CHEM*TRADE*

2022 Supplemental Sustainability Report

With our third-annual Sustainability Supplement, we once again highlight our sustainability developments of the past year and share the goals we have set for the future.

Significant improvements in 2022 include the following:

- We now monitor and report Scope 2 Greenhouse Gas (GHG) emissions;

- We conducted a Climate Related Risks and Opportunities assessment using the Task Force on Climate-Related Financial Disclosure (TCFD) model. Details are included in our Annual Information Form (AIF);

- Our definition of Transportation Incidents is aligned to the Sustainability Accounting Standards Board (SASB) definition, and our target and tracking reflects this change;

- We adopted a new diversity policy for the board and executive team.

Chemtrade's position as a leader in Environmental, Social, and Governance (ESG), continues to be strengthened by our adherence to the Responsible Care® initiative, which reflects our company-wide commitment to both our business, and the world we do business in.

This report will provide an overview of our 2022 initiatives related to:

1.0 | ESG OVERVIEW

Our commitment to ESG principles is fundamental to Chemtrade's business. From strategic planning to procurement, production, transportation, and logistics, we are driven to reduce, reuse, rethink, recapture, and resell, in pursuit of environmental upside. We look at our workplaces, processes, and shipping practices to promote safety throughout the organization and in the many communities we call home. And we manage all this thanks to the commitment of a workforce of individuality, integrity, and diversity.

1.1 | ESG Metrics

To promote a culture of continuous improvement, we monitor, report, and regularly reevaluate our ESG initiatives throughout the company.

E for Environment

For the environment, our focus is on areas of our business where investment and improvement generate measurable and meaningful environmental advantages.

In this report, we review our advances in the management of:

- GHGs
- Other air emissions,
- Industrial and hazardous waste, and
- Energy management.

Our internal **environmental tracking system** acts as a central repository for data collected on these environmental factors and makes it possible for us to monitor our progress toward short and long-term objectives.

S for Social

In the Social category, this report looks back at 2022 efforts in:

- Workplace health and safety
- Operational safety
- Emergency preparedness and response
- Contractor, partner, and community safety
- Employee engagement, and
- Diversity and inclusion.

G for Governance

Sustainability efforts in the area of Governance are concentrated around:

- Corporate governance and business ethics
- Management of legal and regulatory environments, and
- Governance of environmental and social issues.

Important in our consideration of all these areas of focus, is that each has been tested and 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

- GHG and other air emissions, including:
  - nitrogen oxides (NOx)
  - sulphur oxides (SOx)
  - hazardous air pollutants (HAPs)
  - particulate matter (PM)
- industrial and hazardous waste
- energy management

SOCIAL

- workplace health and safety, including:
  - incidents resulting in serious injuries or fatalities (SIF)
  - employee and contractor occupational injury/illness incident rates (OIR)
  - potential exposures to serious injuries or fatalities, recognized after the incident (close call PSIF) and proactively before the incident (proactive PSIF)
  - employee and contractor injuries requiring first aid treatment
- operational safety, emergency preparedness and response
- employee engagement and diversity and inclusion

GOVERNANCE

- corporate governance and business ethics
- management of legal and regulatory environment
- governance of environmental and social issues

1.2 | ESG Targets for 2023 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
GHG and other air emissions ■ Reduce, offset, or displace 2021 baseline direct GHG emissions emitted from sources we own or control (Scope 1 emissions) by 50% by 2025. ■ Including all future acquisitions, maintain GHG intensity (kg GHG/kg product) below the chemical industry average	**Workplace Health and Safety** ■ Achieve employee occupational injury/illness incident rate (OIR) of 0.7 by 2025 ■ Avoid all serious injuries or fatalities (SIFs) for employees and contractors in 2022 and beyond	**Governance of Environmental and Social Issues** ■ Demonstrate ESG leadership by reporting material Sustainability Accounting Standards Board (SASB) factors in alignment with the Task Force on Climate-Related Financial Disclosure model (Governance, Strategy, Risk Management, Metrics, and Targets) ■ Incorporate ESG related targets into short-term and long-term incentive plans of executives starting in 2022
Industrial and Hazardous Waste ■ Reduce high clay alumina (HCA) landfill disposal by an additional 20% of 2021 baseline by 2025	**Operational Safety, Emergency Preparedness and Response** ■ Reduce Level 1 spills or releases by 50% of 2021 baseline by 2025 ■ Reduce the number of transportation incidents by 40% of 2021 baseline by 2025. In 2022, we updated our target to reduce the number of transportation incidents by 50% of our revised 2022 baseline by 2025*	**Board and Executive Diversity Targets** ■ Maintain 30% gender diversity and achieve 50% designated groups on Board of Directors by our annual meeting in 2024 ■ Maintain 30% gender diversity and 50% designated groups in our Executive Officer Positions
Energy Management ■ Ensure a minimum of 85% of our electricity usage is from hydroelectric or other renewable sources and maintain this target when making acquisitions	**Employee Engagement and Diversity** ■ Achieve industry benchmark employee engagement survey results by 2023 ■ Across the organization, fill 40% of vacancies with black, Indigenous and people of colour (BIPOC) and/or gender diversity by 2024 ■ Achieve 50% BIPOC and/or gender diversity in all management positions by the end of 2025	

* This factor represents a change in methodology adopted in 2022 to align to the SASB definition.

Based on our Sustainability Accounting Standards Board (SASB) assessment, the environmental factors we track include greenhouse gas and other air emissions, energy use, and waste management. Our efforts to mitigate and reduce our effects on the environment are in place throughout our production and transportation networks.

2.1 | Greenhouse Gas and other air emissions

Recognizing that GHG and other air emissions impact climate change, public health, and susceptible ecosystems, we work to meet stakeholders' expectations with efforts to reduce our impact in these areas. Those efforts include heightened attention to improving the efficiency of our manufacturing and transportation processes, maintaining the reliability of our production facilities, and utilizing emissions control equipment.

GHGs

The majority of our GHG emissions are generated through natural gas combustion in support of our production processes. Smaller quantities of GHG emissions are generated through the combustion of other fuels, also in support of our production processes, and through diesel combustion in our private fleet of trucks. The intensity of the emissions can vary depending on the vehicle and equipment efficiency, as well as fuel compositions.

Our strategies to reduce, offset, or displace GHG emissions include:

- Reducing natural gas consumption in boilers and combustion equipment by maximizing the use of hydrogen gas that is generated as a by-product at our electrochemical (EC) sites

- Displacing GHG-intensive diesel and natural gas by capturing excess green hydrogen that is currently being vented to the atmosphere at our EC sites, and then selling it to third parties

- Reducing diesel consumption by improving the efficiency of our fleet vehicles

- Reducing consumption of various fuels by improving the efficiency of our processes and equipment.

The sale of green hydrogen has been identified as a strategic organic growth opportunity for Chemtrade. Hydrogen gas produced at our EC sites is considered a "green" fuel as it is created from an electrolysis process powered by renewable hydroelectricity.

Capital and operating budgets include planned investments to expand our trucking fleet with more efficient vehicles. The addition of fleet vehicles will increase Scope 1 GHG emissions by approximately 1,400 tonnes, but overall GHG emissions (Scope 3) will decrease.

In November 2022, we closed our facility in Beauharnois, Québec. The closure is not expected to have a significant impact on our GHG emissions totals, as the facility has historically emitted less than 0.02% of Chemtrade's total greenhouse gases. However, the closure will impact progress towards our efforts to lower GHG emissions in the short term, as the facility contributed 7% of the displacement of Chemtrade's Scope 1 GHG emissions in 2022.

|	
GHG PROGRESS AND 2021 BASELINE	In our 2021 baseline year, our Scope 1 GHG emissions were 154,000 tonnes of carbon dioxide equivalent (CO_2e)*. In 2022, our Scope 1 GHG emissions were 156,000 tonnes of CO_2e. In 2022, approximately 12.5% of our Scope 1 GHG emissions were either reduced, offset, or displaced compared to our 2021 baseline. This was mainly achieved through three significant initiatives: **1.** By capturing and selling hydrogen from our Brazil site. **2.** Use of hydrogen in place of natural gas to operate equipment in our North Vancouver, British Columbia, and Brandon facilities, reducing GHG emissions by over 43,000 tonnes. **3.** Use of more efficient fleet vehicles and improvement of process efficiencies. Our GHG intensity of 0.05 (kg GHG/kg product produced) is 54% lower than the 2021 chemical industry average of 0.11. We expect to maintain a GHG intensity that is well below the chemical industry average.

*CO_2e is a unit of measure for a "carbon dioxide equivalent". A CO_2e is a unit used to compare the emissions from various sources of GHG, like methane or nitrous oxide, on the basis of their global warming potential. This is done by converting a quantity of other gases to the equivalent quantity of carbon dioxide with the same global warming potential.

BASELINE 2021 GHG (TONNES)

27,700
121,600
4,700
TOTAL 154,000
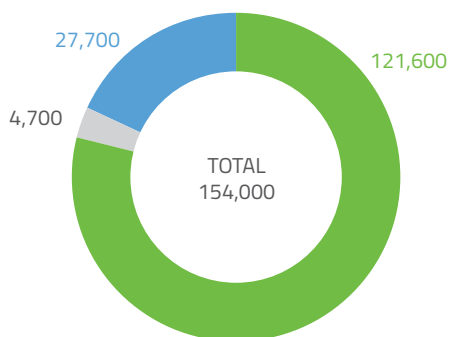
■ CO_2e from process   ■ CO_2e from natural gas usage
■ CO_2e from private fleet

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

2022 GHG (TONNES)

(19,200)
123,350
27,000
6,150
TOTAL 156,500
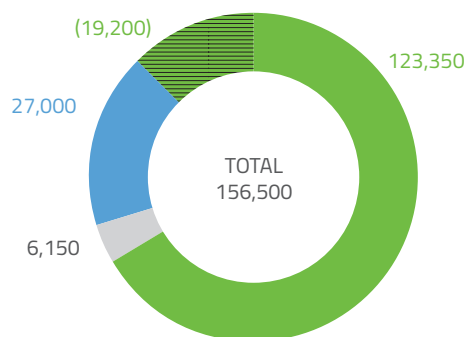
■ CO_2e from process   ■ CO_2e from natural gas usage
■ CO_2e from private fleet   ▤ CO_2e displaced/offset* (included in CO_2e from natural gas usage)

GHG Intensity – 0.05 (kg GHG per kg of final product)

*GHG reductions, offsets, and displacements after 2021 baseline adjustment.

Scope 1 GHG Composition*	2022 (tonnes)
Carbon dioxide (CO_2) from natural gas usage	123,250
Methane (CH_4) from natural gas usage	2.30
Nitrous Oxide (N_2O) from natural gas usage	0.20

In 2022, we began tracking Scope 2 GHG emissions, which are indirect GHG emissions from the generation of purchased electricity and other utilities we consume. Scope 2 emissions tracking and reporting will continue in subsequent periods.

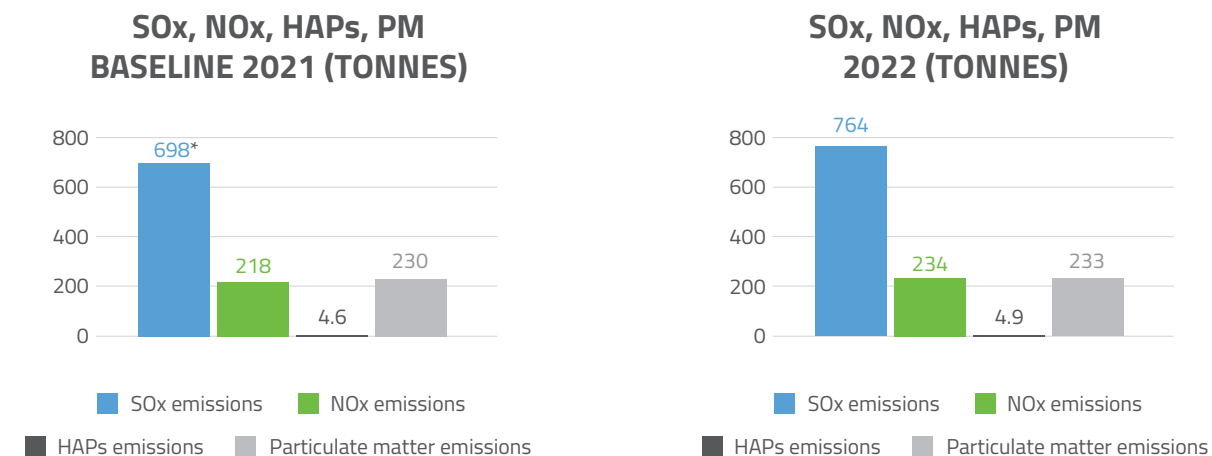| Scope 2 GHG Composition*	2022 (tonnes)
CO_2	63,442
CH_4	7.60
N_2O	1.40

*Gases listed in the above tables represent the major components from Natural Gas combustion, all other gases were below 0.1 tonnes and not determined to be material for the purpose of this report

Chemtrade is currently pursuing a green hydrogen strategy and our EC segment facilities offer further opportunities to use hydrogen gas.

OTHER AIR EMISSIONS

The increase in other air emissions seen in 2022 is commensurate with the increase in production.

Comprehensive emission control strategies are in place to minimize impact to the environment from these air emissions. Air emissions abatement systems, such as scrubbers, precipitators, and filtration equipment, are used in conjunction with operating procedures to reduce emissions.

SOx, NOx, HAPs, PM BASELINE 2021 (TONNES)

- SOx emissions: 698*
- NOx emissions: 218
- HAPs emissions: 4.6
- Particulate matter emissions: 230

SOx, NOx, HAPs, PM 2022 (TONNES)

- SOx emissions: 764
- NOx emissions: 234
- HAPs emissions: 4.9
- Particulate matter emissions: 233

*Note: In the 2021 supplement, baseline SOx emissions were erroneously reported as 1047 tonnes, the correct value is 698 tonnes, shown here.

Our operations also generate nitrogen oxide emissions (NOx), sulphur oxide emissions (SOx), hazardous air pollutant emissions (HAPs), and particulate matter (PM). PM is generated at most of our operating sites during the production process and handling of dry bulk materials.

SOx
SOx are generated at our sulphuric acid and water chemical facilities both in the use of, and production of, sulphuric acid. In 2022, 764 tonnes of SOx emissions were generated through Chemtrade's facilities.

NOx
NOx are created in many fuel combustion reactions, including those from our diesel truck fleet and other production-related sources. We generated 234 tonnes of NOx emissions through our plants and fleet in 2022.

HAPs
HAPs including hydrochloric acid, chlorine, and other compounds, are generated in some Chemtrade facilities. Last year, we generated 4.9 tonnes of HAPs in our plants.
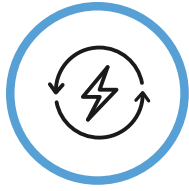
PM
PM is generated at most of our operating sites during production processes and while handling dry bulk materials. In 2022, 233 tonnes of particulate emissions were released from our plants.

2.2 | Energy Management

The primary sources of energy used in our facilities are electricity and natural gas. The biggest consumers of electricity in our network, are our electrochemical (EC) 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 produced at our sulphuric acid sites is from the combustion of self-generated spent acid fumes which contain hydrocarbons. In 2022, our facilities consumed 10,030,000 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 from our various electricity supplier grid reports.

PROGRESS AND 2021 BASELINE	In our 2021 baseline year, 89% of our electricity usage was generated from renewable hydroelectric sources. In 2022, 89% of our electricity usage continued to be generated from renewable hydroelectric sources. Our target is to: ■ Ensure a minimum of 85% of our electricity usage is from hydroelectric or other renewable sources, and maintain this target when making future acquisitions.

2021 Percentage of Electricity Usage from Renewable Hydroelectric Sources

89%
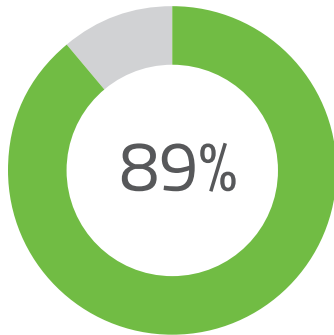
2022 Percentage of Electricity Usage from Renewable Hydroelectric Sources

89%
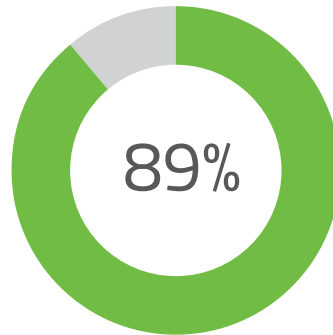
Energy Management Details	2021	2022
Electricity usage	9,979,000 GJ	10,030,000 GJ
Percentage of electricity usage from renewable sources	89%	89%
Target	Minimum of 85% - Achieved	Minimum of 85% - Achieved

All Chemtrade sites look to maximize the proportion of electricity used from hydroelectric or other renewable sources.

2.3 | Industrial and Hazardous Waste Management

Recognizing the impact that industrial and hazardous waste can have on the environment in general, and on our local communities specifically, Chemtrade has strong policies and practices for the handling, management, and disposal of the waste from chemical production processes.

High Clay Alumina (HCA)
The largest share of our industrial waste is HCA, a non-regulated by-product of our water chemical sites. Our strategy to reduce HCA waste includes finding opportunities to repurpose or beneficially reuse it. In 2022, we diverted approximately 6,800 tonnes of HCA from landfills through repurposing efforts. This constitutes 38% of our 2021 HCA generation baseline. Repurposed HCA is primarily used as an ingredient in cement. In 2022, we experienced an increase in the amount of non-regulated industrial waste generated, that was not HCA. This was a result of expected, but non-routine, periodic disposals from various locations.

HCA DIVERTED FROM LANDFILL: 2021 BASELINE, TARGET, AND 2022 PROGRESS	■ In our 2021 baseline year, we generated 18,000 tonnes of HCA and diverted 4,900 tonnes (27%) away from landfills.
	■ Our target is to reduce HCA landfill disposal by an additional 20% (3,600 tonnes), for a total of 8,500 tonnes by 2025.
	■ In 2022, we diverted 6,800 tonnes (38% of the 2021 baseline) of HCA away from landfills.

High Clay Alumina Reduction	2021	2022
Produced (baseline)	18,000	
Diverted	4,900	6,800
Percentage	27%	38%

Hazardous Waste

Our processes generate a limited amount of hazardous waste, the majority of which is generated at a single site in Lawrence, Kansas. The 1600 tonnes of hazardous waste from our Lawrence, Kansas facility represents 76% of the total hazardous waste generated throughout our network.

Other forms of hazardous waste are generated during periodic turnarounds at several of our larger sites. This waste includes spent catalyst and filter waste. In addition, some of our sulphuric acid production processes generate filter cake waste, and our sodium chlorate plants generate hexavalent chromium in filtered brine sludge. 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 we audit these vendors for appropriate certifications. In 2022, our facilities generated a total of 2,100 tonnes of hazardous waste.

Waste Management Details	2021 (tonnes)	2022 (tonnes)
Hazardous waste generated	1,980	2,100
Non-regulated industrial waste generated (includes HCA and other wastes)	21,000	32,000
HCA diverted from landfill	4,900	6,800
Total waste generated	22,980	34,100
Net waste generated	18,080	27,300*

*Increases in non-regulated industrial wastes were primarily due to periodic production turnarounds, land remediation cleanup operations, infrequent obsolete material removal, and production increases.
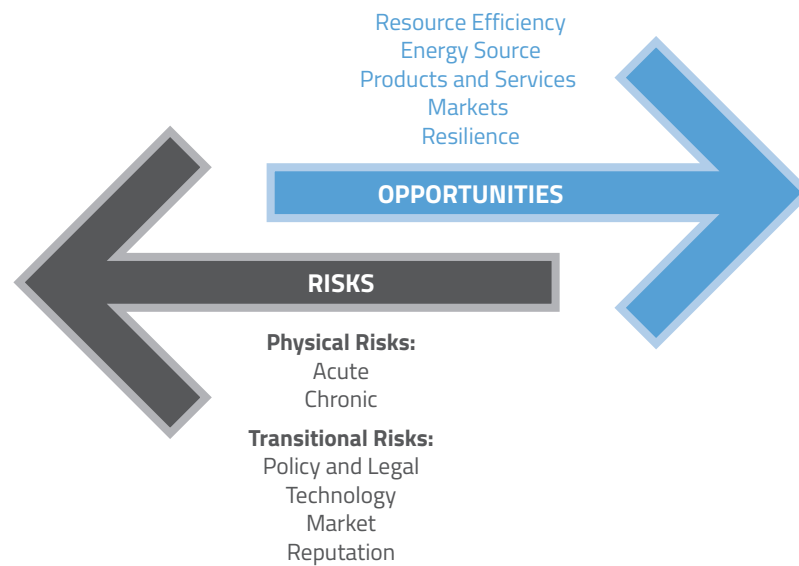
Chemtrade is committed to the beneficial reuse of waste, diverting over 6800 tonnes of HCA away from landfills in 2022.

2.4 | Climate Related Risks and Opportunities

Climate change creates strategic risks and opportunities for us that could potentially impact our financial performance, impacting investors, lenders, suppliers, and customers. Please see the 2022 Annual Information Form (AIF) for more information.

We analyzed climate-related risks and opportunities using the **Task Force on Climate-Related Financial Disclosure** model. This involved reviewing:

Resource Efficiency
Energy Source
Products and Services
Markets
Resilience

OPPORTUNITIES

RISKS

Physical Risks:
Acute
Chronic

Transitional Risks:
Policy and Legal
Technology
Market
Reputation

The resulting analysis was considered in our business strategies and risk management plans, including consideration of financial and other implications for Chemtrade.

RISK RESPONSE:

We address weather-related emergencies through our site emergency response plans that includes securing the facility, shelter-in-place provisions, proper notification to authorities, accounting for all employees, and customer notifications. Should weather events have a catastrophic impact to our facilities or business, our Crisis Management Team would be activated in order to provide additional support. We also work closely with our Risk Management partners to mitigate extreme weather-related risks.

While we have insurance that covers certain extreme weather events, there can be no assurance that it will compensate us for losses related to severe weather conditions or seismic events,. The occurrence of any of these events could have a significantly adverse effect on our business, financial condition, and/or results of operations.

Based on our Sustainability Accounting Standards Board (SASB) assessment, our efforts on social topics have focussed on workplace health and safety, operational safety, emergency preparedness and response, employee engagement, and diversity and inclusion.

3.1 | Workplace Health and Safety

Our philosophy is that an injury-free work environment is created by choice, not by chance.

We believe all injuries are preventable, and creating an injury-free work environment requires the right mindsets and behaviors throughout the organization.

Leaders must create and support a culture aligned to the ideals of safety at work.

Employees must be committed to working safely and empowered to freely express ideas and concerns so issues can be addressed immediately, and improvements made continuously.

Each of us must have the knowledge, skills, training, tools, and equipment to work safely. We must all accept accountability for both our personal safety and that of coworkers and contractors. This accountability includes understanding we all have the responsibility – and authority – to impose immediate interventions to remedy any unsafe conditions. And we all recognize the importance of the timely reporting of incidents, or sharing of concerns, with leadership and the environmental, health, and safety team.

In the workplace health and safety arena, we monitor the following key performance indicators on a continuous 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 (pro-active PSIF)

- injuries requiring first aid treatment for both employees and contractors.

We strive to minimize all these key performance indicators, with the important exception of pro-active PSIFs, which we encourage employees to report so we can identify and correct hazardous situations before they result in harm.

Safety by choice, not by chance.

For comparison purposes, the following table reports rates based on the number of incidents that occurred per 100 full-time employees. Over the past three years, our performance in these areas is indicated below:

3 Year Injury Rate (OIR)
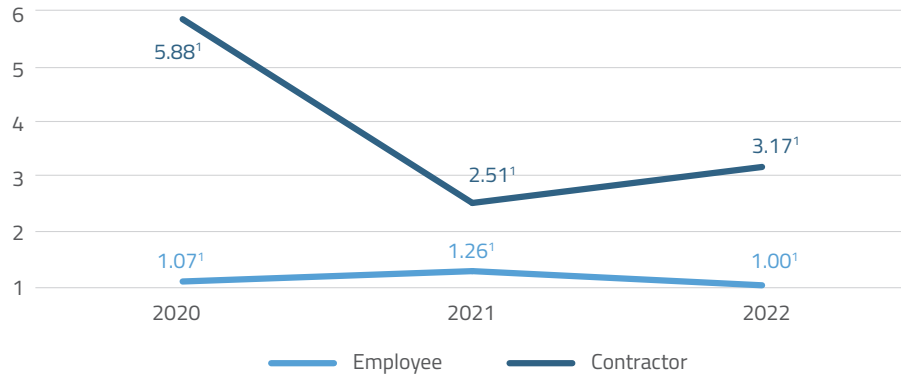
[1] The employee and contractor OIR for 2020, 2021 and 2022 excludes COVID-19-related recordable illnesses to allow for historical comparisons.

Serious Incident Tracking
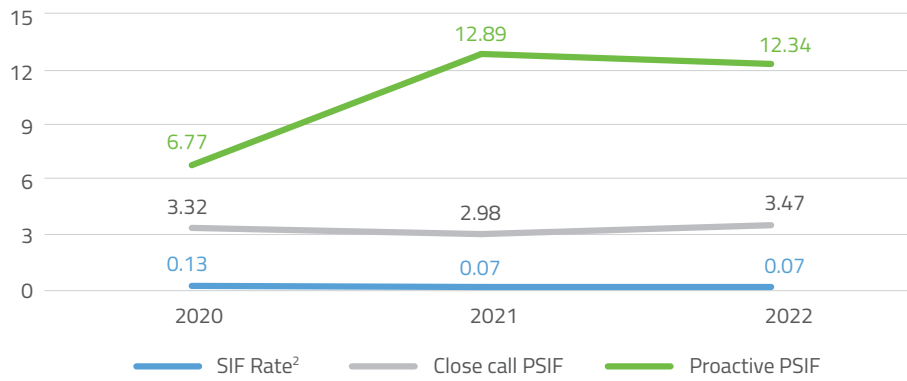
[2] All 2022 incidents were serious injuries, not fatalities.
   2023 UPDATE: It is with sadness we report a contractor fatality occurred in June 2023 at our Fort McMurray Facility. (see NEWS RELEASE)

3 Year First Aid Rate
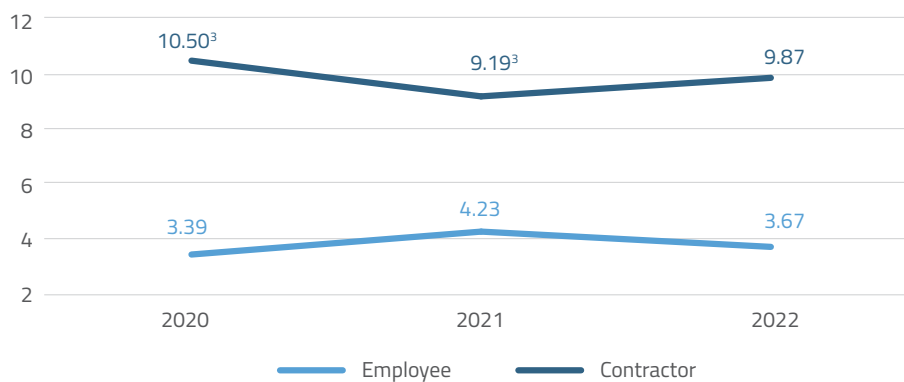
[3] Erroneously reported in previous reports as 1.5 (2020) and 1.45 (2021).

WORKPLACE HEALTH AND SAFETY **2021 BASELINE, TARGET, AND 2022 PROGRESS**	In our 2021 baseline year, we had an employee OIR of 1.26 and SIF rate of 0.07 Our established targets are to: ■ Achieve an employee OIR of 0.7 by 2025 ■ Avoid all SIFs for employees and contractors in 2022 and beyond. In 2022, we did not achieve this target. In 2022, we had an employee OIR of 1.00 and SIF rate of 0.07. Both measurements represent company best results since we began collecting data.

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. The number of work-related COVID-19 cases was reduced by 77% in 2022. The number of work-related cases continues to decline, despite the average number of employee cases (non-work related) increasing by 221% in 2022 versus the previous two years.

3.2 | Operational Safety, Emergency Preparedness, and Response

Process safety and risk management are important aspects of Chemtrade's culture. As a manufacturer and distributor of chemicals, safety in the workplace and emergency preparedness are big parts of the commitment we make to our employees and to the communities in which we work. Effective safety protocols also provide many business advantages as they help provide improved safety, sustainability benefits, enhanced product quality, production efficiency, and reduced downtime.

CYBERSECURITY:

An unfortunate reality in operational safety is the need to maintain a high standard of cybersecurity around our networks, our data, and other electronically stored information. Chemtrade maintains an audit committee to oversee our cybersecurity efforts. Guided by our highly experienced group, we participate in U.S. Department of Homeland Security audits on a periodic basis, and other third-party, annual audits of IT controls covering all operations. Our data center provider monitors and implements additional network and corporate internet security controls.

Internally, we have developed an information security incident response plan. We use a third-party security awareness training program to raise employees' capacity to recognize potential cyber threats and reduce the risks associated with them. Our plants use a combination of security strategies, including network segregation, firewalls, DMZ zones, and jump boxes to help limit potential risk to plant operations.

COMMUNITY OUTREACH:

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.

We participate in a CIAC and ACC initiative called TRANSCAER® – Transportation Community Awareness and Emergency Response. This is a voluntary outreach effort to assist communities that have major transportation routes within their jurisdictions.

We also participate in the Chlorine Emergency Plan (CHLOREP), an industry-wide program designed to ensure a quick and effective response in the event of a chlorine emergency in Canada or the U.S.

In 2022, we executed a comprehensive safety drill that tested our Brandon, Manitoba site emergency response plan, the Chemtrade Emergency Response Assistance Plan (ERAP), and our crisis management team. In the test we simulated a collision between a tractor trailer and a loaded chlorine railcar to assess our response capabilities. The findings of this exercise were used to help develop a new crisis communication plan and to make updates to our site emergency response standard, both of which will be rolled out in 2023. We will continue to execute drills and tests of our emergency plans, working to continually improve our responses.

MEASURING UP:

As part of our ongoing attention to operational/process safety, we monitor a set of key performance indicators on a monthly, quarterly, and annual basis. All spills and releases that occur on-site are reported and investigated to develop corrective actions and prevent recurrence. The severity of the spill or release is categorized using an internally developed definition matrix. In general:

- Level 1 spills or releases: are ones that result in contamination or pollution leaving the facility boundary, requiring clean-up, or exceeding quantity thresholds that require reporting to federal 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.

These incidents and corrective actions are tracked and reported to our senior leadership team.

We also track the number of transportation-related incidents that occur during the processing, transport, and delivery of our products after they leave our facilities on a continuous basis. In 2022, our tracking metric was revised to meet SASB requirements. This will better align with SASB standards, eliminate bias due to increased shipping volumes, and allow more direct comparison with other chemical companies. Going forward, we will track transportation incidents as an incident rate / 1 Million Miles that require a U.S. Department of Transportation Form 5800 submission (or equivalent) which includes, but is not limited to the following:

- As a direct result of a hazardous material:
  - a person is killed
  - a person receives an injury requiring admittance to a hospital
  - the general public is evacuated for one hour or more
  - a major transportation artery or facility is closed or shut down for one hour or more

- A release of a marine pollutant occurs in a quantity exceeding 450 L (119 gallons) for a liquid or 400 kg (882 pounds) for a solid.

- An unintentional release of a hazardous material or the discharge of any quantity of hazardous waste.

- A specification cargo tank, with a capacity of 1,000 gallons or greater, containing any hazardous material, suffers structural damage to the lading retention system, or damage that requires repair to a system intended to protect the lading retention system, even if there is no release of hazardous material.

- An undeclared hazardous material is discovered.

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

Spills / Releases / Transportation Incidents

Legend: Level 1 (blue), Level 2 (green), Transportation* (gray)
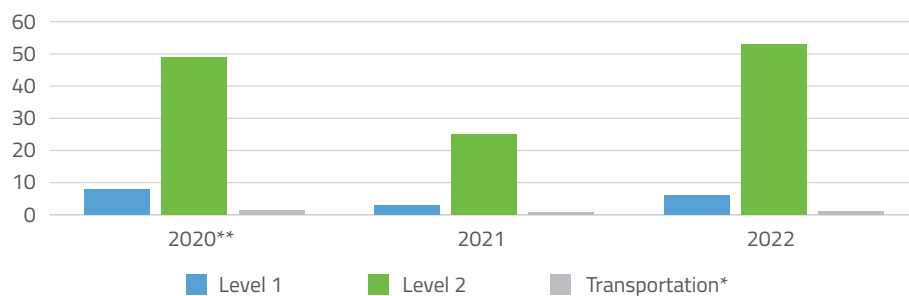
*This graph has been updated to reflect changes made to the transportation metric.
** Incorrectly reported as 40 incidents in previous supplements. Corrected here.

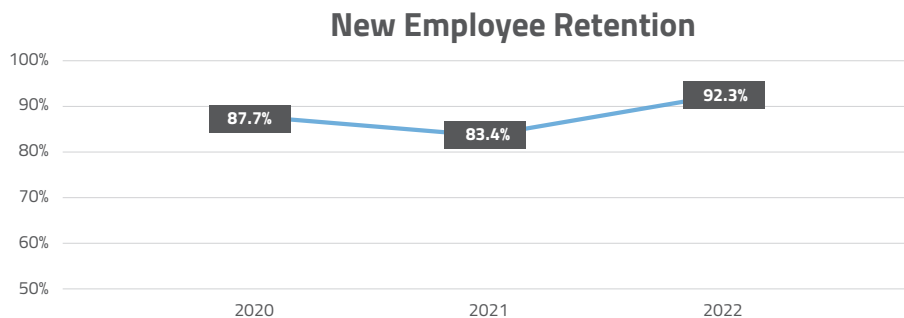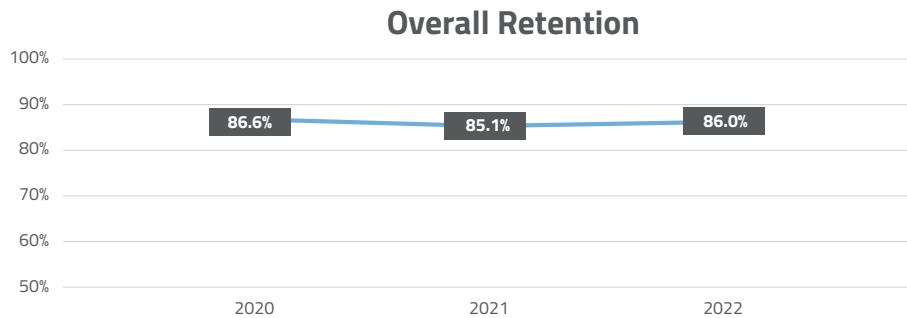| OPERATIONAL SAFETY, EMERGENCY PREPAREDNESS AND RESPONSE 2021 BASELINE, TARGET, AND 2022 PROGRESS | In our 2021 baseline year, we recorded three Level 1 spills or releases and two transportation incidents (based on our revised criteria for transportation incidents). Our updated targets are to:

■ Reduce Level 1 spills or releases by 50% of 2021 baseline by 2025.
■ Reduce the number of transportation incidents by 50% of new 2022 baseline (see below) by 2025.

In 2022, we recorded six Level 1 spills or releases and four transportation incidents, under our old definitions.

In 2022, using our new SASB-aligned definitions of spills and incidents, we had four total incidents. |

3.3 | Employee Engagement and Diversity and Inclusion

EMPLOYEE ENGAGEMENT

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

EMPLOYEE RETENTION

Since 2018, we have tracked employee retention rates, both overall and for new employees (those with six 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.

Overall Retention

Year	Retention
2020	86.6%
2021	85.1%
2022	86.0%

New Employee Retention

Year	Retention
2020	87.7%
2021	83.4%
2022	92.3%

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. Employee assessments and IDPs are structured around our core competencies, namely:

- analytical and strategic thinking
- influencing and leading others
- leading change
- developing self and others
- customer mindset.

Our leadership development programs are also structured to grow these core competencies and are designed to address the unique needs of directors, managers, and first-time supervisors.

Our online employee training system, Chemtrade University, provides training and development resources for all employees. In addition to supporting development of our core competencies, it is used to document the understanding, and track the completion of, environmental and safety training and corporate compliance training. Additional self-led training, in line with employees' interests is also available.

In 2022, we conducted our second annual employee engagement survey allowing employees to score and comment on key drivers of engagement. 80% of employees participated in the survey. Our 2022 overall engagement score was 69% (the same as 2021) compared to our external benchmark of 76%. Survey results indicated that our employees feel safe in the workplace and believe they have equal opportunities within Chemtrade, regardless of their backgrounds. In addition, our employees expressed that we need to continue advancing a unifying culture across all offices and facilities, involve employees more in decision-making, and improve communications.

In response to the survey, leaders across the organization are incorporating "*Vision, Values, and Culture moments*" into their meetings to reinforce the connection to our culture. (These statements are available on our website.) In addition, teams across the organization have established new practices to improve communications, including leaders in our manufacturing teams spending more time in production areas to solicit feedback; corporate functions meeting more frequently to discuss business strategies and results; and commercial teams introducing "Listening Sessions" to solicit input into planning and decision-making.

EMPLOYEE ENGAGEMENT **2021 BASELINE, TARGET, AND 2022 PROGRESS**	In our 2021 baseline year, our first annual employee engagement survey resulted in an overall engagement rating of 69% as compared to our external benchmark of 75%. Our target is to: - Achieve industry benchmark employee engagement survey results by 2023. In 2022, our annual employee engagement survey resulted in an overall engagement rating of 69% missing our goal to match the external benchmark of 76%.

DIVERSITY, EQUITY, AND INCLUSION

Our board and management are committed to ensuring we offer a diverse and inclusive workplace. 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 employee engagement surveys. 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
- **Workplace –** Fostering a culture of respect and belonging with aligned policies, procedures, and programs
- **Community and Customers –** Supporting, promoting, and recognizing diverse partners

Our extended leadership team has participated in training workshops to enable them to recognize unconscious biases and help create an inclusive workplace. This training has been cascaded to managers and employees, throughout the organization. In addition, diversity and inclusion are now prominent in our Vision, Values, and Culture statements, reflecting our leaders' commitment to these principles.

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. This policy can be found on our website (www.chemtradelogistics.com).

In 2022 we introduced a process for all employees to voluntarily disclose their race and ethnicity upon hire. Approximately 92% chose to do so. Of those new hires who chose to disclose, approximately 50% identify as black, Indigenous or people of color (BIPOC) and/or gender diverse. To improve our reach to diverse job candidates, we partner with external recruiters, and use job boards that reach diverse candidates. We also review our talent acquisition process to identify and address any systemic issues, and provide unconscious bias training to hiring managers.

At the end of 2022, of those managers who chose to disclose their race and ethnicity, 38% identify as BIPOC and/or gender diverse (approximately 13.5% of managers chose not to disclose). We will continue efforts to increase voluntary disclosure of new hires and employees.

DIVERSITY AND INCLUSION **2021 BASELINE, TARGET, AND 2022 PROGRESS**	In our 2021 baseline year, 18.5% of our new hires in the United States identified as BIPOC and 15% of new hires in North America identified as gender diverse. Our management survey data indicated that 29% of our managers identified as BIPOC and/or gender diverse. Our targets are to: ■ Across the organization, fill 40% of vacancies with those who identify as BIPOC and/or gender diverse by 2024 - Achieved in 2022. ■ Achieve 50% of individuals who identify as BIPOC and/or gender diverse in all management positions by the end of 2025. In 2022, of those who disclosed, 50% of our new hires identified as BIPOC and/or gender diverse. At the end of 2022, of those who disclosed, 38% of managers identified as BIPOC and/or gender diverse.

NEW POLICY

In January 2022, we adopted a new diversity policy that recognizes the importance of diversity on the Chemtrade board and in executive management. The policy includes a broad definition of diversity 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 gender diverse candidates, as well as candidates who are visible minorities, Indigenous peoples, or persons with disabilities as detailed in the board and management sections below. Our diversity statistics and targets for both board and management levels are shown below.

Our diversity statistics and targets for both board and management:

BOARD & SENIOR LEADERSHIP DIVERSITY – WOMEN

	2022	2023
	Percentage	Percentage
Women on Board	43% 3/7	38% 3/8
Women in Executive Officer positions	33% 2/6	33% 2/6
	Target - Women	**Progress in achieving target**
	Percentage	
Board	30%	The target is to maintain a minimum of 30% women on the board and our board has 38% women.
Executive Officer positions	30%	The target is to maintain a minimum of 30% women in executive officer positions and we have 33% women in executive officer positions.

DESIGNATED GROUPS

In 2022, we added diversity targets for both board and management levels similar to those required for distributing corporations incorporated under the Canada Business Corporations Act (CBCA). While the Fund is not a CBCA corporation, we wish our unitholders to have a similar experience to a shareholder. The designated groups set out in the CBCA are: women, members of visible minorities, Indigenous peoples, and persons with disabilities (designated groups). These targets are set out below.

	2022	2023
	Percentage	**Percentage**
Designated groups on Board	43% 3/7	50% 4/8
Designated groups in Executive Officer positions	50% 3/6	50% 3/6
	Target - Designated Groups **Percentage**	**Progress in achieving target**
Board	50%	50% 3 women 1 member of a visible minority
Executive Officer positions	50%	50% 2 women 1 member of a visible minority

MANAGEMENT DIVERSITY

As of December 31, 2022, there were six individuals on our senior leadership team. Two executives were female, representing 33% of the senior leadership team, and one male executive was a member of a visible minority, representing 17% of the senior leadership team. In our diversity policy, we set a target to maintain at least 30% women in our executive management team, and to maintain at least 50% of our team consisting of individuals from one or more designated groups. When recruiting for executive officer roles, our search protocols include that a reasonable proportion of candidates must be women and members of one or more of the designated groups.

BOARD DIVERSITY

With the appointment of our most recent trustee in November 2022, we achieved our target that 50% of our board members are individuals from designated groups. Our target date to reach our goal was by our 2024 annual meeting, which we outperformed by many months. Our 8-member board of trustees consists of three female trustees, representing 38% of the board, and one male trustee who is a member of a visible minority, representing 12% of the board. Our targets are now to maintain at least 30% women board members and 50% of members from the designated groups. When recruiting for new board members, the compensation and corporate governance committee retains an executive search firm to assist in identifying potential candidates. Our diversity policy mandates the search firm to put forward a reasonable proportion of candidates who are women and candidates who are members of one or more of the designated groups.

4.0 | GOVERNANCE

Based on our SASB materiality assessment, our material governance topics are: corporate governance and business ethics, management of legal and regulatory environmental, and governance of environmental and social issues. Our programs, plans and metrics are described below.

GOVERNANCE CATEGORIES

Structure	Integrity	Board quality	Compensation	Commitments / expectations of Board members
Size and composition	Code of conduct	Skills Matrix	Fee schedule	Risk oversight
Independence	Clawback policy	Orientation	Deferred units	Succession planning
Diversity	Insider trading policy	Continuing education		Serving on other boards
	Disclosure policy	Board assessment		Equity ownership
				Attendance
				Tenure and renewal

4.1 | Corporate Governance and Business Ethics

At Chemtrade, governance starts at the top with our board of trustees and three board committees providing oversight of our corporate strategy, risk management and environmental and social practices. Our currently available management information circular (MIC) contains an additional discussion of various corporate governance topics.

The diversity of our board in 2022 is also reported in the previous section, **Diversity Across the Organization.**

As discussed in our MIC, our employees are trained on our code of conduct, biennially, and training completion is tracked on our learning management system. The training 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.

4.2 | 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 actively engage with government(s) on new regulations and propose policies that address environmental, transportation, and social factors affecting the chemistry 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 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 Institute and Sulphur Institute 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.

4.3 | 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**). 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. Annual 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 addition, ESG targets were included in the long term incentive plans of executives beginning in the 2022 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 **2022 Annual Informations Form**, available on **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**.

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