![sultran LTD.]

![PACIFIC COAST TERMINALS CO. LTD.]

SUSTAINABILITY
REPORT
2023

INTEGRATED LOGISTICS SOLUTION
LAND TO TIDEWATER, YOUR CONNECTION
TO GLOBAL MARKETS

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SUSTAINABILITY REPORT

BUSINESS OVERVIEW

The business enterprise services the various supply chain logistical needs of Western Canadian bulk commodity exporters. We continue to support the transport and terminal logistical requirements of sulphur and the tidewater terminal needs of potash, canola oil and ethylene glycol.

Transport services focus on aggregating customers' formed export sulphur to facilitate reliable and cost-effective delivery to one of the two tidewater terminals. Sulphur is transported using our owned fleet of railcars by either CN Rail or CPKC Rail to Pacific Coast Terminals (PCT) or our contract terminal Vancouver Wharves.
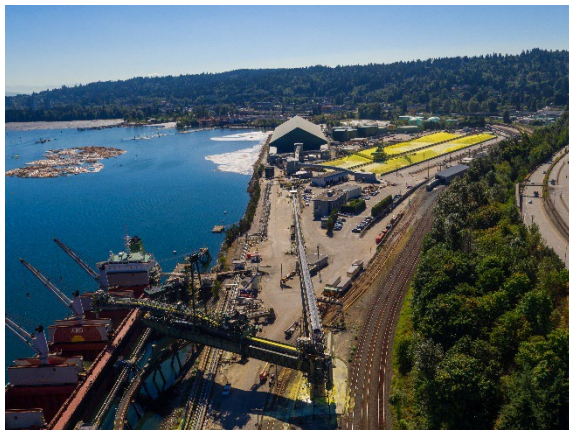
Terminal services revolve around receiving, storing and lifting product to vessel in a responsible and cost-efficient manner, optimizing our services to minimize our environmental footprint. Sulphur is delivered to either PCT or Vancouver Wharves and potash, canola oil and ethylene glycol are handled at PCT.

Logistical oversight is provided by our experienced staff utilizing a proprietary integrated supply chain software package called STARS. This package, along with its complementary Business Web platform, offers visibility to customers, service providers as well as internally.

The business is comprised of two legal entities, Sultran Ltd., and its wholly owned subsidiary Pacific Coast Terminals Co. Ltd. Ownership of Sultran Ltd. is dispersed amongst twelve (12) shareholder groups with no single entity holding more than 16.5% of the voting shares. Sultran Ltd. is incorporated under the Business Corporations Act of Alberta and PCT is incorporated under the British Columbia Corporations Act. Due to the interprovincial nature of our business activities, we are governed by the federal Canada Labour Code.

PCT is in Port Moody, British Columbia, and Vancouver Wharves is in North Vancouver, British Columbia. Shared Services, comprised of information technology, finance, human resources and administration, are in both our Calgary and Port Moody locations.

Commencing in 2021, the Board of Directors endorsed a shift in corporate strategy from one of cost containment for sulphur exports to one of pursuit of enterprise value through optimization of existing service offerings and new business additions. The fiscal 2023 financial results reflect this strategic shift

through higher profitability due to improved sulphur margins, realignment of shared service functions and increased financial resources dedicated towards the pursuit of growth opportunities.

To increase our Enterprise Value, the organization has moved to a unified true north with a common Vision of "*We are a world-class supply chain solutions company for bulk commodities serving the global market*"; with a purpose of "*We are a strategic partner providing reliable and competitive supply chain solutions for bulk commodities*"; and supporting Values of "*Integrity, Adapt & Evolve, Service Excellence, Results Driven.*" We are positioned to achieve our strategic imperatives grounded in the principles of long-term sustainability.

EXECUTIVE HIGHLIGHTS

Our desire to increase Enterprise Value led us to reimagine our long-term impact on our globe and to build a foundation of sustainability in all we do. The latter part of 2023 efforts were activated towards education and exploration of focus elements to build a long-term road map of intentionality. Leading into 2024, we are committed to creating a plan for four targeted element areas, determining how to calculate Green House Gas emissions and explore any future financial corporate reporting requirements. As we redefine our roadmap, continued focus on the here and now occurred.

Last year, we received the following awards, demonstrating the Enterprise's progress in our sustainability mandate:

- **Certificate of Recognition (COR) WorkSafe BC** – recognized as an Employer who takes a proactive role in occupational health and safety by going beyond the current legal requirements, implementing an effective occupational health and safety management system (OHSMS), and passing a certification audit to the standards set out by the Board.

- **Green Marine Certification** – recognized as a partner who improved our environmental performance beyond regulations by targeting key environmental issues related to air, water, and soil quality as well as community relations.

- **Climate Smart Certification –** a program that provides training, tools, and technical assistance to enable companies to measure and reduce their GHG emissions, make informed decisions to invest in efficiencies, and communicate their sustainability initiatives in a compelling and data-driven way. This unique approach equips companies with the tools to analyze, measure, and reduce emissions and develop the capacity to lead the emissions reduction charge internally.

FOCUSED ON WHERE WE CAN MAKE A DIFFERENCE

We continue our journey to enhance areas pertaining to Environmental, Social and Governance matters. Our passion remains strong, and we are committed to continue to progress forward. In review, the following efforts have been initiated:
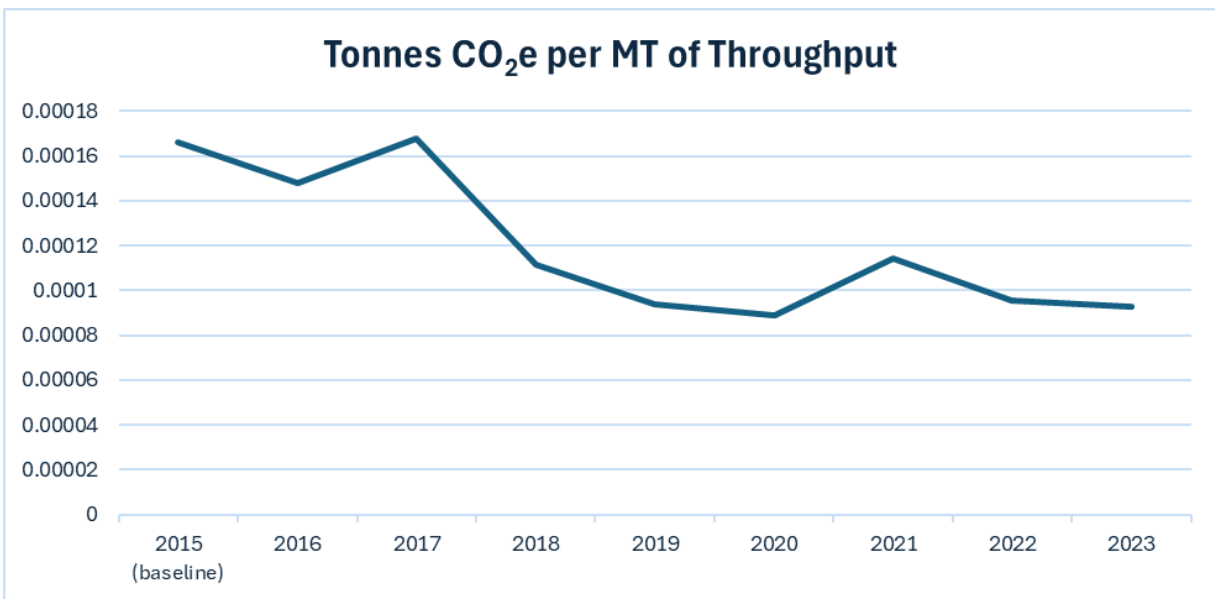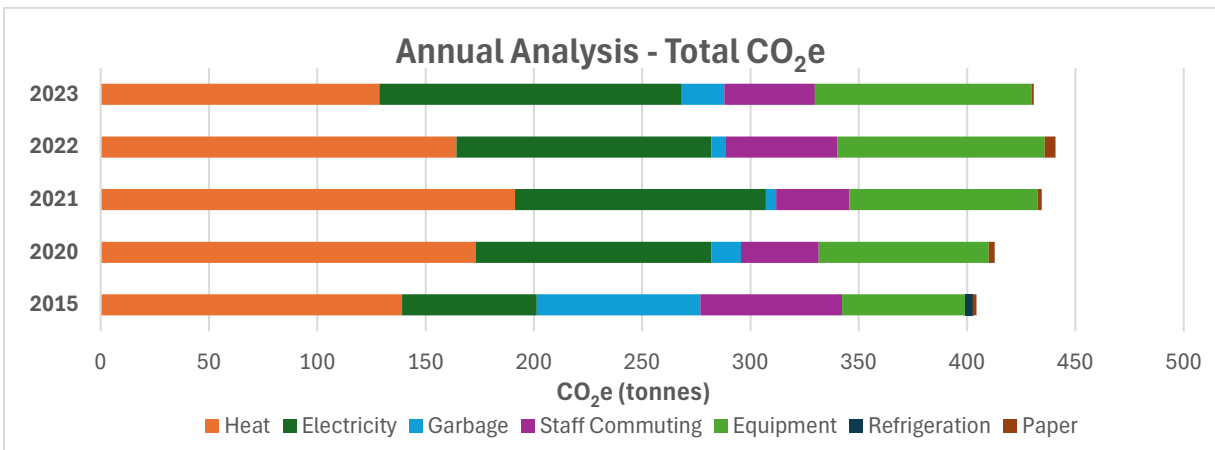
Category	Strategy	In Progress	Implemented
Environment	1. Develop an amalgamated Environmental Management System (EMS) for the Enterprise and ensure staff are trained and aware of policies and procedures.		Y
	2. Initiate a program for tracking and manipulating water balances to facilitate a reduction in fresh-water consumption.		Y
	3. Develop a waste management plan to improve self-assessment scoring within the Green Marine certification process.	Y	
	4. Develop GHG reduction targets to meet our Environmental Policy commitment of supporting climate change mitigation.	Y	
	5. Establish an employee green team to help develop and coordinate GHG emissions reduction initiatives.		Y
	6. Continue to decrease electrical consumption of IT infrastructure by further virtualization and migration	Y	
	7. Add 2 Additional on-stie charging stations to accommodate increasing electrical vehicles usage.		Y
	8. With higher precipitation events in the lower mainland, re-evaluate storm water infrastructure design to manage these events.	Y	

Category	Strategy	In Progress	Implemented
People	1. Employ a recruitment strategy to engage diverse experienced creative staff	Y	
	2. Provide a workplace that supports the needs of its staff while focused on strategic goals through a hybrid work plan		Y
	3. Embrace a transparency throughout the business		Y
	4. Support continuous learning and pursuit of innovation		Y
	5. Ensure equitable pay for service provided irrespective of gender, ethnicity or other diversity consideration.	Y	
	6. Community engagement: Continued execution of terminal community relations strategy and initiated Calgary community relations initiatives.		Y
	7. Align best practices of the Terminal and Logistics Safety Management System		Y
	8. Establish an Enterprise-wide approach to safety management.		Y
Governance	1. Pursue diverse skillset of board	Y	
	2. Ensure strong culture of responsible conduct and business focus.		Y
	3. Maintain financial strength to pursue enterprise value.		Y
	4. Pursue consistent integrated policies and practices to create clarity and accountability across both legal entities.	Y	
	5. Establish a standard, consistent enterprise risk management framework.	Y	

ENVIRONMENT

Our desire to minimize our impact on the environment is at our forefront. We hold our terminal and logistics operations to the highest standards of environmental stewardship.

Our annual ClimateSmart submissions include "emissions reduction plans." These plans will be renewed as necessary as we continue to strive towards reducing our carbon footprint. An appropriate strategy is made possible through measuring our total emissions by conducting a comprehensive greenhouse gas inventory and then identifying ways to decrease emissions by creating a tailored GHG reduction. Additionally, our focus extends beyond our operations as we support our employees who wish to purchase alternative (renewable) fuel vehicles and encourage active commuting. This will continue as part, but just one component of the Enterprise's focus on Sustainability as we move forward.

Annual Analysis - Total CO_2e

Legend: Heat, Electricity, Garbage, Staff Commuting, Equipment, Refrigeration, Paper

Tonnes CO_2e per MT of Throughput

The past several years has seen an increasing number of rain events that have challenged the Port Moody Terminal's water management system, which the facility has endeavored to mitigate via

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optimization. Our site evaluation has been completed and some of the aging storm water infrastructure is being replaced. Storm water management plans are in place along with training of personnel in measures to be taken before and during heavy rainfall events. We also continue to identify projects that will have meaningful and cost-effective reduction on heavy rainfall impacts. The Terminal continues to work towards optimizing its current infrastructure to mitigate any impacts of storm events while continuing to expand its use of recycled water as compared to purchasing city water.

As part of our commitment to safety across the supply chain, we continue to provide safety awareness to all sulphur forming facilities to strengthen safe loading practices to mitigate risks to our system related to debris in railcars, leaking railcars, overloaded and imbalanced railcars as well as the requirement for annual scale calibrations. These steps are taken to safeguard against the potential risk of sulphur entry to the environment through water and land from derailments during loading and transportation. As well, we distribute fire safety videos and information to fire departments along the transit route. This diligence extends to the terminal processes where we control acidity and dust emissions.

Annual third-party inspections, regular proactive maintenance and management to changing Association of American Railroads (AAR) and Transport Canada (TC) regulations is closely adhered to ensure the compliance and safe operation of our privately-owned railcar fleet.

These ongoing initiatives contributed to no derailments in 2023 related to imbalanced/overloaded railcars or equipment failure, ensuring protection of the community, people and environment in which we operate.

There are further initiatives underway to ensure that we make a long-lasting impact. Current projects in play include:

- Expanding on and updating our pollution prevention plans associated with the evaluation and mitigation of environmental aspects. This meets the Port of Vancouver's current project requirements and puts a plan in place for future expansion.
- Upgrading our Recycled Water infrastructure to further reduce freshwater consumption as referenced in table showing a significant increase in recycled water use versus previous years. For example, in 2023 PCT used 48% more recycled water than in 2022, thus reducing its requirement for treated city water.
- Installation of additional noise-monitoring equipment as a component of operational expansion to understand opportunities for noise reduction and corresponding effect on nearby residents.
- Installation of underground pipe leak-testing technology for marine loading pipe that is 40 years old, as required by legislation, and to mitigate the potential of leaks to the local environment.
- Strategic installation of noise barrier materials to minimize noise travel to surrounding communities, which has resulted in positive community feedback.
- GHG reduction targeting, waste management planning, and community engagement endeavors to maintain superior results within the Green Marine certification program and other auditing platforms.

These initiatives are grounded in our recently upgraded Environmental Management System (EMS) which amalgamated the terminal and logistics operations into one cohesive structure. This system

documents the policies, practices and procedures which are necessary to support a world class supply chain provider. Components of the system are updated yearly where necessary to maintain a continual improvement process.

SOCIAL

Our People

To deliver on our commitment to enhance our enterprise value and achieve our growth strategy, we continue to invest heavily in our people. Our strategic human resource development plan was activated to align human resources practices with our long-term goals and desired outcomes. This strategic focus allows us to enhance and build on our collective best practices to promote people and cultural infrastructure. This harmonization and infrastructure creation is focused on ensuring fairness and integrity in our employment practices and fostering a culture where employees are empowered to be their best.

Significant effort continued in 2023 to cultivate our People and Culture infrastructure and alignment across our organization. Several key accomplishments occurred such as the internalization of the talent acquisition process, centralization and harmonization of benefit and payroll processing as well as continuous improvement on key processes such as centralization of travel administration and consistency of time tracking. Further to this, we received endorsement from our Board of Directors of our Total Rewards Framework which is designed to activate behaviours that align our resources to achieve our short-term and long-term strategic imperatives.   Achieving equity was imperative through the harmonization of the benefits and perquisites, evaluation of external markets programs to ensure competitiveness and establishing stretch objectives tied to variable pay targets.

To prepare for the Total Rewards implementation in January 2024, our benefit broker held sessions with employees to review the benefit offerings and programs positioning against the market. We offer a comprehensive benefits package to our employees to support both individuals and their families in their pursuit of a healthy lifestyle and positive wellbeing. Our benefits program includes health and dental coverage, life insurance, accidental death and dismemberment and critical illness insurance, health spending account, group and individual long-term disability insurance, enhanced diagnostic imaging and an enhanced employee and family assistance program.

Our Workplace

The protection of employees, workers, contractors, visitors, and physical assets from accidental and occupational injury or loss is our top priority. In fulfilling this commitment, we will provide and maintain a safe and healthy workplace, free from harassment and violence, in compliance with the Canada Labor Code Part II and other applicable regulations.

Over 2023, the Health and Safety function led our strategic imperative to review our current state and implement best practices. Our Enterprise Safety Management System has been rolled out across the Enterprise with a consolidated process and a focus on training Enterprise wide, with SMS training completed for all employees during the year. A significant focus in 2024 will be on Safety Observations

across the Enterprise at all levels and jobs functions to further cement a culture of situational awareness, observation and positive interactions towards eliminating unsafe conditions and behaviors.

To test the effectiveness of the Safety Management System, the annual emergency response exercise occurred on December 5 and 7, 2023 and included two half-day training sessions for staff. The event tested a cyber security incident and was attended by all employees of the Enterprise to test their response capabilities. The persons involved performed professionally with many key learnings taken away, such as the need to add a section into the response manual that specifically addresses this risk, in addition to expanding the scope of the manual beyond the present terminal focus.

Cyber Attack Emergency Response Exercise

Our Community Engagement

As a good neighbour, we strive to have a positive impact in the communities in which we work and live. Our goal is to support organizations by investing our time, resources and/or monetary donations in those who demonstrate a keen focus on environmental sustainability, social responsibility & wellness, and Indigenous engagement.

We are proud of our on-going commitment to organizations such as Port Moody Ecological Society – Fingerling Festival, the Indigenous House Poles initiative where we have alignment of values for environmental sustainability, and our desire to embrace our Truth and Reconciliation journey. We continue to support the Rotary Club through summer volunteer efforts, and the Port Moody Summer Series who distribute gifts to those who need it most. Our strong connection with the Crossroads Hospice and the Soroptimist Warm Place for Women continues to allow us all to support wellness in our communities. We work with our local Council to support seniors through sponsorship of local events. We recognize the need to support our future generations and are doing so through initiatives such as Brown Bagging for Kids, Putting for PACE Kids and our yearly scholarships for students in School District 43.

In 2023, through the generosity of the participants and sponsors of the Western Canadian Sulphur Industry golf tournament organized by our Calgary office, we raised $5,600 for Brown Bagging It for Calgary Kids (BB4CK) and the Kids Cancer Care Foundation of Alberta. On two occasions this year, we had the honour to donate our time to the StarDale Women's Group in Calgary. StarDale Women's Group is a non-profit organization whose mission is to help indigenous young women and girls overcome systemic barriers by providing life skills, foundational learning and literacy, and advocacy for themselves, their families and their communities.

Although we are aware and focused on the communities in which we serve, up until now there has been limited focus on our Indigenous Engagement. As we explore the traditional lands of the people in which we work, we are growing our strategic focus and incorporating more learning opportunities across our teams. Our Indigenous Inclusion plan includes a continued partnership with local community members and a deeper understanding of our Indigenous communities.

GOVERNANCE

The enterprise commenced an initiative to enhance our governance structure. One initiative focused on a review of our Corporate Policies and Procedures. A gap analysis was conducted to ensure accuracy to legislative requirements, alignment with risk mitigation and protecting employees' rights and safeguarding the company's interests. This work resulted in an enhanced Code of Business Conduct and Ethics Policy with supporting standards. We have confirmed our robust Whistleblower Policy and Workplace Violence and Harassment Policy which meet federal guidelines.

We continue to review, amend, document, and communicate organizationally wide standards, procedures, and processes in support of the governance of the organization.

As part of our transparency in reporting and due course, we report to the Board of Directors through the Health, Safety, Security and Environment Committee semi-annually. Our reporting philosophy includes both root cause analysis, action planning and lessons learned to ensure future prevention.

Financial strategy and oversight was provided by the Audit Committee throughout the year. Cash management, operational variances and capital expansion projects were monitored to ensure maintenance of financial strength.

In conjunction with the Audit Committee, a review of the commitment, authorization and approval limits for the Board of Directors, President & CEO and Vice-President levels was completed with a Policy and supporting documentation to be provided to the Committee for approval in 2024.

Staff meetings were held to address various elements of the enterprises financial systems, bolstering knowledge and expectations around how we conduct business.

There were no instances of fraud reported during the year and there were no instances of alleged corporate misconduct including fraud reported under the Whistleblower program.

CORPORATE STRUCTURE

Governance Structure
The Sultran Board of Directors ("Board") are also appointed directors for PCT. The Vice President Terminals may be appointed as a director of PCT. The Board fulfills its mandate through quarterly meetings and regular interaction with the President & CEO. The Board has retained responsibility for overall governance.

There are three Committees, each with separate mandates, that support the Board:

1) Audit - meets quarterly
2) Compensation - meets twice per year
3) Health, Safety, Security, & Environment - meets twice per year

During the year, the Board of Directors struck up a Task Force with a mandate to work with management to address various long-term strategic and financial objectives.

Cyber Security Program
The Cyber Security program is focused on three pillars to protect the organization's assets – availability & performance, compliance, and security.   Within each of these key areas of focus, there are several specific measures, that include:

- Availability & Performance:
    - Redundant infrastructure across geographically distanced data centers
    - Environmental & physical controls
    - Data replication between sites
    - Ability to re-route network traffic
    - Network mgmt. suite to monitor & troubleshoot performance
    - Offsite backups & rapid recovery of critical systems
- Compliance:
    - IT policy embedded in corporate policy, and part of staff on-boarding
    - On-boarding / off-boarding coordinated with Human Resources
    - Password policy enforces password strength & failed lockouts
    - Staff phishing campaigns & training
    - Regular application & system access reviews
- Security:
    - Regular security patches
    - Anti-virus & anti-malware at both client & server tiers
    - External email monitoring service
    - External security monitoring & auto-locking suspicious accounts
    - Firewall intrusion prevention & detection of network perimeter
    - Multi-factor authentication

Note that in addition to the above ongoing measures, "Emergency Response Training" was provided to all staff in 2023 with a focus on cyber security awareness & followed by a series of tabletop exercises.

In closing, we are committed to embed a sustainability mindset into our foundation. Moving into 2024, we are poised to narrow our focus and build specific action plans to demonstrate our efforts. With our unified true north common vision, purpose, and values, we are positioned to achieve our strategic imperatives and are poised to continue our journey with demonstrated impact. We look forward to continued contributions to ensure we are creating value and impact through a sustainability lens.

Appendix

ENVIRONMENT		2023	2022	2021	2020	2019
ENVIRONMENT MGMT SYSTEM (EMS)						
INCIDENTS						
Sulphur Smouldering events	# per year	**1**	2	0	5	1
Terminal Incidents	# per year	**8**	15	2	6	4
Railway Incidents	# per year	**1**	3	4	0	3
Inland Facility Incidents	# per year	**5**	2	1	1	2
TOTAL		**15**	**22**	**7**	**12**	**10**
INCIDENT TYPE						
Level 1 Incidents	# per year	**9**	17	6	10	8
Level 2 Incidents	# per year	**1**	5	1	2	2
Level 3 Incidents	# per year	**0**	0	0	0	0
Incident within Sultrans or PCT's control	# per year	**3**	0	2	1	1
COMPLIANCE						
EMS employee Training	Annual training - Y/N	**Y**	Y	Y	Y	Y
CEO EMS review	Annual training - Y/N	**Y**	Y	Y	Y	Y

ENVIRONMENT		2023	2022	2021	2020	2019
GREENHOUSE GAS EMISSIONS						
GHG (scope 1) emissions - PCT	tCO_2e (carbon dioxide equivalent)	**228.85**	**260.40**	**278.24**	**251.81**	**220.3**
GHG (scope 2) emissions - PCT	tCO_2e (carbon dioxide equivalent)	**139.62**	**117.66**	**115.72**	**108.77**	**83.83**
GHG (scope 3) emissions - PCT	tCO_2e (carbon dioxide equivalent)	**62.34**	**62.96**	**40.43**	**52.23**	**71.46**
Operated total GHG emission intesity - PCT	tCO_2e (carbon dioxide equivalent) per metric tonne of throughput	**0.000093**	**0.000095**	**0.000114**	**0.000089**	**0.000094**
GHG (scope 1) emissions - VW	tCO_2e (carbon dioxide equivalent)	**545**	-	-	-	-
GHG (scope 2) emissions - VW	tCO_2e (carbon dioxide equivalent)	**36**	-	-	-	-
GHG (scope 3) emissions - VW	tCO_2e (carbon dioxide equivalent)	**N/A**	-	-	-	-
Operated total GHG emission intesity - VW	tCO_2e (carbon dioxide equivalent) per metric tonne of throughput	**0.000386**	-	-	-	-
CPKC Rail - Sultran GHG emissions-PCT	tCO_2e (carbon dioxide equivalent)	-	10,032.00	7,500.90	-	-
CN Rail - Sultran GHG emissions-PCT	tCO_2e (carbon dioxide equivalent)	-	36,257.98	27,658.00	-	-
Total Rail - Sultran GHG emissions (PCT+VW)	tCO_2e (carbon dioxide equivalent)	**78,289.00**	-	-	-	-
WATER MANAGEMENT						
Fresh Water consumption	thousand m 3	**129.45**	**125.33**	**176.90**	**175.00**	**202.50**
Water recycled	thousand m 3	**77.362**	**55.187**	-	-	-
WASTE MANAGEMENT						
Total waste generated	thousand m 3	**458.70**	**232.51**	**243.37**	**185.76**	**202.50**
Waste recycle, reused or recovered	KG	**28975.00**	**24516.00**	**8650.00**	**23555.00**	**28940.00**
Off-specification sulphur	tonnes per year disposed of	**806.00**	**1277.00**	**1417.00**	**965.00**	**1074.00**
Electronic Waste Disposal	# assets safely disposed and/or donated to charity as % of total assessts decommissioned in a year	***future metric***	***future metric***	-	-	-
Server Virtualization	functional servers vs virtual servers	***future metric***	***future metric***	-	-	-

SAFETY - ENTERPRISE		2023	2022	2021	2020	2019
PERSONNEL						
Total Lost Time Accident (LTA) Frequency rates	*# LTA's x 200,000/hrs worked*	0.0	0.8	2.0	0.0	1.0
Potential LTA	*# actuals*	4.0	4.0	-	-	-
Total Recordable Injury frequency (TRIR)	*# per 200,000hr worked*	7.4	9.3	9.5	9.8	13.5
Serious injury (Medical Aid)	*# actuals*	9.0	8.0	9.0	8.0	11.0
First Aid visits	*# actuals*	31.0	38.0	24.0	21.0	30.0
First Aid visits Frequency Rate	*# per 200,000hr worked*	23.0	29.6	0.0	0.0	0.0
Near Miss Frequency Rate	*# per 200,000hr worked*	5.9	0.0	-	-	-
Toolbox Talks/Safety meetings	*# of meetings/yr vs target (%)*	112%	175%	130%	114%	131%
Compliance Investigations	*# actuals*	3.0	6.0	-	-	-
Safety Training	*% Compliance*	98%	-	-	-	-
FACILITIES						
Site Inspections	*# tours per yr*	238.0	250.0	150.0	149.0	231.0
Interventions	*inspections vs interventions*	0.2	0.0	0.8	0.0	0
Contractor and Vendor Incidents	*# actuals*	0.0	0.0	0	0	0
Major Projects Incidents	*# actuals*	1.0	0.0	-	-	-
Terminal combustion events (dumper, stockpile)	*# actuals*	0.0	0.0	0	1	2
Sulphur Facility Scale Calibration	*3rd party inspections of sites as a %*	100%	100%	88%	88%	75%
Sulphur Facility Loading Practices review	*Review CN & CP practices with Facilities*	Y	Y	Y	Y	Y
TRANSPORTATION & LOGISTICS						
Non-stripe alignment	*# of railcars not aligned/railcar available*	0.90%	0.97%	1.30%	-	-
Bad-order	*bad order railcar days as % of active fleet*	0.90%	1.01%	0.80%	1.00%	0.90%
Railcar maintenance	*# railcars complete vs target as a %*	92%	101%	77%	90%	-
Railcar inspections	*# railcar inspections vs target as %*	88%	90%	93%	92%	94%
Derailments (due to imbalances/equipment failure)	*# of incidents per 1M tonnes shipped*	0	0	0	0	0