



**CHEMTRADE**

# 2021 Supplemental Sustainability Report

Sustainability is a cornerstone of Chemtrade's business. We teach, preach, monitor, and advance sustainability efforts throughout our organization. Sustainability is woven into our Environmental, Social and Governance (ESG) and Responsible Care® mandates, and we are constantly looking to better our performance.

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

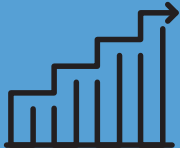
In support of our sustainability story, which can be found at [Chemtradelogistics.com/sustainability](https://chemtradelogistics.com/sustainability), this supplement includes news, updates, and information on our more recent sustainability efforts and planning.

This report will provide an overview of our 2021 initiatives related to:

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# ESG Metrics



On **Environmental** matters, our focus is on greenhouse gases (GHG) and other air emissions, industrial and hazardous waste, and energy management. Our internal environmental tracking system is used as a central repository for these environmental factors and allows us to monitor our progress towards short and long-term objectives.

The leading areas of focus in the **Social** category include workforce health and safety; operational safety; emergency preparedness and response; contractor, partner, and community safety; and employee engagement and diversity and inclusion.

In **Governance**, our sustainability efforts are concentrated around corporate governance and business ethics, management of legal and regulatory environment, and governance of environmental and social issues.

All of these areas of focus were deemed to be material to the financial and operating performance of the company based on the five-factor test developed by the Sustainability Accounting Standards Board (SASB).

## ESG METRICS

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"><li>■ greenhouse gases (GHG) and other air emissions, including:<ul style="list-style-type: none"><li>▪ nitrogen oxides (NOx)</li><li>▪ sulphur oxides (SOx)</li><li>▪ hazardous air pollutants (HAPs)</li><li>▪ particulate matter (PM)</li></ul></li><li>■ industrial and hazardous waste</li><li>■ energy management</li></ul>	<ul style="list-style-type: none"><li>■ workforce health and safety, including:<ul style="list-style-type: none"><li>▪ incidents resulting in serious injuries or fatalities (SIF)</li><li>▪ employee and contractor occupational injury/illness incident rates (OIR)</li><li>▪ potential exposures to serious injuries or fatalities, recognized after the incident (close call PSIF) and proactively before the incident (proactive PSIF)</li><li>▪ employee and contractor injuries requiring first aid treatment</li></ul></li><li>■ operational safety, emergency preparedness and response</li><li>■ employee engagement and diversity and inclusion</li></ul>	<ul style="list-style-type: none"><li>■ corporate governance and business ethics</li><li>■ management of legal and regulatory environment</li><li>■ governance of environmental and social issues</li></ul>

# ESG Targets for 2022 and Beyond



The following is a summary of targets we established for several ESG metrics we track. For some targets, we compare ourselves to chemical industry average data provided by the Chemistry Industry Association of Canada (CIAC).

## ESG TARGETS

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<p><b>GHG and other air emissions</b></p> <ul style="list-style-type: none"> <li>Reduce or offset 2021 baseline direct GHG emissions emitted from sources we own or control (Scope 1 emissions) by 50% by 2025</li> <li>Including all future acquisitions, maintain GHG intensity (kg GHG/kg product) below the chemical industry average</li> </ul>	<p><b>Workforce Health and Safety</b></p> <ul style="list-style-type: none"> <li>Achieve employee occupational injury/illness incident rate (OIR) of 0.7 by 2025</li> <li>Avoid all serious injuries or fatalities (SIFs) for employees and contractors in 2022 and beyond</li> </ul>	<p><b>Governance of Environmental and Social Issues</b></p> <ul style="list-style-type: none"> <li>Demonstrate ESG leadership by reporting material SASB factors in alignment with the Task Force on Climate-Related Financial Disclosure model (Governance, Strategy, Risk Management, Metrics, and Targets)</li> <li>Incorporate ESG related targets into short-term and long-term incentive plans of executives starting in 2022</li> </ul>
<p><b>Industrial and Hazardous Waste</b></p> <ul style="list-style-type: none"> <li>Reduce high clay alumina (HCA) landfill disposal by an additional 20% of 2021 baseline by 2025</li> </ul>	<p><b>Operational Safety, Emergency Preparedness and Response</b></p> <ul style="list-style-type: none"> <li>Reduce <b>Level 1 spills</b> or releases by 50% of 2021 baseline by 2025</li> <li>Reduce the number of transportation incidents by 40% of 2021 baseline by 2025</li> </ul>	<p><b>Board and Executive Diversity Targets</b></p> <ul style="list-style-type: none"> <li>Maintain 30% gender diversity and achieve 50% designated groups on Board of Directors by our annual meeting in 2024</li> <li>Maintain 30% gender diversity and 50% designated groups in our Executive Officer Positions</li> </ul>
<p><b>Energy Management</b></p> <ul style="list-style-type: none"> <li>Ensure a minimum of 85% of our electricity usage is from hydroelectric or other renewable sources and maintain this target when making acquisitions</li> </ul>	<p><b>Employee Engagement and Diversity</b></p> <ul style="list-style-type: none"> <li>Achieve industry benchmark employee engagement survey results by 2023</li> <li>Across the organization, fill 40% of vacancies with black, Indigenous and people of colour (BIPOC) and/or gender diversity by 2024</li> <li>Achieve 50% BIPOC and/or gender diversity in all management positions by the end of 2025</li> </ul>	

# Greenhouse Gas (GHG)



We recognize that GHG and other air emissions impact climate change, public health, and susceptible ecosystems. We also recognize that our stakeholders expect us to minimize air emissions and reduce our environmental footprint. We do this by improving the efficiency of our manufacturing and transportation processes, maintaining the reliability of our production facilities, and utilizing emissions control equipment.

The majority of our GHG emissions are generated through natural gas combustion in support of our production processes. In addition, smaller quantities of GHG emissions are generated through diesel combustion in our private fleet of trucks, through our production processes in Leeds, South Carolina, Richmond, California, and Syracuse, New York, and through the combustion of other fuels in support of our production processes. The intensity of the emissions depends on the efficiencies of the combustion equipment and fleet vehicles, as well as fuel compositions.

Our strategies to reduce, or offset, GHG emissions include the following:

- maximizing the use of hydrogen gas (which is a by-product at our electrochemical sites) in boilers and combustion equipment, thereby reducing our demand for natural gas
- capturing hydrogen that is currently vented to the atmosphere at our electrochemical sites and selling it to third parties who will use it to displace GHG-intensive fuels like diesel and natural gas
- improving efficiency of our private fleet vehicles
- improving the efficiency of our processes and equipment

The sale of green hydrogen has been identified as a strategic growth opportunity. Hydrogen gas produced in our electrochemical segment is considered “green” as it is created from an electrolysis process powered by renewable electricity.

Capital and operating budgets include investments to expand our private fleet (which will increase our Scope 1 emissions). At the same time, we are working to reduce these emissions by improving the efficiency of the fleet by leasing lighter vehicles, reducing idle times, and maximizing route efficiencies.

# Greenhouse Gas (GHG)



**TARGET & 2021 BASELINE**

In 2021, our Scope 1 GHG emissions were 154,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e)\*. We currently offset approximately 15% of our Scope 1 GHG emissions by capturing and selling hydrogen from our sites in Espírito Santo, Brazil, Beauharnois, Quebec, and North Vancouver, British Columbia. Our GHG intensity of 0.047 (kg GHG/kg product produced) is 33.6% of the 2020 chemical industry average of 0.14.

We have established the following targets:

- Reduce or offset 2021 Scope 1 GHG emissions by 50% by 2025. This target includes planned expansions, but excludes future acquisitions that may increase GHG emissions.
- Including all future acquisitions, maintain GHG intensity below the chemical industry average. If an acquisition results in total GHG intensity exceeding the chemical industry average, a plan will be executed to reduce intensity below the chemical industry average within 2 years of the acquisition.

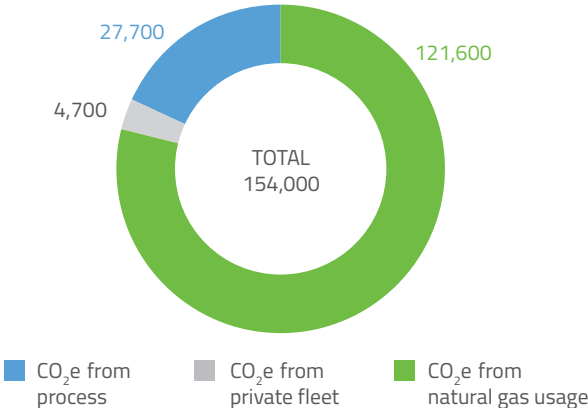
\*CO<sub>2</sub>e is a unit of measure for a "carbon dioxide equivalent". A CO<sub>2</sub>e is a unit used to compare the emissions from various sources of GHG, like methane or nitrous oxide, based on their global warming potentials. This is done by converting a quantity of other gases to the equivalent quantity of carbon dioxide with the same global warming potential.

We will begin tracking indirect GHG emissions from the consumption of purchased electricity, heat, or steam (Scope 2 emissions) in 2022.

Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use.

We currently sell 22,000 tonnes of green hydrogen annually. This offsets approximately 15% of total CO<sub>2</sub>e emissions. We are pursuing further opportunities to capture and sell green hydrogen to offset more of our CO<sub>2</sub>e emissions.

**Greenhouse Gas (GHG)**



GHG Intensity - 0.047 (kg GHG per kg of final product)

We considered climate change risks, including those associated with shifts in demand for oil and gas (impacting our Regen acid and hydrochloric acid businesses), and extreme weather events as outlined in the 10-year strategic plan and enterprise risk management process.

# Other Air Emissions



While GHG often dominates the environmental conversation, GHGs are not the only air emissions that require a sustainability plan. Our operations also generate nitrogen oxides (NOx), sulphur oxides (SOx), hazardous air pollutants (HAPs), and particulate matter (PM).

In addition to GHGs, we also track and pursue reduction or mitigation strategies for other potential air emissions that result from our production processes, including:

### SOx

Sulphur Oxides (SOx) are generated at our sulphuric acid and water chemical facilities both in the use of, and production of, sulphuric acid. In 2021, 1047 tonnes of SOx emissions were generated through Chemtrade's facilities.

### NOx

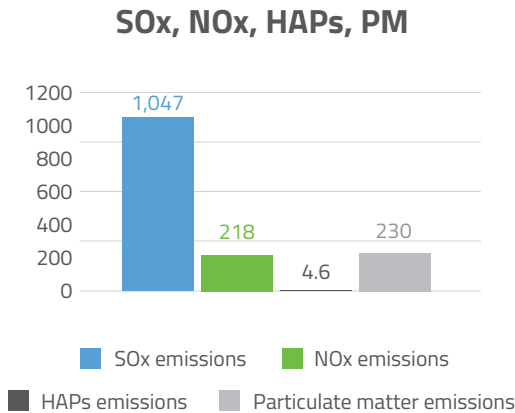
Nitrogen Oxides (NOx) are created in many fuel combustion reactions, including those from our diesel truck fleet and other production-related sources. We generated 218 tonnes of NOx emissions through our plants and fleet in 2021.

### HAPs

Hazardous Air Pollutants (HAPs) including hydrochloric acid, chlorine, and other compounds, are generated in some Chemtrade facilities. Last year, we generated 4.6 tonnes of HAPs in our plants.

### Particulate Matter

Particulate Matter (PM) is generated at most of our operating sites during production processes and while handling dry bulk materials. In 2021, 230 tonnes of particulate emissions were released from our plants.



We control emissions to the environment through comprehensive emission control strategies. Air emissions abatement systems, such as scrubbers, precipitators, and filtration equipment, are used in conjunction with operating procedures to minimize emissions.

Where possible, we track emissions continuously using Continuous Emission Monitoring Systems (CEMS) to ensure our operations are always within compliance limits. If abnormal conditions arise, our operators take immediate action to correct the situation.

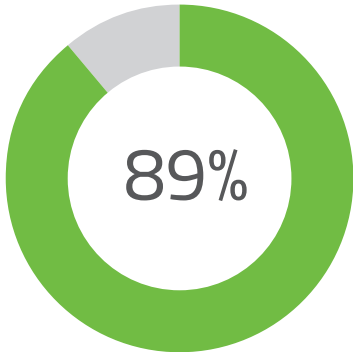
# Energy Management



Our primary sources of energy consumed in Chemtrade facilities are electricity and natural gas. Our biggest consumers of electricity are our electrochemical sites, which primarily consume renewable hydroelectricity. We strive to reduce our energy consumption by operating as efficiently as possible and using renewable and self-generated fuel sources wherever feasible.

A portion of the energy used at our sulphuric acid sites is self-generated from recycled hydrogen, organics from spent acid, and sulphur that is produced as a by-product in our processes. In 2021, our facilities consumed 9,979,000 gigajoules (GJ) of electricity. The percentage of our electricity generated from renewable sources fluctuates based on where our electricity providers source their energy. The percentage of energy consumed that is renewable is verified by our various electricity suppliers through grid reports.

## Percentage of Electricity Usage from Renewable Hydroelectric Sources



<b>TARGET &amp; 2021 BASELINE</b>	In 2021, 89% of our electricity was generated from renewable hydroelectric sources. Our targets are to: <ul style="list-style-type: none"><li>■ Ensure a minimum of 85% of our electricity usage is from hydroelectric or other renewable sources</li><li>■ And to maintain this target when making future acquisitions</li></ul>
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**All Chemtrade sites look to maximize the proportion of electricity used from hydroelectric or other renewable sources.**

# Industrial & Hazardous Waste Management



## INDUSTRIAL WASTE

Industrial waste is a by-product of some of our production processes. We use strategies to minimize, repurpose or contain waste to lessen our impact on the environment and the communities we operate in.

### High Clay Alumina (HCA)

Over 80% of the industrial waste we generate is HCA, a by-product of our water chemical sites. Our strategy to reduce this and other wastes includes finding opportunities to repurpose or beneficially reuse it.

<b>TARGET &amp; 2021 BASELINE</b>	In 2021, we generated 18,000 tonnes of HCA and diverted 4,900 tonnes (27%) away from landfills. Our target is to: <ul style="list-style-type: none"><li>■ Reduce HCA landfill by an additional 20% of our 2021 numbers by 2025</li></ul>
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## HAZARDOUS WASTE

Our processes generate a limited amount of hazardous waste. The majority is produced at our Lawrence, Kansas facility. In addition, our larger sites produce hazardous waste during periodic maintenance shut-downs. The waste produced includes spent catalyst and filter waste, filter cake waste from sulphuric acid production, and hexavalent chromium in filtered brine sludge that is a by-product created in our Sodium Chlorate plants.

We limit the quantity of hazardous materials produced through careful production and maintenance planning, and we follow all regulatory requirements for labeling, tracking, and managing hazardous waste and materials. Protocols are in place to ensure we use only licensed, reputable disposal vendors for hazardous material removal and audit these vendors for appropriate certifications. Our facilities generated 1,980 tonnes of hazardous waste in 2021.

We use a centralized tracking and reporting process for all industrial and hazardous wastes generated, disposed of, and recycled at all our production facilities.

Waste Management 2021 baseline details	2021 (tonnes)
Hazardous waste generated	1,980
Non-hazardous industrial waste generated	21,000
Total waste generated	22,980
Non-hazardous industrial waste recycled	4,900
Total wastes recycled (percentage)	21%



**Chemtrade is committed to the beneficial reuse of waste, diverting over 4,900 tonnes away from landfills in 2021.**



# Workforce Health and Safety



## EMPLOYEE & CONTRACTOR INJURIES

**Our philosophy is that working in an injury-free environment is by choice, not by chance.** Specifically, we believe all injuries are preventable, and getting to an injury-free work environment requires the right mindset and behaviours from all. Our leaders must create a culture aligned to these beliefs, in which all employees are committed to working safely, and can freely express their ideas and concerns so that issues are addressed immediately, and improvements are made continuously. All employees must have the knowledge, skills, training, tools, and equipment to work safely, and feel accountable for their personal safety, as well as that of their coworkers and contractors. This accountability requires immediate intervention to remediate unsafe conditions, along with immediate reporting of incidents and sharing concerns with leadership and environmental, health, and safety resources.

We have comprehensive health and safety programs to protect our employees and contractors in every area of our operations. Our occupational health and safety programs focus on the safe execution of all work at all locations. These programs include leadership and employee training, identification and management of hazards, work-permitting processes, compliance monitoring, supervisory oversight, and contractor management.

We monitor the following key performance indicators on a monthly, quarterly, and annual basis:

- incidents that resulted in serious injuries or fatalities (SIF)
- occupational injury/illness incident rate (OIR) for both employees and contractors
- incidents that had the potential to result in serious injuries or fatalities that were recognized after an incident occurred (close-call PSIF)
- incidents that had the potential to result in serious injuries or fatalities that were proactively recognized before an incident occurred (proactive PSIF)
- injuries requiring first aid treatment for both employees and contractors.

We strive to improve on all these key performance indicators. We aim to minimize incidents and incident rates while encouraging employees to report all proactive PSIFs.



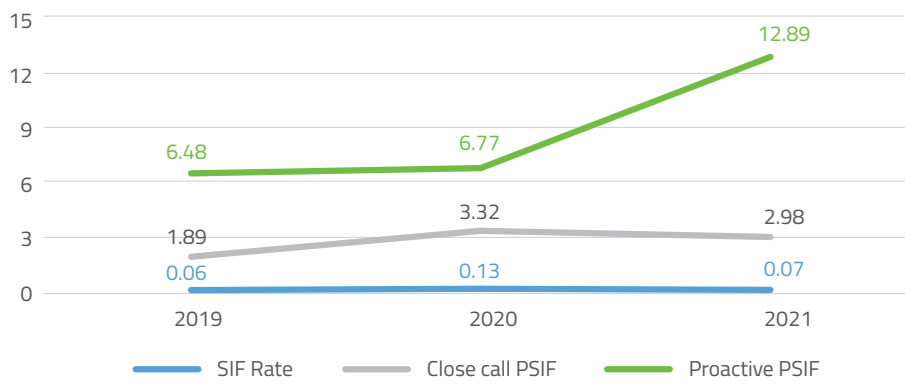
**Safety by choice,  
not by chance.**

# Workforce Health and Safety



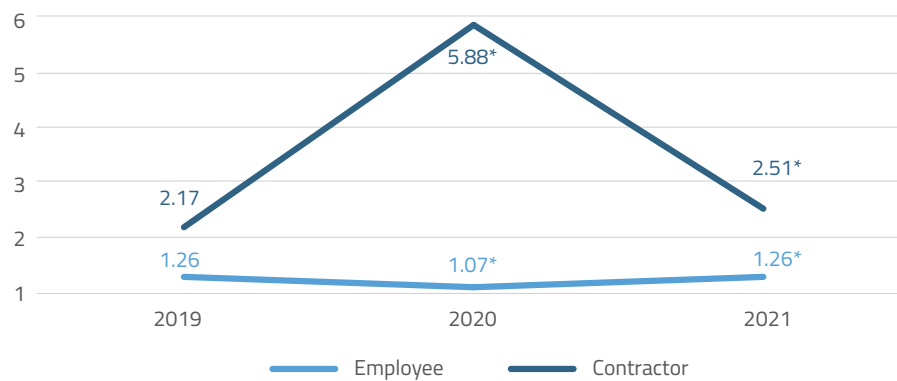
For comparison purposes, the graphs below report rates based on the number of incidents that occurred per 100 full time employees.

## Serious Incident Tracking



SIF Rate: All incidents were serious injuries, not fatalities.

## Employer and Contractor Injury Rate (OIR)

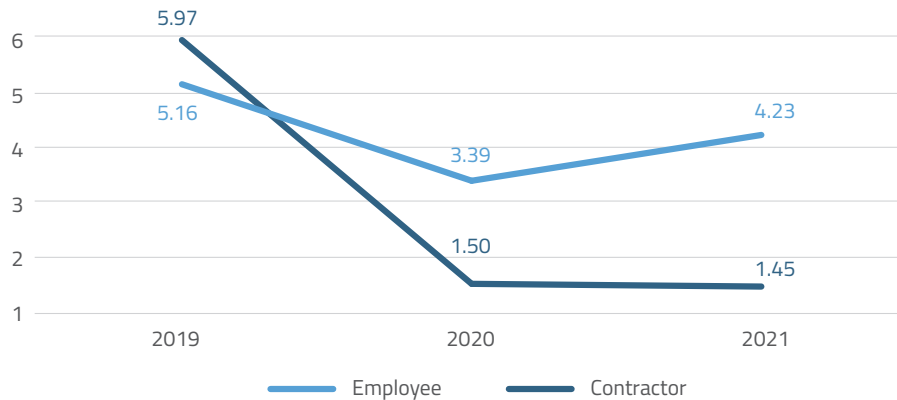


\*The employee and contractor OIR for 2020 and 2021 excludes COVID-19 related recordable injuries to allow for historical comparisons.

# Workforce Health and Safety



**Employee and Contractor First Aid Treatment Rate**



**TARGET & 2021  
BASELINE**

In 2021, we had an employee OIR of 1.26 and SIF rate of 0.07. Our targets are to:

- Achieve an employee OIR of 0.7 by 2025
- Avoid all SIFs for employees and contractors in 2022 and beyond

**COVID-19**

Our pandemic steering team continued to develop and implement the occupational safety and health protocols, procedures, and practices required to operate during the ongoing COVID-19 pandemic. These protocols allow us to maintain the safety of our employees as we provide essential products to our customers. Cases of COVID-19 among our employee population have followed the delta and omicron waves that have affected the general population, but the number of cases of COVID-19 contracted in the workforce continue to be very low.

# Operational Safety, Emergency Preparedness, and Response



For the safety of the communities in which we work, our facilities have robust emergency preparedness measures in place. Comprehensive procedures, trained emergency response teams (on-site and off-site), and 24-hour readiness allow us to respond quickly should we encounter an emergency related to our products or facilities. We also maintain strong relationships with community first responders, who are ready to assist in an emergency, and we share our plans, learning, and experience through active community advisory panels (CAPs) at many of our locations.

Facility-based response teams are made up of employees from various departments including safety, production, maintenance, supply chain, engineering, and logistics. These teams participate in training sessions at the facilities and in coordinated exercises with other emergency responders (hazmat, fire, and police) and with customers and carriers within the facility's region. Technical support personnel and emergency response vehicles equipped for chemical emergencies are strategically stationed.

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

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

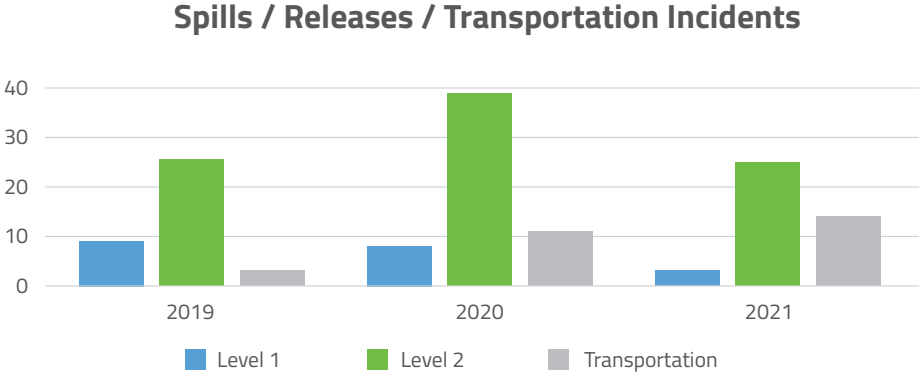
We also track the number of transportation related incidents that occur during the shipment, transport, and delivery of our products after they leave our facilities on a monthly, quarterly, and annual basis. We define transportation incidents as events that result in any one or more of the following:

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

# Operational Safety, Emergency Preparedness, and Response



Over the past three years, our annual performance in these areas is shown below:



<p><b>TARGET &amp; 2021 BASELINE</b></p>	<p>In 2021, we recorded three (3) Level I spills or releases and fourteen (14) transportation incidents. Our targets are to:</p> <ul style="list-style-type: none"> <li>■ Reduce Level I spills or releases by 50% of 2021 baseline by 2025</li> <li>■ Reduce the number of transportation incidents by 40% of 2021 baseline by 2025</li> </ul>
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# Employee Engagement & Diversity & Inclusion



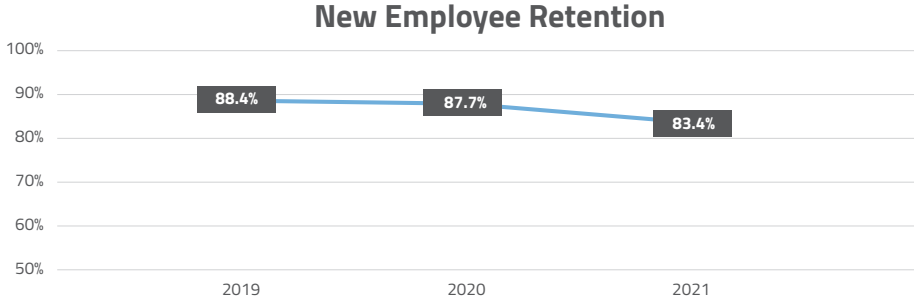
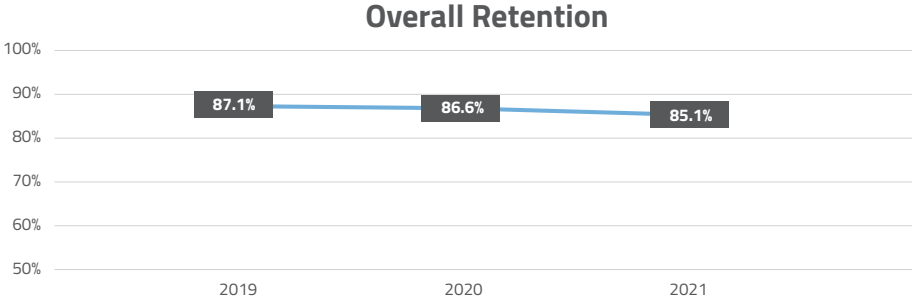
## EMPLOYEE ENGAGEMENT

Our employees are our most valued asset, and we recognize their importance to our success. High employee engagement leads to improved retention, customer satisfaction, productivity, and ultimately profitability. Engagement is driven by strong leadership and a culture that fosters empowerment, growth & development, and diversity & inclusion.

## EMPLOYEE RETENTION

Since 2018, we have tracked employee retention rates, both overall and for new employees (those with 6 months or less service), as one indicator of employee engagement. In addition, we conduct exit interviews and gather other informal feedback from employees to improve employee engagement, talent development, onboarding, and employee recognition.

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



# Employee Engagement & Diversity & Inclusion



## Highlights of employee satisfaction and retention efforts:

Our leadership development processes are comprehensive and robust. We conduct talent reviews and succession planning workshops annually, from which individual development plans (IDPs) are created by and for employees to develop their skills and position them for future growth opportunities.

Our online employee training system, Chemtrade University, provides training and development resources for all employees. Additional self-led training in line with employees' interests is also available.

In 2021, we conducted our first annual employee engagement survey, which allowed our employees to rate and comment on key drivers of engagement. 80% of our employees participated in the survey. Our overall engagement score was 69% compared to our external benchmark of 75%.

In response to the survey, we formed an extended leadership team (ELT) to encourage broader input into strategic, policy, and administrative decisions, and to improve communications. The ELT is comprised of 30 employees identified as top leaders across the organization. In addition, we established new communications processes, including quarterly communications to leaders throughout the organization and regular town halls meetings with all employees. Finally, we crafted new Vision, Values, and Culture statements that are unifying and motivate common behaviors across the organization. Importantly, diversity and inclusion are prominent in our new Vision, Values, and Culture statements. These statements are available on our website ([www.chemtradelogistics.com](http://www.chemtradelogistics.com)).

In 2021, our first annual employee engagement survey revealed an overall engagement rating of 69% as compared to our external benchmark of 75%.

### TARGET & 2021 BASELINE

In 2021, our first annual employee engagement survey resulted in an engagement rating of 69% compared to an external benchmark of 75%. Our target is to:

- Achieve industry benchmark employee engagement survey results by 2023

# Employee Engagement & Diversity & Inclusion



## DIVERSITY, EQUITY, AND INCLUSION

Our board and management are committed to ensuring we have a diverse and inclusive workforce. We believe that engaging employees with different skills, backgrounds, and perspectives will lead to better outcomes operationally and financially. Our compensation practices support pay equity for comparable work.

Our diversity and inclusion strategy and plan were informed by our 2021 employee engagement survey. Our approach includes four strategic pillars:

- **Leaders** – Visible champions advancing diversity and inclusion
- **People** – High-performance workforce reflective of the diverse communities in which we operate
- **Workforce** – Fostering a culture of respect and belonging with aligned policies, procedures, and programs
- **Community and Customers** – Supporting, promoting, and recognizing diverse partners

Our ELT participated in training workshops to enable them to recognize unconscious biases and help create an inclusive workforce. This training will be cascaded to managers and employees throughout the organization. In addition, diversity and inclusion are now prominent in our Vision, Values and Culture statements, to reflect our leaders' commitment to them.

Our corporate Diversity and Inclusion Policy addresses recruitment, selection and promotion, remuneration, career development and performance, talent reviews and succession planning, training, gender and racial diversity, inclusion, employee consultation, and supplier diversity. View our full policy [here](#).

### TARGET & 2021 BASELINE

In 2021, 18.5% of new hires in the United States were black, Indigenous, or people of colour (BIPOC)\* and 15% of the new hires in North America were gender diversity. 29% of our management roles were filled by BIPOC and/or gender diverse.\*\* Our targets are to:

- Across the organization, fill 40% of vacancies with BIPOC and/or gender diversity by 2024
- Achieve 50% BIPOC and/or gender diversity in all management position by the end of 2025

\*Canadian BIPOC data is incomplete as disclosure is voluntary.

\*\* Does not include 18% of managers who have not disclosed.

As we work towards our goals, we have established partnerships with new external recruitment partners and are using targeted job boards to improve our reach to diverse job candidates. We are also reviewing our talent-acquisition process to identify and address any systemic issues. And we are providing unconscious bias training to hiring managers.

We will also continue efforts to improve our data quality, including formalizing voluntary disclosure processes for our Canadian new-hires and employees.



# Employee Engagement & Diversity & Inclusion



In January 2022, we adopted a new diversity policy that recognizes the importance of diversity on the board and in executive management, including diversity of age, gender, visible minorities, Indigenous peoples, persons with disabilities, sexual orientation, and other personal characteristics. Our policy requires the identification and consideration of designated groups which include gender diversity, members of visible minorities, Indigenous peoples, and persons with disabilities. These designated groups are similar to those required for distributing corporations under the Canada Business Corporations Act (CBCA).

Our 2022 diversity statistics and targets for both board and management levels are set out below:

## Diversity Across the Organization

	<b>Total number of positions</b>	<b>Target gender diversity</b>	<b>Number of gender diverse members</b>	<b>Current state</b>
Board of Directors	7	30% (2-3)	3	Target achieved (43%)
Executive Officers	6	30% (1-2)	2	Target achieved (33%)
	<b>Total number of positions</b>	<b>Target number from designated groups</b>	<b>Number of positions held by designated groups</b>	<b>Current state</b>
Board of Directors	7	50% (4)	3	3 gender diverse members 0 other designated groups (43%)
Executive Officers	6	50% (3)	3	Target achieved 2 gender diverse members 1 member of a visible minority

# Governance



## CORPORATE GOVERNANCE AND BUSINESS ETHICS

The board is responsible for overseeing our approach to sustainability and Responsible Care. The charters of the board’s committees include specific duties related to environmental, social, and governance (ESG) oversight. Responsibilities of the committees are outlined below:

<p><b>Audit committee</b></p> <p>Oversees major operational and financial risks, the systems implemented to monitor them, and the strategies and controls in place to manage them.</p>	<p><b>Compensation and corporate governance committee</b></p> <p>Oversees our governance practices and compensation policies and programs, including plan design, incentive plan targets, and awards to make sure they do not motivate inappropriate risk-taking.</p>	<p><b>Responsible Care committee</b></p> <p>Oversees environmental, health, safety, and security risks and the policies to manage them, and monitors our performance.</p>
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Our employees are trained annually on our code of conduct, and training completion is tracked on our learning management system. The program includes anti-corruption training. The policy and training are managed by our General Counsel, with oversight provided by the board’s compensation and corporate governance committee.

<p><b>TARGET &amp; 2021 BASELINE</b></p>	<p>Our targets are to:</p> <ul style="list-style-type: none"><li>■ Maintain 30% gender diversity and achieve 50% designated groups on Board of Directors by our annual meeting in 2024</li><li>■ Maintain 30% gender diversity and 50% designated groups in our Executive Officer Positions</li></ul>
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# Governance

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## MANAGEMENT OF LEGAL AND REGULATORY ENVIRONMENT

We are members of both the Chemistry Industry Association of Canada (CIAC) and the American Chemistry Council (ACC). Through these associations, we seek to positively influence government regulations and propose policies that address environmental, transportation, and social factors affecting the chemical industry. The CIAC promotes government policies that enable the chemistry industry to deliver innovations for a healthy environment and contribute to the low-carbon economy. One of the ACC's guiding principles is to cooperate with governments at all levels and organizations in the development of effective and efficient safety, health, environmental, and security laws, regulations, and standards.

In addition, we act through other trade associations including the Chlorine and Sulphur Institutes to provide input on governmental and regulatory issues.

We also use RegScan compliance specialists as our primary, but not only, source for identifying proposed and final environmental, safety and health regulations.

## GOVERNANCE OF ENVIRONMENTAL AND SOCIAL ISSUES

The board of trustees is responsible for overseeing strategy, governance, and risk, as well as the overall approach to ESG. The audit committee oversees major operational and financial risks, the systems implemented to monitor them, and the strategies and controls in place to manage them. The Responsible Care committee oversees our environmental, health, safety, and security philosophy and policies, and monitors our performance in those areas. The compensation and corporate governance committee oversees our governance practices, our business ethics policies, and our compensation policies, plans and programs to ensure they do not motivate inappropriate risk-taking. Through our mandates, charters, policies, and related documents, we have developed a robust, strategic approach to our ESG commitments. This extends to our relationships with valued partners including employees, customers, suppliers, and investors. Each of the board committees is responsible for ESG topics in its area of responsibility, with the board having overall oversight. At the managerial level, the Group Vice President, Human Resources and Responsible Care, has both overall responsibility for ESG, and management of the separate environmental and social aspects. The General Counsel manages governance aspects.

The board adopted an investor-engagement policy in 2016. A copy of the policy is available on our website ([www.chemtradelogistics.com](http://www.chemtradelogistics.com)). Our Board and management reached out to our top four investors to discuss executive compensation and ESG topics during 2021 and continues to engage with our investors.

Executive compensation is directly impacted by ESG performance. Incentive compensation is determined by the extent to which financial (65%), organizational (15%) and personal (20%) goals and objectives are achieved. All executives have safety and environmental performance goals. In addition, there are ESG elements built into personal goals related to strategic direction, manufacturing and commercial excellence, organizational development, culture, and communication.

In 2022, we are formalizing ESG goals in our executive's short-term and long-term incentive plans.



## A FUTURE OF SUSTAINABILITY

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

## METRICS AND REPORTING STANDARDS

At Chemtrade we monitor the health, safety, and environment metrics for our key facilities as recommended by Responsible Care and as required by Environment, Health & Safety (EHS) regulations. Objectives for key facilities are set and tracked annually and reported quarterly. The ESG metrics, including emissions, reported in this supplement are calculated and reported based on SASB standards. SASB standard calculations may result in reported figures that differ from the same or similar metrics we report to regulators in accordance with each regulator's specific requirements.

For more detail on many of the topics covered here, please refer to our **2021 Annual Informations Form**, available on [www.sedar.com](http://www.sedar.com).

## FORWARD-LOOKING STATEMENT

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

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