



Frontier Logistics
Northern Transportation Conference
20 September 2011

Aim

To discuss ASL approach to procurement, transportation and logistics challenges in the North

ATCO Structures & logistics (Who we are)

- A member of the ATCO Group of companies Canadian-based with clients in over 100 countries, 45 sales offices around the world and manufacturing facilities on 5 continents ASL has the expertise to rapidly deliver turnkey solutions almost anywhere they are required
- From Work Force housing to information technology systems, deployed military operations to mining camps, fuel tank farms to airports, ASL provides a range of turnkey solutions to ensure the integrity and effectiveness of its customers' assets and operations
- ATCO Group has the 8000 employees and over \$11 billion in assets working domestically and around the world.

ATCO Structures & Logistics Northern Presence



ASL Operations in Northern Climates

- In 1974 ATCO completed delivery of the first construction camps for the Tran Alaska pipeline.
- 1988 ATCO was awarded an operations and maintenance contract for the North Warning system.
- Today ATCO has operations and offices in all three Canadian northern territories and Alaska.
- ATCO is a Northern Company

Logistics Challenges in the North

- Remote, austere operating environment
- Restricted transportation infrastructure
- Limited local economic capacity
- Community and business engagement
- Environmental/ecological sensitivity

Challenge 1: **Remote Austere Environment**

- Operational delays due to weather
- Requirement to plan and position critical path items 12 to 18 months in advance
- Extreme weather conditions Cold, wind and fog
- Short civil operational season
- Climate change
- Loss of Permafrost

Solutions 1: Remote Austere Environment

- Product innovation
- Weather risk and related delays are factored into the planning process
- Material, equipment and Labour redundancy (just in time doesn't work in the Arctic)
- Contingency plans for shortened ice road seasons, damaged permafrost and soft civil site conditions.



Challenge 2: **Restricted Transportation Infrastructure**

- No direct link with southern suppliers
- Sealift or Airlift often only options
- Lack of deep water ports or detailed navigational charts
- Majority of the year air access only option
- High Cost
- “Last mile” logistics—most difficult piece of the supply chain



Solutions 2:

Lack of Transportation Infrastructure

- Direct hands on site and supply reconnaissance
- Know your product and manage the smallest detail
- Work with experienced field staff to establish sealift plan a full year in advance of deployment.
- Pre positioning of assets in strategic locations
- Last mile. Engagement of local experienced personnel who have first hand knowledge of the challenges and the ability to think creatively to develop safe and effective solutions in the field.

Challenge 3: **Limited Economic Capacity**

- Limited availability of skilled work force or work force in general
- High competition for available labour
- Restricted contractor service base
- Lack of understanding regarding schedules & deadlines
- Local financing and sub-contractor AR requirements

Solutions 3: **Limited Economic Capacity**

- In house employee training and development
- Long term employee retention & experience
- Competitive wage structure and cultural sensitivity (in northern locations we often recruit HR staff from the region)
- We take the time to ensure staff want to work in the environment.
- Build local community through long term relationships and partnerships
- Be creative in the way we pay local sub-contractors and local service providers
- Take a long term view not a short term look

Challenge 4: **Local community Engagement**

- Requirement to engage local knowledge and capacity
- Understanding how to engage the community in a meaningful way.
- Bringing substance and value to our partners
- Land claims and restrictions
- Local community/regional dynamics
- Cultural awareness

Solutions 4: **Local Community Engagement**

- An imperative for doing business successfully in the North
- Engagement of local knowledge at the onset of a project is essential. If you do not engage local communities do so at your peril
- ATCO Structures & Logistics has successfully partnered and built long-term relationships with aboriginal communities throughout the North.
- Focus on mutually meaningful business contributions
- Build capacity to ensure viability and sustainability for our business models.

Challenge 5: **Environmental, Ecological Sensitivity**

- One of the most ecologically sensitive areas in the world
- Mistakes are costly
- Damage can be long-lasting and disproportionate

Solution 5: **Environmental/Ecological Sensitivity**

- Know the risks
- Have a well defined and executable environmental protection plan
- Focus on prevention and environmental stewardship
- Get buy in from employees
- Transparency so that all events are reported and cleaned up

Conclusion

Keys to meeting logistics challenges in the North:

1. Deal with capable Northern contractors with experience, financial capacity, local knowledge and long-term commitment to working in the North
2. Build and sustain strategic business relationships with local partners
3. Understand that we work in one of the most environmentally sensitive parts of the world and employ people who value and will preserve it.

Thank you for your time

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