

VERESEN

MIDSTREAM

2021 ESG REPORT



RESPONSIBLE | SUSTAINABLE | GROWTH



Table of Contents



ABOUT THIS REPORT	3
2020 IN SUMMARY	4
MESSAGE FROM THE CEO	5
ABOUT VERESEN MIDSTREAM	7
PERFORMANCE AT A GLANCE	9
OUR ESG COMMITMENT AND TARGETS	10
ASSET INTEGRITY	13
HEALTH AND SAFETY	15
WORKFORCE	17
ENERGY, GHGS AND OTHER EMISSIONS	19
WATER	21
COMMUNITY AND INDIGENOUS ENGAGEMENT	23
COMMUNITY INVESTMENT	25
ECONOMIC CONTRIBUTIONS	27

About this Report

This is Veresen Midstream Limited Partnership's (Veresen Midstream's) Environmental, Social and Governance (ESG) Report where we focus on the ESG issues which are most material to our stakeholders and to our business. This report includes detailed performance on our priority ESG issues and our future plans to improve our ESG performance.

REPORTING PERIOD

January 1, 2020 –
December 31, 2020

REPORTING CYCLE

Annual ESG report

REPORT SCOPE AND STRUCTURE

This report provides data for the 2020 calendar year, where available. Unless otherwise noted, the data reflects all Veresen Midstream assets. Material ESG issues are the basis for the structure for this report.

DATA ASSURANCE

The information included in this report has been subjected to an internal review process. All data has been reviewed and approved by the relevant subject matter experts responsible for each material ESG issue.

CONVENTIONS

The terms “we”, “our”, “us”, “Company”, and “Veresen Midstream” refer to Veresen Midstream Limited Partnership. All financial figures are expressed in Canadian dollars unless otherwise noted.

YOUR FEEDBACK

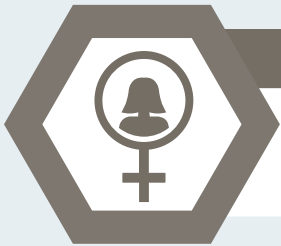
In the spirit of continuous improvement, we invite interested parties to provide feedback on this report or any facet of our performance. Please email us at info@veresenmidstream.com or visit the Contact page of our website for other ways to reach us.

2020 In Summary



85% renewable power use
at our operations

\$17 M spent with
Indigenous vendors



40% female leadership

Zero fatalities



0.29 combined TRIF

Flat GHG emissions
intensity



6 ESG performance
targets developed



Message from CEO

I am pleased to release Veresen Midstream's second ESG Report. As committed in our inaugural report, I am also happy to share that we have taken steps forward in our ESG strategy by disclosing performance targets in several key areas. These targets will further drive improved results throughout our operations as we continue to strive to be a leader in sustainable and resilient energy development.

At Veresen Midstream, we are committed to providing customer oriented, flexible, and innovative natural gas processing, transportation, and hydrocarbon liquids service solutions. We pride ourselves on having some of the lowest carbon intensity operations in our industry. As we realize our growth strategy, we are also proud to provide long-term economic benefits to our owners, partners, and stakeholders while continuing to evaluate and advance projects to further improve our emissions performance.

“

Veresen Midstream is committed to being a leader in energy sustainability and ESG. We recognize the important role that we play in the transition to a lower-carbon future and are focused on achieving our newly created targets as we progress further in our ESG journey. We are proud of our industry leading emissions performance to-date – but remain steadfast in our continued efforts to contribute towards a better future for all stakeholders.

”

The global COVID-19 pandemic created an unprecedented challenging situation impacting our communities, our people, our customers, and our industry. Despite the uncertainty faced, our focus on safety and protecting our employees and contractors remained a top priority. I am thankful that our teams were able to navigate these disruptions and keep our people safe, maintain safe and reliable operations for our customers, as well as experience no significant project delays. This included our Hythe Expansion Project which entered into service in early 2021.

Amidst this context, global energy demand significantly declined resulting in record low commodity pricing. Drilling and completion activities were reduced across North America, leading to our plant throughputs declining through much of 2020. As commodity prices strengthened in late 2020 and throughout 2021, we have seen our customers respond with increased drilling and production resulting in volumes returning to pre-pandemic levels. Although we cannot predict the potential duration and outcomes of COVID-19, I am highly confident in Veresen Midstream's ability to successfully manage through and adjust in these times – ultimately becoming stronger as we move past the pandemic.

We believe Veresen Midstream has a role to play in exploring innovative, sustainable energy strategies, and see responsible energy development as a key growth driver. Our current footprint includes gas processing facilities in northeast British Columbia that are powered by renewable energy, making them some of the lowest emissions intensity processing plants in North America. Looking ahead, a pipeline connection from our Dawson area plants to LNG Canada was substantially completed by one of our partners in

Our Material ESG Topics



2021, ideally positioning our facilities to supply low carbon impact LNG overseas.

To demonstrate our commitment towards improving emissions performance and sustainably optimizing our growth, we have developed a target to reduce Scope 1 and 2 GHG emissions intensity by 30%, by 2030. We are also committed to including ESG performance criteria in all investment decisions going forward – helping drive economically responsible outcomes.

As mentioned, safety is deep rooted within our culture. We are committed to operate in a manner that protects the health and safety of our stakeholders including employees, contractors, and communities. In 2020, we had five recordable incidents on construction sites resulting in a total recordable incident frequency rate of 0.29. Although a small increase from last year, our performance was strong among our peers, especially provided we executed sizable construction projects which required significantly increased equipment and workforce deployment. We take all safety incidences very seriously and strive to learn and continuously review and improve our processes. Since these incidences, we have put additional practices in place and remain devoted to promoting our strong safety culture to prevent future incidents from occurring.

I am happy to report that Veresen Midstream continued its work with Indigenous suppliers and vendors from communities surrounding our operating areas. In 2020, \$17 million, or 3.8%, of our capital and operational expenditures¹ was sourced from Indigenous suppliers and vendors. Veresen Midstream is committed to further supporting Indigenous economic reconciliation and have

set a target to increase the proportion of total capital and operating spend with Indigenous suppliers to 5% by 2025.

Lastly, we are also setting targets to increase our Board diversity, make more impactful community investments, and strengthen our commitment to ESG disclosure by aligning to frameworks such as the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD). Through enhanced disclosure and the development of targets, we hope to demonstrate the value of our ESG efforts and the benefits it creates for our stakeholders.

Thank you for your interest in Veresen Midstream's ESG journey, we are excited about the amazing scale and breadth of opportunities ahead of us that will contribute to a sustainable energy future.

Chris Rousch

President & Chief Executive Officer

¹ Excluding power and fuel purchases.

About Veresen Midstream

Who We Are

Veresen Midstream is the largest private midstream company in Canada, providing leadership in the natural gas gathering and processing business through collaborative, customer-centric midstream solutions in the Western Canada Sedimentary Basin (WCSB) with a focus on the Montney region.

Veresen Midstream was formed in 2015 and is jointly owned by Pembina Pipeline Corporation (Pembina), a leading transportation and midstream service provider that has been serving North America's energy industry for more than 65 years, and Kohlberg Kravis Roberts (KKR), a leading global investment firm that offers alternative asset management and capital markets and insurance solutions.

We follow a shared services model where we retain Pembina for the provision of various services required to perform our business, including engineering, information technology, supply chain, technical services, land, legal, human resourcing needs, and other professional services. Through this model we can leverage expertise, systems, and supply chain services, providing further value to our operations. Veresen Midstream utilizes Pembina and Ovintiv Canada ULC (Ovintiv) as contract operators to manage our assets in Alberta and British Columbia, Canada.

We provide customer-oriented, flexible, and innovative natural gas processing, transportation, and hydrocarbon liquids service solutions to the producer community. Our long-term, relationship-based approach to our business allows us to develop commercial operational solutions which balance the sharing of risk and reward with our partners and respond to emerging challenges and opportunities.

With over 1,000 kilometres (km) of natural gas gathering pipelines and 1.5 billion cubic feet (Bcf) of natural gas processing, our operations in 2020 processed 18.2% of British Columbia's marketable gas production and 6.3% of Canada's marketable gas production.²

We have five gas plant operations: Hythe, Steeprock, Tower, Saturn, and Sunrise. The three plants that make up our Dawson operations (Tower, Saturn and Sunrise) are some of the most

efficient and environmentally responsible in North America. We also operate three liquid hubs associated with our Dawson gas plants (Figure 1).

Veresen Midstream's infrastructure is ideally located in some of the best acreage in the Montney, one of the premier natural gas plays with among the lowest supply costs in North America. We have strategic assets with enhanced access to takeaway infrastructure, providing our customers with efficient and valuable service.

In 2020, our key construction projects included continuing construction of the Hythe Expansion Project which was placed into service in March 2021 and building a natural gas liquids (NGL) connection from the Hythe Gas Plant to the Pembina system with an in-service date of December 2020.



Veresen Midstream Hythe Gas Plant

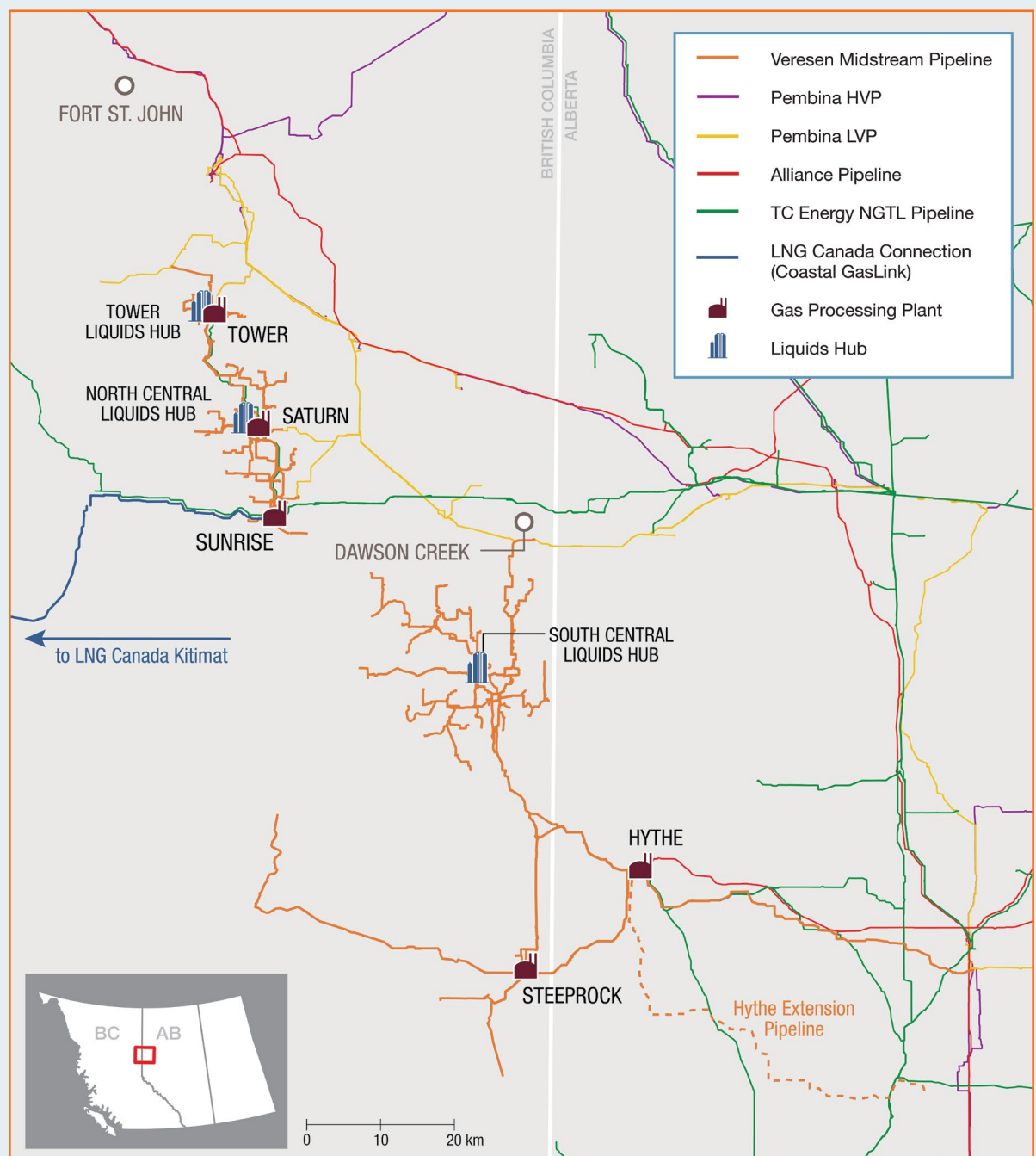
² <https://www.cer-rec.gc.ca/en/data-analysis/energy-commodities/natural-gas/statistics/marketable-natural-gas-production-in-canada.html>

CONNECTING TO THE LNG CANADA EXPORT FACILITY IN BC

Veresen Midstream anticipates being in an advantaged position to supply natural gas to the forthcoming LNG Canada project near Kitimat, British Columbia, a 2 billion cubic feet per day liquefaction facility for offshore international export that is currently under construction and expected to be in-service later this decade. LNG Canada provides a new egress option for producers, with site emissions which are

expected to be 35%³ lower than the world's best performing facilities. In 2020, one of our supply chain partners initiated design on a 25 kilometre pipeline that will directly connect the Veresen Midstream Sunrise plant to the TC Energy Ltd. Coastal GasLink pipeline that delivers gas to LNG Canada, with construction substantially completed in 2021.








































Figure 1 -
Map of Operations



³ <https://www.lngcanada.ca/news/living-up-to-climate-promises/>

Performance at a Glance

	Operating Asset		SASB Indicator
	Corporate		ESG Target

ESG Issue	Scope	Performance Indicator	2018	2019	2020
Production		Volume of natural gas produced (boe (millions))	165.5	179.0	183.5
Asset Integrity	 	Reportable spills (#)	4	1	2
	 	Released substances (m³)	1.4	0.8	4.5
Health and Safety		Employee total recordable injury frequency (TRIF)	0.33	0.00	0.00
		Contractor total recordable injury frequency (TRIF)	0.30	0.50	0.45
		Combined employee and contractor TRIF (%)	0.31	0.17	0.29
		Fatalities (#)	0	0	0
Workforce	 	Total employees (permanent, full-time) (#)	157	158	178
	 	Total female employees (%)	NR	NR	8%
		Female employees (operations) (%)	NR	NR	5%
		Female employees (corporate) (%)	67%	54%	54%
		Leadership level female employees (corporate) (%)	43%	40%	40%
	 	Employee turnover (%)	NR	NR	8%
Energy, GHGs and Other Emissions		Total energy consumed (GWh)	879	1,062	993
	 	Direct GHG emissions (000 tCO ₂ e)	568	512	536
		Indirect GHG emissions (000 tCO ₂ e)	106	119	107
	 	Direct and indirect GHG intensity (tCO ₂ e/boe)	0.0041	0.0035	0.0035
	 	Total NO _x emissions (tonnes)	1,141	974	809
	 	Total SO ₂ emissions (tonnes)	753	1,054	1,334
		Methane emissions (tonnes)	3,937	3,058	3,742
Water		Total water withdrawal by customers (thousand m³)	2,852	2,449	2,094
		Total water returned to environment (thousand m³)	2,850	2,439	2,091
Community Investment		Community investment (\$ thousands)	\$92.6	\$125.6	\$78.5
Indigenous Relations		Indigenous suppliers utilized (#)	12	23	24
	 	Indigenous spend (millions) and ratio of total procurement (%)	\$1.7 / NR	\$3.4 / NR	\$17 / 3.9%
Financial Contributions		Property Taxes (\$ millions)	\$3.8	\$4.9	\$4.6
		Veresen Midstream employee wages and benefits (\$ millions)	\$5.0	\$4.9	\$7.0
		Operations employee wages and benefits (\$ millions)	\$19.3	\$24.7	\$24.7
		Total economic contributions (\$ millions)	\$278	\$255	\$363

NR - Not reported

boe - Barrels of Oil Equivalent

GWh - Gigawatt-Hours

Our ESG Commitment and Targets

Our approach to ESG is rooted in our commitment to work in a responsible manner while promoting the wellbeing and protection of our workers, the public and the environment. Our goal is no accidents, no spills, no ruptures,

no harm to people and no damage done to the environment. We have developed six ESG targets that further enhance this commitment and allow us to focus on key performance improvements (Figure 2).



Figure 2 - ESG Targets

Veresen Midstream is committed to improving our GHG emissions intensity and we have placed an increased focus on evaluating and advancing projects that can improve our emissions performance. We continue to work to ensure that our operations benefit local and contribute to the communities where we operate, and have made new commitments to increase our procurement spend with Indigenous vendors to be 5% by 2025, reflective of the federal government procurement target. We are also refocusing our direct community investment program better align with our ESG

goals. In terms of governance, we are seeking to align with the leading disclosure frameworks for our industry – the Sustainability Accounting Standards Board (SASB) Standard by 2022 and the Task Force on Climate-Related Financial Disclosures (TCFD) by 2025. We have also set a Board diversity target in-line with the 30% Club Initiative, whose mission is to increase female representation on all boards and senior management teams to 30% globally for companies on the Financial Times Stock Exchange.

ESG Oversight and Management

We are committed to strong standards of governance that reflect our corporate values, support our business strategy and allow us to meet regulatory expectations. The consideration of ESG issues in our governance and management approach is essential to our success and our ability to practically integrate ESG into our operations and core of our company culture.

Our ESG oversight starts with our Board of Directors. Our Board is composed of members from both of our owners, Pembina and KKR, and provides oversight and leadership on all strategic decisions and the future direction of the company. This includes review and oversight of any material ESG issues brought forward by management. Ultimate accountability for ESG issues is held by our President and CEO, with day-to-day responsibility and management of ESG issues owned by our Leadership Team (Figure 3). The Leadership Team interfaces with our contract operators to ensure oversight, communication of concerns and solutions, and development of ESG improvements.

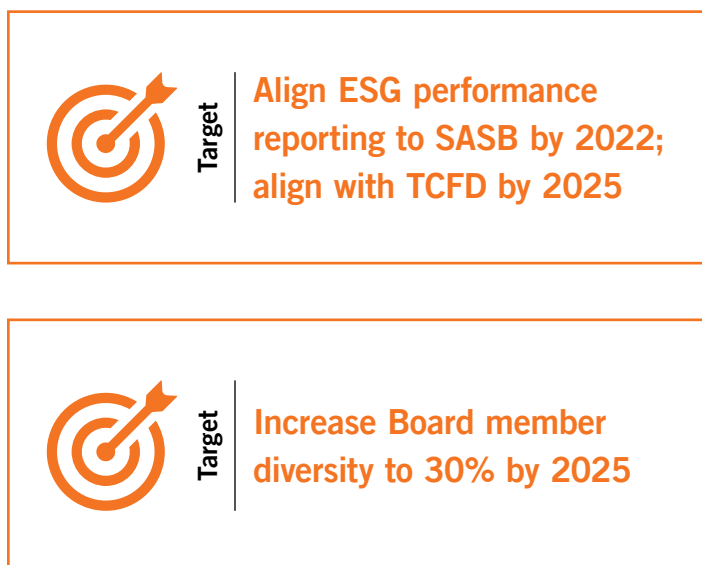


Figure 3 - ESG Roles

Strategic Drivers for ESG at Veresen Midstream

ESG is an important part of how we deliver value to our customers. Across our value chain, we have identified four strategic drivers for ESG within our overarching corporate strategy (Figure 4).

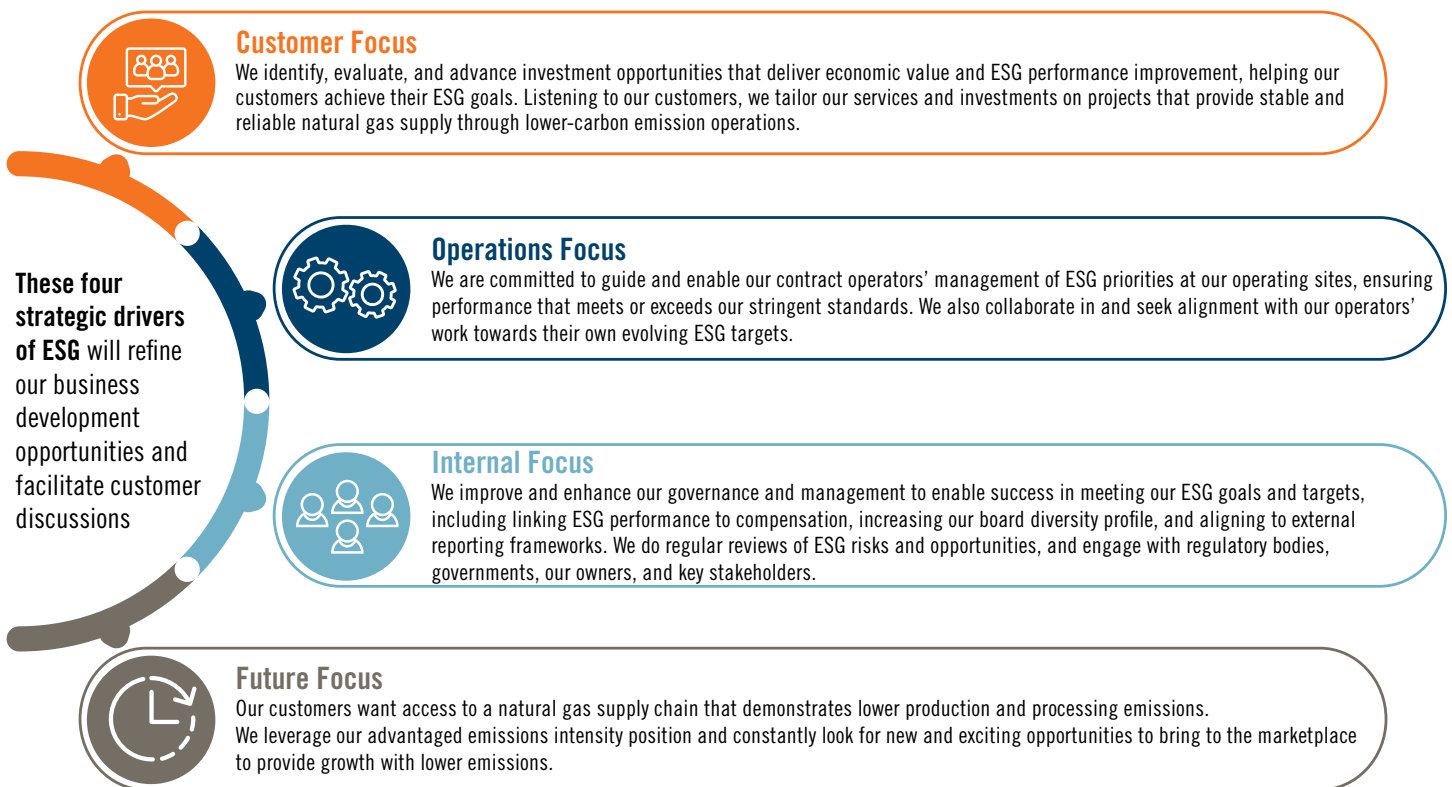


Figure 4 - Strategic Drivers for ESG

For our **Customers**, we identify investment opportunities that deliver economic value and ESG performance improvement which help our customers achieve their ESG goals. Listening to our customers, we tailor our investments on projects that provide stable and reliable natural gas supply through lower carbon emission operations, and evaluate and advance projects that can improve emissions performance. With our **Operators**, we are committed to guide and enable their management of ESG priorities at our operating sites, ensuring performance that meets or exceeds our stringent standards. We also collaborate in our operators' work towards their own ESG targets.

Internally, we continue to improve and enhance our governance and management to enable success in meeting our ESG goals and targets. This includes linking ESG performance to compensation and increasing our board diversity profile. We do regular reviews of ESG risks and opportunities, engagement with regulatory bodies, governments, our owners, and key stakeholders. For the **Future**, our customers want access to a natural gas supply chain that demonstrates lower production and processing emissions, so we look for new and exciting opportunities to bring to the marketplace that provide growth with lower emissions.

Asset Integrity

Asset integrity is fundamental in how we design, construct, operate and maintain our infrastructure. Our operators use leading integrity management programs and systems to ensure the health and safety of our employees and the communities where we operate.

Our Approach

Maintaining the integrity of our infrastructure, including our pipelines, processing plants, compression sites, and liquids hubs is an integral part of our business. Veresen Midstream's assets are operated by our contract operators, Pembina and Oventiv, who are committed to ensure we operate safely. We design, construct, operate, maintain, and repair our assets to ensure we keep our employees, the communities where we operate and the environment safe.

Our proactive approach to mitigating asset integrity risks is central to our success. We have a suite of operational policies and procedures in place that make up our integrity management programs and systems. These systems encompass whole-of-lifecycle operations, including site-specific, multidisciplinary risk assessments, training, and performance measurement. We use a variety of tools in monitoring and detection for asset integrity, including walkthrough inspections, imaging cameras, and aerial vehicles (drones).

Emergency Management and Response Plans

Both of our operating contractors have in place robust corporate emergency management plans (EMPs), which include company-wide priorities and procedures. These EMPs are supported by asset emergency response plans, which provide site-specific procedures that determine and coordinate the actions and decisions of employees, contractors and first responders. They include incident command roles and responsibilities, key contact information, affected stakeholder notification methods, public protection measures, detailed maps, and additional supporting documentation. These plans are reviewed and updated on a regular basis. Our operating contractors also provide training to potential first responders, which is customized to the local sites and conditions, and includes both tabletop exercises and hands-on exercises and simulated equipment deployment.

Veresen Midstream operators implement policies or performance standards related to Asset Integrity including:

- Operations and Maintenance Programs
- Integrity Management Programs and Systems
- Leak Detection and Repair Programs
- Damage Prevention Programs
- Emergency Management Plans
- Security Policies
- Asset Emergency Response Plans
- Training to Potential First-Responders



Veresen Midstream Tower Gas Plant at night

Our Assets' Performance

In 2020, we had two reportable spills resulting in a combined spill volume of 4.5 cubic metres. These incidents were addressed by our operators who worked quickly to minimize impacts.

Indicator	2018*	2019*	2020
Reportable spills (#)	4	1	2
Released substances (m ³)	1.4	0.8	4.5

*2018 and 2019 data have been restated to correct previous reporting that included non-Veresen Midstream assets.

One spill involved 4.5 cubic metres of natural gas condensate that was spilled on-lease when a valve failed due to a design issue that allowed pressure to be trapped in a short pipeline segment. Repairs done shortly afterwards included a re-design of the segment and valves to prevent recurrence, as well as confirming the same design issue did not exist elsewhere.

Another incident, which did not involve a spill, was a contained on-lease fire when a pressure relief device failed and allowed hydrocarbon liquids to carry over to a flare stack. The flow was stopped immediately to prevent further damage and the fire was extinguished when it was safe to do so. A downstream liquids pipeline was required to be shut-in for several days while repairs were completed, and alternate product transport was used for the duration. Once repairs were completed, the pipeline returned to service without further incident. In follow-up, the incident

assessment and prevention recommendations were shared across both operators to prevent future recurrence.

Although Veresen Midstream regards these incidents as isolated, modest in severity, and unique to the particular sites and operating conditions, we recognize that performance is not trending in the right direction and the importance of taking steps to ensure asset integrity is maintained. Specifically, we:

- Monitor asset usage constantly to ensure operation within designed limits of pressure, flow, and composition including corrosive or wear-inducing substances;
- Maintain open communication with front-line operator staff to stay aware and provide oversight guidance when operating conditions change;
- Apply preventative protocols such as site walk-throughs and equipment inspections, which are essential to identify leading indicators of asset integrity issues, quickly recognize leaks, and reduce the severity of issues that do occur; and
- Ensure our operators complete and document thorough and consistent failure analysis on each incident so that learnings can be shared across and between operator organizations to prevent recurrence.

Veresen Midstream is continuing to work on providing consistent reporting and systems in place for all operators to ensure alignment across our assets. Our team, and our operating partners, commit to high standards of operation and continue to work towards our goal of eliminating leaks and spills.

Health and Safety

Our operators put people first, and that is why we choose to work with them. We believe that strong health and safety performance is paramount, and an injury and accident-free workplace is our goal.

Our Approach

Veresen Midstream and its operating partners are committed to maintaining a safe working environment for its employees and contractors. We believe employee health and safety is the key to maintaining successful operations, with incident prevention at the forefront of our strategy. Our operators strive to continuously improve safety performance through policies, programs and procedures that foster a culture of safety.

All Veresen Midstream operating sites follow corporate health and safety policies and a set of standards and processes to keep our teams working safely. Each of our operating sites include health and safety teams and all employees and contractors are required to participate in training and site-specific orientation that focus on health and safety. Compensation is linked to meeting health and safety performance targets, which are tracked and measured across all our operations.

Veresen Midstream operators implement policies and performance standards related to Health and Safety including:

- Health and Safety Policies
- Alcohol and Drug Policies
- Vehicle Use Policies
- Corporate Management Systems and Standards

Our Assets' Performance

Veresen Midstream had five recordable incidents on construction sites in 2020, which resulted in a Total Recordable Incident Frequency (TRIF) rate of 0.29, a 0.12 increase since the previous year. Some of the increase can be attributed to contractors' execution of sizable pipeline and plant construction projects in 2020, which required significant and intense equipment and workforce deployment. Each incident was investigated, additional practices were put in place and learnings were shared across Veresen Midstream and its operators. For example, the follow-up investigation of one incident resulted in a company-wide safety bulletin and danger avoidance procedure to recognize and avoid platform movement during pipeline inspection tasks.

Indicator	2018*	2019*	2020
Fatalities (#)	0	0	0
Employee TRIF (%)	0.33	0.00	0.00
Contractor TRIF (%)	0.30	0.50	0.45
Combined employee and contractor TRIF (%)	0.31	0.17	0.29

*2018 and 2019 data has been restated to reflect an updated calculation method for exposure hours.

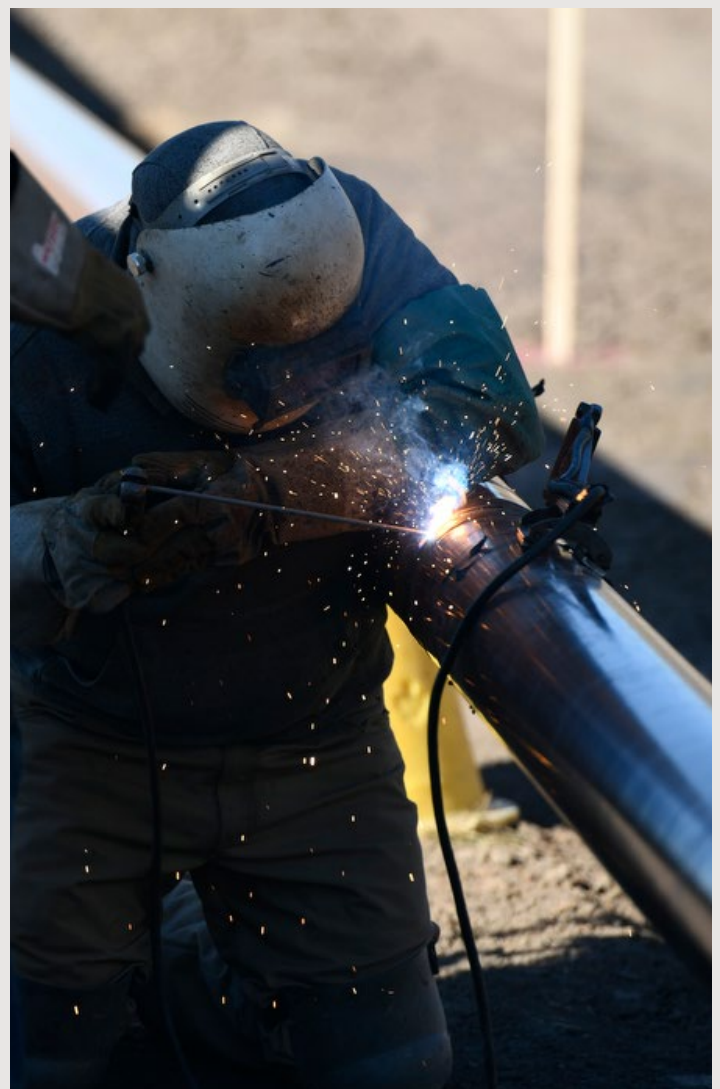
Our Response to COVID-19

At the outset of COVID-19 pandemic in Canada, Veresen Midstream and its operators took steps to protect their workers focusing on the protection of essential staff, including strengthening safe work permit requirements, restricting or minimizing personnel in key work areas, deferring non-essential work, and enhancing hygiene practices including

self-isolation when required. Non-essential staff, including office workers, were mandated to work from home in accordance with company and provincial health guidelines. Our infrastructure did not experience any significant impact to its performance due to the pandemic.

Veresen Midstream and our operating partners continue to explore new ways of improving safety procedures and eliminating potential causes of safety incidents. In 2020, a 47-kilometre hydrocarbon liquids pipeline from Hythe was constructed, eliminating all routine truckloads of NGL being driven out of our Hythe plant each day. This allows for a significant, permanent, year-round reduction in worker exposure to health and safety risks, particularly in both loading and unloading of pressurized volatile product, as well as vehicle operation in often challenging driving conditions. Motor vehicle accidents are the leading cause of injury and death in the oil and gas industry and reducing the amount of transportation required minimizes the potential for incidents within our operating sites and along our transportation routes. Residents along the truck route will also benefit from reduced traffic.

Our goal is to reduce the frequency and severity of incidents across our assets and to continue to foster a strong sense of safety culture across our team and with our operators.



Workforce

Our workforce is critical to our success. We are committed to an equitable, diverse, and inclusive work environment that supports individual well-being and development.

Our Approach

Our people are the foundation of our business. We employ talented people who enhance our work environment, uphold our values and provide a supportive culture. We encourage diversity in our workforce to allow for robust discussions from a diverse mix of perspectives and ultimately, better outcomes.

Our shared services model results in a workforce of 13 dedicated Veresen Midstream staff (corporate) and approximately 165 contracted Orintiv and Pembina employees (operations) who work across our assets. We are committed to the continual training and development of all our employees. We offer a range of development opportunities in leadership development, wellness, diversity and inclusion, customer service, business development, and technical skills.

Veresen Midstream operators implement policies and performance standards related to Workforce including:

- Code of Ethics Policies
- Privacy Policies
- Respectful Workplace Policies
- Corporate Management Systems and Standard

Veresen Midstream and Our Assets' Performance

A diversity of perspectives and experience are important to Veresen Midstream; as our operations continue to grow, we work to make Veresen Midstream a positive and inclusive workplace for all its employees. We are also committed to being a diverse, equal opportunity employer, and will continue to work to supporting company diversity at all levels, and so beginning in 2021 all Veresen Midstream staff will include Equality, Diversity, and Inclusion goals as a part of their annual review process.

Due to the small team at our corporate offices, any change in staffing can have significant impact on our team diversity. In 2020, at Veresen Midstream corporate, women made up 54% of employees and 40% of leadership, both flat from 2019. For combined corporate and operations, 8% of employees are women.





Indicator	2018	2019	2020
Total employees (permanent, full-time) (#)	157	158	178
Total female employees (%)	NR	NR	8%
Female employees (operations) (%)	NR	NR	5%
Female employees (corporate) (%)	67%	54%	54%
Leadership level female employees* (corporate) (%)	43%	40%	40%
Employee turnover (%)	NR	NR	8%

NR - Not reported

* In 2020 we changed how we measure diversity in leadership to include all individuals in a managerial position. We have restated the indicator of females in leadership, resulting in some revisions in our 2018 and 2019 data.



Veresen Midstream Sunrise Gas Plant

Energy, GHGs and Other Emissions

We recognize the challenge that climate change is posing on people and the planet. We will work to reduce our GHG emissions and believe that our organization can thrive in the transition to lower carbon intensive sources of energy.

Our Approach

We are in a leadership role in responsible development of Canada's energy. The natural gas that we produce for the market – about 6% of Canada's natural gas supply – works to enable the transition away from more carbon-intensive energy sources such as coal, diesel, and heating oil both locally and internationally.

We are focused on providing creative solutions to some of the challenges facing Canada's energy sector, particularly increasing cash flow and operating margin for our producers using the lowest direct and indirect emissions infrastructure available anywhere in North America. We work with our operating partners to ensure the reliable, secure service that customers have come to expect, and operated at an outstanding 99.2% reliability in 2020.

Our proximity to the Coastal GasLink Pipeline makes us well situated to be a key processor for future Canadian LNG exports and provide world markets with access to responsibly produced natural gas. We are committed to further improving our advantaged position by seeking opportunities to enhance the capabilities of our infrastructure with a minimized environmental impact, so we have adopted a target to include ESG criteria in our evaluation of all future investment opportunities.



Target

Future investment opportunities include ESG criteria

Veresen Midstream operators implement policies or performance standards related to Energy, GHG and Other Emissions including:

- Environment Policies
- Environmental Management Programs
- Waste Management Programs

Indicator	2018	2019	2020
Total Energy Consumed (GWh)	879	1,062	993
Direct GHG emissions ('000 tCO ₂ e/yr)	568	512	536
Indirect GHG emissions ('000 tCO ₂ e/yr)	106	119	107
GHG intensity (tCO ₂ e/boe)	0.0041	0.0035	0.0035
Total NOx emissions (tonnes)	1,141	974	809
Total SO ₂ emissions (tonnes)	753	1,054	1,334
Methane emissions (tonnes)	3,937	3,058	3,742

*Indirect GHG emissions data for 2019 have been recalculated and restated to reflect the updates made to the carbon factor published in the 2021 Canadian National Inventory Report

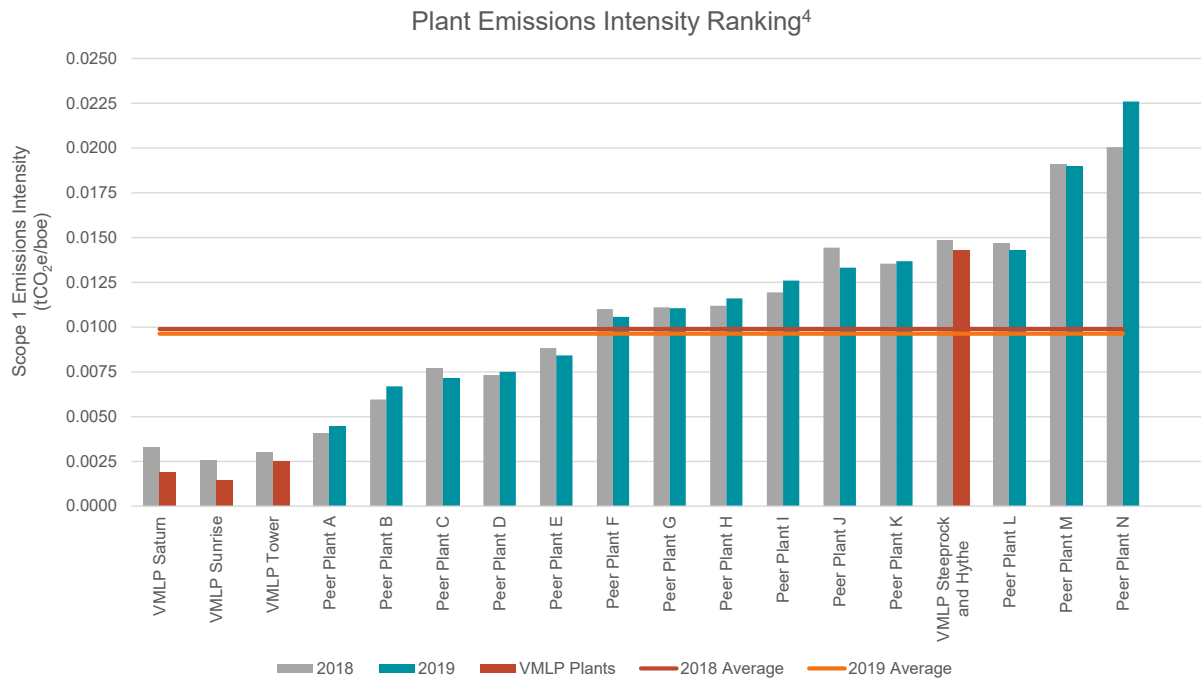


Figure 5 - GHG Emissions Intensity Comparison

Our Assets' Performance

We believe in responsible production of natural gas; as such, we continue to find innovative ways of reducing our carbon footprint, which are supported through our assets' GHG and energy policies. For example, our gas processing facilities in northeast British Columbia are completely powered by renewable energy and have some of the lowest GHG intensity of any gas produced in North America (Figure 5).

In 2020, due to the unprecedented drop in oil and natural gas commodity prices from COVID-19 impacts, drilling and completion activities were reduced across North America, including the part of the Montney that Veresen Midstream infrastructure serves. Plant throughputs declined through Q2 and Q3 and recovered in Q4 as prices strengthened. Overall, our 2020 GHG intensity level remained flat.

Our operators continually pursue higher quality, up-to-date emissions accounting at our sites. As part of updating emissions calculations from equipment, the gas-driven engines at our plants underwent Multi-Sector Air Pollutants Regulations (MSAPR) testing, leading to updated fuel consumption and improved nitrogen oxide (NOx) emissions factors. NOx emissions also decreased in 2020 partly due to a rebalancing of flows between electric- and gas-driven equipment.

Some of our assets use a feed gas that contains hydrogen sulfide (H₂S), which is processed and recovered at our Steeprock and

Hythe operations during the sweetening process. Due to H₂S feed gas content trending higher in 2020, our SO₂ emissions have increased this year, with our sulfur recovery systems continuing to operate optimally at greater than 98% recovery.

Our reported methane emissions increased in 2020 which reflects progress made in conducting fugitive leak detection and repair surveys at our facilities, leading to improved equipment-specific emission factors. Methane from stationary combustion, flaring, and venting emissions remained in line with prior year levels.

Responsibly producing our product is crucial to growing our business through the energy transition and we are committed to continual performance improvement. We have set an official target to reduce our GHG emissions intensity by 30% (i.e., 0.0029 tCO₂e/boe) by 2030 from our 2018 baseline of 0.0041 tCO₂e/boe. In 2020 we have already seen a reduction to 0.0035 tCO₂e/boe. We are committed to investing in low carbon projects and businesses that support the transition to clean energy development.



Target

**Reduce Scope
1 and 2 emissions intensity
by 30% by 2030**
(from 2018 baseline)

⁴ Comparable plants within 200 km radius of Dawson Creek. Data is presented either on a plant or aggregate basis per federal government submitted data source: <https://open.canada.ca/data/en/dataset/a8ba14b7-7f23-462a-bdbb-83b0ef629823> Production data source: IHS Markit. Raw inlet gas, converted at 6:1 ratio

Water

Water is essential to all of us. Although the use of water in our operations is limited, our operators have stringent water management programs in place to ensure minimal impacts on the environment.

Our Approach

Responsible water management is important to Veresen Midstream, its customers, our operators, and to the communities and environments where we operate, and our infrastructure is a crucial part of the cycle that water takes in developing energy.

Veresen Midstream's operators' policies or performance standards related to water include:

- Water Management Programs
- Corporate Waste Management Standards

Our Assets' Performance

Our facilities handle all production from our customers' wells - natural gas, hydrocarbon liquids, and saline produced water. The produced water is separated from the gas and hydrocarbon liquids at the entrance of our facilities, conditioned, and sent by pipelines to customer-owned facilities where it is further conditioned and either recycled for use in our customers' future well completions or injected deep underground into saline aquifers. In addition, we capture all rainwater and snow melt on the surface of our facilities, and release, once sampling of this water has been completed. As such, virtually all water that we handle is returned to the environment.

Occasionally, to fulfill well completion activity demand, our customers withdraw fresh water from surface, such as rainwater runoff or melted snow, to mix into and supplement the conditioned

produced water supply. While Veresen Midstream assets only handle the saline produced water returned from active wells, we report that in 2020 about 10% of the total water we handled originated from fresh sources. We actively collaborate with our operators and customers to maximize the use of produced water from our facilities to mitigate any fresh water use.

Indicator	2018*	2019	2020
Total water withdrawal by customers (thousand m ³)	2,852	2,449	2,094
Total water returned to environment (thousand m ³)	2,850	2,439	2,091

*2018 data is representative of Ovintiv-operated sites only. Data from 2019 and 2020 includes information from all of our operating assets.

Water management use at our operations is subject to regulation and is permitted or licensed by local authorities. Our operators and customers use robust water management programs across all our assets to use water as efficiently as possible and avoid potential impacts throughout the operational lifecycle. They work hard to avoid any water contamination so that we can safely recycle the water for future well completions, or return as much water as possible back into the environment. Where that is not possible, we dispose of the wastewater at certified treatment facilities, following all applicable waste management standards.

In 2020, water withdrawal by our customers decreased by 14%, mainly due to our customers maximizing per-well productivity and reducing the number of wells they needed to complete.



Community and Indigenous Engagement

We want to be great neighbours. The landowners, communities, and businesses with whom we share the land expect us to operate responsibly and we want to be their partner of choice.

Our Approach

Veresen Midstream is committed to being a good neighbour, building relationships and growing economic and social benefits within the communities where we operate.

We believe in a collaborative, meaningful, and mutually beneficial approach to stakeholder engagement by striving to understand their expectations, share ideas, and provide solutions that benefit everyone. Our local community engagement team members connect regularly with Indigenous communities, landowners, residents, businesses, and local governments to build familiarity and trust.

Our policies or performance standards related to Community and Indigenous Engagement include:

- Operational Engagement Programs
- Community Relations Hotlines
- Aboriginal & Tribal Relations Policy
- Indigenous Cultural Awareness Training



Responsive to Community Concerns

Our operational engagement programs provide a consistent guide for our employees to work respectfully with communities. These programs provide direction, roles, and responsibilities to support identification of key stakeholders and allow our team to proactively address potential interests, concerns, risks, and opportunities.

We have community relations hotlines that provide a key tool to help us respond directly to community member or community organization concerns and questions.



Community Relations Hotline

Pembina Community Relations
community@pembina.com
1-888-920-1979

Ovintiv Community Relations and Courtesy Matters
courtesymatters@ovintiv.com
1-888-568-6322

Working with Indigenous Communities

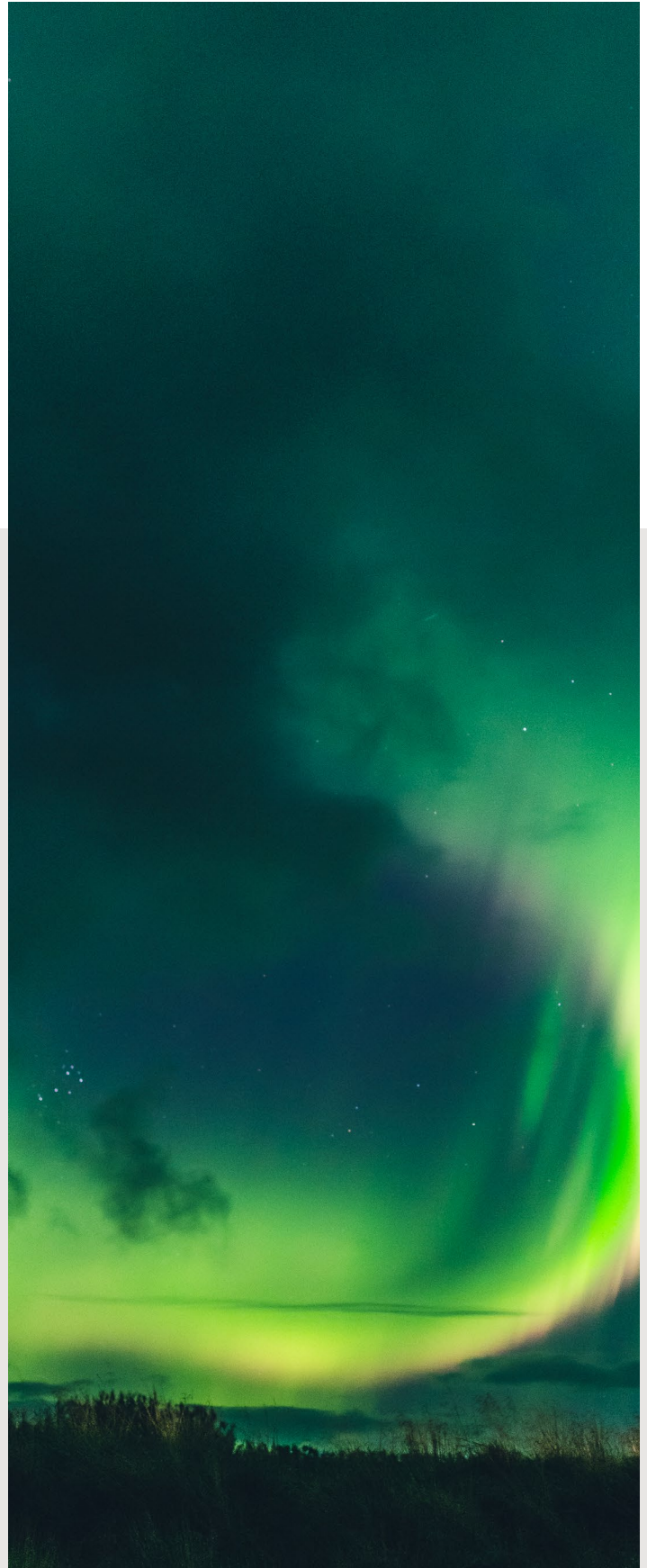
Veresen Midstream is dedicated to ensuring strong relationships with the Indigenous communities surrounding our operations. Driven by our policies and guidelines, we collaborate and consult with these communities to understand impacts from operations and projects, as well as economic and community development priorities. We provide support for skills identification and training, recruitment, and workforce development, as well as cultural awareness training to our staff and contractors to ensure mindful, respectful relations.

We also work with local Indigenous suppliers to support sustainable growth in their business capacity and capabilities. We seek out suppliers and vendors that have strategic alliances with Indigenous businesses, many of whom are members of the Canadian Council for Aboriginal Business (CCAB). In 2020, our total capital and operational spend with Indigenous suppliers was \$17 million, or 3.9% of our total spend. Veresen Midstream is committed to increasing its Indigenous spend for Capital and Operational expenses year-over-year to align with the Government of Canada's commitment of 5% procurement to Indigenous-owned businesses.



Target

**Increase the proportion
of total Capital and
Operational spending from
Indigenous suppliers to
5% by 2025**



Community Investment

Veresen Midstream and our operators aim to give back in ways that support the needs of communities, and we partner with non-profit and charitable organizations to achieve this.

Our Approach

We support a variety of programs, causes and initiatives through our Community Investment Program to help build resilient and sustainable communities where we live, work and operate. We aim to build strong relationships with our community partners and work together to improve the quality of life in our communities. In our community giving, we focus on providing meaningful and long-term benefits to communities and partners.



Veresen Midstream organizes its Community Investment Program into five focus areas:

1

Wellness

We support initiatives that promote healthy lifestyles and the enhancement of medical and social services

2

Community Building

We invest in gatherings and spaces that increase the livability and vitality of the local community

3

Community Events

We invest in initiatives or events aimed at bringing the community together

4

Education

We invest in education, skills training and capacity-building opportunities so that today's learners can become tomorrow's leaders

5

Environment

We believe in building for the future while protecting the present, which is why we fund projects that contribute to environmental conservation, stewardship and sustainability



Our Performance

In 2020, Veresen Midstream distributed funding through our corporate Community Investment Program, supporting several local organizations. We also supported the 2020 BC Winter Games, local food banks and health services.

2020 Veresen Midstream Community Investment

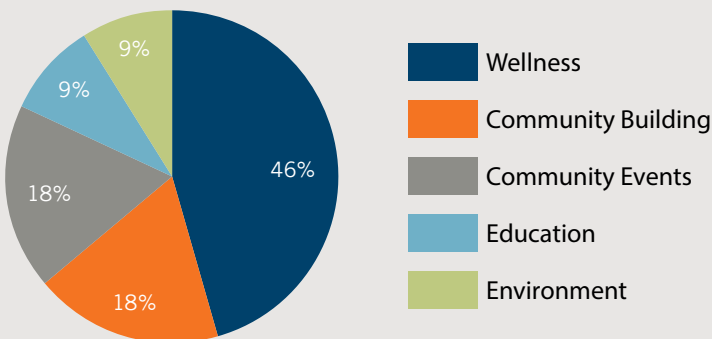


Figure - 2020 Veresen Midstream Community Investment

One highlight of our commitment to supporting Indigenous communities was our contribution towards the Horse Lake First Nation Industry Relations Corporation, which provided skills and understanding of community to youths through land-based teachings, working closely with elders and community members practicing the traditional ways and land uses including hunting, trapping, fishing, and gathering of natural medicines. Youth participants were also given opportunities to facilitate cultural

events throughout the summer, including a Cultural Camp where events included medicine picking, storytelling, and ceremonial practices.

In 2020, Veresen Midstream employees contributed over \$28,000 to the annual United Way campaign in support of communities. We leverage Pembina's PATH (Pembina's Actions That Help) Program, which matches employee donations and encourages employees to give back to local communities. We will continue to support causes in the communities where we operate and partner with local and Indigenous suppliers when possible. Our target is to direct our community investment to more impactful opportunities which are linked to our ESG goals.

For more information on how to apply for Community Investment Program funding, please email welisten@veresenmidstream.com.



Target

Direct investment to impactful opportunities aligned with our ESG goals

Economic Contributions

We are proud to make positive economic contributions to our owners, employees, and communities, and look forward to this contribution increasing as we realize our growth strategy.

Our Approach

Veresen Midstream is focused on providing long-term economic benefits to our owners, partners, and stakeholders through the sustainable growth of our operations. Our shared services model with Pembina allows us to focus on providing innovative, customer-focused solutions.

Our Assets' Performance

In 2020, we continued to expand our economic impact to the communities where we operate. We provide economic contributions through several avenues including government taxes, job creation, wages and benefits, regional procurement, and direct community investment. In the past year, we increased our total economic

contributions by over \$80 million for a total of \$363 million in 2020. Of this total economic contribution, over \$30 million was spent on wages and benefits to employees across our corporate and operational assets. We also increased our capital expenditures in 2020 to \$326 million from \$220 million in 2019, including the completion of the Hythe Expansion Project. Capital expenditures include spending with suppliers for the growth and maintenance of our operations and is our largest economic contribution. We paid \$4.6 million in property tax in 2020, slightly less than in 2019.

Veresen Midstream is committed to sustainable growth that leads to increased economic contributions for our stakeholders. We will continue to focus on investment opportunities that deliver economic value to our customers and improve our ESG performance, including sensitizing our growth in consideration of ESG-related opportunities.

Indicator (\$ thousands)	2018	2019	2020
Property Taxes	\$3,877	\$4,972	\$4,661
Veresen Midstream employee wages and benefits	\$5,053	\$4,924	\$7,098
Operating assets employee wages and benefits	\$19,324	\$24,718	\$24,721
Capital expenditures	\$250,106	\$220,164	\$326,953
Community Investment	\$92	\$125	\$78
Total economic contributions	\$278,452	\$254,904	\$363,092



Veresen Midstream

4000, 585 8th Ave SW
Calgary, AB
T2P 1G1

403-231-7500

For inquiries contact:
info@veresenmidstream.com

veresenmidstream.com

VERESEN
MIDSTREAM