



# Sustainability

## Report

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### About this report

The terms “Inter Pipeline”, “our”, “we”, “us”, and “company” refer to Inter Pipeline Ltd.

We publish a full-length sustainability report on a biennial basis and update of our performance for key sustainability metrics on our website annually. Unless otherwise noted, this report covers performance metrics for the 2017 to 2018 calendar years.

The content of this report was based on sustainability issues considered likely to have material impacts on Inter Pipeline’s financial or operating performance, as identified by the Sustainability Accounting Standards Board (SASB), as well as other internationally recognized frameworks, including the Global Reporting Initiative’s (GRI) Standards and the Task Force on Climate-related Financial Disclosures (TCFD).

The information included in this report has been subjected to Inter Pipeline’s Disclosure Policy and process. Financial information sourced from Inter Pipeline’s audited financial statements and greenhouse gas (GHG) emissions information in this report have been subject to a third-party audit verification process, in accordance with ISO 14064-3.

For the purpose of this report we are reporting on data relating to our Canadian Operations, which accounted for approximately 90 percent of our company’s 2018 earnings before interest, taxes, depreciation and amortization (EBITDA). Our European operations, which accounted for the remaining 10 percent of EBITDA, have been excluded as Inter Pipeline is currently exploring the sale of the bulk liquid storage business.



# We're one of Canada's **leading energy infrastructure** businesses.

Our operations are organized into distinct business segments:



## **Oil Sands Transportation**

The oil sands transportation business has over **3,300** kilometres of pipeline and **3.8** million barrels of storage and transported roughly **1.2** million b/d of bitumen blend and diluent in 2018.



## **Conventional Oil Pipelines**

Through a total of **3,900** kilometres of pipeline and utilizing over **1,375,000** barrels of storage, the conventional oil gathering business transported approximately **201,000** b/d of crude in 2018.



## **NGL Processing**

Our NGL business is one of the largest in Canada, processing an average of **3.3 bcf/d** in 2018. Our NGL infrastructure includes three straddle plants strategically located at Alberta export points as well as offgas processing facilities located in Northern Alberta.



## **Bulk Liquid Storage**

Inter Pipeline operates **23** petroleum and petrochemical storage terminals in six countries across Europe and is one of the largest independent bulk liquid storage businesses in Europe, with more than **37** million barrels of storage capacity.

## **VISION**

To be Canada's  
most respected  
& innovative energy  
infrastructure  
company.

## **MISSION**

### **We will:**

- Foster an outstanding employee experience.
- Cultivate strong partnerships with our customers and stakeholders.
- Be unwavering in our commitment to sustainable practices and operational excellence.
- Deliver superior long-term returns for investors.

# Message from the **President & CEO**

// Sustainability helps us drive long-term value for all stakeholders of Inter Pipeline; from our employees in our offices and out in the field, to our customers who rely on our consistent service, to the communities in which we operate. //

Christian Bayle // President and Chief Executive Officer



## Sustainable Progress

In 2017, we introduced our first Sustainability Report as we began the process of managing and reporting on sustainability initiatives at Inter Pipeline. Now, two years later, I am pleased to share with you a series of innovative business projects that will help to redefine our core services and enhance our stewardship oversight.

Sustainability helps us drive long-term value for all stakeholders of Inter Pipeline; from our employees in our offices and out in the field, to our customers who rely on our consistent service, to the communities in which we operate.

Sustainability has taken an increasingly significant roles in all areas of Inter Pipeline's activities. This point was brought into sharper focus this year as we launched a company-wide refresh of our corporate values and reoriented our vision and mission statement to better reflect our intended direction as we lead Inter Pipeline into the future.

Deliberately, we have stated that we will "Be unwavering in our commitment to sustainable practices and operational excellence." This not only speaks to our ongoing track record of superior operational performance, but it places recognition and weight on the fact that sustainable practices are an equal partner to our operational success; they both inform and help elevate each other. As a practical example, Inter Pipeline recently announced a ten-year, \$10 million-dollar funding commitment with the Northern Alberta Institute of Technology (NAIT). Through our funding agreement, we have created a research department that has been tasked with facilitating concrete actions to reuse, and recycle plastics in Canada.

This initiative recognizes that since Inter Pipeline is a leader in the future of Canadian petrochemical manufacturing, we will also be a leader in sustainable and responsible plastics use and research. This commitment to innovation is reflective of the

entrepreneurial spirit that Inter Pipeline has had from our initial days as an organization, and it still drives our company today.

Throughout our history, our commitment to build a sustainable future through our operating practices has been steadfast. Inter Pipeline has always been committed to the well-being of each and every one of our employees, as well as the safety of the many vendors and suppliers with whom we do business. Given the nature of our work and the conditions under which we perform, we will never be satisfied with anything other than a zero-incident rate.

Our current mantra is titled "Home Safe Every Day." These four simple words and the philosophy behind them reminds all of us at Inter Pipeline to care for each other and work safely.

This is an exciting period for Inter Pipeline, and one that has allowed us to expand the sustainability dialogue that is happening across all levels of our company. Throughout this report, we feature stories that highlight the hard work that has been advanced over the past two years, demonstrating our commitment to sustainability. Our "looking forward" statements highlight our need to do more and the groundwork that is, in many cases, already being laid.

I invite you to join us on our journey as we continue to make important gains in preparing Inter Pipeline for a sustainable future. We know there is more work to do and are committed to working alongside our customers and communities to make meaningful advances. I'd like to thank you for your interest in our ongoing sustainability progress at Inter Pipeline.



Christian Bayle // President and Chief Executive Officer

# Biennial Highlights



**30%**  
of Inter Pipeline's Board of  
Directors are women



2018 CEPA  
**Foundation  
Award for Safety**  
in recognition of our  
commitment to mental health



**99.99%**  
responsible delivery rate



**5 million**  
recorded hours worked without  
any lost time accidents



**3,000 hrs**  
volunteered  
in the community  
in 2018



**70%**  
of the cost of building our  
Heartland Petrochemical Complex  
is being spent in Alberta



Programs and offgas  
activities resulted in

**1,094,700**  
tCO<sub>2</sub>e GHG reductions

&



estimated  
savings of

**\$17.5 million**  
between 2016 - 2018  
(based on internal pricing of \$30/tonne)

# Financial Performance

Managing sustainability contributes to  
**long-term financial stability**



In 2018, we set new records for annual revenue, funds from operations and dividends to shareholders.

Despite the turbulent market conditions, Inter Pipeline's Canadian Operations generated annual funds from operations of \$1 billion on revenue of \$2.4 billion. We also increased cash dividend payments to shareholders in November 2018.

Operationally, the company's pipeline transportation divisions collectively transported record throughput volumes safely and reliably to market hubs in Alberta and Saskatchewan and our NGL Processing business achieved new financial records supported by favourable gas liquids pricing and strong production volumes.

\$ Million CAD	2016	2017	2018
Revenue	1,579	2,040	2,390
Adjusted EBITDA	925	1,057	1,184
Funds from operations	729	893	1,023
Net income	419	487	585
Dividends declared	539	610	655
Capital spend	141	329	911
Total income tax expense	149	182	216
Property taxes	39	45	44
Employee costs	130	140	138
Direct economic value generated	1,579	2,261	2,390
Direct economic value retained	76	194	345

# Economic Contribution

**Our success in creating a stable and resilient business has provided a foundation for consistent economic contribution that extends beyond providing returns to shareholders.**

We know that communities are built on strong economic activity, employment, local sourcing for goods and services, which is why we place a focus on giving back in the areas in which we operate.



In 2018, we invested **\$911** million in capital projects, **\$138** million for employee wages and benefits and **\$650** million in dividends to shareholders. Payments to governments by way of taxes totalled **\$50** million and investments in the community amounted to **\$3** million, with **3,000** hours volunteered by Inter Pipeline employees.

## **Our organic growth projects drive additional economic benefits**

Looking forward, our organic growth plans, which include a \$3.5 billion investment in the Heartland Petrochemical Complex (HPC) and a \$180 million expansion of our Central Alberta conventional oil pipeline system, continues to create well-paying jobs and support economic activity by engaging local suppliers.

Currently, over 150 Alberta-based suppliers are contracted to HPC and an additional 30 are engaged within Canada. Over the four-year construction window, we expect to create the equivalent of 13,000 full-time jobs, provide the government with \$700 million in tax revenue and inject approximately \$2.75 billion into the Alberta economy.

Once in service, we anticipate our investment in HPC will create 200 full-time jobs, as well as provide governments \$130 million in annual tax revenue to support schools, roads, hospitals and other public infrastructure.

A multi-phase expansion for our Central Alberta pipeline system is being undertaken to handle emerging light oil production from Alberta's Eastern Duvernay basin. Approximately \$180 million will be invested in construction activities through 2020. This includes additional truck offloading and tank storage capacity at our Station in Stettler Alberta, and a new 75-kilometer pipeline called the Viking Connector that connects our Bow River pipeline to our Central Alberta pipeline in the Stettler area. Inter Pipeline employs local construction contractors and these communities benefit from increased spend at local businesses and restaurants, as well as support from Inter Pipeline's community donation programs.

# Governance & Sustainability Management

**We strive to integrate sustainability**  
into our governance and corporate strategy

## Governance

Our Board of Directors and management are committed to high standards of ethical conduct and corporate governance. The Board's core responsibilities are to foster Inter Pipeline's long-term success, to oversee our business and supervise management, and to act honestly, in good faith and in the best interests of Inter Pipeline and our shareholders. In carrying out its mandate, the Board of Directors, of which only the CEO is a non-independent director,, has established five committees: The Audit Committee, the Compensation Committee, the Governance Committee, the Major Projects Review Committee and the Environment, Health and Safety (EH&S) Committee. Each of these committees aid the Board in overseeing aspects of Inter Pipeline's activities within their respective areas of expertise.

The Board of Directors EH&S Committee met three times in 2018 and is responsible for sustainability strategy and climate change risks. They review overall EH&S performance, regulatory compliance programs and asset integrity and reliability programs. The Governance Committee meets at least twice a year and is responsible for Inter Pipeline's corporate approach to sustainability reporting.

For more information relating to our Governance, including our [Board and Committee Charters](#), please visit our website.

## Sustainability Management

Inter Pipeline formed a Sustainability Steering Committee and a Sustainability Working Committee in 2015 to support increased transparency around the company climate change management, sustainability and disclosure practices.

The Sustainability Steering Committee meets quarterly and is comprised of the CEO, Senior VP NGL Processing, Senior VP Projects & Operations Services, VP EH&S and Technical Services, and the VP Finance and Investor Relations. The Committee is responsible for reviewing operational, environmental, safety,

regulatory and financial data to determine the quality of our sustainability data, and identifying opportunities for improvement to our practices beyond regulatory requirements. They also approve our sustainability report, ensuring it aligns with the Company's strategic plan and that the results are communicated to stakeholders.

The Sustainability Working Committee is an interdisciplinary group that meets monthly and was brought together to establish Inter Pipeline's 3-year sustainability roadmap and strategy. Representatives attend Steering Committee meetings to provide context, share risks & opportunities and make recommendations on key initiatives to move forward Inter Pipeline's approach to climate change and sustainability management.

## Sustainability Framework and Management System

We recently completed Inter Pipeline's Sustainability Framework which outlines the governance structure, key focus areas, risk management and communication tools to integrate sustainability across the Company. Three priority objectives within the framework are risk and opportunity assessment, issue management, and reporting and communication. This framework is the foundation of a broader set of sustainability documents being developed that, together, will serve to support a sustainability management system (SMS) and enhance the Company's decision-making ability for business and operational risks and opportunities.

## Performance Indicators

Size of Board of Directors	<b>10</b>
Number of Executive Directors	<b>1</b>
Number of Independent Directors	<b>9</b>
Share of female Directors	<b>30%</b>
Average Board meeting attendance	<b>98%</b>

# Ethics & Regulatory Compliance

We are committed to operating ethically and **exceeding regulation**

Inter Pipeline is committed to high standards of professional and ethical business practices. We act with honesty and integrity, and are respectful in dealings with customers, employees, shareholders, and in the communities in which we operate.

## Code of Ethics & Respectful Workplace Policy

Inter Pipeline is committed to an environment where open, honest work practices and communications are the expectation, not the exception.

Our Code of Ethics and Respectful Workplace policies and procedures must be adhered to by all those that work with and for Inter Pipeline. They cover a variety of matters including, but not limited to compliance with laws, conflict of interest, confidential information, fiscal integrity and responsibility, health, safety and environment, employment and workplace practices, and no retaliation practices. All employees and contractors who work for the company review and sign off on Inter Pipeline's [Code of Ethics](#) annually.

To date, Inter Pipeline has not been required to file a material change report that pertains to issues arising in relation to the company's Code of Ethics, including any issues related to conduct of a director or executive officer of Inter Pipeline that constitutes a departure from the Code of Ethics.

Looking forward, training is underway for all Inter Pipeline employees so that they understand the role they play in creating a psychologically safe workspace. It includes learning Inter Pipeline's procedures for reporting, investigating and documenting incidents of workplace harassment and violence as outlined in our newly revised [Respectful Workplace Policy](#). The policy provides that every person has the right to work in an environment that is safe, healthy and free from harassment.

## Whistleblower Policy

Under Inter Pipeline's [Whistleblower Policy](#), in situations where an individual may have concerns about possible activity counter to stated business practices, they are encouraged to log their concerns

using various communication channels managed by an independent third party. All information is received in confidence and may be reported anonymously and may, at the individual's request be reported directly to the Board of Directors who receive annual training on our policy and program. The increase in the number of concerns in 2018 addressed through our Whistleblower Policy can be attributed to growth in our workforce and increased awareness around the program.

## Performance Metrics\*

2016	4 concerns
2017	4 concerns
2018	14 concerns

\* All concerns have been overseen by our Chief Compliance Officer, investigated and appropriately addressed.

## Regulatory Compliance

Inter Pipeline complies with all current regulations. Our strong reputation in this regard has facilitated approval processes for our operations and projects.

We maintain a legal registry that identifies and monitors compliance with all legal requirements that are applicable to Inter Pipeline. These legal requirements concern matters of operations, safety, security and protection of the environment, in all the jurisdictions in which we conduct business.

We strive to work according to all external regulations and laws to prevent violations. Inter Pipeline is proud of a history of strong operational performance with few enforcements. That being said, an investigation completed in 2019 into a pipeline release in Sherwood Park Alberta reported on April 21, 2017, led to two counts of enforcement under the Environmental Protection and Enhancement Act, the Pipeline Rules, and CSA Z662 and fines totalling \$10,000. The incident and our proactive response are discussed in further detail on page 22.

Inter Pipeline supports the increasing need for a sound public policy framework around climate change and sustainability initiatives. We actively engage with policymakers, government, industry peers and other stakeholders to further this dialogue.

# Enterprise Risk Management

Approaching risks and opportunities  
**in a disciplined manner**



Inter Pipeline approaches business opportunities and risks in a highly disciplined manner in order to avoid adverse impacts to our strategic objectives and remain competitive. We acknowledge that climate change presents physical, policy, legal, market and reputational risks, but also presents opportunities for our company.

## General risk management

Our Enterprise Risk Management Committee is comprised of senior officers of the Company who are accountable for the overall management and reporting of risks in accordance with the [Enterprise Risk Management Policy](#). Annually, the Committee reviews each risk and plans the appropriate response, including climate-related risks.

Our risk framework is based on Canadian Standards Association Z-662 protocol and the Alberta Boilers Safety Association. When assessing the potential scope and size of sustainability risks, we review operating, market, regulation, environmental and societal trends, as well as the material topics identified for midstream companies in the Sustainability Accounting Standards Board (SASB) framework. Risks are then evaluated annually based on their likelihood and consequence, as well as their potential to cause harm to people, safety, financial, reputation, customers, environment, regulatory compliance or operations. Scores from 1-5 are assigned to each risk, which informs which risks become high priority items. Based on the results of the evaluation, the relevant high priority items are elevated to the Sustainability Steering Committee and the Enterprise Risk Management Committee. If the risk is determined to be material and mitigation measures are not in place, direction is provided to put mitigation measures in place.

We are currently in the process of completing our first sustainability risk assessment in 2019.

# Heartland Petrochemical Complex

**North America's first** integrated PDH-PP complex



In 2017, we announced plans to develop the Heartland Petrochemical Complex (HPC).

## **This will be North America's first integrated propane dehydrogenation (PDH) and polypropylene (PP) complex.**

This facility will convert approximately 22,000 b/d of locally sourced, low-cost propane into 525,000 tonnes per year of polypropylene, a high-value plastic used in the manufacturing of a wide range of finished products.

Construction of the complex, located in Strathcona County, Alberta, began in early 2018 with completion scheduled for late 2021. The cost to Inter Pipeline will be approximately \$3.5 billion and Inter Pipeline is spending about 70 percent of that cost locally, in Alberta. We have contracted more than 150 Alberta businesses to work on our Heartland Complex, and a large number of them are based in and around Strathcona County. This has led to efficiencies in our procurement activities with reduced transportation distances for equipment and construction materials for HPC.

Once operational, up to half of the propane feedstock could come from our Alberta-based offgas facilities, which is a unique feature of our business.

## **Women Building Futures**



Our new three-year partnership with Women Building Futures (WBF) empowers women to pursue careers in industrial trades. We have invested \$580,000 to support WBF in raising awareness and providing pre-apprenticeship training to women in Alberta's Heartland area.

**"When women enter the trades this benefits their lives, families, communities and the economy. We know that when we work together to create truly inclusive workplaces based on respect, it creates a better environment for everyone,"** shares Kathy Kimpton, President & Chief Executive Officer of Women Building Futures.

**"This partnership is critical and will increase awareness of the careers local women can have within the Heartland region."**

We have selected technology for HPC that best supports a sustainable, lower GHG emitting process and reduced water use. There is also the opportunity to use the hydrogen produced in the PDH operations as fuel in the rest of the Heartland Petrochemical Complex, which could potentially reduce our carbon footprint by 130,000 tonnes annually.

According to an independent study by IHS Markit research, the polypropylene produced at HPC will have a GHG emissions footprint that is 65 percent lower than the global average and 35 percent lower than the North American average. In fact, on a well to plant-gate basis, HPC's carbon footprint to produce polypropylene will be one of the smallest in the industry.

Inter Pipeline will be a responsible operator of the Heartland Petrochemical Complex. This includes supporting activities and research into plastic waste, recycling and responsible reuse.

## // What is Polypropylene? //



Inter Pipeline's Heartland Petrochemical Complex will produce polypropylene: a diverse plastic characterized by its use in a vast range of products.

Polypropylene is one of the most widely used polymers in the world. It can be **heat resistant**; resistant to leaching; highly **durable** and offer a high **flexural strength**, and it can be **recycled**. Another invaluable characteristic is polypropylene's ability to function as both a plastic material and as a fiber (often found in sporting and outdoor recreation apparel). All of this leads to it being a sought-after feedstock to produce long-term and multi-use products.

## // Plastic Research in Action – valuable work underway with NAIT //



The Northern Alberta Institute of Technology (NAIT) will be working on applied research looking at ways to-reuse and recycle plastic in Canada. The ten-year agreement, known as Plastics Research in Action, will be funded by a \$10 million commitment from Inter Pipeline, which represents the largest business sponsorship for applied research in NAIT's history.

Research projects will examine opportunities for any form of plastic to be re-used, retaining the value of products and resources for as long as possible and supporting the ideals of a circular economy. A portion of the applied research funding will also be dedicated to improving sustainable practices at our Heartland Petrochemical Complex once it enters operation.

# Health & Safety

Safety is our **number one priority**

Safety is a central pillar that supports and strengthens each project we undertake, in every segment of our business. Our people continue to set the tone for our strong safety culture, and Inter Pipeline has programs in place to educate and provide ongoing guidance. Our goal always has been, and will continue to be, zero health and safety incidents. We believe that this is achievable through a culture that promotes caring for each other and continued improvement of our safety management systems.



Our goal always has been, and will continue to be,  
**zero health and safety incidents**

Each person at Inter Pipeline, no matter their position, contributes to creating a culture of safety excellence. Our commitment to safety is reflected in our mantra to ensure that each of us goes **“Home Safe Every Day.”**

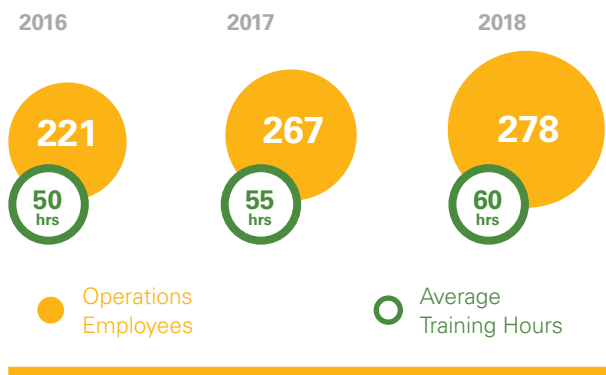
Accountability for the implementation of the EH&S Policy sits at the operational level within Inter Pipeline’s business units, which have established processes and programs to evaluate and minimize environmental, health and safety risks. In this regard, several related policies and procedures have been implemented by Inter Pipeline’s operations group, including a Drug and Alcohol Policy, Management of Change Policy, and Work Initiation Standard.

Metric	Measurement	2016	2017	2018
Lost time accident	Count	0	0	0
Medical aid injuries	Count	2	3	0
First aid injuries	Count	1	5	4
	Incidents/200,000 hours	0.22	0.49	0.29
Injury frequency rate	Preventable vehicle accidents million per km driven	1.16	1.62	1.50

## // Safety Milestone Achieved //

### Safety Training

Our *Canadian Operations Training Policy* outlines our commitment to develop a well-trained workforce and track employee competencies in our Canadian operations.



Our culture of safety is based on choices: taking time to go over check lists before starting work activities; conducting inspections that have been completed many times before when getting into a vehicle; letting someone know when something isn't quite right – not just walking by and leaving it for the next person. Inter Pipeline's May 2019 milestone of five million hours worked without an employee lost time accident (LTA) across our Canadian operations is significant.

Mike Stevens, Inter Pipeline's Supervisor Pipeline Field Operations out of Taber, credits several specific tactics that help drive Inter Pipeline's safety culture: management's development and implementation of a high-quality safety program, promotion and support of the safety program. But beyond that, Mike says the key is that our employees have bought in.

**"Safety has to be part of your everyday life (both at work and away from work),"** says Mike. **"You have to keep safety in the forefront, continuously reviewing safety aspects in everything you do, you can never let your guard down."**

Inter Pipeline's last employee LTA was March, 2015.

**"With all my years at the company, I have never seen an achievement as significant as going over 5 million hours LTA-free, especially considering the amount of work activity we are experiencing these last few years,"** added Rick Sawyer, Vice President, EH&S and Technical Services who has worked in operations for more than 30 years.

# Workforce Engagement

In Canada, Inter Pipeline is proudly operated by **857 employees**

## Training & Development

In every role at Inter Pipeline, we provide opportunities for valued contribution and innovation, with a strong emphasis on employee growth. We offer employees a suite of development opportunities and education support to help our people in advancing their careers. All employees are encouraged to participate in regular performance reviews. In 2018, 76 percent of employees received performance reviews. In addition to our internal development, our apprenticeship program helps those in the trades develop on the job while furthering their education. We also provide educational assistance for individual courses, as well as programs of study.

## Mental Health Awareness & Training

In 2018, Inter Pipeline committed to breaking down mental health barriers in the workplace by bringing in-house training for The Working Mind, and providing it to all managers and employees.

The Working Mind (TWM) is a mental health training initiative offered by the Mental Health Commission of Canada. TWM is designed to promote mental health and reduce stigma and discrimination regarding mental health in the workplace. By taking steps to reduce mental health-related stigma and discrimination, our goal is to raise awareness and reduce the time taken to seek treatment, thus increasing the overall wellbeing of our employees and their families.

Another barrier Canadians with mental illness face is the cost of treatment. To complement the TWM commitment, Inter Pipeline now offers up to \$10,000 annually to use towards psychological counselling services for each employee and their eligible dependents as part of our benefits program.

// Mental health recognized as part of **Inter Pipeline's safety culture** //



Inter Pipeline received the 2018 Canadian Energy Pipeline Association Foundation Award for Safety in recognition of its commitment to mental health. Leah Jerhoff, Inter Pipeline's Manager, Benefits, Payroll and Wellbeing said the following about the recognition:

**"Receiving this award is a great acknowledgment to Inter Pipeline's efforts regarding the health and safety of our employees, and we truly appreciated the recognition. It is also very important to our industry to bring the awareness and importance of psychological safety in the workplace to the forefront. Our work is not done, and we are continuing to move forward building a psychologically safe workplace."**

### Leadership Competency Framework

Launched in 2017, our Leadership Competency framework acts as a tool to help us grow leadership at Inter Pipeline. This framework was created in collaboration with the executive team and an employee working group. Inter Pipeline's approximately 250 leaders attend mandatory training on the leadership competency framework and, effective in 2018, are now evaluated against these competencies yearly as part of their annual performance reviews.

### Diversity & Inclusion

We are committed to advancing women and other under represented groups through our leadership development programs. Inter Pipeline believes that our industry will be well served through increased representation of women on Boards and in leadership roles. We have a formal leadership development program and the percentage of female participants in this multi-day, full year program has been on average over 25% for the last four years. By creating more opportunities at all levels within Inter Pipeline's organization, we believe we are successfully promoting the objectives of diversity & inclusion.

Looking forward, Inter Pipeline also recognizes the tremendous opportunity to drive diversity in our workforce through talent acquisition. We launched a diversity recruitment strategy with respect to hiring for the construction and operation of our Heartland Petrochemical Complex.

We also established our Inter Pipeline Women's Network in 2019, which offers opportunities for women to collaborate, connect and support each other across the company.

### We are proud to be one of Alberta's Top 75 Employers

For the fourth consecutive year, Inter Pipeline was chosen as one of Alberta's Top Employers in 2019. From competitive compensation packages to wellness initiatives and employee events, we have a lot to offer and we are proud to be a top employer.



## Alberta's Top 75 Employers

2016 - 2019

**We work to maintain our strong corporate culture. Our culture is defined by our core values which form the foundation on which we perform work and conduct ourselves.**

**ONE TEAM ONE INTER PIPELINE**  
OUR CORE VALUES GUIDE US



#### Honesty & Integrity

Being ethical, accountable, and respectful



#### Teamwork

Trusting and collaborating with others



#### Entrepreneurial Spirit

Embracing change, taking risks and innovating



#### Pursuit of Excellence

Focusing on safety, our competitive edge and our future

# Stakeholder Engagement

**We strive to make a positive impact**  
in the communities where we live and operate









Guided by our *Stakeholder Relations Policy*, we are committed to meaningful and ethical interactions with our stakeholders to ensure that safety, environmental, economic or social impacts resulting from our business activities are addressed in a timely and effective manner. Inter Pipeline works diligently to build lasting relationships and address the needs of our stakeholders, including customers, employees, contractors, investors, communities, landowners, Indigenous peoples and governments.

## How We Engage

We value stable, long-term relationships with the communities we operate in to achieve mutual benefits. We actively consult with landowners and communities on our day-to-day operations and future projects with the goal of being open, honest and collaborative.

We offer stakeholders a variety of methods to reach Inter Pipeline, including toll-free telephone lines, in-person meetings and dedicated e-mail addresses.

We proactively manage stakeholder concerns and questions or complaints. We log issues as they emerge, identify and prioritize potential issues, and develop appropriate engagement or communication actions to resolve them.

Stakeholder	Engagement Activities	Frequency
Customers	Email, phone and meetings on commercial, project development, operational or financial matters.	
Investors	Email, conference calls, institutional conferences, face-to-face meetings and site tours.	
Employees	Company intranet, engagement surveys, regular meetings, annual reviews and town halls.	
Indigenous Peoples	Face-to-face meetings, community outreach and investment activities.	 
Landowners	Open houses, face-to-face meetings, home and site visits, public awareness communications and our website.	
Government	Public policy and legislative engagement, industry groups, facility tours and face-to-face meetings.	
Communities	Open houses, brochures, partnerships with local and regional organizations, social media, community outreach and investment activities.	



Daily



Monthly



Quarterly



Annually / Ad hoc

# Indigenous Affairs

We are committed to **working collaboratively with Indigenous communities** for mutual benefits

Inter Pipeline respects the diversity and rights of Indigenous peoples in Canada, their traditional territories and Treaty rights.

Community development funding to Indigenous communities is provided through:

- + Consultation and relationship agreements between Inter Pipeline and communities
- + Individual requests from Indigenous communities or organizations.

We aim to align economic opportunities and engagement based on the needs of the community and what we have available to offer. This results in unique relationships with each Indigenous community.

## Awareness Sessions

In 2019, sessions were offered to our employees to create greater awareness of local Indigenous community culture.

The sessions promote a company environment where Indigenous perspectives are valued and encourage respect across cultures

## // Fort McKay First Nation //



We are proud to have entered into a business relationship with the Fort McKay First Nation's joint venture, Rising Sun Services, for our vehicle leasing and maintenance. Rising Sun Services is an Aboriginal business which is majority owned by the Fort McKay Group of Companies. Beginning in November 2018, all new Inter Pipeline vehicle leases are managed through Rising Sun services under a long-term agreement, representing about 10 percent of our fleet with a plan to transition all vehicles as existing leases expire. These partnerships create better quality jobs for the Fort McKay region and is a direct investment in Indigenous communities and the Northern Alberta economy

**"Fort McKay First Nation (FMFN) has a good business relationship with Inter Pipeline and they are always open and willing to collaborate. Both the operations and procurement teams are very supportive and work hard to find ways to do business with FMFN-owned companies. We look forward to growing our relationship with them."** – From the FMFN annual report

# Landowner Relations

Inter Pipeline delivers meaningful public awareness programs to equip our neighbours – landowners, business owners, communities, elected officials, Indigenous groups, excavators and emergency responders – with the information they need on how to live and work safely near pipelines and associated facilities.

We design our Public Awareness Programs to demonstrate our commitment to safety by:

- + Providing a minimum standard for safety engagement and communications including face-to-face meetings, information mailings and online content
- + Contributing to local emergency response readiness
- + Aligning communication regarding damage prevention, emergency management, community investments

Inter Pipeline strives for excellence in the safe and compliant operation of its assets. We believe that an effective damage prevention program is a vital tool in managing the potential risk of damage to buried infrastructure from external parties engaged in ground disturbance activities.



Inter Pipeline is actively involved in damage prevention programs in Canada. Click Before You Dig helps to safely identify buried cables and pipelines.

[www.clickbeforeyoudig.com](http://www.clickbeforeyoudig.com)

## // Horse Creek Remediation and New Bridge //



In the summer of 2017, Inter Pipeline successfully completed a three-year restoration project on the Horse Creek Road, which we use to access the river pump house facility near our Cochrane Extraction Plant. Unfortunately, the floods of 2013 washed out the road and caused extensive damage to an adjacent landowner's property.

In collaboration with the landowner, a cross-functional group of employees from our Operations, Environment and Land departments worked diligently on slope stabilization, planting, monitoring and creating an alternate access. The landowner was pleased with our consultative approach to the work, continuous communication, and sensitive attitude regarding every detail. It was noted that the construction design looked professional and fit the landscape better than before.

**"It is very important to build and maintain positive working relationships with our stakeholders in the areas we operate. These working relationships are critical to the success of all current and future projects. Not only are we an operator, but we are also a neighbour to those who live in these communities,"** noted Marnie Evans with Inter Pipeline's Land department.

# Community Engagement

## Investing in our communities

Inter Pipeline's community engagement programs seek to make positive and tangible contributions to improve the quality of life in the communities where we operate, and to build strong relationships with our neighbours.

**\$2.3** million 2016    **\$2.8** million 2017    **\$3** million 2018

### Inter Pipeline Cares Fund

In 2016, we launched Inter Pipeline Cares (iCARE), a fund that aims to focus on meaningful contributions to charitable organizations which support the basic societal needs of food, shelter and wellness for the vulnerable or under-served in our Canadian operating areas. The majority of our charitable donations focus on not-for-profit organizations that align with our iCARE mandate.

We also take a grassroots approach to giving back in the regions across Alberta and Saskatchewan where we have field offices. Each of the 11 field offices across our operating areas has a community investment committee – their mandate is to evaluate and direct donations to charities and community organizations that support the objectives of iCARE. Field driven community investment committees directed donations toward 130 charitable organizations in 2018.

### Community Outreach Program

In 2018, Inter Pipeline participated in, and sponsored, more than 20 community events. Our community outreach program encourages employee volunteering and engagement directly with our communities in a fun and relaxed environment. As a benefit, this program builds on our social license to operate as it creates constructive, lasting relationships with local community members and Indigenous peoples. Examples of 2018 outreach activities included: Fort McMurray Marathon, Vermillion Art in the Park, 4 Wing Cold Lake Air Show, Cochrane Community BBQ and the Ardmore Duck Race.

### Volunteering

Our employees play an important role in selecting and determining the projects we invest in through our community engagement program. We donate time as Inter Pipeline Ambassadors in order to continue cultivating stronger connections with our communities.

### Employee Volunteer Hours

**1,000** 2016    **2,200** 2017    **3,000** 2018

## // #pipeline2podium Volleyball Canada Nationals //



We were proud to be the platinum sponsor of Volleyball Canada 2018 Nationals from May 17-22, 2018 in Edmonton, AB. Inter Pipeline was there to hand out prizes, cheer on the athletes, and raise donations for one of our iCARE charities: the Edmonton-based group, e4c. Inter Pipeline raised \$6,500 for the charity.

**"When people came to understand that by landing on a donation section of the wheel they were facilitating a contribution to a local charity through Inter Pipeline; the spirit of giving gained traction and enthusiasm. To see strangers and teams cheering to land on the \$10 slot, truly warmed my heart."**  
Lise Schiltroth, e4c.

# Asset Integrity & Emergency Preparedness

Our EH&S Policy provides that Inter Pipeline will continually improve safety and environmental performance by proactively evaluating our operations to identify hazards, assess priorities, and implement programs and practices to reduce the number and severity of safety and environmental incidents towards a goal of zero incidents.

## Asset Integrity

Inter Pipeline has programs in place that promote sound operating practices and we believe that our pipelines are currently in compliance with all material environmental laws and regulations.

We have an integrity management program that includes in-line inspection, cathodic protection, internal corrosion control, crossing inspections and leak detection.

In-line inspection plays a significant role in pipeline integrity management and is used to detect anomalies in pipelines, which are then evaluated and repaired as necessary. As part of Inter Pipeline's annual integrity program, line segments are prioritized for inspection using a formal risk assessment process, which considers pipeline risk factors, such as external and internal corrosion, natural force damage, design and materials of construction, and third-party damage potential.

Between 2014 and 2018, approximately

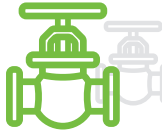
**6,200** kilometres

of pipeline were internally inspected.

## Reportable Releases

In 2018, we experienced one reportable liquid release from our pipeline with the volume released equivalent to 0.16 m<sup>3</sup> per 1,000 kms of pipeline.

This represents a **99.99% reliable delivery rate**.

**99.99%**   
delivery rate

This compares to 21.1 m<sup>3</sup> per 1,000 km of pipeline in 2017 when we had a larger reportable release.

In April 2017, Inter Pipeline had a release from a pipeline in a corridor in Sherwood Park Alberta. An estimated 141 m<sup>3</sup> of diluted bitumen was released into the environment. The leak started as a very small pinhole and the alarm set points were not sensitive enough to indicate a small leak in the system. The cause of the release was concluded to be metal loss, which means reduction in the thickness of a pipe due to corrosion, erosion or other causes. Subsequently, our entire leak detection software system was enhanced later that year.

The Alberta Energy regulator noted in its investigation report that we contributed significant resources to manage the integrity of this and our other pipeline assets in Alberta. We have committed to modifying our pipelines, in-line inspections, verification digs, line replacements, and the leak detection system for this and other pipeline systems going forward.

		2016	2017	2018
Number of significant spills	Count	2	1	1
Volume of significant spills	m <sup>3</sup>	16	141	18

### Pipeline Remote Monitoring and Control

Our pipelines are remotely monitored 24 hours per day, seven days per week, at Inter Pipeline's control centre located in Alberta. Additional monitoring includes weekly or bi-weekly aerial surveillance of the high-volume mainline segments, and monthly aerial surveillance of the lower volume gathering segments. Periodic ground inspections of surface facilities, surface and subsurface inspections of water course crossings, and inspections of other critical or sensitive areas are also completed from time to time.

### Emergency Preparedness

We have a detailed response plan that we use in the unlikely event of an incident. The plan details what equipment, people and actions are needed to respond quickly and effectively to an incident.

We own more than \$3.5 million in emergency response equipment and more than 150 of our employees have been trained to support responses to emergency situations.

In addition to maintaining a team of trained personnel and owning our own spill response equipment, Inter Pipeline is also an active member of the Western Canadian Spill Services Ltd. cooperative, which provides training in hydrocarbon spill response, containment and recovery and also provides the required equipment and contractor- resources to deal with hydrocarbon spills. Inter Pipeline is also an active member of the CEPA Mutual Emergency Assistance Agreement program, which allows Inter Pipeline to draw from 10 other CEPA member companies' spill response resources.

### Number of Emergency Response Training Exercises

2016	2017	2018
48	79	68



We own more than  
**\$3.5 million**  
 in emergency response  
 equipment and more than  
**150**  
 of our employees have been  
 trained to support our responses  
 to emergency situations.

# Climate Change

## Risks & Opportunities

**We are proactively managing** climate-related risks and opportunities

Inter Pipeline is committed to evaluating how climate change affects our assets and our business, now and in the future.



Inter Pipeline recognizes our stakeholders' interest in our management of climate change risks and opportunities. As a result, we have started to align our disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

### Governance

The Board of Directors Governance Committee considers climate change as part of its initiative to deliver preeminent corporate governance. Additionally, the Board of Directors Environmental, Health and Safety Committee, which met three times in 2018, covers climate-related risks and opportunities within its review of regulatory compliance programs, asset integrity and reliability programs.

Management oversight in assessing and managing climate-related risks and opportunities is handled by the Sustainability Steering Committee and Enterprise

Risk Management Committee (as described earlier in this report). All major climate-related risks and opportunities are assessed by the Sustainability Steering Committee prior to assigning mitigation measures or implementing opportunities.

### Strategy

Inter Pipeline's annual strategic planning incorporates climate change risks and opportunities and the potential impact to business strategy and financial planning.

Inter Pipeline annually discloses an emissions profile to CDP, a global disclosure system that enables companies to measure and manage their climate change impacts. For a more detailed review of the risks and opportunities identified by Inter Pipeline, please see our [2019 CDP Climate Change](#) submission.



## Identified Climate Change Risks

### Transition risks

<b>Policy &amp; Legal</b> Increased pricing of GHG emissions	Carbon pricing models and regulation uncertainty results in the inability to accurately forecast yearly operating costs. Canadian carbon tax regimes are unstable, and this makes it difficult to plan for the future, respond to risk and capitalize on potential opportunities. Even though Inter Pipeline is currently in a carbon credit scenario, we continue to actively monitor this situation and engage with policymakers.
<b>Market</b> Changing customer behavior	Our business could, in future, experience a reduced demand for goods and/or services due to shift in consumer preferences.

### Physical risks

<b>Acute</b> Increased severity of extreme weather events such as cyclones and floods	The increased frequency of extreme weather events, such as forest fires and floods, means Inter Pipeline's assets and personnel are potentially subject to increased risk.
<b>Market</b> Changing customer behavior	Our business could, in future, experience a reduced demand for goods and/or services due to shift in consumer preferences.

## Identified Climate Change Opportunities

### Energy Source

<b>Use of more efficient production and distribution processes</b>	With the onset of carbon pricing, new electricity generation technology has become more attractive. We are reviewing an electrical generation opportunity that turns low-grade waste heat into electricity at one of our operated facilities. By using low-grade waste heat to generate electricity, we may be able to offset operating costs by consuming the generated electricity on-site, thereby reducing the amount of purchased electricity.
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### Resource Efficiency

<b>Carbon reduction initiatives</b>	Inter Pipeline actively seeks carbon reduction initiatives and carbon reduction options. Currently, we are evaluating major projects to capitalize on current marketplace and advances in efficiency technology. Additionally, Inter Pipeline is evaluating the procurement of alternative energy delivery such as solar power.
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### Products and Services

<b>Development and/or expansion of low emission goods and services</b>	Climate change is driving innovation and is relevant in long-term capital allocation. We are continually reviewing opportunities to invest in technology that supports system-wide GHG reduction. Inter Pipeline is developing the \$3.5 billion Heartland Petrochemical Complex, which will sequester carbon into recyclable plastic products.
<b>Development and/or expansion of low emission goods and services</b>	Inter Pipeline is exploring the opportunity to develop value-add products from propylene derivatives and reducing emissions.

# Greenhouse Gas Emissions

## Managing our greenhouse gas emissions

Inter Pipeline is committed to effectively managing the risks posed by climate change and we are doing our part to reduce our greenhouse gas (GHG) emissions.

In 2018, Inter Pipeline conducted verification of our entire portfolio for the first time. Inter Pipeline's emissions calculations were reviewed by a third party in accordance with ISO 14064-3 and no material errors or omissions were identified. *See verification statement.*

Inter Pipeline's emissions are primarily derived from Stationary Combustion sources at the Cochrane Extraction Plant and from electricity in all other areas of the business.



### 2018 GHG Emissions

Scope 1

**532,000** tonnes  
CO<sub>2</sub> equivalent (tCO<sub>2</sub>e)

Scope 2

**547,000**  
tCO<sub>2</sub>e

### GHG Emissions Management

Inter Pipeline's management of climate-related issues and emissions puts us in a strong position for changing and emerging regulations. We have taken voluntary, proactive steps to managing fugitive emissions to meet upcoming regulations and assist in meeting upcoming provincial and federal reduction targets for methane reductions.

Annual fugitive emission monitoring assessments and quantification are conducted at the Cochrane Extraction Plant. We have been completing these assessments since 2012 and have seen significant reductions in emissions since that time.

We continue to explore opportunities to reduce emissions at our major facilities. *In 2019, Inter Pipeline will develop a Fugitive Emission Management Program (FEMP) that will align with upcoming regulations.* The new FEMP will implement significant improvements to the monitoring and is expected to lead to reductions in emissions by increasing monitoring frequency and improving the tracking of leaks and repairs.

### Collection & Recycling of Offgas

Inter Pipeline also engages with industry partners to assist them in reducing their emission profile through our NGL processing business. For example, in 2017 and 2018, our Offgas facilities helped industry peers to avoid almost 650,000 tCO<sub>2</sub>e from being emitted to the atmosphere. The Offgas facilities remove ethane-plus from various oil sands upgraders facilities. After the ethane-plus is removed by the Offgas facilities, the residual gas is consumed as fuel which has a lower emission intensity.

For context, in 2018, these facilities contributed to the removal of



**336,000** tCO<sub>2</sub>e

Equivalent to removing

**73,000** cars



off the road for **one year.**

## Performance

In 2018, Inter Pipeline produced 1,080,000 tCO<sub>2</sub>e of GHG emissions. Though we have made significant reductions in emissions over the last four years, the addition of assets in operation and increased production is only slightly offset by the decrease of pipeline emission intensity over the same period.

## Reporting boundaries of Inter Pipeline's GHG reporting and sources of emissions

Although Inter Pipeline's 2019 CDP report includes the emissions profile for our European operations, for the boundaries of this sustainability report we have chosen to exclude those amounts to focus on our Canadian operations.

Most stationary combustion emissions represented in our reporting are from Inter Pipeline's NGL processing operations and the majority of Scope 2 emissions are from our Cold Lake pipeline system in addition to our NGL processing operations. Our Cochrane Extraction Plant is a major emitter in Alberta; however, the plant was also determined to be in the top quartile for performance among natural gas processing facilities in Alberta.



In 2018, Inter Pipeline received almost

# 400,000

Emission Performance Credits

from the Carbon Competitiveness Incentive Regulation (CCIR) for being

**best-in-class for emission intensity.**

## Looking forward

We are currently reviewing greenhouse gas emission reduction opportunities by converting waste heat into electricity, using variable frequency drives to reduce electricity usage and exploring renewable energy procurement. We are also evaluating the setting of voluntary GHG reduction targets using a science-based methodology.

Metric	Measurement	2016	2017	2018
Emissions	tonnes CO <sub>2</sub> e <i>Thousands</i>	1,065,997	1,016,911	<b>1,079,478</b>
Emissions Intensity	gCO <sub>2</sub> e/bbl km <i>Thousands</i>	0.37	0.34	<b>0.32</b>

### Dedicated budget for energy efficiency

Inter Pipeline has an assigned energy efficiency budget for our major facilities and major pipeline systems. For example, in 2018, Inter Pipeline evaluated energy efficiency for using waste heat at our Cochrane Extraction Plant and installed several variable frequency drives along our pipeline system. Variable frequency drives control motor speed based on demand which reduces electricity consumption.

Inter Pipeline also adopted an internal price on carbon of \$30 per tonne of carbon dioxide equivalent (tCO<sub>2</sub>e). This internal price on carbon is used for regulatory reporting, budgeting for credit scenarios for operating facilities and for future regulatory scenarios for project development and business development. Most

budgeting decisions now include an internal price of carbon for business analytics and decision making.

From 2016 to 2018, Inter Pipeline estimates our efficiency programs and offgas facilities have generated GHG reductions of 1,094,700 tCO<sub>2</sub>e, an estimated savings of \$17.5 million based on \$30/tonne.

Looking forward, in 2019 and 2020 there are many activities in progress or planned that will expand on driving energy efficiency programs forward, including the expansion of our variable frequency drives program to reduce electricity usage across our oil sands pipeline systems, fugitive replacement programs for our Pioneer 1 & 2 Offgas facilities, waste heat recovery work at our Cochrane Extraction plant and renewable energy procurement.

### Highlights table

Year	GHG Reduction (tCO <sub>2</sub> e)	Savings (\$30/tonne)*	Highlights
2016	364,000	\$5.6 million	<ul style="list-style-type: none"> <li>Increased turbine efficiency by 4% at Cochrane Extraction Plant.</li> <li>50% offgas net benefit from the operations of our Pioneer Offgas facilities in the Alberta oilsands</li> </ul>
2017	394,000	\$7.1 million	<ul style="list-style-type: none"> <li>Fuel nozzle replacement at Cochrane Extraction Plant resulted in 1% fuel savings.</li> <li>A reduction in fugitive emissions and a project to adjust the variable frequency drives on our Cold Lake pipeline system that supported GHG reductions.</li> <li>Offgas net benefit of 50% the operations of our Pioneer Offgas facilities in the Alberta oilsands</li> </ul>
2018	336,000	\$5.0 million	<ul style="list-style-type: none"> <li>Cold box replacement and fix to cooling tower at Cochrane extraction plant.</li> <li>50% net benefit from the operations of our Pioneer Offgas facilities in the Alberta oilsands</li> </ul>

*\*The offgas net benefit of 50% is included in these amounts which results in a large portion of the savings calculated at \$15/tCO<sub>2</sub>e*

# Resource Efficiency

## Making our operations **more efficient**

We understand the importance of minimizing energy consumption and water usage. It is important to manage energy consumption as it has compounding effects, lowering cost, maximizing production and reducing greenhouse gas emissions. By increasing efficiency and employing resource conservation practices, we are working to minimize water usage and recycle water wherever possible.



### Energy management

Inter Pipeline began tracking energy consumption across our Canadian Operations in 2018, with the exception to our electricity consumption. The tables below summarize the breakdown in energy consumption for 2018. Going forward, this information will be used as a baseline for future consumption trending and opportunity review.

2018 Activity	MWh from non-renewable sources
Consumption of fuel (excluding feedstock)	12,528,945
Consumption of purchased or acquired electricity	756,203
Consumption of purchased or acquired heat	19,397



The positive variance between electricity consumption from 2017 to 2018 is a reduction in electric turbine usage at our Cochrane Extraction Plant.

Metric	Measurement	2016	2017	2018
Electricity Usage	MWh <i>Thousands</i>	679,178	764,183	729,804

## Water management

We know that water management is a fundamental component to the environment, successful business operations and is of importance to our stakeholders.

Inter Pipeline actively evaluates water use during the construction projects and in the operation of our assets. Minimizing water use is a primary focus for Inter Pipeline and we focus on recycling water and safely discharge water back into a natural environment. In 2018 Inter Pipeline recycled 2.8 million cubic meters of water at our Cochrane Extraction Plant and returned over 270,000 cubic metres of water back to the environment during construction activities at the Heartland Petrochemical Complex.

To support the CEPA Integrity First initiative for Water Protection, Inter Pipeline has reviewed our business practices around water. We continue to integrate water management principles across the company and evaluate opportunities to reduce water use or seek opportunities to implement innovation or technology.



In 2018 Inter Pipeline recycled

**2.8** million  
cubic meters of water,  
enough to fill  
**1,120** Olympic sized  
swimming pools.

# Land & Biodiversity

## Environmental protection and enhancements are integrated in our business model

During project planning, construction, and operations, we seek to protect natural resources and to maintain biodiversity. Our approach includes avoidance, mitigation, monitoring and, where required, re-establishing disturbed habitat. Inter Pipeline's environment team is engaged early in planning and routing considerations for our projects in order to assess baseline conditions (soil, water, wildlife, vegetation etc.) through construction activities. Our teams are part of early project planning and construction activities to monitor existing soil, water, wildlife and vegetation footprints. Ensuring proper mitigation strategies and alignment with regulation as outlined in our Environment Health & Safety Policy reduces risk and environmental impact.

We are committed to the prompt remediation of spills and historic sites are managed through our liability management program. Presently, we have identified twelve sites where remediation costs are estimated to total \$17.4 million.

We also actively support innovative ideas that improve reclamation and decrease water usage. In 2018, Inter Pipeline received a Scientific Research and Experimental Development tax incentive program credits for applying innovation to projects.

### Remediation Alternatives

In 2016, Inter Pipeline began remediation on a large liability site in the McNeil area of Alberta. Due to the remote location, site conditions (large in size and two wetlands) and complexity of the soil conditions, a traditional remediation strategy of excavation combined with offsite disposal was not cost-effective nor an environmentally friendly treatment alternative. To combat these challenges, the site has applied 4 different remediation approaches, including: onsite ex-situ treatment, in-situ chemical oxidation, in-situ soil vapor extraction and air sparging. Each of these treatments have been executed and are showing promising results. Through this innovative approach, we have reduced the volume of material being trucked and sent to landfill, reduced the environmental footprint

to the land and surrounding wetlands, thereby also reducing the size and extent the reclamation activities.

## // Environmental Innovation //



Looking forward, for one of our most recent construction projects in Alberta, the Kirby North Lateral pipeline project, Inter Pipeline is exploring the use of a novel reclamation technique called 'cone mulching' to restore vegetation following construction activities in a caribou range. This 'cone mulching' technique involves collecting the cones of coniferous trees during clearing activities, mechanically breaking them open to release the seeds and then spreading the seeds along the right-of-way following final clean-up activities. In trial plots, this technique has been proven to be very successful, however the use of 'cone mulching' along pipeline rights-of-way is not well understood. Inter Pipeline will be one of the first operators to implement and examine the success of this innovative technique in this crucial area of caribou habitat restoration.

# Supply Chain and the Circular Economy

## Contributing to a responsible and circular economy

Inter Pipeline continually seeks opportunities to reduce waste and to repurpose waste materials through reuse or recycling in both construction and operations.

One of the easiest ways to have a major impact is to drive these efficiencies through our supply chain. Whether it is offering coverall recycling to our service providers or engaging our product suppliers on waste reduction, we are taking steps to reduce our third-party impacts by engaging with our suppliers.

### Performance

Our fluid waste decreased from 2017 to 2018. The contributing factor for the decrease is from the use of hydrovac operations to manage a release incident that occurred in 2017. The majority of Inter Pipeline's fluid waste is related to hydrovac operations from various activities. Hydrovac operations represent approximately 56% of all fluid waste.

### Breakdown of fluid waste totals by year

Sum of Disposal Volume / Weight (tonnes)

2017	2018
9,346	8,439

The major contributing factor of solid waste generation from 2017 to 2018 was construction waste generated at the Heartland Petrochemical Complex. The majority (83%) of our solid waste inventory is contaminated debris and soil. While a small volume is from a pipeline release, most of this waste is from general cleanup and housekeeping activities around facilities.

### Breakdown of solid waste totals by year

Sum of Disposal Volume / Weight (tonnes)

2017	2018
3,480	4,504

## // Recycling coveralls //



In 2018, Inter Pipeline partnered with a company to recycle used coveralls, which are required to be worn by all field operations, contractors and visitors to any operation site. Coveralls made of fire-retardant materials are not biodegradable and will last for thousands of years in landfill. Through a proprietary methodology, our partner breaks down the threads of fire-retardant coveralls and re-weaves the material into new coveralls. The new material that contains recycled material meets all testing standards and often outperforms coveralls without the recycled material. Our purchasing standards now recommend that new coveralls must contain a minimum amount of recycled material from our recycler.

# Industry Collaboration

## Driving progress across our industry

Inter Pipeline believes that our industry can benefit through sharing best practices and education among peers. We continue to collaborate with associations and working groups that help us achieve business outcomes and advance sustainability.

### Canadian Energy Pipeline Association (CEPA)

Inter Pipeline is one of 11 member companies committed to the Canadian Energy Pipeline Association (CEPA) and its flagship program called Integrity First®. Through CEPA, the transmission pipeline industry collaborates and challenges each other's practices – demonstrating a commitment to continuous performance improvement in three key areas: pipeline safety, environmental protection and socioeconomics.

Verification audits for Inter Pipelines Damage Prevention and Control Centre Program through Integrity First occurred in 2018 and we were recognized to be in good standing.

Looking forward, in 2020 Inter Pipeline will conduct 3 internal self-assessments and one external verification on Integrity First Programs.



### 2020 Self-assessments

Emergency Management  
Water Protection  
Environment Stewardship

### 2020 Verifications

Emergency Management

### Energy Sector Sustainability Leaders Initiative (ESSLI)

ESSLI is a group of sustainability champions within the local energy sector in Calgary. Composed of representatives from upstream and midstream oil and gas, as well as utility companies, the group meets on a bi-monthly basis to discuss sustainability-related topics that are of interest to their organizations. Inter Pipeline has actively participated in this forum since 2016.

### Canadian Industry Partnership for Energy Conservation (CIPEC)

CIPEC is an award-winning partnership between the Government of Canada and industry which promotes innovative energy management to help Canadian companies increase profitability, competitiveness and sustainability. Inter Pipeline became a CIPEC leader in 2017.

### Petroleum Technology Alliance Canada (PTAC)

PTAC is a hydrocarbon industry association that facilitates collaborative research and development, and technology development. Through PTAC, Inter Pipeline actively monitors and participates in projects related to pipeline operation, maintenance or abandonment and, emissions management and reduction.

### International Council of Chemical Associations (ICCA) Responsible Care

As Inter Pipeline diversifies its product base into the petrochemical industry, we have committed to the ICCA's Responsible Care Program. This program is an initiative by the chemical industry to drive continuous improvement and achieve excellence in environment, health and safety and security performance. Inter Pipeline is actively building operational programs in support of the Responsible Care Program. Through our recent engagement in ICCA and Responsible Care, we are connecting with new peers in the petrochemical industry and leveraging experience and expertise on sustainable practices.

# Global Reporting Initiative (GRI)

This report references the GRI Standards but has not fulfilled all the requirements to be “in accordance.” The index below lists key performance indicators and qualitative disclosures as suggested by the GRI Standards.

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306-2	Waste by type and disposal method 32
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<b>Social</b>	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities 14
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# Sustainability Accounting Standards Board (SASBI Index)

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EM-MD-000.A:	Operational metrics	3
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# Task Force on Climate-related Financial Disclosures (TCFD)

Task Force on Climate-related Financial Disclosures (TCFD)		Page
<b>Governance</b>		
a. Describe the board's oversight of climate-related risks and opportunities	Climate Change Risks & Opportunities	24
b. Describe management's role in assessing and managing climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities	Climate Change Risks & Opportunities	24
<b>Strategy</b>		
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Climate Change Risks & Opportunities	25
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Climate Change Risks & Opportunities	24, 25
<b>Risk management</b>		
a. Describe the organization's processes for identifying and assessing climate-related risks	Enterprise Risk Management	11
b. Describe the organization's processes for managing climate-related risks.	Enterprise Risk Management	9
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Enterprise Risk Management	24
<b>Metrics and targets</b>		
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate Change Risks & Opportunities	26
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Climate Change & Greenhouse Gas Emissions	26
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Climate Change & Greenhouse Gas Emissions	27

# Forward Looking Statement

Certain information contained in this Sustainability Report may constitute forward-looking statements within the meaning of applicable securities laws, including, but not limited to, statements regarding the HPC and expansion of the Central Alberta pipeline system (including the scheduled completion date, costs, benefits, economic contribution and GHG footprint of polypropylene produced at the HPC) and Inter Pipeline's plans to: reduce emissions; expand energy efficiency programs; reduce water use; seek opportunities to implement innovation or technology; continually improve the environmental, health and safety performance of Inter Pipeline, its operations and its contractors; and move forward with the identified climate change opportunities. Readers are cautioned not to place undue reliance on forward-looking statements as they are subject to a number of assumptions and known and unknown

risks and uncertainties that may cause the actual results, performance or achievements of Inter Pipeline to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Please refer to Inter Pipeline's most recent Management's Discussion and Analysis available at [www.interpipeline.com](http://www.interpipeline.com) for a discussion of the material assumptions and risks associated with the forward-looking statements. The forward-looking statements contained herein are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary note.

# Meet the key charities Inter Pipeline **supports**

The majority of our  
community investment  
activities support  
not-for-profit  
organizations

who focus on the  
basic societal needs  
of food, shelter and  
wellness for the vulnerable  
or under served.



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