



**CHEMTRADE**

# 2020 Supplemental Sustainability Report

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**Sustainability is a cornerstone of Chemtrade's business. We teach, preach, monitor, and advance sustainability efforts throughout the company. Sustainability is woven into our ESG and Responsible Care® mandates, and we are constantly looking to better our performance.**

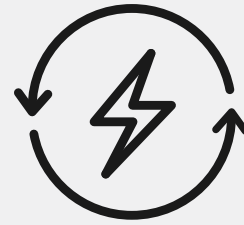
We consider it a commitment to our people, our communities, and the planet we all share, to waste less, recycle more and run our business thoughtfully and responsibly.

In addition to sustainability efforts found at [Chemtradelogistics.com/sustainability](https://chemtradelogistics.com/sustainability), this supplement includes news, updates and information on our more recent sustainability efforts and planning.

This report will provide an overview of our 2020 initiatives related to:

- Hydrogen Generation and Energy Management
- Greenhouse Gases and Other Air Emissions
- Industrial and Hazardous Waste Management
- Spills, Releases and Transportation Incidents
- Human Factors & Sustainability
  - Employee and Contractor Injury
  - Employee Engagement and Diversity and Inclusion

# Hydrogen Generation and Energy Management



**96% of the electricity used by Chemtrade in 2020 came from renewable hydroelectric sources.**

While energy consumption is a reality in our processing plants, many of our systems can offer mitigation strategies that can lead us towards energy neutrality.

## **Sulphuric Acid**

A significant amount of the energy used at our sulphuric acid sites is self-generated from recycled hydrogen, organics from spent acid, and sulphur that is produced as a by-product in our processes.

## **Hydrogen Generation at Chemtrade**

Often cited as a green fuel of the future, Hydrogen offers a reliable source of energy that is energy dense, easily stored, and does not directly produce any emissions, pollutants or greenhouse gases when consumed as fuel.

Chemtrade is currently pursuing a green hydrogen strategy at our Electrochemicals (EC) facilities which offer efficient opportunities to capture hydrogen gas (a byproduct of our processes) which can be used to support our energy needs and/or can be sold to other energy consumers. The positive benefit of selling Hydrogen, is that it can displace other, less sustainable, energy choices.

Today, we use hydrogen to fuel boilers and combustion equipment, reducing our demand for natural gas. Surplus Hydrogen is also sold to others reducing their carbon footprints as well. Opportunities to utilize the waste hydrogen gas at our Brandon and

Prince George plants are currently being evaluated. We are hopeful the results will lead to opportunities to reduce greenhouse gas emissions in the near future.

We anticipate selling approximately 4,200 tonnes per year which we expect will produce a reduction in carbon dioxide equivalent emissions (CO<sub>2</sub>e) by approximately 20,000 tonnes annually. This quantity will offset more than 10% of our total CO<sub>2</sub> emissions and is equivalent to the CO<sub>2</sub> emitted from Chemtrade's largest Canadian site in North Vancouver, British Columbia.

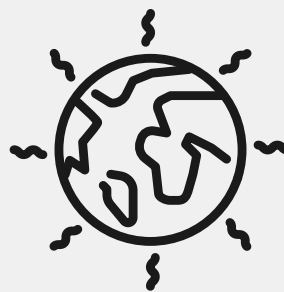
Although the financial impact is not initially significant, we anticipate that this will contribute over \$5 million in margin annually by 2028. We are pursuing similar opportunities at our other EC sites.

## **Energy Management**

Our EC sites are large consumers of energy and are powered by renewable hydroelectric energy sources. In addition, natural gas, and to a much lesser extent fuel oil, are sources of energy used in our facilities. We work to reduce energy consumption overall, through efficient operations and the use of renewable, self-generated fuel sources wherever possible.

Beginning in 2021, our electricity, natural gas and fuel oil usage are being compiled and reported for all Chemtrade sites.

# Greenhouse Gases and Other Air Emissions



## Air Quality Control

In 2020, we monitored/measured greenhouse gas output at 18 of our largest production facilities as well as the emissions generated by our private trucking fleet. These areas account for approximately 80% of Chemtrade's total greenhouse gas (GHG) output and are largely a result of the combustion of natural gas, diesel and other fuel types consumed in the production and transportation of our chemical products. In 2020, these sources generated 130,000 tonnes of carbon dioxide (CO<sub>2</sub>) emissions, with natural gas combustion accounting for more than 90% of the total.

Beginning in 2021, all Chemtrade sites that generate GHG emissions will be analyzed to determine areas of opportunity for further evaluation and mitigation. As mentioned on page 2, one strategy we are pursuing to offset these emissions is the capture and re-use of hydrogen gas.

### Other Air Emissions

In addition to monitoring our GHG outputs, we also track other air emissions that result from our production processes, including:

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#### SO<sub>x</sub>

Sulphur Oxide (family) emissions are generated at our sulphuric acid and water chemical facilities both in the use of, and production of, sulphuric acid.

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#### NO<sub>x</sub>

Nitrogen Oxide (family) is created in many fuel combustion reactions including from our diesel trucking fleet and other production-related sources.

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#### HAPs & TACs

Hazardous Air Pollutants and Toxic Air Contaminants including hydrochloric acid, chlorine, and other compounds, are generated in some Chemtrade facilities.

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#### Particulate Matter

Particulate matter is generated at most of our operating sites during production processes and while handling dry bulk materials.

Emission control strategies are in place throughout our operations to help minimize impact to the environment from all Chemtrade sources. Advanced air scrubbers, precipitators, and filtration equipment are used in conjunction with operating procedures aimed at reducing emissions.

We first began monitoring air emissions at our larger sites, and we are now expanding our tracking to all Chemtrade facilities while we seek opportunities for further reductions.

# Industrial & Hazardous Waste Management



## Industrial Waste

Industrial wastes are essentially by-products of our production processes. We use strategies to minimize, repurpose or contain waste to lessen our impact on the environment and the communities we operate in.

### High Clay Alumina (HCA)

Some 75% of the industrial waste we generate is high clay alumina, a by-product of our water chemicals processes. HCA can be repurposed as a component of cement. Through repurposing agreements, in 2020 we kept 6,500 tonnes of HCA out of landfills and saved \$400,000 (CDN) in waste handling costs. We are currently pursuing opportunities to redirect an additional 7,000 tonnes of HCA from multiple Chemtrade facilities.



**Chemtrade is committed to the beneficial reuse of waste, diverting over 6,500 tonnes away from landfills in 2020.**

## Hazardous Waste

While we work to minimize the production of hazardous by-products, in some cases, waste requiring special handling and disposal is unavoidable. In 2020, our six largest facilities produced 2,000 tonnes of hazardous waste which we estimate to be 75% of the total amount we produce.

### Sulphuric Acid Plants

Our sulphuric acid facilities produce spent catalyst and filter waste requiring controlled disposal.

### Sodium Chlorate Plants

Sodium Chlorate Plants generate hexavalent chromium which is filtered from waste sludges. A large portion of the chromium is then introduced back into the process.

Through careful production and planning, and with strict adherence to all regulatory requirements for labeling, tracking and managing hazardous materials, we limit the quantity of hazardous materials produced. Protocols are in place to ensure we use only licensed, reputable disposal services for hazardous material removal.

In 2021, we are establishing a centralized tracking and reporting process for all industrial and hazardous wastes generated, disposed of, and recycled at all sites throughout our production facilities.

# Spills, Releases and Transportation Incidents



## A Clean Approach

To track our performance related to environmental releases, we monitor key performance indicators at monthly, quarterly, and annual intervals. All spills and releases that occur on-site are reported and investigated to develop corrective actions and prevent reoccurrence. The severity of a spill or release is categorized using an internally developed definition set:

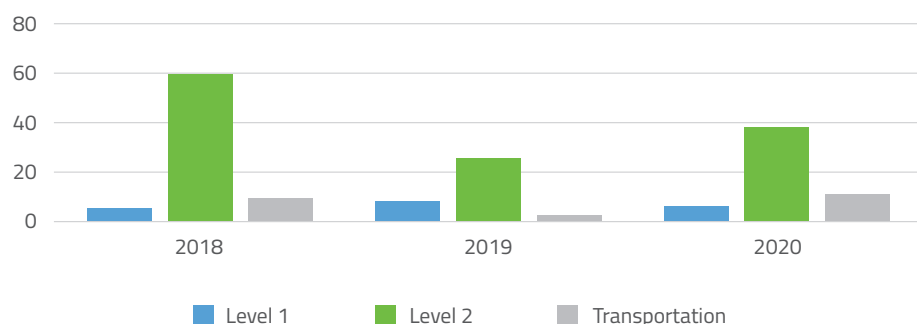
- **Level 1 spills or releases** result in contamination or pollution leaving the facility boundary, requiring clean-up, or exceeding quantity thresholds that require reporting to regulators.
- **Level 2 spills or releases** remain within the facility boundary, yet require clean-up, and don't exceed quantity thresholds that require reporting to regulators.

We also track the number of **transportation related incidents** that occur during the shipment, transport, and delivery of our products. We define these as events that result in:

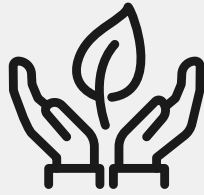
- injury
- property damage greater than \$1,000
- fire or explosion
- a spill of more than 5 litres of liquids or 5 kilograms of solids requiring deployment of clean-up or emergency response team
- a spill impacting the surrounding community regardless of the quantity.

Any such incidents and their corrective actions are reported to our senior leadership team. In the 2018-2020 period, our annual performance in these areas is shown in the graphic below:

Spills / Releases / Transportation Incidents



# Human Factors & Sustainability



## Employee & Contractor Injuries

In 2020, excluding COVID-19-related illness, employee injury frequency was at a seven-year low.

We have safety improvement plans in development, or in place, to address contractor safety, serious injuries and close-call PSIFs (Potential for Serious Injury or Fatality).

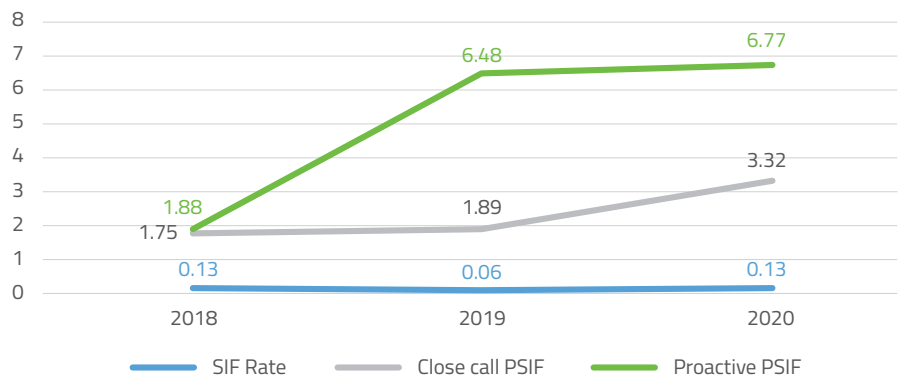
To track our performance in the safety arena, we monitor the following key performance indicators on monthly, quarterly, and annual intervals:

- occupational injury/illness incident rate (OIR – U.S. OSHA) for both employees and contractors
- incidents that resulted in serious injuries or fatalities (SIF)
- incidents that had the potential to result in serious injuries or fatalities that were recognized after an incident occurred (Close Call PSIF)

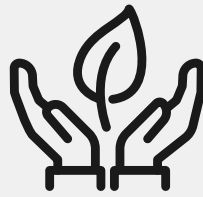
- hazards and near misses that had the potential to result in serious injuries or fatalities that were recognized before an incident occurred (Proactive PSIF)
- injuries requiring first aid treatment (FAT) for both employees and contractors

We strive to keep to a minimum all the incidents that contribute to our key performance indicators, with the exception of Proactive PSIFs. Employees are encouraged to record and report Proactive PSIFs, in an effort to identify and correct any hazardous situations that may be discovered, *before* they result in injury or harm. To allow for comparison and correlation, rates are reported (see below) as the number of incidents per 100 full-time employees. Our performance in these areas over the 2018-2020 period is illustrated in the graphics below.

### Serious Incident Tracking

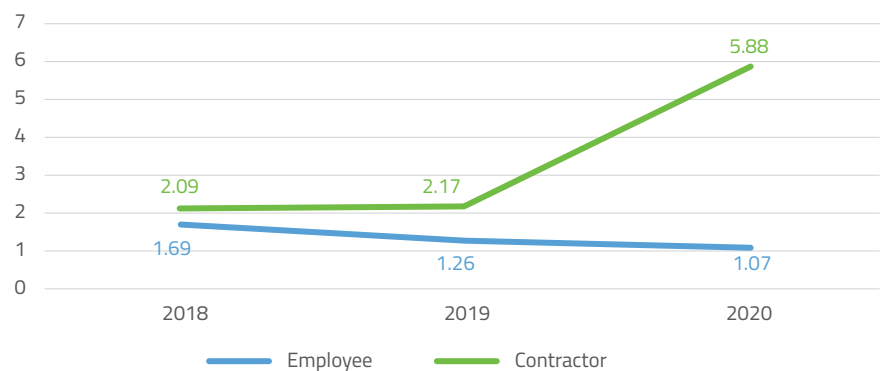


# Human Factors & Sustainability

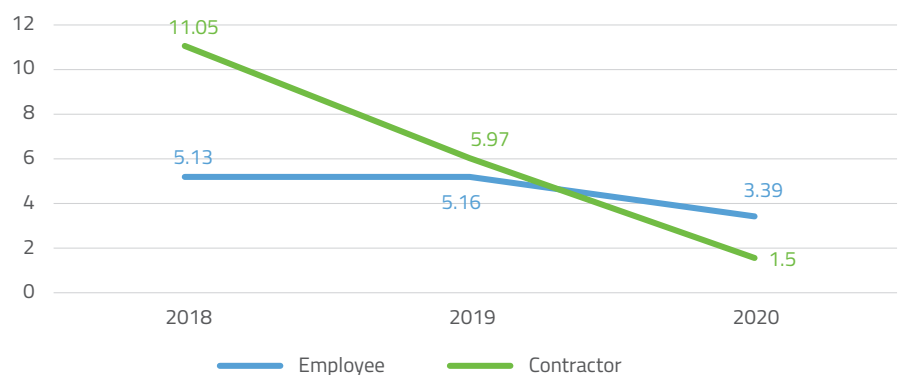


## Employee & Contractor Injuries

3 Year Injury Rate (OIR)



3 Year First Aid Rate



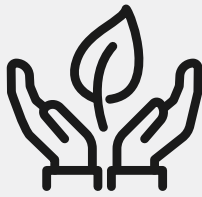
### A Year of COVID-19

As an essential service Chemtrade maintained a high level of productivity throughout the pandemic. To address possible safety or business issues related to COVID-19, and to help guide us safely through the pandemic, in 2020, we formed a Pandemic Steering Team that developed safety and occupational health protocols

and procedures. These practices were adopted by Chemtrade’s sites and allowed us to maintain the safety of our employees as we continued to meet customer needs throughout the challenging year.

Cases of COVID-19 in the Chemtrade employee population in 2020 were well below the rates seen in the general population.

# Human Factors & Sustainability



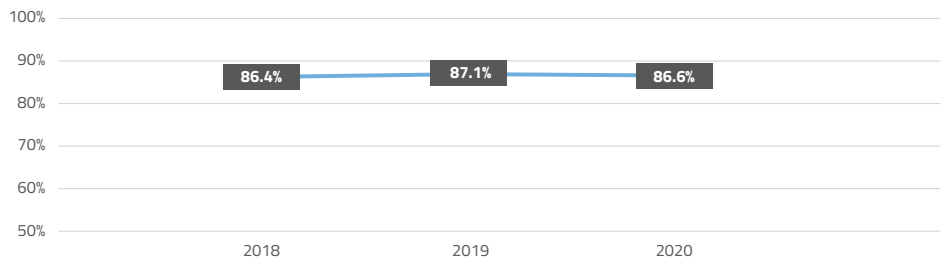
## Employee Engagement Diversity & Inclusion

Beginning in 2018, we have been tracking retention rates both overall and for new employees (those with 6 months or less service). To learn as much as possible and guide our

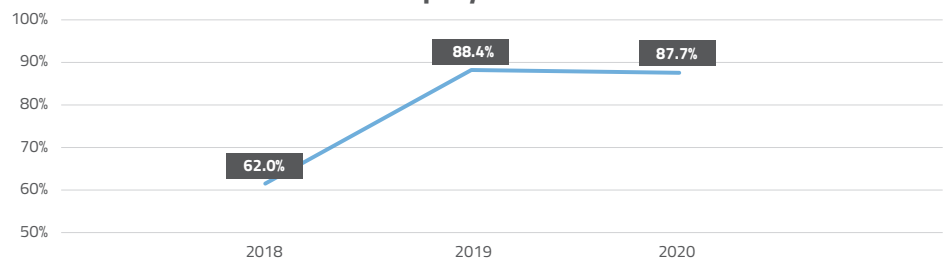
talent acquisition, onboarding, and development programs, we use and assess exit interviews.

Our retention rates for the past three years are shown in the graphics below.

### Overall Retention



### New Employee Retention



### Diversity

We are committed to tracking the diversity of our company leadership and our employee base in all locations. We are establishing a diversity and inclusion strategy, including targets, to increase diversity throughout our organization.

#### FOCAL POINTS – IN 2020:

- on Chemtrade’s six-member senior leadership team, there were two women, and one visible minority.

- six women are on Chemtrade’s extended leadership team (a group of 31 members comprised primarily of our senior leadership team and their direct reports).

In 2021, we will be conducting our first annual employee survey that will result in metrics and feedback on employee engagement, safety culture, and diversity and inclusion at Chemtrade. Results will be used to design programs and develop policies to further improve in these areas. We will track and publicly report results annually.





# CHEMTRADE



## A Future of Sustainability

Sustainability at Chemtrade is an ongoing and expanding focus. We are working to minimize impact and optimize efficiency throughout our operations. This Sustainability Supplement has been created to share the areas in which we are currently making strides in our environmental and sustainability efforts. It can be thought of as a progress report and will be updated annually.

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## Metrics and Reporting Standards

At Chemtrade we monitor the health, safety and environment metrics for our key facilities as recommended by Responsible Care and as required by Environment Health & Safety (EHS) regulations. Objectives for key facilities are set and tracked annually and reported quarterly. In 2020 we conducted a materiality assessment and identified sustainability topics most likely to affect our financial or operating performance modelled on recommendations of the Sustainability Accounting Standards Board (SASB). For more details please see our [2020 Annual Information Form \(AIF\)](#)

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## Forward Looking Statement

Certain statements contained in this Supplemental Sustainability Report (Report) constitute forward-looking statements within the meaning of certain securities laws, including the Securities Act (Ontario). Forward-looking statements can be generally identified by the use of words such as “anticipate”, “continue”, “estimate”, “expect”, “expected”, “intend”, “may”, “will”, “project”, “plan”, “should”, “believe” and similar expressions. Forward-looking statements in this Report describe the expectations of Chemtrade Logistics Income Fund (Chemtrade) and its subsidiaries as of the date hereof. 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 for a variety of reasons, including without limitation the risks and uncertainties detailed under the “RISK FACTORS” section of Chemtrade’s latest Annual Information Form and the “RISKS AND UNCERTAINTIES” section of Chemtrade’s most recent Management’s Discussion & Analysis. Although Chemtrade believes the expectations reflected in these forward-looking statements and the assumptions upon which they are based are reasonable, no assurance can be given that actual results will be consistent with such forward-looking statements, and they should not be unduly relied upon. Except as required by law, Chemtrade does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Further information can be found in the disclosure documents filed by Chemtrade with the securities regulatory authorities, available on [www.sedar.com](http://www.sedar.com).

Chemtrade Logistics Income Fund  
155 Gordon Baker Road  
Suite 300  
Toronto, Ontario M2H 3N5  
[www.chemtradelogistics.com](http://www.chemtradelogistics.com)