KEYERA

2021 Climate Report

About this report

This inaugural Climate Report represents an important milestone in Keyera's sustainability journey, and demonstrates our commitment to provide stakeholders with transparent, decision-useful environmental, social, and governance (ESG) disclosure.

Keyera has long recognized the need for assessing, mitigating and disclosing climate-related risks relating to our business. For over a decade, we have provided detailed reporting to CDP Climate Change. We have also implemented changes to reduce the emissions footprint of our activities. Information about these changes, and corresponding impacts, are contained in this report.

We have also made significant efforts to expand our climate-related disclosure. Since 2018, we have provided detailed information about our environmental performance, including emissions, in our annual ESG Performance Summary. In 2020, we released our 2019 ESG Report, which outlines our six ESG priorities and approach to the transition to a lower-carbon economy.

Building on these efforts, this Climate Report provides an overview of Keyera's strategy, board governance framework, as well as the management systems, technology, and human resources we have in place to anticipate, identify, and mitigate climate-related risk. It also describes our energy transition strategy, which is focused on identifying and capitalizing on opportunities anticipated to arise as part of the energy transition.

This report follows recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) and metrics aligned with guidance from the Sustainability Accounting Standards Board (SASB).

Information in this report pertains to all of Keyera's business and operations. Any exclusions are expressly noted in the report. Metrics refer to our performance from January 1 to December 31 for 2017 through 2020. Unless otherwise noted, all financial information is presented in Canadian dollars.

Meaningful dialogue and collaboration with our stakeholders are critical components of our sustainability journey. We encourage you to contact us with any questions, comments, or ideas. To reach us or provide feedback, please email us at sustainability@keyera.com.

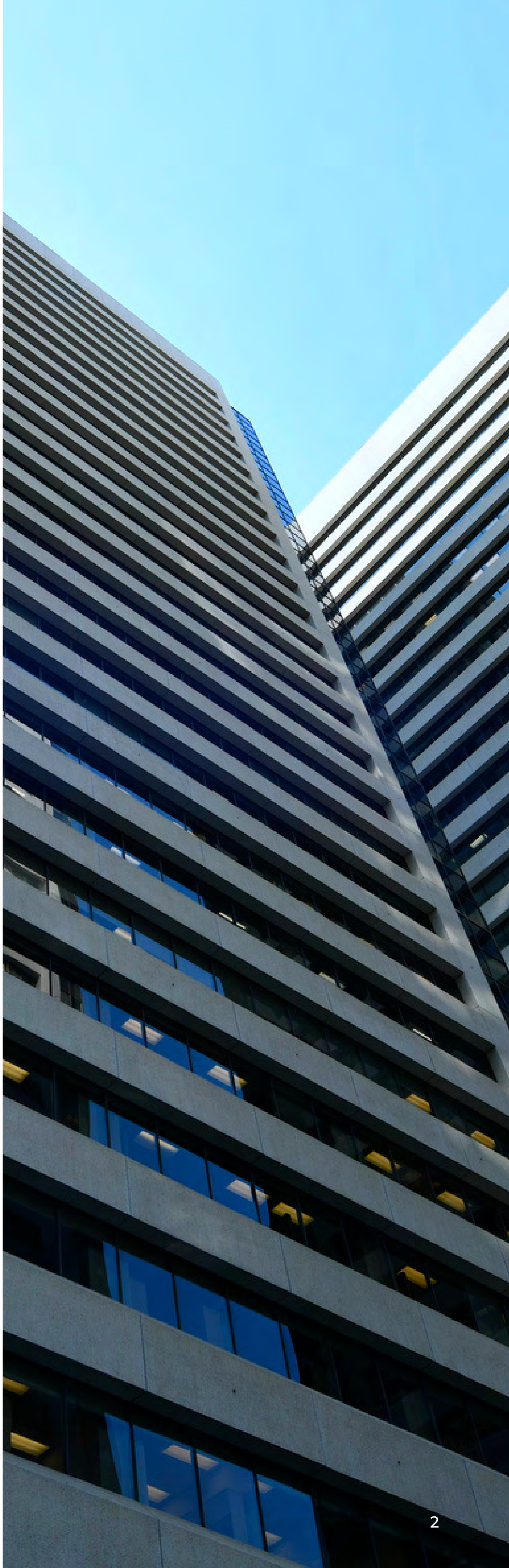
Published November 23, 2021

We report our sustainability progress in line with global frameworks:

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CDP DRIVING SUSTAINABLE ECONOMIES

VALUE REPORTING FOUNDATION SASB STANDARDS



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OUR PURPOSE CONNECTING ENERGY FOR LIFE

OUR COMMITMENT

Through collaboration, innovation, and business spirit, Keyera is **building solutions for a responsible energy transition**

PURSUING SUCCESS IN THE ENERGY TRANSITION

Decarbonizing base operations TODAY

- Pursuing operational efficiency and employing technology
- Optimizing utilization of our facilities
- Supporting renewable energy
- Exploring carbon capture, utilization, and storage (CCUS)

Pursuing energy transition opportunities FOR TOMORROW

- Lower-carbon fuels
- Hydrogen
- Solvents that support lower-intensity production
- Enabling customer carbon capture

OUR APPROACH

- Strive for ESG leadership
- Collaborate with customers
- Foster a culture of innovation
- Apply rigorous investment criteria
- Partner with our sector and beyond
- Drive performance improvements

GHG targets

We will reduce our scope 1 and 2 GHG intensity (from a 2019 baseline) by:

25% by 2025

50% by 2035

Message from our President and CEO

The energy industry is currently experiencing a complex challenge. Now more than ever, we must navigate dual objectives of reducing our emissions and meeting global demand for sustainable and reliable sources of energy to support our collective quality of life.

At Keyera, we do not see these objectives as mutually exclusive. We are a leading Canadian energy infrastructure company with a long-standing commitment to environmental stewardship. This commitment includes remaining focused on reducing the climate-related impacts of our operations. From 2017 to 2020, this focus resulted in a 35 percent reduction to our scope 1 and 2 emissions intensity and a 15 percent reduction to our absolute emissions over the same period.

These reductions were primarily achieved through operational efficiencies, including targeted consolidation of our Gathering & Processing facilities. At the same time, Keyera continued to provide reliable energy infrastructure services and expand our service offering to customers across North America.

While I am proud of our progress to date, more must be done to support national and international emission reductions goals and meet our stakeholders' expectations. We believe Keyera has an important role to play in supporting the energy transition by helping our industry reduce their own carbon footprint and produce low-carbon products to satisfy global demand. Keyera will continue to optimize our base operations' efficiency while capitalizing on opportunities that the energy transition presents. We have integrated climate-related risks into our strategy and processes. This includes our capital investment framework aimed at generating strong returns on investment that are resilient in a lower-carbon economy.

Our new GHG targets

Our purpose, *connecting energy for life*, reflects our commitment to deliver energy in a manner that is sustainable, both now and for future generations. To demonstrate the depth of our commitment, it is with great pride that I share Keyera has set the following GHG targets:

> By 2025, we will reduce our emissions intensity by 25% from 2019 levels. And by 2035, our intensity will be 50% lower than our 2019 baseline.

Our near-term GHG target reflects initiatives already underway to reduce emissions at our base operations. This includes the improvements we are seeing from the optimization program in our Gathering & Processing segment and the ramp up of lower-intensity assets like our Wildhorse Terminal and KAPS Pipeline projects.

Our longer-term 2035 target reflects our commitment to continue to assess and implement technologies like carbon capture and storage, and to look at new lines of business that can help us and our customers decarbonize.

These targets are intended to drive the momentum needed for Keyera to advance our business and participate in the energy transition.

Our path forward

Our commitment to long-term value creation drives us to find commercially-viable opportunities that create meaningful emissions reductions across the energy value chain.

Collaboration, innovative thinking, and a willingness to challenge the status quo are core elements of the Keyera culture. By leveraging these cultural values, our existing asset base and our strong relationships, I'm confident we will find and build sustainable solutions.

On behalf of our entire leadership team, I express our excitement for the path ahead.

Dean Setoguchi
President and CEO

Message from our Board of Directors

On behalf of Keyera's Board of Directors, I wish to congratulate Keyera on its first formal Climate Report. This report reflects the strong collaboration by the board and management in taking concrete steps to identify climate-related risks and explore potential opportunities arising from the energy transition.

Board role and commitment

As a board, we are committed to maintaining the highest standards of corporate governance. Our focus is on stewarding the company's overall business, financial strength, and strategic direction. This requires a long-term focus on the potential implications of climate-related risk.

This report outlines the work done by the board to advance the identification and mitigation of these risks and to explore corresponding opportunities. These efforts include approving changes to Keyera's capital investment and risk management frameworks, as well as our board structure.

Since 2020, we have also incorporated climate-related performance metrics (including emissions reductions) in the company's annual incentive compensation (or bonus) program. This aligns our ESG priorities with the expectations of our stakeholders and is described in greater detail in the Governance section of this report.

Key developments

On behalf of the board, I am pleased to announce Keyera's near-term and longer-term emissions reductions targets. These targets build upon the momentum Keyera has created in reducing its overall emissions so far and aligns our organizational efforts with meaningful participation in the energy transition.

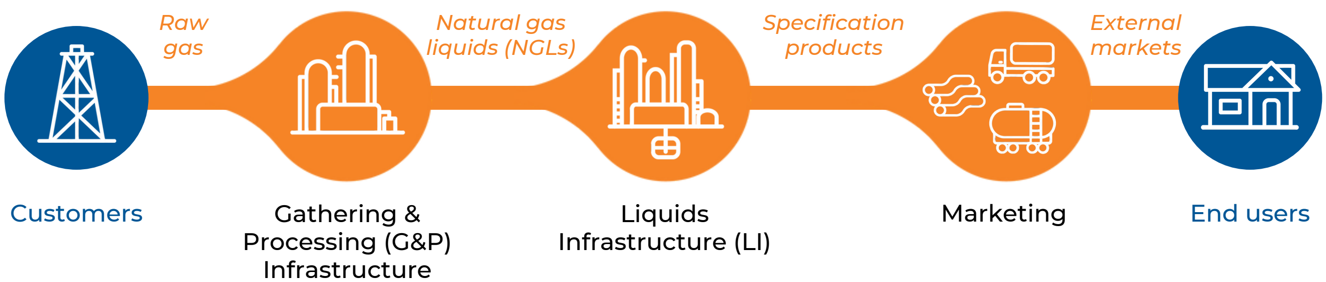
I am also pleased to announce corresponding changes to our board committee structure. Effective January 1, 2022, the board has established a new Governance and Sustainability Committee. The new committee will assist the board in its oversight of climate-related matters and will play a key role in advancing Keyera's ESG priorities.

We believe these continued efforts will deliver responsible growth and long-term shareholder value creation.

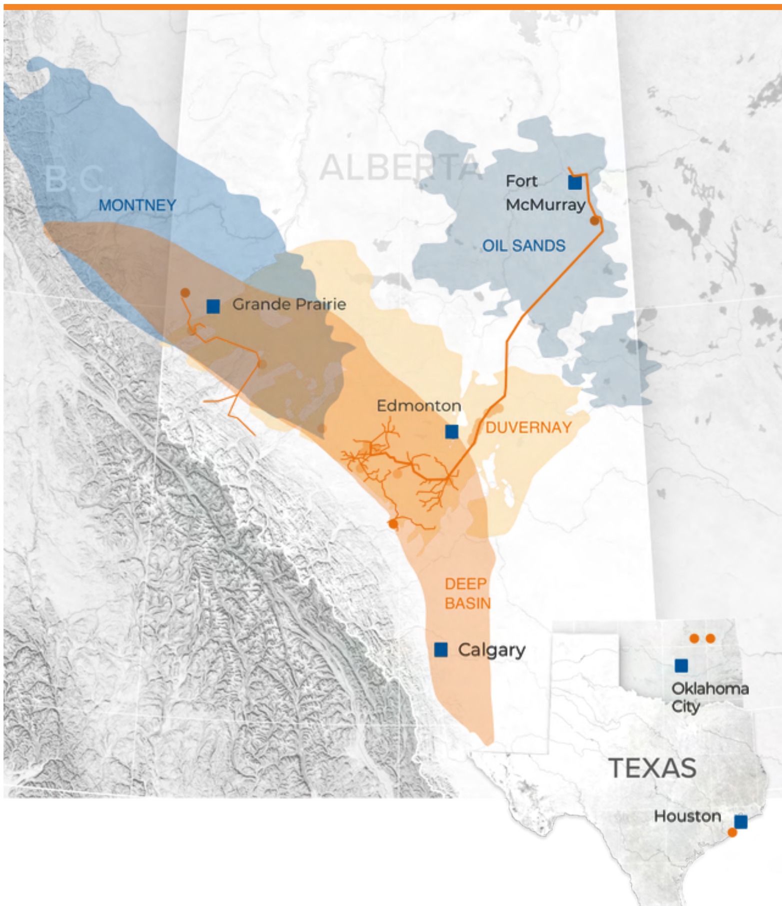
Jim Bertram
Chair, Board of Directors

Our company at a glance

Keyera operates an integrated Canadian-based energy infrastructure business with extensive interconnected assets and depth of expertise in delivering energy solutions. Our predominantly fee-for-service-based business consists of natural gas gathering and processing; natural gas liquids processing, transportation, storage, and marketing; iso-octane production and sales; and an industry-leading condensate system in the Edmonton/Fort Saskatchewan area of Alberta. We strive to provide high-quality, value-added services to our customers across North America and are committed to conducting business ethically, safely, and in an environmentally and financially responsible manner.



Strategically located



- Gas plants in liquids-rich western Alberta
- Liquids Infrastructure business situated in key North American energy hubs
  - Highly utilized fractionation, storage, blending, upgrading, and transportation assets in Canada
  - Industry-leading condensate system
  - Large-scale storage and blending in Oklahoma and Texas
- Access to high-value Natural Gas Liquids markets

STRATEGY

Pursuing success in the energy transition

For more than two decades, Keyera has delivered steady, disciplined growth and long-term value for our shareholders. As the world's energy needs and the expectations from stakeholders have evolved, so has our corporate strategy and approach to generating shareholder value.

Through our network of integrated assets, Keyera is well positioned to continue to meet demand for affordable, responsibly produced energy, while simultaneously identifying and growing with the opportunities created by the energy transition.

Our shared climate challenge

Access to safe, reliable, and affordable energy is the foundation of our modern economy and an essential component of our daily lives. As countries around the world seek to improve their quality of life, demand for responsibly produced energy is expected to rise over the coming decades.

At the same time, the risks and uncertainties posed by climate change are complex and urgent. Responding to this global challenge will require collective commitment, collaboration, and adaptation of existing ways of producing and consuming energy.

At Keyera, we remain focused on our Vision to be the *North American leader in delivering energy infrastructure solutions*. We believe our culture of responsibility, innovation, and integrity – combined with our integrated network of assets, capital discipline, and strong customer relationships – will enable us to deliver on this vision well into the future.

Our corporate strategy

Our corporate strategy consists of four key pillars:

Demonstrate ESG leadership

- Maintain industry-leading corporate governance
- Advance our six ESG priorities[1]
- Achieve our emissions reduction targets

Focus on financial discipline

- Preserve our strong financial position (conservative debt profile)
- Rigorous investment criteria to generate strong returns and increase stability of cash flow
- Return capital to shareholders (dividends and buybacks)

Drive competitiveness of our assets

- Best-in-class reliability and competitive cost structure
- Optimize our portfolio of assets
- Leverage innovation and technology

Strengthen our integrated value chain

- Enhance and extend our integrated assets to access high-value markets
- Expand services, including low-carbon energy solutions
- Acquire and construct high-barrier-to-entry assets

Underpinned by our focus on safety excellence

1. Our six ESG priorities: Safety of People and Operations, People and Culture, Emissions, Community and Indigenous Engagement, Land Management, Water

Furthering our energy transition strategy

Over the past year, management has worked closely with our board to advance the integration of climate-related risks and opportunities into our key decision-making processes. Climate-related analysis, including energy transition outlooks, is an integral component in our annual board strategy session and is discussed at regular board meetings.

We have also incorporated climate-related considerations into our core management processes, including our corporate planning and capital investment frameworks. Climate-related risks also represent a key element of our updated enterprise risk management (ERM) framework, which was approved by the board in 2021.

Integration of climate risks and opportunities into our business has also been achieved through the continued development of Keyera's energy transition strategy. Keyera has undertaken a parallel path approach to its participation in the energy transition. This approach is designed to lower both emissions and operating costs from our base operations, while at the same time pursuing strategic, lower-carbon commercial opportunities arising from the energy transition.

OUR ENERGY TRANSITION STRATEGY

Decarbonizing base operations TODAY

We will continue to reduce emissions from our base operations by optimizing our assets, investing in technology, supporting renewables, and increasing the use of carbon capture, utilization, and storage (CCUS) in our operations.

Pursuing energy transition opportunities FOR TOMORROW

We are also exploring future-forward solutions, low-carbon service opportunities, and new business models that leverage our existing asset base, core competencies, and strong customer relationships.

Decarbonizing our base operations is well underway. From 2017 to 2020, our efforts resulted in reductions to our total emissions intensity of 35 percent. Building upon our past success, we are developing new strategies to further enhance the efficiency of our assets, including further optimization, renewable energy partnerships, and investments in new technology.

35%
reduction in emission intensity from 2017 to 2020

"When it comes to energy transition opportunities, we are focused on activities that generate strong economic returns and higher margins over the long term."

Eileen Marikar
Senior Vice President and Chief Financial Officer

Our new GHG targets will focus our efforts to drive improvements and innovative ways of thinking across all parts of our business. Keyera takes a multi-disciplinary approach that brings together experts from across the business, including our Strategy, Sustainability, Engineering, Operations, and New Ventures teams, to identify and evaluate commercial opportunities and projects that both reduce carbon intensity and generate strong returns for Keyera and its customers.

Decarbonizing our base operations

By decreasing the carbon intensity of our operations, we can reduce our emissions footprint while continuing to meet growing energy demand and the needs of our customers.

As society works to reduce its carbon footprint, traditional sources of energy, like natural gas and propane, will continue to be required as bridging fuels to meet current and future global energy demand. We believe our base business – which consists of natural gas gathering and processing and liquids infrastructure assets – will remain valuable components of our asset mix and help support Canada's shift to a lower-carbon economy.

Decarbonizing our operations not only reduces emissions, but also helps reduce costs and risks. It proactively addresses increasing regulatory impacts and broader stakeholder concerns.

Opportunities for emissions reduction are assessed both at a facility level and relative to potential efficiency gains across multiple sites. Climate-related factors also now represent a key element of stage-gate project evaluation and execution systems for new projects. This evaluation includes an assessment of emerging technology, climate regulations, carbon pricing, credits/incentives, and customer needs. Economic and emissions impacts are then modelled to support decision-making.

To understand long-term project viability, potential carbon pricing impacts of opportunities are stress-tested against a range of carbon prices to determine potential cost and economic implications over time. Regulatory stability and predictability have a significant impact on our ability to pursue carbon reduction projects and support energy transition-related investments.

Energy reduction

Direct emissions from the combustion of natural gas (scope 1) and use of imported electricity (scope 2) have a significant impact on corresponding operating costs. Keyera continues to explore and implement methods to reduce the environmental and financial impacts arising from our operations' energy consumption.

Keyera currently uses cogeneration and waste heat recovery to reduce the carbon intensity of power use at a number of our facilities. We have also entered into a renewable power purchase agreement to support the use of solar. We continue to explore the use of renewable energy, including via strategic partnerships, to lower our emissions intensity and reduce carbon compliance costs. Renewable power development also serves to reduce the carbon intensity of the overall electricity grid in the province.

Pathways to decarbonizing our assets

Here’s how we’re decarbonizing our current asset base.

Investing in technology and operational efficiency

- Continuing to invest in upgrades, retrofits, and digitalization to enhance our operational efficiency, reduce emissions, and improve performance
- Exploring additional facility cogeneration opportunities to provide low-carbon heat and electricity, and reduce emissions at our facilities
- Choosing low-carbon alternatives (e.g. electrical pumps), and emission reducing opportunities (e.g. acid gas injection) during new project development

Keyera uses waste heat recovery at select facilities to increase the efficiency of our operations. As part of the design of our newly-commissioned Wapiti gas plant, we included a cogeneration unit as a way to reduce the carbon intensity of our power use and provide heat for the process.

Optimizing utilization of our facilities

- Consolidating facilities by transferring volumes to optimal facilities and suspending less efficient operations
- Pursuing opportunities for plant emission reduction, such as converting sour gas facilities to sweet gas
- Selectively divesting from high-carbon intensity assets or business lines

In 2018, Keyera converted our Strachan facility from sour gas to a lower-carbon emitting sweet gas operation. In doing so, we reduced our GHG emissions at the facility by approximately 55% from 2017 to 2020.

Supporting renewable energy

- Forming partnerships with solar generation providers to reduce emissions associated with power use at our facilities, as well as lower carbon compliance costs through the use of regulated offsets
- Exploring the application of small-scale renewable energy generation on existing sites
- Seeking complementary wind opportunities

In 2020, Keyera signed a 15-year power purchase agreement for the construction of a 25-megawatt (MW) solar generation facility in Alberta. Once in service, the forecasted 53,000 MWh of power produced is equivalent to approximately 10 percent of Keyera's annual consumption, and equal to more than 28,000 tonnes of annual emission offsets that will be applied to lower the carbon intensity of our assets.

Exploring carbon capture, utilization, & storage (CCUS)

- Adding additional carbon capture and storage to reduce emissions from our facilities
- Exploring how existing assets can enable carbon capture, utilization, and storage services for our customers

Keyera currently has acid gas injection (a form of carbon sequestration) capabilities at six of our Gathering & Processing facilities. Since our first acid gas injection efforts in 1996, Keyera has sequestered more than 1,070,062 tonnes of carbon dioxide, the equivalent to taking 327,000 passenger vehicles off the road.

Fostering a culture of innovation will play a key role in Keyera's energy transition strategy and emissions reductions.

We must continuously evolve our business, seeking ways to achieve efficiencies that decrease our emissions, improve reliability, and reduce costs for both our business and our customers.

To accelerate our efforts, in 2021, we established a dedicated Keyera Innovation and Transformation Team (KITT). The KITT supports innovation across our business, helping teams to rethink how we work, enhance use of technology and data analytics, and embrace the "art of the possible."

Innovation means taking a fresh look at how we do business and thinking about our value chain. From developing low-carbon service offerings for our customers, to exploring new types of strategic partnerships, we believe that encouraging innovation is integral to developing the competencies Keyera requires to successfully participate in the energy transition.

Reductions through optimization

A key pillar of our strategy is to increase the competitiveness of our assets. This means relentlessly improving asset efficiency to reduce our operating costs and carbon footprint.

Perhaps the most significant example of these efforts is our recent Gathering & Processing optimization plan. Executed using a multi-disciplinary approach from our operations, sustainability, business development, regulatory, and land management teams, this plan resulted in the decommissioning and consolidation of five gas plants and, where possible, redirecting gas to our most efficient facilities.

This optimization plan achieved a reduction of ~200,000 tonnes of carbon dioxide equivalent from 2019 to 2020.

Pursuing energy transition opportunities

To make a lasting and meaningful impact on climate change, we know we must reduce greenhouse gas emissions across our value chain.

In parallel with our efforts to decarbonize our base business, we are pursuing new low-carbon services and business models that leverage our current asset base and support our customers. By placing customers at the centre of our energy transition strategy, we hope to achieve greater overall impact and help our industry reduce its carbon intensity.

Our upstream and downstream customers have been required to adapt to changing end-user demands, increasing regulatory costs, and changing stakeholder expectations. Our integrated infrastructure assets provide potential for us to help our customers reduce emissions and to support their participation in the energy transition. We have established a New Ventures team responsible for identifying and moving these opportunities forward. Using our capital investment decision framework, we review each opportunity to ensure alignment with our strategic pillars and strong financial returns.

We are currently exploring the potential to provide customers with low-carbon and/or biofuel feedstock, hydrogen infrastructure, and carbon capture and storage options. Such options have the potential to reduce customer emissions, maximize their netback, and contribute to shared financial returns by reducing overall emissions from the energy value chain.

We are also exploring working with suppliers that offer low-carbon solutions. Through effective collaboration and leveraging our respective strengths, we believe we can develop opportunities to advance together.

Partnership for progress

We believe collaboration will be at the heart of creating a low-carbon world. Keyera is working with our customers, industry peers, suppliers, governments, and other stakeholders to facilitate the development of the technology and policy necessary to drive solutions. Through partnerships and collective action, we believe larger-scale impacts can be achieved.

We're partnering with:

- **Our customers** to develop lower-emitting solutions
- **Technology providers** to pilot and apply new technology at Keyera facilities
- **Energy providers** to build renewable generation and help reduce our carbon intensity

"We're leveraging our strong relationships and business spirit to partner with our customers to meet the demands of a lower-carbon future."

Jamie Urquhart
Senior Vice President and Chief Commercial Officer

FUTURE

Low-carbon opportunities

Lower-carbon fuels

- Helping refiners meet proposed Clean Fuel Regulation requirements
- Exploring biofuels and biofuel additives
- Further enhancing the value of iso-octane through decarbonization

Solvents that support lower-intensity production

- Providing customers with natural gas liquid-derived solvents that help improve production efficiency

Enabling carbon capture for customers

- Potential CCUS services for customers at existing facilities

Hydrogen

Exploring hydrogen opportunities to decarbonize

- 1,300 acres of undeveloped land available for hydrogen development in Fort Saskatchewan
- Existing hydrogen production at Alberta EnviroFuels
- Existing hydrogen-capable pipeline connecting Edmonton and Fort Saskatchewan
- Options for hydrogen cavern storage
- Low-carbon electricity generation

Developing our GHG targets

Reducing corporate emissions is not a new endeavor for Keyera – we've been working on lowering our emissions for over a decade.

Keyera reduced our total emissions intensity by 35 percent from 2017 to 2020. We have invested in more efficient technology, executed on our optimization plans, and, since 2021 have incorporated GHG performance metrics into our annual incentive compensation plan (bonus).

While we've made progress, we know more needs to be done to drive strategic decision-making and facilitate long-term resiliency. That's why we've made setting GHG targets a priority.

Consistent with our ESG strategy and under the leadership of our Senior Vice President (SVP), Sustainability, External Affairs and General Counsel, Keyera appointed a cross-functional internal team of sustainability, operations, finance, and strategy experts to lead the development of our GHG targets.

Keyera's Executive ESG Steering Committee[1] provided direction throughout the target development process to ensure an internally aligned and integrated approach.

The board played an integral role in the target development process, and carefully reviewed management's methodology and proposed approach over the course of several meetings in 2020 and 2021. Feedback was also solicited from external stakeholders to test our approach and challenge our thinking. This feedback was shared with the board and is reflected in our framework, described below.

Our approved targets reflect the shared commitment of board and management to continue to reduce our emissions and encourage meaningful participation in energy transition, including facilitating a lower-carbon energy system for our customers.

Target principles

The first step in our target-setting process was ensuring we were clear on what the targets were intended to achieve. Four guiding principles were developed to clarify the targets' intent:

1. **Motivate strategically aligned business decisions** for long-term business success and resiliency
2. **Enable an energy systems view** that drives operational and value chain emission reductions on a lifecycle basis
3. **Be transparent and credible**, providing detailed pathways for near-term emission reductions and open-mindedness for long-term solutions
4. **Leverage and build** upon Keyera's competencies and capabilities

1 The ESG Committee – comprised of our SVP, Sustainability, External Relations and General Counsel, SVP and Chief Financial Officer (CFO), SVP and Chief Commercial Officer (CCO), and SVP, Operations and Engineering – reports to our President and CEO, Dean Setoguchi.

GHG targets

Our corporate emissions intensity targets demonstrate the seriousness of our commitment to efficient and sustainable operations, and system-wide emissions reductions.

Using 2019 as our baseline year, we are committing to reducing our emissions intensity by:

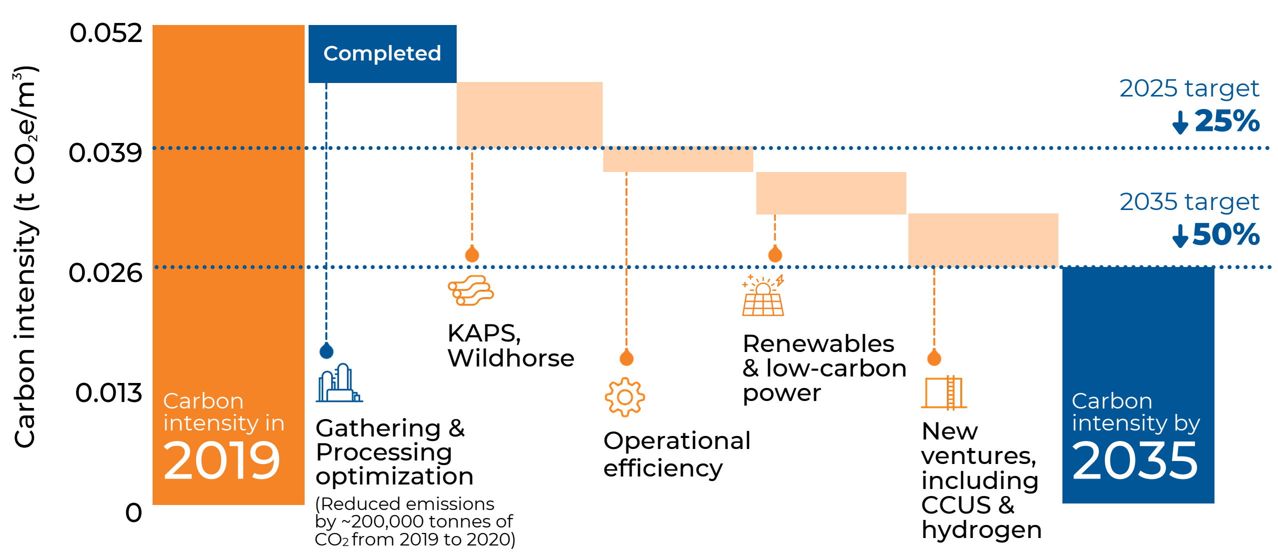
25% by 2025

50% by 2035

Our near-term target demonstrates our commitment to taking concrete actions in the next four years to reduce emissions and build the momentum and competencies required for longer-term improvements. Keyera anticipates we will be able to achieve most of our short-term target through planned commercially-viable investments. These include recently completed Gathering & Processing optimization efforts, technology deployments, and anticipated startup of our existing lower emissions-intensity assets.

Our longer-term target reflects our commitment to participate in the energy transition. This target is intended to focus our efforts and incentivize future strategic decision-making to enable Keyera to contribute meaningfully and successfully to a low-carbon future.

Keyera's carbon intensity target pathway



Pathways to emission reductions

The chart on the previous page illustrates several examples of initiatives that could meaningfully contribute to our targeted 50 percent reduction in emissions intensity by 2035. The initiatives over the near term are currently in progress and we have a good degree of confidence in meeting our 2025 target. Our longer-term opportunities continue to be explored and modelled as we assess different ways to reach our final target objective.

All initiatives must align with our financial priorities, scalability potential, and partnership opportunities. Technological advancements, policy developments, and emerging business models will play a critical role in moving potential opportunities forward in the future.

GHG target design

Design and methodology

Our target methodology reflects our unique asset mix, composed of natural gas gathering and processing facilities as well as natural gas liquids infrastructure. With the above guiding principles as our foundation, our target design features are:

- **Targets are intensity-based.** Intensity-based targets allow Keyera to continue to explore new opportunities and grow our business using technically and economically feasible solutions. Our drive for operational excellence can reduce overall absolute emissions from the sector by channeling production to our most efficient facilities.

- **Our baseline is set in 2019** to reflect a more typical year of operations not impacted by the COVID-19 pandemic.

- **Our targets currently include both scope 1 and 2 emissions.** In the near term, we believe this is the most readily measured and decision-useful information available. As a midstream company, we are still seeking effective and credible frameworks to help evaluate our scope 3 emissions.

- **Our targets are equity-based.** This provides the clearest view of carbon risk to our shareholders and enables us to evaluate partnerships effectively.

- **We have set multi-term targets.** Our near-term target sets a clear path and accountability to deliver intensity reductions, which builds momentum and capability to achieving our longer-term 2035 target.

Consistent with our guiding principles of transparency and credibility, Keyera will update our emissions progress against our GHG targets on an annual basis.

To determine our GHG intensity, the sum of absolute scope 1 and 2 emissions for each facility is calculated annually. These emissions are then divided by the sum of product volumes leaving each facility.

Opportunities to reduce our emissions intensity are evaluated using the same method. For example, an assessment of an efficiency retrofit at a gas plant would determine the effective emissions reduction and/or throughput improvement to determine its impact on our target.

Likewise, the assessment of a new project or acquisition would consider any additional new emissions and production on an intensity basis.

Emissions target-setting is a rapidly evolving space. We continue to closely monitor the development of standards and frameworks like the Science Based Targets Initiative (SBTI) for credible guidance applicable to midstream companies. We are also committed to enhancing our understanding of our scope 3 emissions and our current and new value chains. This work will inform future initiatives – including potentially absolute targets – in the future.

Assumptions

When developing these targets, assumptions were made on how our operating context needed to evolve to support the types of investments required to be successful. These assumptions include:

- Society continues accelerating towards a much lower-carbon future.
- We experience regulatory stability to support investments in carbon reduction projects.
- Technology advances to enable the low-carbon transition.
- A functional carbon market exists to incentivize carbon, capture, utilization, and storage (CCUS) and natural sinks.
- Development of a hydrogen market and that hydrocarbons will be increasingly used for petrochemicals and materials rather than combusted.

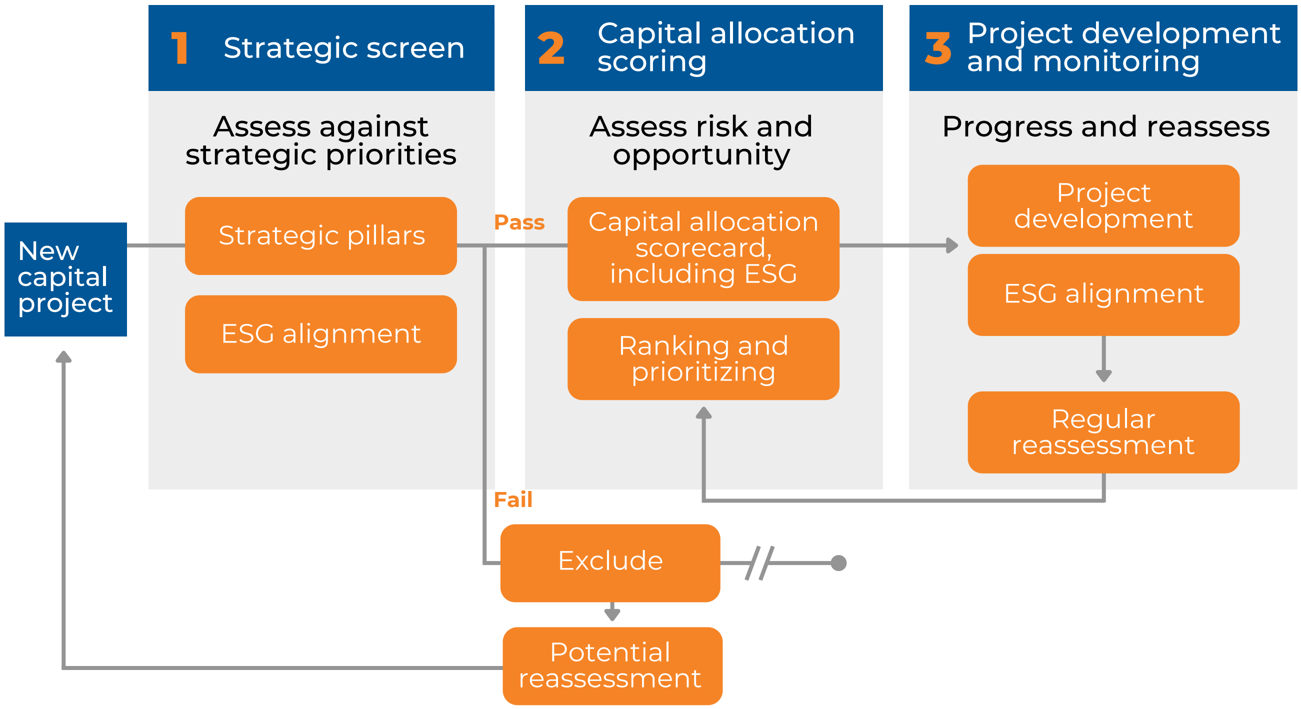
Climate considerations in capital decision-making

Keyera's value proposition continues to be the delivery of growing distributable cash flow per share, underpinned by a strong financial position. To support steady growth and preserve financial flexibility, we have established a comprehensive capital investment decision framework to support our portfolio management activities.

Acquisitions, divestitures, and major projects/products/service offerings undergo a comprehensive screening process against this framework. This screening process is designed to ensure we remain focused on our core strategic elements, properly evaluate financial impact and risk, and continue to align with our ESG priorities.

Capital investment decision process

Emissions are considered throughout our capital investment screening process



Opportunities go through our capital investment decision-making process:

1. Opportunities are first evaluated relative to strategic fit and alignment with the four pillars of our corporate strategy: (i) demonstrate ESG leadership; (ii) focus on financial discipline; (iii) drive competitiveness of our assets; and (iv) strengthen our integrated value chain.

2. Opportunities are then assessed based on projected quality of cash flow, project returns, business risk, size/impact, and ESG factors. ESG factors, particularly those that are climate related, have played an increasing role in our assessments. This includes a quantitative and qualitative assessment relative to our six ESG priorities.

   Using a business portfolio perspective, opportunities are then ranked and prioritized relative to our funding capabilities and project maturity. The framework allows us to evaluate risks and trade-offs, understand broader business impacts, as well as balance materiality with current funding capability. An ongoing portfolio of opportunities is maintained and prioritized on a frequent basis.

3. Top opportunities progress to our stage-gate process of project development, which includes ESG, including emissions considerations. We closely monitor opportunities at each gate and/or quarterly to ensure they continue to meet the criteria for allocation of resources relative to competing opportunities.

The capital investment process is stewarded by our Strategic Planning group with input from our business units, service groups, and senior leadership team. Resulting analysis and recommendations are reviewed by our senior leadership team and the board at regularly scheduled meetings, including the annual board strategy session.

Carbon price

Keyera uses the Canadian federal carbon price – anticipated to rise from $40 per tonne of carbon dioxide equivalent in 2021 to $170 per tonne of carbon dioxide equivalent by 2030 – as an internal carbon price to guide our cost/benefit evaluation and decision-making. We conduct detailed GHG/financial modelling to understand various potential impacts of carbon pricing on projects. This information is also used as part of our capital investment process.

Business planning timelines

Our corporate strategy, capital investment framework, and business planning processes consider near-term (one to three years), medium-term (four to 10 years), and long-term (11 to 25 years) time frames. Generally, nearer-term views have a higher degree of confidence, whereas longer-term views have a larger range of outcomes based on areas of increased uncertainty.

Financial discipline and sustainable dividends

Keyera seeks to maintain a conservative capital structure. This approach ensures we retain financial flexibility to support initiatives and investment opportunities with potential to grow margins and distributed cash flow per share. As we seek to decarbonize our operations and explore lower-carbon opportunities, we will continue to use our capital investment framework to ensure our investments generate economic returns over the long term.

Keyera's financial priorities

1	2	3
Preserve our strong financial position (conservative debt profile)	Rigorous investment criteria to generate strong returns and increase stability of cash flow	Return capital to shareholders (dividends and buybacks)

We have an annual return on invested capital (ROIC) target of 10 to 15 percent; our five-year average ROIC was 14 percent for 2016 to 2020.

Materiality

Keyera looks at various factors when evaluating financial, operational, and strategic impact on our business. In 2021, Keyera completed a comprehensive Enterprise Risk Management (ERM) review, conducted by a third party. As part of this process, we identified key risk areas that were considered to have potentially significant impact on our strategic priorities. Risks were assessed along two axes: likelihood and impact on business, within the categories Health, Safety and Environment, Reputation, Operations, and Financial/Shareholder Return.

In respect of the financial impact scale, Keyera considers risks/activities with implications of greater than $50 million to be Severe, those between $20 and $50 million are considered Significant.

Scenario analysis

We recognize there is significant value in conducting different scenario analyses (including climate-related inputs) to inform our long-term business strategy and provide further disclosure to our stakeholders. To this end, we have taken initial steps to build internal capacity and engaged with third parties to evaluate the resourcing and support required to undertake scenario planning in the future.

Over the past year, the board and management have made considerable strides in our understanding of climate-related risks and opportunities. These efforts have included engaging third-party experts to lead an ESG materiality assessment in 2020 and an ERM risk review in 2021. These efforts have developed internal knowledge, competency, and alignment on climate-related risks and opportunities.

STRATEGY

Next steps in our climate journey

Climate-related considerations will continue to be a significant component of our overall corporate strategy development, including capital investment and divestiture decisions. In support of this work, we continue to formalize how we evaluate and quantify climate and emissions factors.

Within the next three to five years, we will execute on our current plans to decarbonize our base assets, while continuing to explore other ways to implement technology and operational efficiencies to reduce our emissions.

We are still in the initial stages of exploring and pursuing new low-carbon services and business models, and we anticipate sharing details on our progress in future climate reports.

GOVERNANCE

Board oversight

Strong corporate governance is critical in managing business risks and creating long-term shareholder value.

Keyera is proud of its long-standing commitment to be a responsible energy infrastructure company. Key to this commitment is an unwavering focus on strong corporate governance.

Strategic integration

The board is responsible for stewarding the company's overall business and financial strength, including the development and ongoing evaluation of our strategic direction and potential climate-related risks and opportunities. The board seeks to ensure it has the structure, collective expertise, and diversity of thought and experience to support effective stewardship.

On climate-related matters, the board seeks to provide focused oversight to maintain corporate resilience and delivery of long-term value to our shareholders. A key element of oversight is the board's ongoing examination of feedback from our shareholders and other stakeholders.

Every year, the board holds a dedicated two-day strategy session. This session provides board members an opportunity to examine strategic initiatives, longer-term operational, financial and industry forecasts, as well as emerging macro and industry trends. The session also provides an opportunity to consider external perspectives on key issues impacting our business. In 2021, a key theme of the board strategy session was potential implications for our business arising from the transition to a lower-carbon economy.

The enhanced focus of the board on ESG and climate-related matters has resulted in further integration of climate-related impacts into our core strategic planning and decision-making frameworks, as described in greater detail below.

Structured oversight

In respect of climate-related oversight, in 2021, the board was assisted by its three standing committees: audit; compensation and governance (CG); and health, safety and environment (HSE) committees, each of which plays a critical role in monitoring sustainability-related issues within their areas of responsibility.

HSE Committee

The HSE Committee oversees our workplace health and safety program, environmental stewardship practices, greenhouse gas and carbon emissions reduction initiatives, water management, land management programs, and related compliance and reporting. The committee is also responsible for overseeing our pipeline and asset integrity programs, as well as related compliance and reporting.

Audit Committee

The Audit Committee provides oversight to ensure corporate financial integrity is maintained, including overseeing our independent external auditor and all finance-related activities and public disclosures. It also assists the board to advance our ERM framework and, in 2021, engaged an external third-party consulting firm to re-evaluate our approach, particularly related to climate and ESG-related risk. The committee monitors compliance with our code of business conduct and related compliance policies, including complaints received through our whistleblower hotline. Reports involving potential financial wrongdoing are reported directly to our audit committee chair.

CG Committee

The CG Committee (CGC) oversees our corporate governance practices, including encouraging an independent, diverse, and engaged board. The CGC assists with executive succession planning, executive and director compensation, as well as oversees key workplace policies and initiatives, including those in respect of diversity, equity, and inclusion.

In 2021, the board approved changes to its committee structure to enhance its oversight of ESG and climate-related issues. Effective January 1, 2022, a new Governance and Sustainability Committee has been established to assist the board to oversee climate-related risks and opportunities, our ESG strategy and performance, as well as our corporate governance practices and related disclosures. For 2022, our board committee structure will therefore be as follows:

Board of Directors			
Health, Safety and Environment (HSE) Committee	Audit Committee	Human Resources Committee	Governance and Sustainability Committee

Climate and ESG priorities

In 2020, the board worked closely with management to conduct an independent materiality assessment of sustainability-based risks to our business. This process included interviews with our largest shareholders, board members, senior executives, and other stakeholders. Feedback from this process was presented directly to the board. Following completion of this assessment, the board approved six ESG priorities. These priorities formed the basis of our 2019 ESG Report:

- Safety of people and operations
- Community and Indigenous engagement
- Land management
- People and culture
- Emissions
- Water

Integration of emissions reductions

To reflect the importance of ESG performance to our strategy and stakeholders, in 2020, the board approved the inclusion of key ESG-related metrics into our annual incentive (or bonus) plan for all employees, including executives. Performance against these measures, which include emissions reductions, are monitored on a quarterly basis, and approved by the board following year-end.

Over the course of 2020 and 2021, the board worked closely with management to develop our corporate emissions reduction targets. This process was critical to the integration of climate-related risks and opportunities in our capital investment decision-making, as well as potential energy transition focus areas for our New Ventures team.

"Pragmatic, comprehensive oversight of key climate-related risks and opportunities aligns with our board's commitment to strong corporate governance and our goal to deliver long-term shareholder value."

Nancy Brennan
Senior Vice President, Sustainability, External Affairs and General Counsel

Management oversight

Keyera's CEO provides leadership and direction to the company and is responsible for developing Keyera's climate-related strategy. The CEO serves as a liaison to the board and its committees and, as a non-independent member of the board, reports into and works directly with the board on climate-related management and strategy.

While all executive team members are responsible for assessing and managing climate-related risks and opportunities in their respective areas, broad strategic oversight is provided by our Executive ESG Steering Committee. Operating under the direction of the CEO, the ESG Steering Committee is led by the Senior Vice President (SVP), Sustainability, External Relations and General Counsel, and consists of the SVP and Chief Financial Officer (CFO), SVP and Chief Commercial Officer (CCO), and SVP, Operations and Engineering. Given the multiple implications of climate-related risk, the committee is intended to drive internal alignment and advance Keyera's ESG strategy in an integrated manner.

Climate management oversight

The ESG Steering Committee is responsible for developing and stewarding our ESG priorities, including emissions reduction targets, performance monitoring, and related disclosures. The committee also appoints cross-functional internal working teams to address specific issues.

Individual functional leaders are responsible for identifying, assessing, and managing climate risks related to their respective areas of the business. Information from these leaders is provided to the ESG Steering Committee to ensure climate-related issues are identified and managed appropriately.

GOVERNANCE

Next steps in our climate journey

The board and management will continue to monitor developments, and adapt our approach, as our understanding of climate-related risks and stakeholder expectations continue to evolve.

RISK MANAGEMENT Practices

Effective risk management is critical to the long-term resilience and success of our business.

As the pace of change accelerates, so too must our ability to identify and mitigate business risks and identify potential areas of opportunity. This includes ensuring strong board oversight of current and emerging ESG and climate-related risks.

The board is responsible for overseeing Keyera's financial, business, ESG, and climate-related risks. Enterprise risk is regularly reviewed by the board to ensure relevant risks are identified and appropriate controls and mitigation practices are in place. These risks are incorporated into the formulation of our near-term annual plan, long-term strategic plan, as well as capital investment decisions.

Enterprise risk information flow and evaluation

Board of Directors*
Enterprise risk oversight

Audit Committee
- Financial risks
- ERM framework
- Ethical business conduct
- Internal controls

HSE Committee
- Emissions reporting
- Performance metrics
- Regulatory costs and compliance

CG Committee
- Corporate governance
- Compensation
- Succession planning
- Board effectiveness

CEO and executive
- Enterprise risk review and ERM oversight
- Review of key risks and risk ownership
- Aligning strategy and risks
- Challenge business assumptions

Management committees
- Ownership of risk mitigation processes
- Complete risk matrix and risk registers
- Risk identification and evaluation
- Stakeholder engagement

Internal audit
- Business unit audits
- Review of internal controls

External inputs
- Third-party experts
- Stakeholder engagements
- Industry and market analysis

Enterprise risk management development

In 2020, the board initiated a refresh of our existing enterprise risk management (ERM) framework. Conducted by an external third-party consulting firm, the refresh provided an updated review of the current, most material risks to our business, and recommendations to enhance our existing ERM framework. Development of the ERM framework was influenced by Committee of Sponsoring Organizations of the Treadway Commission's (COSO) guidance.
This review involved a comprehensive evaluation of enterprise risks relative to potential business impacts and likelihood of occurrence. Climate-related risks, including implications on access to capital, regulatory cost and frameworks, consumer demand, market dynamics, as well as stakeholder and reputational risks were carefully reviewed with the board.

RISK MANAGEMENT

Next steps in our climate journey

The final, board-approved ERM framework will guide management's ERM processes, as well as the board's evaluation. In the coming year, Keyera will advance the recommendations from the review, including how we identify, evaluate, prioritize, and monitor material risks at the enterprise level.

**Reflects board committee structure at December 31, 2021.*

Climate change risks

Below are the climate-related risks we have identified as potentially having an impact on our business, including the execution of our strategy. Further detail on identified potential risks can be found in our Annual Information Form.

Transition risks	Impacts	Mitigation measures
Increasing regulation, emissions and carbon-related compliance costs, and reporting obligations (Policy)	An increasing area of climate-related risks relates to the ongoing development, change and costs associated with federal, provincial and local emissions-related regulation, including emissions management and carbon pricing. Current and anticipated regulatory frameworks are expected to result in increased operating costs for Keyera, including related to carbon compliance for certain facilities. In 2020, we incurred $3.7 million of expense under existing carbon pricing programs. New regulatory frameworks will also increase direct costs related to compliance, monitoring and reporting, and could impact the costs of providing services to customers. Regulatory instability and uncertainty also create challenges with accurately forecasting yearly operating costs, which can result in less predictability for our business planning.	• Monitor legislative initiatives and regulatory trends across Canada and the U.S. • Use a blended GHG/financial model to forecast potential financial impacts of carbon regulation • Include potential regulatory cost and other impacts in ERM assessments, operational plans, capital expenditures, investments/divestitures, etc. • Use internal carbon pricing in our capital investment project evaluation and implementation processes • Establish targets and include them in our compensation programs to drive performance improvements • Invest in lower-emitting technology at our operations • Explore lower-emitting business streams and services • Manage compliance costs through renewable power and carbon offsets • Engage with governments, regulators, and industry groups, both from an advocacy standpoint and to anticipate and increase our understanding of the range of possible regulatory outcomes • Work jointly with customers, partners, industry, and government on energy transition opportunities
Decreased access to capital and financing (Market and Reputation)	Some investors and lenders are moving away from the oil and gas sector, which could decrease or significantly impact our access to capital and financing, as well as increase borrowing costs. This could negatively impact our ability to access financing at a competitive cost and/or inhibit our ability to pursue capital or organizational development projects to generate acceptable returns on investment. There are also risks related to maintaining our investment grade credit rating should our leverage ratios deteriorate.	• Maintain strict capital discipline • Maintain a strong balance sheet • Incorporate energy transition in business strategy • Maintain a diverse financing program • Lengthen period of bond maturity • Decarbonize operations by investing in emissions reduction technology and strategies • Create new low-carbon lines of business • Continue to conduct shareholder engagement and provide transparent disclosure to market • Set targets to demonstrate commitment • Explore sustainability-linked financial tools

Insurance costs (Reputation and Physical)	Some insurers have stated publicly that they will no longer provide new insurance capacity or are reducing current capacity offered to companies operating in the oil sands. As the transitionary and physical risks materialize, accessing insurance at reasonable rates could become a challenge for Keyera. This could impact our cost of operations and inhibit our ability to pursue new projects or acquisitions.	• Establish broad and diversified insurance syndicate • Explore current industry efforts to self-insure • Support oil sands customers to reduce their carbon intensity • Demonstrate assets have ability to adapt and participate in energy transition • Communicate regularly with insurers about Keyera emission reductions, our role in helping producers do the same, and potential energy transition opportunities
Commodity price fluctuations, decreased consumer demand, and volume risks (Market)	There are many macro and micro dynamics impacting the market for oil and gas products, both in the near term and long term. Factors include volatile commodity product pricing, storage, and pipelines capacity, price of power, extreme weather events, and consumer preference changes. In addition, the above dynamics could also lead producers to curtail supply or customers may be unable to fulfill their supply contracts, which could impact Keyera revenues. Demand erosion and reduced supply could negatively impact our revenues, asset base, and ability to grow. Unstable and unpredictable commodity pricing and market conditions creates risk and uncertainty to our marketing strategies and financial planning. Fundamental changes to the way commodities are priced could impact our liquid blending and iso-octane margins.	• Monitor commodity forecasts and shifting market factors • Execute strategies designed to reduce the impact of climate-related pricing swings and reduce the impact of power fluctuations • Conduct scenario analysis to ensure financial resilience against a variety of supply and demand changes and carbon price scenarios • Consider climate-related factors in capital investment decisions • Explore and pursue product decarbonization and diversification • Help customers decarbonize their products through various services
Advancement of non-fossil fuel-related technology (Technology)	Advancements in clean and renewable energy, electrification, and battery storage, as well as general improvements to fuel efficiency, could have an impact on demand for oil and gas products and Keyera's services.	• Explore and pursue product diversification • Decarbonize current operations

Costs related to transitioning to new technology and energy sources (Technology)	Keyera continues to invest in technology at our facilities to improve efficiency and reduce emissions. Keyera must carefully balance possible efficiency gains with facility lifecycle considerations, cost, and possible safety or unforeseen operational impacts related to deploying new technology. There are also risks, cost, and operational challenges associated with new technology not working as intended.	• Conduct technology pilot projects • Work with customers and other partners to share the benefit, costs, and risks related to new technology development and deployment • Collaborate closely with IT, operations, and projects teams • Develop a digitization road map • Build on our dedicated innovation team
Power costs (Market)	Power/electricity make up a large portion of Keyera's operating costs and emissions. As Alberta's energy system transitions away from coal power and natural gas and power prices increase, Keyera will likely experience additional costs associated with powering our facilities. Additional renewable capacity has reduced carbon intensity of the Alberta grid power supply, but this has also created volatility in power prices depending on weather, demand, and power availability. This instability creates challenges with accurately forecasting yearly operating costs, which adds uncertainty to our business planning.	• Invest in self-generation, such as cogeneration, which reduces costs, as well as includes the option of selling back to the grid and/or creating carbon credits • Continue to build out our renewable energy partnerships and power purchase agreements, which could include solar and wind. • Execute strategies to reduce the impact of price fluctuation through financial contracts and managing load profile at all sites
Negative sentiment towards the energy industry (Market and Reputation)	As negative sentiment towards the energy industry continues to grow, Keyera and other energy industry players (including Keyera customers, partners and suppliers) could face reputational challenges, including opposition to existing or new projects. Some of these risks – increase regulatory costs, decrease access to capital, increase cost of capital, decrease consumer demand, decrease product availability and changing commodity prices – are described in detail above. Additional risks could include increased social activism, as well as stakeholder or community resistance to Keyera projects or to Keyera activities in general. Keyera could also have challenges with recruitment and retention or could experience supply chain interruptions. These challenges could impact our ability to conduct our operations, increase costs, and disrupt timelines and resourcing.	• Continue to engage in meaningful and constructive dialogue with all stakeholders to enable Keyera to anticipate, understand, and respond appropriately to potential areas of challenge or opposition • Monitor legislative initiatives and regulatory trends across Canada and the U.S. • Monitor stakeholder, community, and public sentiment regarding Keyera, our operations, and the energy industry in general • Include regulatory, market and reputational, impacts in ERM assessments, operational plans, capital expenditures, investments/divestitures, etc. • Invest in lower-emitting technology at our operations • Explore lower-emitting business streams and services • Engage with customers, partners, and government on policy development and energy transition opportunities

Physical risks	Impacts	Mitigation measures
Acute weather events (Physical and Market)	Our facilities are in areas that could be impacted by acute weather events or chronic physical changes. For example, there is the risk of flood at stream crossings, or forest fires or storms near operations. Weather events, extreme heat, and extreme cold could pose safety concerns for workers, could affect the performance and operation of Keyera's facilities, or could cause facility outages or interruption to transportation from suppliers or to market. Weather conditions may also influence Keyera's ability to complete capital projects or facility turnarounds on time and/or on budget, potentially resulting in delays and increasing costs of such capital projects. Weather may also affect the operations and projects of Keyera's customers and suppliers.	• Consider physical risks as part of infrastructure design and facility management, such as creating fire breaks around our facilities • Conduct routine inspections and maintenance • Develop robust emergency response plans and business continuity plans to help staff prepare and manage weather events • Put protocols in place for working in severe weather, such as extreme cold/heat and lightning storms • Consider potential weather impacts to schedule for capital projects, and ensure schedules have sufficient float and/or cost contingency
Chronic weather changes (Physical and Market)	Changes in the global temperatures and weather variability could have an impact on the demand for our products. For example, warmer temperatures could impact demand for propane. Volatile temperatures could also lead to volatile commodity pricing, which could have both positive and negative impacts on our marketing division, as well as on the activities of our customers. Prolonged droughts could impact our ability to access water for our operations.	• Actively use and expand storage facilities and manage produced inventories • Incorporate weather and commodity use predictions in planning • Use financial and physical contracts to mitigate the commodity price risks associated with inventories • Execute strategies designed to reduce the impact of climate-related pricing swings • Create diversified product offerings • Secure multiple water sources where possible

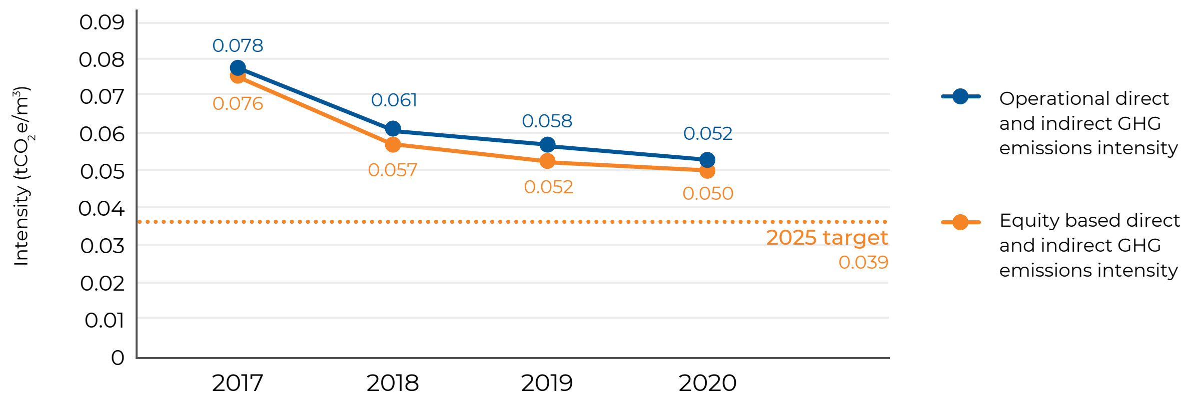
OUR PERFORMANCE

Emissions metrics

As we drive toward achieving our GHG targets, we are committed to continued transparency and performance improvement.

Keyera has been tracking, reporting, and focusing on our emissions performance for over a decade. These efforts have resulted in reductions in the total scope 1 and scope 2 emissions intensity of 35 percent from 2017 to 2020. With our new GHG targets in place, our focus and commitment will continue to accelerate.

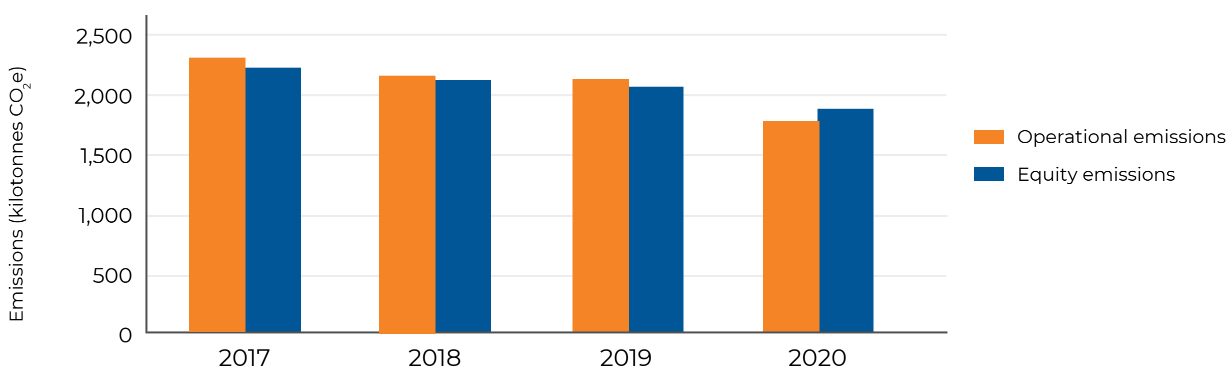
Emissions intensity



Since beginning our carbon reduction efforts, we have achieved significant improvements in our overall emissions intensity. During this time, we invested in operational and emissions efficiencies, while also experiencing increased volumes through our assets. From 2017 to 2020, Keyera's equity-based scope 1 and 2 emissions intensity decreased by 35 percent.

From our 2019 GHG target baseline year, our total equity-based scope 1 and 2 emissions intensity decreased by five percent. These improvements were primarily due to the implementation of our Gathering & Processing optimization plan and decrease in emissions associated with electricity supplied by Alberta's electricity grid.

Absolute emissions



From an absolute basis, Keyera's scope 1 and scope 2 equity-based emissions decreased 15 percent from 2017 to 2020. This is approximately 81,000 tonnes of carbon dioxide equivalent annually. As it relates to 2019 to 2020 performance, our total absolute emissions decreased by 10 percent. Absolute direct emissions decreased by two percent and absolute indirect emissions decreased by 35 percent.

Emissions and energy	2017	2018	2019	2020	SASB Code
Equity					
Scope 1 GHG emissions (TonnesCO_2e)[1]	1,655,481	1,581,787	1,630,624	1,592,856	EM-MD-110a.1
Scope 2 GHG emissions (TonnesCO_2e)[1]	582,273	567,418	491,323	318,128	N/A
Scope 1 and 2 GHG emissions (TonnesCO_2e)[1]	2,237,755	2,149,206	2,121,947	1,910,984	N/A
Scope 1 and 2 GHG emissions intensity (tCO_2e/m^3)[1]	0.0763	0.0570	0.0521	0.0495	N/A
Operational					
Scope 1 GHG emissions (TonnesCO_2e)[1 2]	1,674,218	1,581,766	1,631,228	1,503,598	EM-MD-110a.1
Scope 2 GHG emissions (TonnesCO_2e)[1]	593,940	588,294	505,271	304,913	N/A
Scope 1 and 2 GHG emissions (TonnesCO_2e)[1]	2,268,158	2,170,060	2,136,499	1,808,511	N/A
Scope 1 and 2 GHG emissions intensity (tCO_2e/m^3)[1]	0.0780	0.0612	0.0579	0.0517	N/A
Percentage of direct GHG emissions covered under regulatory programs	94%	94%	93%	100%	EM-MD-110a.1
Percentage of direct GHG emissions verified by third party	74%	72%	64%	93%	N/A
Carbon dioxide (CO_2) emissions (Tonnes)	1,592,177	1,504,836	1,538,464	1,403,334	N/A
Nitrous oxide (N_2O) emissions (Tonnes)	39	40	39	70	N/A
Methane (CH_4) emissions (Tonnes)	2,820	2,599	3,241	3,172	EM-MD-120a.1
Percentage methane	4%	4%	5%	5%	EM-MD-120a.1
Carbon sequestered at major facilities (Tonnes)[3]	68,919	54,634	56,007	64,508	N/A
Offsets received (TonnesCO_2e)[4]	72,766	49,967	40,822	45,162	N/A

1 Only includes limited US operations emissions data for 2017.
2 2018 data has been updated since the 2020 ESG Performance Summary due to a regulatory reporting change.
3 Represents carbon dioxide sequestered through acid gas injections (AGI) operations.
4 Refers to Alberta government issued Emissions Performance Credits (EPCs). The figure for 2020 reflect submitted EPCs that are still pending regulatory approval.

Another performance highlight of 2020 was the increase in carbon sequestered from our operations from 2019 to 2020. Keyera added acid gas injection units at two of our Gathering & Processing facilities in 2019, which began to stabilize and achieve efficiency in 2020. This resulted in a 15 percent increase in carbon sequestered from our operations from 2019 to 2020.

"We continuously strive to find new ways to enhance operational performance and maximize our efficiency. This enables us to improve our emissions intensity and reduce operating costs for our business and our customers."

Jarrod Beztilny
Senior Vice President, Operations and Engineering

Managing fugitive emissions

While not a significant component of our operational emissions inventory, we actively monitor and reduce methane emissions, including fugitive emissions. Our Fugitive Emission Management Program (FEMP) consists of multiple site surveys per year, as well as a Leak Detection and Repair protocol, which uses infrared cameras to detect and address fugitive emissions sources. Keyera applies different techniques, including enhanced facility design and construction, retrofits and operational controls, to improve equipment inventories and limit fugitive emissions.

METRICS

Next steps in our climate journey

Keyera will continue to share our performance against our new GHG targets and ensure that our disclosures evolve with changing stakeholder needs. As part of our commitment to continuous improvement, we will monitor global emissions frameworks and standards, including those of the Science Based Targets initiative (SBTi) and the recently announced International Sustainability Standards Board (ISSB).

We will also continue to collaborate with our partners, customers, and stakeholders to understand the scope 3 emissions and GHG reduction opportunities within our extended value chain.

TCFD alignment

This report follows the guidance and recommendations provided by the Task Force on Climate-Related Financial Disclosures (TCFD).

TCFD alignment		
Governance	Describe the board's oversight of climate-related risks and opportunities.	Pages 28-30
	Describe management's role in assessing and managing climate-related risks and opportunities.	Page 31
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Pages 34-37
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Pages 9-27
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 27
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	Pages 32-33
	Describe the organization's processes for managing climate-related risks.	Pages 32-37
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Pages 32-33
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 38-40
	Disclose scope 1 and scope 2 emissions.	Pages 38-40
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Pages 21-24

Advisories

Forward-looking statements and information

This report contains forward-looking statements. These statements relate to future events or Keyera's future performance. Such statements are predictions only and actual events or results may differ materially. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "plan", "intend", "believe", and similar words or expressions, including the negatives or variations thereof. All statements other than statements of historical fact contained in this report are forward-looking statements. The forward-looking statements reflect Keyera's beliefs and assumptions with respect to such things as the outlook for general economic and market trends and conditions, industry and ESG trends, the integrity and reliability of Keyera's assets, and the governmental, regulatory, and legal environment. In some instances, this report may also contain forward-looking statements attributed to third parties.

In particular, this report contains forward-looking statements pertaining to, without limitation: plans, targets, and strategies with respect to reducing greenhouse gas and other emissions and anticipated reductions in our emissions levels; plans and strategies to improve our utilization, efficiencies and performance; our ESG plans and their implementation generally; future opportunities related to LNG, low carbon and emission reduction service opportunities, alternative hydrocarbon production, and carbon capture and sequestration; potential impacts of the COVID-19 pandemic; our reporting and monitoring systems, including improvements related thereto; programs in respect of workplace safety, operational excellence, asset integrity, and other improvements including to our health and safety programs; our health and safety performance as well as that of our service providers, including plans to enhance or improve such performance; our approach to engaging with stakeholders, including, without limitation Indigenous and Tribal stakeholders; plans to further develop our community investment; and anticipated community and economic benefits for community and Indigenous stakeholders related to certain projects including, without limitation, our KAPS pipeline project, current, and anticipated land management (including reclamation) and biodiversity programs, including strategies for management, data collection, and reporting in respect thereof; current and anticipated strategies in respect of water management, data collection, and reporting.

Undue reliance should not be placed on these forward-looking statements and information as they are based on assumptions made by Keyera as of the date hereof regarding, among other things: oil and gas industry exploration and development activity levels; commodity prices; availability of capital and industry and market conditions; the availability and efficacy of various technologies; the success of our operations including, without limitation, our gathering and processing facility optimization efforts; that future results of our operations and related activities will be consistent with past performance and/or anticipated performance and management expectations related thereto; availability of individuals with skills required to execute on our business objectives and strategy; general compliance with Keyera's plans, strategies, programs, and goals across its reporting and monitoring systems among our employees, stakeholders, and service providers; our ability to successfully engage Indigenous and Tribal stakeholders in consultation and partnering efforts; the success of growth projects including, without limitation, our KAPS project; and existing regulatory, tax, environmental, and other laws and regulations.

While Keyera believes the expectations and assumptions reflected in these forward-looking statements are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Forward-looking statements are subject to known and unknown risks and uncertainties which may cause actual performance and financial results to differ materially from the results expressed or implied, including but not limited to: our ability to implement our strategic priorities and business plan and achieve the expected benefits; the strength and operations of the oil and natural gas industry and related commodity prices and market conditions; Indigenous and landowner consultations and related requirements; reliance on third parties to successfully operate and maintain certain assets; shortages or disruptions in the availability of labour, human capital, and/or materials; actions by governmental and regulatory authorities, including changes in regulatory processes or increased environmental regulation; fluctuations in operating results; adverse general economic and market conditions in Canada, North America, and elsewhere; risks related to the current and potential impacts of the COVID-19 pandemic and depressed commodity prices; constraints on, or the unavailability of, adequate infrastructure and technology; ongoing global supply chain constraints; changes in the political environment in Canada, North America, and elsewhere, ability to access sources of financing including debt and equity; the effectiveness of our existing and planned ESG and risk management programs; ability to expand, update, and adapt our infrastructure on a timely and effective basis; changes in credit ratings; technology and security risks including cyber-security risks; and natural catastrophes.

Additional information on these factors as well as other risks that could impact Keyera's operational and financial results are contained in Keyera's AIF and annual management discussion and analysis (MD&A) for the year ended December 31, 2020, our interim MD&A for the three and nine months ended September 30, 2021 and described in our public filings available in Canada at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, Keyera assumes no obligation to update forward-looking statements and information should circumstances or management's expectations, estimates, projections, or assumptions change. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Contact

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