KEYERA CORP.

ANNUAL INFORMATION FORM

February 10, 2021

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The information in this AIF is given as of December 31, 2020 unless otherwise indicated. All dollar amounts set forth in this AIF are in Canadian dollars unless otherwise indicated. Capitalized terms and industry terms used herein without definition have the respective meanings set forth in the Glossary.

GLOSSARY

In this AIF, unless the context otherwise requires, the following terms have the indicated meanings. A reference to an agreement means the agreement as amended, supplemented or restated from time to time.

"**2020 Financial Statements**" means the Corporation's audited annual consolidated financial statements as at and for the year ended December 31, 2020, copies of which are available on the Corporation's SEDAR profile at www.sedar.com;

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time, and the regulations thereunder;

"**acid gas**" means H_2S or CO_2 or a combination of H_2S and CO_2 which are referred to as acid gases because they form acids or acidic solutions in the presence of water;

"**acid gas injection**" refers to the injection of acid gas into underground geological formations;

"**ADT**" means the Alberta Diluent Terminal;

"**AEF**" means the Alberta EnviroFuels facility;

"**AER**" means the Alberta Energy Regulator;

"**AIF**" means this Annual Information Form;

"**Board of Directors**" or "**Board**" means the board of directors of the Corporation;

"**butane**" means an NGL, the chemical formula of which is C_4H_{10}, used primarily in crude oil and gasoline blending or in the production of iso-octane;

"**CO_2**" means carbon dioxide;

"**CO2e**" means carbon dioxide equivalent;

"**Common Shares**" means the common shares of the Corporation;

"**Computershare**" means Computershare Trust Company of Canada;

"**condensate**" means a mixture of hydrocarbons consisting primarily of pentanes and heavier liquids usually produced with or extracted from raw gas;

"**Conduct Policies**" has the meaning set forth under "Environment, Social and Governance Matters – Ethical Business Conduct";

"**Corporation**" means Keyera Corp., a corporation formed under the ABCA;

"**Credit Facilities**" has the meaning set forth under "Capital Structure of the Corporation – Credit Facilities";

"**CUSMA**" means the *Canada-United States-Mexico Agreement* between Canada, the U.S. and Mexico;

"**DBRS**" means DBRS Limited;

"**dilbit**" means bitumen that is blended with a diluent, such as condensate, in order to reduce viscosity and density of the bitumen for pipeline transportation;

"**diluent**" means a lower density fluid that is blended with heavy oil or bitumen in order to reduce viscosity and density for pipeline transportation (condensate is a commonly used diluent for pipeline transportation of heavy oil or bitumen);

"**distributable cash flow**" means the cash flow available for distribution to Shareholders as dividends as described under "Dividends";

"**ethane**" means an NGL, the chemical formula of which is C_2H_6, used primarily as a feedstock to the petrochemical industry and in enhanced oil recovery projects;

"**First Preferred Shares**" means the first preferred shares of the Corporation, as more particularly described under "Capital Structure of the Corporation – Preferred Shares";

"**First Supplemental Note Indenture**" means the first supplemental note indenture issued under the Note Indenture dated June 13, 2019;

"**gas products**" means NGLs, sulphur and any other commercial substances that may be extracted from raw gas;

"**H_2S**" means hydrogen sulphide;

"**hydrocarbons**" means organic compounds containing a mixture of carbon and hydrogen;

"**inlet separation**" means the initial stage of processing within a natural gas processing plant where the incoming raw gas stream enters a vessel and any free liquids such as water and NGLs are removed from the gas stream before it is further processed;

"**iso-octane**" is a low vapour pressure, high octane, gasoline blending component;

"**KAPS**" means the Key Access pipeline system, a NGL and condensate pipeline system that is planned transport Montney and Duvernay production in northwestern Alberta to Keyera's fractionation assets and condensate system in Fort Saskatchewan, Alberta;

"**KEI**" means Keyera Energy Inc., a corporation formed under the laws of the State of Delaware and a wholly-owned subsidiary of the Corporation;

"**Keyera**" means the Corporation and, unless the context requires otherwise, includes its subsidiaries;

"**Keyera Medium Term Notes**" means, collectively, the Medium Term Notes, Series 1 and the Medium Term Notes, Series 2;

"**KFS**" means the Keyera Fort Saskatchewan facilities described under "Business of Keyera – Liquids Infrastructure Business Segment";

"**lean oil recovery**" is an NGL recovery process that utilizes a light oil in contact with incoming raw gas to absorb NGLs from the raw gas stream and to meet raw gas specifications;

"**LIBOR**" means London Inter-Bank Offered Rate;

"**license capacity**" means the maximum permissible raw gas inlet volume for a gas plant as determined by the plant license granted by the AER or the British Columbia Oil and Gas Commission;

"**Medium Term Notes, Series 1**" means the $400 million aggregate principal amount of medium term notes of Keyera issued June 21, 2018 pursuant to the Note Indenture;

"**Medium Term Notes, Series 2**" means the $400 million aggregate principal amount of medium term notes of Keyera issued May 29, 2020 pursuant to the Note Indenture;

"**NGL**" or "**NGLs**" means natural gas liquids, consisting of any one of ethane, propane, butane, condensate and pentanes, or any combination thereof;

"**Note Agreements**" has the meaning set forth under "Capital Structure of the Corporation – Senior Unsecured Notes";

"**Note Indenture**" means the trust indenture dated June 21, 2018 among the Corporation, certain of its subsidiaries and Computershare providing for the issuance of notes;

"**NOx**" means nitrous oxide;

"**OEMS**" means the Corporation's Operational Excellence Management System as further described in "Environment, Social and Governance Matters – Environmental Programs";

"**operating margin**" means operating revenues less operating expenses and general and administrative expenses associated with the Marketing segment, and does not include the elimination of inter-segment transactions. For additional information, see the 2020 Financial Statements;

"**Ovintiv**" means Ovintiv Inc.;

"**Partnership**" means Keyera Partnership, a general partnership organized under the laws of the Province of Alberta, all of the interests of which are directly and indirectly owned by the Corporation;

"**pentane**" means a hydrocarbon, generally a liquid at atmospheric conditions, the chemical formula of which is C_5H_{12};

"**Preferred Shares**" means the First Preferred Shares and Second Preferred Shares or any one of them;

"**Premium DRIP**" means the Premium Dividend™ and Dividend Reinvestment Plan adopted by the Corporation, as further described in "Dividends – Premium DRIP";

"**propane**" means an NGL, the chemical formula of which is C_3H_8, used for heating, crop drying, motor fuel and as a feedstock for the petrochemical industry in the manufacture of ethylene and propylene;

"**raw gas**" means natural gas before it has been subjected to any processing that may be required for it to become suitable for sale;

"**RBOB**" means reformulated gasoline blendstock for oxygenate blending;

"**refrigeration**" is an NGL recovery process that utilizes a refrigerant as a means to cool incoming raw gas in order to extract NGLs from the raw gas stream;

"**Rights Plan**" means the shareholder rights plan adopted by the Corporation as more particularly described under "Capital Structure of the Corporation – Shareholder Rights Plan";

"**Rimbey LP**" means Rimbey Pipeline Limited Partnership, a limited partnership formed pursuant to the laws of Manitoba, all of the interests of which are directly and indirectly owned by the Corporation;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies;

"**sales gas**" means saleable natural gas after it has been treated in a natural gas processing facility to remove water vapour, inert gases, CO_2, H_2S and NGLs and is comprised primarily of methane with small amounts of ethane and other NGLs;

"**Second Preferred Shares**" means second class of preferred shares of the Corporation, as more particularly described under "Capital Structure of the Corporation – Preferred Shares";

"**Senior Unsecured Notes**" has the meaning set forth under "Capital Structure of the Corporation – Senior Unsecured Notes";

"**Shareholder**" means a holder of Common Shares;

"**sour gas**" means natural gas that contains an amount of H_2S in excess of the content permitted in gas to be transported on sales gas pipelines, or which the AER considers to be sour gas;

"**specification NGLs**" means saleable ethane, propane, butane or condensate that meet the specifications for those products established by industry associations;

"**Subordinated Hybrid Notes**" means the $600 million of fixed-to-floating rate subordinated notes of the Corporation issued on June 13, 2019 pursuant to the First Supplemental Note Indenture;

"**subsidiary**" means, in relation to any person or entity, any corporation, partnership, trust, joint venture, association or other entity of which more than 50% of the total voting power of shares or units of ownership or beneficial interest entitled to vote in the election of directors (or members of a comparable governing body) is owned or controlled, directly or indirectly, by such person or entity;

"**sulphur**" means a yellow mineral extracted from natural gas which is used in the manufacture of fertilizer, pharmaceuticals and other products;

"**sulphur recovery**" means the process within a natural gas processing facility whereby natural gas containing hydrogen sulphide undergoes a series of chemical reactions to isolate elemental sulphur;

"**sweet gas**" means natural gas that is not sour gas;

"**take-or-pay**" means a customer's obligation to a minimum revenue or volume commitment;

"**TC Energy**" means TC Energy Corporation;

"**TDG**" means the transportation of dangerous goods;

"**throughput**" means: with respect to a gas plant, inlet volumes processed (including any off-load or reprocessed volumes); with respect to a pipeline, the estimated gas or liquid volume transported therein; and with respect to NGL processing facilities, the volume of inlet NGLs processed;

"**TSX**" means the Toronto Stock Exchange;

"**turbo expansion**" is an NGL recovery process that utilizes the expansion and subsequent cooling of incoming raw gas to extract a high percentage of NGLs from the raw gas to meet or exceed sales gas specifications;

"**U.S.**" means the United States of America;

“**utilization rate**” means: with respect to a gas plant, throughput divided by license capacity; with respect to a pipeline, throughput divided by the estimated pipeline capacity; and with respect to other facilities which do not have a specified license capacity, throughput divided by the estimated capacity of such facility; in all cases expressed as a percentage;

“**WCSB**” means the Western Canada Sedimentary Basin; and

“**WTI**” means West Texas Intermediate, a grade of crude oil used as a benchmark in oil pricing.

ABBREVIATIONS

In this AIF, the following abbreviations have the meanings set forth below:

Bbl and Bbls	Barrel and barrels, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons
Bbls/d	Barrels per day
Kilotonne	One thousand tonnes
Mcf/d	Thousand standard cubic feet per day
MMcf/d	Million standard cubic feet per day
tonne	One thousand kilograms

FORWARD LOOKING INFORMATION

To provide readers with information regarding Keyera, including its assessment of future plans and operations, its financial outlook and future prospects overall, this AIF contains certain statements that constitute “forward-looking information” within the meaning of applicable Canadian securities legislation (collectively, “forward-looking information”). Forward-looking information is 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 document are forward-looking information, including, without limitation, statements regarding:

- industry, market and economic conditions and any anticipated effects on Keyera;
- Keyera’s future financial position and operational performance;
- future dividends;
- business strategy, anticipated growth and plans of management;
- budgets, including future capital, operating or other expenditures and projected costs;
- estimated utilization rates and throughputs;
- expected costs, in-service dates and schedules for capital projects (including projects under construction/development);
- anticipated timing for future revenue streams;
- treatment of Keyera and its projects under existing and proposed governmental regulatory regimes;
- the operation and effectiveness of risk management programs;
- expected outcomes with respect to legal proceedings and potential insurance recoveries;
- expectations regarding Keyera’s ability to maintain its competitive position, raise capital and add to its assets through acquisitions or internal growth opportunities;
- expectations as to the financial impact of Keyera’s compliance with future environmental and carbon tax regulation; and
- the expected impact of the COVID-19 pandemic on Keyera and the economy generally.

All forward-looking information reflects Keyera’s beliefs and assumptions based on information available at the time the applicable forward-information is made and in light of Keyera’s current expectations with respect to such things as the outlook for general economic trends, industry trends, commodity prices, Keyera’s access to the capital markets and the cost of raising capital, producer and customer activity levels, the integrity and reliability of Keyera’s assets, and the governmental, regulatory and legal environment. For all construction projects, estimated completion times and costs assume that construction proceeds as planned on schedule and on budget and that, where required, all regulatory approvals and other third-party approvals or consents are received on a timely basis. In some instances, this AIF may also contain forward-looking information attributed to third parties. Forward-looking information does not guarantee future performance. Management believes that its assumptions and expectations reflected in the forward-looking information contained herein are reasonable based on the information available on the date such information is provided and the process used to prepare the information. However, it cannot assure readers that these expectations will prove to be correct.

All forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking information. Such risks, uncertainties and other factors include, without limitation, the following:

- Keyera’s ability to implement its strategic priorities and business plan and achieve the expected benefits;
- general industry, market and economic conditions;
- activities of customers, producers and other facility owners;
- operational hazards and performance;
- the effectiveness of Keyera’s risk management programs;
- competition;

- changes in commodity composition and prices, inventory levels, supply/demand trends and other market conditions and factors;
- processing and marketing margins;
- climate change risks, including the effects of unusual weather and natural catastrophes;
- climate change effects and regulatory and market compliance and other costs associated with climate change;
- variables associated with capital projects, including the potential for increased costs, timing, delays, cooperation of partners, and access to capital on favourable terms;
- fluctuations in interest, tax and foreign currency exchange rates;
- counterparty performance and credit risk;
- changes in operating and capital costs;
- cost and availability of financing;
- ability to expand, update and adapt infrastructure on a timely and effective basis;
- decommissioning, abandonment and reclamation costs;
- reliance on key personnel and third parties;
- relationships with external stakeholders, including Indigenous stakeholders;
- technology, security and cybersecurity risks;
- potential litigation and disputes;
- uninsured and underinsured losses;
- ability to service debt and pay dividends;
- changes in credit ratings;
- reputational risks;
- changes in environmental and other laws and regulations;
- actions by governmental authorities;
- global health crises, such as pandemics and epidemics, including the COVID-19 pandemic and the unexpected impacts related thereto;

and other risks, uncertainties and other factors, many of which are beyond the control of Keyera, and some of which are discussed under "Risk Factors" in this AIF. Further, because there is interconnectivity between many of the risks Keyera faces, it is possible that different constellations of risk could materialize which could result in unanticipated outcomes or consequences.

Readers are therefore cautioned that the foregoing list of important factors is not exhaustive and they should not unduly rely on the forward-looking information included in this AIF. Further, readers are cautioned that the forward-looking information contained herein is made as of the date of this AIF. Unless required by law, Keyera does not intend and does not assume any obligation to update any forward-looking information. All forward-looking information contained in this AIF is expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking information and management's assumptions and analysis thereof, is available in filings made by Keyera with Canadian provincial securities commissions available on SEDAR at www.sedar.com.

PRESENTATION OF FINANCIAL INFORMATION

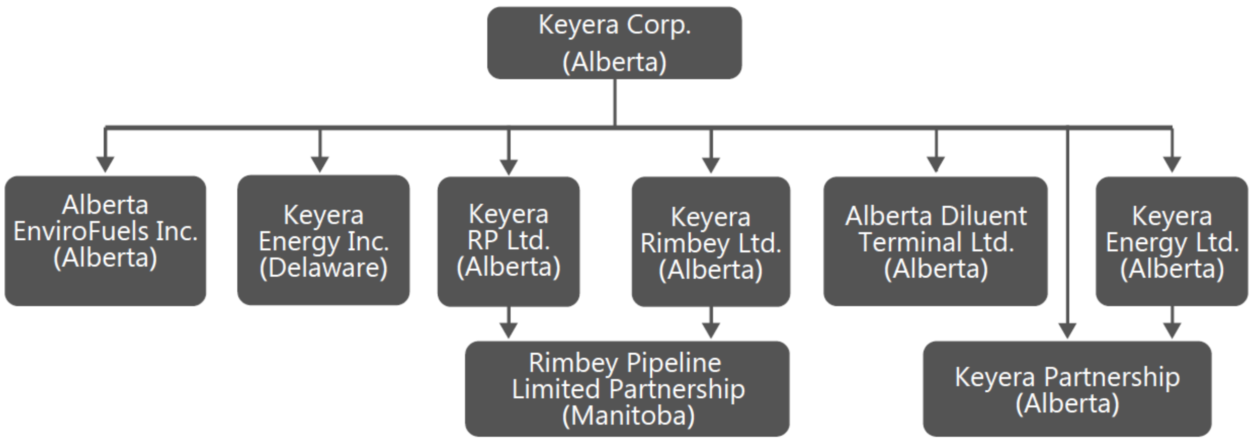
This AIF refers to certain financial measures that are not determined in accordance with Canadian generally accepted accounting principles applicable to publicly traded companies ("**GAAP**"), also known as International Financial Reporting Standards. The supplemental, non-GAAP financial measures that Keyera uses to assess and explain its financial performance in this AIF include the following:

Measure	Definition	Use
distributable cash flow	cash flow from operating activities adjusted for changes in non-cash working capital, inventory write-downs, maintenance capital expenditures and lease payments	used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends
realized margin	operating margin excluding the effect of unrealized gains and losses from commodity related risk management contracts	used to assess the financial performance of Keyera's ongoing operations without the effect of unrealized gains and losses on commodity related risk management contracts related to future periods

Keyera believes that these non-GAAP measures are useful supplemental metrics to help facilitate an understanding of Keyera's financial performance. However, investors are cautioned that these measures should not be construed as alternatives to "net earnings" and "cash flow from operating activities" determined in accordance with GAAP as an indication of Keyera's performance. Investors are also cautioned that these measures may not be comparable with measures provided by other public corporations or entities.

DESCRIPTION OF THE STRUCTURE OF KEYERA

The Corporation is a corporation formed under the ABCA and whose Common Shares trade on the TSX under the symbol "KEY". Its registered office and head office are located at 200, 144 – 4th Avenue SW, Calgary, Alberta T2P 3N4. The articles and bylaws of the Corporation are available on SEDAR at www.sedar.com and on the Corporation's website at www.keyera.com. The Corporation directly or indirectly owns 100% of the voting interests in its operating subsidiaries. The following diagram[1] sets out the name and jurisdiction of the significant operating subsidiaries of the Corporation as of the date of this AIF.



The Corporation is the managing partner of the Partnership, Keyera's primary Canadian operating subsidiary. The Partnership owns and operates the majority of Keyera's Canadian assets and businesses. Keyera's only Canadian assets that are not owned by the Partnership are: (i) the Rimbey Pipeline, which is owned and operated by Rimbey LP; and (ii) the ADT, which is owned and operated by Alberta Diluent Terminal Ltd. KEI carries out Keyera's business activities in the U.S.

1. Rimbey Pipeline Limited Partnership owns 100,000 preferred shares of Keyera Energy Ltd.

GENERAL DEVELOPMENT OF THE BUSINESS

Keyera operates an integrated Canadian-based energy infrastructure business with extensive interconnected assets and depth of expertise in delivering energy solutions. See “Business of Keyera” for a description of Keyera’s business. Keyera’s vision is to be the North American leader in delivering energy infrastructure solutions. In support of this vision, Keyera is committed to its strategy of delivering steady disciplined growth to create long-term value for Shareholders. As part of this strategy, Keyera seeks to:

- focus on customer service;
- maximize utilization of its facilities;
- enhance and extend its integrated value chain; and
- utilize its assets to access high value markets.

Over the last three years, Keyera’s drive to deliver safe, reliable and cost effective operations has been reflected in its operational excellence, cost containment and efficiency optimization efforts. Over this period, Keyera has grown its business by investing approximately $2.82 billion in growth projects and acquisitions, underpinned by fee-for-service contracts. A significant portion of Keyera’s capital investment in the last three years has been focused on developing a strong presence in northwestern Alberta to provide infrastructure solutions to producers actively developing the NGL-rich Montney and Duvernay geological zones in the region. With the recent completion of the Wapiti and Pipestone[2] gas plants and the expansion of the Simonette gas plant, as of December 31, 2020, Keyera had approximately 950 MMcf/d of gas processing capacity and 90,000 Bbls/d of condensate stabilization capacity servicing customers with operations in these zones. The KAPS pipeline system, which is planned to transport NGLs and condensate from the NGL-rich Montney region to Keyera’s NGL infrastructure in Fort Saskatchewan, Alberta, is currently expected to be operational in 2023. Other key areas of investment have been the continued expansion of Keyera’s industry leading condensate system which delivers key services to oil sands producers, and strategic investments in U.S. NGL and crude oil hubs.

Keyera’s growth strategy has been coupled with discipline in maintaining a conservative financial structure and maintaining its dividends. As part of Keyera’s prudent approach to managing its balance sheet, over the past three years it has extended its credit facility, raised gross proceeds of $800 million through the 2018 and 2020 public offerings of the Keyera Medium Term Notes, raised gross proceeds of $600 million through the 2019 public offering of the Subordinated Hybrid Notes, and raised approximately $500 million through its Premium DRIP (suspended on April 22, 2020: see “Dividends – Premium DRIP”). Since the beginning of 2018, Keyera has increased its dividend twice and maintained two investment grade issuer credit ratings. For additional information on these matters, see “Dividends” and “Capital Structure of the Corporation”.

Grounded in its overall business strategy, Keyera considers a number of factors when evaluating capital projects and acquisitions, including: (i) ability to complement Keyera’s capabilities and competitive advantages; (ii) contracts that provide secure long-term cash flow; (iii) ability to contribute an appropriate risk/reward to Keyera’s capital program; (iv) ability to fund the investment opportunity while preserving financial flexibility; and (v) impact on Environmental, Social and Governance issues. Keyera’s approach to customer service and its experience in joint venture relationships have allowed it to secure contractual underpinnings for its major projects and have provided flexibility in how it is able to deliver these projects.

The following tables highlight some of the key developments in Keyera’s business over the previous three years. See “Business of Keyera” for more information on each of these initiatives, and see “Forward Looking Information” and “Risk Factors” for more information on the factors that could affect the development of projects not yet been completed. For all construction projects, estimated completion times

[2] Currently operated by Ovintiv. See “Business of Keyera – Gathering and Processing Business Segment – Overview of Key Initiatives – Expanding Keyera’s Reach Through Growth Projects” section for additional details.

assume that construction proceeds as planned and that, where required, all regulatory approvals and other third-party approvals or consents are received on a timely basis.

DEVELOPMENTS IN 2018	
Facility/Area	**Description**
Edmonton / Fort Saskatchewan – Keyera Butane System	Keyera placed the butane system into service in early 2018. In the second quarter, Keyera purchased the pipeline system which had been leased since December 2016.
Oklahoma Liquids Terminal	In June 2018, Keyera acquired the Oklahoma Liquids Terminal located near Tulsa, Oklahoma. The terminal receives, blends and delivers diluent, the majority of which is transported by pipeline from the Mont Belvieu, Texas area to the Chicago area and ultimately into the Alberta market.
South Grand Rapids Pipeline	The South Grand Rapids pipeline was completed in September and Keyera acquired a 50% interest in the pipeline and sold a 50% interest in the South Grand Rapids pump station. The Keyera-operated pipeline extends from Keyera's Edmonton Terminal to TC Energy's Heartland Terminal near Fort Saskatchewan, Alberta.
Bellatrix O'Chiese Nees-Ohpawganu'ck ("Alder Flats") Gas Plant	Bellatrix, as operator of this plant, completed construction of the Phase 2 plant expansion in March 2018, which increased the licensed gas processing capacity of the facility by 120 MMcf/d to 230 MMcf/d.
Keylink Pipeline	Keyera's Keylink NGL gathering pipeline system became operational in April 2018, connecting eight of Keyera's gas plants to the Rimbey gas plant for fractionation into specification products. Later in the year, additional connections were completed to third party gas plants.
Hull Terminal Pipeline System	In April 2018, the pipeline system was completed and placed into service. This system provided Keyera with pipeline connections between Keyera's Hull Terminal and Mont Belvieu, Texas.
Pipestone Development and Midstream Service Agreement	In April 2018, Keyera entered into a 20-year infrastructure development and midstream service agreement with Encana Corporation (now Ovintiv) to develop the Pipestone condensate hub and a natural gas processing and NGL stabilization plant near Grande Prairie, Alberta.
Base Line Terminal	Throughout 2018, Kinder Morgan completed construction and placed the remaining eight tanks into service. This above-ground crude storage project has 12 tanks, providing 4.8 MMbls of storage capacity.
Simonette Liquids Handling Expansion Project	In May 2018, commissioning and start-up of the storage, truck loading and stabilization facilities commenced. The condensate operational capacity at the Simonette gas plant is approximately 27,000 Bbls/d.
Keyera Fort Saskatchewan – Storage Expansion	The 15th cavern was completed and put into service in May 2018.
DEVELOPMENTS IN 2019	
Simonette Inlet Handling Improvements & Acid Gas Injection System	The inlet NGL separation facilities and flare system were completed and commenced operations in March 2019, and the acid gas injection facilities became operational in July 2019.
Simonette Gas Plant Expansion	The Simonette gas plant expansion became operational in September 2019 and added an additional 150 MMcf/d of gas processing capacity, bringing total licensed gas processing capacity of the plant to 450 MMcf/d.
Wapiti Gas Plant	In May 2019, Keyera completed and began operating Phase 1 of the Wapiti gas plant, which had 150 MMcf/d of sour gas processing capacity and 25,000 Bbls/d of condensate handling capacity.

Key Access Pipeline System	In May 2019, Keyera and SemCAMS Midstream ULC (now Energy Transfer Canada ULC) entered into an agreement to develop KAPS, which includes a NGL and condensate pipeline system that is planned to transport Montney and Duvernay production in northwestern Alberta to Keyera's fractionation assets and condensate system in Fort Saskatchewan, Alberta.
North Wapiti Pipeline System	This pipeline system began operating in September 2019, extending the capture area of Keyera's Wapiti gas plant.
DEVELOPMENTS IN 2020	
Wapiti Gas Plant	Phase 2 of the Wapiti gas plant was completed in December 2020 and added an additional 150 MMcf/d of sour gas processing capacity.
Solar Power Purchase Agreement	In December 2020, Keyera entered into a 15-year power purchase agreement with Samsung Renewable Energy Inc. to purchase solar power from a 25-megawatt capacity solar generation facility located north of Drumheller, Alberta. The facility is anticipated to begin commercial operation in mid-2022.
Gold Creek Compressor and Gathering System Expansion	This project provided additional compression and included an expansion of the Wapiti gathering system. The compressor station was completed in the first quarter of 2020, and the additional compression and expansion of the Wapiti gathering system was completed at the start of the second quarter of 2020.
Pipestone Gas Plant	The Pipestone gas plant commenced operations in October 2020 and included a total of 200 MMcf/d of sour gas processing capacity with acid gas injection capabilities, 24,000 Bbls/d of condensate processing capacity, and associated water disposal facilities. The associated Pipestone Liquids Hub was acquired from Ovintiv (then Encana Corporation) and put into service in 2018 in conjunction with the parties entering into a 20-year infrastructure development and midstream service agreement, and has 14,000 Bbls/d of condensate processing capacity.
Keyera Fort Saskatchewan – Storage Expansion	The 16th cavern was completed and came into service in April 2020. Washing of the 17th and 18th caverns continued throughout the third quarter of 2020. These caverns are expected to be in service during the second half of 2021 and second half of 2022, respectively.
Suspension of Certain Gas Plant Operations	Throughout 2020, Keyera announced the suspension of operations at the Bigoray, Brazeau North, Minnehik Buck Lake, Nordegg River, Ricinus, and West Pembina gas plants which will occur in 2020, 2021 and 2022.
Wildhorse Terminal	Construction of the Wildhorse Terminal in Cushing, Oklahoma continued to advance and the terminal is expected to be mechanically complete in January 2021 and operational in the mid-2021. The terminal will include 12 above ground tanks with 4.5 million barrels of working storage capacity for crude oil storage and blending.
South Cheecham Sulphur Facilities	Keyera and Enbridge continued development of their sulphur handling, forming, and storage facilities at the South Cheecham rail and truck terminal, with detailed engineering and regulatory activities continuing through 2020. Ownership of the sulphur facilities is expected to be consistent with Keyera and Enbridge's 50/50 ownership of the terminal. The sulphur facilities are expected to be operational in 2022.
Key Access Pipeline System	Keyera continued development of KAPS pipeline system through 2020. In light of prevailing industry and market uncertainty, in April 2020, Keyera announced that, with the support of its customers, the project had been deferred by approximately one year. Engineering and regulatory work continued throughout 2020 with approvals from the AER to proceed with the construction of the main line received in April 2020. KAPS is currently anticipated to be operational in 2023.

BUSINESS OF KEYERA

Overview

Keyera operates an integrated Canadian-based energy infrastructure business with extensive interconnected assets and expertise in delivering energy solutions. Infrastructure businesses operate in the oil and gas sector between the upstream sector, which includes oil and gas exploration and production businesses, and the downstream sector, which includes the refining, distribution and retail marketing of finished products. Keyera is organized into three main integrated business segments[3]:

1. *Gathering and Processing* – Keyera owns and operates raw gas gathering pipelines and processing plants, which collect and process raw natural gas, remove waste products and separate the economic components – primarily NGLs – before the sales gas is injected into pipeline systems for transportation to end-use markets. Keyera also provides condensate handling services through its condensate gathering pipelines and stabilization facilities.
2. *Liquids Infrastructure* – Keyera owns and operates a network of facilities for the gathering, processing, fractionation, storage and transportation of the by-products of natural gas processing, including NGLs in mix form and specification NGLs such as ethane, propane, butane and condensate. In addition, this segment includes Keyera's iso-octane facilities at AEF, its NGL blending facilities and its 50% interest in the crude oil storage facility at Base Line Terminal.
3. *Marketing* – Keyera markets a range of products associated with its two infrastructure business lines, primarily propane, butane, condensate and iso-octane, and also engages in NGL blending activities.

Keyera's Gathering and Processing and Liquids Infrastructure businesses are predominantly fee-for-service, while the Marketing business generates margin from the distribution and sale of products such as NGLs, iso-octane, natural gas and crude oil. While the relative proportion of Keyera's operating margin generated by its fee-for-service segments versus the Marketing segment may vary year over year, Keyera manages its portfolio with a goal of maintaining a high proportion of fee-for-service business over the long-term. Keyera's integrated business model creates a number of synergies between Keyera's two fee-for-service businesses (Gathering and Processing and Liquids Infrastructure) and its Marketing business. As Keyera has grown its two infrastructure businesses, it has often been able to create incremental commercial opportunities for its Marketing business. Keyera's Marketing business is able to access Keyera's infrastructure assets at market rates to facilitate its commercial activities. The following tables set out operating margin and realized margin by segment for the last three years.

[3] Keyera also has a Corporate business segment that is not considered a material part of its business.

Operating Margin ($ thousands)[1]				
Segment	**2018**	**2019**	**2020**	**Three Year Average**
Fee-For-Service[2]				
Gathering and Processing	271,833	293,716	260,251	275,267
Liquids Infrastructure	324,456	376,400	399,624	366,827
Subtotal Fee-for-Service Segments[2]	**596,289**	**670,116**	**659,875**	**642,094**
Marketing	366,230	324,988	277,236	322,818
Other[3]	13,680	9,029	3,427	8,712
Total All Segments	**976,199**	**1,004,133**	**940,538**	**973,624**
Segment Operating Margin as a Percentage of Total Operating Margin[1]				
	2018	**2019**	**2020**	**Average**
Fee-for-Service Segments[2]	61%	67%	70%	66%
Marketing	38%	32%	30%	33%
Other[3]	1%	1%	0%	1%
Total	**100%**	**100%**	**100%**	**100%**
Realized Margin ($ thousands)[1, 4]				
Segment	**2018**	**2019**	**2020**	**Three Year Average**
Fee-For-Service [2]				
Gathering and Processing	272,514	294,380	260,251	275,715
Liquids Infrastructure	325,590	377,256	399,147	367,331
Subtotal Fee-for-Service Segments[2]	**598,104**	**671,636**	**659,398**	**643,046**
Marketing	296,020	372,900	294,617	321,179
Other[3]	13,175	9,191	3,147	8,504
Total All Segments	**907,299**	**1,053,727**	**957,162**	**972,729**
Segment Realized Margin as a Percent of Total Realized Margin[1, 4]				
	2018	**2019**	**2020**	**Average**
Fee-for-Service Segments[2]	66%	64%	69%	66%
Marketing	33%	35%	31%	33%
Other[3]	1%	1%	0%	1%
Total	**100%**	**100%**	**100%**	**100%**

Notes:

(1) See the 2020 Financial Statements and accompanying management's discussion and analysis available on SEDAR at www.sedar.com for a further discussion of operating margin and realized margin.

(2) Includes intersegment transactions.

(3) The "Other" category includes operating margin (net of royalties and operating expenses) from production from oil and gas reserves acquired by Keyera in connection with its acquisition of ownership interests in the Minnehik Buck Lake, West Pembina, Bigoray and Cynthia gas plants. These reserves and associated production are not material to Keyera and Keyera has no plans to drill any additional wells.

(4) Realized margin is a non-GAAP measure. See "Presentation of Financial Information" for definition and use.

In the Gathering and Processing and Liquids Infrastructure businesses, many of the contracts with customers include take-or-pay commitments. In 2020, realized margin from take-or-pay agreements accounted for approximately 40% of total realized margin (approximately 35% in 2019)[4]. Additionally, in the Gathering and Processing business, Keyera has secured, in addition to take-or-pay contracts, area dedications from key producers around the Wapiti and Pipestone gas plants in northwestern Alberta and the Rimbey gas plant.

For a description of Keyera's business strategy, see "General Development of the Business" above. The following map shows Keyera's principal operations in Canada.

[4] Percentages include inter-segment transactions.

Gathering and Processing Business Segment

Description of Gathering and Processing Business

As of the end of 2020, Keyera had ownership interests in 14 active gas plants, all of which are located in Alberta. Keyera operates 11 of the 14 active gas plants[5].

The Gathering and Processing segment includes raw gas gathering systems, raw NGL gathering systems and gas processing plants strategically located in the natural gas production areas on the western side of the WCSB. Several of the gas plants are interconnected by raw gas gathering pipelines, allowing raw gas to be directed to the gas plant best suited to process the gas. In total, Keyera has over 4,400 kilometres of three to twelve-inch diameter gathering pipelines. Collectively, Keyera's gathering and processing facilities constitute a network that is well-positioned in its operating areas to serve exploration and production activity in the WCSB.

Keyera's most recent gas gathering and processing infrastructure additions are located in northwestern Alberta in areas well-positioned to serve producer activity in the NGL-rich Montney and Duvernay geological zones. These new assets include the Pipestone gas plant (which came online in October 2020) and the Wapiti gas plant (which had Phase 1 come online in May 2019 and Phase 2 in December 2020). The Simonette gas plant, which has been in Keyera's portfolio since 2010, finalized its capital expansion program in October 2019. The customer demands for gathering and processing solutions in this area goes beyond gas handling solutions and also require condensate and water handling capabilities. As a result, this asset base has significant fluid separation, condensate stabilization and water handling infrastructure.

In light of the challenges facing the energy industry in Western Canada, Keyera's Gathering and Processing segment embarked on an optimization program for its southern Alberta gas infrastructure. This optimization program is focused on increasing utilization in the south region to approximately 70%, lowering per unit operating costs and Keyera's environmental footprint by reducing CO_2 emissions. This program uses Keyera's interconnected pipeline system to redirect volumes from the plants being shut-in to those that remain in operation. In May 2020, Keyera suspended operations at its Minnehik Buck Lake gas plant, and suspended operations at its West Pembina and Bigoray gas plants in September and October 2020, respectively. The optimization program plan also currently includes suspending operations at Keyera's Ricinus and Brazeau North gas plants in 2021 and the Nordegg gas plant in 2022.

Keyera's Gathering and Processing business charges fees, at market rates, to Keyera's Corporate segment to process its small amount of proprietary natural gas production, and to Keyera's Marketing business for the use of its facilities. In 2020, Keyera's Gathering and Processing business accounted for 15% of Keyera's total revenues (without elimination of inter-segment transactions), 28% of Keyera's total operating margin and 27% of Keyera's total realized margin, compared to 13% of total revenues, 29% of total operating margin and 28% of total realized margin in 2019. Keyera believes operating margin and realized margin provide an accurate portrayal of operating profitability by segment.

[5] Keyera also has interests in four gas plants where operations are currently shut in or where it has currently suspended operations.

The following table provides an overview of the key operating features for each of Keyera's gas processing plants that was active in 2020.

Gas Plant[1]	Ownership Interest (%)[2]	Plant License	Date of Last Turnaround[3]	Licensed Capacity[4][5] (MMcf/d)	Average Annual Daily Throughput [4][5] (MMcf/d)	Facilities										
						Inlet Separation	Compression	Gas Sweetening	NGL Recovery [6]	NGL Fractionation	Condensate Stabilization	Oil Battery	Acid Gas Injection	Sulphur Recovery	NGL Truck and/or Rail Handling[7]	Other Features
NORTHERN GAS PLANTS																
Pipestone	99.9	Sour	N/A	200	33.6	•			RFG		•			•	T	
Wapiti	100	Sour	N/A	300	77	•			RFG		•		•		T	Cogeneration
Simonette	100	Sour	2017	450	187.6	•	•	•	RFG		•		•		T	
Edson	22	Sour	2014	375	109.1	•	•	•	LO		•			•	T	Sulphur Recovery Sulphur Block Cogeneration
SOUTHERN GAS PLANTS																
Pembina North	100	Sour	2019	43	15.4	•	•	•	RFG			•	•			
Cynthia	94	Sour	2019	78	47.3	•	•	•	TE		•	•	•			Power Generation
Zeta Creek	60	Sweet	N/A	54	14.1	•	•		RFG		•				T	
Rimbey	99	Sour	2019	422	231	•	•	•	TE	•	•			•	T/R	Cogeneration
Strachan	100	Sweet	2018	275	106.6	•	•		TE		•			•	T	
Ricinus[10]	71	Sweet	2019	221	54.7	•	•		TE							
Brazeau River[8]	94	Sour	2015	218	123	•	•	•	RFG		•		•		T	
Nordegg River[8][10]	89	Sour	2016	75	61.8	•	•	•	RFG		•		•		T	
Brazeau North[10]	100	Sweet	2018	50	18.7	•	•		RFG		•	•				
Alder Flats[11]	70	Sweet	2017	226	124.6	•			TE		•				T	
PLANTS SUSPENDED IN 2020																
Bigoray[9]	100	Sour	2015	81	17	•	•	•	TE			•	•			
West Pembina[9]	83	Sour	2014	145	47.7	•	•		LO		•			•		
Minnehik Buck Lake[9]	80	Sour	2015	160	5.1	•	•	•	TE		•			•	T	Cogeneration

Notes:

(1) Keyera is the operator of all the gas plants listed except: (a) Edson, which is operated by Repsol Canada Energy Partnership, (b) Alder Flats (formally known as "O'Chiese Nees-Ohpawganu'ck"), which is operated by Spartan Delta, and (c) Pipestone, which is operated by Ovintiv for the first five years of operation (i.e. until 2026). Keyera also has a 36% ownership interest in the Gregg Lake-Obed Pipeline system, a 129-km sour gas pipeline system operated by Energy Transfer Canada (previously SemCAMS) that originates in the Hinton area and connects to the Kaybob 3 gas plant. Keyera is also the sole owner of the Caribou gas plant which suspended operations in December 2015.

(2) Ownership interest as at December 31, 2020, rounded to the nearest whole number.

(3) Turnaround cycles are typically six years for sweet gas plants and four years for sour gas plants.

(4) Information in these columns: (a) is presented as at December 31, 2020; (b) represents total gross capacity and throughput (not only Keyera's net capacity); and (c) has been rounded to the nearest whole number. The average annual daily throughput is calculated based on the total annual throughput for the facility divided by 365 days.

(5) Actual available processing capacity at each plant is often less than the licensed capacity depending on a number of factors, including the capacity of various functional units, operating conditions and gas composition. The difference between licensed capacity and actual operating capacity may be more significant where plant operating conditions or actual gas compositions differ significantly from original plant or equipment design. At Ricinus, while the licensed capacity is 221 MMcf/d, one of the NGL processing trains, with a capacity of approximately 97 MMcf/d, is not currently operational. See "Risk Factors – Operational Risks".

(6) TE – turbo expansion, LO – lean oil recovery, RFG – refrigeration. In the past, modifications to the refrigeration systems have been completed at the Brazeau River, Nordegg River and Pembina North gas plants to enhance recoveries.

(7) R – NGL rail handling facilities, T – NGL truck handling facilities.

(8) Acid gas from Nordegg River is delivered to the Brazeau River gas plant for acid gas injection.

(9) The Minnehik Buck Lake, West Pembina and Bigoray gas plants suspended operations in May, August and September 2020, respectively.

(10) Operations at the Brazeau North and Ricinus gas plants are scheduled to be suspended in 2021 and the operations at the Nordegg River gas plant are scheduled to be suspended in 2022.

(11) The reference to 70% reflects Keyera's working interest in the Alder Flats plant and associated gathering pipelines. When including working interest ownership in the associated fuel gas line, Keyera's overall working ownership interest across all functional units covered under the project agreements is approximately 64%.

Overview of Key Initiatives

Over the past few years, Keyera's business strategy in its Gathering and Processing segment has focused on: (i) optimization of Keyera's Southern gas processing assets; (ii) expanding its infrastructure in the prolific Montney and Duvernay geological zones; and (iii) cost effective and reliable service delivery. Examples of how Keyera has been implementing these strategies are outlined below.

1. Optimization of Keyera's Southern Gas Processing Assets

Due to reduced exploration and production activity around the southern gas processing assets, Keyera embarked on an optimization program to "right-size" its southern infrastructure for the next decade. This program utilizes Keyera's pipeline interconnectivity to process current and future production at fewer gas plants. Keyera expect to see utilization rates climb from 50% to 70% at its southern gas plants, which is anticipated to have a corresponding benefit of lowering Keyera's overall operating and maintenance costs. The following table outlines the gas plants in this program.

Gas Plant	Timing of Suspension
Minnehik Buck Lake	May 2020
West Pembina	September 2020
Bigoray	October 2020
Ricinus	Mid-2021
Brazeau North	Mid-2021
Nordegg	2022

The primary objectives of this program are to:

- increase earnings from competitive market-based fees;
- improve customer netbacks through better integrations with the Liquids Infrastructure and Marketing segments;
- increase market share through Keyera's competitive advantage of interconnected network of plants and low-cost structure; and
- reduce CO_2 emissions by approximately 12% by the end of 2021 relative to 2019.

These measures and objectives are intended to provide Keyera with an opportunity to grow its business without significant capital investment. Throughout 2020, Keyera made significant progress in advancing this program, which it intends to continue through 2022.

2. Expanding Keyera's Reach Through Growth Projects

Wapiti Area: Located south of Grande Prairie, Alberta, the Wapiti area is situated in one of the condensate-rich regions of the Montney producing zone. Phase 1 of the Wapiti gas plant project included the development of a new sour gas processing plant with licenced capacity of 150 MMcf/d, acid gas injection facilities, condensate stabilization facilities with capacity of 25,000 Bbls/d, water disposal facilities and associated gathering systems and field compressor stations.

Phase 1 became operational in May 2019, and included the Gold Creek pipeline system, consisting of a 12-inch sour gas gathering pipeline, and an 8-inch condensate and water pipeline and a compressor station. In September 2019, the North Wapiti pipeline system, consisting of a 12-inch sour gas gathering pipeline, an 8-inch condensate and water pipeline and a compressor station, was tied into the plant. Phase 2 was completed in December 2020 and added an additional 150 MMcf/d of sour gas processing capacity bringing the total processing capacity of the Wapiti gas plant to 300MMcf/d.

Pipestone Area: The Pipestone area is located northwest of Grand Prairie. In October 2020, the Pipestone gas plant became operational and began processing volumes from its anchor tenant, Ovintiv. The Pipestone gas plant was developed in a joint effort with Ovintiv to support their condensate-rich Montney development under a 20-year infrastructure agreement. The agreements have a combination of take-or-pay, fee-for-service and area dedication components. Ovintiv is the initial operator and Keyera has the option to assume operatorship in 2026.

The Pipestone assets include the Pipestone NGL hub and the Pipestone gas plant. The NGL hub became operational in 2018 and is designed to handle 14,000 Bbls/d of produced condensate and 8,000 Bbls/d of produced water. The Pipestone gas plant is designed to process up to 200 MMcf/d of sour gas containing up to 8% H_2S, 24,000 Bbls/d of produced condensate and 16,000 Bbls/d of produced water. The Pipestone gas plant has been designed to accommodate a future capacity expansion of up to an additional 200 MMcf/d and accommodate associated condensate stabilization. The initial 200 MMcf/d capacity is fully contracted.

Simonette Area: The Simonette gas plant is located in the NGL-rich Montney and Duvernay formations in northwest Alberta. Throughout the past few years, Keyera has expanded its footprint at the Simonette gas plant to include acid gas injection capabilities and expansion of its NGL recovery system. The total licensed capacity of the Simonette gas plant is now 450 MMcf/d.

3. Costs and Reliability

Focusing on cost reduction and reliability was a priority at all of Keyera's facilities in 2020. Keyera worked diligently on opportunities to reduce operating costs at its facilities to help bring down costs passed onto producers and improve producer netbacks. Examples of the effort included:

- an analysis to move Simonette's maintenance turnaround from 2021 to the second quarter of 2022; and
- at the Cynthia plant, Keyera built a 13-megawatt electrical generation facility that is supplying over 95% of the plant's power needs at a lower operating cost.

Keyera also recognizes that its reliability is a key factor in meeting producer needs and has made it a high priority to resolve issues relating to plant reliability. In 2020, Keyera's average reliability across all operated gas plants (including scheduled outages and turnarounds) was 97.5% (98.4% in 2019).

Business Arrangements

Most of Keyera's Gathering and Processing business is conducted on a fee-for-service basis. The fees can be calculated a number of ways, depending on the facility and the nature of the services being provided. Keyera's gas handling agreements tend to be based on either a flow-through operating cost structure or a fixed fee structure. In flow-through cost structures, the fees are generally comprised of a capital component and a flow-through operating component. The capital component is generally a function of the replacement cost of capital invested in the facility with a reasonable rate of return in light of market conditions, while the operating component is generally based on the customer's *pro rata* share of the operating costs for the facility calculated based on total throughput. In 2020, the majority of Keyera's total Gathering and Processing segment revenue was derived from flow-through operating cost business arrangements.

Gas Handling Agreements:

Keyera's gas handling agreements generally fall into one of two categories based on the type of service:

(a) *Firm service contracts*: Firm service contracts generally have the highest priority in the event of apportionment. These contracts will frequently contain a take-or-pay provision and/or dedication of reserves under which the producer agrees to deliver all gas produced from specified reserves to a facility.

(b) *Interruptible-service contracts*: Under interruptible-service contracts, services are provided to the customer only if the facility has capacity after all firm-service contracts (or other contracts with higher priority) have been satisfied. There are frequently different levels of interruptible-service that are offered. Each interruptible-service contract will specify the processing priority for that gas. While efforts are made to process each interruptible-service customer's gas production, when capacity is limited, the processing priority identified in the contract determines how the available capacity will be apportioned, with first preference going to firm-service contracts.

Gas handling agreements may also be categorized according to the length of their term:

(c) *Evergreen contracts*: Evergreen contracts continue in force until terminated by either party by providing prior notice to the other party (generally between one and six months prior notice).

(d) *Long term contracts*: Keyera considers long term contracts to be those that remain in force for a period of three years or more. In some instances, the term of these contracts is defined by the life of natural gas reserves dedicated to the facility.

In 2020, slightly more than half of the throughput at Keyera's Gathering and Processing facilities was handled under long term contracts with the remaining throughput handled under interruptible-service, evergreen contracts. Typically, new build plants are under-pinned by long-term contracts.

Construction, Ownership and Operation Agreements:

Where there are co-owners in a facility, fee revenues collected for services performed at that facility are generally allocated to the owners in one of two ways:

(e) *Excess capacity method*: Facility owners are entitled to use their share of capacity of the facility and to receive a share of third party fee revenue based on their share of capacity that is in excess of their volume needs. Owners who are using more than their proportionate share of capacity generally pay an "owner over-usage fee" which is also allocated using the same method.

(f) *Working interests method*: All producers, including facility owners, bringing production to or through the facility pay a fee. The total fee revenue collected at the facility is then allocated to the owners based on the ownership interest they hold in the facility.

Liquids Infrastructure Business Segment

Description of Liquids Infrastructure Business

The Liquids Infrastructure segment provides processing, fractionation, storage, transportation, NGL blending and terminalling services for NGLs and crude oil, and produces iso-octane. These services are provided to customers through an extensive network of facilities, including the following assets:

- NGL and crude oil pipelines;
- underground NGL storage caverns;
- above ground storage tanks;
- NGL fractionation and de-ethanization facilities;
- pipeline, rail and truck terminals;
- NGL blending facilities; and
- the AEF facility.

See the table on page 24 of this AIF for a list and description of Keyera's main Liquids Infrastructure facilities.

Most of Keyera's Liquids Infrastructure assets are located in, or connected to, the Edmonton/Fort Saskatchewan area in Alberta, including the KFS facility, the Fort Saskatchewan Condensate System and connecting pipelines, AEF, Edmonton Terminal, Josephburg Terminal, ADT, Alberta Crude Terminal and Base Line Terminal. The Edmonton/Fort Saskatchewan area is one of four key energy hubs in North America, with a significant portion of NGL production from the WCSB being delivered there for fractionation into specification products and delivery to market.

In addition to the Edmonton/Fort Saskatchewan facilities, Keyera has a terminal in the South Cheecham area near Fort McMurray and has been strategically investing in NGL and crude oil terminals in Texas and Oklahoma. As well, the Rimbey gas plant, which is the terminus for Keyera's Keylink pipeline, has fractionation and ethane extraction capabilities, and is connected to the Edmonton Terminal by the Rimbey Pipeline.

The AEF facility has a licensed capacity to produce 13,600 Bbls/d of iso-octane. Iso-octane is a low vapour pressure, high-octane gasoline blending component. AEF uses butane as the primary feedstock to produce iso-octane. As a result, AEF's business creates positive synergies with Keyera's Marketing segment, which purchases, handles, stores and sells large volumes of butane.

Keyera has significantly grown its Liquids Infrastructure segment over the last several years. The location and interconnectivity of Keyera's assets are important factors driving this growth. In light of the central role that the Edmonton/Fort Saskatchewan hub plays in the WCSB, it is an area where Keyera is continuing to focus its investment activities.

Given the integrated nature of Keyera's business segments, the Liquids Infrastructure segment provides essential services to Keyera's Marketing segment by providing the physical assets essential to its ability to source, transport, process, store and deliver products across North America. Typically, the prices negotiated with producers by Keyera's Marketing segment for the purchase of NGLs reflect deductions for transportation, fractionation and handling costs, including certain fees charged to the Marketing segment by the Liquids Infrastructure segment. A portion of the revenues earned by the Liquids Infrastructure segment relate to services provided to Keyera's Marketing segment, including all the revenue from AEF and Oklahoma Liquids Terminal relating to the services provided to the Marketing segment. In 2020, Keyera's Liquids Infrastructure business accounted for 17% of Keyera's total revenues (without elimination of inter-segment transactions), 43% of Keyera's total operating margin and 42% of Keyera's total realized margin, compared to 14% of total revenues, 38% of total operating margin and 36% of total realized margin in 2019. Keyera believes operating margin and realized margin provide an accurate portrayal of operating profitability by segment.

The following table presents key operating data for Keyera's main Liquids Infrastructure assets as of December 31, 2020:

Facility	Primary Products	Ownership Interest (%)[1]	Operator	Gross Capacity (Bbls/d)[2]	Net Capacity (Bbls/d)[2]
Fort Saskatchewan Facilities Fractionation[3] De-ethanizer[3] Storage[4] Pipelines[5]	All NGLs	77	Keyera Partnership	66,200 30,000 15,502,000 Bbls 372,000	50,800 23,010 11,890,000 Bbls 285,365
Keyera Butane System[5]	Butane	100	Keyera Partnership	63,000	63,000
Dow Fort Saskatchewan Facilities De-ethanizer[3] Fractionation[3]	All NGLs	10 18	Dow	69,200 30,000	6,920 5,420
Rimbey Gas Plant[6] Fractionation[3] Other Liquids Processing[3] Ethane Extraction[3] Rail[7]	All NGLs	99	Keyera Partnership	28,000 10,500 20,000 14,000	27,640 10,360 19,740 13,820
Edmonton Terminal Rail[7] Storage[4]	All NGLs Iso-Octane	100	Keyera Partnership	34,000 264,000 Bbls	34,000 264,000 Bbls
Rimbey Pipeline[5]	All NGLs	100	Keyera Partnership	45,000	45,000
Keylink Pipeline[5]	All NGLs	100	Keyera Partnership	22,000	22,000
Fort Saskatchewan Condensate System Pipelines[5]	Condensate	100	Keyera Partnership	600,000	600,000
Norlite Pipeline[5]	Condensate	30	Enbridge	242,000	72,600
Alberta Diluent Terminal Rail[7] Storage[4]	Condensate Solvent Iso-Octane	100	Alberta Diluent Terminal	50,000 342,600 Bbls	50,000 342,600 Bbls

Facility	Primary Products	Ownership Interest (%)(1)	Operator	Gross Capacity (Bbls/d)(2)	Net Capacity (Bbls/d)(2)
North Condensate Connector(5)	Condensate	100	Keyera Partnership	35,000	35,000
Alberta Crude Terminal Rail(7)	Crude Oil Condensate	50	Keyera Partnership	40,000	20,000
Josephburg Terminal Rail(7)	Propane Butane	100	Keyera Partnership	42,000	42,000
South Cheecham Terminal Rail loading(7) Rail offloading (7) Storage(4)	Crude Oil Bitumen Condensate Solvent	50	Keyera Partnership	24,000 15,000 150,000 Bbls	12,000 7,500 75,000 Bbls
Hull Terminal(5) Rail(7) Pipelines (5) Storage(4)	NGL Mix Propane Butane	100	Keyera Energy Inc.	8,400 19,200 11,200 Bbls	8,400 19,200 11,200 Bbls
Oklahoma Liquids Terminal Delivery Storage (4)	Condensate Butane	100	Keyera Energy Inc.	5,000 19,200 Bbls	5,000 19,200 Bbls
AEF Iso-Octane Production Storage(4)	Iso-octane	100	Keyera Partnership	13,600 115,700 Bbls	13,600 115,700 Bbls
Base Line Terminal Storage(8)	Crude Oil	50	Pembina	4,800,000 Bbls	2,400,000 Bbls

Notes:

(1) The ownership interest is presented as at December 31, 2020 and has been rounded to the nearest whole number.

(2) Units are expressed in Bbls/d unless otherwise indicated and are subject to rounding.

(3) The gross capacity figures are approximate, based on licensing, equipment specification information and certain modelling assumptions. Actual capacity may be more or less depending on a number of factors, including operating conditions, operational constraints and optimization opportunities. Net capacity is a calculation based on the gross capacity and Keyera's percentage ownership interest.

(4) Storage capacity at KFS is based on 16 underground caverns. Additional caverns are under development at the site. See "Overview of Key Facilities and Key Initiatives" below. The storage capacities reported for the terminals and AEF reflect the approximate working capacity of the storage tanks at these sites; in some cases, the gross geometric storage tank volume capacity may be higher than the working capacity. At the Hull Terminal, in addition to the above ground operational storage capacity of 11,200 Bbls on site, Keyera has contracted for 500,000 Bbls of underground storage at the nearby third-party operated storage facility to which it is pipeline connected. While not specifically identified in the table, there is incremental above ground working storage at many of the facilities.

(5) All pipeline capacity measurements are approximate based on certain modelling assumptions and may vary depending on a variety of factors, including actual operating conditions. The pipeline capacity reported in the table for the Fort Saskatchewan Facilities include the three proprietary pipelines that connect Keyera Fort Saskatchewan with the Edmonton Terminal. The volumes reported in the table for the Fort Saskatchewan Condensate System include the South Grand Rapids pipeline. Capacities for the Hull Terminal include the Hull Terminal pipeline system which was placed into service in 2018. See "Overview of Key Facilities and Key Initiatives" below for more information on these new pipelines.

(6) The NGL processing and handling capability is located at the gas plant and is included in the Gathering and Processing segment for financial reporting purposes.

(7) Rail capacity is an estimated calculation taking into account such factors as the number of railcar spots at each facility, the hours of operation, the frequency of switches provided by the railways at each facility and the type of product being loaded or off-loaded.

(8) Capacity reflects the shell capacity of the twelve crude oil storage tanks that are in service. Actual working capacity of the tanks may vary from shell capacity.

Overview of Key Facilities and Key Initiatives

The following summary provides a brief overview of some of the key facilities and developments in the Liquids Infrastructure business.

1. NGL Storage, Transportation and Fractionation Services

Keyera receives NGL feedstock from various sources and separates the NGL mix into saleable products, including ethane, propane, butane and condensate. Keyera's underground storage caverns are used to store NGL mix and specification products to meet seasonal and operational requirements. For example, propane can be stored in the summer months to meet winter demand; condensate can be stored to meet the diluent supply needs of the oil sands sector; and butane can be stored to meet seasonal demands of refineries, as well as Keyera's feedstock needs for the production of iso-octane at AEF.

*Keyera Fort Saskatchewan ("**KFS**") and the Fort Saskatchewan Pipeline System ("**FSPL**"):* The KFS and FSPL facilities currently include: NGL fractionation facilities, a de-ethanizer, underground storage caverns, limited surface storage tanks and multiple bi-directional pipelines connecting KFS to the Edmonton Terminal. The growth projects at KFS include:

- *Cavern Development* – In the second quarter of 2020, Keyera placed the 16th cavern into service and continued to progress its cavern development program. The 17th and 18th caverns continued washing through 2020, and Keyera anticipates they will be available for use in the second half of 2021 and second half of 2022, respectively. Drilling of cavern 19 was deferred in 2020. In Keyera's experience, it typically takes between two and a half and three years to drill, wash, test and bring a large cavern into service. Because of the phased approach to cavern development, Keyera has the flexibility to adjust the timing, scope and scale of development based on factors such as economic conditions, industry activity and demand for the services.

- *De-Ethanization* – Keyera's 30,000 Bbls/d de-ethanizer processes ethane-rich streams of NGLs (referred to as C2+ mix) to create specification ethane and an NGL mix that can be fed into the fractionation facilities. The de-ethanizer is underpinned by a long term, fee-for-service agreement with a producer in the Deep Basin region.

- *Fractionation* – The total gross fractionation capacity at KFS for NGL streams (referred to as C3+ mix) is 66,200 Bbls/d.

To enable the de-ethanization and fractionation business, Keyera has multiple upstream and downstream pipeline connections, operational storage, and specification product handling facilities.

KAPS Pipeline: Keyera announced in May 2019 that it had approved the development of the KAPS pipeline, a natural gas liquids and condensate pipeline system that is planned to transport Montney and Duvernay production in northwestern Alberta to Fort Saskatchewan, Alberta. Keyera partnered with Energy Transfer Canada ULC (formerly SemCAMS Midstream ULC) to develop this open-access system with initial connections into Keyera's fractionation assets and condensate system in Fort Saskatchewan. In April 2020, in response to challenging industry conditions related to the COVID-19 crisis and the significant decrease in global oil prices, Keyera announced that construction of KAPS had been deferred for approximately one year. Keyera has continued to advance project planning, including refining the project's original $1.3 billion capital cost estimate. Due to increased competitive pressures from various pipeline construction activities underway in

Western Canada, Keyera is currently forecasting the gross capital cost to be in the range of $1.5 billion to $1.6 billion, with the Company's net share representing 50% of this amount. KAPS is currently expected to be operational in the first half of 2023.

Keyera Butane System: Keyera utilizes the pipeline to transport butane between Fort Saskatchewan and Edmonton.

Keylink Pipeline: This pipeline gathers NGL mix from multiple gas plants in Keyera's southern region and transports the mix to the Rimbey gas plant for fractionation into specification products. In an effort to continue adding volumes into the pipeline, Keyera added an NGL truck offload facility at its Cynthia gas plant in early 2019 and continues to evaluate opportunities to connect additional third party gas plants.

2. Crude Oil and Oil Sands Services

Over the last several years, Keyera has continued to grow its services to the oil sands sector and to expand this part of its business. Keyera leveraged its facilities and connectivity in the Edmonton/Fort Saskatchewan area to develop a condensate hub for its customers. Condensate is used as a diluent to facilitate movement of bitumen by pipeline. In developing its diluent handling services and infrastructure, Keyera has focused on anticipating and responding to the service needs of oil sands producers. Keyera has expanded its service offerings to include solvent and sulphur handling services, as well as dilbit, bitumen and crude oil rail transportation services. Keyera's infrastructure in the Edmonton/Fort Saskatchewan area and at the South Cheecham Terminal are well-situated to provide these and other services related to oil sands development.

*Fort Saskatchewan Condensate System ("**FSCS**") and associated Condensate Infrastructure:* An important development in providing services to the oil sands sector has been the development of FSCS and Keyera's overall condensate system. Keyera's condensate system provides shippers with critical condensate transportation options between Edmonton and Fort Saskatchewan and access to multiple sources of diluent supply as well as to Keyera's condensate storage.

The original FSCS pipeline system included a 21-kilometre, 20-inch pipeline connecting Keyera's Fort Saskatchewan Pipeline system with Inter Pipeline Ltd.'s Polaris pipeline, and a pipeline connection from Keyera's Edmonton Terminal to the Enbridge Southern Lights pipeline. Since the original pipelines were constructed, Keyera has continued to expand and enhance the system, which now has:

(a) four condensate storage tanks at the Edmonton Terminal, each with a working capacity of approximately 66,000 Bbls;

(b) supply connectivity to all local fractionation facilities;

(c) direct connections to Pembina Pipeline Corp.'s ("**Pembina**") Cochin pipeline and Canadian Diluent Hub, Enbridge's Southern Lights pipeline and CRW pool and the North West Sturgeon Refinery;

(d) a 24-inch condensate pipeline extension and manifold, connecting Keyera's condensate network to the Norlite pipeline;

(e) connectivity to the South Grand Rapids pipeline; and

(f) connectivity to the Access Pipeline and Cold Lake Diluent Pipeline.

Most of the services provided by Keyera on FSCS are long-term take-or-pay, fee-for-service diluent handling agreements.

Norlite Pipeline: Keyera is a 30% non-operating owner of the Norlite pipeline. The 446-kilometre, 24-inch Norlite pipeline is underpinned by a long-term take-or-pay diluent handling agreement to serve the Fort Hills oil sands project, and additional long term, take-or-pay agreements with additional customers have been executed for diluent transportation services on Norlite and FSCS. The Norlite pipeline has approximately 242,000 Bbls/d of gross condensate transportation capacity that can be further expanded to 465,000 Bbls/d.

South Grand Rapids Pipeline: This 45-kilometre, 20-inch diluent pipeline extends from Keyera's Edmonton Terminal to TC Energy's Heartland Terminal near Fort Saskatchewan. As part of this project, Keyera also constructed a pump station at its Edmonton Terminal. The pipeline provides Keyera with proprietary access to at least 225,000 Bbls/d of net diluent transportation capacity between Edmonton and Fort Saskatchewan.

South Cheecham Terminal: This rail and truck terminal is a Keyera-operated 50/50 joint venture with Enbridge near Fort McMurray. Originally designed to provide condensate and dilbit handling services to oil sands producers, in 2017 new solvent handling infrastructure was added to the facility, including additional tank storage and rail infrastructure, in conjunction with a long-term agreement to provide solvent handling services to a customer. In 2019, Keyera entered into a long-term, take-or-pay arrangement to provide sulphur handling services to a customer, and intends to construct additional facilities on site to support this business. Other initiatives continue to be pursued at South Cheecham Terminal.

Base Line Terminal: The Base Line Terminal is an above ground crude oil storage facility on land at Keyera's AEF site in Edmonton. The terminal is a 50/50 joint venture with Pembina, includes 12 tanks with a total storage capacity of 4.8 million Bbls, and has pipeline connections to Pembina's existing Edmonton storage terminal and crude oil manifold.

3. AEF and Iso-octane Initiatives

Since acquiring AEF, Keyera has continued to pursue opportunities to optimize iso-octane production at AEF and develop transportation alternatives, including adding iso-octane rail loading capability at the Edmonton Terminal and adding truck loading on-site at AEF. These initiatives provide Keyera further flexibility to serve North American and local markets. In addition, Keyera has contracted storage capacity at Kinder Morgan's Galena Park rail, storage and marine facility in the U.S. Gulf Coast to assist in managing inventory to meet iso-octane demand from refiners and gasoline blenders in that region.

To further improve its marketing flexibility, in the first quarter of 2020, Keyera completed pipeline and terminal modifications at the ADT site to accommodate the handling of iso-octane. This site has certain advantages over Keyera's Edmonton Terminal because it has available above ground tank storage and has rail connectivity to both CN and CP railways. Since its completion in early 2020, the majority of Keyera's iso-octane is shipped from ADT.

To help ensure continued reliability and high utilization of the facility, Keyera shut down AEF for preventative maintenance in the fourth quarter of 2020. As a result, the next scheduled turn-around is now in 2022 versus the previously scheduled 2020. Regular maintenance turnarounds for this facility are scheduled every four years and are a key aspect of Keyera's commitment to safe, efficient and reliable operations over the long term.

4. Investment in U.S. Liquids Hubs

Oklahoma Liquids Terminal: In 2018, KEI acquired a logistics and liquids blending terminal located near Tulsa, Oklahoma. The terminal receives, blends and delivers diluent, the majority of which is transported by pipeline from the Mont Belvieu, Texas area to the Chicago area and ultimately into the Alberta markets.

Hull Terminal and Pipeline System: The Hull rail and truck terminal is located in Texas and has the capability to handle propane, normal butane, iso-butane, and NGL mix. The terminal is connected via Keyera's 6-inch, 58-mile pipeline system to third-party infrastructure facilities in Mont Belvieu, North America's largest NGL hub, as well as a nearby refining and chemical facility. This pipeline connection gives Keyera proprietary market access to Mont Belvieu through various commercial arrangements and allows Keyera to deliver products into Mont Belvieu.

Wildhorse Terminal: Construction is continuing on the Wildhorse Terminal, a crude oil storage and blending facility in Cushing, Oklahoma. The project includes the construction of 12 above ground tanks with 4.5 million Bbls of working storage capacity. The majority of the capacity is backed by fee-for-service, take-or-pay storage arrangements and once operational, the terminal is expected to provide significant commercial opportunities for Keyera's Marketing business. The Wildhorse Terminal will initially be pipeline connected to two existing storage terminals at Cushing. These connections will provide customers with access to the majority of the crude oil streams flowing in and out of Cushing on several major pipeline networks. KEI is a 90% owner in Wildhorse Terminal and will be the operator. The remaining 10% is owned by an affiliate of Lama Energy Group. The facility is anticipated to be placed into service in the mid-2021.

Galena Park Terminal: Keyera has entered into commercial arrangements with an affiliate of Kinder Morgan to provide butane on demand gasoline blending services at Kinder Morgan's Galena Park Terminal in the Houston ship channel. Commercial service commenced in November 2020. Keyera ships a significant amount of iso-octane to the same terminal and, as a result, is able to provide customers with both iso-octane and butane blending options.

Liquids Infrastructure Business Arrangements

A significant proportion of services provided through the Liquids Infrastructure business is to Keyera's Marketing business, including all of the services provided by AEF and the Oklahoma Liquids Terminal. Keyera's Marketing business pays market rates for the services it utilizes.

In addition to these internal transactions, Keyera also contracts with third-party customers on a fee-for-service basis for services such as transportation, de-ethanization, fractionation, processing, storage, and terminalling. Such contracts outline the services to be provided, the terms and conditions relating to the provision of such services and the associated fee structure. The term of these contracts varies widely. For example, some diluent handling agreements, product exchange service agreements and tank storage agreements are long term in nature, while other NGL agreements can be long term or as short as one year. The longer term agreements are often entered into in connection with the underpinning of significant capital projects. The majority of customers who contract for service on Keyera's condensate system are third parties who have entered into long term, take-or-pay, fee-for-service agreements. See "Risk Factors – Operational Risks – Reliance on Principal Customers and Suppliers".

The fee structures for these contracts also vary widely. The contracts may include both fixed and interruptible service terms, volumetric tariffs, rate of return components, take-or-pay components and/or flow through of certain costs. The services may be provided using a combination of proprietary Keyera assets and joint venture assets, which also affects some cost and revenue allocations.

Marketing Business Segment

Description of Marketing Business

The Marketing business is focused on the purchase and sale of products associated with Keyera's facilities, including NGLs, crude oil and iso-octane. In addition to its typical one-year term supply agreements, Keyera may enter into longer term contracts and source additional NGLs (particularly condensate or butane) when market conditions and associated sales contracts are favourable. Depending on the terms of the agreements, NGL volumes can be purchased at the gas plant-gate, storage facilities, truck and rail terminals or in NGL gathering pipelines. The NGL mix acquired by Keyera is fractionated into specification products at Keyera's facilities or, in some instances, at third party facilities. The main specification NGLs that Keyera markets are propane, butane and condensate. Propane is generally used for heating, butane is mainly used as feedstock for the production of iso-octane and in gasoline blending, and condensate is largely used as a diluent to enable heavy crude oil and bitumen to flow in pipelines.

Keyera negotiates sales contracts with customers in Canada and the U.S. based on volumes it has contracted to purchase. In the case of condensate sales, the majority of the product is sold to customers in Alberta shortly after it is purchased. Butane is used as the primary feedstock in the production of iso-octane at Keyera's AEF facility, and therefore a significant portion of the contracted butane supply is retained for Keyera's own use, and the balance is generally sold into the Alberta market shortly after it is purchased. Keyera will purchase and hold seasonally priced inventory within its NGL caverns to ensure cost effectiveness and assurance of supply for the production of iso-octane.

Propane markets, in contrast, are more seasonal and geographically diverse. Keyera sells propane in various North American markets, often where the only delivery option is rail or truck. Keyera is well-positioned to serve these markets due to its extensive infrastructure and rail logistics expertise. Further, because demand for propane is typically higher in the winter, Keyera can utilize its NGL storage to build an inventory of propane during the summer months when prices are typically lower to fulfill winter term sales commitments.

Overall, the integration of Keyera's business lines means that its Marketing segment can draw on the resources available to it through its two facilities-based operating segments (Liquids Infrastructure and Gathering and Processing), including access to NGL supply and key fractionation, storage and transportation infrastructure and logistics expertise. The acquisitions and growth initiatives in Keyera's facilities businesses have contributed to the opportunities available to its Marketing business and to the diversification of Keyera's product offerings, sources of supply, customer base and geographic market options.

In total, Keyera marketed an average of 149,900 Bbls/d of NGLs and iso-octane in 2020, compared to an average of 150,100 Bbls/d in 2019. Keyera monitors global and North American supply/demand and pricing trends, which informs its purchasing, sales and hedging strategies.

Keyera manages its supply and sales portfolio by monitoring its inventory position and its purchase and sale commitments. Nevertheless, the Marketing business is exposed to commodity price fluctuations arising between the time contracted volumes are purchased and the time they are sold, as well as pricing differentials between geographic regions. These risks are managed by purchasing and selling product at prices based on same or similar indices or benchmarks, and through physical and financial contracts that include energy-related forward sales, price swaps, forward currency contracts and other hedging instruments. Notwithstanding the strategies Keyera adopts in order to try to manage price and volume risk, the Marketing segment's margins for NGLs may vary significantly from period to period. There is also inherent risk in the use of financial contracts as a risk management tool, as these contracts cannot be perfectly matched to physical inventory and sales and there is no guarantee that the relationship between the products will be sustained. See "Risk Factors – Financial Risks – Market Risk and Marketing Activities".

Keyera's primary markets for iso-octane are Western Canada, the Midwestern U.S. and the U.S. Gulf Coast. The development and expansion of iso-octane rail loading facilities at the Edmonton Terminal and ADT and the truck loading facilities at AEF allow Keyera to leverage its rail, logistics and marketing expertise to meet delivery requirements. These rail capabilities, together with the iso-octane storage capacity that Keyera has secured at the Kinder Morgan Galena Park facility, have allowed it to access Gulf Coast and U.S. inland markets. The Liquids Infrastructure segment charges Keyera's Marketing segment a fee for processing services related to the production of iso-octane and therefore all revenues attributed to AEF within the Liquids Infrastructure segment relate to the fees paid by the Marketing business. See "Liquids Infrastructure Business Segment".

The primary feedstock to make iso-octane is butane. Under typical operating conditions at full utilization, AEF requires approximately 1.4 Bbls of butane to produce 1 Bbl of iso-octane. Iso-octane margins are based on the price of butane, which generally trades at a discount to WTI, and the price of iso-octane, which generally sells at a premium over RBOB (the gasoline market) which generally sells at a premium to WTI. As a result, there can be significant seasonality in iso-octane margins. As with Keyera's other Marketing segment activities, Keyera uses various risk management strategies to seek to mitigate risks associated with commodity exposure, including the use of financial contracts. However, the success of such strategies is dependent upon, among other things, the sustainability of the relationship between products. See "Risk Factors – Financial Risks – Market Risk and Marketing Activities".

In its NGL blending activities, Keyera operates facilities at locations in Alberta and Oklahoma that allow it to process, transport and blend various product streams. Liquids blending margins are earned by blending products of lower value into higher value product streams. As a result, these transactions are exposed to volatility in price differentials between the various product streams. Keyera manages this risk exposure by trying to balance its purchases and sales and locking in margins. Notwithstanding Keyera's management of price and quality risk, the Marketing segment's margins for its NGL blending business can vary significantly from period to period. See "Risk Factors – Financial Risks – Market Risk and Marketing Activities". In addition, Keyera's ability to engage in NGL blending activities is affected by competition for blending opportunities, the ability to secure access to various product streams, and limitations associated with facility and pipeline specifications. See "Risk Factors – Operational Risks – Reliance on Principal Customers and Suppliers" and "Risk Factors – Operational Risks – Reliance on Other Facilities and Third Party Services".

In 2020, Keyera's Marketing business accounted for 68% of Keyera's total revenues (without elimination of inter-segment transactions), 29% of Keyera's total operating margin and 31% of Keyera's total realized margin, compared to 72% of total revenues, 32% of operating margin and 35% of total realized margin in 2019. Keyera's Marketing business pays fees, at market rates, to Keyera's Liquids Infrastructure and Gathering and Processing businesses for the use of facilities. Keyera believes operating margin and realized margin provide an accurate portrayal of operating profitability by segment.

Marketing Contractual Arrangements

In Keyera's Marketing business, Keyera enters into purchase and sale agreements primarily for NGLs and crude oil. It also enters into sales agreements for iso-octane. These purchase and sale agreements are typically priced relative to market indices. Generally, NGL supply contracts are for one year, commencing April 1st and set out negotiated pricing levels in relation to indices for the following twelve months. However, Keyera may also enter into longer-term supply arrangements, and may make purchases on the spot market as well. As part of managing its inventory and commodity price risk, Keyera also enters into financial and physical hedging contracts in accordance with its risk management policy. For further details on the contractual arrangements in Keyera's Marketing business, see the 2020 Financial Statements and accompanying management's discussion and analysis available on SEDAR at www.sedar.com.

Commodity Risk Management

Keyera manages commodity risk in a number of ways, including the use of financial and physical contracts and by offsetting some physical and financial contracts in terms of volumes, timing of performance and delivery obligations. Keyera's risk management strategy utilizes the following hedging strategies:

(a) Butane and Condensate – Because butane and condensate prices are often based on the price of crude oil, crude oil financial contracts are common hedging strategies that Keyera uses for these products. This hedging strategy is subject to basis risk between crude oil and the condensate or butane being hedged and therefore cannot be expected to perfectly offset future butane and condensate price movements.

(b) Propane – For several years, Keyera has used propane physical and financial contracts to hedge its propane inventory. Although propane contracts are expected to eliminate some commodity basis risk, they may be exposed to geographic basis risk (depending on the contract terms), plus the ability to enter into propane contracts may not be as available as other more liquid financial contracts, such as those for crude oil.

(c) Iso-octane – Keyera's hedging objective for iso-octane is to secure attractive margins and mitigate the effect of iso-octane price fluctuations on its future operating margins. The sales price for iso-octane is largely based upon the price of motor gasoline or RBOB. RBOB is the highest volume refined product sold in the U.S. It also has the most liquid forward financial contracts. Accordingly, Keyera expects to continue to utilize WTI and RBOB financial contracts to hedge its iso-octane sales.

As the NGL and iso-octane markets evolve during the year, Keyera monitors and adjusts its hedging strategy to protect the value of its inventory and the future operating margins.

Employees and Labour Relations

As of December 31, 2020, Keyera employed approximately 959 permanent employees in its operations. Approximately 52 employees employed by Keyera at the Rimbey gas plant are represented by Gas and Oil Union Local 504, and approximately 22 employees employed by Keyera at the Strachan gas plant are represented by Gas and Oil Union Local 507. The Rimbey and Strachan unions are separate bargaining units and are not associated with any national or international union. The collective agreements for employees at the Strachan gas plant and the Rimbey gas plant expire on December 31, 2023. To date, Keyera has never experienced a labour-related work stoppage at any of its facilities. See "Risk Factors – Operational Risks – Employees and Contractors".

Keyera monitors employee engagement, including participating in an independent third-party engagement survey every three years. Keyera has been recognized as a top employer in Alberta for the last nine years.

Training and Development Programs

A competent and skilled workforce is one of the most effective ways to promote safe, efficient and reliable operations. Keyera has been a leader in this area through its Competence Management and Development System ("**CMDS**"). This competency-based training system features comprehensive training that can be customized to suit worker profiles and involves both self-assessments and supervisor validation of competencies. In addition to providing training to its own workers, Keyera's CMDS system has become an industry-wide training tool, with many other oil and gas companies subscribing to the service.

Keyera has also implemented a comprehensive leadership development program which provides leadership training and coaching opportunities for its leaders and emerging leaders. It also has a comprehensive executive leadership development and succession planning program underway.

Foreign Markets and Operations

As part of its NGL and iso-octane marketing activities, Keyera markets NGLs and iso-octane in the U.S. and also imports certain NGLs from the U.S. These marketing activities are conducted through Keyera's U.S. subsidiary, KEI, which has an office in Houston, Texas. Keyera's Marketing business can be affected by trends in the U.S. due to the fact that commodity prices, including NGLs and iso-octane, in Canada are influenced by pricing, foreign exchange rates and markets in the U.S. KEI owns and operates the Hull Terminal and Hull Terminal pipeline system in Texas and the Oklahoma Liquids Terminal in Oklahoma. Additionally, Keyera has a long-term agreement with Kinder Morgan to provide butane to Kinder Morgan's Galena Park facility associated with its butane-on-demand blending system. KEI is also currently constructing the Wildhorse Terminal in Oklahoma and has entered into contractual arrangements that provide it with terminalling and storage capacity in Texas, Kansas and Michigan, and is evaluating other opportunities in the U.S. Keyera also load rail cars which deliver product to Mexico. See "Risk Factors – Operational Risks – Geographical Operational Risks".

Competition

The midstream oil and gas industry is highly competitive in all aspects, including the gathering, processing, fractionation, storage, transportation, and marketing of hydrocarbon products. Each of Keyera's gas processing plants is subject to competition from other gas processing plants which are either in the same general vicinity or have gathering systems that are or could potentially extend into geographic regions served by Keyera's facilities. As well, Keyera's pipelines, storage, terminal and NGL processing facilities are subject to competition from other existing pipelines and facilities, which competition is anticipated to continue to grow as other companies announce plans for expanded NGL processing, transportation, terminalling and storage services in the Edmonton/Fort Saskatchewan hub, as well as other interconnected geographic areas in western Canada and the U.S. In recent years, the availability of government incentive programs may also provide additional opportunity for third parties to construct infrastructure in competition with Keyera's business.

NGL and crude oil commodities that are marketed by Keyera compete with supplies from Canadian, U.S., and international sources. Keyera competes with local and international entities to acquire NGLs for processing and resale and to attract and retain customers. Competition for customers is not confined to NGL suppliers and marketers. The natural gas and gas products industry also competes with other industries seeking to provide substitute products or alternative sources of fuel, gasoline blending products, diluents, and feedstock to consumers. For example, in the iso-octane marketing business, alkylate is a common alternative competitive product. Alkylate is typically produced by reacting isobutane with refinery olefins in the presence of an acid catalyst to produce a relatively high octane gasoline component. Most North American refineries have some alkylate production capabilities.

In addition to the above, government incentive programs increase deployable capital which may spur competition among existing industry participants and may also accommodate new entrants into the market. Further, competition from non-hydrocarbon renewable based energy sources may have an adverse effect on the production of hydrocarbon products and, as a result, on the demand for Keyera's services. See "Risk Factors – Operational Risks – Competition".

ENVIRONMENT, SOCIAL AND GOVERNANCE MATTERS

Overview

Keyera recognizes that environmental protection, social responsibility, effective governance and economic growth are all essential to the success of its business. Keyera is committed to conducting its business in a way that respects the environment, balances diverse stakeholder expectations and emphasizes the health and safety of Keyera's employees and the communities in which it operates. These commitments are described in Keyera's Health, Safety and Environment Policy and its ESG Report.

In addition to the matters discussed below, in December 2020 Keyera published its inaugural environment, social and governance report ("**ESG Report**"), which identifies and discusses Keyera's six ESG priorities of: safety; people and culture; emissions; community and Indigenous engagement; land management; and water. Keyera's ESG Report aligns to guidance set out by the Sustainability Accounting Standards Board for metrics and topics likely to have a material impact on the financial and operational performance of midstream energy companies. Keyera is committed to continuing to enhance the transparency of its future ESG disclosure and plans to set an emissions reduction target and align with phase one Task Force on Climate-related Financial Disclosures ("**TCFD**") in 2021.

Copies of both Keyera's Health, Safety and Environment Policy and ESG Report are available on Keyera's website at www.keyera.com.

Operational Excellence

Keyera is moving into the final phase of implementation, and beginning the assurance and continuous improvement phase, of its Operational Excellence program, the objectives of which are to support delivery of the three "#1" goals associated with the Keyera Vision: #1 in Safety Performance; #1 in Total Shareholder Return; #1 in Customer Recognition. Keyera expects to achieve these goals by establishing a structured approach to identifying the risks inherent in Keyera's operations, and establishing and maintaining processes and standards for managing those risks, combined with a culture of disciplined execution. Keyera sees the implementation of Operational Excellence as a key element in its ability to deliver consistent and reliable execution of its business strategy and continuous improvement in its operations. As part of Keyera's business strategy, Operational Excellence touches every aspect of Keyera's operations, informs its approach to risk identification and mitigation and supports its commitment to continuous improvement. Keyera has several notable achievements since establishing its Operational Excellence program in 2016, including:

- establishing common Operational Excellence Management System ("**OEMS**") processes Keyera-wide for identifying and managing risks; OEMS is the foundational set of processes and associated standards that combine to deliver the outcomes associated with Operational Excellence;
- company-wide implementation of a standardized management of change process;
- defining and implementing Keyera's "Cultural Behaviours", which establishes the foundation for an enterprise-wide, operational discipline approach that aligns with high reliability organizations;
- implementation of a formal auditing program in 2020 to validate progress and conformance to critical risk mitigation processes; and
- introduction of "Standard Work/Leader Standard Work" structured approach to focusing individual roles on managing the most important aspects of their role.

Health and Safety Programs

Keyera is committed to conducting its operations in a manner that protects the health and safety of the public and the people who work at its facilities. It has a highly skilled workforce and provides ongoing training to maintain the necessary skills and understanding necessary for a safe and healthy work environment. Keyera has developed an industry-leading Competency Management and Development System to assess and track the competency of its workers. See "Business of Keyera – Training and Development Programs". Keyera's Health, Safety and Environmental Policy sets an expectation that everyone must share in the responsibility to work safely and responsibly, while meeting or exceeding all laws and regulations. To this end, everyone at Keyera is expected to:

- include safety as a part of all business and operational decisions;
- identify hazards and take action to address all unsafe conditions, to protect the health and safety of workers, the public, and the environment; and
- report any situation that has or may result in an unsafe action, condition or loss and take action to correct or address the situation.

Keyera's programs address both personal and process safety. Keyera regularly reviews its safety performance, conducts safety audits and shares experiences and best practices within the organization and at times, with others in industry. Keyera has adopted a suite of policies, procedures and safe operating practices, which it reviews, evaluates and updates based on changes in laws and regulations, technology developments, industry standards and the operational needs of its facilities. It has formal incident reporting processes, which allow it to, among other things, identify and track incidents and near misses; identify, implement and follow up on appropriate corrective actions; and share learnings. Keyera also carries out investigations to understand factors that might cause or contribute to incidents and seeks to learn from its experiences, as well as industry learnings, in order to prevent the occurrence or recurrence of an incident. Reports of Keyera's activities and performance in relation to health and safety are reviewed monthly by Keyera's executive team and provided to both the Health, Safety and Environment Committee of the Board and the Board as a whole on a quarterly basis.

Pipeline and Facility Integrity Management

Keyera is committed to maintaining the integrity of all of its pipeline and facility assets. This commitment is integral to Keyera's business strategy of operating safely, reliably, and preserving the longevity of its assets. Keyera's integrity management programs apply to pipelines and facility pressure equipment, and are developed having regard for the applicable regulations and standards which govern the design and operation of these assets.

Through its employees and integrity management programs, Keyera continuously strives to minimize the likelihood of incidents and operational downtime, while safeguarding employees, the environment and the communities in which it operates.

Keyera's integrity management programs apply through the complete asset lifecycle from design through retirement. Each program is founded on a process involving identification of hazards that may impact long term integrity of the asset and assessment of risk, establishing plans and activities to mitigate that risk, application of the mitigation under the plan, monitoring the performance of the program and managing change.

Pipeline Integrity

Keyera has a total of over 5,300 kilometres of pipelines. Key elements of the pipeline integrity program include the development and application of specifications and standards for the design of new pipelines; reviewing pipeline operations by system which includes conducting a risk assessment to identify inspection and risk mitigation activities; and measurement of compliance to and performance of the integrity management plan.

Some of the activities undertaken to manage integrity of pipelines include carrying out in-line and other inspections, completing repairs to pipelines to maintain system integrity, application of chemicals to mitigate corrosion, right of way surveillance to minimize the risk of third party damage, and depth of cover surveys including watercourses. Over the last couple of years, a heightened area of focus for Keyera has been on leak detection and geohazard management. As part of this focus, Keyera has developed leak detection and geohazard programs and reinforced its training of its staff.

Facility Integrity

Keyera maintains over 12,000 pressure equipment assets associated with its facility assets. Its integrity programs apply a lifecycle approach, the goal of which is to try to ensure that pressure equipment is designed, constructed, installed, commissioned, operated, maintained, decommissioned and managed in a manner that reduces any potential loss of containment, provides worker safety and protects the environment.

Turnarounds at Keyera's processing facilities are planned and executed with the objective of maintaining integrity of pressure equipment, pressure safety valves, piping and tanks, and at the same time complying with jurisdictional requirements, industry best practices and the requirements of its own integrity management programs. Key pressure equipment inspection and maintenance are conducted during turnarounds. These inspections are scheduled for regular intervals on an ongoing basis.

Keyera provides training for its personnel responsible for design and ongoing management of its integrity management programs both through its Competency Management and Development System and third party provided training. Key personnel are also members of industry committees and associations and attend industry conferences.

Environmental Programs

Keyera values the importance of responsible environmental stewardship and has made significant investments in infrastructure to improve efficiencies and enhance environmental performance. In December 2020, Keyera and Samsung Renewable Energy Inc. entered into a 15-year solar power purchase agreement (the "**PPA**"). Under the PPA, Keyera will be the sole purchaser of renewable energy produced by a 25-megawatt capacity solar generation facility located in Drumheller, Alberta. Construction of the facility is anticipated to begin in the fall of 2021, with commercial operation expected in mid-2022.

As Keyera continues with the development and implementation of the OEMS, it is working to integrate its environmental programs and management system into the overall OEMS framework. Keyera's approach is to focus on preventing environmental impacts and adopting appropriate risk mitigation strategies. Keyera strives to conduct its activities with a structured approach to identify and track areas of potential concern with an intentional strategy for managing them. This applies to strategic management of environmental quality, regulatory permitting, stakeholder engagement and air quality monitoring with continuous improvement.

Programs are in place to provide employees with training that includes health, safety and environmental matters. Keyera also has systems in place for reporting, tracking and monitoring its environmental and regulatory performance and tracks a range of environmental and regulatory performance metrics in order to evaluate performance, share information and identify opportunities for improvement. Learnings are shared across the organization and reports on environmental and regulatory performance are delivered to both the Health, Safety and Environment Committee of the Board and to the Board as a whole on a quarterly basis.

Environment Planning and Liability Management

Keyera has adopted a proactive, risk-based approach to environment planning and liability management based on the following principles:

- Emphasizing up-front integrity and release prevention;
- Having an overall picture and management framework of environmental liabilities and an intentional strategy for managing them;
- Drawing on technical expertise, data collection and detailed delineation to provide a solid foundation for program planning;
- Systematically classifying relative liability management risks and rewards;
- Utilizing a defined implementation process to improve or maintain environment quality and align with regulatory programs;
- Applying a life-cycle perspective to recognize best practices and pursue efficiency in coordinating planning and execution;
- Moving inactive sites through to closure; and
- Maintaining flexibility to adjust based on corporate priorities and overall business strategy.

As part of this approach, Keyera manages a suite of water, soil and air programs at its facilities. It has also adopted strategic management plans at six locations that provide a roadmap for decision making and measuring outcomes.

Liability Management

Keyera's liability management program focuses on enhancing its environmental monitoring and management programs, developing appropriate site-specific risk mitigation programs, and addressing historical environmental impacts. Keyera engages in a comprehensive suite of regular monitoring programs completed on an annual basis. Keyera also continues to refine its liability management system, a program through which it applies a risk ranking approach, combined with other criteria, to prioritize annual decommissioning, abandonment, remediation and reclamation projects. Program results are regularly reported to Keyera management and to the Health, Safety and Environment Committee of the Board. Keyera management also reviews and approves the liability management program budget annually.

Keyera has participated in a limited benchmarking initiative in respect of its liability management program to provide additional context to assist in assessing cost effectiveness. See "Decommissioning, Abandonment, Remediation and Reclamation Programs and Costs" below.

Decommissioning, Abandonment, Remediation and Reclamation Programs and Costs

Keyera incurs certain decommissioning, abandonment, remediation and reclamation costs each year in connection with facility, well, pipeline and other physical asset components of its operations. These costs can include items such as groundwater remediation programs, soil remediation, well abandonment and removal of unutilized equipment, all of which help Keyera assess and proactively manage its environmental liabilities. These costs may be included as part of the operating expenses of the respective facilities where the work is undertaken, in which case they can be recovered from customers as part of the operating fee charged where flow-through-operating-cost fee structures are in place. This treatment of current environmental costs does not, however, provide for recovery of end-of-life costs expected after a facility is permanently decommissioned. See "Risk Factors – Financial Risks – Decommissioning, Abandonment and Reclamation Costs" and "Risk Factors – Operational Risks – Environmental and Public Safety Regulation and Considerations".

End-of-life costs are accounted for through Keyera's financial obligations and are reflected in its financial statements. Keyera makes provision for the future cost of its decommissioning costs measured at the present value of Keyera's best estimate of the cost to settle the obligation. Prior to December 31, 2019, Keyera utilized a risk-free discount rate based on the Government of Canada's benchmark long-term bond yield to discount its decommissioning costs. Effective December 31, 2019, Keyera voluntarily changed its accounting policy to utilize a credit-adjusted risk-free rate as permitted by accounting standards. While the provision is based on the best estimate of future costs and the economic lives of the facilities, there is uncertainty in the amount and timing of these costs. For further information refer to the 2020 Financial Statements and associated management's discussion and analysis available on SEDAR at www.sedar.com.

It is difficult to predict decommissioning costs with certainty because they are a function of regulatory requirements and other factors in effect at the time of decommissioning, abandonment and/or reclamation. In determining its decommissioning cost estimates, Keyera considers: (i) the cost of facility abandonment, including suspension and demolition costs, and (ii) environmental restoration, remediation and reclamation costs, in order to return the site to an equivalent surrounding land-use state. Keyera engages reputable third-party environmental consultants and experienced employees to collect, review and assess the relevant data in preparation of the estimates.

To support its facility estimates, Keyera has completed site-specific liability assessments for many of its assets, including all sour gas plants. Keyera complies with the liability assessment requirements in AER Directive 001 – Requirements for Site-Specific Liability Assessments, AER's License Liability Rating Program and Management Plan, and AER Directive 024 – Large Facility Liability Management Program, including completing updated assessments every five years for those facilities that are subject to AER Directive 001. Other assessments are reviewed periodically and updated as necessary.

Other decommissioning costs are regularly evaluated and updated and may be based on Keyera's assessment based on experiences during operational suspension for turnarounds, acquisition estimates, analogues from similar sites and/or construction costs. Well abandonment estimates are provided by industry experts, based on actual and industry downhole abandonment historical cost expenditures, professional judgment and experience. The process is overseen by the Health, Safety and Environment Committee of the Board.

Keyera's Alberta operations are also subject to several programs designed to mitigate the cost to the public of abandoning and reclaiming facilities under the jurisdiction of the AER. Pursuant to a program commonly referred to as the "Orphan Well Fund", holders of AER licenses for wells and facilities are required to pay an annual levy to assist in funding the clean-up of orphan sites. The levy is treated as an operating cost. In addition, the AER requires all licensees to complete prescribed monthly asset-to-liability ratio testing for all licensed facilities (other than pipelines or related infrastructure). Licensees that do not pass the asset-to-liability ratio test are required to provide the AER with a security deposit. As of the date hereof, Keyera has an asset-to-liability ratio greater than that required by the AER and has not been required to provide a security deposit.

British Columbia has also implemented a Liability Management Rating program similar to Alberta that includes midstream operators, such as Keyera. Given that operations at the Caribou gas plant were suspended in December 2015, Keyera has posted security under this program to secure the end of life liability associated with the plant.

Greenhouse Gas and Emissions Strategy

The regulatory framework in respect of greenhouse gases and other emissions is evolving rapidly: see "Regulatory Framework – Greenhouse Gas and Emissions Regulation". Keyera endeavours to be proactive in addressing anticipated changes, engaging with governments and regulators and identifying opportunities to mitigate environmental impacts. In 2020, Keyera developed a process to model emissions which will be considered when evaluating opportunities and making capital allocation decisions. Additionally, Keyera intends to set an emissions reduction target in 2021 and alignment with phase one of TCFD.

Keyera also has implemented an internal program focussed on the identification, evaluation and implementation of emissions reduction opportunities (greenhouse gas, methane, NOx, benzene, etc.) across its operations. The focus of this framework is to increase efficiency and achieve compliance in a cost-effective manner. Keyera is currently executing its strategy to reduce NOx emissions associated with its engine fleet through a multi-phased execution plan.

Keyera continuously monitors legislative initiatives and regulatory trends across Canada and the U.S. to anticipate potential developments that could affect its business and operations. It is possible that future international, national or provincial emissions reduction requirements may require further reductions of emissions or emissions intensity. Keyera recognizes such reductions may not be technically or economically feasible and that failure to meet such emissions reduction requirements may result in penalties, the suspension of operations, and/or the necessity of purchasing greenhouse gas credits, all of which could materially adversely affect the oil and gas industry, including Keyera. See "Risk Factors – Operational Risks – Climate Change, Carbon Tax and the Transition to a Lower Carbon Economy", "Risk Factors – Operational Risks – Change in Laws", "Risk Factors – Operational Risks – Weather Conditions", "Risk Factors – Operational Risks – Reputational Risk", and "Risk Factors – Financial Risks – Environmental Compliance and Remediation Costs".

Community Engagement

Keyera believes that transparent and sustained dialogue with affected stakeholders is critical to maintaining positive, long-term relationships with the communities in which Keyera operates and is a fundamental element of Keyera's long-term success. To ensure Keyera understands the interests and needs of community stakeholders, Keyera is committed to developing respectful, meaningful engagement over the lifecycle of its activities. Engagement starts well in advance of project sanctioning, continuing through project development and operation to decommissioning and reclamation. Keyera believes proactive engagement enables constructive dialogue, creates opportunity for meaningful collaboration and helps Keyera identify and mitigate potential risk. Keyera takes the time to understand the interests and perspectives of its stakeholders and is committed to delivering on its commitments to them.

Keyera's stakeholders include individuals or groups who live or work near, or could be impacted by Keyera' activities and operations. These include landowners, community members, businesses, organizations, crown disposition holders (such as trappers), as well as government and regulatory agencies. Keyera's key stakeholders also include Indigenous People, addressed separately below. Keyera's commitment to transparent stakeholder engagement includes registration under the Alberta Lobbyist Registry.

Keyera's engagement with community stakeholders is centered around three key pillars: (i) meaningful dialogue and engagement; (ii) community investment; and (iii) creating opportunity to enhance social and economic wellbeing. Keyera is committed to adhering to all regulated stakeholder engagement processes that affect its operations, including the AER Directive 056 participant involvement requirements, the Alberta Aboriginal Consultation Office's proponent led First Nation's consultation procedure and consultation regulations in British Columbia in Canada and Oklahoma and Texas in the U.S.

For more information on Keyera's community engagement, please see Keyera's ESG Report available on its website at www.keyera.com.

Indigenous Communities

Keyera constructs and operates facilities in areas in which Indigenous communities may be affected. Keyera works directly with these affected communities, engaging in respectful consultation to mitigate potential impacts to traditional rights, as well as identifying benefit opportunities and capacity-building initiatives.

Keyera's approach to Indigenous engagement with Indigenous Peoples affected by its activities and operations is guided by the following principles:

- seek to understand the unique history, traditions, culture and perspectives of the respective Indigenous communities with whom Keyera interacts,
- actively listen and learn, to enable transparent and open dialogue and facilitate timely and meaningful consultation; and
- collaboratively develop strategies and opportunities to encourage positive outcomes within Indigenous communities, including training, employment and business opportunities related to its activities.

For greenfield projects, Keyera engages in early engagement well in advance of project sanctioning. This has enabled Indigenous communities to actively conduct, with Keyera's support, traditional land use (TLU) assessments on right-of-way and project sites to identify potential impacts to align its activities with Indigenous treaty rights and traditional activities and to collaborate with Keyera on mitigation strategies. In 2020, Keyera engaged 22 Indigenous communities, undertaking TLU assessments and developing mitigation plans for the KAPS Pipeline project. Indigenous members from multiple communities participated in environmental activities such as wildlife identification sweeps prior to the winter clearing program.

In 2020, Keyera continued to grow its Indigenous Business Involvement (IBI) program for both greenfield projects and existing operations. The IBI program is directed at creating economic and social benefits for Indigenous businesses through participation in procurement and employment opportunities in

Keyera's projects and operations. It includes providing guidance regarding Keyera's procurement processes and vendor qualification requirements. This approach is designed to assist in preparing Indigenous communities to supply services for Keyera's operations and construction projects. Through the IBI program, 100% of the 2020-21 KAPS winter clearing program was awarded to Indigenous-owned or affiliated companies.

Keyera continues to work with Indigenous community representatives to identify community enrichment projects. In 2020, this included the sponsorship of indigenous youth economic development training, community infrastructure building initiatives and specific training programs in several communities.

For more information on Keyera's relationship with Indigenous communities, please see Keyera's ESG Report available on its website at www.keyera.com.

Ethical Business Conduct

The Board of Directors has adopted a Code of Business Conduct (the "**Code**") which applies to all directors, officers, employees and certain contractors of Keyera.

In support of the Code, Keyera has adopted business conduct policies covering various matters, including but not limited to integrity, ethics, disclosure, insider trading and conflicts of interest, and has adopted a number of specific procedures and guidelines to facilitate compliance with the Code and the various policies (collectively the "**Conduct Policies**"). The Conduct Policies are reviewed annually and updated as necessary.

A copy of the Code, as well as more information on Keyera's various Conduct Policies, can be found on Keyera's website at www.keyera.com.

Whistleblower Protection

As part of its Conduct Policies, the Board has also established a whistleblower hotline, utilizing a third-party service provider, to provide a forum for employees, officers, contractors and consultants who have reason to believe that something may have been done illegally or contrary to Keyera's policy to report these concerns to a neutral third party on a confidential, anonymous basis for investigation. Quarterly reports from the whistleblower hotline are provided to Keyera's Audit Committee. All workers are expected to report any matter that may indicate a breach of Keyera's Conduct Policies. Keyera's Conduct Policies protect all workers who bring legitimate concerns forward from retaliation.

Supply Chain Policy

Keyera's Supply Chain Policy provides that purchasing will be done in a manner that:

- is consistent, fair, timely and economically efficient, while managing Keyera's exposure to health, safety and environmental, financial, operational, technical and reputational risks;
- complies with applicable laws, regulations and corporate policies;
- meets or exceeds Keyera's specified technical requirements;
- complies with Keyera's financial approval matrix;
- reflects Keyera's values and its commitment to communities, landowners, indigenous peoples and other stakeholders; and
- engages effective corporate-wide collaboration.

In addition, Keyera has screening processes in place that it can use to assess potential suppliers, including their qualifications, business conduct practices and to confirm compliance with trade controls. Keyera does not operate in conflict zones.

REGULATORY FRAMEWORK

General Regulatory Context

Keyera is subject to a range of laws, regulations and requirements imposed by various levels of government and regulatory bodies in the jurisdictions in which it operates. While these legal controls and regulations affect numerous aspects of Keyera's activities, including but not limited to, emissions, the operation of wells, pipelines and facilities, construction activities, transportation of dangerous goods, emergency response, operational safety and environmental procedures, Keyera does not believe that they impact its operations in a manner materially different from other comparable businesses operating in the same jurisdictions.

As the majority of Keyera's operations and facilities are located in Alberta, disclosure in this AIF generally focuses on the Alberta regulatory regime. Keyera also has operations and carries on business in other jurisdictions including Texas (Hull Terminal) and Oklahoma (Oklahoma Liquids Terminal and Wildhorse Terminal). Keyera also ships products to customers across North America. Each of these jurisdictions has its own regulatory and environmental regimes to which Keyera is subject.

Greenhouse Gas and Emissions Regulation

Greenhouse gases, mainly CO_2 and methane, are components of the raw natural gas processed and handled at Keyera's facilities. Operations at Keyera's facilities also require the combustion of fossil fuels in engines, turbines, heaters and boilers and the use of electricity, all of which release CO_2, methane and other minor greenhouse gases. Keyera is subject to various greenhouse gas reporting requirements and CO_2 equivalent, or CO2e, emission intensity reduction requirements. Emissions intensity refers to the amount of greenhouse gas, measured on a CO2e basis, emitted on a unit of production basis. Two of the primary factors that affect emissions intensity at Keyera's facilities are fuel gas consumption and throughput. Lower throughput and higher levels of fuel gas consumption result in higher emission intensities.

Keyera uses consulting firms and internal resources to compile inventories of greenhouse gas emissions and reports these inventories in accordance with federal and provincial requirements. Third party audits and/or verifications of inventories are conducted for facilities that are required to meet regulatory targets.

Regulatory Framework Through 2020

The *Federal Greenhouse Gas Pollution Pricing Act* ("**GGPPA**") was implemented in Alberta starting January 2020 in response to the Government of Alberta abandoning the Climate Leadership Plan instituted by Alberta's previous provincial government. The GGPPA is managed by Environment and Climate Change Canada and the Canada Revenue Agency. Starting January 2020, all of Keyera's stationary combustion emissions are now subject to carbon pricing. In 2020, the Alberta Court of Appeal found the GGPPA unconstitutional, a decision which followed two unsuccessful constitutional challenges of the GGPPA by Saskatchewan and Ontario in 2019. The Alberta, Saskatchewan, and Ontario constitutional challenges were appealed to the Supreme Court of Canada, which heard the case in 2020 but has, at this time, yet to release a decision. Manitoba has also initiated a challenge to the GGPPA in Federal Court. The results of the challenges to the GGPPA could significantly impact how greenhouse gas emissions are regulated throughout Canada including in the provinces discussed below.

Alberta's Technology Innovation Emission Reduction ("**TIER**") program came into effect January 2020 and is regulated by Alberta Environment and Parks. TIER replaces the previous Alberta government's Carbon Competitive Innovation Regulation program for facilities that emitted more than 100 kilotonnes of CO2e per year. The TIER program uses an intensity (emissions/production) benchmark approach, and all regulated facilities will fall under a high performance or facility-specific benchmark. Facility-specific benchmarks are based on 2013 to 2015 emissions intensity with discretion to use alternate years. The Alberta Government indicated the TIER program will follow federal pricing guidance. In December 2019, the Canadian government determined that Alberta's TIER regulations were equivalent to the requirements of the GGPPA and therefore, Alberta TIER-regulated facilities will not be regulated under GGPPA. Six Keyera facilities were transitioned into TIER system (Rimbey, Strachan, KFS, AEF, Wapiti and the Minnehik Buck Lake Cogeneration Facility) in 2020. An aggregated facility application was submitted for the remaining facilities emitting below 100 kilotonnes of CO2e, and the federal carbon tax exceptions were approved in 2020.

If a facility (or aggregate[6]) can produce the product with fewer emissions than the assigned benchmark, then it will be entitled to generate Emissions Performance Credits ("**EPCs**"). If a facility cannot meet the industry benchmark, there are the same compliance options as the Specified Gas Emitter Regulation ("**SGER**") program[7]:

- purchasing emissions offsets;
- purchasing fund credits from the Climate Change and Emissions Management Fund at a cost of $30/tonne for 2020; and/or
- purchasing EPCs. EPCs are earned by large final emitters ("**LFE**")[8] with an emissions intensity below the net emissions target and can be sold internally or into the marketplace.

Alberta's Specified Gas Reporting Regulation requires facilities emitting 10,000 tonnes of CO2e or more to submit a specified gas report to the Alberta Climate Change Office.

In addition to these Alberta regulations, Keyera also has emission reporting responsibilities under the *Canadian Environmental Protection Act* ("**CEPA**"). The reporting threshold for CO2e emissions under CEPA was reduced to 10,000 tonnes. Summaries of these federal emissions reports are publicly available.

The federal government is also developing a Clean Fuel Standard that will require all producers and importers of liquid fossil fuels in Canada to reduce or offset the carbon intensity of the fuels they produce or import. The final version of the regulations implementing the Clean Fuel Standard is expected in late 2021. Keyera will continue to monitor the development of regulations on liquid fossil fuels. The potential costs and benefits of the Clean Fuel Standard to Keyera and its customers are continuing to be assessed.

Keyera also reports on combusted greenhouse gas equivalent of all products that it imports and exports in and out of the U.S. in accordance with U.S. Environment Protection Agency requirements.

Other Emissions Regulatory Developments

Keyera is monitoring developments with respect to the Joint Initiative on Methane Reduction and Verification. The Federal Environmental and Climate Change Canada Methane Regulations and the revised AER Directives 60 and 17 were released in 2018. Given the nature of Keyera's operations, it does not anticipate any significant impact associated with the methane reduction efforts.

In 2016, the Government of Canada also released Multi-Sector Air Pollutants Regulations with national performance standards for NOx emissions. Within the regulations there are performance standards for two equipment types: gaseous-fuel-fired boilers and heaters, and stationary spark-ignition gaseous-fuel-fired engines. Reporting requirements came into effect in 2017. Flexible performance standards for engines have been utilized with an interim milestone of 2021 and a final compliance deadline of 2026. Boilers and heaters will have performance standards starting in 2026. Keyera carefully monitors NOx emissions at its

[6] SGER was replaced by CCIR (Carbon Competitiveness Incentive Regulation) is 2018, which was then replaced by TIER in 2020.r gas plants, compressor station batteries and terminals.
[7] SGER was replaced by CCIR (Carbon Competitiveness Incentive Regulation) is 2018, which was then replaced by TIER in 2020.
[8] Large final emitters are facilities that emit greater than 100,000 tonnes of CO2 per year. Keyera's LFE assets are the Rimbey, KFS and AEF facilities and the Wapiti and Strachan gas plants.

plants and equipment in order to manage its operations to meet the upcoming compliance timelines. Additionally, Keyera has established an interdisciplinary task force to develop a fleet management plan that is coordinated with Keyera's other efficiency and compliance efforts.

Overall Implications of Emissions Regulation for Keyera

Keyera anticipates its compliance costs will increase over time as a result of the evolving greenhouse gas emissions regulatory requirements. However, based on currently available information, Keyera does not expect the incremental direct cost of compliance between now and 2023 to be material. Keyera's analysis is based on various scenarios that Keyera has considered, taking into account there is carbon pricing on stationary combustion for all Keyera's facilities in Alberta, the estimated TIER compliance obligations forecast, the increases in carbon pricing based on the Canadian federal framework, forecast throughput at Keyera's facilities, planned or anticipated emissions reduction initiatives and expected future emissions performance of Keyera facilities.

In addition to the expected direct costs associated with regulatory changes, there may also be indirect costs, as well as other consequences and implications for Keyera. For example, an increase to electricity costs (whether due to increased short term compliance costs, longer term phasing out of coal generated electricity or other factors) may render the potential increased cost implications more significant. Power costs are a large component of the operating costs at many of Keyera's facilities. Keyera therefore closely monitors these developments and is working on an overall power strategy in anticipation of pending changes in electrical generation in Alberta.

Keyera is also conscious of the potential implications and costs associated with increased negative public sentiment toward emissions from the energy industry. In order to better understand the reputational risks, Keyera conducts a formal reputational risk assessment every three years and reputational climate-related risk is considered in management's and the Board's annual enterprise risk process.

Keyera has identified the need to be transparent about its emission and climate risk management and to take action in improving its emissions and environmental impact. Keyera is managing reputational risk by putting efforts towards:

- exploring and implementing technology and strategies that improve the emission efficiency of its operations and reduces its environmental footprint;
- tracking and publicly disclosing Keyera's environmental and emissions performance, as well as planning to report against the recommendations of the Task Force for Climate Related Disclosure;
- speaking with and understanding investor, community and other stakeholder expectations, as well as educating others about Keyera's business and environmental initiatives; and
- working with industry groups to improve the industry's overall environmental performance and better communicate the industry's efforts towards reducing emissions.

To proactively reduce its emissions and to mitigate the impact of regulatory changes, reputational risks and other associated risks, Keyera evaluates new emission reduction opportunities throughout its current portfolio, lower-carbon ventures and business opportunities and considers emission-related impacts when evaluating major capital expenditures and other investments. The regulatory, physical and transitionary impacts of climate change are considered as part of Keyera's project management system and equipment design/selection, as well as screening processes as Keyera considers investments, acquisitions, divestitures, new business opportunities and projects. Keyera conducts life-cycle planning for its assets and climate change considerations that could lead to upgrades, reinvestment or divestment.

Keyera will continue to evaluate these developments to evaluate potential financial and operational implications. Given the multitude of variables that could cause changes to outcomes, it is currently not possible to predict future incremental compliance costs with any certainty.

Environmental Regulation (Non-Emissions)

General Framework

The midstream industry in Alberta is subject to provincial and federal environmental legislation and regulations. Among other things, the environmental regulatory regime provides for restrictions and prohibitions on releases or emissions of various substances produced in association with certain oil and natural gas industry operations. Environmental regulation affects the operation of facilities and limits the extent to which facility expansion is permitted. In addition, legislation requires that facility sites and pipelines be abandoned and reclaimed to the satisfaction of provincial authorities and local landowners. A breach of such legislation may result in notices of non-compliance, the imposition of fines, the issuance of clean-up orders or the shutting down of facilities and pipelines.

The AER is the main government agency that regulates midstream operations and facilities in Alberta. In addition, some activities and facilities are also regulated by Alberta Environment and Parks. Among the primary pieces of legislation that form the regulatory framework are the *Oil and Gas Conservation Act* (Alberta), the *Pipelines Act* (Alberta) and the *Environmental Protection and Enhancement Act* (Alberta) ("**EPEA**"), along with all related regulations. In order to construct and operate most midstream facilities, a license and potentially an operating approval from the AER is required. The license and approval requirements will depend on such factors as the nature of the facility or installation, the type of activity and the type of product. To hold a license the applicant must demonstrate, at the time of application, that the impact of the facility on the environment will be within acceptable limits. Operating approvals are intended to address a facility's impact on the physical environment and limit emissions to air and water depending on the size of the facility and the nature of the product being handled. The AER also conducts regular inspections of the facilities that are subject to their regulation. The disposal of wastewater and gases into wells drilled into deep geologic formations is regulated by the AER. A number of Keyera's facilities hold approvals and permits for these disposal activities. Further, the use of water (surface or groundwater) is regulated under the *Water Act* (Alberta).

Under EPEA, environmental standards and compliance obligations for releases, clean-up and reporting are subject to scrutiny by the AER and the public. Liability for clean-up, remediation and reclamation costs may be imposed on a wide range of parties including present and past owners, or those that had charge, management or control of a substance that has been spilled or released. Regulators may issue shut-down orders where facilities or pipelines are not in compliance with the environmental laws or operating approvals, and fines under EPEA may be as high as $1 million for each day that an offence under EPEA continues. Keyera has never been subject to enforcement actions of this nature.

The AER has also issued multiple directives and guides with strict requirements and standards concerning matters such as oilfield waste management and the suspension, abandonment and reclamation of oil and natural gas wells, pipelines, and facilities that must be factored into the cost of conducting operations in Alberta.

Keyera does not have any operations in areas considered critical habitats, such as the Caribou zone in Northern Alberta. When evaluating projects in areas that may have an impact on critical habitats, Keyera undertakes appropriate evaluation, monitoring and testing prior to proceeding with development activities and may modify its plans or operating parameters to mitigate potential impacts.

Sulphur Recovery

AER Interim Directive 2001-3 establishes sulphur recovery guidelines for sour gas plants and also sets the maximum allowable sulphur inlet limits that can be processed. With changing gas compositions and declining sour gas production, meeting the sulphur recovery requirements has been an increasing challenge for many sour gas plant operators, including Keyera. Keyera continues to carefully monitor sulphur recovery at its plants and takes active steps to manage its operations.

Noise Control Regulation

AER Directive 038 establishes the regulatory framework with respect to noise control applicable to all operations and facilities under the jurisdiction of the AER. This directive sets certain parameters with respect to maximum permissible sound levels and measuring the noise associated with industrial developments regulated by the AER. Keyera manages its operations and plans capital expansions at its facilities, identifying noise impacts and mitigation measures is an important consideration. Directive 038 also recognizes that, under special circumstances, permissible sound levels from a resource facility could be adjusted from what would otherwise be calculated under this Directive 038. Alberta's Industrial Heartland area in the Fort Saskatchewan region has been identified as a special circumstance and as such a separate regional noise management plan has been developed for this area. Keyera's Fort Saskatchewan facility falls under this regional plan.

Transportation of Dangerous Goods

Petroleum products, including NGLs, crude oil, and iso-octane are subject to regulation under the transportation of dangerous goods, or TDG, legislation in Canada and the U.S., as well as other jurisdictions to the extent shipments are entering or leaving other jurisdictions (e.g., Mexico). Keyera has a significant fleet of rail cars under lease that it uses to move these products across Canada and the U.S., plus it also loads third party rail cars at many of its facilities. Keyera does not own or lease any product transportation trucks, but it does have truck loading/off-loading racks at a number of its facilities and also contracts with other companies to provide trucking services for products requiring transport. Because Keyera ships and receives these products to and from various locations across North America, it is required to comply with TDG laws in each of these jurisdictions.

TDG laws require parties handling, offering for transport, transporting or importing certain dangerous goods to have an approved Emergency Response Assistance Plan ("**ERAP**") in place. ERAPs are required for (i) Class II products such as propane and butane; and (ii) for Class III products such as crude oil and condensate when transported by rail. An ERAP is intended to ensure that specialized emergency response personnel and equipment are available in a timely manner, in order to assist and/or supplement primary emergency responders responding to an incident.

Keyera monitors regulatory developments, and other recommendations that are introduced by regulatory agencies with respect to TDG matters, including safety data sheet requirements for the products it handles and rail car specifications. Keyera also monitors the practices and tariffs of railway companies and has observed that the major railway companies in Canada have implemented standard contract and/or tariff provisions aimed at shifting responsibility for certain damages and claims to shippers. See "Risk Factors – Operational Risks – Transportation of Dangerous Goods".

CAPITAL STRUCTURE OF THE CORPORATION

The Corporation is authorized to issue Common Shares, First Preferred Shares and Second Preferred Shares. The rights, privileges and restrictions on the Common Shares, First Preferred Shares and Second Preferred Shares are contained in the articles of the Corporation, which are available on SEDAR at www.sedar.com and on the Corporation's website at www.keyera.com.

As of December 31, 2020, there were 221,022,873 Common Shares issued and outstanding; and no First Preferred Shares or Second Preferred Shares issued and outstanding. An overview of the capital structure of the Corporation is described below.

Common Shares

Pursuant to its articles, the Corporation is authorized to issue an unlimited number of Common Shares. The rights, privileges, restrictions and conditions attaching to the Common Shares are as follows:

- *Voting*: Shareholders have the right to receive notice of, attend and vote at all shareholder meetings, except meetings of holders of another class of shares. Each Common Share is entitled to one vote.
- *Dividends*: Subject to the preferences accorded to holders of First Preferred Shares, Second Preferred Shares and any other shares of the Corporation ranking senior to the Common Shares from time to time, the Shareholders are entitled to receive dividends, if, as and when declared by the Board of Directors.
- *Liquidation, Dissolution or Winding-Up*: Subject to the preferences accorded to holders of First Preferred Shares, Second Preferred Shares and any other shares of the Corporation ranking senior to the Common Shares from time to time, the Shareholders are entitled to share equally, share for share, in the remaining property of the Corporation in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation.

Preferred Shares

The Corporation is authorized to issue two classes of Preferred Shares - one class referred to as the "First Preferred Shares" and the second class referred to as the "Second Preferred Shares", each issuable in one or more series. As of the date hereof, there are no issued and outstanding Preferred Shares of either class. The number of Preferred Shares that may be authorized and issued is restricted. Specifically, Preferred Shares of either class may not be issued if:

- the aggregate number of First Preferred Shares and Second Preferred Shares that would then be outstanding would exceed 50% of the aggregate number of Common Shares then outstanding; or
- the maximum aggregate number of Common Shares into which all of the First Preferred Shares and Second Preferred Shares then outstanding could be converted in accordance with their terms (regardless of any restrictions on the time of conversion and regardless of any conditions to the conversion) would exceed 20% of the aggregate number of Common Shares then outstanding; or
- the aggregate number of votes which the holders of all of the First Preferred Shares and the holders of all the Second Preferred Shares then outstanding would be entitled to cast (regardless of any conditions) at any meeting of shareholders (other than a meeting at which only holders of one or more of the classes or series of Preferred Shares are entitled to vote) would exceed 20% of the aggregate number of votes which the holders of all of the Common Shares then outstanding would be entitled to cast at any such meeting.

Subject to the foregoing restrictions and to filing articles of amendment in accordance with the ABCA, the Board of Directors may issue Preferred Shares of either class in one or more series without par value and may, before such issuance, fix the designation, rights, privileges, restrictions and conditions attaching to each such series, including but not limited to: the amount (if any) specified as being payable preferentially to such series on the distribution of assets of the Corporation in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation (as well as the extent of any further participation in such a distribution of assets); voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. In accordance with the Corporation's articles, each class of Preferred Shares would be entitled to preference over Common Shares (and any other shares ranking junior to the particular class of Preferred Shares) with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation (whether voluntary or involuntary).

In connection with the creation and issuance of the Subordinated Hybrid Notes issued in 2019, the Corporation created the first series of First Preferred Shares designated as "Preference Shares – Series 2019-A". The rights, privileges, restrictions and conditions attached to such series are set forth in Articles of Amendment filed by the Corporation on June 13, 2019 and available on SEDAR at www.sedar.com. No First Preferred Shares of such series are currently outstanding. Such series of First Preferred Shares will only be issued in the circumstances set forth in the First Supplemental Note Indenture. See "Subordinated Hybrid Notes" below.

Credit Facilities

As at December 31, 2020, the Partnership has a $1.5 billion unsecured revolving credit facility with a syndicate of Canadian financial institutions and foreign banks (the "**Syndicated Credit Facility**") with approximately $280 million drawn. Pursuant to the terms of the Syndicated Credit Facility, the credit limit can be increased to $1.85 billion at the discretion of the lenders and subject to certain conditions being met. The term of the Syndicated Credit Facility expires on December 6, 2024. The Partnership also has two unsecured revolving demand facilities, one in the amount of $25 million and the other in the amount of $50 million (collectively with the Syndicated Credit Facilities, the "**Credit Facilities**"). Depending on the type of borrowing, the Credit Facilities bear interest based on the agent's or applicable lender's rates for Canadian prime commercial loans, U.S. base rate loans, letters of credit and bankers' acceptances and the LIBOR rate, plus a margin or stamping fee, as applicable.

Senior Unsecured Notes

Keyera's long term debt includes senior unsecured notes (the "**Senior Unsecured Notes**") that were issued by the Partnership on a private placement basis pursuant to a number of separate note agreements (the "**Note Agreements**") and are not listed or quoted on any exchange. Keyera may redeem the Senior Unsecured Notes before their respective maturity dates, subject to a make whole premium.

As of December 31, 2020, Keyera had C$1.1342 billion and US$333 million (C$425 million equivalent) of Senior Unsecured Notes outstanding as follows:

Senior Unsecured Notes US Denominated Debt		
Amount	**Interest Rate**	**Maturity Date**
US$128 million	4.19%	June 2024
US$140 million	4.75%	November 2025
US$65 million	4.95%	November 2028

Senior Unsecured Notes Canadian Denominated Debt		
Amount	**Interest Rate**	**Maturity Date**
$60 million	6.14%	December 2022
$30 million	3.50%	June 2023
$17 million	4.91%	June 2024
$100 million	4.92%	October 2025
$20 million	5.05%	November 2025
$30 million	4.15%	June 2026
$200 million	3.96%	October 2026
$400 million	3.68%	September 2027
$100 million	5.09%	October 2028
$100 million	4.11%	October 2028
$75 million	5.34%	April 2029

Medium Term Notes

On June 21, 2018 and May 29, 2020, the Corporation issued Medium Term Notes, Series 1 and Medium Term Notes, Series 2, respectively. The Corporation's obligations under the Keyera Medium Term Notes are guaranteed by certain subsidiaries of the Corporation. The Keyera Medium Term Notes are not listed or quoted on any exchange.

Subject to certain conditions, as noted below, the Corporation may redeem each series of Keyera Medium Term Notes, either in whole or in part, upon not less than 10 and not more than 60 days prior notice, at a price equal to the greater of (i) par, and (ii) the Canada Yield Price (as defined below), plus any unpaid interest, if any, to but excluding the date of redemption. In respect of the Keyera Medium Term Notes, "Canada Yield Price" means, in effect, a price equal to the price of a specific series of Keyera Medium Term Notes, as applicable, calculated in accordance with generally accepted financial practice in Canada to provide a yield to maturity equal to the Government of Canada Yield (as defined below) plus the redemption premium set forth in the table below. In respect of the Keyera Medium Term Notes, "Government of Canada Yield" means, on any date, in effect, the yield to maturity on such date compounded semi-annually which a noncallable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100 percent of its principal amount on such date with a term to maturity equal to the remaining term to maturity of the specified series of Keyera Medium Term Notes, as applicable. The Government of Canada Yield will be the average of the yields determined by two major Canadian investment dealers selected by the Corporation. In certain circumstances following a Change of Control Trigger Event (as defined in the Note Indenture), the Corporation will be required to make an offer to repurchase all or, at the option of any holder of the Keyera Medium Term Notes, any part, at a purchase price payable in cash equal to 101 percent of the aggregate outstanding principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. After certain dates (as set forth below), a series of Keyera Medium Term Notes may be redeemed at a price equal to par, plus accrued but unpaid interest, if any, to but excluding the date of the redemption. See "Risk Factors – Financial Risks – Credit Ratings".

Medium Term Notes Canadian Denominated Debt					
Series	**Issue Date**	**Maturity Date**	**Amount**	**Interest Rate**	**Redemption Premium (per annum)**
1(1)	June 21, 2018	June 21, 2028	$400 million	3.934%	0.440%
2(2)	May 29, 2020	May 29, 2030	$400 million	3.959%	0.850%

Notes:

(1) The Corporation may redeem the Medium Term Notes, Series 1, (a) at any time prior to March 21, 2028 at a price equal to the greater of (i) par and (ii) the Canada Yield Price (to be based on a discount rate of the Government of Canada Yield to March 21, 2028, plus 44 basis points), and (b) at any time on or after March 21, 2028, at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

(2) The Corporation may redeem the Medium Term Notes, Series 2, (a) at any time prior to February 28, 2030 at a price equal to the greater of (i) par and (ii) the Canada Yield Price (to be based on a discount rate of the Government of Canada Yield to February 28, 2030, plus 85 basis points), and (b) at any time on or after February 28, 2030 at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

Subordinated Hybrid Notes

In 2019, the Corporation issued the Subordinated Hybrid Notes, which are fixed-to-floating rate subordinated notes outstanding in the principal amount of $600 million and which mature on June 13, 2079. Interest on the notes is fixed at 6.875% per annum until June 13, 2029. If the notes are not redeemed on or after such date, the interest rate will float and will be re-set on each interest payment date. The notes are subordinate in right of payment to all indebtedness that is not expressly subordinate, including indebtedness under the Credit Facilities, the Senior Unsecured Notes and the Keyera Medium Term Notes. The Subordinated Hybrid Notes are not listed or quoted on any exchange.

The Corporation's obligations under the Subordinated Hybrid Notes are guaranteed by certain subsidiaries of the Corporation. On or after June 13, 2029, the Corporation may, at its option, on giving not more than 60 nor less than 10 days' notice to the noteholders, redeem the notes, in whole at any time or in part from time to time, on any interest payment date. The redemption price per $1,000 principal amount of notes redeemed will be 100% of the principal amount thereof, together with accrued and unpaid interest to, but excluding, the date fixed for redemption. Notes that are redeemed shall be cancelled and shall not be reissued. The Corporation may only redeem the notes earlier in certain limited circumstances.

So long as no event of default has occurred and is continuing, the Corporation can elect to defer the interest payable on the notes subject to certain restrictions and conditions. Any deferred interest will accrue until paid. The notes, and any accrued and unpaid interest thereon, convert automatically into the Preference Shares – Series 2019-A in connection with an insolvency event.

The complete terms of the Subordinated Hybrid Notes are set forth in the First Supplemental Note Indenture available on SEDAR at www.sedar.com.

Fixed-to-Floating Rate Subordinated Hybrid Notes Canadian Denominated Debt		
Amount	**Interest Rate**	**Maturity Date**
$600 million	6.875%	June 13, 2079

Credit Ratings

The following information with respect to the Corporation's credit ratings is provided as it relates to Keyera's financing costs and liquidity. Specifically, credit ratings affect Keyera's ability to obtain short-term and long-term financing and impact the cost of such financing. A reduction in the current ratings on the Corporation's debt by its rating agencies, particularly a downgrade below investment grade ratings, could adversely affect Keyera's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings may affect Keyera's ability to enter into, and the associated costs of entering into, normal course derivative or hedging transactions.

DBRS and S&P are rating agencies that provide credit ratings. Credit ratings are intended to provide investors with an independent measure of credit quality of any issues of debt securities. **The credit ratings assigned by the rating agencies are not recommendations to purchase, hold or sell the securities, nor do the ratings comment on market price or suitability for a particular investor. Any rating may not remain in effect for a given period of time or may be revised or withdrawn entirely by a rating agency in the future if in its judgement circumstances so warrant.**

The Corporation has paid each of DBRS and S&P their customary fees in connection with the provision of the below ratings. The Corporation has not made any payments to DBRS or S&P over the past two years for services unrelated to the provision of such ratings.

DBRS

DBRS Credit Ratings[1]		
Debt	**Rating Action[2,3]**	**Trend**
Issuer Rating	BBB	Stable
Senior Unsecured Notes (Keyera Medium Term Notes)	BBB	Stable
Fixed to Floating Rate Subordinated Notes (Subordinated Hybrid Notes)	BB (high)	Stable

Notes:

(1) DBRS has ten rating categories for long-term debt and long term-issuer credit ratings, which range from "AAA" to "D". DBRS uses "high" and "low" designations on ratings from AA to C to indicate the relative standing within a particular rating category. The absence of a "high" or "low" designation indicates that a rating is in the middle of the category.

(2) In October 2020, DBRS confirmed the Corporation's public "Issuer Rating" of "BBB", Senior Unsecured Notes rating of "BBB" (to the Keyera Medium Term Notes), as well as Fixed to Floating Subordinated Note (Subordinated Hybrid Notes) rating of "BB (high)". Trends for all 3 ratings are "stable". The BBB and BB (high) ratings are the fourth and fifth highest ratings of DBRS' ten rating categories for long-term debt and issuer rating.

(3) In DBRS' view, the BBB rating indicates that the Keyera Medium Term Notes are of adequate credit quality and that the Corporation as an issuer is of adequate financial strength. The BB (high) rating, in DBRS' view, indicates that the Subordinated Hybrid Notes are non-investment grade, which means that the capacity for the payment of financial obligations is considered acceptable, however, the issuer may be vulnerable to future events.

S&P

S&P Credit Ratings[1]		
Debt	**Rating[2,3]**	**Trend**
Issuer Rating	BBB-	Stable
Senior Unsecured Notes (Keyera Medium Term Notes)	BBB-	Stable
Fixed to Floating Rate Subordinated Notes (Subordinated Hybrid Notes)	BB	Stable

Notes:

(1) S&P has ten rating categories for long-term debt and nine rating categories for long-term issuer credit ratings, which range from "AAA" to "D". The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

(2) In April 2020, S&P lowered its rating on: the Medium Term Notes, Series 1 from a "BBB" to a "BBB-" rating; Subordinated Hybrid Notes from a "BB+" to "BB" rating; and "Long-term Corporate Credit Rating" from "BBB" to "BBB-" with a "stable" outlook. In May 2020, the Medium Term Notes, Series 2 received a "BBB-" rating from S&P. The BBB- and BB ratings are the fourth and fifth highest ratings of S&P's rating categories described above.

(3) Issues of debt securities rated BBB- are judged by S&P to exhibit adequate protection parameters whereas issues of debt securities rated BB have, in S&P's view, speculative characteristics, but is the least vulnerable of the speculative issues. Long-term issuers rated BBB- are judged by S&P as having adequate capacity to meet financial commitments. However, for both issues of debt securities and for long-term issuers, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Shareholder Rights Plan

The Corporation and its predecessors have had a shareholder rights plan in place since 2007. The current shareholder rights plan is dated as of March 14, 2017 and was renewed by the Shareholders on May 12, 2020 (the "**Rights Plan**"),and must be reconfirmed by Shareholders at the 2023 annual meeting of Shareholders and every third annual meeting thereafter. The Rights Plan has been adopted to ensure, to the extent possible, that all Shareholders are treated fairly in connection with any take over bid for the Corporation and to ensure that the Board of Directors is provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize Shareholder value. The Rights Plan creates a right that attaches to each present and subsequently issued Common Shares. Until the Separation Time (as defined in the Plan), which typically occurs at the time of an unsolicited take over bid, whereby a person acquires or attempts to acquire 20 percent or more of the Common Shares, the rights are not separable from the Common Shares, are not exercisable and no separate rights certificates are issued. Each right entitles the holder, other than the 20 percent acquirer, from and after the Separation Time (as defined in the Plan) and before certain expiration times, to acquire one Common Share at a substantial discount to the market price at the time of exercise. The Board of Directors may waive the application of the Rights Plan in certain circumstances.

A copy of the agreement relating to the current Rights Plan is available on the Keyera website at www.keyera.com and on SEDAR at www.sedar.com.

DIVIDENDS

Overview

The Corporation's current practice is to pay monthly cash dividends on the Common Shares on the 15th of each calendar month (or the next business day should the 15th not be a business day) to Shareholders of record as of the dividend record date, which is usually 20 to 26 days prior to the dividend payment date.

The Corporation's dividend policy is intended to provide Shareholders with relatively stable and predictable monthly dividends, while retaining a portion of cash flow to help fund maintenance capital and ongoing growth projects. In determining the level of dividends to be declared each month, the Board of Directors takes into consideration such factors as current and expected future levels of distributable cash flow (including income tax), capital expenditures, borrowings and debt repayments, changes in working capital requirements and other factors. Over the long term, the Corporation expects to continue to pay dividends from its distributable cash flow; however, the Corporation's credit facilities may be used to stabilize dividends from time to time.

Although the Corporation intends to continue to make regular monthly dividends to Shareholders, dividends are not guaranteed. The amount of dividends to be paid on the Common Shares, if any, is subject to the discretion of the Board of Directors and may vary depending on a variety of factors. In addition to the ABCA-mandated solvency and liquidity tests that must be met, the Corporation's ability to declare and pay dividends is also dependent on its compliance with the covenants under its Credit Facilities, Note Agreements and Note Indenture. See "Capital Structure of the Corporation" and "Risk Factors – Financial Risks – Cash Dividends Are Not Guaranteed".

Dividend History

The following table sets forth the per Common Share dividends declared on the Common Shares for the three most recently completed years:

Month	2020	2019	2018
January	$0.1600	$0.1500	$0.1400
February	$0.1600	$0.1500	$0.1400
March	$0.1600	$0.1500	$0.1400
April	$0.1600	$0.1500	$0.1400
May	$0.1600	$0.1500	$0.1400
June	$0.1600	$0.1500	$0.1400
July	$0.1600	$0.1500	$0.1400
August	$0.1600	$0.1600	$0.1500
September	$0.1600	$0.1600	$0.1500
October	$0.1600	$0.1600	$0.1500
November	$0.1600	$0.1600	$0.1500
December	$0.1600	$0.1600	$0.1500
Total	**$1.9200**	**$1.8500**	**$1.7300**

To date in 2021, dividends of $0.1600 per Common Share were declared in January and February. The January declared dividend was paid on February 16, 2021 and the February declared dividend is payable on March 15, 2021.

Premium DRIP

The Corporation has adopted the Premium DRIP to allow Shareholders to reinvest cash dividends into additional Common Shares and, in the case of the Premium Dividend™ component of the plan, exchange such Common Shares for a premium cash payment equal to 101% of the regular declared cash dividend. On April 22, 2020, Keyera announced that it was suspending the Premium DRIP in response to industry conditions related to the COVID-19 pandemic and significant decrease in global oil prices. See "Risk Factors". Shareholders enrolled in the Premium DRIP prior to April 22, 2020 received dividends in cash, rather than re-invested, starting with the May 2020 dividend. Further information on the suspended Premium DRIP can be found on Keyera's website at www.keyera.com.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed for trading on the TSX under the symbol "KEY". The following table sets forth the monthly high and low sales prices at close and total monthly volumes for the Common Shares traded on the TSX during 2020.

Calendar Period	Price per Share ($)		Share Trading
2020	**High (Close)**	**Low (Close)**	**Volume**
January	35.25	34.03	14,376,900
February	36.19	32.22	18,503,637
March	32.54	10.48	52,931,134
April	21.32	12.43	40,258,542
May	22.40	19.95	23,906,817
June	23.59	19.84	22,639,548
July	21.40	19.96	18,602,380
August	24.85	21.74	21,016,824
September	24.43	19.66	25,383,577
October	21.84	18.61	21,254,124
November	23.46	18.05	29,269,798
December	24.07	22.20	21,959,913

DIRECTORS AND EXECUTIVE OFFICERS OF THE CORPORATION

Directors of the Corporation

In accordance with its articles, the Corporation must have a minimum of three directors and may have a maximum of twelve directors, and directors are elected annually by the Shareholders to serve until the next annual meeting. Between annual meetings, the Board of Directors has the authority to appoint one or more additional directors to serve until the next annual meeting provided that the number of directors so appointed does not exceed 1/3 of the number of directors holding office at the expiration of the last annual meeting.

There are currently 10 directors. At the annual meeting of Shareholders held on May 12, 2020, the following ten directors were elected: James Bertram, Blair Goertzen, Douglas Haughey, Gianna Manes, Donald Nelson, Michael Norris, Thomas O'Connor, Charlene Ripley, David Smith and Janet Woodruff. Effective January 1, 2021, the Board of Directors appointed Dean Setoguchi, who became the Corporation's new Chief Executive Officer on that date, as a director, replacing David G. Smith who retired as Chief Executive Officer and a director effective December 31, 2020. The names, municipalities of residence and principal occupations for the five most recently completed financial years and committee membership of the directors of the Corporation as of the date hereof are set out below. Additional information regarding Keyera's directors is set out in its information circulars for Keyera's annual meetings of Shareholders.

Name, Residence, Principal Occupation, Period of Service as a Director, Other Issuers of which the Director is a Director	Position on Committees of the Board of Directors
James V. Bertram Calgary, Alberta, Canada Mr. Bertram has been a director since March 28, 2003 and assumed the role of Chair on June 1, 2016. Mr. Bertram was the Chief Executive Officer of Keyera since its inception in 1998 until December 31, 2014 and Executive Chair from January 1, 2015 until June 1, 2016. Since that time Mr, Bertram has been a corporate director. Mr. Bertram is also a director of Emera Inc. and Methanex Corporation.	Mr. Bertram is: • Independent(1) • Chair • Not a member of any Committees
Douglas Haughey Calgary, Alberta, Canada Mr. Haughey has been a director since May 7, 2013 and was appointed Independent Lead Director on January 1, 2015. Mr. Haughey is a corporate director. Most recently he was Chief Executive Officer and director of Churchill Corporation, a position he held from August 2012 through May 2013. Prior to that, Mr. Haughey was President and Chief Executive Officer of Provident Energy. Mr. Haughey is Chair of the Board of Fortis Inc.	Mr. Haughey is: • Independent • Independent Lead Director(1) • Chair of the Compensation and Governance Committee
Blair Goertzen Red Deer, Alberta, Canada Mr. Goertzen has been a director since August 6, 2019. Mr. Goerzen is an independent businessman. Most recently, he was the President and Chief Executive Officer of Enerflex Ltd., a position he held from June 2011 until May 2019.	Mr. Goertzen is: • Independent • Member of the Health, Safety and Environment Committee
Gianna Manes Calgary, Alberta, Canada Ms. Manes has been a director since May 9, 2017. Ms. Manes is an independent businesswoman. She was most recently the President and Chief Executive Officer of ENMAX Corporation from 2012 until her retirement in July 2020.	Ms. Manes is: • Independent • Member of the Health, Safety and Environment Committee
Donald J. Nelson Calgary, Alberta, Canada Mr. Nelson has been a director since May 14, 2008. He is the President of Fairway Resources Inc., a private company providing consulting services to the oil and gas industry. Mr. Nelson served as a director of Perpetual Energy Inc., a publicly-traded issuer in the oil and gas industry, from 2002 to 2019. Mr. Nelson also sits on the board of a private energy services company.	Mr. Nelson is: • Independent • Chair of the Health, Safety and Environment Committee • Member of the Compensation and Governance Committee
Michael Norris Toronto, Ontario, Canada Mr. Norris has been a director since May 7, 2013. Mr. Norris is a corporate director. Mr. Norris was Deputy Chair of RBC Capital Markets from 2003 through 2012. Mr. Norris is also a director of Recipe Unlimited Corp. and a number of private and non-profit organizations.	Mr. Norris is: • Independent • Chair of the Audit Committee
Thomas O'Connor Denver, Colorado, U.S. Mr. O'Connor has been a director since January 6, 2014. He is currently an independent businessman. He was the Chairman and Chief Executive Officer of DCP Midstream LLC and Chairman of DCP Midstream Partners LP until 2013. Presently he sits on the board of New Jersey Resources.	Mr. O'Connor is: • Independent • Member of the Audit Committee
Charlene Ripley Vancouver, British Columbia, Canada Ms. Ripley has been a director since June 12, 2017 and has been the Executive Vice President and General Counsel at SNC-Lavalin Group Inc. since October 2019. Prior to joining SNC-Lavalin Group Inc., Ms. Ripley was Executive Vice President, General Counsel at Goldcorp Inc., a TSX and NYSE-listed gold producer, from April 2013 to April 2019.	Ms. Ripley is: • Independent • Member of the Compensation and Governance Committee

Name, Residence, Principal Occupation, Period of Service as a Director, Other Issuers of which the Director is a Director	Position on Committees of the Board of Directors
Dean Setoguchi Calgary, Alberta, Canada Mr. Setoguchi has been the President and Chief Executive Officer of the Corporation since January 2021. Prior to his appointment, he has held senior management roles with the Corporation, including President and Chief Commercial Officer (February 2020 to December 2020), Senior Vice President and Chief Commercial Officer (2018-2020), and Senior Vice President, Liquids Business Unit (2014-2018). Mr. Setoguchi currently serves on the Board of the Calgary Food Bank.	Mr. Setoguchi is: • Not Independent • Not a member of any Committees
Janet Woodruff West Vancouver, British Columbia, Canada Ms. Woodruff has been a director since June 9, 2015. Ms. Woodruff is a corporate director. Previously, Ms. Woodruff held executive roles at BC Hydro, B.C. Transmission Corporation, Vancouver Coastal Health and Westcoast Energy. She serves as a director of Altus Group Limited, Ballard Power Systems, FortisBC Inc, Fortis BC Energy Inc. and Capstone Infrastructure Corporation[(2)].	Ms. Woodruff is: • Independent • Member of the Audit Committee

Notes:

(1) Under Canadian securities laws, Mr. Bertram has been considered independent since June 1, 2019. Having regard to governance best practices which suggest a period longer than three years is appropriate in determining independence, Keyera decided to maintain Mr. Haughey as Independent Lead Director for 2021. For further information please see page 31 of the Corporation's Information Circular dated March 26, 2020 which is available on SEDAR at www.sedar.com.

(2) Ms. Woodruff sits on the Boards of FortisBC Inc and Fortis BC Energy Inc. (both are wholly owned subsidiaries of Fortis Inc., however has public debt securities outstanding) and Capstone Infrastructure Corporation (a wholly owned subsidiary of Irving Infrastructure Corp., which has preferred shared publicly traded on the TSX).

Executive Officers of the Corporation

The name, municipality of residence, position held and principal occupations for the five most recently completed financial years of the executive officers of the Corporation as of the date of this AIF are set out below:

Name and Municipality of Residence	Position with the Corporation	Principal Occupation
Dean Setoguchi Calgary, Alberta	President and Chief Executive Officer	President and Chief Executive Officer since January 2021. Prior thereto, President and Chief Commercial Officer, Keyera, from March 2020 to December 2020; Senior Vice President, Chief Commercial Officer, Keyera, from December 2018 to February 2020; Senior Vice President, Liquids Business Unit, Keyera, from April 2014 to December 2018.
Nancy L. Brennan Calgary, Alberta	Senior Vice President, General Counsel and Corporate Secretary	Senior Vice President, General Counsel and Corporate Secretary since July 2019. Prior thereto, Vice President, Corporate Legal and Corporate Secretary, Encana Corporation, from July 2015 to June 2019.
Dion Kostiuk Calgary, Alberta	Senior Vice President, Human Resources and Corporate Services	Senior Vice President, Human Resources and Corporate Services since March 2020. Prior thereto, Vice President, Human Resources and Corporate Services, Keyera, from February 2013 to February 2020.
Bradley W. Lock Calgary, Alberta	Senior Vice President, Chief Operating Officer	Senior Vice President, Chief Operating Officer since December 2018. Prior thereto, Senior Vice President, Gathering and Processing, Keyera, from July 2013 to December 2018.

Name and Municipality of Residence	Position with the Corporation	Principal Occupation
Eileen Marikar Calgary, Alberta	Senior Vice President, Chief Financial Officer	Senior Vice President, Chief Financial Officer since May 2020. Prior thereto, Vice President, Finance, Keyera, from March 2019 to May 2020; Vice President, Controller, Keyera, from February 2014 to March 2019.
Jamie Urquhart Calgary, Alberta	Senior Vice President, Chief Commercial Officer	Senior Vice President, Chief Commercial Officer since September 2020. Prior thereto, Vice President, Marketing from December 2018 to September 2020; Vice President, Operations, Gathering and Processing, Keyera from February 1, 2017 to December 2018; Director, Business Development, Gathering and Processing, Keyera, from 2015 to February 2017.
Jarrod Beztilny Calgary, Alberta	Vice President, Operations, Gathering and Processing	Vice President, Operations, Gathering and Processing since December 2018. Prior thereto, Vice President, Operations, Liquids Business Unit, Keyera, from December 2015 to December 2018.
Kelly Hill Calgary, Alberta	Vice President, Information Technology	Vice President, Information Technology since March 2019. Prior thereto, General Manager, Information Technology, Keyera from November 2017 to March 2019; Director, Information Technology, Keyera from May 2014 to November 2017.
John Hunszinger Edmonton, Alberta	Vice President, Operations, Liquids Infrastructure	Vice President, Operations, Liquids Infrastructure since December 2018. Prior thereto, Plant Director, Alberta EnviroFuels Facility, Keyera from 2012 to 2018.
Brian Martin Calgary, Alberta	Vice President, Business Development	Vice President, Business Development since March 2020. Prior thereto, Vice President, Business Development, Liquids Infrastructure, Keyera, from December 2018 to February 2020; Vice President, Business Development, Liquids Business Unit, Keyera, from June 2017 to December 2018; Vice President, Business Development, NGL Facilities, Keyera, from July 2013 to June 2017.
Brad Slessor Calgary, Alberta	Vice President, New Ventures and U.S. Operations	Vice President, New Ventures and U.S. Operations since March 2020. Prior thereto, General Manager, KEI, Keyera, from March 2018 to February 2020; General Manager, Oil Sands and Petroleum Products Business Development, Keyera, from December 2016 to February 2018; Director, Oil Sands Business Development, Keyera, from July 2013 to November 2016.

Share Ownership by Directors and Executive Officers

As at December 31, 2020, the directors and executive officers of the Corporation described above, as a group, beneficially owned or exercised control or direction over 1,433,255 Common Shares representing approximately 0.65% of the Common Shares issued and outstanding as at December 31, 2020.

Committees of the Board of Directors

Subject to applicable law, the Board of Directors may establish and delegate powers, duties and responsibilities to committees. The Board of Directors has established three committees: Audit Committee; Compensation and Governance Committee; and Health, Safety and Environment Committee. The written terms of reference for each committee are updated from time to time as required and are available on the Keyera website at www.keyera.com.

Conflicts of Interest

Circumstances may arise where members of the Board of Directors serve as directors or officers of corporations which are suppliers or customers of Keyera. No assurances can be given that such circumstances will not give rise to a conflict of interest. Keyera's Code of Business Conduct requires that any real or potential conflict of interest be disclosed and dealt with in accordance with the requirements of its Conflict of Interest Policy and applicable laws. The Compensation and Governance Committee closely monitors relationships among the members of the Board of Directors to ensure that business associations do not affect the Board's performance. In a circumstance where a director declares an interest in any material contract or material transaction being considered at a meeting, the director generally absents himself or herself from the meeting during the consideration of the matter, and does not vote on the matter. See "Environmental, Social and Governance Matters – Ethical Business Conduct".

Cease Trade Orders, Bankruptcies, Fines or Sanctions

To the Corporation's knowledge, based on information supplied by the directors and executive officers, no director or executive officer has, within the 10 years preceding the date of this AIF, (i) become bankrupt, made a proposal under legislation relating to bankruptcy or insolvency or become subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee, or (ii) been a director or executive officer of any company or other entity that, while the nominee was acting in that capacity (or within a year of ceasing to act in that capacity), became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, save and except for Mr. Setoguchi, who was an officer of Laricina Energy Ltd. ("**Laricina**") for a period of time ending one year less a day prior to the date on which Laricina filed for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**"). Laricina subsequently emerged from CCAA protection on February 1, 2016.

Further, to the knowledge of the Corporation, and based upon information provided to it by the directors and executive officers, no director or executive officer has, within the 10 years preceding the date of this AIF, been a director, chief executive officer or chief financial officer of a company that, during the time the director or executive officer was acting in such capacity or as a result of events that occurred while the director or executive officer was acting in such capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities laws that was in effect for a period of more than 30 consecutive days.

AUDIT COMMITTEE INFORMATION

Audit Committee Members and Terms of Reference

The Audit Committee is appointed annually by the Board of Directors. The responsibilities and duties of the Audit Committee are set forth in the Audit Committee Terms of Reference attached hereto as Schedule "A". The Audit Committee consists of three members, each of whom is independent and financially literate as defined by National Instrument 52-110 *Audit Committees*. The following table sets out the relevant education and experience of the members of the Audit Committee:

NAME	RELEVANT EDUCATION AND EXPERIENCE
Michael Norris • Independent • Financially Literate	Mr. Norris, the Chair of the Audit Committee, holds a Bachelor of Engineering from Queens University and Master of Business Administration from the Richard Ivey School of Business, University of Western Ontario. Mr. Norris was Deputy Chair of RBC Capital Markets from 2003 through 2012. Prior to his appointment as Deputy Chair, Mr. Norris held numerous positions with RBC Capital Markets, including Head of the Energy Practice from 1992 through 1998 and Head of Global Investment Banking from 1998 through 2003. Prior to RBC, Mr. Norris held roles at Mobil Oil and Gulf Canada Resources. Mr. Norris has experience serving on the boards of private and public companies, and non-profit organizations. His experience has provided him with extensive knowledge of financial and accounting issues, as well as disclosure and internal control procedures.
Thomas O'Connor • Independent • Financially Literate	Mr. O'Connor holds a Bachelor of Science degree in Biology, cum laude, and a Master of Science degree in Environmental Studies from the University of Massachusetts at Lowell and has completed the Harvard Business School Advanced Management Program. He was the Chairman and Chief Executive Officer of DCP Midstream LLC and Chairman of DCP Midstream Partners LP. Prior to that he held executive positions at Duke Energy Corp., including Chief Executive Officer of Duke Energy Gas Transmission. Mr. O'Connor has served on various public boards and is well versed in financial and accounting matters, as well as disclosure and internal control procedures.
Janet Woodruff • Independent • Financially Literate	Ms. Woodruff holds a Bachelor of Science (Honours) from the University of Western Ontario and a Master of Business Administration from York University. She holds the Corporate Director (ICD.D) designation from the Institute of Corporate Directors and is also a member of the Chartered Professional Accountants of Canada. Ms. Woodruff is an experienced corporate director and executive with Board and C-suite experience in corporations in energy, transportation and health sectors, including her most recent role as acting Chief Executive Officer of Transportation Investment Corporation. Previously she held executive roles at BC Hydro, BC Transmission Corporation, Vancouver Coastal Heath and Westcoast Energy. Ms. Woodruff has served on various boards and has extensive knowledge in the areas of accounting, financial reporting, internal controls and disclosure.

Principal Accountant Fees and Services

In 2020 and 2019, fees billed for audit, audit-related, tax and other services provided to Keyera by Deloitte LLP were as follows:

Year Ended December 31	2020	2019
Audit Fees	$935,492	$693,656
Audit Related Fees	$274,149	$143,222
Tax Fees	$0	$0
All Other Fees	$406,809	$87,893
Total	**$1,616,450**	**$924,771**

A description of the nature of the services provided under each category is as follows:

- Audit Fees: Fees for the annual audit and quarterly review of the Corporation's financial statements and for audit services related to ongoing regulatory filings.
- Audit Related Fees: Fees for review and translation services related to non-routine regulatory filings such as prospectuses.
- Tax Fees: Fees for advice and assistance in preparing transfer pricing documentation for KEI and advice related to income tax and commodity taxes.
- All Other Fees**:** Fees for products and services provided by the Corporation's auditors other than those described as "Audit Fees", "Audit Related Fees" and "Tax Fees".

Pre-Approval Policies

Pursuant to the Terms of Reference of the Audit Committee, the Audit Committee approves all audit plans and pre-approves significant non-audit engagements of the external auditors, including reviewing the fees paid for such engagements. The Audit Committee has delegated the responsibility for approving certain non-audit services to the Chair of the Audit Committee. All audit and non-audit services provided to Keyera for the year ended December 31, 2020 that were required to be pre-approved were pre-approved in accordance with the policies and Terms of Reference of the Audit Committee**.**

RISK FACTORS

In carrying out its business and operations, Keyera deals with a number of risks. Generally, Keyera's risks fall into two principal categories: (i) operational risks, including legal, regulatory and strategic risks; and (ii) financial risks. These categories are outlined below along with summaries of the specific risk factors within each general category. In some instances, risks may fall into both categories. In such cases Keyera have classified risks based on the primary category in terms of how they affect Keyera. The most significant risks in each category are listed first, based on Keyera's current assessment of each risk. To the extent Keyera's business or operations are affected by these risks, there could be an adverse effect on Keyera's financial performance, the trading price of Keyera's securities, cash flow available to pay dividends and the ability of Keyera to fund its debt obligations.

Keyera continually works to identify and evaluate significant risks and to develop and maintain appropriate strategies to mitigate the impact of potential risks to its business. Keyera's approach to risk management is integrated into its overall approach to decision making (both formal and informal) and also includes formal risk reviews with respect to certain matters. The summary provided below describes the main risks known to Keyera and also identifies some of the steps that Keyera takes to mitigate these identified risks.

Readers should carefully consider the risk factors set out below and consider all information contained in this AIF and in Keyera's other public filings before making an investment decision in respect of any securities of Keyera. This summary does not provide an exhaustive list of all risks to Keyera. Further, many of the risks are beyond Keyera's control and, in spite of Keyera's active management of its risk exposure, there is no guarantee that risk management activities will successfully mitigate such exposure.

Operational Risks

Continued Impact of COVID-19

Keyera's business, financial condition and results of operations could be materially and adversely affected by the outbreak of epidemics, pandemics and other public health crises in geographic areas in which Keyera has operations, suppliers, customers or employees, including the ongoing COVID-19 pandemic and continued uncertainty with respect to the extent and duration of the pandemic. Actions that have, and may be, taken by governmental authorities in response to the pandemic have resulted, and may continue to result in, among other things: an overall slowdown in the global economy; a decrease in global energy demand; increased volatility in financial and commodity markets; disruptions to global supply chains; labour shortages; significant impacts to the workforce; reductions in trade volumes; temporary operational restrictions and restrictions on gatherings of individuals, as well as shelter-in-place declarations and quarantine orders; business closures and travel bans; political and economic instability; and civil unrest. The second wave of the COVID-19 virus that began in the fall of 2020 and the recent spread of new variants thereof and the possibility that further resurgences of the COVID-19 virus or the spread of such new or other variants or mutations thereof may occur in other areas, has resulted in the reimposition of certain of the foregoing restrictions, and may result in further restrictions by governmental authorities in certain jurisdictions, including certain jurisdictions in which Keyera operates. This further increases the risk and uncertainty as to the extent and duration of the COVID-19 pandemic and its ultimate impact on the global economy and other items noted above.

The risks to Keyera of the ongoing COVID-19 pandemic include, among other things: risks to the health and safety of Keyera's employees; a slowdown or temporary suspension of operations in certain geographic locations in which Keyera operates; delays in the completion, or deferral, of Keyera's growth and expansion projects; and supply chain disruptions, all or any of which could materially adversely impact Keyera's business operations and financial results.

Keyera has already deferred certain growth projects as a result of the COVID-19 pandemic and resulting decline in global energy demand and the resulting decrease in commodity prices during 2020. The full extent and impact of the COVID-19 pandemic continues to be unknown at this time and the degree to which it may impact Keyera's business operations and financial results will depend on future developments, which are highly uncertain and cannot be predicted with any degree of certainty, including: the duration, severity and geographic spread of the COVID-19 virus and variants and mutations thereof, including in respect of the second wave of the virus that began in the fall of 2020 and the recent spread of new variants thereof; further actions that may be taken by governmental authorities, including in respect of travel restrictions and business disruptions; the effectiveness and timing of actions taken to contain and treat the COVID-19 virus and variants and mutations thereof, including the vaccines developed in response thereto; and how quickly and to what extent normal economic and operating conditions can resume.

Depending on the extent and duration of the COVID-19 pandemic, it may also have the effect of heightening many of the other risks described in, or incorporated by reference into, this AIF, including the risks relating to Keyera's exposure to commodity prices; the successful completion of Keyera's growth and expansion projects, including the expected return on investment thereof; Keyera's ability to maintain its credit ratings; restricted access to capital and increased borrowing costs; Keyera's ability to pay dividends to Shareholders and fund its debt obligations; and otherwise complying with the covenants contained in the agreements that govern Keyera's indebtedness.

Reliance on Producer Activity and Long Term Declines

The volumes of natural gas, NGLs, iso-octane, sulphur, crude oil, and other products gathered, transported, produced, or processed by Keyera depend on production of natural gas and crude oil. Without reserve additions, production will decline over time as reserves are depleted. Most of Keyera's facilities are located in or depend on the WCSB. Although new technology has allowed producers to access and produce reserves that were previously viewed as uneconomic, such advances in technology may not offset the natural declines. As well, industry activity levels depend upon economic and regulatory conditions that permit and incent producers to explore for and develop reserves. Producers in the areas serviced by Keyera's gas plants may not be successful in exploring for and developing additional reserves, may determine that the reserves are uneconomic to produce, or may be unwilling or unable to make the expenditures necessary to do so. Further, with current commodity pricing dynamics compounded by product egress challenges in the WCSB, some producers have slowed or modified their exploration and development plans in Western Canada. Keyera cannot predict the impact of future economic conditions on the energy and petrochemical industries or future demand for and prices of petroleum products. These and other factors, such as higher development costs or royalties, global and North American commodity inventory levels and infrastructure constraints, may discourage further producer exploration and development. A reduction in exploration and development activities or the curtailment of production (whether due to regulatory or governmental requirements, market constraints or voluntarily by producers) could result in declines in throughput at gas plants, pipelines, terminals and NGL processing facilities.

The rate and timing of production from natural gas reserves tied-in to the gas plants are at the discretion of the producers and are subject to regulatory constraints. The producers have no obligation to produce natural gas from these lands. Producers may suspend their drilling programs or shut in production as a result of lower product prices, higher production costs or a lack of capital. Where possible, Keyera attempts to negotiate area dedications or take-or-pay arrangements with producers. However, a significant portion of the natural gas reserves in the areas connected to Keyera's gas plants in West Central Alberta is not contractually dedicated for processing at those gas plants and the majority of the reserves which are subject to processing obligations may be terminated on less than six months' notice.

Natural gas rich in NGLs typically improves the economics associated with natural gas production and is therefore more attractive to producers. While Keyera's gas processing facilities have the capacity to extract NGLs and are located in areas where the natural gas reserves are rich in NGLs, there is no guarantee that this factor will be sufficient to encourage continued gas exploration and development around Keyera's facilities. Keyera's future growth plans for its Liquids Infrastructure business depends partly on the growth of NGL production in the WCSB, including from Keyera-owned gas plants.

There is also risk associated with Keyera's customers being able to perform their contracted obligations. For example, customers may not comply with their contracted obligations (counterparty risk) or may not deliver volumes consistent with their production profile (volume risk), all of which could adversely affect Keyera's financial results, including the returns on capital investments.

Keyera's future growth plans for its Liquids Infrastructure business depend to a significant degree on producer activities in the Alberta oil sands. Oil sands activity can be affected by many factors, including but not limited to: commodity prices and pricing differentials; access to transportation and take-away capacity; environmental pressures (including but not limited to emissions and water use regulations, management of tailings ponds, and public perceptions with respect to the environmental impact of these operations); curtailment of oil production; access to capital; and cost escalation. Over the last few years, several oil sands producers announced delays in projects and overall interest in new investment in the oil sands appears to have declined. As well, oil sands producers are continuing to explore new technologies that would reduce the volume of condensate required as diluent. If these trends continue, they may result in lower than expected demand for Keyera's Liquids Infrastructure services and fewer opportunities to earn margin on condensate imports in Keyera's Marketing business and fees from Keyera's condensate infrastructure.

Operational Matters and Hazards

Keyera's operations are subject to hazards common to the natural gas (sweet and sour), NGL and crude oil handling business. Keyera transports significant volumes of hydrocarbons by rail and truck, which may be more prone to accidents and mishaps than pipeline transportation of hydrocarbons. The operation of Keyera's assets involves many risks, including: the breakdown or failure of equipment, information systems or processes; the performance of equipment at levels below those originally intended (whether due to declining throughput, misuse, unexpected degradation or design, construction or manufacturing defects); failure to maintain an adequate inventory of supplies or spare parts; the compromise of information and control systems; operator error; labour disputes; disputes with owners of interconnected facilities and carriers; releases of harmful substances into the environment; spills associated with the loading and unloading of harmful substances onto rail cars and trucks; delay of or restriction of operations due to climate change policies, initiatives and costs; and catastrophic events such as natural disasters, fires, explosions, derailments, fractures, well blowouts, acts of terrorists and saboteurs, widespread epidemics and pandemic outbreaks, and other similar events, many of which are beyond the control of Keyera. The occurrence or continuance of any of these events could increase the cost of operating Keyera's facilities and/or reduce its processing or throughput capacity, or result in damages, claims or fines, environmental damages, personal injury or loss of life, all of which could adversely affect Keyera's operations, reputation and financial performance.

The integration of Keyera's business and operations may also give rise to risks, as the impact of and operational upset or business interruption in one part of its business may create implications for other parts of Keyera's operation or business. For example, a significant disruption to the integrated value chains of butane, which includes being the feedstock for production of iso-octane at Keyera's AEF facility, and condensate, for Keyera's oil sand customers, could have impacts on Keyera's Gathering and Processing, Liquids Infrastructure and/or Marketing businesses. See "Reliance on Other Facilities and Third Party Services", "Information Technology Systems and Cyber Security", "Changes in Laws" and "Transportation of Dangerous Goods".

Keyera carries casualty and business interruption insurance with amounts of coverage customary for similar business operations to help defray the costs associated with the foregoing risks should they materialize; however, such insurance coverages may not be sufficient to compensate for all business or casualty losses or damages and/or may not be available. See "Financial Risks – Adequacy of Insurance".

Reliance on Other Facilities and Third Party Services

Keyera's facilities are connected to various third-party pipeline systems, including the Alliance, Pembina, Inter Pipeline, Enbridge and TC Energy systems, as well as raw gas gathering systems that feed

Keyera's gas plants. These connections are important to Keyera and its customers as they provide critical transportation routes, both from the perspective of delivering product to Keyera facilities (e.g., raw gas to feed Keyera's gas plants, NGL mix to feed Keyera's fractionation facilities, and condensate deliveries to feed Keyera's condensate system) and providing product egress. Keyera also relies on a variety of third-party facilities, both upstream and downstream from its operations and third-party services. Risks may be created as a result of: differences in pressures; specifications or capacities which affect operations; planned and unplanned outages or curtailments at third-party facilities that restrict deliveries from Keyera facilities; and measurement and component balancing errors affecting product deliveries. As well, there may be issues with respect to scheduling and service delivery by third parties that affect Keyera's operations, such as the scheduling and availability of timely and reliable rail service by the railway companies on which Keyera relies to move product. Operational disruptions, apportionment, regulatory action and other events on third-party systems and infrastructure may prevent the full utilization of Keyera's facilities, require Keyera to spend additional capital, or otherwise hamper Keyera's business activities.

Keyera is also impacted by the development or lack of development of pipeline infrastructure providing product egress from the WCSB. Without incremental project egress options, it is possible that pricing differentials and supply/demand dynamics will continue to disadvantage the WCSB, which may have an adverse effect on Keyera's business.

Keyera is unable to control operations, events, decisions, regulatory actions or public perceptions with respect to third-party facilities, making the mitigation of these risks challenging. Although Keyera employs strategies to assist in mitigating these risks, including having multiple connections, service arrangements or transportation alternatives available in order to provide some flexibility during curtailments or interruptions, there is no assurance such strategies will be effective. Where such alternatives are not available or are not effective, Keyera's operations can be significantly affected. For example, the capacity constraints on the TC Energy sales gas system starting in 2014 and extending into 2018 reduced many producers' ability to secure take-away capacity for their sales gas. If producers cannot secure adequate take-away capacity for their sales gas, it adversely affects the volume of raw inlet gas and associated NGLs that Keyera can accept at its facilities. Another example is curtailments at certain third-party ethane facilities which have affected ethane deliveries and sales from Keyera facilities. Keyera relies predominantly on rail service to transport its iso-octane to its primary markets located outside of Alberta and therefore inadequate rail service could trigger a need to cutback operations at AEF. In 2019, a rail strike impacting CN's operations temporarily suspended propane rail shipments across CN's network, including Keyera's rail facilities.

Facilities Throughput and Utilization Rates

Some of Keyera's facilities may operate at lower throughputs compared to their respective licensed or operating capacities. This may be due to a multitude of factors, including: declines in production; decisions by producers to delay or shut in production; actual production delivered by customers to Keyera facilities not aligning with production profiles; operational issues or constraints in certain functional units within the facilities; operating conditions; changes in gas or NGL composition; low commodity prices; use of competitors' facilities; infrastructure or service bottlenecks and logistical issues; inventory or market constraints for particular commodities; and other reasons. There may also be times when Keyera's facilities experience capacity constraints due to increasing throughput. In certain circumstances, the increased throughput may contribute to operating conditions that are not in line with the operational design of the facility.

The demand for midstream services depends, in part, on factors such as the quality of services offered, the cost of such services and the physical capabilities of the facilities. At Keyera's AEF facility, utilization may also be affected by demand for high octane, low vapour pressure gasoline additives, the willingness of customers to pay a premium price for this product, as well as availability of feedstock (butane) and storage and transportation (particularly rail service) capacity. Keyera cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for oil, natural gas, NGLs, sulphur or iso-octane, thereby potentially reducing utilization rates at Keyera's facilities.

Infrastructure and Service Interruptions

If certain pipelines and related infrastructure, whether owned and operated by Keyera or by third parties, were to become unexpectedly unavailable for delivery of current or future volumes of natural gas because of repairs, damage, spills or leaks, or any other reason, it could have a material adverse impact on Keyera's business operations and financial results. In addition, operating issues resulting from maturing infrastructure such as leaks, equipment problems and incidents, including, without limitation, explosions and fire, could result in legal liability, repair and remediation costs, increased operating costs, increased capital expenditures, regulatory fines and penalties, and other costs and a loss of customer confidence. Any liabilities resulting from the occurrence of these events may not be fully covered by insurance or rates.

Service interruption incidents that may arise through unexpected major power disruptions to facilities or pipeline systems, third-party negligence or unavailability of critical replacement parts could cause Keyera to be unable to safely and effectively operate its assets. This could adversely affect Keyera's business operations and financial results.

Environmental and Public Safety Regulation and Considerations

Keyera's activities are regulated by federal, provincial and municipal environmental laws and regulations, which impose, among other things, restrictions, liabilities and obligations in connection with the handling, use, storage, transportation, treatment and disposal of hazardous substances and waste, and in connection with spills, releases and emissions of various substances into the environment. Environmental risks from Keyera's operating facilities typically include: air emissions, such as sulphur dioxide, nitrogen oxides, particulate matter and greenhouse gases; potential impacts on land, including land reclamation or restoration following construction; the use, storage or release of chemicals or hydrocarbons; the generation, handling and disposal of wastes and hazardous wastes; and water impacts.

Keyera uses freshwater for below-ground cavern storage operation, as well as for other operational uses such as cooling water, boiler water or miscible flooding for production. All Keyera facilities are a low or low-medium overall water risk according to the WRI Aqueduct Risk Tool; however, there are some regions where Keyera has or could experience difficulty in obtaining withdrawals/operations permit due to regulatory constraints.

Environmental legislation also requires that facilities, pipelines and other properties associated with Keyera's operations be operated, maintained or abandoned and reclaimed to comply with changing regulations and standards to the satisfaction of applicable regulatory authorities. Many of Keyera's facilities are subject to licensing requirements imposed by provincial and/or federal regulators. These licenses must be renewed from time to time and there is no guarantee that any such license will be renewed on the same or similar conditions or without additional cost. In addition, certain types of activities may require the submission and approval of environmental impact assessments or permit applications. If at any time regulatory authorities deem any of Keyera's facilities not in compliance with applicable laws, they may impose fines or penalties or order suspension of operations at such facilities.

Provincial and federal governments may also take steps to impose stricter regulations and emission limits on greenhouse gas or other emissions in the near term. See "Regulatory Framework – Greenhouse Gas and Emissions Regulation". If it is determined that emissions exceed permitted limits, regulatory requirements will be triggered that require action to be taken to reduce emission levels to acceptable levels, unless an extension or relaxation is granted. There can be no assurance that any extension of time to achieve compliance would be granted, and immediate compliance may not be possible. Failure to comply with current or future regulations could have a material adverse effect on Keyera's business and financial results. Overall, there is some uncertainty surrounding the impact of environmental laws and regulations on Keyera's operations, and it is difficult to predict how these laws and regulations may evolve. At this time, Keyera does not anticipate that it will be affected in a manner materially different than any other comparable midstream business. However, because Keyera has many older facilities, particularly in its Gathering and Processing business, it is possible that it will face more challenges in achieving future compliance or higher compliance costs compared to newer facilities. The risk created by greenhouse gas and emissions considerations may be interrelated to other risks faced by Keyera, including weather risk, reputational risk, changes in laws and operational risks discussed elsewhere in this "Risk Factors" section.

Given the nature of sour gas, certain public safety and environmental risks are inherent in the handling and gas sweetening processes at Keyera's facilities. As well, some of Keyera's pipelines and facilities run through or are immediately adjacent to heavily populated areas, including Edmonton, Alberta. Major equipment failure, a release of toxic substances or a pipeline rupture (including as a result of third-party contact or impact to the pipeline) could result in damage to the environment and Keyera's facilities, death or injury and substantial costs and liabilities to third parties. Although Keyera carries control of well insurance and sudden and accidental pollution coverage under its commercial general liability insurance policy with limits and coverage that are customary for similar business operations, there can be no assurance that the types of insurance and the amounts for which Keyera is insured, or the proceeds of such insurance, will compensate Keyera fully for its losses. Further, if, at any time, appropriate regulatory authorities deem any one of the pipelines or facilities unsafe, they may impose fines or penalties or order its operation to be suspended. See "Financial Risks – Adequacy of Insurance".

Climate Change, Carbon Tax and the Transition to a Lower Carbon Economy

Public support for climate change action and receptivity to alternative/renewable energy technologies has grown in recent years. There has been increased environmental activism and public opposition to the continued exploitation, development and transportation of fossil fuels, and in relation to the oil sands in particular. Laws, the political landscape in Canada and abroad, regulations, policies, obligations, social attitudes and customer preferences relating to climate change and the transition to a lower carbon economy could have an adverse impact on Keyera's business, including increased costs from compliance, litigation and regulatory or litigation outcomes, and could lead to Keyera's current operations becoming less profitable or uneconomic.

Governments in Canada and around the world have responded to these shifting societal attitudes by adopting ambitious emissions reduction targets and supporting legislation, including measures relating to carbon pricing, limitations on oil and gas exploration and development, clean energy and fuel standards, and alternative energy incentives and mandates. Some of Keyera's significant facilities may be subject to future provincial, state, or federal climate change regulations to manage greenhouse gas emissions. See the "Regulatory Framework – Greenhouse Gas and Emissions Regulations" section of this AIF. The direct or indirect costs of compliance with these regulations may have a material adverse effect on Keyera's business, financial condition, results of operations, and prospects. Keyera's business could also be indirectly impacted by laws and regulations that affect its customers or suppliers to the extent such changes result in reductions in the use of natural gas, limit the operations of, or increase the costs faced by producers.

Additionally, some groups are pressuring certain investors to divest their investments in oil and gas companies. If this were to continue, it could have a material adverse effect on the price of Keyera's securities and Keyera's ability to access capital markets. Some groups are also pressuring commercial and investment banks from financing oil and gas companies. Furthermore, according to press reports, some financial institutions are also considering limiting their exposure to certain oil and gas projects. Accordingly, Keyera's ability to use financing for future projects may be adversely impacted. This could also adversely impact Keyera's potential partners' ability to finance their portion of costs, either through equity or debt.

Furthermore, technological improvements or innovations that support the transition to a lower carbon economy and customer preferences or regulatory incentives that alter fuel or power choices could impact demand for oil and gas.

Given the evolving nature of the debate related to climate change and the control of greenhouse gas emissions and resulting requirements, it is difficult to predict the impact of any such legal, regulatory or policy changes on Keyera and its operations and financial condition. However, these developments and future developments could adversely impact Keyera's business, reputation, competitiveness, access to capital markets, financial condition, results of operations and prospects.

Construction Project Timing and Cost

Many of Keyera's major projects are currently under development and the successful completion of several projects is dependent on a number of factors, including: general economic, business and market conditions; availability of capital at attractive rates; receipt of regulatory approvals; supply and demand; inflation; labour, materials and equipment availability; contractor non-performance; acts of civil protest or disobedience; terrorism or sabotage; weather conditions; cost of engineering services, and other factors that are outside of Keyera's control. As these projects are undertaken, required approvals may not be obtained, may be delayed or may be obtained with conditions that materially alter the expected return associated with the underlying projects. Moreover, Keyera may incur financing costs during the planning and construction phases of its growth projects.

Generally, the cash flows Keyera expects these projects to generate will not materialize until after the projects are completed. In addition, construction delays or increased costs associated with capital projects could reduce project returns or prevent Keyera from meeting its contractual "in service" commitments. Further, these projects may be completed behind schedule or in excess of budgeted cost. For example, Keyera must compete with other companies for the materials and construction services required to complete these projects, and competition for these materials or services could result in significant delays and/or cost overruns. As a result, the cost estimates and completion dates for Keyera's major projects can change at different stages of the project. Accordingly, actual costs can vary from these estimates and these differences can be material. Significant cost overruns may adversely affect the economics of particular projects, as well as Keyera's business operations and financial results. Further, there is a risk that maintenance will be required more often than currently planned or that significant maintenance capital projects could arise that were not previously anticipated. Keyera can face facility start up challenges which could defer volumes and cashflows.

Changes in Laws

The oil and gas industry, including the midstream industry, is subject to regulation and intervention by governments in such matters as environmental protection, international trade laws and tariffs, exploration and development activities, licensing, operation and expansion of wells and facilities, and abandonment and reclamation of facilities. The laws and administrative policies relating to the oil and gas industry, including the midstream industry, may be changed in a manner that could adversely affect Keyera or its Shareholders.

In addition to being affected by changes aimed directly at midstream facilities, Keyera could also be adversely affected by changes in regulations or policies directed at upstream activities, such as land sales, exploration and development in the capture areas surrounding Keyera's facilities, as well as changes directed at downstream activities, including retail and consumer uses. In addition, Keyera could be adversely affected by the imposition of additional emission limits for greenhouse gases in Canada or the U.S. See "Environment, Social and Governance Matters – Environmental Programs" and "Regulatory Framework – Greenhouse Gas and Emissions Regulation".

Changes to federal environmental assessment requirements have raised a number of concerns for the oil and gas industry and created uncertainty for project proponents and the ability to secure approvals for projects may be adversely affected. This could affect Keyera directly if any of its potential future projects become subject to the new environmental assessment requirements, or indirectly if any proposed new laws become a deterrent to the development of oil and gas in Canada. Regulatory uncertainty and ongoing regulatory change in Canada contributes to an uncertain investment climate, which has implications for industry activity levels, investor perceptions, and the ability to accurately forecast future costs and obligations. See "Regulatory Compliance, Approvals and Interventions" below.

Tax laws relating to Keyera may be changed (or the interpretation thereof may change) in a manner resulting in tax consequences that materially differ from those contemplated by Keyera across the jurisdictions in which Keyera has operations or sales which may create a risk of non-compliance and re-assessment. Such changes may include, without limitation, taxation and tax policy changes, tax rate changes, new tax laws, and revised tax law interpretations that may individually or collectively cause an increase in Keyera's effective tax rate. While Keyera believes that its tax filing positions are appropriate and supportable, it is possible that tax authorities may: (a) amend tax legislation or the interpretation thereof may change, or (b) successfully challenge Keyera's interpretation of tax legislation which may affect Keyera's estimate of current and future income taxes affecting the financial condition, prospects, and cash flow available to pay dividends to Keyera's Shareholders.

Sanctions laws, which restrict the counterparties with whom Keyera can deal, have continued to change and require diligence to ensure compliance. Because both the nature of the business in which Keyera's counterparties engage and sanction lists can change with little notice, compliance can be challenging. Although Keyera attempts to screen its counterparties to confirm compliance, such processes may not be completely successful, and failure to comply may result in fines and penalties, and could also result in a breach of material contracts.

In the event of other legislative or regulatory changes, Keyera's ability to conduct business may be adversely affected, which could thereby have a negative effect on distributable cash flow and the dividends it provides to its Shareholders.

First Nations and Indigenous Communities: Consultation and Claims

Indigenous peoples have claimed aboriginal title and rights to a substantial portion of lands in western Canada. Keyera operates in territories in which such claims have been advanced. Such claims, if successful, could have a significant adverse effect on matters including, without limitation, natural gas production or oil sands development in Alberta, which in turn could have a material adverse effect on Keyera's business and operations, including the volume of natural gas and NGLs handled through Keyera's facilities. Additionally, some types of claims may affect or limit Keyera's ability to secure locations for capital projects.

The interpretation of aboriginal and treaty rights is evolutionary and government policy (including the requirements that are imposed on industry) continues to change. In Canada, the federal and provincial governments (the "**Crown**") have a duty to consult and, where appropriate, accommodate Aboriginal people where the interests of the Aboriginal peoples may be affected by a Crown action or decision. Crown actions include the decision to issue a regulatory approval relating to activities that may impact the Aboriginal rights, interests or lands. The Crown may rely on steps undertaken by a regulatory agency to fulfill its duty to consult and accommodate in whole or in part. Therefore, the processes established by regulatory bodies often include an assessment of Aboriginal rights claims and consultation obligations. While the Crown holds ultimate responsibility for ensuring consultation is adequate, this issue is often a major aspect of regulatory permitting processes. If a regulatory body, or the Crown itself, determines that the duty to consult has not been appropriately discharged relative to the issuance of regulatory approvals required by Keyera, the issuance of such approvals may be delayed or denied, thereby impacting Keyera's Canadian operations.

The consultation processes and expectations of parties involved can vary considerably from project to project (and from community to community), which can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for some projects.

Regulatory Compliance, Approvals and Interventions

Keyera is subject to a variety of laws and regulations that require it to obtain registrations, licenses, permits, inspections and other approvals in order to operate. There is no guarantee that such approvals can be obtained on a timely basis, or at all. Delays in processing applications may impact the schedule for capital projects. In some instances, regulatory delays, whether as a result of actions by a regulator or intervention by third parties, may result in project delays, project economics becoming less favourable or, in some cases, projects not proceeding at all.

The cost to comply with regulatory requirements can be significant. For example, carbon pricing, emissions reduction requirements, noise mitigation, measurement and reporting, involve implementation and management costs. As well, proposed changes to federal and provincial environmental laws may adversely affect the ability of Keyera and others to continue certain operations in their current format or advance new projects, which could adversely affect Keyera's profitability and growth opportunities. Regulatory uncertainty makes it challenging for industry, including Keyera, to make investment decisions and forecast compliance obligations (including costs) which compounds the challenges with the investment climate and industry activity in the WCSB. See "Changes in Laws" above.

Pipelines and facilities can be subject to common carrier and common processor applications and to rate setting by regulatory authorities in the event that agreement on fees or tariffs cannot be reached with producers. To the extent that producers believe processing fees or tariffs respecting pipelines and facilities are too high, they may seek rate relief through regulatory means. Keyera tries to reduce the likelihood of regulatory intervention by taking industry standards and guidelines into account and by working proactively with various stakeholders and its customers. Rates and tariffs for Keyera's pipelines and facilities are generally established to recover capital costs and earn a reasonable rate of return on investment. To date, no pipeline or facility operated by Keyera has ever been declared to be a common carrier or a common processor. Nevertheless, there is no guarantee that Keyera will be able to avoid challenges to its rates and tariffs. Further, Keyera may also be adversely affected by regulatory action taken with respect to third-party systems and infrastructure. See "Reliance on Other Facilities and Third Party Services" above.

Information Technology Systems and Cyber Security

Keyera utilizes a number of information technology systems for the management of its business and the operation of its facilities. The reliability and security of these systems is critical. If the functionality of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, Keyera's ability to operate its facilities and conduct its business could be compromised.

Although the technology systems Keyera utilizes are intended to be secure, there is a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to: the unavailability, disruption or loss of key functionalities within Keyera's control systems; operational delays; damage to assets, the environment or Keyera's reputation; the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information; diminished customer confidence; and financial loss. Keyera attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, utilization of the cloud and offsite data centers, engaging skilled consultants and employees to manage Keyera's technology applications, conducting periodic audits and adopting policies and procedures as appropriate; however, these measures may not be successful.

Keyera also relies on many third-party service providers with respect to its information technology security and storage of information and data. While Keyera attempts to conduct appropriate due diligence on these third-party service providers, there is no guarantee that there will not be a breach of security impacting such third parties, or inadequate service levels from such third parties, which could result in risks to Keyera's systems and information.

To date, Keyera has not been subject to a cyber security breach that has resulted in a material impact on its business or operations; however, there is no guarantee that the measures it takes to protect its business systems and operational control systems will be effective in protecting against such a breach in the future.

Risks Arising from Co-ownership

Many of Keyera's facilities are jointly owned with third parties. Certain decisions relating to these facilities require the approval of a simple majority of the owners, with other decisions requiring a higher percentage or even unanimous approval of the owners. It may not be possible for Keyera to obtain the required levels of approval from co-owners of facilities for future proposals for capital expenditures, which may adversely affect Keyera's ability to expand or improve its existing facilities. In addition, agreements for joint ownership often contain restrictions on transferring an interest in a facility, including consent requirements and rights of first refusal. Such provisions may restrict Keyera's ability to transfer its interests in facilities or to acquire a joint venture owner's interests in facilities, and may also restrict Keyera's ability to maximize the value of a sale of its interest.

Keyera has increased its ownership interests at many of its existing gas plants in recent years, in many cases becoming the sole owner, in order to mitigate some of the risks arising from co-ownership. However, many of Keyera's current capital projects and business initiatives are joint ventures, and in several of these projects Keyera was not appointed or will not be appointed the operator.

In addition, some of Keyera's facilities are operated by third parties (such as the Norlite pipeline, Base Line Terminal and the Edson and Alder Flats gas plants). To the extent a third-party operator fails to perform its functions efficiently or becomes insolvent, Keyera's business and operations may be adversely affected. Keyera's efforts to mitigate this risk by contracting with competent operators and negotiating appropriate allocation of risk in its contracts may not be effective.

Reliance on Principal Customers and Suppliers

Keyera relies on a number of principal customers and suppliers in each of its business segments. Keyera enters into many contracts with its customers and suppliers which are often for a defined term or are subject to early termination upon notice. Keyera also relies on agreements with key customers to underpin capital projects.

There is no guarantee that any of the contracts that Keyera currently has in place will be renewed at the end of their term or replaced with other contracts in the event of early termination. Further, there is a risk that customers or suppliers will be unable to perform their obligations under the contracts. Customers may also seek relief from their contractual obligations or seek to restructure their contractual arrangements. If any of these circumstances were to arise, the revenue generated by Keyera's operating entities could be reduced or capital projects could be suspended. In either case, Keyera's financial results and cash flow could be adversely affected. In a low commodity price environment, counterparty risk becomes more significant.

There is no guarantee that Keyera will be able to renew or replace existing contracts or enter into new contracts or that existing contracts will generate the expected benefits. Although Keyera may be able to partially mitigate potential losses in some circumstances through the use of business interruption insurance, such insurance coverage may not be sufficient or available to compensate for all such losses or damages. See "Financial Risks – Adequacy of Insurance".

Risks Relating to Leases and Rights of Way Access

Keyera's facilities and associated infrastructure are located on lands leased or licensed from third parties that must be renewed from time to time. Failure to renew the leases or licenses on terms acceptable to Keyera could significantly reduce the operations of such facilities and could result in related decommissioning costs for Keyera, pursuant to the terms of such leases or licenses. Successful development of new pipelines or extensions to existing pipelines depends in part on securing leases, easements, rights-of-way, permits and/or licenses from landowners or governmental authorities allowing access for such purposes. The process of securing rights-of-way or similar access is becoming more complex, particularly in more densely populated, environmentally sensitive and other areas. The inability to secure such rights-of-way or similar access could have an adverse effect on Keyera's operations and financial results.

Competition

Keyera's Gathering and Processing, Marketing, and Liquids Infrastructure businesses operate in competitive markets. Each of Keyera's gas plants is subject to competition from other gas processing plants which are either in the general vicinity of Keyera's plants or have gathering systems that currently or could in the future extend into Keyera's capture areas. In addition, competition from non-hydrocarbon based energy sources may have an adverse effect on the production of natural gas and gas products in Alberta and, as a result, on the demand for Keyera's services.

As well, in Keyera's Liquids Infrastructure business, its pipelines and storage, terminal and processing facilities are subject to competition from other pipelines and facilities, which competition is anticipated to continue to grow. The competition to attract NGL volumes is competitive, which has implications not only for Keyera's facilities, but also for Keyera's Marketing business. In recent years, Keyera was successful in competing for NGL supply volumes, but there is no guarantee that the strategies that were employed will continue to be successful.

NGL and crude oil commodities that are marketed by Keyera compete with supplies from Canadian, U.S., and international sources. There is also competition from industries seeking to provide substitute products or alternative sources of fuel, gasoline blending products, diluents and feedstock. For example, in the iso-octane marketing business, alkylate is a common alternative competitive product. Alkylate is typically produced by reacting isobutane with refinery olefins in the presence of an acid catalyst to produce a relatively high octane gasoline component. Most North American refineries have some alkylate production capabilities. Keyera also competes with local and international entities to secure NGL supply for its marketing and NGL facilities business.

Overall, competition for business opportunities has continued to be aggressive. This competitive dynamic may place downward pressure on expected returns when seeking to negotiate new projects and opportunities or force Keyera to reduce its fees and associated returns in order to retain customers.

Geographical Operational Risks

The majority of Keyera's assets are concentrated in Alberta in the WCSB, which leaves the company exposed to the economic conditions impacting Alberta in particular. Keyera partially mitigates this risk through a diversity of business activities within the province of Alberta and by owning and operating assets in the U.S. and dealing with customers outside of Alberta.

Keyera is actively involved in U.S. NGL and iso-octane markets. Keyera makes a significant percentage of its propane and iso-octane sales into U.S. markets and also purchases NGLs in U.S. markets, particularly condensate, propane and butane. Keyera's reliance on these markets means that it is subject to downturns in the U.S. economy, adverse weather patterns in the U.S. (such as hurricanes and tropical storms), U.S. regulatory changes, protectionist actions by U.S. legislators, trade disputes, and other political developments, all of which could have an adverse impact on Keyera's financial results.

Keyera has continued to expand its physical presence in the U.S. While the growth of Keyera's operations in the U.S. enhances its ability to access large U.S. markets, it also presents a number of risks, including increased regulatory and compliance obligations and costs, risks associated with potential non-compliance and civil liability exposure. The U.S. tends to be a more litigious environment with larger damages awards compared to Canada. In some instances, Keyera may be subject to the exclusive jurisdiction of the U.S. courts. In addition, tax laws relating to Keyera's U.S. operations may be changed in a manner which adversely affects Keyera. In addition, to the extent the U.S. experiences increased protectionist sentiment, trade disputes or the renegotiation of trade agreements, and efforts to reduce or change regulation in many U.S. industries, the competitive position of Keyera and the Canadian energy industry overall may become increasingly uncertain and challenging in relation to the U.S.

While KEI has a relatively small staff in its Houston office, as well as employees and contractors at its Hull Terminal, Oklahoma Liquids Terminal and Wildhorse Terminal, portions of Keyera's U.S. operations are managed by Canadian personnel with limited expertise in U.S. regulatory matters. Keyera has implemented strategies to reduce the exposure of its Canadian assets to civil claims in the U.S.; however, there is no guarantee that any of these activities will have the effect of reducing the risks associated with its operations in the U.S. or with Keyera's access to U.S. markets, particularly for propane and iso-octane sales and condensate and butane purchases.

Keyera loads production onto rail cars that are shipped to Mexico. While the sale of the product associated with these shipments is typically completed in Canada or the U.S., Keyera may be the consignor of the product for transportation purposes and therefore must comply with certain Mexican legal requirements. As there is a somewhat different risk profile associated with doing business in Mexico, Keyera has worked with the rail leasing companies to permit its rail cars to travel into Mexico and with its insurers to secure insurance coverage; however, there is no guarantee that the steps Keyera has taken to mitigate the risks associated with its activities in Mexico will be effective.

Weather Conditions

Weather conditions can affect the demand for, and availability and price of, oil, natural gas, NGLs, and iso-octane. As a result, changes in weather patterns can affect throughput, as well as Keyera's NGL marketing activities. For example, colder winter temperatures generally increase demand for natural gas and NGLs used for heating, which tends to result in increased throughput volumes at facilities and higher prices in Keyera's Marketing business. In its facilities and NGL business, Keyera tries to position itself to be able to handle increased volumes of throughput and storage at its facilities to meet changes in seasonal demand; however, at any given time, facility and storage capacity is finite. Weather may also affect the operations and projects of Keyera's customers and suppliers, thereby influencing the services and products Keyera provides and/or receives.

While Keyera does not speculate on weather in its Marketing business, it tries to time its inventory builds with the seasonality of supply and demand. For example, Keyera will typically build inventories of propane in the warmer months (when demand is typically lower) for delivery in the winter months (when demand is typically higher). While Keyera uses financial and physical contracts to mitigate the commodity price risks associated with these inventories, there is no guarantee that Keyera's inventory management activities will be effective in mitigating such risks.

Weather conditions, including extreme heat and extreme cold, can pose safety concerns for workers and can affect the performance and operation of Keyera's facilities. Weather conditions may also influence Keyera's ability to complete capital projects or facility turnarounds on time, potentially resulting in delays and increasing costs of such capital projects and turnarounds and in some cases, may result in Keyera being unable to meet its contractual "in service" dates.

Transportation of Dangerous Goods

Keyera's operations include rail/truck loading, offloading and terminalling facilities used to transport various petroleum products. These petroleum products are considered dangerous goods under TDG laws. Keyera ships a high volume of product by truck and rail and loads a significant number of rail cars and trucks at its facilities. When Keyera loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under the TDG laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labeled and the product is loaded in an appropriate tank. Keyera also owns and operates rail infrastructure and must comply with applicable laws (including TDG laws) relating to the maintenance and inspection of these facilities.

Keyera may face liability for personal injuries, damage to property or lost product in the event of an incident involving rail cars or trucks loaded by Keyera, where Keyera is the consignor or importer of the product, where Keyera owns the product that is involved in an incident, or where an incident occurs on Keyera's proprietary rail infrastructure. As well, under various environmental statutes in both Canada and the U.S., Keyera could be held responsible for environmental damage caused by hydrocarbons loaded at its facilities or being carried on its leased rail cars. Keyera may also be exposed to regulatory action in the event that it fails to comply with TDG laws. In the event that Keyera is ultimately held liable for any damages resulting from its activities relating to TDG, for which insurance is not available, or increased costs or obligations are imposed on Keyera as a result of new regulations, Keyera's business, operations and financial performance could be adversely affected.

Although Keyera regularly assesses the risks associated with the transportation of dangerous goods and has established a transportation of dangerous goods/logistics committee which provides a level of oversight, there is no guarantee that these mitigation measures will be effective.

Natural Gas and NGL Composition

Each of Keyera's gas plants is designed to process raw natural gas feedstock within a certain range of composition specifications. The gas plants may require modification to operate efficiently if the composition of the raw gas being processed changes significantly. The configuration of each of Keyera's gas plants may not be optimal for efficient operation in the future if a change in inlet gas composition is outside a plant's acceptable range of composition specifications. Changes in gas composition, including the trend toward producing less sour gas and more sweet gas, can present challenges for achieving sulphur recovery levels at certain facilities, and can also create challenges in maintaining competitive operating costs at sour gas facilities. Keyera may need to change its license parameters, including sulphur recovery levels, may decide to shut down sour processing equipment at its facilities as gas composition changes, or may need to adjust its fee structure to remain competitive (e.g., if it does not recover all of its operating costs).

Keyera's NGL facilities are also exposed to risks associated with feedstock composition. If the NGLs handled at these facilities differ in composition or specification from the design of the facilities, there may be operational challenges and additional maintenance activities may be necessary. Further, because NGLs in Keyera's system may come from many sources, it is possible product originating from a non-CUSMA country could enter the system and result in customs duties being applied on imports and exports.

Keyera monitors plant throughput, gas composition, third-party system performance and industry development activity in the capture areas surrounding its facilities on an ongoing basis. This information is used to assist with ongoing operational decisions, bringing on new production and new customers, evaluating expansion opportunities and assessing opportunities to modify or add new services to accept the inlet gas in the capture areas surrounding its facilities. Keyera has also amended its AER licenses at certain plants to deal with changes in gas composition, particularly to address declining concentrations of H2S in the inlet gas, and may consider additional amendments in the future.

Acquisition and Integration Risk

Keyera has previously expanded its business through acquisitions and may seek to further expand its business through acquisitions. Keyera intends to consider and evaluate opportunities for acquisitions but there can be no assurances that an attractive acquisition candidate will be available in the future or that Keyera will have the ability to acquire such acquisition candidate on economically acceptable terms. Acquisitions may require significant capital, which would preclude Keyera from using those funds for other purposes, and the negotiations of an acquisition and post-closing integration of new business operations could disrupt Keyera's business by diverting management's attention from day-to-day operations. The integration process may also result in the loss of key employees and the disruption of ongoing business, customer and employee relationships, which may adversely affect Keyera's ability to achieve the anticipated benefits of any acquisitions. Acquisitions may also expose Keyera to additional risks, including: risks relating to entry into markets or businesses in which Keyera has little or no direct prior experience; increased credit risks through the assumption of additional debt; costs and contingent liabilities; and exposure to liabilities of the acquired business or assets. Any potential impairment of tangible assets, goodwill and other intangible assets related to any such acquisition would reduce Keyera's overall earnings, which could negatively affect Keyera's capitalization and results of operations.

Employees and Contractors

A skilled workforce is important to the ongoing success of Keyera. If Keyera is unable to attract and retain skilled employees and contractors in variable employment markets, Keyera's business and operations could be adversely affected. Further, the cost of retaining employees and hiring contractors in some locations can place inflationary pressure on Keyera's costs.

Given the demand for many of these skilled individuals, Keyera devotes a significant amount of resources and planning to the recruitment, retention, and training of its employees and contractors to secure the required level of staffing and skills necessary to support its businesses and projects. If Keyera is not able to attract skilled employees and contractors, its ability to execute its business plans may be impaired.

Dependence on Key Personnel

The success of Keyera has been largely dependent on the skills and expertise of its key personnel to manage the overall business and achieve positive margins. The continued success of Keyera will be dependent on its ability to retain such personnel. Costs associated with retaining key personnel could adversely affect Keyera's business operations and financial results.

Labour Relations

Keyera currently has unions at three of its gas plants. Unionized labour disruptions at these or other facilities could restrict the ability of these facilities to operate and therefore adversely affect Keyera's financial results. See "Business of Keyera – Employees and Labour Relations". Although Keyera strives to maintain a good relationship with its unions and unionized employees and to date has never experienced a strike or work stoppage at its unionized plants, such an event could occur in the future and any such occurrence could adversely affect Keyera's business operations or financial results.

Civil Unrest or Activism

Civil unrest or activism may have significant effects on general economic conditions and may cause fluctuations in consumer confidence, spending and market liquidity, each of which could adversely affect Keyera's business. Increased environmental activism against oil and gas construction projects and operations, including but not limited to pipelines, could potentially result in damage to Keyera's assets, reduced demand for Keyera's services, changes to legislation or the denial or delay of permits and right-of-ways, any of which could adversely affect Keyera's business, operations or financial results.

Political Uncertainty

Political events, decisions and trends in Canada, the U.S. and elsewhere, have, and can continue to create future uncertainty on global financial and economic markets. This uncertainty may impact the energy industry in Canada, the U.S. and worldwide, and may have an adverse affect on Keyera's business and financial results.

Reputational Risk

Reputational risk is the potential risk that market-specific or company-specific events, or other factors, could result in the deterioration of Keyera's reputation with key stakeholders. Keyera's reputation may be adversely impacted by the actions and activities it undertakes, as well as the activities of its employees. In addition, Keyera's reputation could be affected by the actions and activities of other companies operating in the energy industry and by general public perceptions of the energy industry, over which Keyera has little control. For example, negative publicity related to pipeline incidents, unpopular expansion plans or new projects, transportation of hydrocarbons by rail, as well as opposition from organizations opposed to oil and gas, oil sands or pipeline development, all have the potential to affect the perception of Keyera by its stakeholders. The increasing debate and focus on climate change has contributed to increasing negative public sentiment toward the hydrocarbon-based energy sector and higher levels of scrutiny with respect to emissions and overall environmental performance. If Keyera's reputation is diminished, it could result in: loss of customers; revenue loss; delays in obtaining regulatory approvals with respect to growth projects, increased operating, capital, financing or regulatory costs; loss of Shareholder confidence; or loss of public support for Keyera's business and operations. See "Environment, Social and Governance Matters – Environmental Programs" and "Regulatory Framework – Greenhouse Gas and Emissions Regulation".

Expansion of Operations

Keyera's operations and expertise are currently focused primarily on oil and gas infrastructure activities. If Keyera engages in activities other than its current core business activities or in new geographical areas in the future, this may present new risks or significantly increase the exposure to one or more of the existing risks, any of which may adversely affect Keyera's future operational and financial conditions.

Potential Conflicts of Interest

Shareholders and other security holders of Keyera are dependent on senior management and the directors of Keyera for the governance, administration and management of Keyera. Certain directors and officers of Keyera may be directors or officers of entities in competition to Keyera or may be directors or officers of certain entities with which Keyera deals. As such, certain directors or officers of Keyera may encounter conflicts of interest in the administration of their duties with respect to Keyera.

Financial Risks

Market Risk and Marketing Activities

Keyera enters into contracts to purchase and sell natural gas, NGLs, crude oil and iso-octane. Most of these contracts are priced at floating market prices. These activities expose Keyera to market risks resulting from movements in commodity prices between the time volumes are purchased and the time they are sold, from fluctuations in the margins between purchase prices and sales prices, balancing product purchases and sales contracts, and, in some cases, may also expose Keyera to currency exchange risk. See "Foreign Exchange Risk" below.

(a) *Product Price* – The prices of the products that are marketed by Keyera are subject to fluctuations resulting from seasonal demand changes, transportation constraints, changes in crude oil, natural gas, NGL and iso-octane markets (including, but not limited to, oil production in U.S. and internationally), changes to basis differentials and other factors. Further, Keyera normally has a long position in most of the NGL products that it markets, and may store NGLs in order to meet seasonal demand and take advantage of seasonal pricing differentials, resulting in inventory price risk. Iso-octane margins are driven by the price of butane (the primary feedstock) and RBOB, as well as the iso-octane premiums above RBOB. Because NGL blending margins are earned by capturing spreads between different product qualities, Keyera's Liquids Infrastructure business is subject to volatility in price differentials between the various product streams. These exposures could result in variability in the operating income generated by the Marketing business and Keyera's distributable cash flow.

(b) *Volume* – Keyera purchases a substantial volume of NGLs from producers and other customers for resale to third parties, including other marketers and end-users. In many circumstances, particularly in the Marketing business, Keyera's purchase and sale contracts may not match, as the contracts may be entered into at different times, locations and for different values. A producer or supplier could fail to deliver contracted volumes or could deliver in excess of contracted volumes, or a purchaser could purchase less than contracted volumes. Any of these actions could cause Keyera's purchases and sales to be unbalanced.

While Keyera attempts to balance its purchases and sales, if its purchases and sales are unbalanced, Keyera will face increased exposure to commodity price risks and could have increased volatility in its operating income and distributable cash flow.

Although Keyera attempts to mitigate certain elements of this risk exposure through the integration of the Marketing business with its facilities businesses (which is a fee-for-service business). Keyera remains exposed to market, commodity price, and exchange rate risk. See “Business of Keyera – Marketing Business Segment – Commodity Risk Management” for a description of how Keyera manages certain commodity risk.

There is no guarantee that hedging and other efforts to manage the marketing and inventory risks will generate profits or mitigate all of the market and inventory risk associated with these activities. While hedging and other efforts to manage market and inventory risk are intended to mitigate Keyera’s risk exposure, because of the inherent nature and risk of such transactions, those activities can result in losses. If Keyera hedges its commodity price exposure, it may forego the benefits that may otherwise be experienced if commodity prices were to increase and it is subject to credit risks associated with the counterparties with whom it contracts. See “Credit Risk” below. For additional information on Keyera’s hedging strategies, refer to the management’s discussion and analysis accompanying the 2020 Financial Statements which is available on SEDAR at www.sedar.com.

Operating, Capital and General and Administrative Costs

Operating and capital costs associated with Keyera’s facilities represent significant components of the cost of providing services. These costs may vary considerably from current and forecast values and rates. In general, as facilities age, costs associated with operating and maintaining such facilities may increase over time. In addition, operating and capital costs may increase as a result of a number of factors beyond Keyera’s control, including general economic, business and market conditions and supply, demand and/or inflation in respect of required goods and/or services. Fluctuations in the prices of electricity and fuel can cause significant fluctuations in operating costs. Although operating costs are often recovered through the tariffs charged on processing and transportation, some processing arrangements do not permit the flow-through of operating costs. Further, to the extent operating costs increase, producers may seek lower cost alternatives or shut-in production of their natural gas.

General and administrative costs may vary considerably from current and forecast values as a result of fluctuations in employment markets and the demand for trades which affect compensation that must be paid to attract and retain employees and contractors. As well, the cost of Keyera’s long term incentive plan (“**LTIP**”) can vary considerably due to the fact that the value of the payments required to satisfy the grants primarily depend on: (a) the market price of the Common Shares, and (b) the number of Common Shares awarded based on a multiplier linked to certain corporate performance metrics.

Maintenance capital requirements and maintenance expenses may vary from year to year depending on such factors as the scheduling of maintenance turnarounds, operating conditions and gas composition.

Working capital requirements are strongly influenced by the volume of NGLs, iso-octane and oil held in storage and related commodity prices. In addition to the working capital required for inventory, Keyera requires working capital to finance its other business activities, including its risk management program. Growth in capital expenditures vary depending upon available opportunities and financing.

If significant increases in operating, capital or general and administrative costs are incurred, this may negatively impact Keyera’s financial results.

Keyera may also experience unanticipated increases or fluctuations in input costs, such as the costs of electricity and fuel. If Keyera uses physical and financial contracts to hedge its input costs, it may forego the benefits that may otherwise be experienced if input costs were to decrease and it is subject to credit risks associated with the counterparties with whom it contracts. See “Credit Risk” below.

Adequacy of Insurance

There can be no assurance that Keyera will be able to obtain or maintain adequate insurance coverage at all or at rates it considers reasonable. Further, there can be no assurance that available insurance will cover all losses or liabilities that might arise in the conduct of Keyera’s business. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by Keyera, or a claim that falls within a significant self-insured retention could have a material adverse effect on Keyera’s business, operations and financial performance. Further, significant insured claims could lead to an increased cost of operating and insuring Keyera’s assets in the future.

With the growth in Keyera’s operating activities in the U.S., Keyera has expanded its insurance coverage to include coverages for its U.S. operations. Because of the more litigious environment in the U.S., the potential for higher damages awards and Keyera’s assets in the U.S., premiums for this coverage are notably higher than coverage for Canadian operations and there is no guarantee that the coverages Keyera has obtained will be sufficient to satisfy any claims that may be brought as a result of these operations.

Keyera does not insure against soil and groundwater contamination, except for contamination resulting from catastrophic failures. In certain areas in which Keyera has operations, it carries limited or no coverage for terrorism or for any injury to workers that occurs as a result of terrorism.

Decommissioning, Abandonment and Reclamation Costs

Keyera is responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of its facilities at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they are a function of regulatory requirements at the time of decommissioning, abandonment and reclamation and the actual costs may exceed current estimates which are the basis of the asset retirement obligation shown in Keyera’s financial statements. A detailed discussion of the assumptions and basis for calculating the fair value of the decommissioning costs are included in the management’s discussion and analysis accompanying the 2020 Financial Statements which is available on SEDAR at www.sedar.com. See “Environment, Social and Governance Matters – Environmental Programs.

Keyera may, in the future, determine it is prudent or may be required by applicable laws or regulations to establish and fund one or more decommissioning, abandonment and reclamation reserve funds to provide for payment of future decommissioning, abandonment and reclamation costs. The creation and maintenance of these reserves could decrease cash flow available to pay dividends to Shareholders and to service debt obligations in the future. Further, even if such reserve funds were established, they may not be sufficient to satisfy the future decommissioning, abandonment and reclamation costs and Keyera will be responsible for the payment of the balance of such costs.

Environmental Compliance and Remediation Costs

Keyera allocates funding for its environmental programs each year. However, there is the risk that unforeseen matters may arise requiring Keyera to set aside additional funds. Compliance obligations under applicable environmental laws can result in significant costs, including those associated with installing and maintaining pollution controls, fines and penalties resulting from any failure to comply, and potential limitations on operations. Remediation obligations can also result in significant costs associated with the investigation and remediation of contaminated properties. Activities that do not meet regulatory standards or that breach such legislation may result in the imposition of fines, penalties and suspension of operations. It is also possible that increasingly strict environmental and safety requirements could be implemented, which could result in substantial increases in the cost of compliance, including increased capital expenditures and operating expenses. There is also the risk of civil liability for environmental matters.

Keyera also undertakes remediation projects that are identified through its liability management system as part of its ongoing efforts to manage its environmental risk. However, it is not possible for Keyera to estimate the amount and timing of all future expenditures related to environmental matters due to various factors, including: (a) uncertainties in estimating pollution control and clean-up costs, including at sites where only preliminary site investigation or agreements have been completed; (b) the potential discovery of new sites or additional information at existing sites; (c) the uncertainty in quantifying liability under environmental laws that impose joint and several liability on all potentially responsible parties; (d) the evolving nature of environmental laws and regulations, including the interpretation and enforcement thereof; and (e) the potential for litigation on existing or discontinued assets. Based on current operations and practices, the cost of complying with environmental regulations and Keyera's exposure to civil liability for environmental matters have not had and are not expected to have a material adverse effect on its financial results; however, no assurance can be given that such costs will not materially adversely affect financial results in the future. See "Environment, Social and Governance Matters – Environmental Programs" and "Regulatory Framework – Greenhouse Gas and Emissions Regulation".

Cash Dividends Are Not Guaranteed

Dividends are not guaranteed and will fluctuate with the performance of Keyera's business and operations. The Board of Directors has the discretion to determine the amount of dividends to be declared and paid to Shareholders each month. The cash available to pay dividends depends on a number of factors, including: current and expected future levels of earnings; operating cash flow; income taxes; maintenance and growth capital expenditures; debt repayments; working capital requirements; current and potential future environmental liabilities; the impact of interest rates and/or foreign exchange rates; crude oil, natural gas, NGL and iso-octane prices; and other factors. Keyera's short and long term borrowings prohibit Keyera from paying dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying the dividend. See "Debt Matters" below.

External sources of capital, including borrowings and the issuance of additional Common Shares or Preferred Shares, become limited or unavailable on commercially reasonable terms, Keyera's ability to sustain its dividends and make the necessary capital investments to maintain or expand its business may be impaired. The extent to which Keyera is required to use cash flow to finance capital expenditures or acquisitions may reduce the cash flow available to declare and pay dividends to Shareholders. Dividends may be increased, reduced or suspended or eliminated entirely depending on Keyera's operations and the performance of its assets and businesses.

Capital Market and Liquidity Risks

Keyera may have restricted access to capital and increased borrowing costs. As Keyera's future capital expenditures will be financed out of cash generated from operations, borrowings, and possible future equity sales, Keyera's ability to finance such expenditures is dependent on, among other factors, the overall state of capital markets and investor demand for investments in the energy industry generally and Keyera's securities in particular.

To the extent that external sources of capital become unavailable or available on onerous terms or otherwise limited, Keyera's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition, results of operations, and dividends may be materially and adversely affected as a result.

If cash flow from operations is lower than expected or capital costs for projects exceed current estimates, or if Keyera incurs major unanticipated expenses related to construction, development, or maintenance of its existing assets, Keyera may be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain financing necessary for Keyera's capital expenditure plans may result in a delay in Keyera's capital program or a decrease in dividends.

Debt Matters

Keyera relies on debt financing for some of its business activities, including capital and operating expenditures. Keyera's credit facilities and long term senior unsecured notes have defined terms and there are no assurances that Keyera will be able to refinance any or all of the borrowings at their maturity, or to refinance such borrowings on commercially reasonable terms. In addition, there are no assurances that Keyera will be able to comply at all times with the covenants applicable under its current borrowings; nor are there assurances that Keyera will be able to secure new financing that may be necessary to finance its operations and capital growth program. Any failure of Keyera to secure refinancing, to obtain new financing or to comply with applicable covenants under its borrowings could have a material adverse effect on Keyera's financial results, including its ability to pay dividends to Shareholders. Further, any inability of Keyera to obtain new financing may limit its ability to support future growth. See "Capital Structure of the Corporation".

Borrowings or additional borrowings made by or on behalf of Keyera will affect the leverage of the business. Interest and principal payments on such borrowings will reduce the amount of cash flow available for dividends to Shareholders and may increase the level of financial risk in the operations of Keyera. Keyera's short-term and long-term debt prohibit the payment of dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying a dividend.

If Keyera is unable to refinance debt obligations at the time of maturity or is unable to refinance on equally favourable terms, the amount of cash flow available for dividends to Shareholders may be affected. See "Capital Structure of the Corporation".

Keyera believes that its existing credit facilities will be sufficient for its immediate requirements and expects that it will be able to renew its existing credit facilities or refinance its long term debt (which includes hybrid notes, public senior debt and private notes) on commercially reasonable terms. However, industry and global market conditions mean Keyera, along with other oil and gas companies, may have restricted access to capital and increased borrowing costs. Keyera's ability to raise debt is dependent upon, among other factors, the overall state of the debt and capital markets, the quality of Keyera's public credit ratings and investor appetite for investments in the energy industry and Keyera's securities in particular. The ability to make scheduled payments on or to refinance debt obligations depends on the financial condition and operating performance of Keyera, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As a result, Keyera may be unable to maintain a level of cash flow from operations sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness. These conditions could have an adverse effect on the industry in which Keyera operates and its business, including future operating and financial results. There can be no assurance that Keyera's cash flow will be adequate for future financial obligations or that additional funds will be able to be obtained.

Credit Ratings

Keyera has been assigned issuer ratings by DBRS and S&P that are investment grade. See "Capital Structure of the Corporation – Credit Ratings". The issuer ratings are based on an assessment by each of DBRS and S&P of Keyera's financial strength, as well as a number of factors not entirely within Keyera's control, including conditions affecting the industry in which Keyera operates generally and the wider state of the economy. Any rating may be revised (including a downgrade) or withdrawn entirely by a rating agency in the future if in its judgement circumstances so warrant. As a result, there is a risk that Keyera's issuer ratings could be withdrawn or downgraded below investment grade in the future. In the event of a withdrawal or downgrade of an issuer rating, the credit rating of Keyera's Subordinate Hybrid Notes or the credit ratings on Keyera's Medium Term Notes, Series 1, or Medium Term Notes, Series 2[9],

[9] A credit rating withdrawal or downgrade on Keyera's Medium Term Notes could trigger a "Rating Event" (as defined in the Note Indenture).

Keyera's ability to access capital, its cost of borrowing on future debt, its financing strategy, the trading price of Keyera's Common Shares and its ability to enter into normal course derivative, hedging or other credit-based transactions (including the associated costs of such transactions) may be adversely affected. Further, if Keyera were to seek a rating for any securities in the future, there is no guarantee that such securities would receive the same or similar ratings as Keyera's issuer or existing securities ratings.

Credit Risk

Keyera takes on credit risk with respect to its fee-for-service business, the purchase and sale of commodities in its Marketing business, hedging of commodity price changes, as well as other financial contracts into which it enters. In particular, Keyera may be exposed to credit-related losses in the event that counterparties to contracts become insolvent, are subject to creditor protection laws (e.g., the CCAA), or otherwise fail to fulfill their present or future financial obligations to Keyera. The majority of Keyera's accounts receivable are due from entities in the oil and gas industry and are subject to normal industry credit risks. Concentration of credit risk is mitigated to some degree by having a broad base of domestic and international customers. With respect to counterparties for financial instruments used for economic hedging purposes, Keyera attempts to limit its credit risk by dealing with recognized futures exchanges, or investment grade financial institutions, or by adherence to credit policies that significantly reduce overall counterparty credit risk; however, there can be no assurance that these processes will protect against all losses from non-performance.

Keyera's creditworthiness assessment of a counterparty considers the available qualitative and quantitative information about the counterparty including the financial status and external credit ratings. Depending on the outcome of each assessment, Keyera, in accordance with its credit policy, may: (a) set and adjust limits on exposure to its counterparties, (b) request collateral/security (e.g., letters of credit, guarantees or other credit enhancements), where appropriate; (c) require customers to prepay for products or services; and (d) use contractual arrangements that permit the netting of exposures associated with a single counterparty as well as other remedies. In Keyera's facilities business, the standard operating, transportation and processing agreements provide for an operator's lien on customer products transported or processed through Keyera's facilities. While these liens provide a degree of risk mitigation protection, there are legal risks associated with the enforcement of such liens. While Keyera takes active steps to monitor and manage its credit risk, it is possible that credit exposure to counterparties (or any one of them), may result in Keyera suffering losses, in which case its operations and financial results may be adversely affected.

Interest Rates

Keyera takes on interest rate risk in association with its debt financing. Amounts paid in respect of interest on debt reduce Keyera's cash flow. Interest rates are influenced by Canadian and global economic conditions beyond Keyera's control. Floating rate debt obligations expose Keyera to changes in interest payments, which could have an adverse effect on Keyera's financial results, as variations in interest rates could result in changes in the amount required to service debt. As part of its efforts to mitigate the risk exposure associated with interest rate fluctuations, Keyera: (a) generally funds long term assets with long term, fixed-rate debt or equity, (b) limits floating-rate debt exposure, which is historically comprised of drawdowns under its credit facility, (c) ladders the maturity dates of its long term unsecured notes to manage re-financing risks; and (d) uses derivative instruments, including forward currency contracts and cross currency swaps, to hedge against the effect of future exchange rate movements. There is no guarantee these mitigation measures will be effective.

Foreign Exchange Risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. Keyera's functional currency is the Canadian dollar. Operating margins in the Gathering and Processing and Liquids Infrastructure businesses are generally not subject to foreign exchange risk, as all sales and virtually all purchases are denominated in Canadian dollars. However, Keyera may be exposed to foreign currency fluctuations with respect to capital projects in these segments, as some equipment and services may be sourced or priced in U.S. dollars.

Keyera's foreign exchange risk largely arises from the Marketing business where a significant portion of sales and purchases are denominated in or based on U.S. dollars. Foreign exchange risk is actively managed by using forward currency contracts and cross currency swaps. Keyera has adopted a risk management policy in relation to its marketing activities, including the exposure to foreign exchange risk associated with these activities.

Keyera is also exposed to foreign exchange risk related to its U.S. dollar-denominated long term debt. To manage this currency exposure, Keyera entered into cross currency swap contracts relating to principal and future interest payments for substantially all of the U.S. dollar denominated debt. These cross currency swap contracts are discussed further in the "Liquidity and Capital Resources" section of the 2020 management discussion and analysis available on SEDAR at www.sedar.com.

Market Price of the Common Shares

The market price of the Common Shares may fluctuate due to a variety of factors relating to Keyera's business, including: announcements of new developments; fluctuations in Keyera's operating results; sales or issuance of equity securities in the marketplace; failure to meet analysts' expectations; general market conditions; investors' confidence in the WCSB; the energy industry generally or the worldwide economy; and other factors beyond Keyera's control. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to Keyera's performance. For these reasons, investors should not rely on past trends in the price of Common Shares to predict the future price of Common Shares or Keyera's financial results.

Ability to Divest Certain Assets

Keyera may from time to time desire to divest assets to optimize its operations and financial performance. Keyera may not, however, be able to sell assets or, if Keyera is able to sell assets, to raise optimal amounts of capital from such asset sales. Additionally, the timing to close asset sales could be significantly different than Keyera's expected timeline.

Sales of Additional Common Shares or Preferred Shares

The Corporation may issue additional Common Shares or Preferred Shares in the future. As of December 31, 2020, there are no Preferred Shares issued and outstanding. Such additional Common Shares and Preferred Shares may be issued without the approval of Shareholders. Shareholders do not have pre-emptive rights in connection with such additional issuances of Common Shares or Preferred Shares. It is not possible to predict the size of future issuances of Common Shares, Preferred Shares or the effect, if any, that future issuances of Common Shares or Preferred Shares will have on the market price of the Common Shares or Preferred Shares. Issuances of a substantial number of Common Shares or Preferred Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares or Preferred Shares. As well, with any additional issuance of Common Shares or Preferred Shares, Shareholders will experience dilution, compared to funding via debt.

Litigation Risk

Keyera is, in the course of its business, subject to lawsuits and other claims. Defence and settlement costs associated with such lawsuits and claims can be substantial, even with respect to lawsuits and claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have an adverse effect on Keyera's operating results or financial performance.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Keyera is subject to various legal proceedings and regulatory actions arising in the normal course of business. While the final outcome of such legal proceedings and regulatory actions cannot be predicted with certainty and there can be no assurance that such matters will be resolved in Keyera's favour, it is the opinion of Keyera's management that the resolution of such proceedings and regulatory actions will not have a material impact on Keyera's consolidated financial position, results of operations or liquidity. No penalties or sanctions material to Keyera have been imposed by a court or regulatory body, nor has Keyera entered into a settlement agreement in relation to any securities legislation.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer, and no person of company that beneficially owns, directly or indirectly, more than 10% of the Common Shares, nor any associate or affiliate of any such person, has had any material interest, direct or indirect, in any transaction with the Corporation within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect the Corporation.

INTERESTS OF EXPERTS

Deloitte LLP is the external auditor of the Corporation. Deloitte LLP has advised they are independent with respect to the Corporation within the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

TRANSFER AGENT AND REGISTRAR

Computershare is the transfer agent and registrar for the Corporation. Computershare has principal offices in Calgary, Alberta and Toronto, Ontario where transfers of securities may be recorded.

MATERIAL CONTRACTS

The following material contracts have been entered into on behalf of Keyera and are available under the Keyera profile on SEDAR at www.sedar.com:

Agreement	Amendment	SEDAR Filing Date
Shareholder Rights Plan Agreement dated March 14, 2017		May 11, 2017
Note Purchase Agreement dated September 4, 2007		February 17, 2011
	First Amending Agreement dated March 31, 2017	November 16, 2017
	Second Amending Agreement dated December 14, 2018	January 31, 2019
Note Purchase Agreement dated September 8, 2010		February 17, 2011
	First Amending Agreement dated March 31, 2017	November 16, 2017
	Second Amending Agreement dated December 14, 2018	January 31, 2019
Note Purchase Agreement dated June 19, 2012		February 14, 2013
	First Amending Agreement dated March 31, 2017	November 16, 2017
Note Purchase Agreement dated November 20, 2013		February 13, 2014
	First Amending Agreement dated March 31, 2017	November 16, 2017
Note Purchase Agreement dated October 13, 2016		February 14, 2017
	First Amending Agreement dated March 31, 2017	November 16, 2017
Note Purchase Agreement dated September 20, 2017		February 15, 2018
Uncommitted Private Shelf Facility dated November 5, 2010		February 17, 2011
	First Amendment dated January 4, 2011	February 15, 2018
	Second Amendment dated June 8, 2011	February 16, 2012
	Third Amendment dated October 10, 2013	February 13, 2014
	Fourth Amendment dated December 15, 2016	February 14, 2017
	Fifth Amending Agreement dated March 31, 2017	November 16, 2017
Assumption Agreement dated January 1, 2011*		February 17, 2011
Amended and Restated Credit Agreement dated January 1, 2011		February 8, 2011
	First Amending Agreement dated November 2, 2011	November 28, 2011
	Second Amending Agreement dated December 14, 2012	February 14, 2013
	Third Amending Agreement dated December 6, 2013	February 13, 2014
	Fourth Amending Agreement dated December 9, 2014	February 11, 2015
	Fifth Amending Agreement dated December 9, 2015	February 10, 2016
	Sixth Amending Agreement dated December 6, 2016	February 14, 2017
	Seventh Amending Agreement dated March 31, 2017	August 29, 2017
	Eighth Amending Agreement dated December 8, 2017	February 15, 2018
	Ninth Amending Agreement dated December 13, 2018	January 31, 2019
	Tenth Amending Agreement dated June 12, 2019	January 17, 2020
	Eleventh Amending Agreement dated December 11, 2019	January 28, 2020
Note Indenture		June 28, 2018
First Supplemental Note Indenture		June 13, 2019

* The Assumption Agreement dated January 1, 2011, between the Partnership, the Corporation and the relevant noteholders relates to the September 4, 2007 Note Purchase Agreement, September 8, 2010 Note Purchase Agreement, and November 5, 2010 Uncommitted Private Shelf Facility.

ADDITIONAL INFORMATION

Additional information in relation to Keyera may be found on the Corporation's SEDAR profile at www.sedar.com. Additional information including directors' and officers' remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans (all where applicable) is contained in the Corporation's information circular dated March 26, 2020 filed on SEDAR at www.sedar.com. Information for 2020 will be included in the Corporation's information circular to be mailed to Shareholders (and filed on SEDAR) in connection with the annual meeting of Shareholders to be held on May 11, 2021. Additional financial information is provided in the 2020 Financial Statements and accompanying management's discussion and analysis filed on the Corporation's SEDAR profile at www.sedar.com.

SCHEDULE A

AUDIT COMMITTEE TERMS OF REFERENCE

Purpose

The purpose of the Audit Committee of the Board of Directors (the "**Committee**") is to assist the Board of Directors (the "Board") of Keyera Corp. in fulfilling its responsibilities in relation to financial matters. The Committee's role includes monitoring and overseeing the quality of the financial reporting and systems of internal control and the financial risk management of Keyera Corp. and its subsidiaries, including Keyera Partnership (collectively Keyera Corp. and its subsidiaries being referred to as "**Keyera**"). The Committee shall serve as the ultimate authority to which Keyera Corp.'s internal and external auditors are accountable.

Mandate

Management is responsible for preparing the interim and annual financial statements of Keyera and for maintaining systems of risk assessment, risk management and internal controls to provide reasonable assurance that assets are protected and that transactions are authorized, recorded, and reported properly. The Committee is responsible for reviewing and monitoring management's actions and for overseeing the work of the external auditor.

1. <u>Financial Performance and Reporting</u>. The Committee has responsibility for monitoring and reviewing financial performance and reporting by Keyera. The Committee shall:

   (a) receive quarterly reports from management with respect to the financial performance of Keyera;

   (b) review with management and the external auditors the financial reporting of Keyera in connection with the annual audit and the preparation of financial statements, including, without limitation, the judgment of the external auditors as to the quality and appropriateness of the accounting principles as applied in that financial reporting;

   (c) receive the report of the external auditors on the annual financial statements of Keyera;

   (d) review with the external auditors, (i) the annual financial statements of Keyera; (ii) the audit of those financial statements; and (iii) the report of the external auditors thereon; in order to confirm that the external auditors are satisfied with the disclosure to them of appropriate information and the content of the financial statements;

   (e) review with management and make recommendations to the Board of Directors relating to (i) the audited annual financial statements of Keyera, and (ii) Management's Discussion and Analysis ("MD&A") in respect of Keyera's annual financial statements, and (iii) the accompanying report of the Chief Executive Officer and press release;

   (f) receive the report of the external auditors on Keyera's interim financial statements;

   (g) review with management and the external auditors (i) Keyera's interim financial statements, (ii) the review of those financial statements, and (iii) the auditor's report on their review and review with management the MD&A in relation thereto (along with the accompanying report of the Chief Executive Officer and press release) and make recommendations to the Board relating to the interim financial statements, MD&A and related documents;

   (h) review and make recommendations to the Board with respect to Keyera's Annual Information Form and those aspects of Information Circular related to the Committee (including with respect to the appointment of auditors);

(i) review and make recommendations to the Board of Directors relating to any prospectus required to be filed in connection with an offering of securities by Keyera;

(j) receive a report from the general counsel each quarter and review with management, and, if necessary, the external auditors and legal counsel, any litigation, claim or contingency, including tax assessments (collectively "Claims"), that could have a material effect upon the financial position of Keyera and the manner in which such Claims may be, or have been, disclosed in the financial statements;

(k) review with management accounting practices, policies, significant estimates and instances of management override of controls and the financial impact thereof; and

(l) review accounting, tax and financial aspects of the operations of Keyera as the Committee considers appropriate.

2. Financing Strategy and Oversight. The Committee has responsibility for overseeing Keyera's financing strategy. The Committee shall:

(a) review with management Keyera's dividend policy, dividend recommendations, financial structure, proposed financings and overall financing strategy.

3. Relationship with the External Auditors. The Committee has responsibility for the relationship with the external auditors relating to audit, review and attest services. The Committee shall:

(a) subject to applicable law and the rights of shareholders and the Board, be directly responsible, for the appointment, compensation, and retention of the external auditors and oversight of their work relating to their audit (including resolution of disagreements between management and the external auditors regarding financial reporting), their preparation or issuance of an audit report, or their performance of other audit, review or attest services for Keyera;

(b) be responsible for requiring the external auditors to report directly to the Committee;

(c) review and approve the audit plans of the external auditors of Keyera;

(d) meet separately with the external auditors to discuss matters of mutual interest, and to consider any matter that the external auditors recommend that the Committee bring to the attention of the full Board;

(e) pre-approve significant non-audit engagements, including audit-related activities and other services, of the external auditors and review the fees paid and other terms for these engagements;

(f) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with Keyera in order to determine the external auditors' independence, including, without limitation, (A) requesting, receiving and reviewing, on a periodic basis, a statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to Keyera, (B) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors, and (C) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence;

(g) periodically consider whether external auditors should be precluded from providing non-audit services to Keyera;

(h) assess the effectiveness and performance of the external auditors; and

(i) determine whether restrictions should be placed on the recruitment by Keyera of employees and management from the external auditors.

4. Internal Audit and Controls. The Committee has an oversight responsibility for the design, maintenance and assessment of internal controls and the internal audit function by Keyera's management. The Committee shall:

(a) oversee the internal audit function;

(b) review and consider, as appropriate, any significant reports and recommendations issued by Keyera or any external party relating to internal audit issues, together with management's response thereto;

(c) receive a report each quarter on management overrides of internal controls and review with management and the external auditors any issues arising from overrides;

(d) review with management, and the external auditors, the effectiveness of the disclosure controls and internal controls of Keyera, and review whether those controls are in compliance with legal and regulatory requirements and with the policies of Keyera;

(e) establish procedures for the receipt, retention and treatment of complaints received by Keyera regarding accounting, internal controls or auditing matters, including the confidential, anonymous submission by employees of Keyera of concerns regarding illegal activity or questionable accounting or auditing matters;

(f) review with management, prior to consideration by the Board, the proposed appointment, re-assignment or removal of the Chief Financial Officer of Keyera Corp.;

(g) review the adequacy of internal controls and procedures related to the expense accounts of officers of Keyera at the level of Vice-President and above, including officers' use of corporate assets, and consider the results of any reviews by the external auditors; and

(h) review the financial aspects of any transactions of Keyera that involve related parties (other than wholly-owned subsidiaries).

5. Risk Management. The Committee has a responsibility for monitoring and reviewing financial risk assessment and management programs. The Committee shall:

(a) review with management the identification, assessment and management of significant financial risks and exposures;

(b) review the processes implemented or proposed by management to identify material financial risks associated with Keyera's businesses, and review management's implementation of appropriate processes and systems to manage and mitigate those risks;

(c) review the management of risks associated with Keyera's information technology systems, including the effectiveness of Keyera's cyber security practices; and

(d) review management's program to obtain appropriate insurance to mitigate risks and coverage, deductibles and key issues regarding corporate insurance policies.

Committee and Procedures

1. Composition of Committee.

   The Committee shall consist of not less than three and not more than six Directors, at least one-half of whom are resident Canadians (as defined in the *Business Corporations Act* (Alberta)), all of whom are independent of Keyera within the meaning of applicable laws, rules, policies, guidelines and requirements, as affirmatively determined by the Board. In addition, all members of the Committee shall be financially literate as determined by the Board from time to time. Determinations as to whether a particular Director satisfies the requirements for membership on the Committee shall be made by the full Board.

2. Appointment of Committee Members

   Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Directors.

3. Committee Chair

   The Board shall appoint a Chair for the Committee.

4. Absence of Committee Chair

   If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

5. Secretary of Committee

   The Committee shall appoint a Secretary who need not be a Director of Keyera Corp.

6. Meetings

   The Committee shall meet at least four times per year and shall meet at such other times during each year as it deems appropriate. In addition, the Chair of the Committee may call a special meeting of the Committee at any time. The Committee shall ensure that it meets the external auditors on a regular basis in the absence of management.

7. Quorum

   A majority of the members of the Committee shall constitute a quorum.

8. Notice of Meetings

   Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided however, that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

9. Attendance at Meetings

   At the invitation of the Chair of the Committee, one or more officers of Keyera may attend any meeting of the Committee. Any independent director may attend any meeting of the Committee.

10. Procedure, Records and Reporting

Subject to any statute or the articles and by-laws of Keyera Corp., the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next quarterly meeting of the Board). The minutes of its meetings shall be distributed to all directors. All independent Directors shall be provided with access to any materials distributed to members of the Committee.

11. Assessment

The Audit Committee should assess from time to time its own performance, considering responsiveness to the Terms of Reference of the Audit Committee and the effectiveness of relationships and communications with management, the internal auditors, the external auditors and the Board of Directors.

12. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

13. Independent Advisors

The Committee has the authority to retain independent legal, compensation or other advisors to advise the Committee or a member of the Committee independently on any matter. The Committee (subject to the Board's oversight) has the authority to retain and terminate such advisors, including the authority to approve fees and other terms of the retainer.

14. Review of Terms of Reference

The Committee shall review and reassess the adequacy of these Terms of Reference at least annually, and otherwise as it deems appropriate, and recommend changes to the Board.