



Badger Daylighting Ltd.

2020 ESG Report

May 4, 2021





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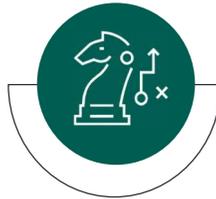
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■ Message from the President and CEO

We are pleased to present you with Badger’s inaugural environmental, social and governance (ESG) report. ESG is closely linked to our Corporate Strategy and is now part of our corporate disclosure as well. This report is intended to share with our stakeholders the ESG focus areas that are integral to our business and to demonstrate our proactive management of ESG risks and opportunities by:



Highlighting our recent ESG accomplishments



Explaining how ESG is integrated into our Corporate Strategy



Outlining where we aspire to enhance our performance and disclosure in the future

We are encouraged by the level of engagement that our leadership team has shown in reviewing ESG issues that are relevant to our business and in developing this report. They have been instrumental in defining material focus areas, areas for improvement and setting ESG goals that are aligned with our corporate strategy.

The groundwork we have laid in ESG-related initiatives played a critical role in our ability to overcome what proved to be the major challenge of 2020 – the COVID-19 pandemic. Badger’s governance of Health and Safety allowed us to act decisively in the earliest days of the pandemic. In January, we established a COVID-19 task force, responsible for overseeing, supporting and directing the process of business continuity actions amidst the outbreak of the virus. By mid-March, we began sharing our pandemic response plan with our customers and business partners. The Company’s response to COVID-19 reflects not only our focus on Health and Safety and the priority we place on our people, but also our understanding of the importance of having effective governance systems in place to manage critical events.

I want to thank everyone at Badger for their continued attention to the ESG focus areas that have been determined to be material to the Company and its stakeholders. We’re proud of what we have accomplished so far (see **[Our recent ESG highlights](#)**), and are excited about the opportunities to grow and improve on Badger’s ESG journey (see **[Looking ahead](#)**).



Our recent ESG highlights

In recent years, we...

Governance	Materiality assessment	<ul style="list-style-type: none"> completed an ESG materiality assessment with Badger leadership, directors and managers, to identify the ESG focus areas that matter most to internal and external stakeholders and how to manage them.
	ESG integration within Corporate Strategy	<ul style="list-style-type: none"> developed an ESG framework to be integrated into our Corporate Strategy framework. This integration of ESG into our Corporate Strategy will be central to how we engage with our stakeholders, grow the company and build business resilience.
	Gender diversity on the Board	<ul style="list-style-type: none"> two of nine directors on the Board are female (22%) and we have a goal of having women represent 30% of our board by 2023.
	Board and Committee roles and responsibilities	<ul style="list-style-type: none"> clarified through public disclosure what the roles and responsibilities of the Board and Committees are as they relate to corporate governance and ethics, including leadership development and succession and oversight of ESG matters.
	Code of Conduct	<ul style="list-style-type: none"> updated our Code of Conduct to reflect the principles and behaviours that support a culture of ethical business conduct.
	IT Risk Management Strategy	<ul style="list-style-type: none"> developed an IT Organization Maturity Roadmap, which includes a cybersecurity and compliance program that is currently being implemented.
Social	Health and Safety is #1 priority	<ul style="list-style-type: none"> continued to instill Health and Safety as a Value in all decision making and reinforcing our Badger's Rules to Live By to promote personal accountability for Health and Safety.
	Behaviour-based observation quotas	<ul style="list-style-type: none"> established a near miss reporting program and behaviour-based observation (BBO) quotas for all Managers selected.
	Fleet safety	<ul style="list-style-type: none"> assessed and selected an artificial intelligence (AI)-enabled enterprise-wide camera-based solution to assist our operators in reducing vehicle incidents. continued with the Defensive Driving curriculum for operators of Badger vehicles.
	Employee engagement	<ul style="list-style-type: none"> completed our first employee engagement survey, with a goal of striving to attain top quartile performance.
	Diversity and inclusion (D&I)	<ul style="list-style-type: none"> began to build our D&I framework, which supports our 5-year strategy and our plans to be an employer of choice.
	Engagement of Indigenous Peoples	<ul style="list-style-type: none"> engaged in new partnerships with Indigenous peoples and their communities

In recent years, we...

	Rapid COVID-19 response	<ul style="list-style-type: none"> established a COVID-19 task force in January 2020, which enabled the rapid roll out of a pandemic response plan by mid-March of that year.
Environment	Compliance with regulations	<ul style="list-style-type: none"> enhanced our Best-In-Class Environmental procedures.
	Solutions to reduce water use	<ul style="list-style-type: none"> investigated innovative, proprietary technologies to reduce the use of water in our operations.
	Hybrid vehicles	<ul style="list-style-type: none"> embarked on an evaluation of hybrid motors for our light duty fleet.
	Climate risk and opportunity	<ul style="list-style-type: none"> began identifying key climate risks, how they might impact Badger and its stakeholders, and how those risks can be converted into opportunities.



Looking ahead

We aspire to ...

Governance	Governance of ESG	<ul style="list-style-type: none"> integrate ESG into our Corporate Strategy and communicate updates to our stakeholders through annual ESG reporting. include ESG training in Director Continuing Education Program. enhance Board and Committee responsibilities with respect to oversight of matters.
	Diversity on the Board	<ul style="list-style-type: none"> generally, enhance diversity of representation on our Board. specifically, have women represent 30% of our Board and senior management by the end of 2023.
Social	Employee engagement opportunities	<ul style="list-style-type: none"> improve our employee engagement in terms of level of participation and employee satisfaction.
	Learning Management System	<ul style="list-style-type: none"> develop a Learning Management System to be integrated with our Health and Safety Management System.
	D&I	<ul style="list-style-type: none"> focus on additional D&I metrics and targets that extend beyond gender.
Environment	Energy consumption and GHG emissions	<ul style="list-style-type: none"> disclose total energy consumed. develop a clearer understanding of what is required to track and disclose our Scope 1 and Scope 2 greenhouse gas (GHG) emissions.

We aspire to ...

	<p>Innovative customer solutions</p>	<ul style="list-style-type: none"> • provide customer solutions for beneficial reuse of customer materials.
	<p>Alternative fuels</p>	<ul style="list-style-type: none"> • evaluate and phase-in hybrid or other fuel conservation technologies into our fleet.
	<p>Task Force on Climate-related Financial Disclosures (TCFD)</p>	<ul style="list-style-type: none"> • evaluate the applicability of the TCFD recommendations in how we manage climate risks and opportunities.



■ Company profile

What we do

Badger Daylighting Ltd™ (“Badger”) is North America’s largest provider of non-destructive excavating services. Badger works for contractors and facility owners in a broad range of infrastructure industries. These market segments consist primarily of infrastructure projects in areas such as energy generation, electricity and natural gas transmission networks, roads and highways, telecommunications, water and sewage treatment and general municipal infrastructure. Customers in these segments typically operate near high concentrations of underground power, communication, water, gas and sewer lines, particularly in large urban centres where safety and economic risks are high and therefore non-destructive excavation provides a safe alternative for certain customer excavation requirements. The Company’s key technology is the Badger Hydrovac™, which is used primarily for safe excavation around critical infrastructure and in congested underground conditions. The Badger Hydrovac uses a pressurized water stream to liquefy the soil cover, which is then removed with a powerful vacuum system and deposited into a storage tank.

What is hydrovac excavation?

Hydrovac excavation is a precise, non-mechanical, non-destructive process that uses pressurized water and an industrial-strength vacuum to safely excavate soil around sensitive underground infrastructure. As the pressurized water breaks up the soil, it creates a slurry that is removed by a powerful vacuum into a debris tank.

We deliver a broad range of non-destructive customer solutions, services and applications including:

Daylighting	Slot trenching	Solar and Wind farm grid work	Anode installations	Pipeline crossing/tie-in	Tank cleanouts
Utility pole holes	Train derailment debris removal	Thawing frozen lines and conduits	Shoring installations	Catch basin restoration	Emergency response



We have been designing and manufacturing the Badger Hydrovac system for more than 25 years, continuously improving the safety, efficiency, and productivity of the system. Our employees and customers provide invaluable feedback on ways to improve the technology. Those ideas are evaluated by an in-house engineering team, with innovations incorporated into design improvements.

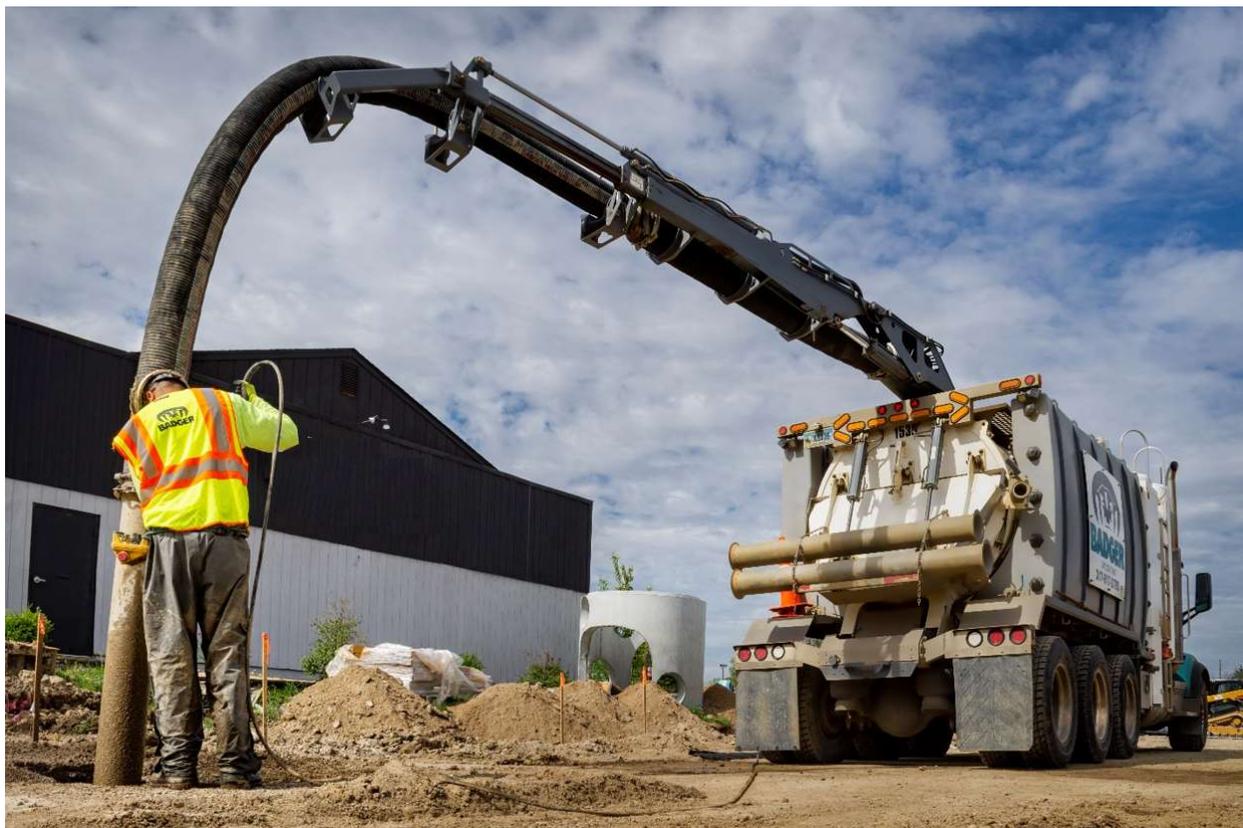
Today, our fleet of approximately 1,400 Badger Hydrovacs and over 140 offices provides non-destructive excavation services to major markets in North America.

How the Badger Hydrovac works

1. The Badger Hydrovac uses pressurized water to soften the soil surrounding buried infrastructure, creating a slurry-type mixture.
2. This mixture is extracted by the powerful Badger vacuum system into a truck-mounted tank. Our system also has the capability to provide excavation service up to 50 feet below ground and up to 600 feet away from the Badger unit.
3. Excavated customer material is either reused on site or deposited at approved disposition location

Where can we work

Badger Hydrovacs can efficiently and effectively operate in a variety of soil types and environmental conditions – including clay, hard-packed dirt, frozen soil, and in highly dense urban areas as well as remote locations with limited access. Badger Hydrovacs have on-board water heaters specifically engineered to allow for frozen terrain excavation.



The benefits of non-destructive excavation

We use our proprietary Badger Hydrovacs to provide non-destructive excavation and ancillary solutions to service our customers' key maintenance and infrastructure requirements across North America.

The primary advantage of our non-destructive excavation system is to mitigate the risk of potential line strikes resulting in business and service interruptions to critical infrastructure customers. For example, public utilities, pipeline networks and life critical care facilities.

Traditional excavation methods rely on underground utility locating techniques that may be outdated or inaccurate creating potential risk of damage to the existing utility network. The Badger non-destructive excavation system significantly minimizes the opportunity to damage these underground utilities thereby avoiding services interruptions, costly unscheduled repairs and release of harmful products into the environment.

Using the Badger Hydrovac is a safe alternative to traditional excavation. Independent third-party analysis by the Common Ground Alliance's (CGA) Data Reporting and Evaluation Committee (DIRT) found that in North America between 2007 and 2018, 80.1% of damages to utilities came from mechanical excavating equipment, 19.1% from hand excavating tools, 0.55% from probing devices and 0.04% from explosives. In comparison, vacuum equipment was the method of excavation used in 0.2% of damages during that same time frame.

About this report

Format

We have classified each of our ESG focus areas into the following three tiers:

Tier	Our reporting approach
1 – Priority focus	Discussed in detail. For each focus area, we highlight early successes, describe how we currently manage the focus area, provide relevant performance metrics, and specify steps we are considering to improve our performance or disclosure related to the focus area. In some instances, we outline how the focus area is integrated into our Corporate Strategy.
2 – Emerging focus	Discussed, in less detail relative to Tier 1. For each emerging focus area, we describe how we are currently managing the focus area and what we aspire to achieve over the coming years.
3 – Being monitored	Discussed briefly, without going into detail.

For more information on how we define each tier, refer to [Our material ESG focus areas](#).

Alignment to the Sustainability Accounting Standards Board (SASB)

This is our first report referencing the SASB framework. Our ESG disclosure is adapted from SASB metrics that we deem to be most relevant to our business (see [ESG metrics](#) in the Appendix for a summary of our performance on relevant SASB metrics). The metrics we referenced come from the SASB industry standards for “Chemicals” and “Infrastructure and Construction”, as there is no SASB industry standard specifically for non-destructive excavation. While our report is aligned to several key metrics from each of the “Chemicals” and “Infrastructure and Construction” SASB standards, we recognize that there are metrics we currently do not have sufficient data to report against. We aim to more closely align our reporting to SASB in the future by reporting on additional metrics and providing deeper analysis on select issues.

Additional information

- The information contained within this report has been reviewed and approved by relevant employees having subject matter expertise, senior management, and the Board of Directors.
- Financial data is reported in Canadian dollars. For more information on Badger’s financial data, please refer to Badger’s website at www.badgerinc.com under Investor Relations: Financial Information.
- Badger’s Management Information Circular is available on Badger’s website at www.badgerinc.com under Investor Relations: Events, Webcasts & Presentations.
- ESG data within this report has not been assured by a third-party firm.

- The terms “Badger,” “our,” “we,” “the Company” and “Corporate” refer to Badger Daylighting Ltd. and its subsidiaries and affiliated entities taken as a whole.
- We intend to provide an ESG update annually either in the form of an ESG report, as part of our annual disclosure documents or included on our Investor Relations section on our website.

For questions regarding this report, please contact Pramod Bhatia, Vice President, Strategic Planning and Investor Relations at PBhatia@badgerinc.com.

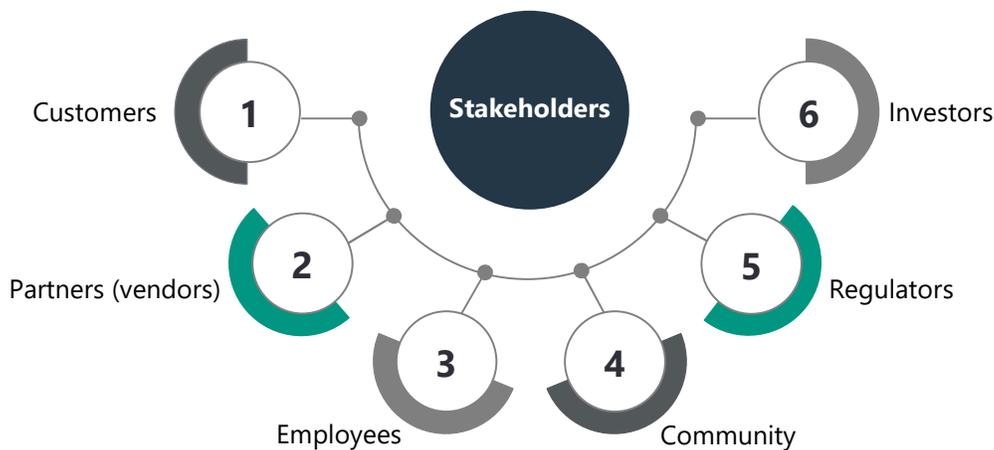
Materiality and Corporate Strategy

Materiality assessment

The first step we took in developing this report was a materiality assessment to understand how ESG issues relate to Badger and its stakeholders. The materiality assessment, which consisted of multiple workshops with key internal stakeholders (including managers, executives and directors) and detailed analysis of its outputs, stimulated thoughtful discussions within the Company related to the determination of our ESG focus areas, the stakeholders they are important to, and how the Company should prioritize and report on them.

A list of ESG issues deemed most relevant to Badger was reviewed. For each issue, consideration was given to: (i) the level of impact Badger’s management of the issue would have on the business; and (ii) the degree to which Badger’s management of the issue would impact stakeholder value. Throughout the exercise, ESG issues were interpreted and assessed in terms of their link to governance, strategic direction, risk management, and disclosure.

Badger’s key stakeholders were defined as follows:



Material Focus Areas

One of the key outputs from the materiality assessment was the classification of material ESG focus areas by tier. Focus areas that were rated as “Tier 1 – Priority focus” are considered to be directly related to the Company’s ability to execute on its Corporate Strategy and as a result, enhance stakeholder value creation. Refer to [Tier 1 – Priority focus](#) for more insights into why we classified certain areas as Tier 1.

Focus areas falling under the “Tier 2 – Emerging focus” are considered to be less immediately material than Tier 1 but are likely to increase in priority to Badger and its stakeholders within the next three to five years.

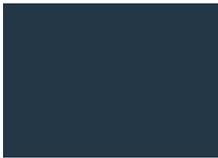
Focus areas falling under the “Tier 3 – Being monitored” are considered to be less material than Tier 2 and are being monitored in case they increase in priority to Badger and its stakeholders within the next three to five years.

ESG pillar	Tier 1 – Priority focus	Tier 2 – Emerging focus	Tier 3 – Being monitored
Governance	<ul style="list-style-type: none"> Corporate governance and ethics Bribery and corruption IT Risk Management Strategy 		
Social	<ul style="list-style-type: none"> Workforce Health and Safety Critical infrastructure integrity and safety Human performance management Human rights Diversity and inclusion 	<ul style="list-style-type: none"> Community relations 	
Environment	<ul style="list-style-type: none"> Water stewardship Customer materials management 	<ul style="list-style-type: none"> Energy management Scope 1-2 emissions Climate risk and opportunity management 	<ul style="list-style-type: none"> Waste Scope 3 emissions

Tier 1 Priority Focus – why they are immediately relevant us

<p>Governance</p>	<p>Corporate governance and ethics</p> <p>Bribery and corruption</p> <p>IT Risk Management Strategy</p>	<ul style="list-style-type: none"> • Maintaining strong, consistent processes and policies to deal with issues concerning how Badger is administered and conducts day-to-day business is... • Conducting our business with the utmost integrity and transparency by avoiding all forms of bribery and corruption is... • Defending our networks, servers, computers, mobile devices, electronic systems and data from malicious attacks is...
<p>Social</p>	<p>Workforce Health and Safety</p> <p>Critical infrastructure integrity and safety</p> <p>Human performance management</p> <p>Human rights</p> <p>D&I</p>	<ul style="list-style-type: none"> • Expanding our Make Safety Personal culture and building on the strong Health and Safety performance of our employees and contractors is... • Ensuring the infrastructural integrity and safety of our customers' infrastructure during non-destructive excavation and being recognized for the quality of our work is... • Developing our workforce's skills and improving employee engagement allow us to develop and retain talent, which is... • Our commitment to respecting human rights is the foundation for other ESG initiatives such as human performance management and D&I, which is... • Achieving diversity and inclusion allows us to bring a more comprehensive set of views to our business decisions, improve employee engagement, and build capacity for stronger relationships with our customers and partners, all of which is...
<p>Environmental</p>	<p>Water stewardship</p>	<ul style="list-style-type: none"> • Using water in a way that is environmentally sustainable and economically beneficial is...

Directly tied to the Company's ability to successfully execute its Corporate Strategy and as a result enhance stakeholder value creation



Customer materials management

- Managing disposition of our customers' soil in a way that is environmentally sustainable and economically beneficial is...

Integrating ESG within our Corporate Strategy

We believe that the most effective ESG program is one that is fully integrated within Corporate Strategy. Through the materiality assessment process, our leadership team worked to identify where our Tier 1 ESG focus areas align with the key pillars of our Corporate Strategy. Linking our ESG priorities to our Corporate Strategy allows us to:

We see tremendous potential for ESG initiatives to support Corporate Strategy and Badger's focus on **SAFE – PROFITABLE – GROWTH.**

- bring a clear mandate to our ESG initiatives;
- unlock the strategic value of ESG as an instrument for creating value for stakeholder groups; and
- create synergies that enhance both our ESG program and Corporate Strategy.

Key focus areas of our Corporate Strategy

Corporate strategy pillar	Focus
1. Targeting Badger's Growth Opportunities	<ul style="list-style-type: none"> • Identifying significant market growth opportunities to use non-destructive excavation technology to safely build and maintain North America's critical infrastructure. • Leveraging Badger's existing business operations to increase our customer base in new geographic markets and new end-use market segments.
2. Building Badger's Operating and Business Platform	<ul style="list-style-type: none"> • Evolving Badger's existing business platforms to support sustained market growth opportunities. • Developing regional business plans, implementing sales and marketing plans, standardizing fleet management, optimizing manufacturing production capacity and implementing centralized shared services support.
3. Maintaining Badger's Financial Discipline and Flexibility	<ul style="list-style-type: none"> • Maintaining Badger's strong financial position to fund organic growth. • Deploying shareholder capital in the most disciplined and accretive manner.

Our ability to execute on our Corporate Strategy is significantly enhanced when we fully integrate ESG into our decision-making processes.

Assessing ESG risks and opportunities as part of strategic planning

Our annual strategic planning process already captures ESG trends that present risks and opportunities for Badger, including:

- environmental trends that are driving demand for core services, new market opportunities and fleet technology; and
- social trends that inform or impact workforce recruitment, retention, training and safety strategies and programs.

We aim to build and expand upon these and other ESG focus areas as we strengthen the linkage between our ESG strategy and our Corporate Strategy.

“Including ESG risks and opportunities within our Corporate Strategy development ensures a thoughtful and complete Enterprise Risk Management assessment”

Darren Yaworsky, Chief Financial Officer

ESG metrics and compensation

Badger currently tracks the following key ESG performance metrics:

- Environmental: environmental policy and regulatory compliance, on-site inspections, training rates, processes to monitor transportation of customer materials
- Social: safety performance, BBOs and safety audit results
- Governance: diversity, retention and employee engagement

A number of these metrics are linked to executive and employee compensation, helping to drive strategic alignment, individual accountabilities and the Company’s ESG-related objectives and initiatives. In 2020, 30% of our annual short-term incentive plan was linked to health, safety and environmental performance.

In 2020, 30% of the Company’s annual short-term incentive plan was linked to Health and Safety performance.

ESG accountabilities

Sponsors for Tier 1 Focus Areas

Members of our leadership team serve as sponsors for our Tier 1 ESG focus areas. Sponsors are responsible for ensuring that Badger integrates Tier 1 ESG focus areas in pursuit of corporate strategic objectives, as well as for ensuring that Badger devotes the resources required to effectively manage the risks and opportunities associated with the issue.

“Assigning clear accountabilities and responsibilities to our Tier 1 focus areas targets our efforts and resources to ensure that we achieve our ESG goals”

John Kelly, Chief Operating Officer

Tier 1 ESG focus area	Sponsor
Corporate governance and ethics	President and CEO
Bribery and corruption	President and CEO
IT Risk Management Strategy	VP Information Strategy and Technology, VP Finance and CFO
Workforce Health and Safety	VP HSE, COO
Critical infrastructure integrity and safety	VP HSE
Water stewardship	VP HSE, VP Manufacturing
Customer materials management	VP HSE, COO
Human performance management	VP Human Resources, President and CEO
Human Rights	VP Human Resources
D&I	VP Human Resources

2021 Health, Safety and Environmental (HSE) Commitment

Safety is a core value for Badger and our HSE Commitment, signed annually by the President and CEO, COO, and VP HSE, commits the Company to the following goals:

- Zero injuries to people
- Zero impacts to the environment
- Zero damage to equipment or property

■ Tier 1 Governance

Corporate governance and ethics



Highlights

Over the course of 2020 and in early 2021, we:

- shared publicly the roles and responsibilities of the Board and Committees as they relate to establishing our governance framework;
- updated our [Code of Conduct](#) to reflect the principles and behaviours that foster a culture of ethical business conduct and achieved virtually 100% completion in our annual acknowledgment campaign;
- provided additional information on Board education, leadership development and succession; and
- tied health, safety and environmental performance to executive compensation through our annual bonus program.

Roles and responsibilities of the Board and Committees

The Board is comprised of a diverse group of business leaders, each of whom bring a valuable skillset to their roles as stewards of the Company, collectively offering expertise in the following areas:

- Health safety and environment
- Corporate Governance
- Human resources and compensation
- Strategic planning and growth
- Operational management
- Relevant industry experience
- United States market experience
- Risk Management
- Financial statement literacy
- Financial markets
- Technology
- Mergers and acquisitions
- Marketing and sales

Fundamentally, the Board is accountable for enhancing and preserving shareholder value while also being mindful of the legitimate interests of other stakeholders of the business such as employees, customers and communities in which we operate.

The Board works diligently to fulfill its mandate and focuses on seven specific areas for Board effectiveness:

- health, safety and environmental matters
- creating a culture of ethical business conduct
- strategic planning
- risk oversight
- leadership development and succession
- communications and financial reporting
- shareholder engagement

Independence is a critical feature of Bader’s governance structure. All of Badger’s directors are independent with the exception of the President and CEO. Each of Badger’s Committees are made up of independent directors and the Chair of Badger’s Board is also independent. Finally, Badger’s Board and Committee procedures ensure independent decision making by requiring the Board to hold an *in camera* session of its independent directors without management, at every regularly scheduled Board meeting and at other meetings as deemed appropriate. For all Committee meetings, *in camera* sessions are required to be held if management are present at such meeting.

ESG roles and responsibilities at the Board and Committee level

The Board has four standing Committees, all of which bear a measure of responsibility for oversight of ESG matters with the Board having ultimate authority.

Board	<ul style="list-style-type: none"> • Oversees development of Corporate Strategy, including incorporation of ESG framework, risks and opportunities. • Guides development of corporate disclosure practices.
Health, Safety and Environment (HSE) Committee	<ul style="list-style-type: none"> • Oversees development, monitoring and implementation of systems, programs and initiatives for managing health, safety and environmental risk. • Reviews ESG reporting trends and practices, including input from the other Board Committees. • Recommends HSE-related metrics to form part of the Company’s annual bonus program to the HRC Committee. • Reviews ESG corporate annual plan and reporting disclosure and makes recommendations to the Board regarding such annual plan and disclosure.
Human Resources and Compensation (HRC) Committee	<ul style="list-style-type: none"> • Oversees executive compensation, succession planning, D&I program development. • Recommends metrics comprising the Company’s annual bonus program to the Board. • Considers ESG trends touching areas within the HRC Mandate and makes recommendations to the HSE Committee.

<p>Nominating and Governance Committee</p>	<ul style="list-style-type: none"> • Reviews and assesses Board composition and effectiveness with regard to the Board’s ability to oversee ESG matters and recommending the appointment of new directors to the Board. • Oversees Code of Conduct implementation, including annual acknowledgment program and updates to the Code. • Considers ESG trends touching areas within the Governance Committee Mandate and makes recommendations to the HSE Committee.
<p>Audit Committee</p>	<ul style="list-style-type: none"> • Reviews and assesses the appropriateness and effectiveness of management practices to monitor and mitigate ESG risks. • Oversees development of IT Risk Management Strategy. • Considers ESG trends touching areas within the Audit Committee Mandate and makes recommendations to the HSE Committee. • Considers concerns raised pursuant to the Company’s Whistleblower Policy.

Each Committee’s mandate includes the Committee’s respective responsibility and accountability for Badger’s ESG risks, opportunities and targets. The Committee mandates align with the Board’s comprehensive oversight of Badger’s ESG risks, opportunities and targets.

We are continually reviewing Board and Committee mandates to identify opportunities to provide more effective oversight of ESG matters.

Code of Conduct

The Board believes that integrity is essential to the Company’s long-term success, and that the Board, as well as executive management, must provide ethical leadership and direction to ensure that our business and operations are conducted with utmost integrity. Our Code of Conduct (Code) reinforces our principles and values and guides behaviour to avoid damage to our reputation, liability or financial loss.

Badger is committed to high standards of corporate governance. We continually review our practices against changing regulations and evolving policies and best practices and update them as appropriate.

The Code covers several areas, including:

- Badger's Rules to Live By
- protecting corporate assets and opportunities
- avoiding conflicts of interest
- keeping corporate information confidential
- maintaining information technology systems and asset security
- corporate disclosure and financial reporting and record keeping
- maintaining a positive work environment where employees treat each other with respect
- dealing fairly with our shareholders, employees, customers and suppliers
- protecting the Health and Safety of our employees, customers and communities in which we operate
- conducting activities in an environmentally responsible manner
- complying with laws, rules and regulations and internal policies
- reporting any illegal, unethical or inappropriate behaviour

Badger's Rules to Live By:

- I will always practice defensive driving and obey traffic laws
- I will always know my boom position and practice safe boom procedures
- I will always exercise Stop Work Authority in unsafe conditions
- I will always follow fall protection procedures
- I will always respect and never tamper with or disable any safety device
- I will always obtain the proper permits before entering any confined space
- I will always report incidents immediately, no matter how small

The Code applies to all directors, officers, employees and consultants. An annual acknowledgment is required of all such parties that they have read and will abide by the Code. The Board oversees the administration of the Code, receives reports of variance from the Code, and oversees the investigation of any such variances where required. Administration of the Code is complemented by Badger's Whistleblower Policy, discussed below.

Only the Board can waive compliance with the Code and must promptly disclose any such waiver as required by the rules and regulations that apply to us. The Board did not waive compliance with the Code in 2020 nor were we required to file a material change report relating to a departure from the code for a director or officer in 2020.

Other policies which further demonstrate Badger's commitment to ethical business practices include:

- Anti-Discrimination & Anti-Harassment Policy
- Adopting Fair Competition & Anti-Trust Policy
- Insider Trading Policy
- Gifts & Bribery Policy

Whistleblower Policy

An important part of fostering a culture of accountability and ethical conduct is offering people a way to raise concerns about fraud or other wrongdoing without fear of retaliation.

Our Whistleblower Policy was established in 2017 and includes a framework for reporting and investigating concerns relating to unlawful acts, fraud, corruption, policy breaches, compliance matters, or other improper

activities within Badger. Badger tracks all reported incidents and provides a quarterly summary to the Audit Committee.

We are committed to conducting business ethically while promoting a work environment that fosters mutual respect, open communication and integrity. We encourage anyone suspecting an incident of fraud or other wrongdoing to report it immediately by either:

1. reporting to their direct supervisor or next level manager; or
2. calling our ConfidenceLine™ (1-800-661-9675) 24 hours a day, seven days a week, or online at www.badgerinc.confidenceline.net. Reports can be made anonymously, and the service supports calls in French, English or Spanish and is administered by a third party.

We are committed to investigating all good faith concerns raised in accordance with the Code. This includes protecting those who come forward to report such activities. Retaliation against a person who reports such a concern will not be tolerated and may be subject to disciplinary action. The same applies to any intentional abuse of our reporting process, including the raising of malicious or knowingly false allegations.

Our Whistleblower Policy can be found on our [website](#).

Leadership diversity and inclusion

Diversity of background, experience, skills, education, gender, age, ethnicity, geographic location and other attributes on the Board and the executive is valuable because it brings different perspectives, which enhances decision-making.

Our approach to leadership diversity and inclusion is guided by the Company's Employment Equity and Diversity Policy.

As at May 5 2021, Badger had nine directors, two of whom are female (22%), and 13 executive officers, 2 of whom are women (15%). Badger has an aspirational goal to have women represent 30% of our board and senior management by the end of 2023. The means to achieve these diversity goals will be through board and executive renewal activities, which are guided by Badger's employment equity and diversity policy.

Looking ahead, leadership D&I will be achieved through Board and executive renewal activities, which are guided by the Company's Employment Equity and Diversity Policy.

Board renewal

The Board has seen significant renewal in recent years with new directors – including two women - joining each year since 2015 with the exception of 2017. The Nominating and Governance Committee is charged with making recommendations concerning the qualifications of directors, including selecting and recommending candidates for election and re-election.

Board education and leadership development and succession

Board education

The Board ensures thought diversity and breadth of skillsets of its directors initially through its recruitment process and then by achieving knowledge transfer through a robust orientation and education program.

Badger's onboarding process includes a range of industry, business, and governance topics and an orientation of the business, strategy, financials and history of Badger, including 1-on-1 meetings with management and site visits.

The Board conducts an annual, confidential assessment of each director through a peer-to-peer review process to ensure Board members have maintained the skills and knowledge necessary to meet their obligations.

Directors are encouraged to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to discharge their responsibilities associated with corporate governance, operational and regulatory matters. All Badger directors are members of the Institute of Corporate Directors (ICD), an organization committed to providing corporate directors with opportunities to advance their governance knowledge.

Leadership development and succession

Executive succession planning is a key responsibility of the Board and is considered on an ongoing basis. The HRC Committee assists the Board in ensuring that Badger has appropriate programs for succession planning and overseeing human capital risk. Succession planning is a standing agenda item on the HRC Committee's annual work plan and the HRC Committee reports to the Board at least annually on succession planning matters.

Badger has a detailed and formalized succession planning process for the President and CEO, senior management and other strategic positions considered critical to its success. This process involves both short-term planning for unexpected absences as well as long-range planning for executive development and succession to ensure leadership sustainability and continuity. Critical to the succession planning process are the regular touchpoints that the HRC Committee has with the President and CEO to discuss his views on the executive leadership team in general and to identify and discuss potential successors. The HRC Committee also meets each year with the independent directors of the Board to discuss candidates the President and CEO has identified as possible successors for his role. An emergency succession plan is also in place.

Aspirations

We intend to improve upon our management of corporate governance and ethics, by:

- establishing a continuing education program for the Board and Committees, including annual ESG training with a focus on ESG trends and benchmarks, ESG standards and frameworks, and the integration of ESG within Corporate Strategy;
- updating Board and Committee mandates with more ESG-specific roles and responsibilities;
- continuing to integrate ESG roles and responsibilities within the Corporate Strategy;
- continuing to integrate ESG into our Enterprise Risk Management (ERM) systems;
- achieving 30% female representation at the Board and senior management levels by the end of 2023;
- focusing on additional diversity measures beyond gender and age; and
- developing supplier ESG criteria and screening mechanisms.

Bribery and corruption



Highlights

In 2020, we had:

- zero known instances of bribery or corruption;
- zero legal and regulatory fines and settlements associated with charges of bribery or corruption and anti-competitive practices; and
- zero dollars spent on political campaign spending, lobbying expenditures or contributions to special interest groups.

Zero tolerance policy on bribery and corruption

Badger has measures in place to prevent all forms of corruption within our operations. We never offer, attempt to offer, promise or accept payments, gifts, or anything of value that could influence a business decision. This includes improper payments or other incentives with a corrupt intent whether provided by our people or a business partner.

We ensure that all interactions with public officials comply with the law. We never offer or give any payments to public officials or others to secure or speed up the performance of actions.

Our Code of Conduct covers topics that specifically relate to the prevention of bribery and corruption, including:

- Avoiding conflicts of interest
- Corporate disclosure
- Gifts and bribery
- Insider trading
- Adopting fair competition and anti-trust practices

See our Code of Conduct on our [website](#) for more information.

Aspirations

We will continue to reinforce our policy of zero tolerance on bribery and corruption.

Information Technology Risk Management Strategy



Highlights

In 2020, we:

- developed an Information Technology (IT) Organization Maturity Roadmap, which included a cybersecurity and compliance program that is currently being implemented; and
- established an Information Technology Steering Committee (ITSC), responsible for alignment, accountability, and value generation associated with our IT strategy and its integration within our broader ESG objectives.

IT Steering Committee

Strong governance of IT strategy is critical to our success as a large and rapidly growing multi-national enterprise. That is why in 2020 we established an ITSC, composed of officers of the company, including CEO direct report and executives, who meet on a quarterly basis.

The ITSC has three primary objectives:

Alignment

The ITSC drives IT and business strategy alignment by having business partners jointly accountable for the prioritization and selection of projects and investments within the context of IT capacity.

Accountability

The ITSC facilitates the involvement and commitment of executive management through clearly defined roles and accountabilities for IT decisions in five critical areas: investments, projects, risks, services and data.

Value generation

The ITSC is responsible for the ongoing evaluation of IT value and performance of IT services. The committee should define these standards and approve remediation plans when there is non-achievement.

IT Organization Maturity Roadmap

To ensure that our IT Organization support our growth strategy, the ITSC has developed a multi-year IT Organization Maturity Roadmap, which sets out clear targets for where we want to be on key IT dimensions by 2023. The dimensions that we are focused on include:

- Culture and organization
- Process and metrics
- Cybersecurity and compliance
- Architecture and technology
- Project Management
- IT Vendor Management

- Data Analytics and Internet of Things
- Automation and Robotic Process Automation (RPA)

Cybersecurity and compliance program

In 2020, we engaged an external advisor to conduct a National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) assessment, including a focused review of the Badger information systems environment at our Canadian and US locations. The purpose of the assessment was to assist Badger in identifying a baseline of risk and maturity of the information security program at Badger relative to security best practices recommended by NIST.

Resilience to cyber risk is more important to Badger now than ever before. We recently migrated to a more centralized platform for information technology systems, or Common Business Platform, intended to enhance our operational and financial reporting processes and allow for consistent implementation and integration of new technologies. It is important that the Common Business Platform and its supporting systems are protected against any cyber threats.

On the recommendations of the advisor, Badger has been developing a plan of action and milestones to prioritize risk mitigation activities based on tolerance levels. Our initial maturity goal would be to align with the majority of our peers in the industry, with the future goal of continuing to improve our cybersecurity posture.

Aspirations

We intend to enhance our management of IT, by:

- tracking additional metrics that will allow the ITSC to provide Badger leadership snapshots of current activity and ongoing improvements;
- implementing requirements for process documentation, training, accountability and data governance to support Badger in progressing up the IT maturity curve; and
- disclosing metrics, without revealing any sensitive information that could potentially be used against us by malicious actors.

Tier 1 Social

Workforce Health and Safety



Highlights

- In 2020, we continued to bolster our strong safety culture by:
 - Continuing to instill Health and Safety as a Value in all decision making and reinforcing our Badger’s Rules to Live By to promote personal accountability for Health and Safety;
 - Initiating a regular review process for all incidents, no matter how small;
 - Establishing a near miss reporting program and behaviour-based observations (BBO) quotas for all senior leaders and operational managers;
 - assessing and selecting an artificial intelligence (AI)-enabled enterprise-wide camera-based solution to assist our operators in reducing incidents; and
 - continuing to use the Defensive Driving curriculum for operators of Badger vehicles.
- We continuously enhance our Health and Safety Management System (HSMS) by updating and improving our safety training and procedures by implementing corrective action plans.
- Our response to COVID-19 was very proactive. We established a COVID-19 task force as early as January 2020 and began sharing our COVID-19 response plan with our clients two months later in mid-March and continue to monitor circumstances.

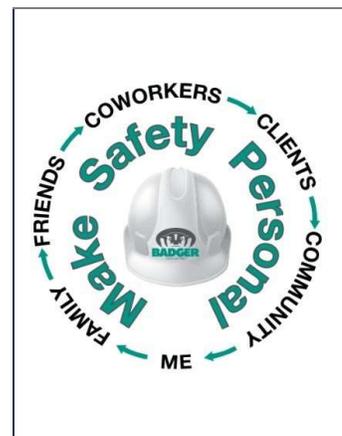
Our safety culture

Badger is committed to the highest safety standards for our employees and customers. We have a company-wide safety-first culture, supported by comprehensive safety programs.

Make Safety Personal – Where we stand on Health and Safety

- Safety is a Value and Safety of our people will always be first in every decision.
- Our safety procedures promote Best In Class performance while adhering to the excavation requirements and regulations.
- We continually strive to improve our safety programs to strengthen our safety culture.
- Badger’s objective is to provide the “Best Operator, Best Truck” to its customers.

Our industry-leading Mentor Competency Training program prepares our operators to be the most experienced and best trained on the use of Badger equipment.



We are constantly looking for ways to build upon and improve our safety culture. In 2020, we launched several initiatives to improve Health and Safety performance.

**SAFE –
PROFITABLE –
GROWTH**

Safety-related initiatives

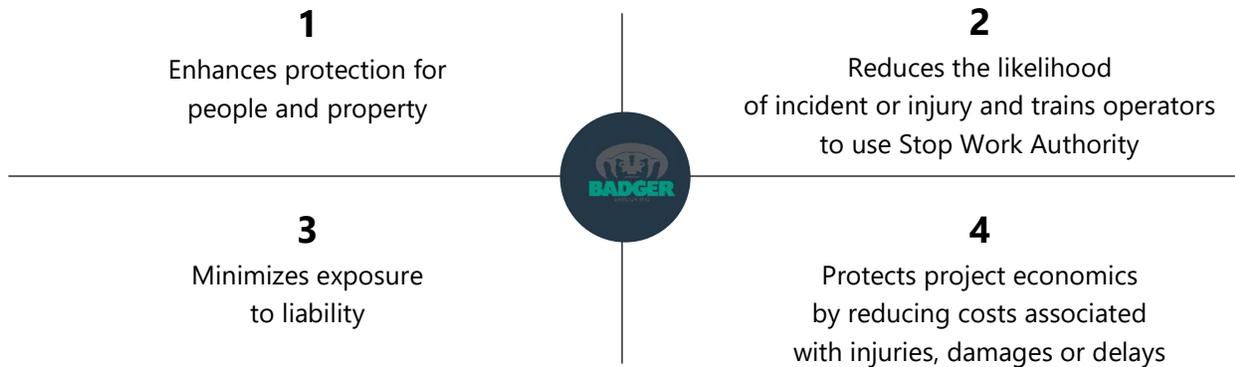
- **Incident reviews** – In 2020, a review of all incidents was implemented. Local, regional and senior leadership examine contributing factors and root causes to ensure accountability and responsibility is appropriate and that corrective actions are SMART- specific, measurable, achievable, relevant and timely.
- **Behaviour-based observations** – We established BBO quotas for the first time for 2021. The quotas, which apply to all senior leaders and operational managers, aim to reduce the number of safety incidents by recognizing safe behaviour and eliminating at-risk behaviours.
- **AI to improve driver safety** – Badger is implementing an enterprise-wide solution to help mitigate driving incidents and decrease risky driving habits. Badger has partnered with a technology company to utilize a camera with machine vision (MV) and artificial intelligence (AI) technology as our fleet safety camera. MV enables the camera to recognize objects of interest such as stop signs, nearby vehicles, seatbelts and cell phones. AI allows the camera to accurately analyze an event and provide our fleet team with verifiable results. The camera is intended to help scan the road for potential hazards, evaluate the environment and alert our operators to potential risks on the road and in the cab.
- **Defensive Driving curriculum** – Operators of Badger vehicles are trained in the Smith System® Defensive Driving curriculum by one of our 30 authorized Smith System® trainers.
- **National Safety Council® Incident Investigation/Root Cause training** – In 2020, we had representatives from Health Safety & Environment, Human Resources, Fleet, Finance and Operations complete National Safety Council® Incident Investigation/Root Cause training. We will leverage this team to conduct thorough investigations and incident follow-ups, as well as train others in the incident investigation process.
- **Health and Safety audits** – In 2020, field and branch audits and inspections were conducted to measure compliance and the success of our training programs, expectations and standards.

Health and Safety Management System

HSMS is a proactive, comprehensive way to reduce workplace hazards and injuries. We focus on the following key procedures or activities:

- Field Level Risk Assessment (FLRA)
- Pre-job safety meetings
- GPS vehicle monitoring
- Unit field inspections
- Regular safety meetings
- Safety audits
- Annual mechanical inspection
- Annual vehicle inspection

For our customers, the benefits of Badger maintaining an HSMS are:



Field Level Risk Assessment

Our Field Level Risk Assessments, or “FLRAs”, focus on specific jobs and job tasks to identify hazards before incidents happen. The FLRAs focus on the relationship between 1) the worker, 2) the task, 3) the tools, 4) equipment and 5) the work site. The goal is to identify all hazards, then eliminate or reduce them to an acceptable risk level.

The FLRA helps Badger identify:

- **day-to-day hazards** such as driving, weather and temperature, line of fire and slip, and trip & fall hazards.
- **specific work-site hazards** such as securing the job site (cones, chocks, barricades) when rigging in and rigging out and when loading water and unloading the debris tank.
- **hazards that could cause serious injury or worse**, such as electrical/overhead hazards, knowing where the boom is, and entering confined spaces.

Safety training

Our operator training centre, referred to as Badger University, was opened in 2019 and is located in Brownsburg, Indiana. It provides comprehensive safety, operations and skills training for operators and Area Managers and ensures the standardization of training across the organization. For more information on Badger University, see [Human performance management](#).

Gold Shovel Standard

Badger has a Gold Shovel Standard (GSS) certification which relates to our Health and Safety management training and operational practices.

GSS works to prevent life-threatening damages, empower field teams to operate safely, and protect excavation crews and the public. GSS believes that greater transparency in all aspects of damage prevention among buried-asset operators, locators and excavators is essential to drive continuous improvement, and vital to increasingly safe working conditions and communities.



Where adopted and within three years, GSS’s goal is to reduce buried utility strikes from professional excavators by 50%.

Certificate of Recognition

We participate in the Certificate of Recognition program (**COR™**) in most of the Canadian provinces in which we operate. The **COR™** is an occupational Health and Safety accreditation program that verifies a fully implemented safety & health program which meets national standards.



Business Continuity Plan (BCP) and Pandemic & Influenza Continuity Plan

Badger performs essential functions and services that may be adversely affected in the event of a natural or man-made disaster. In such events, Badger has a business continuity plan (BCP) to assist in the continuance of essential functions and services.

Our continuity of operations is threatened by the risk of pandemic. Our Pandemic & Influenza Continuity Plan, which is aligned to our BCP, aims to mitigate the impact of a pandemic on our ability to carry out essential functions and services for our customers. While Badger may be forced to adjust some operations due to the occurrence of a pandemic, the plan will guide management in their efforts to remain operational and meet the service requirements of our customers who operate critical infrastructure.

Governance on business continuity and pandemic response

Our Business Continuity Planning Committee and Corporate Steering Committee are jointly responsible for the management and implementation of the BCP as well as monitoring the organization’s adherence to it.

Business Continuity Planning Committee

We have established a Business Continuity Planning Committee, led by the VP HR and VP HSE, that will be responsible for updating the BCP. Representatives from each business unit will be involved and able to identify the resources, topics and solutions related to the business continuity planning process.

Corporate Steering Committee (COVID-19 Task Force)

In addition to the Business Continuity Planning Committee, we have established the Corporate Steering Committee, informally referred to as the Badger COVID-19 Task Force, to oversee, support and direct the process of business continuity. The Steering Committee meets as-needed once a pandemic has been declared, or prior, if evidence from the CDC, WHO or other authorized governmental agency indicates imminence of an outbreak. The Corporate Steering Committee consists of the CEO, CFO, COO, VP HR and VP HSE.

Our rapid response to COVID-19

Our early response to COVID-19 is demonstrative of our strong management of, and focus on, employee and customer Health and Safety. Key highlights from our rapid response are listed below.

- The Badger COVID-19 Task Force was formed in January 2020.
- By February, the Task Force had begun implementing policies, precautions and awareness programs in the response to the virus.
- By early March, we had a COVID-19 pandemic plan that was communicated to our customers.
- The Task Force communicated and updated Badger’s workforce regularly.

Safety performance

In 2020, our recordable incident rate (RIR) increased even though we experienced one fewer recordable injuries in 2020 compared to 2019. This increase was due to reduced work hours in 2020 as a result of pandemic-related restrictions. See below for our year-over-year performance on RIR.

		2020	2019	2018
Recordable incident rate (RIR)	# incidents x 200,000/Total Work Hours	1.78	1.51	1.32
Fatalities	Fatalities of both employees and contractors	0	0	0

Integration within Corporate Strategy

At Badger Safety is a Value, therefore, the linkage between workplace Health and Safety of our people and our Corporate Strategy is, and will remain, of paramount importance.

Aspirations

We intend to enhance our management of workplace Health and Safety, by:

- Reinforcing our annual HSE commitment to Zero injuries to people, Zero impacts to the environment, and Zero damage to equipment or property;
- making workplace safety personal for each and every employee;
- ensuring every employee sees safety as the most important thing they do every day; and
- recognizing the value safety has for our employees, our customers and Badger.

Critical infrastructure integrity and safety



Highlights

- Our Badger Hydrovac services are non-destructive and a safe alternative to traditional excavation. Independent third-party data supports this claim, with low levels of infrastructure damage from hydro excavation.
- Badger provides safe excavation to our customers around critical infrastructure and in congested underground conditions.

Non-destructive excavation

The primary advantage of our non-destructive excavation system is to mitigate the risk of potential line strikes which result in business and service interruptions to critical infrastructure customers such as public utilities, communications and pipeline networks and life critical care facilities.

Traditional excavation methods rely on underground utility locating techniques that may be outdated or inaccurate creating potential risk of damage to the existing utility network. The Badger non-destructive excavation system significantly minimizes the potential to damage these underground utilities thereby avoiding services interruptions, costly unscheduled repairs and release of harmful products into the environment.

Using the Badger Hydrovac is a safe alternative to traditional excavation. Independent third-party analysis by the Common Ground Alliance's (CGA) Data Reporting and Evaluation Committee (DIRT) found that in North America between 2007 and 2018, 80.1% of damages to utilities came from mechanical excavating equipment, 19.1% from hand excavating tools, 0.55% from probing devices and 0.04% from explosives. In comparison, vacuum equipment was the method of excavation used in 0.2% of damages during that same time frame.

Aspirations

- We intend to improve upon our management of critical infrastructure integrity and safety, by establishing processes for tracking the amount of defect- and safety-related rework expenses; and
- We intend to continue to refine technology, for safe use of non-destructive excavation, reducing risk and adding value for our critical infrastructure customers.

Human performance management



Highlights

- In 2020, we completed our first organization-wide employee engagement survey, with a goal off striving to obtain top quartile performance.
- We are continuously evolving our employee enterprise-wide training program, known as [Badger University](#). Its mission is to provide training to all employees across the company including operations and all functional areas; and
- We provide our employees with assistance for a variety of personal and professional matters through our Employee Assistance Program (EAP)

Employee engagement survey

The employee engagement survey has allowed us to develop a better understanding of the strength and emotional connection Badger employees feel toward the work they do, their teams, and the overall organization. It has also highlighted key opportunities for improvement.

2020 Response Rate

877 of 1026 Responded



2020 Overall % Favourable

% of Agree / Strongly Agree Responses



Where we excel

	Focus area	As a Badger employee...	% of Agree / Strongly Agree responses
Where we excel	Customer service	"I am proud of the quality of service we provide to our customers"	92%
	Ethics	"If I saw something wrong at work, I would feel comfortable reporting it"	88%
		"My immediate manager treats me with dignity and respect"	87%
	Safety	"My team closely follows the workplace safety rules and procedures"	90%
"Incidents and accidents are investigated quickly in order to improve workplace health and safety"		85%	

Where we can improve

The survey showed that there are three areas where we can improve and address employee's concerns. They include:



Communication
Change
Management &
Vision



Career Growth &
Development



Recognition &
Wellbeing

Though we are proud of the areas where we excel, our primary objective going forward is to improve in the three areas listed above. Following the results of the survey, our leadership team met to review results. People Leaders will each create personal action plans to implement and share with their teams. The status of the action plans will be monitored and shared quarterly.

To continuously monitor our progress in these and other areas, we plan to deploy employee engagement surveys on a biennial basis going forward, with intermittent pulse surveys.

Badger University

In 2019, Badger created Badger University (Badger U) – School of Operations with the goal of providing comprehensive, structured and consistent training to new operators that would be a benchmark in the non-destructive excavation industry. Since then, Badger University has expanded its mission to provide training to all employees across the company.

Badger University aims to provide training and development that is:

1. Aligned – addresses the most critical business needs (e.g. Leadership Training, Safety, Operations, CBP, Offerings/Technology, etc.)
2. Effective – ensures trainees are equipped with the knowledge and skills to safely perform required job tasks
3. Efficient – delivered and maintained at the highest value to Badger

Badger University's Mentor Competency Program

All new Badger Operators are trained through our Mentor Training Program. The program provides structure and process to practical training.

Our carefully selected Mentors train and mentor new Operators on The Badger Unit™, safe work practices, specific job procedures, safety hazards and recognition, professionalism, customer service and defensive driving. Mentors determine when a new employee is "signed off" to work.

Examples of the training programs provided through Badger University include:

Management training	New Operator & Mentor training	General employee development
IT/Systems training	HSE Training – initial and ongoing	Sales and marketing
Educational assistance	Financial acumen	Web-based micro training modules on 140 topics around general development, IT systems, and more

In early 2020, we transitioned to virtual training with the outbreak of the COVID-19 pandemic. Our employees are able to participate in virtual classroom training as well as take part in “Bring to the field” virtual demos for developing skills that are best learnt “on the job”.

Badger University 2020 training statistics

In 2020, Badger University delivered over 19,000 hours of training to a variety of Badger employees on a range of topics (as outline below), as well as nearly 600 online courses that focus on general development training.

Course title	Total hours
New Operator Training	11,000
New Manager Training	1,800
New Mentor Training	1,400
HSE Online Training	4,700
Sales Training	250
Total	19,150

Employee Assistance Program (EAP)

As part of Badger’s benefits offerings, employees have access to the Employee Assistance Program. The EAP can provide assistance for a variety of personal and professional matters including:

- Relationships, family, and parenting
- Legal/Financials
- Substance abuse and addictions
- Eldercare/Childcare
- Grief and loss
- Stress management

Aspirations

We intend to enhance our management of human performance by:

- focussing on the areas where our employee engagement survey showed opportunity for improvement;
- conducting an employee engagement survey every other year, with intermittent pulse checks; and
- developing a learning management system and integrating it within relevant aspects of our HSMS.

Human rights



Highlights

Between 2020 and early 2021, we

- continued to demonstrate our commitment to human rights by promoting and enforcing the requirements set out in our Employment Equity and Diversity Policy; and
- continued to foster mutually beneficial relationships with Indigenous Peoples and their businesses and communities.

Badger is committed to respecting fundamental human rights. Respect and dignity are foundational principles reflected in our Code of Conduct

Employment Equity and Diversity Policy

Respect for people and cultural differences is an important aspect of the Company's Code of Conduct. Inclusion and achievement of a diverse workforce in an environment in which all people are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute freely is an ongoing objective. Discrimination is not tolerated and is defined broadly by a wide range of protected grounds, including both intentional and unintentional discrimination.

Our Employment Equity and Diversity Policy, which is embedded in our Code, demonstrates the Company's commitment to foster an inclusive culture accepting and encouraging diversity within its workforce. Badger will not discriminate in its employment practices on the basis of gender, race, ethnicity, sexual orientation, religion, age, disability, or any other characteristic protected by law. This includes all aspects of employment including hiring, job assignment, compensation, discipline, termination and access to benefits and training.

Relationships with Indigenous Peoples

Building positive and mutually beneficial relationships

At Badger, we believe in building positive and mutually beneficial relationships with Indigenous Peoples and their leadership, communities and businesses. These relationships are based on mutual trust, respect, and transparency with the result of achieving common goals. Those goals include, but are not limited to, training/employment opportunities and profit sharing.

Badger is party to several revenue sharing arrangements and Franchise Agreements with businesses owned by Indigenous Peoples. These Franchise Agreements permit our operating partners, which are business

owned by Indigenous Peoples, to provide Badger Hydrovac services directly to customers. The revenue sharing arrangements we are party to provide for additional partnership benefits such as employment and training for Indigenous Peoples as well businesses and subcontract opportunities and community development opportunities. Badger is currently in negotiations with several other businesses owned by Indigenous Peoples in an effort to expand these types of partnerships. Badger's commitment to inclusion of, and benefit sharing with, Indigenous Peoples is further demonstrated by our Aboriginal and Tribal Policy which can be found on our [website](#).

Increasing our awareness and understanding of Indigenous communities

In an effort to enhance our cross-cultural understanding with a view to achieving success in developing partnerships with Indigenous Peoples and related business development opportunities, Badger has engaged in a training program offered by a consultant who is also an Indigenous Person. We hope to build on that training in the future to continue to develop working relationships with a variety of Indigenous Peoples and their businesses and communities.

Aspirations

We will maintain a strong focus on human rights and related issues, by:

- continuing to build knowledge, awareness and cultural sensitivity towards Indigenous Peoples and their businesses and communities and to strengthen our relationships with existing and new partners; and
- exploring partnership opportunities with minority-owned businesses.

Diversity and inclusion



Highlights

Between 2020 and early 2021, we:

- established a leadership role that includes ownership of D&I initiatives to drive our D&I program, in recognition of the importance of D&I in our ability to innovate as an organization; and
- began the build of our D&I framework, which encompasses our 5-year D&I strategy and our plans to be an employer of choice.

Diversity and inclusion for driving innovation

At Badger, we recognize that diversity and inclusion is a cornerstone for our ability to innovate. We believe that our diverse talent can perform their best in an environment where their authenticity is welcomed. As part of our ongoing efforts to foster this sort of environment, we recently established a leadership role that includes ownership of D&I initiatives including the development and implementation of our D&I framework.

Diversity and inclusion framework

The build of Badger's diversity and inclusion framework is underway. The framework is based on a holistic approach to D&I and will encompass our 5-year strategy and plans to be an employer of choice. For 2021, Badger will focus on the following:

- analysis, design and administration of educational programs to lay the groundwork for building cultural competence;
- establish metrics and scorecard that allows Badger to effectively and efficiently assess progress and address needs; and
- assess and define how D&I integrates into key Badger business and HR systems, processes, and initiatives.

Workforce demographics

As Badger builds its D&I framework, we must take into consideration workforce projections and trends. This means strategic analysis and interpretation of economic, industry, and social change that affects our plans to create and sustain an inclusive culture. Creating and sustaining an inclusive culture will be essential to our ability to attract and retain top talent as the workforce evolves and becomes more competitive. For example, talent will have more employment options as the labour force shrinks in proportion to consumer, economic and industry demands. In response, Badger is focused on developing strategies to address the dynamic shifts in generational career and workplace expectations.

Indigenous Peoples jobs fairs

We have been participating in jobs fairs hosted by Indigenous Peoples, as part of both our drive towards greater diversity in our workforce and our ongoing commitment to building positive and mutually beneficial relationships with Indigenous Peoples and their leadership, communities, and businesses.

Our aspirations

We intend to enhance our management of D&I, by:

- reinforcing an organizational culture that allows for all employees to do their best work while not sacrificing authentic self;
- integrating D&I into HR and business processes and systems that position Badger as a preferred place of employment; and
- tracking and disclosing diversity and inclusion metrics (ex. race, gender, age) for hiring, management and leadership and Board.

■ Tier 1 Environmental

Water stewardship



Highlights

- We are investigating water-efficiency technologies for our customer solutions strategy.
- We are enhancing the tracking and reporting of our compliance with water-related permits.

Water-efficiency technologies

We are investigating research and development of innovative, proprietary solutions to achieve greater water efficiency in our operations.

Enhancement of tracking and reporting

Tracking and reporting our compliance with water quality and other water-related permits, standards and regulations is important for Badger. We will enhance tracking of water usage and monitoring of our processes and systems.

Integration within Corporate Strategy

Optimizing water usage and beneficial re-use is part of our customer solutions strategy, both in terms of minimizing our environmental impact and providing potential financial savings opportunities for our customers. Additionally, we anticipate that the effects of climate change will increase the importance of water stewardship from the point of view of our stakeholders.

Our aspirations

We intend to enhance our management of water stewardship, by:

- improving our tracking, impact assessment ranking and disclosure of our performance on water stewardship; and
- investing in customer solutions that unlock efficiencies in water usage.

Customer materials management



Highlights

- We have implemented customer materials management procedures to mitigate the risk associated with the transportation and disposition of excavated customer materials. These procedures include training of operators, vetting of disposition sites, load documentation and GPS technology tracking, which support our clients with best-in-class materials management from point of origin to final disposition.

Disposition site risk management system

Disposition sites are vetted and managed using a site risk management system. Badger has an extensive vetting process at client and third party sites, including a materials transportation process to assure customers of the appropriate disposition of materials where required.

As part of our site risk management system, we have a soil disposition review process that includes relevant environmental conditions, regulatory requirements and potential soil/disposition-related risks at the site.

Our objective is **Zero Impacts to the Environment**. We reinforce this message throughout our training, including training on Field Level Risk Assessments (FLRAs).

Regulatory compliance

Badger complies with all regulations, working with customers, site owners and generators of process materials (e.g. soil slurry) as necessary to ensure appropriate transportation and disposition. We coordinate with our customers to dispose of any materials known or suspected to be regulated or contaminated in accordance with applicable regulations.

Technological investments

We are collaborating with our customers to understand their current and future material management needs through both process improvements and potential technology solutions.

Integration within Corporate Strategy

As with water stewardship, optimizing customer materials management is part of our customer solutions strategy, both in terms of minimizing our environmental impact and unlocking financial savings for our customers. Developing new and innovative ways of optimizing customer materials management will be an integral part of how we will approach the market.

Aspirations

We intend to enhance our customer materials management, by:

- assessing our options for tracking and disclosing customer material volume of solids displaced or percent recycled;
- investing in technology enhancements to ensure permit renewals and regulatory compliance; and
- working with our customers to address their current and future material management needs to unlock efficiencies and improvements.

■ Tier 2 Social

Community relations

Our community relations focus primarily on emergency response, relief fundraisers, and community outreach. While we do not have a formal community relations program yet, we may consider establishing one in the coming years.

Examples of Badger CARES

Hurricane Laura Storm relief fundraiser in September 2020

- Across the Gulf Coast, Hurricane Laura's strong winds and heavy rain had damaged thousands of properties and forced residents to flee their homes. To help support our Lake Charles, IL, location and community, Badger collected donations from employees who wanted to support those affected.
- Badger committed to matching all employee donations.
- Badger raised a total amount of \$20,000 and donated it to Room in The Inn - Lake Charles, a non-profit public charity that partners with local churches and organizations to help feed and shelter those experiencing homelessness in our community.



Examples of community outreach

Women Building Futures Partnership: 2019 Christmas volunteer initiative

What we did to make an impact in our communities:

- Bakersfield: Toy Run
- Brownsburg: Anonymous donations to a family in need
- Calgary: Food and cash donations for the Calgary Food Bank
- Red Deer: Shoe boxes filled for Operation Christmas Child
- San Diego: Stockings that were donated to the homeless on Christmas Eve



Tier 2 Environmental

Energy management

Fleet fuel consumption

Fleet fuel represents the single largest source of energy consumed at Badger. It's also the activity that accounts for the vast majority of our scope 1 emissions (direct fuel combustion). Therefore, we've made it a priority to track and disclose our fuel consumption.

Our total fleet fuel consumption for 2018-2020 is provided below. The decrease in our fleet fuel consumption in 2020 compared to 2019 is primarily the result of reduced business activity during COVID-19 as well as fleet renewal.

Purchased diesel and gas (Liters)

Year	Diesel Canada	Diesel US	Total diesel	Gas Canada	Gas US	Total gas
2020	3,805,155	17,660,917	21,466,072	328,998	2,525,947	2,854,945
2019	5,079,123	19,896,528	24,975,651	397,892	2,996,383	3,394,275
2018	6,259,111	17,072,282	23,331,393	523,227	2,877,775	3,401,002

Note: Total purchased volumes for each year account for both Badger Hydrovacs and other fleet vehicles such as pick-up trucks.

Evaluating hybrid motors for our light duty fleet

Improving the energy efficiency of our light duty fleet is an option that Badger began evaluating in 2020. In 2021, we will field test hybrid units.

Aspirations

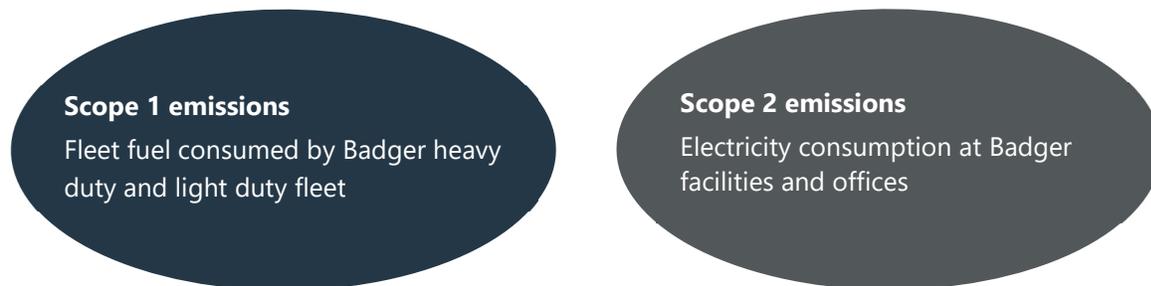
We intend to enhance our energy management by:

- tracking total energy consumed, including all fleet fuels as well as electricity usage at our facilities and offices;
- centralizing energy management data to support annual reporting and establish clear roles and responsibilities for data collection and disclosure;
- continuing to monitor the feasibility of alternate fuels, including heavy duty and light duty truck fleets; and
- assessing our options for having energy consumption data assured in the future.

Scope 1 and 2 emissions

Once we have developed a fuller accounting of our total energy usage, we will be able to begin tracking and disclosing our scope 1 and 2 emissions (scope 2 emissions are from electricity purchase and use). Reducing our scope 1 and 2 emissions intensity is a priority for Badger, and we look forward to reporting on our progress in future ESG reports.

Source of scope 1 and 2 emissions



Modern emissions equipment in our fleet

Badger Hydrovacacs are typically retired after approximately 10 years, but Badger currently maintains an average fleet age of approximately 4.1 years. This relatively young fleet age means our fleet has a higher percentage of engines with modern emissions equipment than would be the case with an older fleet. This means that we emit fewer emissions per km-travelled than if we had relied on an older fleet.

Aspirations

We intend to enhance our management of scope 1 and 2 emissions by:

- engaging a GHG specialist to support in tracking and disclosing our scope 1 and 2 emissions;
- assessing our options for developing short and long-term strategies to manage emissions, set emission-reduction targets and analyze performance against targets;
- innovating towards solutions that allow us to improve the energy efficiency of our fleets; and
- assessing our options for having our emissions data assured in the future.

Climate-related risk and opportunity management

Converting climate risk into opportunity

We recognize that climate change could have a significant impact on both our business and our stakeholders. Our approach to climate change is centred on the basis that where there is risk, there is opportunity to create value for our stakeholders. We have started the process of assessing our options for reporting to the recommendations of the TCFD. We are

Infrastructure renewal and climate adaptation are driving demand for our services across North America.

considering reporting to the TCFD because it provides a clear, comprehensive and practical framework for disclosing key elements of an organization’s approach to managing climate risk and opportunity, focusing on climate governance, strategy, risk management, and metrics.

The increasing materiality of climate change

Climate change is an emerging topic, and one that will become more material to Badger and our stakeholders in the coming years.

Although we have rated climate change as a Tier 2 topic for now, we anticipate that it will climb to Tier 1 within the next three to five years. In the meantime, the leadership team at Badger intends to deepen its knowledge of climate change risks and opportunities for Badger.

Our preliminary analysis of climate risk and opportunity

In preparation for potential TCFD disclosure, we have already begun to identify some of our key climate risks, how they might impact Badger and its stakeholders, and how we can convert risk into opportunity. As shown below, we see significant opportunities to create value out of each climate risk we face.

Climate risk	Potential impact on Badger	Potential opportunity for Badger
Increasingly stringent regulation to reduce fossil-fuel consumption	<ul style="list-style-type: none"> Increased cost of operating our fleet, which today is predominantly diesel-powered. Greater uncertainty when deciding which alternatives to traditional fuels to adopt (i.e., electric, biofuel, etc.) when refreshing our fleet. 	<ul style="list-style-type: none"> Carbon reduction to our fleet may not only allow us to reduce our carbon footprint, but also potentially reduce our cost of operation.
Damage caused by extreme weather events such as hurricanes, floods and large-scale fires	<ul style="list-style-type: none"> Physical damage to our fleet, manufacturing facilities or offices. Increased safety risk to our operators who work in the field. More severe or more frequent disruption to our operations. 	<ul style="list-style-type: none"> Badger is a leading provider of emergency response services to our key infrastructure customers to help them recover from hurricanes, floods or other natural disasters. Customers rely on Badger to provide safe and efficient non-destructive excavation and/or clean-up and removal of hazards and debris, enabling critical infrastructure to be restored on a priority basis. As natural disasters become more frequent, we anticipate that demand for our emergency response services will increase.

Climate risk	Potential impact on Badger	Potential opportunity for Badger
Increased water scarcity as a result of global warming	<ul style="list-style-type: none"> Increased cost of water, which could increase the cost of our services. Increased disruption to our operations as a result of not being able to readily access water. 	<ul style="list-style-type: none"> We have an opportunity to innovate towards more water-efficient customer solutions, and through doing so, reduce our reliance on water and possibly our cost of operation.
Increased pressure on North America's aging infrastructure as a result of the effects of climate change	<ul style="list-style-type: none"> Weakening infrastructure could make it more difficult for Badger to travel to the client site or to refill our Badger Hydrovac with water. Compromised infrastructure could introduce heightened safety risks for our operators (e.g., damaged electric utility lines increase the risk of injury). 	<ul style="list-style-type: none"> Much of North America's aging infrastructure is being reviewed with climate adaptation in the early stage of being taken into account, with regional initiatives to upgrade and maintain infrastructure to adapt and prepare for climate changes largely yet to come. Consequently, investments in utility grid hardening, renewable energy projects, mass urban transportation and urban intensification are ESG trends that drive demand for our Badger Hydrovac services.

We look forward to the possibility of providing our stakeholders with a more comprehensive analysis of these and other climate risks and opportunities in our future ESG disclosures.

Examples of Badger emergency response



Hurricane Zeta - hydrovac staging



Hurricane Zeta - utility pole repair



Hurricane Laura – operator prep

Aspirations

We intend to enhance our management of climate risks and opportunities by:

- continuing to assess the materiality of climate change in future ESG reporting cycles; and
- assessing our options for future climate change reporting to the TCFD.

■ Tier 3 Environmental

Waste

The proper collection, transportation and disposal of waste from our operations and manufacturing activities is important to Badger, our stakeholders and the general public. We pride ourselves on our strong record of compliance with relevant regulatory requirements, and our goal is to continuously make improvements to our waste management wherever possible.

Going forward, we intend to track and disclose our waste by type, quantity, source and disposal method.

Scope 3 emissions

Our scope 3 emissions are the result of activities from assets not owned or controlled by Badger, but that we indirectly impact in our value chain. Depending on where we draw the boundary, scope 3 emissions may in fact represent a significant share of our total emissions as a company. Therefore, in the future, we will consider options for tracking and disclosing our scope 3 emissions.

■ ESG metrics

Topic	Metric	Badger performance
Corporate governance and ethics	Number of active projects and backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index (SASB IF0301-11)	Zero - Badger does not do any business in countries that rank low on Transparency International's Corruption Perception Index
	Amount of political campaign spending, lobbying expenditures, and contributions to tax-exempt groups, including trade associations (SASB RT0101-15)	Zero - Badger has a policy of no political campaign spending, no lobbying expenditures, and no contributions to special interest groups
	Formal policies or processes to support a culture of ethical business conduct	See Code of Conduct
	Board meeting attendance	100% for 2020
Bribery and corruption	Number of legal and regulatory fines and settlements associated with charges of A) bribery and corruption and B) anti-competitive practices (SASB IF0301-12)	Zero
	Description of policies and practices for prevention of corruption and bribery and anti-competitive behaviour in project bidding processes (SASB IF0301-13)	See Code of Conduct for Badger's policy on adopting fair competition and anti-trust practices
	Total recordable injury rate (TRIR); and Fatality rate for (a) direct employees and (b) contract employees (SASB IF0301-05)	See Safety performance
Critical infrastructure integrity and safety	Amount of legal and regulatory fines and settlements associated with defect- and safety-related incidents (SASB IF0301-04)	Zero
Human performance management	Total hours training	19,150 hours Note: 19,150 hours is for Badger University only. Badger provided

		additional training outside of the Badger University program.
Water stewardship	Number of incidents of non-compliance with water quality permits, standards and regulations (SASB RT0101-08)	Zero Water Stewardship NOV's
Customer materials management	Number of incidents of non-compliance with environmental permits, standards, and regulations (SASB IF0301-01)	Zero Customer Materials Management NOV
Energy management	Total energy consumed	See Fleet fuel consumption . We aspire to disclose our total energy usage in future reports.

■ Forward-looking statements

Certain statements contained in this report may constitute forward-looking statements within the meaning of applicable Canadian securities laws. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "aspire", "aim", "have a goal of", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "plan", "intend", "target", "potential" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be accurate. Such forward-looking statements and information included in this report should not be unduly relied upon.

In particular, and without limiting the foregoing, this report contains forward looking statements with respect to:

- the expectation of significant market growth opportunities connected to the safe build and maintenance of North America's critical infrastructure;
- Badger's ability to leverage existing operations to increase customer base in new geographical markets and new end-use market segments;
- Badger's ability to evolve its operating and business platforms to capture market growth opportunities;
- Badger's ability to maintain its strong-financial position and deploy capital in an accretive manner;
- the anticipated costs and benefits associated with climate risks opportunities, including potential for increased regulation of fossil fuel consumption, increased demand for emergency response services, increased water scarcity, and increased pressure on North America's aging infrastructure; and
- Badger's ability to execute on or achieve any or all of the aspirational goals described in the Report.

Forward looking information contained in this report is based on management's expectations and assumptions regarding, among other things:

- the monitoring of potential impacts of COVID-19 on all aspects of Badger's business, including the impact on the demand for Badger's services and the expectation that Badger's business model, operating scale and financial position will enable it to manage effectively through the current uncertain economic environment as a result of COVID-19, and that the long-term growth potential of non-destructive excavation will not be adversely impacted by the same;
- the overall market for Badger's services will not be adversely affected in the long-term by COVID-19, economic disruption, or other factors beyond Badger's control such as weather, natural disasters, global events, legislation changes and technological advances

- there will be long-term sustained customer demand for non-destructive excavation services from a broad range of end use markets in North America and that Badger will be able to compete effectively for customer demand for such services;
- the development and performance of technology;
- population growth and dynamics and long-term energy future scenarios;
- the impact of climate change on Badger's business;
- Badger's ability to scale its operations and processes to capitalize on growth opportunities, including its ability to collect customer payments in a timely manner; future growth, results of operations and operation levels;
- Badger's ability to attract and retain key personnel;
- Badger's actions to protect the health and safety of its employees, customers and communities, and to mitigate the operational and financial effects of COVID-19, will have the intended effects;
- future capital, revenues, expenses, operating costs and cash flow;
- anticipated sources of funding for operations and capital investments;
- the regulatory framework governing disposition of waste, fossil fuel consumption, land use, taxes and environmental matters, in which Badger conducts and will conduct its business; and
- Badger's ability to obtain labour, parts and supplies necessary to complete the planned Badger Hydrovac build at the expected costs.

Risk factors and other uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements include, but are not limited to: changes in general economic, political, market and business conditions; industry competition; price fluctuations for oil and natural gas and related products and services; risks of legislative and regulatory changes to, and increased compliance costs associated with, amongst other things, tax, fossil fuel consumption, land use and environmental laws (including climate change); Badger's ability to attract and retain key personnel; access to future debt and equity financing; extreme or unsettled weather patterns; and fluctuations in foreign exchange or interest rates.

Although Badger believes that the assumptions used in such forward-looking information are reasonable, there can be no assurance that such assumptions will be correct. Accordingly, readers are cautioned that actual results achieved may vary from the forward-looking information provided herein and that the variations may be material. Furthermore, the foregoing factors are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results is included in reports on file with securities regulatory authorities in Canada and may be accessed through the SEDAR website (www.sedar.com) or at the Company's website. The forward-looking statements and information contained in this report are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.



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