



KEYERA

2020

Environmental, Social, and Governance Performance



Executive summary

Delivering on our Vision

While the COVID-19 pandemic created significant global challenges in 2020, Keyera continued to achieve strong financial and environmental, social and governance (ESG) performance as we remained focused on delivering on our vision to be #1 in Safety Performance, Customer Recognition and Total Shareholder Return (TSR).

The health and safety of our employees, contractors and communities remained our top priority throughout 2020. We are extremely proud of the adaptability and dedication demonstrated by our staff who worked diligently to keep themselves, each other, and our communities safe during the year.

During the pandemic, Keyera responded quickly to address changing customer needs. Many of our customers were faced with financial challenges, and by working collaboratively we developed mutually beneficial commercial solutions. The significant impacts of COVID-19 on our industry in 2020 also resulted in Keyera electing to defer, for approximately one year, construction of our KAPS pipeline project. Regulatory work continued, as did a right-of-way clearing program completed entirely by Indigenous-owned or affiliated contractors. Keyera also announced the start-up of the Pipestone Gas Plant and completion of Phase II of our Wapiti Gas Plant in 2020.



We also took swift action to preserve shareholder value. Keyera ended the year with a strong balance sheet, record annual distributable cash flow and a dividend payout ratio of 59 percent. We also continued to advance our Gathering & Processing (G&P) asset optimization program, resulting in financial efficiencies, as well as reduced emissions and water use during the year.

2020 ESG highlights

In 2020, we released our **inaugural ESG Report**. The report represents an important milestone in our commitment to strong environmental stewardship, social responsibility and corporate governance, as well as to providing stakeholders with clear and transparent disclosure. Some notable performance updates from 2019 to 2020 related to the six ESG material factors described in our report are highlighted below:



Safety of people and operations

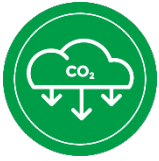
At the onset of the pandemic, Keyera implemented strict COVID-19 protocols, moved to a work-from-home model where possible and limited non-essential travel. Many of our critical field employees were required to remain physically at work during this time. Their commitment and diligence ensured we maintained a safe workplace and experienced no material operational impacts due to the pandemic. The Keyera team's focus on increasing safety awareness and accountability led to fewer recordable and motor vehicle incidents; however, we did experience an increase in our employee lost time injury frequency (LTIF), showing that we still have work to do.



People & culture

Keyera was once again recognized as one of Alberta's Top 75 Employers in 2020. We continued to focus on creating a strong culture reflective of our values, including our commitment to diversity and inclusion (D&I). To guide our efforts, we developed a D&I Framework and established a D&I Executive Steering Committee, which is supported by a D&I Employee Resource Group.

Emissions



As a result of the execution of our G&P asset optimization plan in 2020 (including suspending operations at three of our G&P facilities), we decreased absolute emissions across all types of air emissions. Indirect scope 2 emissions were also reduced as a result of facility suspensions, commissioning of new self-generated power at one of our facilities, and decreased emissions associated with Alberta's electricity system.

Acid gas injection units added at two of our G&P facilities in 2019 began to stabilize and achieve efficiency in 2020, resulting in a 15 percent increase in carbon sequestered from our operations from 2019 to 2020.

Community & Indigenous engagement



Although COVID-19 prevented us from engaging in person with our communities, Keyera quickly pivoted to the virtual environment to maintain connections and ensure ongoing dialogue. Effective use of virtual engagement and communication also enabled us to build new relationships with local Indigenous communities as part of our South Cheecham Terminal expansion project.

Proactive adjustments were also made to our community investment activities in 2020 to reflect the challenges presented by COVID-19. While the pandemic may have precluded us from in-person volunteering in 2020, our annual community investment program, including new donations to United Way's Community Response Fund, local food banks and various health and wellness organizations, provided critical COVID-19 support to our communities.

Land management



In 2020, we initiated decommissioning and reclamation efforts at three facilities included in our G&P optimization plan, including seeding and tree planting at our Minnehik Buck Lake site. Keyera also received land reclamation certificates for the successful decommissioning, remediation and reclamation of two of our previously suspended G&P assets.

While we generally trended positively on spills in 2020, Keyera did experience a condensate spill (due to equipment failure), which flowed into an on-lease constructed wetland. The spill was fully recovered and remediated to the most stringent regulatory remediation criteria. Keyera has taken steps to prevent similar future events, including reviewing all fittings and valves that could contribute to potential future releases, as well as implementing monthly inspections.

Water



Overall, we decreased our water withdrawal and consumption in 2020, primarily due to reduced salt cavern development; however, this may fluctuate with potential future increases in storage capacity. Concurrently, due to increased customer demand for storage in 2020, utilization of our existing storage caverns increased. This resulted in displacement of an additional one million m³ of cavern brine waste, disposed by deep well injection at two Keyera-owned and licensed disposal wells.


Looking forward


Sustainability represents a key strategic priority for Keyera. We are committed to advancing our performance in our ESG material focus areas and to positioning ourselves to participate in the energy transition. With our integrated infrastructure assets, innovative workforce and strong capital discipline, Keyera is uniquely positioned to pursue low-carbon and emission reduction services that support our customers and reduce the overall emissions profile of our industry. In 2021, we plan on releasing greenhouse gas (GHG) targets, as well as a climate report aligned with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD).

ESG performance data

Sustainability data provided below is based on guidance from the Sustainability Accounting Standards Board (SASB) to facilitate alignment of performance data across our industry. We refer to the SASB Oil & Gas – Midstream Standard. We have also included additional sustainability metrics we believe to be relevant to our business and our stakeholders.

Data in this report is based on available information for the reporting period of January 1 to December 31, unless otherwise indicated. Financial amounts are reported in Canadian dollars. Financial information is from our audited financial statements. Scope 1 GHG emissions information has been subject to a third-party audit verification process.

 Emissions & energy	2020	2019	2018	2017	SASB Code
Direct GHG emissions (scope 1) (TonnesCO ₂ e) ¹	1,503,598	1,631,228	1,581,780	1,674,218	EM-MD-110a.1
Indirect GHG emissions (scope 2) (TonnesCO ₂ e) ¹	304,913	505,271	588,294	593,940	N/A
Percentage of direct GHG emissions covered under regulatory programs ²	100%	93%	94%	94%	EM-MD-110a.1
Percentage of direct GHG emissions verified by third party ²	93%	64%	72%	74%	N/A
Carbon dioxide (CO ₂) emissions (Tonnes) ¹	1,403,334	1,538,464	1,504,836	1,592,177	N/A
Methane (CH ₄) emissions (Tonnes) ¹	3,172	3,241	2,599	2,820	EM-MD-120a.1
Percentage of methane ¹	5%	5%	4%	4%	EM-MD-120a.1
Sulfur dioxide (SO _x) emissions (Tonnes) ³	1,116	3,215	2,111	3,376	EM-MD-120a.2
Nitrogen oxide (NO _x) emissions (excluding N ₂ O) (Tonnes) ⁴	4,810	5,916	5,861	6,136	EM-MD-120a.2
Volatile organic compounds (VOCs) (Tonnes) ¹	1,329	2,076	1,593	2,371	EM-MD-120a.2
Particulate matter (Tonnes) ⁴	117	128	74	75	EM-MD-120a.2
Carbon sequestered at major facilities (Tonnes) ⁵	64,508	56,007	54,634	68,919	N/A
Emission Performance Credits (EPCs) ⁶	45,162	40,822	49,967	72,766	N/A
Discussion of emission management	Pages 23-24 of 2019 ESG Report				EM-MD-110a.2

 Spills & environmental management	2020	2019	2018	2017	SASB Code
Number of significant environmental fines ⁷	0	0	0	0	N/A
Number of hydrocarbon spills ⁸	3	4	3	5	EM-MD-160a.4
Aggregate volume of hydrocarbon spills (bbl) ⁸	31	182	12	42	EM-MD-160a.4
Volumes recovered (bbl) ⁹	28	148	9	36	EM-MD-160a.4
Volumes in unusually sensitive areas (bbl) ¹⁰	6	0	0	0	EM-MD-160a.4
Volumes in the Arctic (bbl)	Not applicable to Keyera's operations				EM-MD-110A.4
Discussion of environmental management	Pages 29-32 of 2019 ESG Report				EM-MD-110a.2

¹ 2017 figure does not include U.S. operations.

² Erratum posted September 21, 2021: Percentage of direct GHG emissions covered under regulatory programs changed from "94%" to "100%". In addition, percentage of direct GHG emissions verified by third party changed from "100%" to "93%".

³ Sulfur oxides are expressed as SO₂. Figures do not include U.S. operations. For context, as of 2020, our U.S. GHG emissions represent only up to ~0.6% of our total GHG emissions.

⁴ 2017 to 2019 data does not include our U.S. operations.

⁵ Represents CO₂ sequestered through acid gas injections (AGI) operations.


⁶ Refers to Alberta government issued Emissions Performance Credits (EPCs). The figures for 2018, 2019 and 2020 reflect submitted EPCs that are still pending regulatory approval.


⁷ Defined as a penalty of more than \$10,000 USD.


⁸ Starting in 2020, Keyera aligned our definition of hydrocarbon spill with the International Petroleum Industry Environmental Conservation Association (IPIECA) guidance. IPIECA defines a hydrocarbon liquid as crude oil, condensate and petroleum-related products containing hydrocarbons that are used or manufactured. This would include gasoline, residuals, distillates, lubricants, kerosene, refinery petroleum-derivatives, non-aqueous drilling fluids and oil fuels, and does not include chemicals, aqueous-based drilling fluids, produced water and other process-related non-hydrocarbons.

⁹ Volume of spilled hydrocarbons removed from the environment through short-term spill response activities.

¹⁰ Unusually sensitive areas are identified in Canada as watercourses, waterbodies, or wetlands regulated under provincial water legislation; Alberta Environment and Parks key wildlife layer mapping; Federal Aquatic Critical Habitat areas; Federal Emergency Order Habitat areas; Alberta Conservation Information Management System element occurrence and protected areas; Alberta Historical Resource Values. In the U.S., unusually sensitive areas are identified by the National Pipeline Mapping System of the Office of Pipeline Safety.

 Integrity	2020	2019	2018	2017	SASB Code
Number of Tier 1 & Tier 2 pipeline incidents ¹¹	3	2	1	1	EM-MD-540a.1
Pipeline incident ratio for Tier 1 & Tier 2 incidents ¹²	0.58	0.34	0.18	0.17	N/A
Percentage of natural gas pipelines inspected	14%	5%	15%	4%	EM-MD-540a.2
Percentage of hazardous liquid pipelines inspected	37%	17%	30%	11%	EM-MD-540a.2
Gas plant reliability (%) ¹³	97.5%	98.4%	98.5%	97.0%	N/A

 Water	2020	2019	2018	2017	SASB Code
Percentage of water from water scarce areas ¹⁴	0%	0%	0%	0%	EM-EP-140a.1
Total water withdrawn (m ³) ¹⁵	1,523,846	1,881,841	1,353,515	1,732,054	EM-EP-140a.1
Total water discharge (m ³) ¹⁶	6,543	15,611	24,215	18,853	EM-EP-140a.2
Fresh water consumed (m ³) ¹⁷	1,486,596	1,843,135	1,317,426	1,696,662	EM-EP-140a.1
Percentage of water recycled or reused ¹⁸	66%	67%	71%	67%	EM-EP-140a.2

 Waste	2020	2019	2018	2017	SASB Code
Total waste (Tonnes) ¹⁹	3,231,536	1,430,922	1,505,044	1,211,776	EM-CM-150a.1
Total hazardous waste (Tonnes) ²⁰	5,065	5,643	4,918	3,669	EM-CM-150a.1
Total non-hazardous waste (Tonnes) ²⁰	3,226,471	1,425,279	1,500,127	1,208,107	N/A
Total solid waste (Tonnes) ²¹	17,510	32,897	20,781	72,217	N/A
Total liquid waste (Tonnes) ²²	3,214,025	1,398,025	1,484,263	1,139,560	N/A
Percentage waste recycled/reused/treated ²³	4%	10%	10%	17%	EM-CM-150a.1

¹¹ Starting in 2020, Keyera aligned our definition of a pipeline incident with American Petroleum Institute (API) definitions for Process Safety Events (liquids and liquids systems). Tier 1 events are unplanned and/or uncontrolled commodity releases that result in either significant consequences and/or higher release volumes as defined by API. These types of events could result in a lost-time injury or fatality, an officially declared community evacuation or shelter in place, a fire or an explosion. Tier 2 events are incidents that result in a recordable injury, minor fire or explosion with little to no damage or minor volume release.

¹² Number of Tier 1 & Tier 2 pipeline incidents per 1,000 kilometers (km) of total pipeline length.

¹³ Reliability across all operated gas plants (including scheduled outages and turnarounds).

¹⁴ Water scarcity areas are defined as watersheds with an overall water risk rating of 3 to 5 as per WRI Aqueduct Water Atlas with oil and gas weighting scheme applied.

¹⁵ Water withdrawn from the environment via use of a regulatory authorization (e.g. Water Act License, Temporary Diversion License or authorized under EPEA approval). Sources include, but are not limited to, dugout, lake, wetland, watercourse, reservoir, ground water. Routine/permanent water withdrawn from municipal waterworks for industrial purposes.

¹⁶ Water sources identified in above footnote which are then discharged to the natural environment. Does not include water sent to injection wells or third-party disposal (reported under waste), discharge of industry runoff/stormwater or evaporated volumes.

¹⁷ Fresh water drawn from surface water or groundwater. Does not include brackish ground water or water from municipal licenses.

¹⁸ Calculated as: Total water recycled and reused / (total water recycled and reused + total water withdrawals) x 100


¹⁹ Waste is defined as an unwanted substance or mixture of substances that results from the construction, operation, abandonment, or reclamation of a facility, well site, pipeline or related infrastructure, equipment and activities.


²⁰ Hazardous and non-hazardous waste is as defined by local jurisdiction where the waste is generated.


²¹ Solid physical state wastes that would pass paint filter test.

²² Liquid physical state wastes, sludges, emulsions, or liquid impacted wastes. Does not include gaseous or solid waste.

²³ Product that was reused, recycled or treated to reduce the hazard of the waste. Does not include waste that is stored or incinerated, nor does it include waste from remediated in situ, brines injected as part of salt cavern storage or produced water used for enhanced oil recovery.

 Safety of our people and operations	2020	2019	2018	2017	SASB Code
Fatalities ²⁴	0	0	0	0	EM-RM-320a.1
Employee Total Recordable Injury Frequency (TRIF) ²⁵	0.51	1.13	0.52	1.45	EM-RM-320a.1
Contractor Total Recordable Injury Frequency (TRIF) ²⁵	1.42	0.80	1.03	0.71	EM-RM-320a.1
Combined Employee and Contractor Total Recordable Injury Frequency (TRIF) ²⁵	0.82	0.93	0.83	1.09	EM-RM-320a.1
Employee Lost Time Injury Frequency (LTIF) ²⁶	0.31	0.09	0.00	0.34	N/A
Contractor Lost Time Injury Frequency (LTIF) ²⁶	0.00	0.00	0.21	0.12	N/A
Combined Employee and Contractor Lost Time Injury Frequency (LTIF) ²⁶	0.20	0.04	0.12	0.23	N/A
Employee Motor Vehicle Incident Frequency (MVI) ²⁷	1.83	2.07	1.47	1.16	EM-SV-320a.1
Number of emergency response trainings/drills ²⁸	61	111	112	121	EM-MD-540a.4
Discussion of safety and emergency preparedness	Pages 17-19 of 2019 ESG Report				
Safety Certification	Page 19 of 2019 ESG Report				
Keyera's Health, Safety and Environment Policy (which extends to contractors and suppliers)					

 People and culture	2020	2019	2018	2017	SASB Code
Total employees	959	1,074	1,040	1,000	N/A
Percentage of male employees	76%	75%	76%	77%	N/A
Percentage of female employees	24%	25%	24%	23%	N/A
Percentage of male leaders ²⁹	78%	76%	77%	81%	N/A
Percentage of female leaders ²⁹	22%	24%	23%	19%	N/A
Percentage of male executives	73%	79%	86%	85%	N/A
Percentage of female executives	27%	21%	14%	15%	N/A
Voluntary employee turnover ³⁰	2.5%	3.0%	3.0%	2.0%	N/A
Employees who completed performance reviews	100%	100%	94%	95%	N/A

 Community and Indigenous engagement	2020	2019	2018	2017	SASB Code
Community investment spend (Thousands of Cdn dollars) ³¹	1,300	1,000	981	850	N/A
Employee volunteer hours	4,748	8,412	8,244	7,645	N/A
Value of employee volunteering during working hours (Thousands of Cdn dollars) ³²	245	464	463	420	N/A
Indigenous communities engaged with ³³	31	22	21	10	N/A

²⁴ Refers to workplace death involving an employee or contractor.

²⁵ Number of recordable injuries x 200,000 / total exposure hours.

²⁶ Number of lost time injuries x 200,000 / total exposure hours.

²⁷ Number of motor vehicle incidents / 1,000,000 km (over \$2,000 in damage or police report filed).

²⁸ Includes full-scale exercises, tabletop exercises, training and refresher courses.

²⁹ Employees with direct reports.


³⁰ Does not include retirements.


³¹ Community investment spend for 2018 has been updated from last year's report.

³² Number of volunteer hours X average hourly salary (salaried and hourly) for that year.

³³ Engaged is defined as project consultation, business involvement and/or community investment.





 Business ethics	2020	2019	2018	2017	SASB Code
Total monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations	0	0	0	0	EM-MD-520a.1
Code of Business Conduct (extends to contractors and suppliers)					
Whistleblower Policy and Hotline					

 Governance ³⁴	2020	2019	2018	2017	SASB Code
Independent directors ³⁵	89%	90%	80%	80%	N/A
Board committee independence	100%	100%	100%	100%	N/A
Lead independent director	Yes	Yes	Yes	Yes	N/A
Women on board	33%	33%	33%	33%	N/A
Average board meeting attendance	100%	98%	100%	98%	N/A
Say on Pay	Yes	Yes	Yes	Yes	N/A
Say on Pay results	98.62%	98.04%	97.84%	98.52%	N/A
Majority voting policy	Yes	Yes	Yes	Yes	N/A
Board training & annual evaluation	Yes	Yes	Yes	Yes	N/A
Board ESG oversight	Yes	Yes	Yes	Yes	N/A
Discussion of governance practices	Management Information Circular				

³⁴ Data in the Governance tables reflect information as reported in the Management Information Circular for each respective year. For example, the data for 2020 reflects information as of March 25, 2021, as reported in our 2021 Management Information Circular.

³⁵ In accordance with Canadian securities rules, our Board Chair, Jim Bertram, was considered independent June 1, 2019, following completion of a three-year period since the cessation of his prior role as an executive officer of Keyera.

 Economics ³⁶ (Thousands of Canadian dollars, except where noted)	2020	2019	2018	2017	SASB Code
Net earnings ³⁷	62,030	443,609	402,828	289,920	N/A
Funds from operations	810,436	754,254	696,298	567,639	N/A
Distributable cash flow	718,176	593,584	638,124	510,434	N/A
Payout ratio	59%	67%	56%	61%	N/A
Adjusted EBITDA	873,582	944,101	807,363	617,015	N/A

 Activity Metrics	2020	2019	2018	2017	SASB Code
Gathering & Processing (G&P)					
Gross processing throughput (MMcf/d)	1,274	1,496	1,537	1,464	N/A
Net processing throughput (MMcf/d)	1,057	1,191	1,193	1,149	N/A
Liquids Infrastructure (LI)					
Gross processing throughput (Mbb/d) ³⁸	149	170	176	181	N/A
Net processing throughput (Mbb/d) ³⁸	73	79	80	67	N/A
AEF iso-octane production volumes (Mbb/d)	12	12	13	12	N/A

³⁶ For details related to Economics and Activity metrics, including the use of "Non-GAAP Measures" such as funds from operations, distributed cash flow, payout ratio and adjusted EBITA, please refer to Keyera's 2020 Year End Report dated February 10, 2021, available on SEDAR or www.keyera.com.

³⁷ Net earnings were \$62 million for 2020, compared to \$444 million in 2019. The decrease is largely attributable to an overall 2020 impairment expense of \$371 million resulting primarily from the shutdown of gas plants as part of the G&P asset optimization program.

³⁸ Fractionation throughput in the Liquids Infrastructure segment is the aggregation of volumes processed through the fractionators and de-ethanizers at the Keyera and Dow Fort Saskatchewan facilities.



Contact

If you have any inquiries regarding our ESG performance, please contact sustainability@keyera.com.

Keyera Corp.
The Ampersand, West Tower
200, 144 4 Avenue SW
Calgary, Alberta T2P 3N4

Phone: 403-205-8300
Fax: 403-205-8318