as it considers opportunities to expand its product offerings in step with the evolving energy landscape.

AltaGas' climate strategy is influenced by the climate-related risks and opportunities to the businesses over the short-term (less than three years), medium-term (three - 10 years) and long-term (+10 years) horizon and the management of climate-related risks is incorporated into the business through AltaGas' enterprise-risk management processes. Integrating these considerations throughout the decision-making process ensures AltaGas is well-positioned to capitalize on the changing landscape.

## Social

Safety and Reliability

AltaGas’ EHS Policy and guidelines outline the Company’s commitment to safety as a Core Value and set expectations and parameters that are consistently applied across the organization and provide a framework to reinforce a culture of safety. AltaGas' commitment to safety means supporting its safety culture; stopping work that is unsafe; reporting all incidents and near misses; proactively identifying and managing risks; supporting the physical, psychological and social well-being of its people; and complying with regulations, laws and standards.

To further emphasize the importance of safety, each employee and contractor must commit to upholding AltaGas’ EHS Policy and Core Values every day. In addition, AltaGas’ EHS management system provides a transparent framework that can be applied consistently across its operations to drive accountability, operational excellence and manage risk.

Building resiliency in the Company’s infrastructure is essential for providing safe, reliable service to customers and keeping communities safe. AltaGas' Midstream and Utility businesses have process safety management systems that ensure asset integrity, regulatory compliance, and resiliency in respect of both human factors and engineering design and operation. AltaGas proactively engineers to ensure it can safely operate complex systems. AltaGas ensures there are several safety measures in place to help prevent harm to people, assets, and the environment, through multiple barriers of protection such as design standards, engineering controls, and operating procedures. AltaGas makes capital investments to enhance the resiliency of its assets, which includes investments to modernize facility and pipeline networks through enhancement and replacement activities.

Cybersecurity

Safeguarding the Company’s infrastructure, system availability, digital assets and confidential information is essential to the safe and reliable delivery of energy to AltaGas' customers. AltaGas works closely with regulators and governments in each of its jurisdictions to assess and protect its systems and to ensure the Company’s cybersecurity and data privacy measures are aligned and compliant with local rules and regulations.

Culture

Spanning North America, AltaGas' diverse workforce of approximately 2,700 employees at December 31, 2024, is guided by one set of Core Values and a common mission which provides the basis for how AltaGas does business and executes on its strategic priorities. AltaGas’ Human Rights Policy, guided by the International Bill of Human Rights, outlines the Company’s commitment to maintaining a corporate culture that respects the principles aimed at promoting, protecting and supporting internationally recognized human rights.

Diversity and Inclusion

AltaGas’ initiatives related to diversity and inclusion stem from its Core Values, with a focus on employee, community, and third-party engagement. AltaGas invests in its people through talent development, diversity and inclusion initiatives, and engagement strategies. The Company’s Employee Resource Groups support employees and provide team-building and professional development opportunities for diverse employees. AltaGas’ diversity and inclusion efforts also extend beyond the workforce into local communities and supply chains through community investment, supplier diversity initiatives and engagement, including with Indigenous communities.

Community Partnerships and Indigenous Relations

AltaGas operates in many diverse jurisdictions and recognizes that each community has unique needs. Indigenous communities and other stakeholder groups, including local governments, regulators, and customers, each have valuable and important perspectives which AltaGas continues to learn from. AltaGas shows its commitment through several of its programs, such as community investment, customer affordability and energy assistance programs, public awareness and safety programs, supplier diversity programs, and employee engagement through volunteerism and giving.

AltaGas believes long-term collaborative relationships with Indigenous communities lead to shared benefits, stronger communities and effective partnerships. AltaGas' Indigenous Engagement Guideline defines the Company's approach to relationship building that is based on listening, learning and responding and ensures a consistent approach to engagement practices, areas of focus for economic and social benefit and record keeping. As part of AltaGas' engagement, the Company may enter into agreements with Indigenous peoples. These agreements range from short-term arrangements that enable Indigenous communities to learn more about the Company’s proposed developments and participate in regulatory processes, to agreements that define how AltaGas and Indigenous communities can collaborate over the long-term. AltaGas' longer-term initiatives include training, employment, contracting, supplier procurement, environmental protection, and community investment and other forms of economic and social inclusion.

Energy Affordability

AltaGas provides customers with access to affordable, safe, and reliable energy. The most under-served in communities rely on programs and initiatives to help manage energy costs. In the Utilities business, the Company's programs including asset optimization, revenue adjustments, budget plans and helping qualifying customers access federal and state funding, support continued access to affordable, safe and reliable energy for customers.

### Governance

AltaGas’ Board oversees the strategic direction of the Company and evaluates and measures progress towards execution. ESG oversight is ultimately a Board responsibility. Each of the Board’s four standing committees assist in providing oversight of environment, social and governance areas, with different aspects of ESG performance falling under each committee mandate. AltaGas’ Governance Committee has accountability for ESG reporting. For more details on the role of each standing committee, see the 2024 Management Information Circular available at www.altagas.ca.

Policies

AltaGas' governance, policies, and procedures are the framework and foundation that support sound decision making. AltaGas has a number of policies in place with respect to environmental stewardship, health and safety, and social responsibility. Notably, AltaGas’ COBE ensures AltaGas upholds its Core Values and conducts business in a safe, respectful and ethical manner. The COBE and its related policies are approved by the Board. Directors, officers and employees of AltaGas, and other representatives are required to certify that they have read, understand and will comply with the COBE and its key policies when joining AltaGas and on an annual basis thereafter. The Board monitors compliance with the COBE and its key policies and related procedures and oversees training initiatives implemented to support compliance. AltaGas' COBE related policies include:

- Acceptable Use of Technology;
- Alcohol and Drug;
- Anti-Bribery and Anti-Corruption;
- Conflicts of Interest;
- Cybersecurity;
- Disclosure;
- Environment, Health and Safety;
- Human Rights;
- Privacy;
- Reporting Concerns and Anti-Retaliation;
- Respectful Workplace;
- Securities Trading and Reporting; and
- Supplier Code of Conduct.

Details of AltaGas’ COBE and related policies are available at www.altagas.ca.

## DIVIDENDS

Dividends are declared at the discretion of the Board of Directors and dividend levels are reviewed periodically by the Board of Directors, giving consideration to the ongoing sustainable cash flow as impacted by the consolidated net income, maintenance and growth capital and debt repayment requirements of AltaGas. The Corporation targets to pay a portion of its ongoing cash flow through regular quarterly dividends made to Shareholders.

AltaGas declares and pays a quarterly dividend to its common shareholders. Dividends on preferred shares are also paid quarterly.

AltaGas’ payment of dividends may be limited by covenants under its credit agreements, including, without limitation, in circumstances when a default or event of default exists or would be reasonably expected to exist upon or as a result of making such dividend payment. In the event of liquidation, dissolution, or winding-up of AltaGas, the preferred shareholders have priority in the payment of dividends over the common shareholders.

The table below shows the cash dividends paid by AltaGas on Common Shares and Preferred Shares for the three most recently completed fiscal years.

| $ per share | **2024** | 2023 | 2022 |
|---|---|---|---|
| Common Shares | **1.190000** | 1.120000 | 1.060000 |
| Series A Shares | **0.765000** | 0.765000 | 0.765000 |
| Series B Shares | **1.858420** | 1.816740 | 1.007330 |
| Series C Shares (1) | **—** | — | 0.991875 |
| Series E Shares (2) | **—** | 1.348252 | 1.348252 |
| Series G Shares | **1.171438** | 1.060500 | 1.060500 |
| Series H Shares (3) | **1.501890** | 1.916724 | 1.107322 |
| Series K Shares (4) | **—** | — | 0.312500 |

(1) Amounts disclosed are in U.S. dollars. Series C shares were redeemed on September 30, 2022.
(2) Series E shares were redeemed on December 31, 2023.
(3) Series H shares were converted to Series G shares on September 30, 2024.
(4) Series K shares were redeemed on March 31, 2022.

## MARKET FOR SECURITIES

The following chart provides the reported high and low trading prices and volume of Common Shares, traded on the TSX under the symbol ALA, traded by month from January to December 2024 as reported by the TSX:

| Month | High | Low | Volume Traded |
|---|---|---|---|
| January | 28.72 | 27.60 | 36,818,822 |
| February | 29.09 | 27.10 | 21,271,250 |
| March | 29.92 | 28.97 | 35,795,781 |
| April | 30.38 | 29.00 | 28,223,943 |
| May | 30.81 | 30.10 | 27,943,573 |
| June | 31.27 | 29.89 | 36,475,398 |
| July | 32.92 | 30.74 | 26,933,488 |
| August | 34.52 | 32.34 | 28,457,311 |
| September | 35.46 | 32.97 | 41,273,079 |
| October | 35.70 | 33.27 | 27,475,419 |
| November | 35.22 | 33.12 | 25,625,296 |
| December | 34.97 | 32.15 | 34,363,940 |

Series A Shares are traded on the TSX under the symbol ALA.PR.A. The following table sets forth the monthly price range and volume traded for Series A Shares from January to December 2024 as reported by the TSX:

| Month | High | Low | Volume Traded |
|---|---|---|---|
| January | 18.90 | 16.25 | 227,743 |
| February | 19.49 | 17.60 | 78,216 |
| March | 18.25 | 17.90 | 69,611 |
| April | 18.99 | 18.16 | 197,575 |
| May | 19.22 | 18.60 | 74,211 |
| June | 19.45 | 17.51 | 92,143 |
| July | 19.49 | 18.44 | 80,866 |
| August | 19.48 | 18.71 | 99,291 |
| September | 19.40 | 18.60 | 121,950 |
| October | 18.97 | 18.45 | 153,851 |
| November | 19.65 | 18.25 | 508,441 |
| December | 20.20 | 19.51 | 99,475 |

Series B Shares are traded on the TSX under the symbol ALA.PR.B. The following table sets forth the monthly price range and volume traded for Series B Shares for the period from January to December 2024 as reported by the TSX:

| Month | High | Low | Volume Traded |
|---|---|---|---|
| January | 21.11 | 18.74 | 47,744 |
| February | 21.45 | 19.55 | 28,868 |
| March | 20.66 | 20.08 | 15,687 |
| April | 20.85 | 20.10 | 11,211 |
| May | 21.94 | 20.83 | 13,282 |
| June | 21.78 | 20.00 | 15,374 |
| July | 21.68 | 20.52 | 17,745 |
| August | 21.44 | 20.17 | 29,625 |
| September | 23.02 | 20.90 | 82,295 |
| October | 21.68 | 20.70 | 37,017 |
| November | 21.75 | 21.00 | 21,669 |
| December | 22.59 | 21.75 | 23,102 |

Series G Shares are traded on the TSX under the symbol ALA.PR.G. The following table sets forth the monthly price range and volume traded for Series G Shares from January to December 2024 as reported by the TSX:

| Month | High | Low | Volume Traded |
|---|---|---|---|
| January | 23.46 | 21.60 | 503,361 |
| February | 23.00 | 22.40 | 220,514 |
| March | 23.10 | 22.65 | 64,277 |
| April | 23.88 | 23.05 | 57,966 |
| May | 24.55 | 23.99 | 220,450 |
| June | 24.36 | 23.38 | 125,223 |
| July | 24.50 | 24.06 | 254,807 |
| August | 24.58 | 23.45 | 361,080 |
| September | 23.50 | 22.50 | 494,941 |
| October | 22.80 | 22.21 | 281,011 |
| November | 23.24 | 22.30 | 62,675 |
| December | 23.55 | 23.00 | 212,686 |

Series H Shares were traded on the TSX under the symbol ALA.PR.H. The following table sets forth the monthly price range and volume traded for Series H Shares for the period of January to September 2024 as reported by the TSX:

| Month | High | Low | Volume Traded |
|---|---|---|---|
| January | 23.75 | 22.00 | 6,886 |
| February | 23.50 | 22.81 | 29,301 |
| March | 25.00 | 22.87 | 4,935 |
| April | 23.87 | 23.67 | 11,900 |
| May | 24.65 | 24.00 | 13,363 |
| June | 24.74 | 23.47 | 14,513 |
| July | 24.73 | 24.20 | 106,329 |
| August | 24.75 | 23.85 | 123,544 |
| September | 23.85 | 22.44 | 51,073 |

On September 30, 2024, AltaGas converted all of its outstanding Series H Shares to Series G Shares.

## CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of an obligation. This information concerning AltaGas' credit ratings relates to AltaGas' financing costs, liquidity, and operations. The availability of AltaGas' funding options may be affected by certain factors, including the global capital markets environment and outlook as well as AltaGas' financial performance. AltaGas' access to capital markets at competitive rates is influenced by credit ratings and rating outlook, as determined by credit rating agencies such as S&P, Fitch, and Moody's, and if AltaGas' ratings were downgraded, AltaGas' financing costs and future debt issuances could be unfavorably impacted.

S&P, Fitch, and Moody's are rating agencies that provide credit ratings. Ratings for debt instruments from S&P, and Fitch range from a high of AAA to a low of D. Moody's ratings for debt instruments range from a high of AAA to a low of C. S&P, and Fitch also provide credit ratings for Preferred Shares and subordinated debt. S&P ratings for Preferred Shares and subordinated debt range from a high of P-1 to a low of D. Fitch ratings for Preferred Shares and subordinated debt range from a high of AAA to a low of D.

The below table summarizes the most recent credit ratings for AltaGas and subsidiaries:

| Entity | Rating Agency | Debt Rated | Recent Rating | Comments |
|---|---|---|---|---|
| **AltaGas** | S&P (1) | Issuer rating | BBB- | Last reviewed December 12, 2024. |
| | | Senior unsecured | BBB- | Last reviewed December 12, 2024. |
| | | Preferred shares and Junior Subordinated | P-3 / BB | Last reviewed September 16, 2024. |
| | Fitch (2) | Issuer | BBB | Last reviewed December 13, 2024. |
| | | Senior unsecured | BBB | Last reviewed December 13, 2024. |
| | | Preferred shares and Junior Subordinated | BB+ | Last reviewed December 13, 2024. |
| **Washington Gas** | S&P (1) | Unsecured debt | A- | Last reviewed June 7, 2024. |
| | | Commercial paper | A-2 | Last reviewed June 7, 2024. |
| | Fitch (2) | Unsecured debt | A | Last reviewed December 11, 2024. |
| **WGL** | S&P (1) | Issuer | BBB- | Last reviewed June 7, 2024. |
| | | Senior unsecured | BB+ | Last reviewed June 7, 2024. |
| | | Commercial paper | A-3 | Last reviewed June 7, 2024. |
| | Fitch (2) | Issuer | BBB | Last reviewed December 11, 2024. |
| **SEMCO** | Moody's | Long-term issuer | A3 | Last reviewed February 28, 2025. |
| | | Senior secured notes | A1 | Last reviewed February 28, 2025. |
| | S&P | Long-term issuer | BBB | Last reviewed June 7, 2024. |
| | | Senior secured notes | A- | Last reviewed June 7, 2024. |

(1) On June 7, 2024, S&P reaffirmed its issuer credit rating but revised its outlook to negative from stable for AltaGas and its subsidiaries.
(2) On July 2, 2024, Fitch reaffirmed its issuer credit rating but revised its outlook to negative from stable for AltaGas, Washington Gas and WGL.

Please refer to the S&P, Moody's, and Fitch websites for additional details on their ranking systems.

Except as set forth above, none of S&P, Fitch, nor Moody's has announced that it is reviewing or intends to revise or withdraw the ratings on AltaGas.

AltaGas provides an annual fee to S&P, Fitch, and Moody's for credit rating services. AltaGas has paid each of S&P, Fitch, and Moody's its respective fees in connection with the provision of the above ratings. Over the past two years, in addition to the aforementioned fees, AltaGas has made payments in respect of certain other services provided to the Corporation by S&P, Fitch, and Moody's.

The above credit ratings are not a recommendation to purchase, sell or hold securities of AltaGas, and these ratings may be subject to revision or withdrawal at any time by the credit rating organization.

## MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by AltaGas within the most recently completed fiscal year, or before the most recently completed fiscal year but which are still material and are still in effect, are the following:

- The trust indenture between AltaGas and Computershare Trust Company of Canada dated July 1, 2010, as supplemented, related to the issuance and sale of MTNs pursuant to AltaGas' medium term note program;

- The trust indenture between AltaGas and Computershare Trust Company of Canada dated September 26, 2017, as supplemented, related to the issuance and sale of MTNs pursuant to AltaGas' medium term note program; and

- The Amended and Restated Credit Agreement dated May 4, 2021 among AltaGas Ltd., AltaGas Services (U.S.) Inc., Royal Bank of Canada as agent and certain financial institutions as lenders.

Copies of each of these documents have been filed on SEDAR+ at www.sedarplus.ca.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

AltaGas is not aware of any material interest, direct or indirect, of any director or officer of AltaGas, any director or officer of a corporation that is an insider or subsidiary of AltaGas, or any other insider of AltaGas, or any associate or affiliate of any such person, in any transaction since the commencement of AltaGas' last three completed fiscal years, or in any proposed transaction, that has materially affected or would materially affect AltaGas or any of its subsidiaries.

## LEGAL PROCEEDINGS

AltaGas is not aware of any material legal proceedings to which the Corporation or its affiliates are party or to which their property is subject during AltaGas' most recently completed fiscal year and AltaGas is not aware of any such material legal proceedings being contemplated. See "Risk Factors – Litigation".

## REGULATORY ACTIONS

AltaGas is not aware of any (i) penalties or sanctions imposed against it by a court relating to securities legislation or by a securities regulatory authority during its most recently completed fiscal year, or (ii) other penalties or sanctions imposed by a court or regulatory body against it that would likely be considered important to a reasonable investor in making an investment decision. There were no settlement agreements entered into by AltaGas before a court relating to securities legislation or with a securities regulatory authority during AltaGas' most recently completed fiscal year.

## INTERESTS OF EXPERTS

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants, 2200 – 215 2nd Street SW, Calgary, Alberta T2P 1M4. Ernst & Young LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Chartered Professional Accountants of Alberta.

## ADDITIONAL INFORMATION

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of AltaGas' securities and Share Options is contained in AltaGas' management information circular for AltaGas' most recent annual meeting of Shareholders that involved the election of directors.

Additional financial information is contained in AltaGas' audited Consolidated Financial Statements as at and for the year ended December 31, 2024 and MD&A for the year ended December 31, 2024.

The Corporation routinely files all required documents through the SEDAR+ system and on its own website. Internet users may retrieve such material through the SEDAR+ website www.sedarplus.ca. AltaGas' website is located at www.altagas.ca, but AltaGas' website is not incorporated by reference into this AIF.

## TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent for the Common Shares and the Preferred Shares is Computershare Investor Services Inc., Home Oil Tower 800, 324-8th Avenue SW, Calgary, Alberta T2P 2Z2, Tel: 1-800-564-6253.

The registrar and trustee for AltaGas' MTNs, Subordinated Notes Series 1, Subordinated Notes Series 2 and Subordinated Notes Series 3 is Computershare Trust Company of Canada, Home Oil Tower 800, 324-8th Avenue SW, Calgary, Alberta T2P 2Z2, Tel: 1-800-564-6253.

The registrar and trustee for AltaGas' U.S. Dollar Subordinated Notes is Computershare Trust Company, N.A., 1505 Energy Park Drive, St. Paul, Minnesota, 55108, Tel: 1-800-344-5128.

## METRIC CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

| To Convert From | To | Multiply by |
|---|---|---|
| Mcf | cubic meters | 28.174 |
| cubic meters | cubic feet | 35.494 |
| Bbls | cubic meters | 0.159 |
| cubic meters | Bbls | 6.29 |
| tonnes | long tons | 0.98 |
| metric tonnes | Bbls (propane) | 12.40 |

| To Convert From | To | Multiply by |
|---|---|---|
| feet | meters | 0.305 |
| meters | feet | 3.281 |
| miles | km | 1.609 |
| km | miles | 0.621 |
| GJ | Mcf | 0.9482 |
| metric tonnes | Bbls (butane) | 10.90 |

## GLOSSARY

Unless the context otherwise requires, terms used in this AIF have the following meanings and references to agreements include any amendments, restatements, modifications, or supplements in effect as of the date hereof:

**"AER"** means the Alberta Energy Regulator;

**"AESO"** means the Alberta Electric System Operator;

**"AIF"** means this Annual Information Form;

**"Aitken Connector"** means an eight-inch diameter NGL pipeline, approximately 60 km in length, which runs from Aitken Creek to the Townsend complex;

"**Alaska Utilities Disposition**" means the agreement dated May 25, 2022 to sell AltaGas' 100 percent ownership interest in ENSTAR, 65 percent interest in CINGSA and CINGSA Storage facility and other ancillary operations, to TriSummit Utilities, for consideration of US$800 million (approximately CAD$1.1 billion) prior to closing adjustments. The transaction closed on March 1, 2023;

**"AltaGas",** the **"Company",** or the **"Corporation"** means AltaGas Ltd., including, where the context requires, the affiliates of AltaGas Ltd.;

**"ARP"** means accelerated replacement programs;

**"ARSP"** means the Anacostia River Sediment Project;

**"B.C."** or **"BC"** means the province of British Columbia in Canada;

**"Bbls"** means stock tank barrels of ethane and other NGLs, expressed in standard 42 U.S. gallon barrels or 34.972 imperial gallon barrels;

**"Bbls/d"** means Bbls per day;

**"Bcf"** means billion cubic feet or 1,000,000 Mcf of natural gas;

**"Bcf/d"** means Bcf per day;

**"Birchcliff"** means Birchcliff Energy Ltd.;

**"Blair Creek facility"** means the Blair Creek processing facility located approximately 140 km northwest of Fort St. John, British Columbia, owned by AltaGas' indirect wholly-owned subsidiary AltaGas Northwest Processing Limited Partnership;

**"Blythe"** means Blythe Energy Inc.;

**"Blythe Energy Center"** means the 507 MW gas-fired generation facility located near Blythe, California, together with the related 67 miles of transmission lines, owned by AltaGas' indirect wholly-owned subsidiary Blythe;

**"Board of Directors" or "the Board"** means the Board of Directors of AltaGas, as from time to time constituted;

"**BRFN**" means Blueberry River First Nations;

**"C&I"** means commercial and industrial;

**"CAISO"** means the California Independent System Operator;

**"CPAB"** means the Canadian Public Accountability Board;

**"CPUC"** means California Public Utilities Commission;

**"Canadian EPA"** means the Canadian Environmental Protection Act;

**"CARB"** means the California Air Resources Board;

**"CBCA"** means the *Canada Business Corporations Act*, R.S.C. 1985, c. C 44, as amended from time to time, including the regulations from time to time promulgated thereunder;

"**CEO**" means Chief Executive Officer;

**"CER"** means Clean Electricity Regulations;

**"CFIUS"** means the Committee on Foreign Investment in the United States;

**"CIIP"** means CleanBC Industrial Incentive Program;

**"CINGSA"** means Cook Inlet Natural Gas Storage Alaska, LLC, which was sold on March 1, 2023 pursuant to the Alaska Utilities Disposition;

**"CINGSA Storage facility"** means the in-field storage facility in the Cook Inlet area of Alaska owned and operated by CINGSA, which was sold on March 1, 2023 pursuant to the Alaska Utilities Disposition;

**"Circuit Court"** means the Circuit Court of Baltimore City;

**"CN"** means Canadian National Railway Company;

**"$CO_2$"** means carbon dioxide;

**"$CO_2e$"** means carbon dioxide equivalent;

**"COBE"** means AltaGas' Code of Business Ethics;

**"Common Shares"** means common shares of AltaGas Ltd.;

**"Core Values"** means AltaGas' five core values of (1) safety; (2) collaboration; (3) integrity; (4) inclusion; and (5) learning;

**"CPI"** means the Consumer Price Index;

**"D.C." or "DC"** means the District of Columbia;

**"DC OPC"** means the Office of the People's Counsel for D.C.;

**"DCG"** means the D.C. Government;

**"Degree Day"** means the amount that the daily mean temperature deviates below 65 degrees Fahrenheit at SEMCO and Washington Gas, such that a one degree difference equates to one Degree Day;

**"Dekatherm ("Dth")"** means 10 Therms;

**"Dimsdale"** means the Dimsdale natural gas storage facility east of Pipestone Phase I and Pipestone Phase II;

**"DOEE"** means the Department of Energy and Environment;

**"E&Y"** means Ernst & Young LLP;

**"ECCC"** means Environment and Climate Change Canada;

**"EEEP"** means the Edmonton ethane extraction plant and related facilities, AltaGas' interest being owned by its indirect wholly-owned subsidiary AltaGas Extraction and Transmission Limited Partnership;

**"EGUs"** means electric generating units;

**"EH&S Committee"** means the Environment, Health and Safety Committee of the Board of Directors;

**"EHS Management System"** means AltaGas' Environmental, Health & Safety Management System;

**"EHS Policy"** means AltaGas' Environment, Health and Safety policy;

**"Enerchem"** means Enerchem Partnership, a wholly owned subsidiary of AltaGas;

**"ENSTAR"** means the natural gas distribution business conducted by SEMCO Energy in Alaska under the name ENSTAR Natural Gas Company, which was sold on March 1, 2023 pursuant to the Alaska Utilities Disposition;

**"EPA"** means electricity purchase agreement;

**"EQT"** means EQT Midstream Partners, LP;

**"ERM"** means Enterprise Risk Management;

**"ESG"** means Environment, Social & Governance;

**"EWRP"** means Energy Waste Reduction Program;

**"FERC"** means the United States Federal Energy Regulatory Commission;

**"EVP"** means Executive Vice President;

**"Ferndale terminal"** means the storage, distribution, and export facility for bulk shipments of propane, and butane located on the west coast near Ferndale, Washington, and owned by a subsidiary of AltaGas;

**"FID"** means final investment decision;

**"Fitch"** means Fitch Ratings Inc.;

"**GGPPA**" means the *Greenhouse Gas Pollution Pricing Act;*

**"GJ"** means gigajoule;

**"GHG"** means greenhouse gas;

**"GHGRP"** means the Federal Greenhouse Gas Reporting Program;

**"Gordondale facility"** means the Gordondale gas processing facility in the Gordondale area of the Montney reserve area approximately 100 km northwest of Grande Prairie, Alberta, owned by AltaGas' indirect wholly-owned subsidiary AltaGas Northwest Processing Limited Partnership;

**"GRI"** means the Global Reporting Initiative;

**"GSAs"** means Groundwater Sustainability Agencies;

**"Hampshire"** or **"Hampshire Gas"** means Hampshire Gas Company, a subsidiary of WGL that provides regulated interstate natural gas storage services to Washington Gas under a FERC approved interstate storage service tariff;

**"Harmattan"** means the combined Harmattan gas processing facility and extraction plant and associated facilities, owned by AltaGas' indirect wholly-owned subsidiary Harmattan Gas Processing Limited Partnership;

**"HRC"** means the Human Resources and Compensation committee of the Board of Directors;

**"Idemitsu"** means Idemitsu Kosan Co., Ltd.;

**"IFRS"** means International Financial Reporting Standards;

**"IRIP"** means the Infrastructure Reliability Improvement Program;

**"ISSB"** means International Sustainability Standards Board;

"**IT**" means information technology;

**"JEEP"** means the Joffre ethane extraction plant and related facilities;

**"km"** means kilometer;

**"LNG"** means liquefied natural gas;

**"LPG" or "LPGs"** means liquefied petroleum gas;

**"MBbl/d"** means thousands of barrels per day;

**"Mcf"** means a thousand cubic feet of natural gas at standard imperial conditions of measurement;

**"Mcf/d"** means Mcf per day;

**"MD&A"** means Management Discussion and Analysis;

**"MDE"** means the Maryland Department of the Environment;

**"MDth"** means thousands of Dekatherms;

**"MD OPC"** means Maryland Office of People's Counsel;

**"Merger Agreement"** means the agreement and plan of merger dated as of January 25, 2017, among AltaGas, Merger Sub and WGL;

**"Merger Sub"** means Wrangler Inc., a Virginia corporation and an indirect wholly-owned subsidiary of AltaGas;

**"MGP"** means manufactured gas plant;

**"Mmcf"** means a million cubic feet of natural gas at standard conditions of measurement;

**"Mmcf/d"** means Mmcf per day;

**"Moody's"** means Moody's Investor Service;

**"Mountain Valley"** or **"MVP"** means Mountain Valley pipeline, an equity investment of Washington Gas Resources;

**"MPSC"** means the Michigan Public Service Commission;

**"MRP"** means Main Replacement Program;

**"MTN"** means medium term notes issued from time to time under either the amended and restated trust indenture dated July 1, 2010 between AltaGas and Computershare Trust Company of Canada, as further amended, restated, supplemented or otherwise modified from time to time or the trust indenture dated September 26, 2017 between AltaGas and Computershare Trust Company of Canada, as amended, restated, supplemented or otherwise modified from time to time, as the case may be;

**"MW"** means megawatt; one MW is 1,000,000 watts; the watt is the basic electrical unit of power;

**"M3"** means cubic meter;

**"NAESB"** means North American Energy Standards Board;

**"NEBC"** means Northeast British Columbia;

"**Net-Zero Act**" means the *Canadian Net-Zero Emissions Accountability Act.*

**"NFA"** means No Further Action;

**"NGL"** or **"NGLs"** means natural gas liquids, which includes primarily propane, butane, and condensate;

**"NGTL"** means NOVA Gas Transmission Ltd.;

**"Non-Ring-Fenced Entities"** means AltaGas and its affiliates other than Washington Gas and the SPE;

**"NGQSS"** means Natural Gas Quality of Service Standards;

**"NPS"** means the National Park Service;

**"North Pine facility"** means the NGL separation facility, located approximately 40 km northwest of Fort St. John, British Columbia;

**"North Pine pipelines"** means two eight-inch diameter NGL supply pipelines, each approximately 40 km in length, which run from the existing Alaska Highway truck terminal to the North Pine facility;

**"Nova Chemicals"** means NOVA Chemicals Corporation;

**"NOx"** means nitrogen oxides;

**"NSPS"** means the New Source Performance Standards, published by the USEPA;

**"OBPS"** means Output-Based Pricing System;

**"O2"** means oxygen;

**"PA 229"** means Public Act 229 of 2023 in Michigan, passed on November 29, 2023 and made effective February 13, 2024;

**"Parker"** means Parker Drilling Company;

**"Pipestone Acquisition"** means AltaGas' acquisition of the natural gas processing and storage infrastructure assets in the Pipestone area of the Alberta Montney from Tidewater on December 22, 2023;

**"Pipestone Assets"** means the associated gathering pipeline systems required to operate Pipestone Phase I and Pipestone Phase II;

**"Pipestone Phase I"** means the Pipestone sour deep-cut natural gas processing facility located in the heart of the Alberta Montney;

**"Pipestone Phase II"** means the Pipestone sour deep-cut natural gas processing facility expansion project;

**"PEEP"** means the Pembina Empress extraction plant and related facilities;

**"Pembina"** means Pembina Infrastructure and Logistics LP;

**"Petrogas"** means Petrogas Energy Corp., a North American integrated midstream company, wholly-owned by AltaGas pursuant to the Petrogas Acquisition;

**"Petrogas Acquisition"** means AltaGas' acquisition of a controlling interest in Petrogas on December 15, 2020. On July 5, 2022, AltaGas closed the purchase of the remaining 25.97 percent equity ownership, with AltaGas now owning 100 percent of Petrogas;

**"PPA"** means Power Purchase Agreement;

**"Preferred Shares"** means the preferred shares of AltaGas Ltd. as a class, including, without limitation, the Series A Shares, Series B Shares, Series C Shares, Series E Shares, Series G Shares, Series H Shares, Series I Shares, Series K Shares;

**"PROJECTpipes"** means Washington Gas' 40-year accelerated pipeline replacement program, that was launched in 2014 in D.C. and is designed to enhance the safety and reliability of its system;

**"PROJECTpipes 2"** means the second phase of PROJECTpipes;

**"PROJECTpipes 3"** means the third phase of PROJECTpipes;

**"PSC of DC"** means the Public Service Commission of D.C.;

**"PSC of MD"** means the Maryland Public Service Commission;

**"Rep Agreements"** mean the Representation, Management and Processing Agreements at Harmattan;

**"REEF"** means the Ridley Island Energy Export Facility, the LPG and bulk liquids terminal and marine infrastructure located on Ridley Island, near Prince Rupert, British Columbia;

**"Ring-Fenced Entities"** means Washington Gas and the SPE;

**"RI"** means Remedial Investigation;

**"RIPET"** means the Ridley Island Propane Export Terminal, the propane export terminal located on Ridley Island, near Prince Rupert, British Columbia;

**"RNG"** means renewable natural gas;

**"ROE"** means return on equity;

**"Royal Vopak"** means Koninklijke Vopak N.V., a public company incorporated under the laws of the Netherlands;

**"RTI"** means Ridley Terminals Inc.;

**"S&P"** means Standard & Poor's Ratings Services and its successors;

**"SASB"** means the Sustainability Accounting Standards Board;

**"SAVE"** means Steps to Advance Virginia's Energy Plan;

**"SB"** means Senate Bill;

**"SB 219"** means Senate Bill 219, a bill signed in California in September 2024, making changes to SB 253 and SB 261. SB 219 grants CARB an additional six months to adopt implementing regulations;

**"SB 253"** means Senate Bill 253, a bill signed in California in October 2023 aiming to improve corporate transparency around emissions;

**"SB 261"** means Senate Bill 261, a bill signed in California in October 2023 requiring large companies to release climate related financial risk data;

**"SB 1020"** means Senate Bill 1020, a bill signed in California in September 2022 which aims to reduce the state's dependency on fossil fuels in three stages;

**"SCC of VA"** means the Commonwealth of Virginia State Corporation Commission;

**"SCE"** means Southern California Edison Company;

**"SEDAR+"** means System for Electronic Document Analysis and Retrieval, at www.sedarplus.ca;

**"SEMCO Energy"** means SEMCO Energy, Inc.;

**"SEMCO"** means the Michigan natural gas distribution business conducted by SEMCO Energy in Michigan under the name SEMCO Energy Gas Company;

**"Series 1 Indenture"** means the trust indenture dated September 26, 2017 between AltaGas and Computershare Trust Company of Canada, as supplemented and amended by a ninth supplemental indenture dated January 11, 2022;

**"Series 2 Indenture"** means the trust indenture dated September 26, 2017 between AltaGas and Computershare Trust Company of Canada, as supplemented and amended by a tenth supplemental indenture dated August 17, 2022;

**"Series 3 Indenture"** means the trust indenture dated September 26, 2017 between AltaGas and Computershare Trust Company of Canada, as supplemented and amended by a twelfth supplemental indenture dated November 10, 2023;

**"Series 2022-A Shares"** means the Cumulative Redeemable Fixed-to-Fixed Rate Preferred Shares, Series 2022-A, of AltaGas;

**"Series 2022-B Shares"** means the Cumulative Redeemable Fixed-to-Fixed Rate Preferred Shares, Series 2022-B, of AltaGas;

**"Series 2023-A Shares"** means the Cumulative Redeemable Fixed-to-Fixed Rate Preferred Shares, Series 2023-A, of AltaGas;

**"Series A Shares"** means the cumulative redeemable 5-year fixed rate reset preferred shares, Series A, of AltaGas;

**"Series B Shares"** means the cumulative redeemable floating rate preferred shares, Series B, of AltaGas;

**"Series C Shares"** means the cumulative redeemable 5-year fixed rate reset preferred shares, Series C, of AltaGas (US dollar), which were redeemed by AltaGas on September 30, 2022;

**"Series E Shares"** means the cumulative redeemable 5-year fixed rate reset preferred shares, Series E, of AltaGas, which were redeemed by AltaGas on December 31, 2023;

**"Series G Shares"** means the cumulative redeemable 5-year fixed rate reset preferred shares, Series G, of AltaGas;

**"Series H Shares"** means the cumulative redeemable floating rate preferred shares, Series H, of AltaGas, which were converted to Series G Shares on September 30, 2024;

**"Series I Shares"** means the cumulative redeemable 5-year minimum fixed rate reset preferred shares, Series I, of AltaGas, which were redeemed by AltaGas on December 31, 2020;

**"Series K Shares"** means the cumulative redeemable 5-year minimum fixed rate reset preferred shares, Series K, of AltaGas, which were redeemed by AltaGas on March 31, 2022;

**"SGMA"** means the *Sustainable Groundwater Management Act*;

**"Share Options"** means options to acquire Common Shares granted pursuant to AltaGas' share option plan;

**"Shareholders"** mean the holders of Common Shares;

**"Shell Energy"** means Shell Energy North America (US), LP;

**"SOS"** means Standard Offer Service;

**"SP"** means California Air Resources Board's 2022 Scoping Plan;

**"SPE"** means Wrangler SPE LLC, a wholly-owned special purpose entity subsidiary of WGL incorporated as a bankruptcy remote entity;

**"STRIDE"** means Strategic Infrastructure Development Enhancement Plan;

**"Subordinated Notes"** means the Subordinated Notes, Series 1, the Subordinated Notes, Series 2, the Subordinated Notes, Series 3, and the US Dollar Subordinated Notes;

**"Subordinated Notes, Series 1"** means the 5.25 percent Fixed-to-Fixed Rate Subordinated Notes, Series 1 of AltaGas;

**"Subordinated Notes, Series 2"** means the 7.35 percent Fixed-to-Fixed Rate Subordinated Notes, Series 2 of AltaGas;

**"Subordinated Notes, Series 3"** means the 8.90 percent Fixed-to-Fixed Rate Subordinated Notes, Series 3 of AltaGas;

**"TCFD"** means the Task Force on Climate-related Financial Disclosures;

**"TIER"** means Technology Innovation and Emissions Reduction;

**"Tourmaline"** means Tourmaline Oil Corp.;

**"Townsend complex"** means the 550 Mmcf/d gas processing facility, including shallow cut and deep cut processing;

**"Transco"** means Transcontinental Gas Pipeline Company LLC;

**"Tidewater"** means Tidewater Midstream and Infrastructure Ltd.;

"**Trigon**" means Trigon Pacific Terminals Ltd.;

**"TSX"** means the Toronto Stock Exchange;

**"United States", "US",** or **"U.S."** means the United States of America;

**"US dollar"** or **"US$"** means currency in the form of United States dollars;

**"US Dollar Subordinated Notes"** means the 7.20 percent Fixed-to-Fixed Rate Junior Subordinated Notes of AltaGas;

**"USEPA"** means United States Environmental Protection Agency;

**"U.S. GAAP"** means United States Generally Accepted Accounting Principles;

**"VCP"** means the Maryland Department of Environment's Voluntary Cleanup Program;

**"VLGCs"** means Very Large Gas Carriers, the largest sub-class of fully refrigerated LPG carriers with capacities typically above 70,000 M3;

**"Vopak"** means Vopak Development Canada Inc., a wholly-owned subsidiary of Royal Vopak;

**"Washington Gas"** means Washington Gas Light Company, a subsidiary of WGL that sells and delivers natural gas primarily to retail customers in D.C., Maryland and Virginia in accordance with tariffs approved by the PSC of DC, the PSC of MD, and the SCC of VA;

**"Washington Gas Resources"** means Washington Gas Resources Corporation, a subsidiary of WGL that owns the majority of the non-utility subsidiaries;

**"WCSB"** means Western Canada Sedimentary Basin;

**"WGL"** means WGL Holdings, Inc., an indirect subsidiary of AltaGas;

**"WGL Acquisition"** means the acquisition by AltaGas, indirectly through Merger Sub, of WGL through a merger of Merger Sub with and into WGL pursuant to the Merger Agreement, which closed on July 6, 2018;

**"WGL Energy Services"** means WGL Energy Services, Inc. (formerly Washington Gas Energy Services, Inc.), a subsidiary of Washington Gas Resources that sells natural gas and electricity to retail customers on an unregulated basis; and

**"Younger"** means the Younger extraction plant and related facilities, AltaGas' interest being owned by its indirect wholly-owned subsidiary AltaGas Extraction and Transmission Limited Partnership.

## SCHEDULE A: AUDIT COMMITTEE MANDATE

### I. PURPOSE

The Board of Directors (the "Board") of AltaGas Ltd. ("AltaGas" or the "Corporation") has established an Audit Committee (the "Committee") to serve as the Audit Committee of the Board. The Committee is responsible for performing such duties as delegated by the Board to assist the Board in fulfilling its oversight role in relation to financial reporting and enterprise risk. This oversight role includes reviewing the quality and integrity of the Corporation's financial statements, financial disclosure and internal controls over financial reporting, including compliance with legal and regulatory requirements; reviewing the qualifications, independence and performance of the external and internal auditors and reviewing the Corporation's enterprise risk management program and management's identification and mitigation of significant risks.

### II. MEMBERSHIP

The Board shall elect from its members not less than three (3) Directors to serve on the Committee (the "Members") and shall appoint one such Member as Chair of the Committee.

Every Member must be:

- independent and financially literate (in accordance with National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("NI 52-110")
- and at least one Member should be an "audit committee financial expert" as such term is defined by the Securities and Exchange Commission.

No Member shall be an officer or employee of AltaGas or any subsidiary or affiliate of AltaGas.

Each Member shall hold office until the Member resigns or is replaced, whichever first occurs. Any Member may be removed or replaced at any time by the Board and shall cease to be a Member upon ceasing to be a Director of the Corporation. Where a vacancy occurs at any time in the membership of the Audit Committee, it may be filled by the Board on the recommendation of the Governance Committee, provided that the proposed Member meets the above criteria (and, if applicable in the circumstances where the vacancy was in relation to the sole "audit committee financial expert", the proposed Member is also an "audit committee financial expert"). Provided the Committee includes not less than three Members, including an "audit committee financial expert" if required, it may continue to act in the event of a vacancy. When appointing a Member to the Committee, the Board shall take into consideration the number of other audit committees upon which the proposed Member sits.

The Corporate Secretary of AltaGas shall be secretary to the Committee unless the Committee directs otherwise.

### III. MEETINGS

The Committee shall convene no less than four times per year at such times and places as designated by its Chair or whenever a meeting is requested by a Member, the Board, the Chair of the Board or an officer of the Corporation. A minimum of twenty-four (24) hours' notice of each meeting shall be given to each Member. Members may waive notice of the meeting in any manner, including through their attendance at the meeting. Members of management of the Corporation or any subsidiary or affiliate of the Corporation shall attend whenever requested to do so by a Member. The Committee shall have the right to determine who shall be present at any time during a meeting of the Committee.

A meeting of the Committee shall be duly convened if a majority of Members are present. Members may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permits all persons participating in the meeting to communicate adequately with each other, and a Member participating in such a meeting by any such means is deemed to be present at that meeting.

In the absence of the Chair of the Committee, the Chair may delegate a member to chair the meeting. If a delegate is not selected by the Chair, members may choose one of the Members to be the chair of the meeting.

The external auditor will be given notice of all Committee meetings and be provided the opportunity to attend every meeting relating to quarterly and annual financial reporting.

The Committee will hold *in camera* sessions without management present, including with internal and external auditors, as may be deemed appropriate by the Members.

Minutes shall be kept of all meetings of the Committee by the Corporate Secretary of the Corporation or a designate of the Corporate Secretary, as approved by the Chair.

## IV. DUTIES AND RESPONSIBILITIES OF THE CHAIR

The Chair of the Committee is responsible for:

1. providing leadership to the Committee and assisting the Committee in reviewing and monitoring its responsibilities;
2. working with management on the development of agendas;
3. ensuring, to the extent possible, the Committee has sufficient information to properly discharge its duties and responsibilities;
4. presiding over meetings and ensuring such meetings are conducted in an efficient, effective and focused manner;
5. together with the Board Chair, reviewing director expenses on a quarterly basis, and approving any exceptions to the Director Expense Policy in respect of the Chair of the Board;
6. providing annual feedback to the Chief Financial Officer on the performance of the head of the internal audit function in accordance with the Internal Audit Charter;
7. advising the Committee of any finance, accounting or misappropriation matters brought to the Chair's attention;
8. facilitating information sharing with other Board committees as required to address matters of mutual interest or concern; and
9. reporting to the Board on the activities, decisions and recommendations of the Committee after each meeting.

## V. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee is hereby delegated by the Board, as permitted and in accordance with the requirements of the *Canada Business Corporations Act*, the Articles and By-Laws of the Corporation and any legal or regulatory authority having jurisdiction, the authority to perform the following functions:

*Financial Reporting and Public Disclosure*

1. Approve and recommend to the Board for approval, the annual consolidated financial statements, including management's discussion and analysis and press release containing annual financial results.
2. Approve or recommend to the Board for approval, the interim consolidated financial statements, including management's discussion and analysis and press release containing interim financial results (provided that any declaration of dividends incorporated in the press release has been approved by the Board).
3. Review the analysis by management and the external auditor regarding financial reporting made in connection with the preparation of the consolidated financial statements, including, among others, significant management judgements and estimates and presentation and impact of any significant risks and uncertainties that may be material to the financial statements.
4. Approve the financial information and financial related matters contained in public disclosure documents including information on audited or unaudited financial statements and external auditor appointment, services or fees, including such information contained in, prospectuses, annual information forms, and management information circulars.

5. Ensure adequate procedures are in place for review of public disclosure of financial information and periodically assess the adequacy of such procedures.
6. Approve any significant changes to the Corporation's accounting principles and procedures.

*External Auditors*

7. Approve the terms of the external auditor's annual engagement letter, including the proposed audit fee for the Corporation and its subsidiaries.
8. Review and pre-approve all non-audit services to be provided to the Corporation and its' subsidiaries by the external auditor. Between scheduled meetings, the Chair of the Committee is authorized to approve non-audit services and fees and management may approve up to an amount specified by the Committee from time to time, and all such approvals shall be reported to the Committee at its next scheduled meeting.
9. Approve the Corporation's policies with respect to the hiring of current and former partners and employees of the external auditors.
10. Review the report pertaining to auditor independence prepared by the external auditor on an annual basis, which report shall delineate all relationships between the external auditor and the Corporation and its subsidiaries, and discuss with the external auditor any relationships or services that may impact the objectivity and independence of the auditors.
11. On an annual basis, review and assess the performance and independence of the external auditor in its provision of services. In conducting its assessment, the Committee will consider, among other things: the external auditor's independence and objectivity in its performance of audit services (based in part on the auditor's independence report); the external auditor's internal quality control procedures; the quality and efficiency of external auditor's historical and recent audit plans and performance on the audit; the external auditor's knowledge and expertise in the midstream and regulated utilities industry; the reasonableness of its fees for audit and non-audit services; and external reports on audit quality from the Canadian Public Accountability Board ("CPAB"), Canada's independent audit regulator. Following such annual review, approve and recommend to the Board for approval, the appointment of the external auditor subject to shareholder approval.
12. Approve and recommend to the Board for approval any termination of the external auditor of the Corporation and any new auditor appointment.
13. Review and pre-approve the audit plans (and any changes) of the external auditor and determine the degree of coordination with the internal audit plan.
14. Oversee the work of the external auditor in the preparation of the auditor's report, including the resolution of any disagreements between management and the auditor regarding financial reporting.
15. Review other reports from the external auditor, as necessary.
16. Regularly meet independently with external auditor in the absence of management on matters of interest, including matters that the external auditor recommends bringing to the attention of the Committee or the Board.

*Internal Auditor*

17. Review the responsibilities, budget and staffing of the Corporation's internal audit function and annually review the report on the independence of the internal audit function.
18. Review the Internal Audit Charter annually and approve any changes thereto.
19. Approve the internal audit plan on an annual basis and any changes thereto.
20. Assess the performance and effectiveness of the internal audit function and participate in succession planning for the head of internal audit.
21. Review the reports prepared periodically by the head of internal audit regarding the activities of the internal audit function, including any significant disagreements between internal auditor and management.
22. Receive summaries of significant reports to management prepared by the internal auditors and managements' responses (or the full report if requested).
23. Regularly meet independently with the head of internal audit in the absence of management on matters of interest, including matters that the internal auditor recommends bringing to the attention of the Board.

*Internal Control over Financial Reporting and Disclosure Controls*

24. Review the adequacy and effectiveness of the accounting and internal control policies and procedures, including internal controls over financial reporting, through inquiry and discussions with the external auditor, management and the head of internal audit, including about the extent to which the scope of the internal and external audit plans can be relied upon to detect weakness in internal control policies, fraud or other illegal acts.
25. Review the effectiveness of procedures for the receipt, retention and resolution of complaints regarding accounting, internal accounting controls or auditing matters, and review any complaints raised by employees or others regarding accounting, internal accounting controls, financial reporting, audits or otherwise relating to matters within the Committee's mandate.
26. Review management's periodic reports on the adequacy and effectiveness of the disclosure control policies and procedures of the Corporation.
27. Review with management and the external auditor the process for the certification of annual and interim financial reports in accordance with required securities legislation concerning the Corporation's internal controls over financial reporting and disclosure controls and procedures, the adequacy of such controls and any remedial steps being undertaken to address any material weaknesses or significant deficiencies in internal control over financial reporting.

*Risk Oversight*

28. Review the Corporation's enterprise risk management ("ERM") processes, including processes relating to management's identification of material risks, methods of risk analysis, and mitigation strategies.
29. Review the Corporation's top enterprise risks, changes in risk rankings, emerging risks and updates on related mitigation activities.
30. Review management's reporting on financial risk exposures, including commodity risk, credit risk of counterparties, and management's processes and practices for risk mitigation.
31. Review management's periodic reports on the status of material litigation, claims and contingencies.
32. Review the financial aspects of any transactions of the Corporation that involve related parties (other than wholly-owned subsidiaries).
33. Review management's quarterly updates on information security matters, including processes for identifying and managing data, cyber and other information technology related risk and processes for the development of data security, training and compliance programs and practices.
34. Review the Corporation's insurance programs, at least annually.

*Policies and Mandate*

35. Approve key policies under the Code of Business Ethics relating to the Committee's mandate and the Commodity Risk Policy.
36. Review and recommend any material changes to the CEO's authority in the financial authority matrix attached to the Delegation of Authority Policy.
37. On an annual basis, review the Committee mandate and recommend any changes.

*Pension and Benefits*

38. Oversee the significant financial aspects of pension and benefit plans that are delegated to the management Retirement and Savings Committee (the "RSC") to manage and administer.
39. Review, at least annually, the financial management activities of the RSC, including funding levels, investment decisions and changes to valuation assumptions performed by the RSC.
40. Review proposed changes to pension or benefit plans that may significantly impact financial matters relating to such plans and make recommendations to the Human Resources and Compensation Committee in relation thereto.
41. Approve the financial information that supports the calculation of financial metrics used to evaluate performance under incentive compensation plans and funding pools under compensation plans and report to the Human Resources and Compensation Committee.

*Other*

42. Review the solvency and liquidity tests used to support dividend declarations by the Corporation.
43. Review asset retirement obligations in relation to decommissioning, reclamation and remediation.
44. Receive updates on material tax policies, tax planning initiatives and tax audits or assessments.
45. Review management's compliance with legal and regulatory requirements as it pertains to financial reporting, taxation, internal controls over financial reporting, including if applicable, the Extractive Sector Transparency Measures Act (Canada) and Dodd-Frank Wall Street Reform and Consumer Protection Act.
46. Review, approve or make recommendations in respect of any other matters considered necessary or appropriate in the context of the mandate of this Committee, or otherwise delegated to it by the Board from time to time.

## VI. COMMITTEE TIMETABLE

The major activities of the Committee will be outlined in an annual schedule.

## VII. OUTSIDE EXPERTS AND ADVISORS

The Committee is authorized, when deemed necessary or desirable, to engage independent counsel, outside experts and other advisors, at the Corporation's expense, to advise the Committee on any matter.

## VIII. RELIANCE

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations, and (iii) representations made by management and the external auditor, as to any information technology, risk management, internal audit and other non-audit services provided by the external auditor to the Corporation and its subsidiaries.

*Approved by the Board on July 30, 2024.*

For investor relations inquiries contact:
**investor.relations@altagas.ca** | **altagas.ca**

Telephone: 403.691.7100 | Toll-free: 1.877.691.7199
1300, 707 5th Street SW, Calgary Alberta, T2P 0Y3