

EXCERPT FROM

2023 Environmental,  
Social & Governance Report

# Environmental Performance

By leading the way in flare gas capture in Saskatchewan, we contribute significantly to global emission reduction efforts. We not only offer infrastructure and opportunities for the energy sector to redirect flared associated gas but also prioritize managing our environmental footprint. Our dedication lies in developing sustainable and economically feasible solutions to mitigate environmental impacts for our company, clients and communities.

## 2023 HIGHLIGHTS



Emissions reduction plan in place



Proactive pipeline inspections program in place, resulting in zero pipeline repairs



Scope 1 and 2 emission intensity

0.0424

tonnes CO<sub>2</sub>e/BOE

Scope 1 emissions

389,947

tonnes CO<sub>2</sub>e

Scope 2 emissions

57,961

tonnes CO<sub>2</sub>e

# Environmental Target

## Demonstrating measurable progress over time

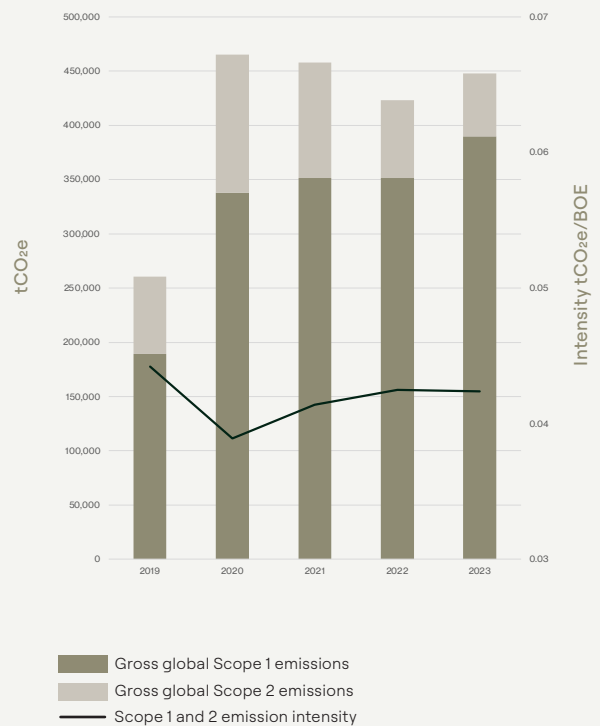
Through our capital projects in 2023 and 2024, Steel Reef reduced absolute Scope 1 and Scope 2 emissions by a total of ~20,400 tonnes of CO<sub>2</sub>e per year through the completion of our acid gas injection well. This was ahead of our estimated reduction of ~15,000 tonnes of CO<sub>2</sub>e per year. The Viewfield combined heat and power (CHP) project is ongoing and estimated to reduce Scope 1 and 2 emissions by ~15,000 tonnes of CO<sub>2</sub>e per year. This project is anticipated to be commissioned in 2024.

In 2024, Steel Reef will allocate capital to projects that will lead to an absolute Scope 1 and 2 reduction of ~5,000 tonnes CO<sub>2</sub>e per year through a Combined Heat and Power project at our Saskatchewan Ethane Extraction Plant (SEEP) facility.

For 2025, we will focus on our expanded gas-to-power electrification and waste heat recovery initiatives adding to further reductions, while minimizing our carbon footprint.



## Our Emissions



Gross global Scope 1 emissions  
 Gross global Scope 2 emissions  
 Scope 1 and 2 emission intensity

Scope 1 increase is due to the purchase of SEEP and Cromer facilities in Q4 of 2023.

Scope 1 increase is also due to the start-up of our Nottingham Gas plant two which is now processing more gas and liquids.

Scope 2 decrease as we have implemented an entire year of combined heat power from our turbine at our Steelman facility.

Although overall emissions have risen, our emissions intensity has remained constant or slightly decreased due to the efficiency improvements we have implemented in processing our gas and liquids.

See our Performance Tables on page 33 to learn more about our emissions boundaries.

# Our Emissions Reduction Plan

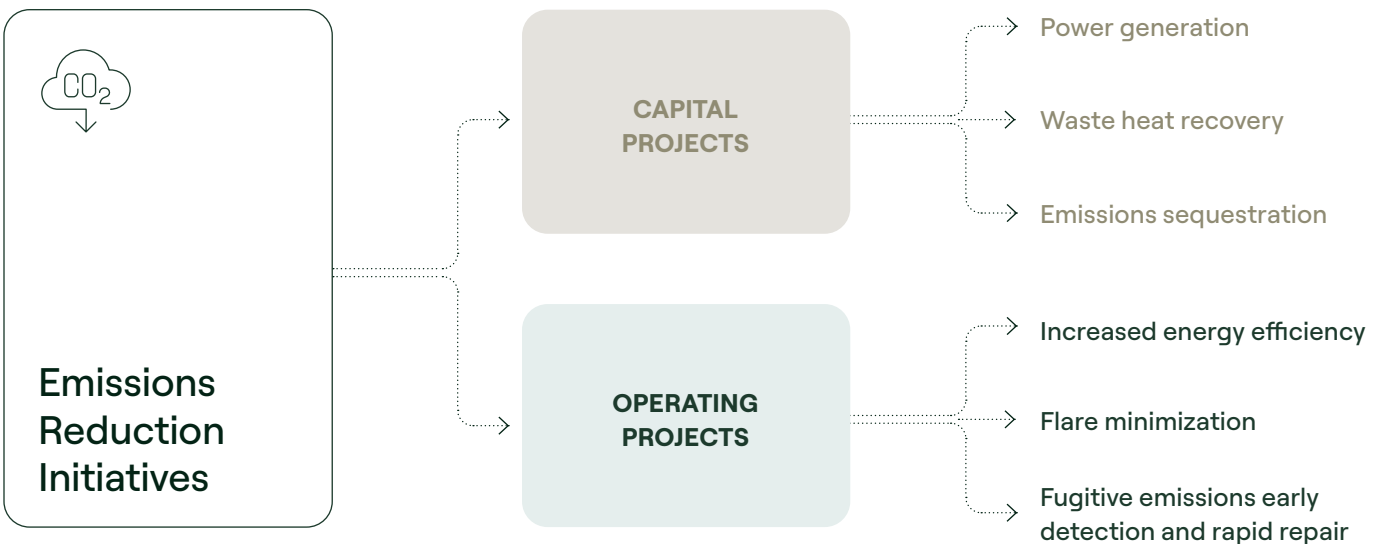
Attained a critical element of managing our core material factors

In 2022, we created a strategy to decrease greenhouse gas and air emissions. Our team has evaluated multiple projects to determine their ability to reduce emissions while considering factors such as cost and feasibility. We are prioritizing co-generation projects, making efficient use of waste heat to reduce emissions, projects that reduce flaring and opportunities to enhance energy efficiency through maintenance, monitoring and processes.

"Steel Reef remains committed to setting achievable and realistic emissions targets within the energy sector, striving to align with global GHG reduction goals. By driving innovation and operational efficiencies, we aim to lead the industry towards a more sustainable future."



**ESTHER TE LINDE**  
Environment & Regulatory Analyst



## 2023 Projects Supporting Our Targets

In 2023, we reached significant operational achievements and launched new projects that will improve our gas capture services and help reduce emissions.

### 01 Viewfield Combined Heat and Power

Viewfield Combined Heat and Power is our second electrification project. It aims to decrease emissions, fuel gas, and utility heat through the waste heat and recovery unit. We anticipate a reduction of ~15,000 tonnes of CO<sub>2e</sub> per year in Scope 1 and 2 emissions. Combined Heat and Power projects are creating additional and new growth opportunities for Steel Reef.

### 02 The Steelman Acid Gas Injection (AGI) Well

The Steelman Acid Gas Injection (AGI) Well was expected to decrease Scope 1 and 2 emissions by ~15,000 tonnes of CO<sub>2e</sub> per year. Upon commissioning in Q4 of 2023, it exceeded expectations achieving a reduction of ~20,400 tonnes of CO<sub>2e</sub> driven by smooth, uninterrupted operations. This reduction is significant in our progress as we work towards our sustainability goals.

### 03 Coleville Fractionation

To maximize value from flare gas, we are making improvements to our Coleville facility by installing a 1,500 barrel per day fractionator in the Kindersley area of Saskatchewan. This upgrade increases Steel Reef's market share in our core area and reduces emissions by keeping products local and reducing transport to end users' markets.

### 04 Saskatchewan Ethane Extraction Plant (SEEP) Combined Heat and Power

This represents our third Combined Heat and Power project, reinforcing our commitment to converting flare gas to power and supports our new emissions reduction target. This initiative will decrease fuel gas usage, emissions, and utility heat with the implementation of a waste heat recovery unit.

### 05 Facility Integration Projects

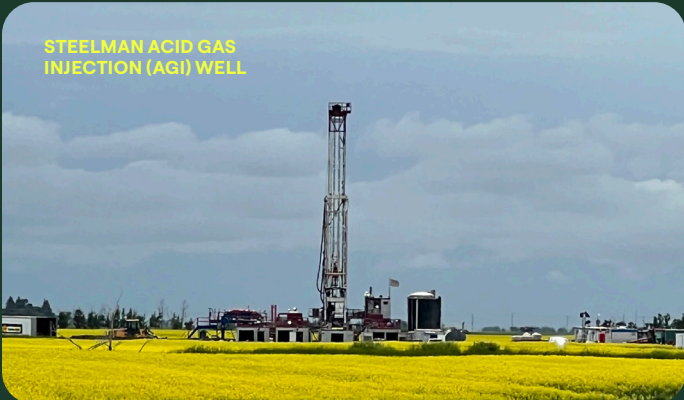
Where we are able, Steel Reef undertakes consolidation projects to maximize plant efficiencies and reduce both excess processing and emissions. Current consolidation projects include the integration of Lignite, an aging facility, to North Portal, which is both newer and more efficient. Additionally, we are enhancing the efficiency at Viewfield by reducing the number of trains in operation to reduce energy consumption and emissions.



“We prioritize projects that help us decrease emissions and align with our ESG objectives. The Viewfield Combined Heat and Power initiative is a source of pride for us as it paves the way for similar projects.”



**LEE EMMS**  
Senior Facilities Engineer



## Environmental Management

Steel Reef has put in place a robust set of policies and practices to prioritize environmental factors at every stage of our operations, including land acquisition, project management and restoration. This includes following project management plans, complying with a pipeline integrity manual and utilizing our Operations Management System framework.

## Ecological Impacts

In line with our Health, Safety, and Environmental Policy and Management Plan, as well as the current regulatory guidelines, we are committed to efficiently controlling and reducing our environmental impact while increasing our responsibility.

### RELEASE QUANTITY

|                                   |                                   |                                   |
|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>1.09 m<sup>3</sup></b><br>2018 | <b>5.45 m<sup>3</sup></b><br>2020 | <b>1.75 m<sup>3</sup></b><br>2022 |
| <b>218 m<sup>3</sup></b><br>2019  | <b>2.09 m<sup>3</sup></b><br>2021 | <b>12.4 m<sup>3</sup></b><br>2023 |

### REPORTABLE RELEASES

|                  |                  |                  |
|------------------|------------------|------------------|
| <b>1</b><br>2018 | <b>9</b><br>2020 | <b>0</b><br>2022 |
| <b>5</b><br>2019 | <b>5</b><br>2021 | <b>7</b><br>2023 |

## Water and Waste Management

Beginning in 2021, Steel Reef began monitoring water and waste metrics. Despite the minimal impact these factors have on our operations currently, we are dedicated to monitoring and evaluating them. Our focus continues to be on managing emissions, water discharges, spill prevention, waste prevention, noise impacts, and hazardous chemical usage through our Environmental Protection Program and corporate management system.



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