

## Welcome to your CDP Climate Change Questionnaire 2021

### C0. Introduction

#### C0.1

**(C0.1) Give a general description and introduction to your organization.**

Gibson Energy Inc. (“Gibson”) is a Canadian-based oil infrastructure company focused on delivering energy in an environmentally and socially responsible manner. Headquartered in Calgary, Alberta, our principal businesses consisting of the storage, optimization, processing and gathering of crude oil and refined products. Gibson’s operations are focused around our core terminal assets located at Hardisty and Edmonton, Alberta, and include our Moose Jaw Facility in Saskatchewan and an infrastructure position in the United States.

For over 65 years, Gibson has delivered infrastructure and midstream solutions to customers in the oil and gas industry safely and reliably. We provide best-in-class connectivity between energy producers and the markets we serve through our infrastructure and marketing segments, with a focus on creating valuable market access solutions for our customers. Our infrastructure network includes strategically located oil terminals, a crude oil processing facility, crude oil gathering pipelines and other terminals, and our marketing segment provides a full suite of marketing services to oil producers and other industry participants. As a leading oil-focused infrastructure company, our operations are focused around our core terminal assets where we generate approximately 70% of our Adjusted EBITDA. Given the nature of our liquids-based midstream handling operations, we have a relatively small GHG emissions profile as we do not have oil and gas production activities that we own or operate.

#### C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**



	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2020	December 31, 2020	No

### C0.3

**(C0.3) Select the countries/areas for which you will be supplying data.**

- Canada
- United States of America

### C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

- CAD

### C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

- Operational control

### C-OG0.7

**(C-OG0.7) Which part of the oil and gas value chain and other areas does your organization operate in?**

Row 1

**Oil and gas value chain**

Midstream

**Other divisions**



## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

#### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Board-level committee	<p>Gibson’s Board of Directors (the Board) recognizes the vital importance that managing sustainability/environment, social and governance (ESG) and climate-related issues plays in our long-term strategy.</p> <p>Gibson’s Board Sustainability and ESG Committee (the SESG Committee) is responsible for reviewing the status and effectiveness of our sustainability/ESG performance, metrics and goals, including processes to ensure compliance with all internal policies and applicable laws and regulations, with a focus on providing a desirable outcome for all stakeholders including investors, customers, employees, suppliers and the community. The SESG Committee assists Gibson’s Board in fulfilling its mandate on climate-related as well as sustainability/ESG issues by reporting to the Board on management’s progress.</p> <p>The SESG Committee is also responsible for reviewing emerging risks and opportunities associated with sustainability/ESG issues, including climate-related issues, relevant to Gibson that may have the potential to impact our reputation and business performance including, but not limited to, climate change, the energy transition, air and greenhouse gas (GHG) emissions and emissions reduction technologies, carbon pricing, social impacts such as human rights and stakeholder relations and significant related legislative and</p>



	<p>regulatory changes, including policy proposals and modifications that could materially impact Gibson’s business.</p> <p>The chair of the SESG Committee is a globally recognized sustainability/ESG expert, particularly with respect to climate-related issues and responsible investment.</p> <p>Case study of a climate-related decision made by the SESG Committee</p> <p>The SESG Committee is tasked with approving, and/or recommending to the Board, the immediate and long-term plans and strategy for sustainability/ESG at Gibson, including long-term plans and strategies specific to sustainability and ESG issues, including climate-related issues. In 2020, the Committee made the decision to request that management explore the development of annual and long-term sustainability/ESG goals, metrics and targets for Gibson, including climate-related goals and absolute and intensity emissions reduction targets.</p>
Board Chair	The chair of Gibson’s Board is an independent member of the SESG Committee.

## C1.1b

### (C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p>	<p>The SESG Committee has direct responsibility and oversight for governance of our climate-related issues including climate change, energy transition, air and GHG emissions, emissions reduction technologies, carbon pricing and significant related legislative and regulatory changes. In 2020, these topics were scheduled agenda items at all SESG Committee meetings, which are typically held at least quarterly. The SESG Committee is comprised of three independent directors with expertise in ESG and responsible investing, financial markets, accounting and financial services, corporate governance, risk management and strategic planning, among other topics.</p>



	<p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>The agenda on sustainability, including climate-related issues includes, but is not limited to, a review of strategy, business plans, risk management, objectives, relevant capital expenditures, performance monitoring and disclosure as well as emerging issues and trends that are material to Gibson’s credibility and reputation. The SESG Committee provides oversight on how we are responding to ESG and climate-related risks and opportunities.</p> <p>In 2020, the SESG Committee reviewed Gibson’s ESG materiality assessment where climate change and GHG emissions were identified as key issues to continue managing. The SESG Committee, in conjunction with the Corporate Governance, Compensation and Nomination (CGCN) Committee, reviewed and approved an update to the employee Short Term Incentive Program (STIP) to increase the weighting of ESG factors in STIP from 30% in 2020 to 35% in 2021. The CGCN Committee approved climate-related STIP metrics like renewable and energy efficiency improvements, execution of an emissions reduction project and identification of renewable energy partnerships.</p> <p>In early 2021, the SESG Committee recommended the Board approve Gibson’s long-term ESG targets, including both direct and indirect emissions reductions and emissions intensity reductions for all areas of our business. The Board approved the targets as recommended.</p> <p>Gibson’s Sustainability Team and other subject matter experts brief the SESG Committee on climate-related issues at each SESG Committee meeting. Topics reported on in 2020 included progress against annual STIP targets, updates on emissions reduction projects, results of the ESG materiality assessment, emerging issues/trends and other strategic priorities. Additionally, the Sustainability Team sought the Board’s review and approval of our 2020 CDP submission and other external disclosures.</p> <p>The Board and the SESG Committee continue to develop their climate-related knowledge and competencies through the review of climate-related articles and publications,</p>
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		participation in ESG conferences and seminars, as well as inviting expert guest speakers to present at Board meetings on topics such as climate risk management, climate-related regulations and carbon tax. Climate-related issues will continue to be scheduled agenda items at all meetings of the Board and the SESG Committee.
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## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other C-Suite Officer, please specify Senior Vice President, Chief Administrative Officer and Sustainability Lead (SVP & CAO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other C-Suite Officer, please specify Senior Vice President of Operations and Engineering (SVP O&E)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Half-yearly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other committee, please specify Climate Change and Emissions Working Group (CCEWG)	Both assessing and managing climate-related risks and opportunities	Quarterly

## C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Gibson's President & CEO is responsible for overseeing climate-related matters including assessing and managing progress on short- and long-term goals and targets; allocating resources and budgets; and overseeing climate-related disclosures on governance, risks and opportunities, strategy, management and performance through our ESG targets, sustainability and CDP reports, management information circular, annual report and corporate website. As potential climate-related and environmental impacts on our business are complex and uncertain, we believe it is important to assign these responsibilities to the CEO to ensure risks and opportunities are effectively managed. The CEO discussed climate-related matters at each SESG Committee meeting and at quarterly Board meetings.

Our SVP & CAO is the lead on ESG and climate-related matters and is responsible for collaborating on efforts to minimize Gibson's GHG and energy impacts, coordinating the management of any material ESG and climate-related risks and opportunities, supporting responses to investor requests on climate-related topics and developing climate-related disclosures. The SVP & CAO is responsible for overseeing the governance of climate-related matters; the development of climate-related strategies including ESG targets and initiatives in collaboration with our SVP O&E and CCEWG; supporting Gibson's climate-related risk and opportunity assessment alongside the SVP O&E; supporting any resource deployment needed to implement our climate strategy; leading the internal multi-functional Sustainability Committee and Sustainability Team; supporting the deployment of Gibson's climate strategy; engaging on climate-related topics with stakeholders including government and investors; and reporting on climate-related performance. The SVP & CAO discussed climate-related matters at each SESG Committee meeting and at quarterly Board meetings.

Our SVP O&E is the lead for commissioning emissions, energy and efficiency studies and projects. The SVP O&E is responsible for overseeing the integration of climate-related matters within our Operations Management System (OMS), including climate risks in our risk register, ensuring emission and energy reduction projects are prioritized and receive appropriate resources and working with our SVP & CAO on defining and executing our climate strategy specific to emissions management. The SVP O&E works closely with the SVP & CAO and reports to the CEO on all these matters.

Our C-Suite Sustainability Committee is comprised of Gibson's executive team, who meets monthly to monitor emerging sustainability and ESG risks and opportunities relative to our sector and business.



The CCEWG is an internal, multi-disciplinary committee which provides strategic guidance for Gibson on issues related to climate change and emissions. The CCEWG has representation from operations and engineering, commercial, environment, health and safety (EH&S), supply chain, government relations, tax, sustainability and our executive leadership team. The CCEWG is responsible for maintaining an enterprise-wide emissions model to inform our climate targets, identifying and screening emissions reduction initiatives and energy improvements at all assets and reviewing climate-related policy opportunities and risks. Additionally, the General Manager (GM) of EH&S who reports to the SVP & CAO, chairs the CCEWG. The CCEWG reports on these matters, including as scheduled climate-related agenda items at all Committee meetings, through the GM EH&S and the SVP & CAO.

Our Sustainability Team, led by the Sustainability Manager, Stakeholder Relations Manager, is responsible for government relations on climate policy, supporting the implementation of our climate strategy and ESG-focused materiality assessments, ensuring climate-related performance monitoring and reporting is conducted regularly and supporting the development of ESG targets including targets specific to GHG reductions and intensity improvements. The team works collaboratively to ensure relevant climate-related risks and opportunities are discussed at Gibson’s monthly executive team meetings, enterprise risk management discussions and the SESG Committee meetings. The Sustainability Team reports directly on a bi-weekly basis to the SVP & CAO, participates in meetings with the SESG Committee on a bi-monthly basis and at additional status update meetings.

Our internal multi-functional Sustainability Committee includes leads from across Gibson’s main business and support functions. Through collaboration with the CCEWG, the multi-functional committee is responsible for ensuring environmental as well as climate-related risks and opportunities, targets and initiatives are identified and being adequately addressed within the business. The internal Sustainability Committee reports to the SVP & CAO on a half-yearly basis, who ultimately reports to the SESG Committee.

### C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	<b>Provide incentives for the management of climate-related issues</b>	<b>Comment</b>
Row 1	Yes	A meaningful portion of employee compensation is achieved through variable pay components such as our Short Term Incentive Program (STIP), where employees are compensated based on their ability to achieve defined corporate objectives. In 2021, we built on the progress made in 2020 by increasing the STIP weighting tied to ESG

		<p>metrics from 30% in 2020 to 35% in 2021. There are three climate-related performance objectives within the 35% ESG weighting of the total STIP which aims to grow our understanding of renewable energy and energy efficiency opportunities that result in a reduction of Gibson’s emissions as well as potential renewable energy partnerships such as with government and industry peers to contribute to the achievement of Gibson’s 2025 and 2030 Scope 1 and 2 targets. These metrics will help reduce our overall carbon footprint and ensure we remain a low emitter relative to our peers. STIP compensation for both executive and non-executive employees are tied to the same metrics.</p>
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### C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
All employees	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Efficiency project Other (please specify) Renewable energy project	<p>Climate-related performance objectives are included within a 35% weighting of the total STIP to grow the awareness, maturity and effectiveness of our organization on ESG matters, optimize our energy use to help reduce our overall carbon footprint and ensure we remain a low emitter relative to our peers. This includes performance objectives related to completing renewable energy and energy efficiency improvement projects to help achieve our 2025 and 2030 Scope 1 and 2 emissions targets. Another objective is to identify partnerships, such as with renewable energy providers, to achieve additional energy/emissions reductions to meaningfully contribute to our Scope 1 and 2 emissions targets. An additional performance objective is to progress a sanctioned emission reduction and optimization engineering project which was identified in 2020. The 2020 STIP metrics included the completion of engineering studies to identify carbon reduction opportunities. We also include targets to maintain our top performance on third-party sustainability/ESG ratings, which incorporate climate-related considerations and opportunities. This measure helps us continue to increase the awareness among our employees of the overall importance of integrating sustainability into our organization and driving change in our employees, and as a result, our overall business.</p>



Chief Executive Officer (CEO)		Emissions reduction project Emissions reduction target Energy reduction project Efficiency project Other (please specify) Renewable energy project	Approximately 20% of our CEO's compensation is achieved through STIP. Climate-related performance objectives are included within a 35% weighting of the total STIP to grow the awareness, maturity and effectiveness of our organization on ESG matters, optimize our energy use to help reduce our overall carbon footprint and ensure we remain a low emitter relative to our peers. This includes performance objectives related to completing renewable energy and energy efficiency improvement projects to help achieve our 2025 and 2030 Scope 1 and 2 emissions targets. Another objective is to identify partnerships, such as with renewable energy providers, to achieve additional energy/emissions reductions to meaningfully contribute to our Scope 1 and 2 emissions targets. An additional performance objective is to progress a sanctioned emission reduction and optimization engineering project which was identified in 2020. The 2020 STIP metrics included the completion of engineering studies to identify carbon reduction opportunities. We also include targets to maintain our top performance on third-party sustainability/ESG ratings, which incorporate climate-related considerations and opportunities. This measure helps us continue to increase the awareness among our employees of the overall importance of integrating sustainability into our organization and driving change in our employees, and as a result, our overall business.
Corporate executive team	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Efficiency project Other (please specify) Renewable energy project	Approximately 20% of the compensation of our executive team, including the SVP and Chief Financial Officer (CFO), SVP & CAO, SVP O&E and SVP Commercial, is achieved through STIP. Climate-related performance objectives are included within a 35% weighting of the total STIP to grow the awareness, maturity and effectiveness of our organization on ESG matters, optimize our energy use to help reduce our overall carbon footprint and ensure we remain a low emitter relative to our peers. This includes performance objectives related to completing renewable energy and energy efficiency improvement projects to help achieve our 2025 and 2030 Scope 1 and 2 emissions targets. Another objective is to identify partnerships, such as with renewable energy providers, to achieve additional energy/emissions reductions to meaningfully contribute to our Scope 1 and 2 emissions targets. An additional performance objective is to progress a sanctioned emission reduction and optimization engineering project which was identified in 2020. The 2020 STIP metrics included engineering studies to identify carbon reduction opportunities. We also include targets to maintain our top performance on third-party sustainability/ESG ratings, which incorporate climate-related considerations and opportunities. This measure helps us

			increase the awareness among our employees of the overall importance of integrating sustainability into our organization and driving change in our employees, and as a result, our overall business.
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## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

#### C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	2	We define our short-term time horizon to be less than two years.
Medium-term	2	5	We define our medium-term time horizon to be within the range of two to five years.
Long-term	5	20	We define our long-term time horizon to be five years and beyond, which can extend as far as 20 years forward depending on the type and nature of the risk.

#### C2.1b

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

There are a number of factors that Gibson considers when defining a substantive financial or strategic impact on its business. We recognize that Gibson's business can be impacted by many different events and as such, when measuring the impact of a risk, we consider both qualitative and quantitative impacts. These impacts include, but are not limited to, impacts on demand for our products and services, revenue, reputation, access to capital, access to services like insurance, and operating costs. Generally, on a quantitative basis, we classify a risk as capable of having a substantive

financial or strategic impact on our business if that risk can reasonably be expected, in the short- or medium-term, to have a significant effect on our share price, and correspondingly, our market capitalization, by equal to or greater than 10%.

## C2.2

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

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### **Value chain stage(s) covered**

Direct operations  
Upstream  
Downstream

### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

### **Frequency of assessment**

More than once a year

### **Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

### **Description of process**

The process to identify, assess and respond to climate-related risks and opportunities is integrated within our Enterprise Risk Management (ERM) process, which takes place quarterly with a more comprehensive review completed annually. Our ERM process is primarily focused on short- and medium-term risks related to our direct operations as well as our upstream and downstream value chain. Additionally, longer-term risks are also discussed through our ERM process including a focus on our direct operations as well as our upstream and downstream value chain.

We assess each facility's operational risks in detail as part of our OMS risk management process. Our goal is to identify and assess all risks, including climate related risks, that threaten harm to people, the environment, and our assets. Based on the findings of the assessment we then identify, implement, and maintain mitigations to manage our risks to levels that are as low as reasonably practicable. All Operations and Engineering risks are located on a central register, with our highest risks being reviewed monthly by senior officers. These risks are also aggregated into the corporate ERM program to ensure appropriate oversight.

Our executive team revisits historical risks and identifies and defines any new/emerging risks affecting the business, including climate-related risks. The Audit Committee Chair and CEO conduct a review of the identified risks and an update to the Board is provided quarterly. Each identified risk is provided a risk rating based on the likelihood and magnitude of anticipated impact of the risk. Significant risks with the potential to have a substantive financial or strategic impact on our business are identified and, to the extent possible, mitigation plans are put in place. We assign executive risk owners who are responsible for the mitigation plans and provide status updates on the plans quarterly.

Case Study of Transition Risks/Opportunities: As part of our risk process, we identified climate-related legislative and regulatory risks that have the potential to impact our business. Specifically, those included the Canadian Federal Greenhouse Gas Pollution Pricing Act (Federal Backstop), Alberta's Technology Innovation and Emission Reduction (TIER) Regulation and the Saskatchewan Management and Reduction of Greenhouse Gases (Reporting and General) Regulations (MRGGR). Through the risk assessment process, the climate-related legislation set out above was not determined to have a substantive impact on Gibson's business as only our facility in Saskatchewan is considered a large emitter under the applicable provincial legislation and we have met our current emissions reduction requirements. Additionally, to mitigate the potential medium-term risks associated with the Federal Backstop, we elected to voluntarily submit to TIER in respect of several facilities via an "aggregate facility" designation, are regulated by MRGGR legislation and have set company-wide and activity-specific emissions reduction targets that surpass regulatory requirements that apply to Gibson. Finally, to further mitigate these risks, we continue to modernize and optimize our facilities to further reduce our emissions profile.

Case Study of Physical Risks/Opportunities: For every significant project we execute at Gibson, as part of our scope development to support a given business case, we evaluate the potential impacts of the environment on the infrastructure we are designing as well as the potential impacts of the new infrastructure on the environment in return. This includes both quantification of emissions and risks. Our emissions are calculated in accordance with Canadian GHG reporting standards and are included in our GHG modelling to ensure that our activities are aligned with our 2025 and 2030 emissions targets. To ensure that we are capturing risks, risk analysis and a Hazard and Operability Study (HAZOP) are completed to identify, list and rank any potential hazards. Once we have identified all of the potential hazards, we rank them using our Risk Matrix, to identify if the hazard is properly mitigated, or if we need to apply further safeguards to mitigate the risk to an acceptable level.



Any hazards that require further mitigation after completion of project work are entered into our Risk Registers to ensure that progress on further safeguards is monitored and tracked. During this exercise, we routinely evaluate the potential climate-related physical risks that could occur as well as the likelihood of those events happening (1 in 10 years, 1 in 100 years, etc.). An example of a risk that would take climate change into consideration is in the sizing of tank berms and stormwater ponds. We size these based on the volume of storage tankage, in addition to considering a 1 in 100-year weather event such as extreme rainfall. The likelihood of an extreme weather event may be increasing in some areas that are now experiencing increased annual levels of rainfall. This is accounted for in the design and calculations and added to the sizing of the ponds/berms to limit any potential release from containment.

## C2.2a

### (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Current climate-related legislation is relevant and always included in our risk assessment given the risk of increased operating costs for our business, decreased customer demand and adverse reputational impacts. Examples of current climate-related legislation that could directly or indirectly impact our business include the Government of Canada's climate plan "A Healthy Environment and a Healthy Economy", the Clean Fuel Standard, the Federal Backstop, TIER and MRGGR.</p> <p>While none of our facilities are considered large emitters under the Alberta provincial legislation, if we did not participate in these provincial programs or if any substantial changes occur to the existing programs, it could expose Gibson to the carbon tax pursuant to the Federal Backstop, which could, in turn, increase operating business expenses. Additionally, under TIER, facilities are required to be measured against past emissions intensity with a target set at 10% below a baseline level emissions intensity for the facility and then decrease by an additional 1% each year thereafter. As such, Gibson could incur costs to reduce emissions of GHGs through facility improvements as well as emission credits or offsets. To mitigate the potential medium-term risks associated with the Federal Backstop, we elected to voluntarily submit to TIER in respect of several facilities via an "aggregate facility" designation, are regulated by MRGGR legislation and have set corporate wide and business specific emissions intensity reduction targets that surpass the regulatory requirements that apply to Gibson. We also considered that the Government of Canada announced its plan to accelerate climate action in Canada, titled "A Healthy Environment and a Healthy Economy" which proposed an increasing cost on carbon to \$170 per</p>

		<p>tonne in 2030. To reach that level, the carbon price will rise from the 2022 rate of \$50 per tonne by \$15 per tonne each year. The federal government has since confirmed the \$15 per tonne annual increase beginning in 2023, which may have a significant impact on Canadian industry participants including potential impacts on Gibson.</p> <p>Finally, to further mitigate these risks, we continue to modernize and optimize our facilities to further reduce our emissions profile.</p>
Emerging regulation	Relevant, always included	<p>Emerging climate-related regulations are relevant and always included in our risk assessment process given the potential risk of increased operating costs for our business, decreased customer demand and adverse reputational impacts. For example, in the United States, the newly elected Democratic administration has officially rejoined the Paris Agreement and the United States Environmental Protection Agency is working on regulations to limit greenhouse gas emissions within its existing statutory authority under the Clean Air Act. In general, climate change legislation imposes, among other things, costs, restrictions, liabilities and obligations in connection with the handling, use, storage and transportation of crude oil and petroleum products. The complexities of emerging climate-related regulations make it difficult to predict the potential future impact to our business. However, compliance with climate change legislation may require significant expenditures, and it is likely that such legislation could impact the nature of oil and gas operations, including those of our customers, and changing regulation may also impact the future demand of oil and refined products. In addition, changes to such legislation or future legislation may apply to more facilities over time and result in further regulatory requirements that could affect our business.</p>
Technology	Relevant, always included	<p>Technology is relevant and always included in our risk assessment process given the potential risk of increased operating costs for our business and decreased customer demand due to changes in technology. For example, we consider technology advances, like new and improved renewable technology, improvements in the production and longevity of fuel cells and solar, electric and battery-powered engines, as well as other carbon emissions reduction technologies. In the long-term, as such technologies become more accessible and cost effective, there could be changes in customer demand due to the increased capabilities of low-carbon energy sources. These types of technological advances could expose us to a potential decrease in demand for crude oil and petroleum products, which could, in turn, impact revenues. Nevertheless, technology also presents an opportunity for us as we also consider technologies such as higher efficiency furnaces that could potentially help increase the effectiveness of our processes and heat exchangers to capture and use the waste heat in our operations.</p>



Legal	Relevant, always included	Legal actions from climate-related events are relevant and always included in our risk assessment process, given the potential risks on our business from claims. For example, we considered potential litigation that could be targeted against Gibson and the oil and gas industry generally by third parties relating to climate change or climate-related legislation, and the potential risks on operating costs for our business as well as adverse reputational impacts.
Market	Relevant, always included	Market demand for crude oil and petroleum products is relevant and always included in our risk assessment process. For example, we consider how government or regulatory action, climate change mitigation, energy transition and adaptation policies and subsidies could decrease the demand by customers for crude oil and petroleum products and adversely affect the energy industry generally, which could, in turn, have an adverse effect on Gibson's operations, margins, profitability and results.
Reputation	Relevant, always included	We rely on our reputation to be a credible, trusted company, build and maintain positive relationships with our stakeholders and to recruit and retain staff. Reputation is therefore relevant and always included in our risk assessment, as failure to manage our reputation could result in revenue loss, reduction in our customer base and decrease of share price. For example, we considered the risk of deterioration in our ability to meet the increasing climate reporting and emission reduction expectations from our key stakeholders, including customers, investors, government bodies, suppliers and communities. Failure to manage our reputation could result in revenue loss, reduction in our customer base and decrease of share price.
Acute physical	Relevant, always included	Acute physical risks are relevant and always included in our risk assessment, given the potential for such risks to disrupt our operations, damage infrastructure and assets, and adversely impact operations, financial position, liquidity and reputation. For example, we considered extreme weather events such as flooding and the impacts at our Moose Jaw Facility, which is located in a 500-year flood plain. Adverse weather events could result in mechanical malfunctions, faulty measurements or other errors and/or disruptions that could increase operating expenses and reduce revenues.
Chronic physical	Relevant, always included	Chronic physical risks including changes in temperature and precipitation are relevant and always included in our risk assessment, given the potential for such risks to damage infrastructure and assets, adversely impact on our operations, financial position, liquidity and reputation. For example, we consider the possible impacts of soil erosion and earth movement, which may result in mechanical malfunctions, adverse impacts to our operations and reputational impacts.

## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

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**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Market

Changing customer behavior

**Primary potential financial impact**

Other, please specify

Decreased Adjusted EBITDA due to reduced demand for products and services

**Company-specific description**

We conducted climate-scenario analysis using the Sustainable Development Scenario (SDS) and the Stated Policies Scenario (STEPS) from the International Energy Agency (IEA) to examine Gibson's resiliency to climate-related risks.

The world is moving towards decarbonization and is setting climate-related targets to limit global warming. Under the SDS, this trend becomes



more relevant where Gibson operates. The oil and gas industry is directly affected by these climate-related targets as new, low-carbon energy sources become increasingly desirable, affordable and accessible, while government incentives and policies will also play a critical role in influencing the energy demand.

Under the SDS, there is limited expansion of existing projects and a decrease of investment into new oilfield development projects. Based on these assumptions, those changes would result in a decrease in oil supply, often known as throughput, for Gibson's Storage and Handling operations.

Many of Gibson's products from our Moose Jaw Facility are primarily non-combustible or intermediate products and their demand is not expected to decrease under any of the scenarios and may even be strengthened. However, demand for drilling fluids and light oil ends products produced at Moose Jaw may decrease under the SDS scenario.

**Time horizon**

Medium-term

**Likelihood**

Unlikely

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

60,000,000

### **Explanation of financial impact figure**

A significant portion of Gibson's Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) and our Canadian operations are tied to the oilsands, while Gibson's US operations are related to non-oilsands crude production. When reviewing the IEA's SDS and STEPS scenarios, we assessed the financial impacts of both scenarios on our businesses in Canada and the US. To identify the potential financial impact figure, we modelled the financial impact of the expected decline of oil supply under the SDS scenario and considered our current contract structure and the impact on our revenue over the long term. The modelling results indicated that under the SDS scenario, the maximum potential financial impact due to this risk may be a decrease of approximately \$60,000,000 in our Adjusted EBITDA by 2025 compared to our 2020 Adjusted EBITDA. This maximum impact assumes that the conditions under the SDS scenario are realized where crude oil production declines globally, with oil sands declining by more than a third by 2040. On the low end, we would expect no change to our Adjusted EBITDA under the STEPS scenario. The potential financial impact on our Adjusted EBITDA is therefore estimated to be in the range of \$0 to \$60,000,000.

### **Cost of response to risk**

2,200,000

### **Description of response and explanation of cost calculation**

#### Response Explanation

While this risk could have a significant impact on our business if it were to occur, our current contract structure is comprised of 80% take-or-pay and long-term contracts and we believe this structure offers revenue stability and resiliency under both the SDS and STEPS scenarios. To mitigate this risk, we continue to educate our employees and leaders on the changing environment and the increasing focus on decarbonization. We continue to monitor changes in markets and have set up internal committees and working group to proactively identify any developments that could have a significant impact on our business and operations. We will continue working with our customers to maintain and/or increase our long-term and take-or-pay contracts as these types of agreements are the most stable and resilient in the face of production changes. Additionally, we will continually monitor our internal climate scenario signposts to identify changes in the likelihood of the risk and proactively mitigate it.

#### Case Study

We mitigate our potential exposure to this risk of decreased demand for oil-related products and services by considering opportunities to support the future transition to an increase in demand for low-carbon and renewable products. As renewable fuel regulations continue to emerge, such as the Clean Fuel Standard, there will likely be an increase in the demand for low carbon fuels and renewable fuel blends. Our

strategy includes reviewing opportunities to expand our business through the energy transition and offer products and services for the storage and blending of renewable fuels.

#### Explanation of Cost Calculation

The cost of managing this risk is approximately \$2,200,000 which includes the approximate cost to commit sufficient resources internally to review and manage contracts as well as identify new business opportunities to ensure Gibson's operations continue to be resilient throughout the energy transition in the face of changing expectations of the oil and gas industry. This also includes the costs related to a renewable energy-related front end engineering design (FEED) study that was conducted, as well as the development of a decarbonization roadmap. Please note that these are near-term, immediate costs and at this time do not necessarily represent future costs that have yet to be ascertained as we continue to monitor this risk.

#### Comment

Although Gibson uses the above noted criteria to measure substantive financial or strategic impact on a quantitative basis, the potential financial impacts and costs set out herein are estimates based on management's assumptions and reasonable expectations and, by their nature, are "forward looking information". No assurances can be given that any of these estimates will prove to be correct and therefore, should not be unduly relied upon, are subject to change and the impact of events, in addition to environmental, including climate-related, matters, outside of Gibson's control and other risks associated with Gibson's business and operations. Any such changes may be material. Gibson disclaims any obligation to update or revise these estimates whether as a result of new information or future events. For more information on these estimates, assumptions, expectations and risks inherent in Gibson's business, please see the information set out under the heading "Further Information" below, which expressly qualifies the preceding information in its entirety.

While the SDS and STEPS scenarios offer potential outlooks for the energy future, it is difficult to predict how the future may unfold and the potential outlooks under SDS and STEPS may not be an accurate representation of what will or should occur in the future. By considering these scenarios, we were able to stress test the resilience of our business over a range of different potential outcomes, including the lower probability, higher consequence set of assumptions under the SDS.

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#### Identifier

Risk 2

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Emerging regulation

Carbon pricing mechanisms

**Primary potential financial impact**

Increased indirect (operating) costs

**Company-specific description**

Gibson operates in Alberta and Saskatchewan where the Federal Carbon Pricing Backstop (Federal Backstop) is applied by the Government of Canada in both provinces. In Alberta, we elected to voluntarily participate in TIER under the aggregate program and in Saskatchewan we are regulated by MRGGR legislation. The political landscape in Alberta and Canada are ever-changing with elections scheduled to take place every 4 years. With changes in government come new policies developed and introduced related to GHG emissions. Carbon taxation systems have recently been introduced, modified, and repealed including the implementation of the carbon tax, the development of the Clean Fuel Standard and changing regulations regarding the Federal Backstop which currently applies to a significant portion of Gibson's business and operations. The federal government has confirmed that the minimum carbon price will increase by \$15 per tonne annually starting in 2023 through to 2030, which may have a significant impact on Canadian industry participants, including potential impact on Gibson.

With the recent Supreme Court of Canada decision which upholds the federal government's national carbon tax, we foresee changes to the regulatory landscape which will include higher pricing for carbon, increased energy efficiency standards, energy and emissions reduction targets and promotion of alternative fuel technologies and carbon capture, utilization and storage. These changes may result in increased operating costs in the event we are no longer regulated under TIER and MRGGR or equivalent programs and therefore become exposed to the Federal Backstop, as well as increased costs to maintain compliance under the carbon taxation systems regulating Gibson's operations.

**Time horizon**

Long-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

3,500,000

**Potential financial impact figure – maximum (currency)**

15,000,000

**Explanation of financial impact figure**

The financial impact of \$3,500,000 to \$15,000,000 represents the minimum and maximum amounts of annual carbon tax compliance obligations we may incur annually to 2040 if we were no longer regulated under TIER and MRGGR, or equivalent programs, and become exposed to the Federal Backstop. This impact assumes the carbon price increases to \$170 per tonne by 2030 and remains at that price to 2040, and that Gibson is solely responsible for paying the carbon tax on all of our regulated Scope 1 Processing emissions for our current and planned business. The majority of this compliance cost is primarily driven by our processing facilities in Saskatchewan (Moose Jaw Facility) and Alberta (including the Diluent Recovery Unit which will begin operation in mid-2021, the Hardisty Fractionator and Custom Treater).

Gibson's current carbon footprint is relatively small and as of the 2020 reporting year is primarily made up of our Moose Jaw Facility in Saskatchewan, which accounts for 76% of our overall Scope 1 emissions in 2020. Despite the carbon price expected to go up to \$170 per tonne by 2030, our compliance obligation are expected to further decrease due to the relatively low footprint of our operations and the voluntary and meaningful emissions targets we have in place to achieve over the next 5 to 10 years.

**Cost of response to risk**

600,000

**Description of response and explanation of cost calculation**

#### Response Explanation

Gibson monitors potential regulations related to GHG emissions, reporting, and pricing through our CCEWG, which is an internal, multi-disciplinary committee that provides strategic guidance on issues related to climate change and emissions. The CCEWG has representation from operations and engineering, commercial, EH&S, supply chain, government relations, tax, sustainability and Gibson's executive leadership team. The group is responsible for maintaining an enterprise-wide emissions model to inform our climate targets, identifying and screening emissions reduction initiatives and energy improvements at all assets and reviewing climate-related policy opportunities and risks. Gibson proactively works with governments in understanding the development and implementation of these policies to ensure our business and operations are resilient in the face of changing legislation. We engage a third-party Government Relations team to monitor relevant regulation changes. Our strategy to mitigate our potential exposure to carbon tax compliance obligations also includes reducing our emissions profile through the investigation and implementation of energy efficiency and emissions reduction opportunities.

#### Case Study

As an example, we identified an opportunity for our Moose Jaw Facility to switch from a feedstock-based fuel supply to natural gas, which would result in an estimated Scope 1 reduction of approximately 5,000 tCO<sub>2</sub>e/year (absolute net of production expansion emissions), while simultaneously increasing production from 22,500 barrels per day (bpd) to 24,000 bpd. For more information on this project, please refer to C2.4a Opp1.

#### Explanation of Cost Calculation

The average annual cost of managing this risk is \$600,000 which includes costs related to: voluntary quantification and verification of our company-wide GHG emissions, including our regulated facilities, an effort that strengthens our resilience in the face of potential regulatory changes; monitoring any regulatory changes at all levels of government in Canada; internal resources for our CCEWG; development of absolute and intensity emissions reduction targets to voluntarily reduce our emissions beyond mandated thresholds; and development of internal climate signposts and participation in industry focus groups. Please note that these are near-term, immediate costs and at this time do not necessarily represent future costs that have yet to be ascertained as we continue to monitor this risk.

#### Comment

Although Gibson uses the above noted criteria to measure substantive financial or strategic impact on a quantitative basis, the potential financial impacts and costs set out herein are estimates based on management's assumptions and reasonable expectations and, by their nature, are "forward looking information". No assurances can be given that any of these estimates will prove to be correct and therefore, should not be unduly relied upon, are subject to change and the impact of events, in addition to environmental, including climate-related, matters, outside of



Gibson's control and other risks associated with Gibson's business and operations. Any such changes may be material. Gibson disclaims any obligation to update or revise these estimates whether as a result of new information or future events. For more information on these estimates, assumptions, expectations and risks inherent in Gibson's business, please see the information set out under the heading "Further Information" below, which expressly qualifies the preceding information in its entirety.

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**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Reputation

Stigmatization of sector

**Primary potential financial impact**

Other, please specify

Negative impact to market capitalization

**Company-specific description**

With increasing public focus on climate change and GHG emissions, the reputation of oil and gas companies may become increasingly unfavourable. There are added social pressures which demand governments and companies work to mitigate the risks associated with climate change, decrease GHG emissions and move towards decarbonization.

Investors are looking to incorporate sustainability and ESG considerations as part of their portfolios, with trillions of dollars in assets under management having specific goals to support the goal of net zero GHG emissions by 2050 or sooner. The continued focus on climate change by investors may lead to higher costs of capital for Gibson as the pressure to reduce emissions increases, which could impact Gibson's market capitalization. We recognize that Gibson's ability to adapt and succeed in a lower-carbon economy will be compared against our peers and beyond. Investors and stakeholders increasingly compare companies based on ESG-related performance, including climate-related



performance. Failure by Gibson to achieve our ESG targets, or a perception among key stakeholders that our ESG targets are insufficient, could adversely affect, among other things, our reputation and ability to attract capital.

While this is a possibility, Gibson has been actively preparing and adapting to manage and respond to investors' increasing expectations by proactively setting voluntary GHG and emissions reduction targets, investing in energy efficiency and emissions reduction projects, integrating ESG across the business and tying our borrowing costs and employee compensation to our ESG performance.

**Time horizon**

Medium-term

**Likelihood**

Unlikely

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

0

**Potential financial impact figure – maximum (currency)**

350,000,000

**Explanation of financial impact figure**

The potential financial impact of this risk on Gibson's current market capitalization (approximately \$3.54 billion) over the next 20 years to 2040 is estimated to be up to approximately \$350,000,000. This estimate assumes that the impact would occur over the next 20 years and that the total maximum loss of market capitalization due to stigmatization of the sector may be up to 10%. The range was selected based on the IEA's



suggestion that the impact of future tightening of climate policies may see a similar impact as the recent loss in market capitalization of oil and gas companies due to the COVID-19 pandemic. The high end of the range is aligned to the approximate 10% reduction in market capitalization experienced by Gibson versus prior to the pandemic. We estimate the potential financial impact could be in this range should we fail to meet the expectations of our key stakeholders.

**Cost of response to risk**

1,140,000

**Description of response and explanation of cost calculation**

Response Explanation

To mitigate this reputational risk, Gibson has taken proactive steps to establish appropriate governance structures and further integrate ESG and climate-related considerations and opportunities throughout our business, which begins with strong climate-related oversight. ESG-related committees exist throughout Gibson, starting with our SESG Committee that has direct responsibility for governance of climate-related issues including reputational risk as well as climate change, energy transition, air and GHG emissions, emissions reduction technologies, carbon pricing and significant legislative and regulatory changes. We also continue to prioritize investment in low-carbon initiatives and investigate opportunities to provide renewable products and services to further demonstrate our commitment to contribute to a lower carbon future.

Case Study

We set voluntary ESG targets with a focus on Scope 1 and 2 absolute and intensity reductions, which have been linked to a portion of employee compensation. Climate-related performance objectives are included within a 35% weighting of the total STIP to grow the awareness, maturity and effectiveness of our organization on ESG matters, optimize our energy use to help reduce our overall carbon footprint and ensure we remain a low emitter relative to peers. Additionally, we were the first energy company in North America to have linked our performance towards our ESG targets to a revolving credit facility to show our commitment to being a responsible operator. Gibson also actively provides sustainability reporting to accepted frameworks like CDP and the Task Force on Climate-related Financial Disclosure (TCFD), among other initiatives. We are developing a 3-to-5-year ESG roadmap with additional KPIs and impact assessments. Because of these efforts, we have maintained a higher ESG performance based on third-party rating organizations than many of our peers.

Explanation of Cost Calculation

The estimated annual cost of managing this risk is \$1,140,000 which includes: committing sufficient resources internally to ESG and sustainability initiatives; leveraging external consultants to support our climate strategy, government relations and voluntary disclosures; and

travel costs for ESG-related engagement during investor meetings. Please note that these are near-term, immediate costs and at this time do not necessarily represent future costs that have yet to be ascertained as we continue to monitor this risk.

### **Comment**

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While the SDS and STEPS scenarios offer potential outlooks for the energy future, it is difficult to predict how the future may unfold and the potential outlooks under SDS and STEPS may not be an accurate representation of what will or should occur in the future. By considering these scenarios, we were able to stress test the resilience of our business over a range of different potential outcomes, including the lower probability, higher consequence set of assumptions under the SDS.

## **C2.4**

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### **C2.4a**

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Other, please specify

Energy efficiency in production processes (fuel switch)

**Primary potential financial impact**

Increased revenues resulting from increased production capacity

**Company-specific description**

We have identified the opportunity for our Moose Jaw Facility to switch from a feedstock-based fuel supply to natural gas, which would result in an estimated Scope 1 reduction of approximately 5,000 tCO<sub>2</sub>e/year (absolute net of production expansion emissions), while simultaneously increasing production from 22,500 barrels per day (bpd) to 24,000 bpd. This project builds on the earlier emissions intensity reduction projects we have implemented at our Moose Jaw Facility. In the 2020 reporting year, the Board approved this initiative to be implemented and allocated capital within Gibson's 2021 budget to realize this opportunity. Work on this project has commenced.

Our Moose Jaw Facility is currently the largest contributor towards our total overall Scope 1 emissions in 2020, so we have prioritized opportunities to further optimize and improve its emissions profile to ensure we meet our stated emission reductions targets. However, there is also the opportunity for us to explore additional fuel switching projects across other facilities and further improve the efficiency and emissions profile of our operations.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

9,500,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The financial impact of up to \$9,500,000 per year is based on the additional profit we estimate from our Moose Jaw Facility as a result of implementing the fuel switching project. As this opportunity results in increased production capacity, while also leading to a reduction in Scope 1 GHG emissions, the potential financial impact figure results in a proportionate increase in our profit margin at Moose Jaw.

**Cost to realize opportunity**

19,200,000

**Strategy to realize opportunity and explanation of cost calculation**

Strategy Explanation

Gibson invests in low carbon research and development with a focus on identifying opportunities to invest in new or emerging proven technologies to lower our emissions footprint, including through improvements to our infrastructure and operations efficiency. We regularly conduct engineering and efficiency studies to determine the GHG and air emissions reduction potential of new and emerging technologies. These reviews influence our project development strategy on an ongoing basis as a key part of our corporate strategy and are included as part of our STIP metrics for all employees. Climate-related performance objectives are included within a 35% weighting of the total STIP and include

performance objectives related to completing renewable energy and energy efficiency improvement projects to help achieve our 2025 and 2030 Scope 1 and 2 emissions targets.

#### Explanation of Cost Calculation

The one-time cost to realize this fuel switching opportunity at our Moose Jaw Facility is \$19,200,000, which includes the fuel switching project included alongside the facilities expansion project (capacity increase from 22,500 bpd to 24,000 bpd). The combination of these projects enables us to benefit from the synergies of required equipment, construction logistics, and incremental NGL production. We will continue to investigate opportunities to implement similar projects at other facilities.

#### Comment

Although Gibson uses the above noted criteria to measure substantive financial or strategic impact on a quantitative basis, the potential financial impacts and costs set out herein are estimates based on management's assumptions and reasonable expectations and, by their nature, are "forward looking information". No assurances can be given that any of these estimates will prove to be correct and therefore, should not be unduly relied upon, are subject to change and the impact of events, in addition to environmental, including climate-related, matters, outside of Gibson's control and other risks associated with Gibson's business and operations. Any such changes may be material. Gibson disclaims any obligation to update or revise these estimates whether as a result of new information or future events. For more information on these estimates, assumptions, expectations and risks inherent in Gibson's business, please see the information set out under the heading "Further Information" below, which expressly qualifies the preceding information in its entirety.

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#### Identifier

Opp2

#### Where in the value chain does the opportunity occur?

Direct operations

#### Opportunity type

Energy source

#### Primary climate-related opportunity driver

Use of lower-emission sources of energy

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Gibson is investigating how we can leverage renewable technology in our operations to enable us to reduce the consumption of non-renewable energy for a portion of our assets. The ability to deploy renewable technology, specifically solar power generation, will not only decrease our consumption of non-renewable power and contribute to the achievement of our 2025 and 2030 absolute and intensity emissions targets, but can enable us to contribute to the decarbonization of the power grid. This opportunity is currently being explored for our Moose Jaw Facility as Saskatchewan is an ideal location for solar power due to access to open land areas and high potential for solar exposure. We are continuing to investigate opportunities to implement renewable energy technologies across our operations in other regions, including the US. Additionally, in the future there may be the opportunity to incorporate battery storage with the solar power generation which may enable us to export any excess electricity generated to help contribute to the decarbonization of the grid.

**Time horizon**

Short-term

**Likelihood**

Unlikely

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

320,000

**Potential financial impact figure – minimum (currency)**

### **Potential financial impact figure – maximum (currency)**

#### **Explanation of financial impact figure**

By deploying solar panels to generate electricity at our Moose Jaw Facility, there would be a reduction in operating costs from the decrease in electricity we would need to purchase from the grid to power our operations. If we were to install solar panels at our Moose Jaw with 1.5-2 MWh of peak instantaneous real-world power generation, this would offset approximately 20-30% of the electricity required to power the facility. A decrease of up to 30% of the current amount of electricity we purchase at Moose Jaw would lead to an annual operating cost savings of up to \$400,000. However, we estimate there would be an annual operational expenditure of \$60,000 related to the solar panels. Therefore, we estimate the potential financial impact may be up to \$320,000 per year.

#### **Cost to realize opportunity**

4,000,000

#### **Strategy to realize opportunity and explanation of cost calculation**

##### Strategy Explanation

Our strategy to realize this opportunity includes incentivizing the investigation of renewable energy opportunities as part of our STIP metrics for all employees and providing sufficient resources internally to support the deployment of renewable projects. Climate-related performance objectives are included within a 35% weighting of the total STIP and include performance objectives related to completing renewable energy and energy efficiency improvement projects to help achieve our 2025 and 2030 Scope 1 and 2 emissions targets. Another objective is to identify partnerships, such as with renewable energy providers, to further achieve additional energy/emissions reductions to meaningfully contribute to our emissions targets.

##### Explanation of Cost Calculation

The one-time potential capital expenditure of \$4,000,000 required to realize this opportunity includes the estimated cost to set up solar power generation capabilities at our Moose Jaw Facility for 1.5-2 MWh of peak instantaneous real-world power generation, which would offset approximately 20-30% of electricity required to power the facility. This includes the cost to install solar panels, as well as power lines and tie-in to existing power infrastructure at the facility. This opportunity is still in the early stages of investigation, and we may find that it is more feasible to enter into a Power Purchase Agreement (PPA) with a renewable electricity provider to power our operations. Overall, given the investment

required to realize this opportunity and the current economic environment, we are uncertain whether we will proceed with this opportunity or not but will continue to work to improve the economics to ensure we maintain our fiscal responsibility as a company.

### **Comment**

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### **Identifier**

Opp3

### **Where in the value chain does the opportunity occur?**

Direct operations

### **Opportunity type**

Resource efficiency

### **Primary climate-related opportunity driver**

Other, please specify

Deployment of emissions reduction technology

### **Primary potential financial impact**

Reduced direct costs

### **Company-specific description**



As an oil infrastructure company focused on Storage and Handling, Gibson believes there is an opportunity to deploy carbon capture, utilization, and storage (CCUS) technology as a possible means of achieving our absolute and intensity targets while doing our part to be a responsible operator. We are in the early stages of investigating the applicability of leveraging CCUS as a potential solution for reducing atmospheric CO2 levels emitted from our operations and are evaluating the possibility of deploying this technology at our Moose Jaw Facility, as this facility currently makes up 76% of Gibson's 2020 Scope 1 GHG emissions.

**Time horizon**

Long-term

**Likelihood**

Unlikely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

1,900,000

**Potential financial impact figure – maximum (currency)**

8,000,000

**Explanation of financial impact figure**

We estimated the financial impact as a reduction in direct costs due to lower carbon tax obligations as a result of implementing CCUS at our Moose Jaw Facility. The potential financial impacts were derived by using Shell's Quest project offset credits calculation methodology as it is the best available data relevant to CCUS technology and deployment. We assume that the carbon offset price is the same as the carbon tax in a given year. Additionally, the financial impact figure is based on the assumption that the CCUS technology captures 90% of Gibson's 2020

Scope 1 GHG emissions for the Moose Jaw Facility (52,585 tCO<sub>2</sub>e total in 2020) multiplied by \$40/tonne (the 2021 carbon tax) to derive the low end of the estimate and \$170/tonne (the potential upper limit of the carbon tax) to estimate the high end. At the low end, the potential direct cost reduction related to decreased carbon tax obligations is estimated at \$1,900,000 per year and at the high end is estimated at \$8,000,000 per year. This impact assumes that all of our emissions at Moose Jaw would be subject to the carbon pricing under the Federal Backstop in the event that the facility is no longer regulated by the Saskatchewan Output-Based Pricing System (OBPS).

### **Cost to realize opportunity**

150,000,000

### **Strategy to realize opportunity and explanation of cost calculation**

#### Strategy Explanation

To realize this opportunity, investment in new infrastructure would have to occur and/or existing assets and infrastructure would have to be repurposed, which places this opportunity on a long-term time horizon.

Given the investment required to realize this opportunity at this time and the current economic environment, Gibson would require a partnership with an industry peer and/or government funding to make a potential CCUS project economically feasible to ensure we maintain our fiscal responsibility as a company. We continue to identify funding opportunities and engage with potential partners to explore joint venture options to collaborate on carbon capture and emissions reductions opportunities.

#### Explanation of Cost Calculation

We estimate the one-time cost to implement CCUS at our Moose Jaw Facility for example would be approximately \$150,000,000 based on the approximate cost required to build the Shell Quest Facility, as well as estimates Intergovernmental Panel on Climate Change 2018. This estimate includes the cost to build carbon capture infrastructure but does not include the storage and handling costs.

### **Comment**

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assumptions, expectations and risks inherent in Gibson's business, please see the information set out under the heading "Further Information" below, which expressly qualifies the preceding information in its entirety.

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**Identifier**

Opp4

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Ability to diversify business activities

**Primary potential financial impact**

Other, please specify

Increased Adjusted EBITDA resulting from increased demand for products and services

**Company-specific description**

Throughout 2020, Gibson investigated the opportunity to diversify our business activities to offer products and services for the blending and storage of renewable fuels. In early 2021, we announced a long-term agreement with our customer Suncor Energy Inc. ("Suncor") for services at Gibson's Edmonton Terminal and the related sanction of an expansion to support the blending and loading of third-party biofuels for Suncor. The additional infrastructure for the Biofuels Blending Project will be used to facilitate the storage, blending and transportation of renewable diesel. The project will contribute to at least half of our 2021 growth capital expenditures being ESG positive.

We believe there is an opportunity to further expand our offerings of renewable products and services at our Edmonton facility.

**Time horizon**

Long-term



**Likelihood**

About as likely as not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

6,000,000

**Potential financial impact figure – maximum (currency)**

15,000,000

**Explanation of financial impact figure**

If we were to build additional infrastructure at our Edmonton facility to support increased demand for the blending, storage and transportation of renewable fuels, we would expect to see an increase in our revenue. We estimate an additional increase to our Adjusted EBITDA of up to approximately \$6,000,000 to \$15,000,000 per year at rates of return consistent with Gibson's 5x to 7x EBITDA build multiple target range for contracted, long-term infrastructure projects.

**Cost to realize opportunity**

60,000,000

**Strategy to realize opportunity and explanation of cost calculation**

Strategy Explanation

As the world transitions to lower carbon energy sources, there are opportunities for Gibson to support our customers in meeting these needs through our asset base. Gibson believes our asset base can help support the energy transition and the changing needs of our customers while providing attractive growth opportunities for Gibson. As such, the strategy to realize this opportunity is to continue the construction of this project

at our Edmonton facility which to date remains on schedule and on budget.

#### Explanation of Cost Calculation

We estimate that the cost to realize this opportunity would be in the range of approximately \$40,000,000-\$80,000,000, and we have indicated \$60,000,000 in the "Cost to realize opportunity" column as the midpoint of this range. This range includes the internal costs and capital costs required to implement additional renewable infrastructure at our Edmonton facility. The capital cost to realize this opportunity is presented as a range as this would depend on the specific agreements made with customers and the types of infrastructure required.

#### Comment

Although Gibson uses the above noted criteria to measure substantive financial or strategic impact on a quantitative basis, the potential financial impacts and costs set out herein are estimates based on management's assumptions and reasonable expectations and, by their nature, are "forward looking information". No assurances can be given that any of these estimates will prove to be correct and therefore, should not be unduly relied upon, are subject to change and the impact of events, in addition to environmental, including climate-related, matters, outside of Gibson's control and other risks associated with Gibson's business and operations. Any such changes may be material. Gibson disclaims any obligation to update or revise these estimates whether as a result of new information or future events. For more information on these estimates, assumptions, expectations and risks inherent in Gibson's business, please see the information set out under the heading "Further Information" below, which expressly qualifies the preceding information in its entirety.

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#### Identifier

Opp5

#### Where in the value chain does the opportunity occur?

Direct operations

#### Opportunity type

Products and services

#### Primary climate-related opportunity driver

Ability to diversify business activities

**Primary potential financial impact**

Other, please specify

Increased Adjusted EBITDA resulting from increased demand for products and services

**Company-specific description**

As a midstream storage and infrastructure-focused company, Gibson is in an advantageous position to expand our business to meet the demand for products and services that are required as we transition to a lower carbon future. While the global energy picture is highly uncertain, what is clear is that global climate change-minded initiatives will impact energy demand and the forms of energy, thereby creating an increased stakeholder focus on low emissions performance and opportunities. Renewable fuel regulations continue to emerge, such as the Clean Fuel Standard, which will likely cause an increase in the demand for low carbon fuels and renewable fuel blends, such as renewable diesel and sustainable aviation fuel.

Gibson has the opportunity to diversify our business activities to offer products and services to additional customers, such as for the blending and storage of renewable fuels. For example, we are exploring the potential to build a biofuels facility and further expand our product offerings. However, pursuing this opportunity would be dependant on the demand from customers and meeting our internal return hurdles. We believe that through this type of opportunity, Gibson can demonstrate how we are supporting the energy transition and the changing needs of our customers, while partnering with customers to help achieve their low-carbon fuel goals.

**Time horizon**

Long-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

75,000,000

**Potential financial impact figure – maximum (currency)**

100,000,000

**Explanation of financial impact figure**

By pursuing an opportunity related to renewable products and services, such as building a facility to support the production of biofuels, we estimate that the impact may be a potential increase to our Adjusted EBITDA of up to approximately \$75,000,000 to \$100,000,000 per year at rates of return consistent with Gibson's 5x to 7x EBITDA build multiple target range for contracted, long-term infrastructure projects.

**Cost to realize opportunity**

500,000,000

**Strategy to realize opportunity and explanation of cost calculation**

Strategy Explanation

Our strategy to realize this opportunity includes holding regular discussions with current and potential customers on renewable opportunities, such as to build additional storage tanks and distribution infrastructure for low carbon and renewable fuels. Our commercial team has an internal working committee that meets bi-weekly to discuss priorities for engaging with customers on climate-related issues such as biofuels and renewable energy opportunities. Through our commercial working group, we regularly host both formal and informal conversations with our customers to identify opportunities where we can supplement customers' strategies and longer-term climate-related ambitions through renewable products and services. Additionally, we continue to investigate the potential to collaborate with other stakeholders, including all levels of government within Canada, in order to ensure such opportunities are successful.

Explanation of Cost Calculation

We estimate that the capital cost to realize the opportunity to build a facility to support the production of biofuels may be up to approximately \$500,000,000. The cost to realize this opportunity is irrespective of any potential partnership or funding opportunities and may vary depending on the specific agreements made with customers, any engineering studies required and the type of facility constructed.

**Comment**



Although Gibson uses the above noted criteria to measure substantive financial or strategic impact on a quantitative basis, the potential financial impacts and costs set out herein are estimates based on management's assumptions and reasonable expectations and, by their nature, are "forward looking information". No assurances can be given that any of these estimates will prove to be correct and therefore, should not be unduly relied upon, are subject to change and the impact of events, in addition to environmental, including climate-related, matters, outside of Gibson's control and other risks associated with Gibson's business and operations. Any such changes may be material. Gibson disclaims any obligation to update or revise these estimates whether as a result of new information or future events. For more information on these estimates, assumptions, expectations and risks inherent in Gibson's business, please see the information set out under the heading "Further Information" below, which expressly qualifies the preceding information in its entirety.

### C3. Business Strategy

#### C3.1

**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes

#### C3.1b

**(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?**

	Intention to publish a low-carbon transition plan	Comment
Row 1	No, we do not intend to publish a low-carbon transition plan in the next two years	

#### C3.2

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative and quantitative

## C3.2a

### (C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
<p>IEA Sustainable development scenario Other, please specify IEA Stated Policies Scenario (STEPS)</p>	<p>We conducted climate-related scenario analysis using the Sustainable Development Scenario (SDS) and the Stated Policies Scenario (STEPS) from the IEA World Energy Outlook. These were selected based on TCFD recommendations, as well as their focus on climate information, transition and physical risks relevant to our operations and widespread use and understanding by the energy industry. STEPS is forecast based on existing climate action developments and policies enacted globally as of mid-2020, and assumes the global economy returns to pre-pandemic GDP in 2021 and that the Paris Agreement goals are not achieved. The SDS assumptions are based on a backcast scenario of what must occur to meet the Paris Agreement goals. Under the SDS, the UN Sustainable Development Goals on energy and air quality are met. We performed a more comprehensive analysis into how these two IEA scenarios would impact Canadian and US markets where the scenarios did not offer specific insight to these geographies. Both STEPS and SDS have a time horizon from 2020-2040 which is a relevant timeline for Gibson as it allows for long-term planning on energy outlook and economic growth. We performed financial modeling under the two scenarios which exceeds our current 3-5 year risk planning process for our ERM. The scenario analysis considered Gibson’s Canadian and US pipelines, terminals, refining and upgrading assets and marketing business. Our methods relied on engaging internal stakeholders via interviews and results syndication to ensure many perspectives and business areas were reviewed.</p> <p>The scenario analysis results allowed us to identify several risks and opportunities to our business. While STEPS is likely lower risk to Gibson’s current operations and assets, the faster and more decarbonized future under the SDS would have a greater impact on our existing business. The potential risks identified include: decrease in product demand and feedstock reducing the utilization of our assets; potential exceedingly strict environmental regulations or high carbon pricing for the oil and gas industry may hinder ongoing business; and stigmatization of the sector and investor pressures adversely affecting our reputation and ability to attract capital. Under each scenario, we reviewed Gibson’s advantageous position as a midstream company that has strategically located operations and long-term contracts in place with customers. While there could be a risk of decreased demand, we do not believe this would be material to Gibson as most of our contracts are medium to long-term and not structured based on volume of product transported. This work has informed our strategy by including climate scenario analysis as part of our</p>



	<p>financial modeling that guides our short, medium, and long-term planning, and has also allowed us to explore opportunities to mitigate potential climate-related risks and ensure the resiliency of our business in the future.</p> <p>We believe our strategy is resilient under these scenarios and actively monitor it to adapt to market changes, while recognizing the different views of the future represented through scenarios and their uncertainties. The scenario analysis revealed material risks under the SDS scenario, and we are strengthening our governance and using scenarios as a basis for continuous monitoring and strategy adjustment. We are following TCFD guidance and plan to publish an external TCFD-aligned report in late 2021. We are also creating, updating and reviewing climate signposts for horizon scanning of changes in climate-related regulation, technology and consumer demand. The signposts support our process in identifying which scenario is unfolding and potential risks/opportunities. The scenario analysis also supports the identification of business development opportunities we may further explore to maintain our resiliency under a rapidly decarbonizing world.</p> <p>See C15 for Gibson’s views on the use of the IEA’s scenarios titled IEA Scenario Usage.</p>
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### C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>Climate-related risks and opportunities have influenced our products and services strategy, particularly with respect to renewable storage products and services. As renewable fuel regulations continue to emerge, such as the Clean Fuel Standard, there will likely be an increase in the demand for low carbon fuels and renewable fuel blends. This has influenced our strategy by considering opportunities to expand our business through the energy transition and offer products and services for the storage and blending of renewable fuels.</p> <p>To deploy this strategy, in 2020 we held discussions with current and potential customers on opportunities to build additional storage tanks and distribution infrastructure for renewable products. In</p>



		<p>early 2021, we announced a long-term agreement with our customer Suncor Energy Inc. (“Suncor”) for services at Gibson’s Edmonton Terminal and the related sanction of an expansion to support the blending and loading of third-party biofuels for Suncor. The additional infrastructure for the Biofuels Blending Project will be used to facilitate the storage, blending and transportation of renewable diesel. The project will contribute to at least half of our 2021 growth capital expenditures being ESG positive. The time horizon for our strategy on renewable products and services covers the next 5-10 years.</p>
<p>Supply chain and/or value chain</p>	<p>Yes</p>	<p>As part of our commitment to operating a responsible business, we believe that we can help mitigate climate-related risks throughout our value chain by engaging suppliers on climate-related topics. Through our sustainable procurement strategy, we have identified several opportunities to gather climate-related information from our suppliers, ensure our suppliers understand our carbon management expectations and encourage suppliers to improve their environmental and climate-related performance.</p> <p>As part of this strategy, in 2020 we developed a Supplier Code of Conduct and Ethics (the “Supplier Code”), which outlines our expectations of suppliers and their commitment to environmental responsibility and the management of carbon emissions, among other topics, and encourages suppliers to seek opportunities to improve their environmental and climate-related performance. We implemented the Supplier Code in 2021 in which suppliers must agree to and adhere to as part of our sustainable procurement approach for the supplier contracting, compliance and onboarding program. In 2020, we also saw an opportunity to further integrate ESG considerations into our request for proposals (RFP) process by requiring all proponents to complete a sustainability and ESG questionnaire, which asks for information on ESG practices and performance, including climate-related topics such as air and GHG emissions and climate-related strategy. The Sustainability and ESG section holds a minimum of 5% weighting of the overall supplier selection criteria for evaluating all RFP’s. In the future, Gibson also intends to engage with suppliers to provide guidance on improving their sustainability and climate-related disclosure so they better understand any potential risks and opportunities they may face, and in turn we can collaboratively work to address the potential impacts throughout the value chain.</p> <p>The time horizon for our sustainable procurement strategy is for the next 2 years, at which point we</p>



		<p>plan to review and make any additional updates to our supplier expectations. We also review the ESG questions in our RFP and supplier pre-qualification processes on an annual basis to ensure we continue to evolve and enhance our commitments and expectations of managing climate-related risks and opportunities and collecting relevant information from our suppliers and contractors.</p>
Investment in R&D	Yes	<p>Gibson is committed to investing in low-carbon research and development, with an emphasis on identifying opportunities to lower our emissions footprint. We regularly conduct research and development work focused on engineering and efficiency studies to determine the GHG and air emissions reduction potential of new and emerging technologies for both Scope 1 and Scope 2 emissions. These studies are conducted to minimize the potential impact of climate-related risks by: addressing changing market demands for low carbon fuels across the value chain; continuing our commitment to reduce our emissions profile and climate-related impacts, and; minimizing the potential climate-related regulatory risks associated with the Federal Backstop, TIER and MRGGR. This research includes technology pilot evaluations, carbon liability forecasting, and process efficiency evaluations focused on reducing existing and potential infrastructure emissions. Additionally, the studies involve factoring the current and future carbon prices into the economics to determine the overall viability of potential projects. These reviews influence our project development strategy on an ongoing basis and serve as a critical part of our corporate strategy.</p> <p>Through this process, we identified an opportunity to invest \$19,200,000 at our Moose Jaw Facility to further reduce both the absolute emissions and emissions intensity by switching from a feedstock-based fuel supply to natural gas liquids, which helps the facility be more energy efficient. This project builds on our earlier emissions intensity reduction projects we have implemented at our Moose Jaw Facility. It was approved by the Board in 2020 and work on the project has commenced. Such engineering studies are conducted on an annual basis and potential opportunities that meet Gibson’s internal rate of return are presented to Management and the Board. The time horizon is typically annually or more frequently to coincide with the exploration of new projects or development opportunities.</p>
Operations	Yes	<p>Climate-related regulatory risks with respect to the Federal Backstop, TIER and MRGGR have influenced our operations strategy. From an operations perspective, regulatory, environmental and</p>



		<p>climate-related risks influence our carbon management activities as we plan to focus on effectively measuring and investing in projects to reduce our emission intensity at our operations to meet or exceed our compliance obligations and emission reduction targets. Specifically, we have established a carbon emissions compliance operations strategy given that our processing facility at Moose Jaw in Saskatchewan is considered a large emitter under the MRGGR regulations. Furthermore, we elected to voluntarily participate in TIER under the aggregate program to minimize the potential financial impacts of the Federal Backstop, particularly related to a carbon tax on the fuels used by our Alberta facilities. By voluntarily participating in the TIER program, we are proactively preparing and aligning our corporate standards with government and industry expectations. The time horizon for this strategy is for 3-5 years and it will continue to be reviewed annually in the context of changes to the Federal Backstop's carbon pricing escalation.</p> <p>Gibson has already made meaningful progress in reducing the GHG emissions of our operations, and we have also announced the decision to sanction a fuel switching opportunity for emissions reduction at our Moose Jaw Facility, where we would switch from a feedstock-based fuel supply to natural gas, thus reducing our emissions by approximately 5,000 tonnes CO2e per year. This project builds on the earlier emissions intensity reduction projects we have implemented at our Moose Jaw Facility. The fuel switching project was approved by the Board in 2020 and work on this project has commenced.</p>
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### C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs	Revenues Revenues in our financial planning process, specific to project development, are influenced by climate-related opportunities with respect to climate-related policies and changes in market behavior, such as the increase in demand for renewable fuels. In 2020, we were in discussion with potential partners and customers on opportunities to build additional



<p>Capital expenditures Capital allocation Acquisitions and divestments Access to capital</p>	<p>storage tanks and distribution infrastructure for renewable products. In early 2021, we sanctioned the construction of the Biofuels Blending Project at our Edmonton Terminal. The additional infrastructure will be used to facilitate the storage, blending and transportation of renewable diesel, which will contribute to an increase in Gibson’s revenue. The time horizon for financial planning related to revenues occurs at least annually, with near term outlooks reviewed more frequently.</p> <p><b>Direct Costs</b> Our financial planning process is influenced by climate-related and regulatory risks, as understanding direct costs over the long-term is vital to our financial planning and project viability. We include carbon pricing in business case modelling as an economic driver for projects in jurisdictions where applicable, in parallel with other economic considerations. To understand the future impacts of an internal carbon price on our business decisions and direct costs, including investment in emission reduction activities, we currently use an evolving shadow price of \$40-50/tonne and will continue to align our internal carbon pricing with the Canadian Government’s plan titled “A Healthy Environment and a Healthy Economy”, which was recently confirmed by the Canadian Government and is expected to increase the carbon price by \$15 per year starting in 2023 until reaching \$170/tonne in 2030. As an example, we used an internal carbon price when evaluating our Moose Jaw Facility fuel switching project, which was approved by the Board in 2020, and we also apply Gibson’s shadow price on projects where the carbon tax is applicable. The emissions reduction that will occur by switching from a feedstock-based fuel supply to natural gas will result in a reduction of our direct costs related to potential carbon tax obligations, as the Government of Saskatchewan’s carbon offset framework is still under development. The time horizon for financial planning related to direct costs occurs annually.</p> <p><b>Indirect Costs</b> Indirect costs are evaluated during our financial planning process through the impact of carbon pricing on indirect energy-related costs, as well as operating costs such as climate-related consulting. When evaluating new projects, we embed carbon pricing as an assumption in energy-related factors such as electricity, where relevant. The time horizon for financial planning related to indirect costs occurs annually.</p> <p><b>Capital Expenditures</b> We consider the impact of GHG emissions as part of our capital review processes and have formed internal teams to</p>
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		<p>identify and advance incremental opportunities for the reduction of GHG emissions. We consider innovation and optimization as being key to unlocking additional GHG reduction opportunities and remain committed to ensuring that all of our capital expenditures, including investment in emissions reductions, continue to realize Gibson’s internal return hurdles. We conduct low-carbon research and development with a focus on identifying opportunities to invest in new or emerging proven technologies to lower our emissions footprint, including through renewable energy opportunities and improvements to our infrastructure and operations efficiency. We regularly conduct engineering and efficiency studies to determine the GHG and air emissions reduction potential of new and emerging technologies, and consider the capital expenditure requirements required to implement these opportunities. The time horizon for financial planning related to capital expenditures occurs annually.</p> <p><b>Capital Allocation</b>                  We consider the energy transition as a capital allocation opportunity, and accordingly we commit funds within our budget to investigate various opportunities to reduce our emissions and ensure our business is resilient throughout the energy transition. We allocate capital to projects that will help us address both emerging and current climate-related risks and opportunities. Specifically, in 2020, we allocated capital to quantify our company-wide GHG emissions footprint, determine the impacts related to regulatory emission thresholds and carbon pricing changes as it relates to TIER and MRGGR, and allocate operating costs to carbon management and disclosure programs. Additionally, we allocate capital to ensure we commit sufficient resources internally to review emissions reduction opportunities, such as the fuel switching project. As a result of this capital allocation process, over half of Gibson’s budget in 2021 is viewed as being ESG positive. The time horizon for financial planning related to capital allocation occurs annually.</p> <p><b>Acquisitions and Divestments</b>                  We consider our portfolio with respect to the energy transition, including the impact of carbon taxes and the implications of current and emerging regulations, among other climate-related factors, when evaluating any potential mergers, acquisitions or divestment activity. We believe carbon tax and other climate-related impacts are key considerations in how we make decisions to help ensure we are appropriately evaluating any assets to ensure they drive value for our business through the energy transition and align with our external ESG targets. The time horizon for financial planning related to acquisitions and divestments occurs as needed when acquisitions and divestments are evaluated.</p>
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		<p><b>Access to Capital</b></p> <p>Gibson seeks to be a leader in Sustainability and ESG, including climate-related performance, as we believe our focus in this area will improve our access to capital. As an example, we consider access to capital in our financial planning with respect to achieving Sustainability and ESG targets tied to our Sustainability Linked Loan as well as our ability to meet the climate-related expectations of key stakeholders and investors. In April 2021, we announced that Gibson is the first public energy company in North America to fully transition its principal syndicated revolving credit facility into a sustainability-linked revolving credit facility. The new 5-Year, \$750 million Sustainability Linked Loan includes terms that tie the borrowing costs to the achievement of several ESG-related targets, including a reduction in company-wide Scope 1 and 2 emissions intensity by 2025. Additionally, with the number of investors who are integrating sustainability into their investing strategy growing, climate change is becoming increasingly central to major investment decisions. The time horizon for financial planning related to access to capital occurs annually but is always considered in our communications with the market.</p>
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### C3.4a

**(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Both absolute and intensity targets

### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

---

**Target reference number**

Abs 1

**Year target was set**

2020

**Target coverage**

Site/facility

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2020

**Covered emissions in base year (metric tons CO<sub>2</sub>e)**

60,838

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

49.2

**Target year**

2025

**Targeted reduction from base year (%)**

15

**Covered emissions in target year (metric tons CO<sub>2</sub>e) [auto-calculated]**

51,712.3

**Covered emissions in reporting year (metric tons CO<sub>2</sub>e)**

60,838

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We target a 15% reduction in absolute Scope 1+2 emissions at our Moose Jaw Facility by 2025 from a 2020 baseline. The Moose Jaw Facility is our largest single contributor to our total Scope 1+2 emissions, and we believe that by focusing on reducing absolute emissions at this facility, it can have a meaningful impact on reducing our overall emissions profile.

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**Target reference number**

Abs 2

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 2 (market-based)



**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

49,004

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2025

**Targeted reduction from base year (%)**

50

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

24,502

**Covered emissions in reporting year (metric tons CO2e)**

49,004

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We target a 50% company-wide reduction in absolute Scope 2 emissions by 2025 from a 2020 baseline. This target covers Scope 2 emissions sources from all operations in Canada and the US as reported in C7.6b. The target will also include our equity weighted portion of emissions from phase 1 of the jointly owned Diluent Recovery Unit at the Hardisty Energy Terminal after it begins operation in mid-2021 but does not consider any material mergers or acquisitions that may potentially occur in the future.

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**Target reference number**

Abs 3

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 2 (market-based)

**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

49,004

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2030

**Targeted reduction from base year (%)**

100

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

0

**Covered emissions in reporting year (metric tons CO2e)**

49,004

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We target a 100% company-wide reduction in absolute Scope 2 emissions by 2030 from a 2020 baseline. This target covers Scope 2 emissions sources from all operations in Canada and the US as reported in C7.6b. The target will also include our equity weighted portion of emissions from phase 1 of the jointly owned Diluent Recovery Unit at the Hardisty Energy Terminal after it begins operation in mid-2021 but does not consider any material mergers or acquisitions that may potentially occur in the future.

## C4.1b

**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

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**Target reference number**

Int 1

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Intensity metric**

Metric tons CO<sub>2</sub>e per barrel of oil equivalent (BOE)

**Base year**

2020

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

0.000291

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

100

**Target year**

2025

**Targeted reduction from base year (%)**

15

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

0.00024735

**% change anticipated in absolute Scope 1+2 emissions**



-4.1

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO2e per unit of activity)**

0.000291

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We target a 15% company-wide reduction in Scope 1+2 intensity by 2025 from a 2020 baseline. This target covers Scope 1+2 emissions sources from all operations in Canada and the US as reported in C7.3b and C7.6b. The target will also include our equity weighted portion of emissions from phase 1 of the jointly owned Diluent Recovery Unit at the Hardisty Energy Terminal after it begins operation in mid-2021 but does not consider any material mergers or acquisitions that may potentially occur in the future. Achievement of this target is also tied to the borrowing cost of our Sustainability-Linked 5-Year, \$750 million Revolving Credit Facility.

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**Target reference number**

Int 2

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Intensity metric**

Metric tons CO<sub>2</sub>e per barrel of oil equivalent (BOE)

**Base year**

2020

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

0.000291

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

100

**Target year**

2030

**Targeted reduction from base year (%)**

20

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

0.0002328

**% change anticipated in absolute Scope 1+2 emissions**

1

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

0.000291

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We target a 20% company-wide reduction in Scope 1+2 intensity by 2030 from a 2020 baseline. This target covers Scope 1+2 emissions sources from all operations in Canada and the US as reported in C7.3b and C7.6b. The target will also include our equity weighted portion of emissions from phase 1 of the jointly owned Diluent Recovery Unit at the Hardisty Energy Terminal after it begins operation in mid-2021 but does not consider any material mergers or acquisitions that may potentially occur in the future.

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**Target reference number**

Int 3

**Year target was set**

2020

**Target coverage**

Business activity



**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Intensity metric**

Metric tons CO<sub>2</sub>e per barrel of oil equivalent (BOE)

**Base year**

2020

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

0.007883

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

58.7

**Target year**

2025

**Targeted reduction from base year (%)**

30

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

0.0055181

**% change anticipated in absolute Scope 1+2 emissions**

42.2

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

0.007883



**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We target a 30% reduction in Scope 1+2 intensity for our Processing Facilities by 2025 from a 2020 baseline. Processing Facilities included in this target are Moose Jaw Facility, Plato North Custom Treater, Plato South Custom Treater, Rimbey Custom Treater, Sexsmith drilling fluid recycling, Hardisty Custom Treater and Hardisty Fractionator. The target will also include our equity weighted portion of emissions from phase 1 of the jointly owned Diluent Recovery Unit at the Hardisty Energy Terminal after it begins operation in mid-2021 but does not consider any material mergers or acquisitions that may potentially occur in the future.

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**Target reference number**

Int 4

**Year target was set**

2020

**Target coverage**

Business activity

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)



**Intensity metric**

Metric tons CO<sub>2</sub>e per barrel of oil equivalent (BOE)

**Base year**

2020

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

0.007883

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

58.7

**Target year**

2030

**Targeted reduction from base year (%)**

40

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

0.0047298

**% change anticipated in absolute Scope 1+2 emissions**

79.7

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

0.007883

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We target a 40% reduction in Scope 1+2 intensity for our Processing Facilities by 2030 from a 2020 baseline. Processing Facilities included in this target are Moose Jaw Facility, Plato North Custom Treater, Plato South Custom Treater, Rimbey Custom Treater, Sexsmith drilling fluid recycling, Hardisty Custom Treater and Hardisty Fractionator. The target will also include our equity weighted portion of emissions from phase 1 of the jointly owned Diluent Recovery Unit at the Hardisty Energy Terminal after it begins operation in mid-2021 but does not consider any other material mergers or acquisitions that may potentially occur in the future.

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**Target reference number**

Int 5

**Year target was set**

2020

**Target coverage**

Business activity

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Intensity metric**

Metric tons CO<sub>2</sub>e per barrel of oil equivalent (BOE)

**Base year**

2020

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

0.000129

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

41.3

**Target year**

2025

**Targeted reduction from base year (%)**

60

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

0.0000516

**% change anticipated in absolute Scope 1+2 emissions**

-55.7

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

0.000129

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

We target a 60% reduction in Scope 1+2 intensity for our Storage and Handling Facilities by 2025 from a 2020 baseline. The Storage and Handling Facilities included in this target are Edmonton, Edson, Hardisty, Hussar, Plato North, Plato South, Rimbey, Sexsmith, Canadian Pipelines, Canadian Fleet Vehicles, US Injection Stations, Wink Terminal, US Pipelines, US Trucking, US Fleet Vehicles, Calgary Office, Houston Office, Midland Office and Rockwall Office. This target does not consider any material mergers or acquisitions that may potentially occur in the future.

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**Target reference number**

Int 6

**Year target was set**

2020

**Target coverage**

Business activity

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Intensity metric**

Metric tons CO<sub>2</sub>e per barrel of oil equivalent (BOE)

**Base year**

2020

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

0.000129

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

41.3

**Target year**

2030

**Targeted reduction from base year (%)**

95

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

0.00000645

**% change anticipated in absolute Scope 1+2 emissions**

-93.9

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

0.000129

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

## Target ambition

### Please explain (including target coverage)

We target a 95% reduction in Scope 1+2 intensity for our Storage and Handling Facilities by 2030 from a 2020 baseline. The Storage and Handling Facilities included in this target are Edmonton, Edson, Hardisty, Hussar, Plato North, Plato South, Rimbey, Sexsmith, Canadian Pipelines, Canadian Fleet Vehicles, US Injection Stations, Wink Terminal, US Pipelines, US Trucking, US Fleet Vehicles, Calgary Office, Houston Office, Midland Office and Rockwall Office. This target does not consider any material mergers or acquisitions that may potentially occur in the future.

## C4.2

### (C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

## C-OG4.2d

### (C-OG4.2d) Indicate which targets reported in C4.1a/b incorporate methane emissions, or if you do not have a methane-specific emissions reduction target for your oil and gas activities, please explain why not and forecast how your methane emissions will change over the next five years.

The targets reported above in C4.1a/b which cover Scope 1 emissions also incorporate methane emissions, including Abs1, Int1, Int2, Int3, Int4, Int5 and Int6. Progress towards these targets will require emissions reductions, including methane, across our operations. However, methane emissions are not material to our activities or asset profile as they are estimated at only 1,726 tonnes CO<sub>2</sub>e in 2020 (as reported in C7.1a), and we therefore do not have a methane-specific emissions reduction target. We forecast that methane emissions will not undergo any significant changes in the next five years based upon our potential and planned growth and sustainment projects.

## C4.3

### (C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.



Yes

### C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	3	
To be implemented*		
Implementation commenced*	1	5,000
Implemented*	2	1,030
Not to be implemented	1	350

### C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

Energy efficiency in production processes

Fuel switch

**Estimated annual CO2e savings (metric tonnes CO2e)**

5,000

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

9,500,000

**Investment required (unit currency – as specified in C0.4)**

19,200,000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

The scoping of this initiative was one of two emission reduction and optimization engineering studies included as an objective in our 2020 STIP. Our Moose Jaw Facility remains the largest contributor towards our total overall emissions, so we have prioritized opportunities to further optimize and improve its emissions profile to ensure we meet our stated emission reductions targets. We have identified the opportunity for Moose Jaw to switch from a feedstock-based fuel supply to natural gas, resulting in an estimated reduction of approximately 5,000 tonnes of CO<sub>2</sub>e/year (absolute net of production expansion emissions), while simultaneously increasing production from 22,500 barrels per day (bpd) to 24,000 bpd. This project builds on the earlier emissions intensity reduction projects we have implemented at our Moose Jaw Facility as we seek to further reduce our already small GHG footprint. In the 2020 reporting year, the Board approved this initiative to be implemented and allocated capital within Gibson's budget to realize this opportunity. Work on this project has commenced.

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**Initiative category & Initiative type**

Transportation

Teleworking

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

1,000

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

250,000

**Investment required (unit currency – as specified in C0.4)**

110,000

**Payback period**

<1 year

**Estimated lifetime of the initiative**

Ongoing

**Comment**

The COVID-19 pandemic impacted our lives in many ways and a challenge we faced was adjusting to working from home. After the March 2020 lockdown, employees who were not required to work on site were advised to work from home. In addition to following government recommendations, we gave employees the option to continue telecommuting for a portion of their schedule, which helped reduce our Scope 3 emissions. We estimated there was a saving of approximately 1,000 tonnes CO<sub>2</sub>e from this initiative in 2020. The investment required for this initiative was the cost of our Employee Reimbursement Program in 2020, which provided eligible employees an opportunity to improve their home office environment with a one-time reimbursement of up to \$500/person. This amount could be used to purchase necessary hardware and furniture items like desks, webcams, headsets, monitors, work chairs as examples, if they were not readily available. The total investment distributed to employees as part of this program was approximately \$110,000. The intent of this reimbursement program was to allow employees to acquire items that create a more ergonomic work environment in their home to enable them to work effectively and safely. As a result of this initiative, we believe there was a positive impact of approximately \$250,000 due to the increased productivity, mental health and safety of our employees working from home. We continue to explore various options for hybrid working models going forward.



**Initiative category & Initiative type**

Energy efficiency in buildings  
Other, please specify  
Machine/electrical equipment removal

**Estimated annual CO2e savings (metric tonnes CO2e)**

30

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

5,000

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

<1 year

**Estimated lifetime of the initiative**

Ongoing

**Comment**

In 2020, we implemented an initiative to remove most of the IT equipment from a former data centre within our Calgary head office to improve the energy efficiency of our floors in the building. We removed a significant amount of electrical equipment, multiple air conditioning units that were used to cool the environment, and a large Uninterruptable Power Supply (UPS). This project resulted in an estimated savings of \$5,000 per year related to energy costs. We estimate based on the reduced electricity demand due to the equipment removal that there will be a

reduction of approximately 30 tonnes Scope 2 emissions per year, which makes up approximately 10% of our 2020 Scope 2 emissions from the Calgary office.

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**Initiative category & Initiative type**

Energy efficiency in production processes  
Machine/equipment replacement

**Estimated annual CO2e savings (metric tonnes CO2e)**

350

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

7,500,000

**Payback period**

No payback

**Estimated lifetime of the initiative**

<1 year

**Comment**

The scoping of this initiative was one of two emission reduction and optimization engineering studies included as an objective in our 2020 STIP. Our Moose Jaw Facility remains the largest contributor towards our total overall emissions, so we have prioritized opportunities to further



optimize and improve its emissions profile to ensure we meet our stated emission reductions targets. The scoping of this initiative involved reviewing the necessity to replace an older model vacuum heater at Moose Jaw with modern technology that would Improve reliability and reduces fuel demand. We estimated that the new vacuum heater would reduce emissions due to increased fired heater efficiency by approximately 350 tonnes CO2e/year. Ultimately, the implementation of this initiative was not approved due to the high cost and minimal impact on our emissions.

### C4.3c

#### (C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	We have projects that help us meet our regulatory compliance obligations, including with respect to improving energy efficiency. We consider the impact of GHG emissions as part of our capital review processes and remain committed to ensuring that all our capital investments continue to realize Gibson’s internal return hurdles in addition to meeting our regulatory requirements in Saskatchewan and Alberta. For example, as we continue to focus on improving the emissions profile of the Moose Jaw Facility, we have allocated capital within our budget to further reduce emissions by pursuing an opportunity to switch from a feedstock-based fuel supply to natural gas.
Employee engagement	In 2021, we built on the progress made in 2020 by tying 35% of STIP weighting for all employees to ESG metrics. The 35% weighting includes targets to maintain our top performance on third-party sustainability/ESG ratings, which incorporate climate-related considerations. This measure helps us increase the awareness among our employees of the overall importance of integrating sustainability into our organization while engaging and driving change in our employees and ultimately our business. We also host monthly government relations coffee chats in which employees are invited to learn about and engage on climate-related topics such as emissions regulations, emission reduction opportunities and the Clean Fuel Standard. Additionally, all employees are required to complete a sustainability training course, which is intended to increase our employees' awareness of the importance of sustainability and climate-related topics to our business as well as explain how all employees can engage in our sustainability journey while driving change in our employees' behaviour, and as a result, our overall business.
Internal incentives/recognition programs	In 2021, we built on the progress made in 2020 by tying 35% of STIP weighting for all employees to ESG metrics. There are three climate-related performance objectives included in the 35% ESG weighting of the total STIP which aims to grow



	<p>the awareness, maturity and effectiveness of our organization on ESG matters and optimize our energy use to help reduce our overall carbon footprint and ensure we remain a low emitter relative to our peers. This includes performance objectives related to completing renewable energy and energy efficiency improvement projects to help achieve our 2025 and 2030 Scope 1 and 2 emissions targets. Another objective is to identify partnerships, such as with renewable energy providers, to achieve additional energy/emissions reductions to meaningfully contribute to our emissions targets. An additional performance objective is to progress a sanctioned emission reduction and optimization engineering project identified from our 2020 engineering studies STIP metric. We also include targets to maintain our top performance on third-party sustainability/ESG ratings, which incorporate climate-related considerations and opportunities.</p>
<p>Internal price on carbon</p>	<p>We consider carbon pricing to be a key factor in determining the financial viability of a project and include it in our business case modelling for Canadian projects. The Government of Canada has confirmed its previously announced plan to accelerate climate action in Canada, titled “A Healthy Environment and a Healthy Economy” which proposes an increasing cost on carbon to \$170 per tonne in 2030. To reach that level, the price imposed on carbon will rise from the 2022 rate of \$50 per tonne by \$15 per tonne each year, which may have a potential impact on Canadian industry participants, including Gibson. To understand the future impacts of an internal carbon price on our business decisions, including investment in emission reduction activities, we currently use an evolving shadow price of \$40-50/tonne for projects in Canada. We follow the current Government of Canada’s guidelines and will align our internal carbon pricing with the government’s legislation to set a cost on carbon of \$170 per tonne in 2030.</p>

## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

No

## C-OG4.6

**(C-OG4.6) Describe your organization’s efforts to reduce methane emissions from your activities.**

As a leading oil-focused infrastructure company, our operations are focused around our core terminal assets located in Hardisty and Edmonton, Alberta where we generate approximately 70% of our Adjusted EBITDA from our terminals. Given the nature of our liquids-based midstream handling

operations, we do not generate material methane emissions as we do not have oil and gas production activities that we own or operate. However, we do generate minimal levels of methane emissions such as through our Moose Jaw Facility in Saskatchewan where we process heavy crude oil into high quality refined products. Small quantities of methane emissions from our operations can arise from the heat process as well minor leaks as from equipment such as valves, pumps and flanges.

To reduce emissions of methane, we have focused our efforts on improving process heat efficiency as well as conducting proactive preventive maintenance and leak detection and repair (LDAR) programs. On an ongoing basis, we conduct preventive maintenance on all our equipment at Moose Jaw Facility, including valves, pumps and flanges. We also deploy annual LDAR programs at our significant facilities which use organic vapour analyzers to identify hydrocarbon concentrations greater than 500 parts per million via direct measurement of fittings in gas-service, and target maintenance accordingly.

Additional methane emissions reductions across our operations will be achieved as we progress towards the targets reported above in C4.1 which include Scope 1 emissions. Specifically, the facility-specific absolute Scope 1+2 emissions target for Moose Jaw (Abs1) will have the greatest impact on our methane emissions. In 2020, we commissioned two emission reduction and optimization engineering studies included as an objective in our 2020 STIP. As our Moose Jaw Facility remains the largest contributor towards our total overall emissions, we have prioritized opportunities to further optimize and improve its emissions profile to ensure we meet our stated emission reductions targets. We have identified the opportunity for Moose Jaw to switch from a feedstock-based fuel supply to natural gas, resulting in an estimated reduction of approximately 5,000 tonnes of CO<sub>2</sub>e/year, while simultaneously increasing production from 22,500 bpd to 24,000 bpd. In the 2020 reporting year, the Board approved this initiative to be implemented and allocated capital within the Company's budget to realize this opportunity. Work on this project has commenced. This project builds on the earlier emissions intensity reduction projects we have implemented at our Moose Jaw Facility.

## C-OG4.7

**(C-OG4.7) Does your organization conduct leak detection and repair (LDAR) or use other methods to find and fix fugitive methane emissions from oil and gas production activities?**

No, this is not relevant to our operations

## C-OG4.7b

### **(C-OG4.7b) Explain why you do not conduct LDAR or use other methods to find and fix fugitive methane emissions, and whether you have a plan to do so from your oil and gas production activities.**

Our business and operations do not include oil and gas production activities; therefore, this question is not relevant. Our business consists of the storage and handling, processing and marketing of crude oil and refined products. Our infrastructure network includes strategically located oil terminals, separation and fractionation facilities, a crude oil processing/refining facility, gathering pipelines and other terminals. Although Gibson does not conduct any oil and gas production activities, we do undertake leak detection and repair and fugitive emission management activities. This includes routine operational inspections where any issues identified are logged into our corrective maintenance program for appropriate mitigation scheduling as well as preventative maintenance scheduling where proactive efforts are employed to address potential issues. Fugitive emissions surveys are regularly conducted at all facilities in Alberta as well as our Moose Jaw Facility. The fugitive emission survey consists of direct measurement of fittings and quantifies release rates. Any problematic fittings identified are scheduled via the corrective maintenance program so appropriate mitigation measures can be performed. In conformance with our Operations Management System implementation objectives, it is envisioned that the Fugitive Emission management system will become standardized throughout our operations where such programs are required.

## C-OG4.8

### **(C-OG4.8) If flaring is relevant to your oil and gas production activities, describe your organization's efforts to reduce flaring, including any flaring reduction targets.**

Our business and operations do not include oil and gas production activities; therefore, this question is not relevant. Our business consists of the storage and handling, processing and marketing of crude oil and refined products. Our infrastructure network includes strategically located oil terminals, separation and fractionation facilities, a crude oil processing/refining facility, gathering pipelines and other terminals. Continuous flaring is not relevant to our operations, with the potential for flaring only used for upset/safety conditions. As our Moose Jaw Facility remains the largest contributor towards our total overall emissions, we have prioritized opportunities to further optimize and improve its emissions profile to ensure we meet our stated emission reductions targets. We have identified the opportunity for Moose Jaw to switch from a feedstock-based fuel supply to natural gas, resulting in an estimated reduction of approximately 5,000 tonnes of CO<sub>2</sub>e/year, while simultaneously increasing production from 22,500 bpd to 24,000 bpd. In the 2020 reporting year, the Board approved this initiative to be implemented and allocated capital within the Company's budget to realize this opportunity. Work on this project has commenced.

## C5. Emissions methodology

### C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

#### Scope 1

---

**Base year start**

January 1, 2020

**Base year end**

December 31, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

69,062

**Comment**

Although 2019 was the first reporting year for which we quantified and verified our Canadian operations emissions, we are choosing to report our base year as 2020 due to material changes to the emissions included in 2020 as compared to 2019, such as expanding the coverage of our emissions quantification and verification to encompass all emission sources, now including our US operations and offices that were excluded in 2019. A significant change also occurred in our Scope 1 emissions from 2019 to 2020 due to the sale of our Canadian Truck Transportation business in July 2019. Additionally, 2020 forms the baseline for our reported emissions intensity and absolute targets. Please note that emissions breakdowns disclosed in sections below may vary slightly from this total as values have been rounded to the nearest whole number.

#### Scope 2 (location-based)

---

**Base year start**

January 1, 2020

**Base year end**

December 31, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

54,622

**Comment**

Although 2019 was the first reporting year for which we quantified and verified our Canadian operations emissions, we are choosing to report our base year as 2020 due to material changes to the emissions included versus 2019, such as expanding the coverage of our emissions quantification and verification to encompass all emission sources, including our US operations and offices that were excluded in 2019. Additionally, the 2020 base year aligns with our reported emissions intensity and absolute targets. Please note that emissions breakdowns disclosed in sections below may vary slightly from this total as values have been rounded to the nearest whole number.

**Scope 2 (market-based)**

---

**Base year start**

January 1, 2020

**Base year end**

December 31, 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

49,004

**Comment**

The market-based Scope 2 figure reported includes Renewable Energy Certificates (RECs) for 9,000 MWh of electricity consumption via contractual instrument. This is our first year reporting a Scope 2 market-based figure because we did not previously purchase RECs.

## C5.2

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

69,062

**Comment**

Scope 1 emissions are quantified and verified annually by third-parties and includes emissions over which we have operational control.

### C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

---

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**



Scope 2 emissions are quantified and verified annually by third-parties and includes emissions over which we have operational control. We purchase electricity required for our operations from the grid as well as RECs via contractual instruments. The market-based Scope 2 figure reported includes RECs for 9,000 MWh of renewable electricity consumption.

### C6.3

**(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?**

**Reporting year**

---

**Scope 2, location-based**

54,622

**Scope 2, market-based (if applicable)**

49,004

**Comment**

### C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

### C6.5

**(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.**

**Purchased goods and services**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

423,928

**Emissions calculation methodology**

Scope 3 emissions related to purchased goods and services were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard Protocol (GHG Protocol). The emissions from annual spend data from our supply chain management system that tracks external spend were estimated via the spend-based method using the Quantis Scope 3 Evaluator. This includes 100% of spend on purchased goods and services related to the construction of phase 1 of our joint-venture Diluent Recovery Unit, over which we have operational control.

Following the GHG Protocol, this category also includes an estimate for emissions associated with the upstream extraction, production, and transportation of purchased crude oil and feedstocks for our Processing operations. Data sources include specific volumes of crude feedstocks for our Moose Jaw Facility and liquefied petroleum gas (LPG) feedstock for our Hardisty fractionator. Relevant crude oil emission factors were obtained from supplier specific factors for crude feedstock originating from Cold Lake, and the emission factor for Fosterton crude was estimated based on a report from the California Air Resources Board. Emission factors for LPG feedstocks were obtained based on publicly available data from Gibson's LPG suppliers.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**Capital goods**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

194,490



**Emissions calculation methodology**

Scope 3 emissions related to capital goods were estimated from our annual spend data following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard Protocol. Emissions were estimated via the spend-based method using the Quantis Scope 3 Evaluator. Emissions from this category also include 100% of capital goods related to the construction of phase 1 of our joint-venture Diluent Recovery Unit, over which we have operational control. Please note that in some instances we were unable to differentiate our construction spend data between construction services and materials to construct capital goods from the same supplier, and therefore such spend is being reported in this category.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

**Evaluation status**

Not relevant, calculated

**Metric tonnes CO2e**

6,540

**Emissions calculation methodology**

Scope 3 emissions for fuel-and-energy-related activities were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard Protocol using the average data method. Emissions from this category are associated with the upstream production and processing of the fuels consumed in activities over which we have operational control. This also includes an estimate for transmission and distribution emissions associated with the electricity that we consume.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**



Gibson's emissions from fuel-and-energy-related activities (not included in Scope 1 or 2) are immaterial and not relevant as this category represents under 2% of our total Scope 3 inventory.

### **Upstream transportation and distribution**

---

#### **Evaluation status**

Relevant, calculated

#### **Metric tonnes CO2e**

54,420

#### **Emissions calculation methodology**

Scope 3 emissions related to upstream transportation and distribution of processed products were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard Protocol. These emissions are associated with the transportation and distribution services that we purchase including inbound logistics, outbound logistics (e.g., of sold products), and third-party transportation and distribution between our facilities. This estimate does not include products that pass through our Storage & Handling Facilities without any processing. The emissions also include data for third-party transportation and distribution services that we purchased for both our US and Canadian operations. Distance-based and average methods were used to estimate the emissions for this category.

#### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

#### **Please explain**

### **Waste generated in operations**

---

#### **Evaluation status**

Not relevant, calculated

#### **Metric tonnes CO2e**

993



**Emissions calculation methodology**

Scope 3 emissions related to waste generated in operations were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard Protocol. Emission factors used for our various waste types were from sources including the US EPA, Government data, and the Canadian GHG Calculator for Waste Model. Emissions were estimated via the average data method using data from the amount of waste injected, landfilled, and recycled.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Gibson's emissions from waste generated in operations are immaterial and not relevant as this category represents under 1% of our total Scope 3 inventory.

**Business travel**

---

**Evaluation status**

Not relevant, calculated

**Metric tonnes CO2e**

214

**Emissions calculation methodology**

GHG emissions from business travel were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Data on flights and transportation in rented vehicles not owned or operated by Gibson was provided by a third-party travel agency we work with. Distance based method emissions were estimated using by multiplying the approximate distance traveled in km by the corresponding emission factor for the method of travel according to the DEFRA's 2020 Government Greenhouse Gas Conversion Factors for Company Reporting, EPA Emission Factors for Greenhouse Gas Inventories.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

Gibson's emissions from business travel are immaterial and not relevant as this category represents under 1% of our total Scope 3 inventory. Emissions for this category have decreased from 2019 to 2020 because of travel restrictions due to the COVID-19 pandemic.

## Employee commuting

---

### Evaluation status

Not relevant, calculated

### Metric tonnes CO<sub>2</sub>e

1,998

### Emissions calculation methodology

Scope 3 emissions related to employee commuting were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Primary data was gathered through a company-wide survey, with a 71% response rate, which was sent to all employees to understand the employee commute distances and transit methods used in 2019. These results were used as a proxy to estimate 2020 commuting emissions by accounting for the proportion of days employees worked from home due to the COVID-19 pandemic. Emission factors across each of the major transit systems – rail, bus, carpool and vehicle – were derived from the American Public Transportation Association (APTA) Standards. Additionally, we have included an estimate of the emissions related to teleworking via the average data method.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Gibson's emissions from employee commuting are immaterial and not relevant as this category represents under 1% of our total Scope 3 inventory. Emissions for this category have decreased from 2019 to 2020 because of some employees telecommuting due to the COVID-19 pandemic.

## Upstream leased assets

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### Evaluation status

Not relevant, explanation provided

**Please explain**

Gibson uses an Operational Control boundary and therefore emissions from upstream leased assets, such as our offices, are not relevant as they have already been accounted for in our Scope 1 and 2 emissions.

**Downstream transportation and distribution**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

282,991

**Emissions calculation methodology**

Scope 3 emissions related to downstream transportation and distribution of processed products were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These emissions are associated with the downstream transportation and distribution of processed products leaving our facilities (transportation not paid for by Gibson, in vehicles and/or facilities not owned by us or under our operational control). This does not include products that pass through our operations without any processing. Distance-based and average methods were used to estimate the emissions for this category. Publicly available information regarding product movements in Canada and the US and input from our operators were used to guide the estimation process. Emissions factors were sourced from the US EPA and the GHGenius model.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**Processing of sold products**

---

**Evaluation status**

Relevant, calculated



**Metric tonnes CO2e**

15,266

**Emissions calculation methodology**

Scope 3 emissions related to processing of sold products were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These estimated emissions are associated with further refining of processed products including the vacuum gas oil (VGO) products from our Moose Jaw facility as well as butane and pentane from our Hardisty fractionator that we process and sell to downstream customers. Publicly available tools and emissions factors including the Oil Climate Index (OCI) webtool, and the Petroleum Refinery Life Cycle Inventory Model (PRELIM) were used to estimate these emissions. This category does not include the volumes that pass through our Storage and Handling operations without any processing. Light distillate and tops from our Moose Jaw Facility are also excluded as there is uncertainty around the fate of these products, however, we estimate that any further processing is limited to mixing these products with other gasoline or diesel components, and we therefore estimate such emissions are negligible. This category also excludes further processing of asphalt products that we produce at Moose Jaw due to the relatively stable nature of such products and the lack of publicly available information regarding the fate of asphalt, processing methods and their associated emissions. Overall, based on a rough calculation, these asphalt-related emissions are expected to be negligible.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**Use of sold products**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

80,614

**Emissions calculation methodology**



Scope 3 emissions related to use of sold processed products were estimated following the WRI/WBCSD GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These emissions are associated with downstream combustion of propane from our Hardisty fractionator. Publicly available emissions factors were used from sources including the Alberta Greenhouse Gas Quantification Methodologies. The emissions in this category do not include the volumes that pass through our Storage and Handling Facilities without any processing. This category also excludes the use of asphalt that we produce at our Moose Jaw Facility due to the relatively stable nature of such products and the lack of publicly available information regarding the fate of asphalt, and emissions associated with its use. Accordingly, these asphalt-related emissions are expected to be negligible. Additionally, other sold products from Moose Jaw are excluded from this category as they are not directly combustible in their downstream use.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

**End of life treatment of sold products**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Gibson's sold products do not generate any end of life GHG emissions because they are consumed as a source of energy or as a feedstock for other processes. Given the majority of these products are energy based, we anticipate that there will not be any end of life emissions to treat the products. This would not apply to end of life treatment of asphalt products as it is not feasible to determine the fate of asphalt, when and where and how it is treated. A rough estimate assuming all roofing flux product is turned into shingles and all shingles produced in 2020 will become landfilled suggested these emissions would be less than 1% of our Scope 3 emissions.

**Downstream leased assets**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Gibson does not lease any assets that would fall under the definition of this category and therefore it is not relevant.

**Franchises**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Gibson does not own any franchises and therefore this category is not relevant.

**Investments**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Gibson has minimal equity investments, debt investments and long-term financing projects and therefore, emissions from this category are immaterial to our overall Scope 3 footprint.

**Other (upstream)**

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**Evaluation status**

Not relevant, explanation provided

**Please explain**

Gibson does not have other upstream Scope 3 emissions to report and therefore this category is not relevant.

**Other (downstream)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Gibson does not have other downstream Scope 3 emissions to report and therefore this category is not relevant.

**C6.7**

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

**C6.10**

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

**Intensity figure**

0.000024

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

118,066

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

4,938,066,000

**Scope 2 figure used**

Market-based

**% change from previous year**

11.1

**Direction of change**

Decreased

**Reason for change**

We saw a decrease in our Scope 1+2 emissions intensity in tonnes CO<sub>2</sub>e/unit total revenue from 2019 to 2020 due to a decrease in our emissions. The emissions reduction was primarily due to the divestiture of our Canadian Truck Transportation business in July 2019, which resulted in a material decrease in our overall emissions profile from 2019 to 2020. Additionally, we saw a decrease in emissions due to a decrease in output. The COVID-19 pandemic has resulted in a significant decrease in demand for refined products, which has led to a substantial decrease in crude oil prices as the current global supply of crude oil meaningfully exceeds crude oil consumption. Throughput volumes at our facilities decreased by approximately 10% in 2020 compared to 2019, which also had an impact on our revenues. The decrease was predominantly driven by reduced production as a result of depressed market pricing and reduced throughput volumes. The reason for the decrease in our overall Scope 1+2 emissions was also due to an emissions reduction initiative we implemented in 2020 to reduce our Scope 2 emissions. Through this initiative, we removed most of the IT equipment from a former data centre within our Calgary head office to improve the energy efficiency of our floors in the building.

Please note that this intensity metric is not related to our 2025 and 2030 company-wide emissions intensity targets, as we use a denominator of barrel of oil equivalent (BOE) for our targets.

---

**Intensity figure**

0.00029

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

118,066

**Metric denominator**

barrel of oil equivalent (BOE)

**Metric denominator: Unit total**

405,632,697



**Scope 2 figure used**

Market-based

**% change from previous year**

0

**Direction of change**

No change

**Reason for change**

This is Gibson's first year reporting an intensity figure using this denominator, therefore we are not able to measure and report the direction and percent of change versus the previous year.

Please note that this intensity metric aligns with our 2025 and 2030 company-wide emissions intensity targets as reported in C4.1b (Int1 and Int2).

**C-OG6.12**

**(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO2e) per unit of hydrocarbon category.**

---

**Unit of hydrocarbon category (denominator)**

Other, please specify  
m3 throughput

**Metric tons CO2e from hydrocarbon category per unit specified**

0

**% change from previous year**

26



**Direction of change**

Increased

**Reason for change**

We saw an increase in our Scope 1 emissions intensity in tonnes CO<sub>2</sub>e/m<sup>3</sup> from 0.0008466 in 2019 to 0.00107 in 2020. Although there was a significant decrease in our Scope 1 emissions profile, there was also a decrease in our throughput volumes. The COVID-19 pandemic has resulted in a significant decrease in demand for refined products, which has led to a substantial decrease in crude oil prices as the current global supply of crude oil meaningfully exceeds crude oil consumption. Throughput volumes at our facilities decreased by approximately 10% in 2020 compared to 2019. The decrease was predominantly driven by reduced production as a result of depressed market pricing and reduced throughput volumes.

Please note that this intensity metric is not related to our 2025 and 2030 company-wide emissions intensity targets, as the targets are for Scope1+2 intensity combined.

**Comment**

Please note that the Metric tons CO<sub>2</sub>e from hydrocarbon category per unit specified is 0.00107 and was rounded in the second column due to CDP's online database system.

**C-OG6.13**

**(C-OG6.13) Report your methane emissions as percentages of natural gas and hydrocarbon production or throughput.**

---

**Oil and gas business division**

Midstream

**Estimated total methane emitted expressed as % of natural gas production or throughput at given division**

**Estimated total methane emitted expressed as % of total hydrocarbon production or throughput at given division**

0



**Comment**

Our operations do not consist of any natural gas throughput or production, therefore we are not able to report the estimated total methane emitted expressed as % of natural gas production or throughput at given division. Please note that the Estimated total methane emitted expressed as % of total hydrocarbon throughput at given division in units of BOE is 0.000105% and was rounded in the third column due to CDP's online database system.

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

#### C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	66,900	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	1,726	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	436	IPCC Fourth Assessment Report (AR4 - 100 year)

#### C-OG7.1b

**(C-OG7.1b) Break down your total gross global Scope 1 emissions from oil and gas value chain production activities by greenhouse gas type.**



**Emissions category**

Combustion (excluding flaring)

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

24,400

**Gross Scope 1 methane emissions (metric tons CH4)**

2.1

**Total gross Scope 1 emissions (metric tons CO2e)**

24,580

**Comment**

Natural Gas CH4 GWP = 25

---

**Emissions category**

Combustion (excluding flaring)

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**



33,075

**Gross Scope 1 methane emissions (metric tons CH4)**

3.4

**Total gross Scope 1 emissions (metric tons CO2e)**

33,400

**Comment**

Fuel Gas CH4 GWP = 25

---

**Emissions category**

Flaring

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

4,397

**Gross Scope 1 methane emissions (metric tons CH4)**

8.5

**Total gross Scope 1 emissions (metric tons CO2e)**

4,626

**Comment**

Flaring CH4 GWP = 25



---

**Emissions category**

Fugitives

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

0

**Gross Scope 1 methane emissions (metric tons CH4)**

13.5

**Total gross Scope 1 emissions (metric tons CO2e)**

337

**Comment**

Fugitives CH4 GWP = 25

---

**Emissions category**

Other (please specify)

Propane

**Value chain**

Midstream

**Product**



Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

95

**Gross Scope 1 methane emissions (metric tons CH4)**

0.02

**Total gross Scope 1 emissions (metric tons CO2e)**

97

**Comment**

Propane CH4 GWP = 25

---

**Emissions category**

Other (please specify)

Diesel

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

59

**Gross Scope 1 methane emissions (metric tons CH4)**

0

**Total gross Scope 1 emissions (metric tons CO2e)**

59

**Comment**

Diesel CH4 GWP = 25

---

**Emissions category**

Other (please specify)

Gasoline

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

59

**Gross Scope 1 methane emissions (metric tons CH4)**

0.3

**Total gross Scope 1 emissions (metric tons CO2e)**

66

**Comment**

Gasoline CH4 GWP = 25

---

**Emissions category**

Other (please specify)



Truck and fleet vehicles fuel

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

4,816

**Gross Scope 1 methane emissions (metric tons CH4)**

0.2

**Total gross Scope 1 emissions (metric tons CO2e)**

4,872

**Comment**

Other fuels CH4 GWP = 25

---

**Emissions category**

Other (please specify)

Wastewater Treatment

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

0

**Gross Scope 1 methane emissions (metric tons CH4)**

13.7

**Total gross Scope 1 emissions (metric tons CO2e)**

344

**Comment**

Wastewater Treatment CH4 GWP = 25

---

**Emissions category**

Venting

**Value chain**

Midstream

**Product**

Gas

**Gross Scope 1 CO2 emissions (metric tons CO2)**

0

**Gross Scope 1 methane emissions (metric tons CH4)**

27.3

**Total gross Scope 1 emissions (metric tons CO2e)**

683

**Comment**

Venting CH4 GWP = 25

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO2e)
Canada	63,909
United States of America	5,153

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By facility

By activity

### C7.3b

**(C7.3b) Break down your total gross global Scope 1 emissions by business facility.**

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Moose Jaw	52,585	50.384342	-105.513219
Hardisty (including all assets at this location)	8,042	52.643244	-111.273572
Plato North	683	51.650914	-108.977319
Plato South	323	51.153758	-108.37385
Rimbey	706	52.6453	-114.219933
Edmonton	681	53.551333	-113.371378
Sexsmith	340	55.342917	-118.773075
Hussar	9	51.094206	-112.821995



Edson	0	53.573982	-116.648528
Canadian Pipelines	0		
Canadian Fleet Vehicles	243		
Calgary Office	297	51.051683	-114.071116
Wink Terminal	361	31.71136	-103.1595
US Pipelines	0		
US Trucking	4,512		
US Fleet Vehicles	116		
US Injection Stations	156		
Houston Office	2	29.756652	-95.368752
Midland Office	1	31.997415	-102.07899
Rockwall Office	4	32.893628	-96.476202

### C7.3c

**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

Activity	Scope 1 emissions (metric tons CO2e)
Storage and Handling Facilities – Includes activities from Edmonton, Edson, Hardisty Terminal, Hussar, Plato North, Plato South, Rimbey, Sexsmith, Canadian Pipelines, Canadian Fleet Vehicles, US Injection Stations, Wink Terminal, US Pipelines, US Trucking, US Fleet Vehicles, Calgary Office, Houston Office, Midland Office and Rockwall Office	6,714
Processing Facilities – Includes activities from Moose Jaw Facility, Plato North Custom Treater, Plato South Custom Treater, Rimbey Custom Treater, Sexsmith drilling fluid recycling, Hardisty Custom Treater and Hardisty Fractionator	62,348

## C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization’s total gross global Scope 1 emissions by sector production activity in metric tons CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Comment
Oil and gas production activities (upstream)		
Oil and gas production activities (midstream)	69,062	
Oil and gas production activities (downstream)		

## C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Canada	53,622	49,004	84,959	9,000
United States of America	1,000		2,495	

## C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

- By facility
- By activity

## C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.



Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Moose Jaw	8,252	
Hardisty (including all assets at this location)	34,893	
Plato North	614	
Plato South	224	
Rimbey	482	
Edmonton	5,119	
Sexsmith	696	
Hussar	217	
Edson	2	
Canadian Pipelines	2,854	
Canadian Fleet Vehicles	0	
Calgary Office	270	
Wink Terminal	194	
US Pipelines	451	
US Trucking	0	
US Fleet Vehicles	0	
US Injection Stations	347	
Houston Office	3	
Midland Office	1	
Rockwall Office	4	

## C7.6c

**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Storage and Handling Facilities – Includes activities from Edmonton, Edson, Hardisty, Hussar, Plato North, Plato South, Rimbey, Sexsmith, Canadian Pipelines, Canadian Fleet Vehicles, US Injection Stations, Wink Terminal, US Pipelines, US Trucking, US Fleet Vehicles, Calgary Office, Houston Office, Midland Office and Rockwall Office	44,409	
Processing Facilities – Includes activities from Moose Jaw Facility, Plato North Custom Treater, Plato South Custom Treater, Rimbey Custom Treater, Sexsmith drilling fluid recycling, Hardisty Custom Treater and Hardisty Fractionator	10,213	

## C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

**(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization’s total gross global Scope 2 emissions by sector production activity in metric tons CO2e.**

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Oil and gas production activities (upstream)			
Oil and gas production activities (midstream)	54,622	49,004	
Oil and gas production activities (downstream)			

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

### C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	5,618	Decreased	3.9	<p>We had an increase in renewable energy consumption from 2019 to 2020 due to the purchase of 9,000 MWh of certified renewable energy from Canadian produced hydropower. This renewable energy replaced approximately 5,618 tonnes CO2e of non-renewable energy consumption for our Canadian operations. The percentage change in emissions due to this change in renewable energy consumption is approximately: <math>(-5,618/144,149) * 100 = -3.9\%</math></p> <p>Please note that the calculations in this column use our 2019 total Scope 1+2 emissions of 144,149 tCO2e, as requested by CDP guidance.</p>
Other emissions reduction activities	30	Decreased	0.02	<p>We had several emissions reduction initiatives underway during the 2020 reporting year, including one that was implemented that led to a reduction of approximately 30 tonnes CO2e of Scope 2 emissions. Through this initiative, we removed most of the IT equipment from a former data centre within our Calgary head office to improve the energy efficiency of our floors in the building. For more information, please refer to</p>

				C4.3b. The percentage change in emissions due to this emissions reduction activity is approximately: $(-30/144,149) * 100 = -0.02\%$
Divestment	24,783	Decreased	17.2	The divestiture of our Canadian Truck Transportation business in July 2019 resulted in a material decrease in our overall emissions profile from 2019 to 2020. This business unit contributed 33,545 tonnes Scope 1 emissions during the 2019 reporting year. It is estimated that Canadian Truck Transportation could have contributed 24,783 tonnes of CO <sub>2</sub> e to our Scope 1 emissions in 2020 due to the volumes transported. There were no Scope 2 emissions associated with this business unit. In 2020, these emissions are included in Scope 3 because the transportation is not within our operational control boundary. The percentage change in emissions due to this divestment is approximately: $(-24,783/144,149) * 100 = -17.2\%$
Acquisitions				
Mergers				
Change in output	3,664	Decreased	2.5	The COVID-19 pandemic has resulted in a significant decrease in demand for refined products, which has led to a substantial decrease in crude oil prices as the current global supply of crude oil meaningfully exceeds crude oil consumption. Throughput volumes at our facilities decreased by approximately 10% in 2020 compared to 2019. The decrease was predominantly driven by reduced production as a result of depressed market pricing and reduced throughput volumes. We estimate this resulted in a decrease of approximately 3,664 tonnes of our Scope 1+2 emissions. The percentage change in emissions due to change in output is approximately: $(-3,664/144,149) * 100 = -2.5\%$
Change in methodology	2,270	Decreased	1.6	There was a change in methodology used specific to our Hardisty facilities, which results in an increase of approximately 6,178 tonnes Scope 1 emissions from 2019 to 2020. In 2019 it was incorrectly believed that certain volumes were a gas, but in 2020 we learned the volumes were liquids, which required a change in calculation methodology.

				<p>Additionally, there was a change in Scope 2 methodology by using market-based rather than location-based figures for the performance calculations. We saw a decrease of approximately 8,448 tonnes Scope 2 emissions by changing from location-based in 2019 to market-based in 2020.</p> <p>The overall change in emissions due to changes in methodology includes an increase of 6,178 tonnes as well as a decrease of 8,448 tonnes, which equates to a decrease of 2,270 tonnes CO<sub>2</sub>e. The percentage change in emissions due to change in methodology is approximately: <math>(-2,270/144,149) * 100 = -1.6\%</math></p>
Change in boundary	6,963	Increased	4.8	<p>In 2020, we incorporated additional facilities into our inventory that were excluded in 2019, including US operations, Canadian Fleet Vehicles and offices. Specific facilities that were added include Wink Terminal (including US pipelines), US Trucking &amp; Fleet, US Injection Stations, Canadian Fleet Vehicles, Calgary Office, Houston Office, Midland Office and Rockwall Office. The total Scope 1+2 emissions from these facilities in 2020 is 6,963 tonnes. The percentage change in emissions due to change in methodology is approximately: <math>(6,963/144,149) * 100 = 4.8\%</math></p>
Change in physical operating conditions				
Unidentified				<p>There may have been changes in our Scope 2 emissions due to variation in electricity and natural gas consumption as a result of unidentified external factors such as weather. However, we are not able to provide an estimate for this potential change.</p>
Other	4,519	Increased	3.1	<p>In 2020, there was a change in the feedstock provided to our Moose Jaw Facility, which led to an increase in emissions in 2020 compared to the feedstock used in 2019. The difference in Scope 1 emissions at the facility from 2019 to 2020 was</p>

				4,519 tonnes. The percentage change in emissions due to change in methodology is approximately: $(4,519/144,149) * 100 = 3.1\%$
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## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 10% but less than or equal to 15%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No



## C8.2a

**(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	277,641	277,641
Consumption of purchased or acquired electricity		9,000	78,453	87,453
Total energy consumption		9,000	356,095	365,095

## C8.2b

**(C8.2b) Select the applications of your organization’s consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

.....



**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

134,424

**Emission factor**

1.95

**Unit**

kg CO2e per m3

**Emissions factor source**

2020 National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks for Alberta and Saskatchewan in Canada Except for Moose Jaw Facility where the CO2 emission factor is calculated based on carbon content, and the CH4 and N2O factors are provided in the 2019 Canada's GHG quantification requirements document. U.S. natural gas emission factor was taken from EPA's emission factors for greenhouse gas inventories.

**Comment**

---

**Fuels (excluding feedstocks)**

Fuel Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

142,280

**Emission factor**

6.82

**Unit**

kg CO2e per m3

**Emissions factor source**

Fuel gas GHG emissions follow the quantification methodology prescribed in the Alberta Greenhouse Gas Quantification Methodologies, Chapter 15 for all facilities except for Moose Jaw Facility where the fuel gas consumption emissions are quantified following the methodology prescribed in the 2020 Canada's Greenhouse Gas Quantification Requirements: Greenhouse Gas Reporting Program.

**Comment**

---

**Fuels (excluding feedstocks)**

Propane Liquid

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

440

**Emission factor**

1,548

**Unit**

kg CO2e per m3

**Emissions factor source**

2020 National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks in Canada

**Comment**

---

**Fuels (excluding feedstocks)**

Diesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

233

**Emission factor**

2,689

**Unit**

kg CO<sub>2</sub>e per m<sup>3</sup>

**Emissions factor source**

2020 National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks in Canada

**Comment**

---

**Fuels (excluding feedstocks)**

Motor Gasoline

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

264

**Emission factor**

2,572

**Unit**

kg CO<sub>2</sub>e per m<sup>3</sup>

**Emissions factor source**

2020 National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks in Canada

**Comment**

## C8.2e

**(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.**

---

**Sourcing method**

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

**Low-carbon technology type**

Hydropower

**Country/area of consumption of low-carbon electricity, heat, steam or cooling**

Canada



**MWh consumed accounted for at a zero emission factor**

9,000

**Comment**

In Canada, we have utilized contractual instruments for our organization to retire 9,000 MWh of certified renewable energy from Canadian produced hydropower. The RECs are certified in accordance with the Midwest Renewable Energy Tracking System (M-RETS) and are within the geographic boundary of the market in which we consume electricity.

## C9. Additional metrics

### C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

### C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

**(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

	Investment in low-carbon R&D	Comment
Row 1	Yes	Gibson has invested in low-carbon research and development with a focus on identifying opportunities to invest in new or emerging proven technologies to lower our emissions footprint, including through renewable energy opportunities and improvements to our infrastructure and operations efficiency. We regularly conduct engineering and efficiency studies to determine the GHG and air emissions reduction potential of new and emerging technologies. Additionally, the studies include factoring the current and future carbon price into the economics to determine the overall viability potential projects. These reviews influence our project development strategy on an ongoing basis as a key part of our corporate strategy.

## C-CO9.6a/C-EU9.6a/C-OG9.6a

**(C-CO9.6a/C-EU9.6a/C-OG9.6a) Provide details of your organization's investments in low-carbon R&D for your sector activities over the last three years.**

Technology area	Stage of development in the reporting year	Average % of total R&D investment over the last 3 years	R&D investment figure in the reporting year (optional)	Comment
Infrastructure	Applied research and development	81-100%		Our research and development related to infrastructure includes process efficiency evaluations focused on reducing emissions from existing and potential infrastructure. Through our efficiency studies, we identified an opportunity to invest \$19,200,000 at our Moose Jaw Facility to further reduce the emissions intensity by switching from a feedstock-based fuel supply to natural gas, which helps the facility be more energy efficient. This project was approved by the Board in 2020 and work on the project has commenced.
Renewable energy	Basic academic/theoretical research	≤20%		We investigate the potential of integrating renewable energy technologies into our business to reduce the Scope 2 emissions footprint of our assets. During the reporting year, there were two renewable energy opportunities under investigation, and we will continue to research and evaluate renewable technologies on an ongoing basis.

## C10. Verification

### C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

## C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

---

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/ section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

**C10.1b**

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

---

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/ section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

**C10.1c**

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

---

**Scope 3 category**

Scope 3: Purchased goods and services

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Capital goods

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Upstream transportation and distribution

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Waste generated in operations

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Business travel

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Employee commuting

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Downstream transportation and distribution

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Processing of sold products

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 3 category**

Scope 3: Use of sold products

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**



Limited assurance

**Attach the statement**

 Verification Report\_Gibson Energy ULC 2020 Corporate Inventory\_2021 07 26.pdf

**Page/section reference**

All document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

## C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## C10.2a

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
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C8. Energy	Energy consumption	ISO 14064-3 Reasonable assurance	The verification statement includes an assessment of the energy consumption data from C8.2a in terms of accuracy and conformance with the criteria of the ISO 14064-3 standards. The scope of this energy consumption data covers all operations in Canada and the US and, which we have chosen to verify as this data relates to our Scope 1 and 2 emissions quantification.
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## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

#### C11.1a

**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

- BC carbon tax
- Canada federal fuel charge
- Saskatchewan OBPS - ETS
- Other ETS, please specify
- Alberta Technology Innovation and Emissions Reduction (TIER) Regulation

#### C11.1b

**(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

**Saskatchewan OBPS - ETS**

---

**% of Scope 1 emissions covered by the ETS**

76



**% of Scope 2 emissions covered by the ETS**

0

**Period start date**

January 1, 2020

**Period end date**

December 31, 2020

**Allowances allocated**

0

**Allowances purchased**

0

**Verified Scope 1 emissions in metric tons CO<sub>2</sub>e**

52,585

**Verified Scope 2 emissions in metric tons CO<sub>2</sub>e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

The Saskatchewan Output-Based Pricing System (OBPS) applies to Scope 1 emissions at our Moose Jaw Facility. It uses an emission benchmark calculated from an average of 2016-2018 baseline Scope 1 emissions intensity, with baselines confirmed in 2019. The number of allowances allocated and purchased in 2020 is 0 because the offset system has not yet been developed, however, we will monitor for updates and act as necessary once the program is developed.

**Other ETS, please specify**

---

**% of Scope 1 emissions covered by the ETS**

10

**% of Scope 2 emissions covered by the ETS**

0

**Period start date**

January 1, 2020

**Period end date**

December 31, 2020

**Allowances allocated**

6,494

**Allowances purchased**

738

**Verified Scope 1 emissions in metric tons CO<sub>2</sub>e**

7,231

**Verified Scope 2 emissions in metric tons CO<sub>2</sub>e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

The Technology Innovation and Emissions Reduction (TIER) Regulation is Alberta's industrial greenhouse gas emissions pricing regulation and emissions trading system for Scope 1 emissions. As of January 1, 2020, TIER replaced Alberta's previous ETS, the Carbon Competitiveness Incentive Regulation (CCIR). In 2020, we elected to voluntarily participate in TIER under the aggregate program for our Hardisty Fractionation Plant and Hardisty Custom Treater. Additionally, we have applied for our Diluent Recovery Unit (DRU), which will begin operation in mid 2021, to be included in our existing aggregate under TIER. According to the regulation, new facilities do not have a compliance reporting obligation to determine the facility-specific benchmark for up to three calendar years from the start of production.



Based on our 2020 verified emissions for the aggregate facilities, the number of allowances purchased for 2020 to meet the true-up obligation was 738. In 2021, we calculated the first Facility Specific Benchmark for the current aggregate facilities at Hardisty. We anticipate that the compliance benchmark will need to be recalculated following potential changes to our aggregate under TIER, including the addition of the DRU.

## C11.1c

**(C11.1c) Complete the following table for each of the tax systems you are regulated by.**

### BC carbon tax

---

**Period start date**

January 1, 2020

**Period end date**

December 31, 2020

**% of total Scope 1 emissions covered by tax**

0

**Total cost of tax paid**

746,000

**Comment**

The BC Carbon Tax was adopted in 2008 and was the first broad-based carbon tax in North America. Under this tax system, Gibson is registered as a distributor with respect to the fuels that we import into BC, and a deputy collector for the fuels that we purchase in BC to resell to someone other than a purchaser. The tax paid to the BC government was based on volume of fossil fuel we imported and purchased in BC during the reporting period, but ultimately, we recovered the tax paid on the resale of this fuel to customers in the province. The percent of Scope 1 emissions is 0 because we do not have facilities operating in BC under operational control for emissions quantification.

### Canada federal fuel charge

---

**Period start date**

January 1, 2020

**Period end date**

December 31, 2020

**% of total Scope 1 emissions covered by tax**

6

**Total cost of tax paid**

464,424

**Comment**

In 2020, Gibson was registered as an importer, distributor, user, and emitter under Part I of Canada's Greenhouse Gas Pollution Pricing Act (GGPPA). These registration types permit us to do the following:

- User – use fuel for non-combustion activities such as blending
- Importer/distributor – sell fuel on a wholesale basis
- Emitter – register our Moose Jaw Facility and the DRU without paying the federal fuel charge

## C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

Our Canadian operations are currently regulated by several emissions and tax systems including Saskatchewan OBPS, TIER, BC Carbon Tax and Canada Federal Fuel Charge. Participating in OBPS and TIER and meeting the respective performance standards exempts us from the Canada Federal Fuel Charge for relevant facilities. In order to proactively address and comply with existing and emerging regulations, we have established a strategy comprised of four pillars:

**Accountability:** Our Climate Change and Emissions Working Group (CCEWG), government relations, tax and regulatory teams all have key responsibilities to ensure we remain current on and comply with all climate-related regulatory systems we participate in. Annually, these teams are provided with sufficient regulatory compliance resources and third-party support to enable them to spend adequate time and effort on meeting compliance expectations while also monitoring our exposure to emerging carbon emissions trading systems. As a responsible operator, before we begin any operations or construction activities in a jurisdiction, we ensure we apply for and receive the necessary approvals and permits. Additionally,

we apply an internal carbon shadow price to business units, corporate divisions and facilities where we have operational control and can influence business and operations decision-making within Canada. Further details on our internal carbon price are in C11.3a.

**Third-Party Quantification and Verification:** We seek third-party support in the quantification and verification of our company-wide GHG emissions, including both our OBPS-regulated Moose Jaw Facility and aggregate TIER facilities in Hardisty. For example, in 2020, the compliance costs we paid to hire third-parties to quantify, verify and report on our emissions was approximately \$125,000.

**Engagement and Monitoring:** We monitor and evaluate our regulatory exposure to other emissions trading systems and proactively engage with governments to provide input on policy drafts. Our CCEWG, government relations, tax and regulatory teams are responsible for monitoring changes in regulations that could impact our business. They also interpret and draw attention to any climate-related legislation developments that could impact our business or operations.

**Emissions Reduction and Efficiency:** Our commitment to reduce emissions and improve energy efficiency throughout our operations will help achieve performance standards required under OBPS and TIER. We consider innovation and optimization as key parts of our strategy and the CCEWG is responsible for supporting the identification of both intensity and absolute emissions reduction initiatives as well as identifying partnership opportunities with a variety of external stakeholders to achieve additional energy and emissions reductions that will meaningfully contribute to our emissions targets. We already consider the impact of GHG emissions as part of our capital review processes and remain committed to ensuring that all our capital investments continue to realize Gibson's internal return hurdles. For example, we have allocated capital within our budget to further reduce emissions at our Moose Jaw Facility by switching from a feedstock-based fuel supply to natural gas.

### **Regulations in 3-5 Years**

The Government of Canada has confirmed its previously announced plan to accelerate climate action in Canada, which proposes that in 2030 the cost of carbon will be \$170/tonne. To reach that level, the carbon price will rise to \$50/tonne in 2022 and increase by \$15/tonne each year. In the next 3-5 years, the annual increase may have a significant impact on Gibson. GHG regulations will become increasingly stringent and potentially expose our business to additional emissions trading or tax systems in the future as the Supreme Court of Canada has ruled that the Government of Canada's carbon tax is constitutional. As such, Alberta will need to modify the TIER program and Saskatchewan will need to modify its Prairie Resilience program to ensure they continue to align with the Federal Backstop. Should there be delays with changing the Alberta and Saskatchewan systems, Gibson could be exposed to additional costs due to the delay as well as any possible administrative or implementation issues that may arise. To mitigate this exposure, our strategy was to voluntarily opt-in to TIER beginning in 2020 and continue our reporting obligations under MRGGR. This approach has made us more resilient in the face of an emission trading system change in Alberta as well as in Saskatchewan as we have met our regulatory requirements under MRGGR. We also continue to monitor the potential for additional carbon pricing programs to be introduced in the US, however at this time we are not subject to any carbon tax regulations for our US operations. The four pillars of our current compliance strategy as described above would be applied towards any new emissions trading and tax system exposures we may face.

## C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

Yes

## C11.3a

**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

---

### **Objective for implementing an internal carbon price**

- Navigate GHG regulations
- Stakeholder expectations
- Change internal behavior
- Drive energy efficiency
- Drive low-carbon investment
- Stress test investments
- Identify and seize low-carbon opportunities

### **GHG Scope**

Scope 1

### **Application**

Our internal price on carbon is applied to business units, corporate divisions and facilities where we have operational control and can influence business and operations decision-making within Canada. Shadow pricing of the carbon price is included in Canadian project economics to determine future exposures and operating costs of facilities to be constructed.

**Actual price(s) used (Currency /metric ton)**

40

**Variance of price(s) used**

\$40-50

**Type of internal carbon price**

Shadow price

**Impact & implication**

Understanding future costs is vital to determining project viability so we include carbon pricing in business case modelling for our Canadian projects. To understand the future impacts of an internal carbon price on our business decisions, including investment in emission reduction activities, we currently use an evolving shadow price of \$40-50/tonne for projects in Canada.

The Government of Canada has confirmed its previously announced plan to accelerate climate action in Canada, titled “A Healthy Environment and a Healthy Economy” which proposes increasing the carbon price from the 2022 rate of \$50/tonne by \$15 per tonne each year until it reaches \$170/tonne in 2030, which may have an impact on Canadian industry participants, potentially including Gibson. We continue to monitor the potential for additional carbon pricing programs to be introduced in the US. At this time, our US operations are not subject to any carbon tax regulations. We follow the current Government of Canada’s guidelines and will align our internal carbon pricing with the government’s legislation to increase the carbon price by \$15 per year to \$170/tonne in 2030. As of 2021, we apply an internal carbon price at the low end of \$40/tonne for projects with shorter-time horizons and a higher cost of \$50/tonne for medium-term projections.

As an example, we consider the impact of carbon tax and other climate-related impacts on the viability of our future projects including our recently announced fuel switching opportunity which will result in additional emissions reduction at our Moose Jaw Facility by switching from a feedstock-based fuel supply to natural gas. During the identification and development of this project, we considered many factors such as the impact this project would have on Gibson’s emissions in addition to incorporating the carbon tax into the project evaluation. As the project would help us further reduce our emissions at the Moose Jaw Facility by approximately 5,000 tCO<sub>2</sub>e/year (absolute net of production expansion

emissions), while simultaneously increasing production from 22,500 barrels per day (bpd) to 24,000 bpd, the Board approved this initiative to be implemented and allocated capital within Gibson’s budget to realize this opportunity. Work on this project has commenced.

## C12. Engagement

### C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

### C12.1a

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

---

**Type of engagement**

Compliance & onboarding

**Details of engagement**

Included climate change in supplier selection / management mechanism

**% of suppliers by number**

2

**% total procurement spend (direct and indirect)**

7

**% of supplier-related Scope 3 emissions as reported in C6.5**

9

### **Rationale for the coverage of your engagement**

In 2020, we added a sustainability and ESG questionnaire as part of the RFP process to collect information on how potential suppliers address ESG practices and performance, including climate-related topics such as air and GHG emissions and climate-related strategy. The sustainability and ESG section holds a minimum of 5% weighting of the overall supplier selection criteria for evaluating all RFP's. We target potential suppliers going through the RFP process because it provides us an opportunity to both collect information from proponents, while also encouraging them to share climate-related information in a meaningful way.

### **Impact of engagement, including measures of success**

By scoring suppliers on their ESG performance during the RFP process, it will encourage suppliers to improve their ESG and climate-related practices and disclosures. The measure of success for this engagement is for 100% of all new RFP's to include ESG and climate-related information. Given that the new RFP process was implemented in September 2020 and not all suppliers we work with go through an RFP process, by year end 2% of all existing suppliers we worked with in 2020 who were awarded the RFP work had completed the ESG questionnaire including information on climate-related topics.

### **Comment**

---

#### **Type of engagement**

Compliance & onboarding

#### **Details of engagement**

Code of conduct featuring climate change KPIs

#### **% of suppliers by number**

20

#### **% total procurement spend (direct and indirect)**

47

## **% of supplier-related Scope 3 emissions as reported in C6.5**

49

### **Rationale for the coverage of your engagement**

Carbon management by our suppliers is an important priority for Gibson. As part of our supplier/vendor contracting, compliance and onboarding program, suppliers are required to acknowledge and adhere to our Code of Conduct and Ethics (the Code) which outlines our expectations of suppliers regarding environmental responsibility and management of carbon emissions. For this engagement, we target suppliers who acknowledge our Code of Conduct and Ethics, as this provides us with an opportunity to make our climate-related expectations clear at the beginning of our working relationship.

In 2019, we updated the Code to better articulate our environmental, including carbon emission management, expectations. In 2020 we recognized there was a gap in setting clear expectations of how we expect our suppliers to uphold our values in their conduct of business. We introduced a Supplier Code of Conduct and Ethics (Supplier Code) that was approved by the Board in July 2021, which further encourages suppliers to seek opportunities to improve their environmental and climate-related performance.

### **Impact of engagement, including measures of success**

By agreeing to our Code, the successful impact of this engagement is greater clarity for our suppliers on our position on environmental responsibility and carbon management expectations. Our suppliers are an important extension of our business and we want to ensure they understand what we expect from them with regards to climate-related issues.

The measure of success is the % of vendors that have agreed to our updated Code, which clarifies our expectations of suppliers related to environmental responsibility and carbon management. By year-end, 20% of vendor agreements from engagement in 2020 included our carbon expectations. Not all suppliers have agreed to our updated Code if they entered into an agreement prior to 2019 that is still in place, or if they are not suppliers we require a contracted agreement with.

As our Supplier Code was implemented in July 2021, we do not yet have data to report on the proportion of suppliers agreeing to our new Supplier Code, however we plan to track and report this metric going forward.

### **Comment**

---

### **Type of engagement**

Information collection (understanding supplier behavior)

### **Details of engagement**

Collect climate change and carbon information at least annually from suppliers

### **% of suppliers by number**

24

### **% total procurement spend (direct and indirect)**

71

### **% of supplier-related Scope 3 emissions as reported in C6.5**

50

### **Rationale for the coverage of your engagement**

We collect environmental information, including climate-related information, from our suppliers as part of our third-party supplier management tool, entitled “ISNetworld”, which includes a prequalification questionnaire that asks questions related to ESG practices and performance. The process ensures suppliers meet minimum requirements, including with respect to carbon management. Registering with ISNetworld is a requirement for our high-risk suppliers, such as those working at our sites, and we target this group of suppliers because they make up the majority of our spend each year.

Through the ISNetworld questionnaire, we compile information on suppliers with environmental policies, audit programs, training and programs including waste management. In 2020, we also introduced additional environmental and climate-related questions to collect information such as sources and tracking of direct GHG emissions as well as climate-related strategy.

### **Impact of engagement, including measures of success**

By gathering climate-related information about our suppliers, we are better able to understand our climate-related impacts through the supply chain and identify the possible opportunities to work with suppliers to improve practices, where necessary.



The measures of success include the % of suppliers that complete the ISNetwork questionnaire, the % of suppliers with environmental policies and the % of suppliers with environmental programs. In 2020, because joining ISNetwork is only a mandatory requirement for our high-risk suppliers such as those working at our sites, 24% of suppliers we worked with in 2020 completed the ISNetwork questionnaire. In addition, we were able to collect information on a portion of these suppliers who have environmental policies and environmental programs. Going forward, we hope to continue increasing the proportion of suppliers who complete the ISNetwork questionnaire to better enable us to identify suppliers with opportunities to improve their environmental and climate-related practices.

## Comment

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### Type of engagement

Engagement & incentivization (changing supplier behavior)

### Details of engagement

Run an engagement campaign to educate suppliers about climate change

### % of suppliers by number

0.4

### % total procurement spend (direct and indirect)

13

### % of supplier-related Scope 3 emissions as reported in C6.5

15

### Rationale for the coverage of your engagement

We actively engage and raise the awareness of our suppliers on our environmental, including climate-related priorities and objectives and conduct stewardship meetings with several suppliers on an annual basis. In 2020, our climate-related engagement meetings were focused on six suppliers which were chosen because they were the largest spend suppliers and we believe that we can leverage our strong working relationships to positively engage on climate-related issues.

Climate change is an important topic on our agenda at these stewardship meetings. We educate our suppliers about our environmental, including climate change goals and objectives and use the engagement as an opportunity to learn more about how we might collaborate on joint emission reduction projects.

**Impact of engagement, including measures of success**

By engaging and raising the awareness of our suppliers of our climate-related priorities, we clarify our expectations and enable accelerated action on our objectives.

The measure of success is to ensure our largest spend suppliers are involved in the engagement and are working collaboratively to contribute to our environmental goals and objectives, including climate-related priorities. In 2020, we engaged with our 6 largest suppliers who comprised approximately 13% of our total spend.

**Comment**

**C12.1b**

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

---

**Type of engagement**

Collaboration & innovation

**Details of engagement**

Run a campaign to encourage innovation to reduce climate change impacts

**% of customers by number**

50

**% of customer - related Scope 3 emissions as reported in C6.5**

**Please explain the rationale for selecting this group of customers and scope of engagement**

Solving complex climate-related issues is only possible through industry-wide collaboration. We engage with some of our customers to understand how we can help meet their climate and environmental goals by providing solutions that help them reduce greenhouse gas emissions or partnering with our customers on innovative projects. Our commercial team has an internal working committee that meets bi-weekly to discuss priorities for engaging with customers on climate-related issues such as renewable energy opportunities or carbon capture. Through our commercial working group, we regularly host both formal and informal conversations with our customers to share Gibson's climate change strategy and targets as well as better understand our customers climate and environmental focused priorities. We also encourage innovation by identifying opportunities where we can supplement customers' strategies and longer-term ambitions. We target our major commercial customers for this type of engagement because many have also set ambitious greenhouse gas emissions reduction targets and we believe we can help them achieve their commitments by providing innovative solutions to problems they are currently facing and solutions for the future. In 2020, we conducted engagement meetings with over 50% of our producers and marketing customers.

**Impact of engagement, including measures of success**

Through this type of engagement, Gibson can demonstrate how we can support the energy transition and the changing needs of our customers, while partnering with customers to help achieve their low-carbon fuel goals. The measure of success is the implementation of low-carbon innovative projects in collaboration with our customers. One example of a positive outcome is the long-term agreement with our customer Suncor, announced in early 2021, for services at Gibson's Edmonton Terminal and the related sanction of an expansion to support the blending and loading of third-party biofuels for Suncor. The Biofuels Blending Project will include additional infrastructure that will be used to facilitate the storage, blending and transportation of renewable diesel.

## C12.1d

**(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

The 'other' partners we have identified as critical to engage with on climate-related matters within our value chain are our peers.

We actively participate in a sustainability leadership initiative made up of our energy industry peers in Calgary, Alberta. Engagement with this group includes bi-monthly meetings to discuss sustainability integration challenges, third-party disclosure challenges and opportunities, learnings from innovations implemented by our peers, best practices in disclosure and engagement, especially as it related to climate change and greenhouse gas

emissions. In 2020, the meetings covered several topics including the path to Net Zero, climate-related scenario analysis, supply chain engagement, collaborative innovation and GHG reduction case studies from companies who are members of the working group or other invited speakers. Each meeting focuses on a specific subject matter that is lead by one or more companies who have experience in the respective area or a subject matter that a member company is currently challenged by that wishes to engage the broader group. Other engagement opportunities include an annual day-long workshop with the specific intent of sharing best practices and open dialogue to raise the bar for the entire industry. Outputs include discussion records collated to create living documents housed online that form an ongoing resource for best practices and ideas including recommendations from leading experts in the field. We prioritized this method of engagement within our value chain because it produces climate-related ideas and solutions that can be immediately trialed or implemented within Gibson based on peers that have face similar issues and challenges. In 2020, we implemented some of the best practices shared in the working group. We measure our success in this regard by looking at the number of new practices implemented as a result of our engagement with this peer working group and in 2020 we implemented three key new practices. These three new practices are: integrating climate-related expectations into our new Supplier Code of Conduct and Ethics which applies to all of Gibson's suppliers; integrating climate scenario analysis into our corporate strategy process as well as our enterprise risk management process; and hosting discussions with our top customers to discuss our climate-related initiatives at stewardship meetings.

Gibson is also a corporate member of Canadian Business for Social Responsibility (CBSR), which is a professional association for Canadian companies championing business as a force for good. CBSR supports sustainable business in Canada by offering companies tools, insights and a platform to share information and engage with other businesses, NGOs and governments on best practices and opportunities for collaboration. Through this group, we participate in regular round-table discussions where we engage with other sustainability leaders across a broad set of industries. Discussions cover various sustainability and climate-related topics, including integrating sustainability into capital decisions and financing the net-zero transition.

Additionally, a member of Gibson's senior leadership team was selected as a Fellow in the Energy Futures Lab, which is an Alberta-based, multi-interest collaboration that brings together a cohort of influential leaders to address current and emerging energy challenges, and generate opportunities to identify, test and scale new initiatives and collaborations. Through the fellowship, Gibson has the opportunity to collaboratively engage with others from a diversity of perspectives and abilities on initiatives to help build the energy system the future requires of us.

## C12.3

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers

## C12.3a

### (C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Carbon tax	Support	Gibson participates in ongoing discussions with the provincial government regarding GHG and air emissions regulations for the midstream sector. The goal of Gibson’s engagement is to ensure public policy and subsequent legislation considers the balance between environmental benefits as well as maintaining competitiveness across geographical boundaries.	Gibson generally supports the development and implementation of regulations for the midstream sector that allow us to remain competitive across jurisdictions. The goal is to create a consistent, equitable system that stimulates investment in the sector and in innovative solutions that will lead to improved GHG emissions performance. Gibson engages with policy makers to help expand on how legislative and policy changes impact our business and facilities.
Regulation of methane emissions	Support	Gibson, as an associate member of CAPP on the Methane Task Group and Air Emissions Committee, engages with Alberta on methane regulations and reduction initiatives by attending meetings and contributing to materials developed on behalf of the committee and shared with government officials.	Gibson is supportive of methane emission regulation and reduction initiatives and polices, despite there being minimal impact on our business given methane emissions are not material to our operations.

## C12.3f

### (C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

In order to ensure that our direct and indirect engagement with policy makers and trade association is consistent with our overall climate change strategy, we have developed our internal Climate Change and Emissions Working Group (CCEWG) comprised of members representing key functions including sustainability, government relations, tax, project development and strategy, EH&S, operations and regulatory. The group meets monthly to review all current and possible policy engagement opportunities as well as trade association membership and activities to ensure alignment with

Gibson's climate-related priorities and stance. This process also enables us to ensure we take one common and consistent approach across all our climate engagement activities, including all our business functions and geographies. This process is further reinforced by the fact that the CCEWG is led by the General Manager of EH&S, who reports to the SVP & CAO, and also shares its findings with relevant groups within our sustainability governance structure including the core Sustainability Team, CEO and the Sustainability and ESG Board Committee.

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

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### Publication

In voluntary communications

### Status

Complete

### Attach the document

 Establishment of Expanded Sustainability and ESG Targets - Gibson Energy.pdf

### Page/Section reference

Entire press release

### Content elements

Governance  
Strategy  
Emission targets  
Other metrics

### Comment

In March 2021, we announced that we set several medium and long-term ESG targets, including both absolute and emissions intensity targets.

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**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

 Sustainability Linked Credit Facility - Gibson Energy.pdf

**Page/Section reference**

Entire press release

**Content elements**

Governance  
Strategy  
Emission targets  
Other metrics

**Comment**

In April 2021, we announced that the borrowing cost of our Sustainability-Linked 5-Year, \$750 million Revolving Credit Facility is tied to achievement of the target we set for a 15% reduction in company-wide Scope 1+2 emissions intensity by 2025, among other targets on diversity and inclusion and governance.

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**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

 Sanction of a Biofuels Blending Project - Gibson Energy.pdf

**Page/Section reference**

Entire press release

**Content elements**

Strategy

**Comment**

In March 2021, we announced that Gibson has entered into a long-term agreement with Suncor for services at Gibson's Edmonton Terminal pertaining to an expansion to support the blending and loading of third-party biofuels for Suncor.

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**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

 Gibson-Energy-2020-AIF-SEDAR.pdf

**Page/Section reference**

"ESG/Sustainability" (page 22-24)

"Risk Factors" beginning on page 34

"Climate Change Legislation" (page 38-41)

"Environmental and Health and Safety Regulations" (page 43-44)

### **Content elements**

Governance

Strategy

Risks & opportunities

### **Comment**

See Gibson's 2020 Annual Information Form for detail in the pages/sections notes above.

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### **Publication**

In voluntary sustainability report

### **Status**

Underway – previous year attached

### **Attach the document**

 Gibson 2019 Sustainability Report.pdf

### **Page/Section reference**

"Governance and Management Structure" (page 10)

"ESG Governance" (page 16)

"Environmental Management" (page 26)

"ESG Opportunities and Risks" (page 11)

Emission Figures: "Performance Data Table" (page 31)

### Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Other metrics

### Comment

We intend to publish an update to our Sustainability Report in Q3 2021 which will be aligned to the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD), among other ESG reporting frameworks, and will include our 2020 performance data. We have attached our Sustainability Report published in May 2020 which includes performance data from 2017-2019.

## C15. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

#### Forward-Looking Statement Notice

Certain statements and information contained in this document constitute forward-looking information (as such term is defined under Canadian securities laws). All statements other than statements of historical fact are forward-looking information. The use of any of the words “anticipate”, “plan”, “continue”, “target”, “estimate”, “expect”, “intend”, “propose”, “might”, “may”, “will”, “shall”, “project”, “should”, “could”, “would”, “believe”, “predict”, “forecast”, “potential” and “opportunity” and similar expressions expressing future outcomes or statements regarding an outlook are intended to identify forward-looking information. Forward-looking information contained in this document includes, but is not limited to, information regarding Gibson's sustainability and ESG targets and initiatives; the timing, likelihood and financial impact of the materialization of certain risks; and opportunities available to Gibson and the cost and expected timing of such opportunities. The forward-looking information contained in this document reflects our beliefs and assumptions with respect to the outlook for economic and industry trends, commodity prices, capital markets, the governmental, regulatory and legal environment, our business and the businesses of our industry partners, the impact thereon of environmental, including climate-related, matters, and the

likelihood, timing and financial impact of certain events. Our management believes that its assumptions and analysis in this document are reasonable, however, no assurance can be given that these expectations will prove to be correct.

Actual results could differ materially from those anticipated in such forward-looking information as a result of factors outside of our control and due to the risks and uncertainties described under the heading "Risk Factors" in our current management's discussion and analysis and Annual Information Form, in each case as filed on SEDAR at [www.sedar.com](http://www.sedar.com). Readers should refer to "Forward-Looking Information" and "Risk Factors" included in such documents. Readers are cautioned that there may be risks that are unknown and other risks that may pose unexpected consequences. As such, forward-looking information included or referred to in this document should not be unduly relied upon. The forward-looking information included or referred to in this document is expressly qualified by this cautionary statement and is as of the date hereof. Gibson does not undertake any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

#### **Non-GAAP Measures**

This document refers to certain financial measures that are not determined in accordance with IFRS. Adjusted EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS and, therefore, may not be comparable to similar measures reported by other entities. Management considers this to be an important supplemental measure of Gibson's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. See "Non-GAAP Financial Measures" in Gibson's most recent management's discussion and analysis for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure. Readers are encouraged to review Gibson's most recent management's discussion and analysis, available at [www.gibsonenergy.com](http://www.gibsonenergy.com) and on Gibson's profile at [sedar.com](http://sedar.com) for a full discussion of the use of such measure. Readers are cautioned, however, that these measures should not be construed as an alternative financial results determined in accordance with IFRS as an indication of Gibson's performance.

#### **IEA Scenario Usage**

While the SDS and STEPS scenarios offer potential outlooks for the energy future, it is difficult to predict how the future may unfold and the potential outlooks under SDS and STEPS may not be an accurate representation of what will or should occur in the future. By considering these scenarios, we were able to stress test the resilience of our business over a range of different potential outcomes, including the lower probability, higher consequence set of assumptions under the SDS.



## C15.1

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	President and Chief Executive Officer	Chief Executive Officer (CEO)

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

**Please confirm below**

I have read and accept the applicable Terms