

# AETHON

## 2020 SUSTAINABILITY REPORT





## FROM THE CEO

I am exceptionally proud of Aethon's environmental, social, governance (ESG) and sustainability performance in 2020.

We continue to stand firm in our commitment that Aethon will be action-oriented. We will act and innovate, not follow. We recognize that exceptional ESG and business performance are inextricably linked. By performing with high environmental standards, we create assurance that we can continue our amazing journey with balance and without interruption. As an industry leader, we have the responsibility to use our deep expertise, advanced technology, and tangible action to demonstrate what is possible through progressive action, stakeholder outreach, and respect for the environment.

Aethon is at the forefront of the climate change solution. As a natural gas provider, we are in the right industry at the right time to address climate concerns by providing natural gas as a bridge fuel for the future. We expect Aethon to set the gold standard for driving down methane and GHG emissions. We will drive performance rather than set arbitrary targets and our results will differentiate us from our peers. We demonstrate that Aethon is a responsible leader who takes climate challenges and our responsibilities seriously.

We are committed to being a sustainability leader in our industry, upholding the highest ethics and fair practices that are a core responsibility of natural resource stewardship. It requires that we look at our business with the long-term lens of a low carbon future while acting today to ensure Aethon's continued business operations remain robust and healthy. In this, we never lose sight of the communities we work in and the stakeholders that support our mission.

Aethon is committed to working closely with the spectrum of valued stakeholders including people, businesses, regulatory bodies, neighbors, and business partners that make our mission possible. Our commitment as a sustainability leader enhances our promise that we will work in a forthright and progressive manner to stay focused on the goal of sustainability and environmental protection.

Safety is a core value of Aethon, and we must demonstrate that our actions reflect this belief. We communicate and instill our Health and Safety measures in our workforce, workplace conditions, and capabilities, forming the foundation of our successful operations.

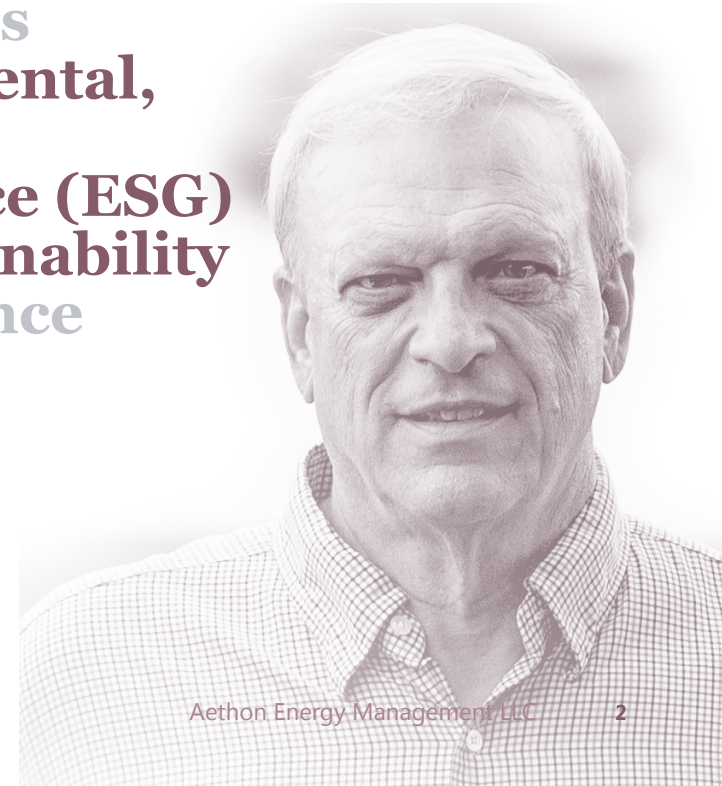
Although COVID-19 brought new health and safety challenges in 2020, we met this adversity head-on. We developed policies to protect our staff and reduced risks while still meeting performance goals with minimal business interruptions.

We look forward to the coming year as we build on the successes of 2020 and establish new goals and strategies that enhance our progress.



ALBERT HUDDLESTON, CEO

**“I am exceptionally proud of Aethon’s environmental, social, governance (ESG) and sustainability performance in 2020.”**



# 1

## SUSTAINABILITY STRATEGY

# Ensuring the framework to meet our corporate sustainability goals.

## OUR SUSTAINABILITY MODEL

We base our sustainability model on six management pillars that ensure all of our operations personnel are aware, informed, and moving toward our corporate sustainability goals. This report includes all Aethon's sustainability activities and results for 2020. The content included reflects the Ten Principles of the United Nations Global Compact, the Sustainable Development Goals (SDG), and Global Reporting Initiative (GRI) standards.

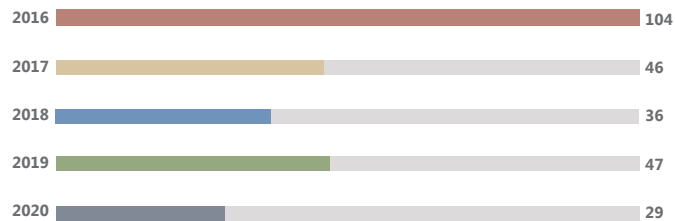
## SUSTAINABILITY STRATEGY

# We base our sustainability model on six management pillars.

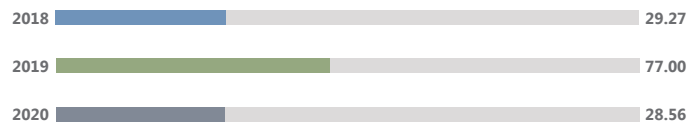
## OUR SUSTAINABILITY MODEL & RESULTS

By focusing on the six pillars in our sustainability model, we have driven continuous improvement and results in our organization.

### AGENCY REPORTABLE SPILLS



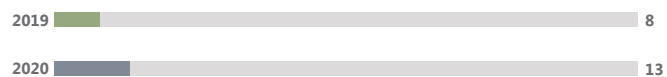
### GHG EMISSION REDUCTION PROJECTS (Metric tons CO<sub>2</sub>e)



### METHANE REDUCTION EFFICIENCY (Mmscf/yr)

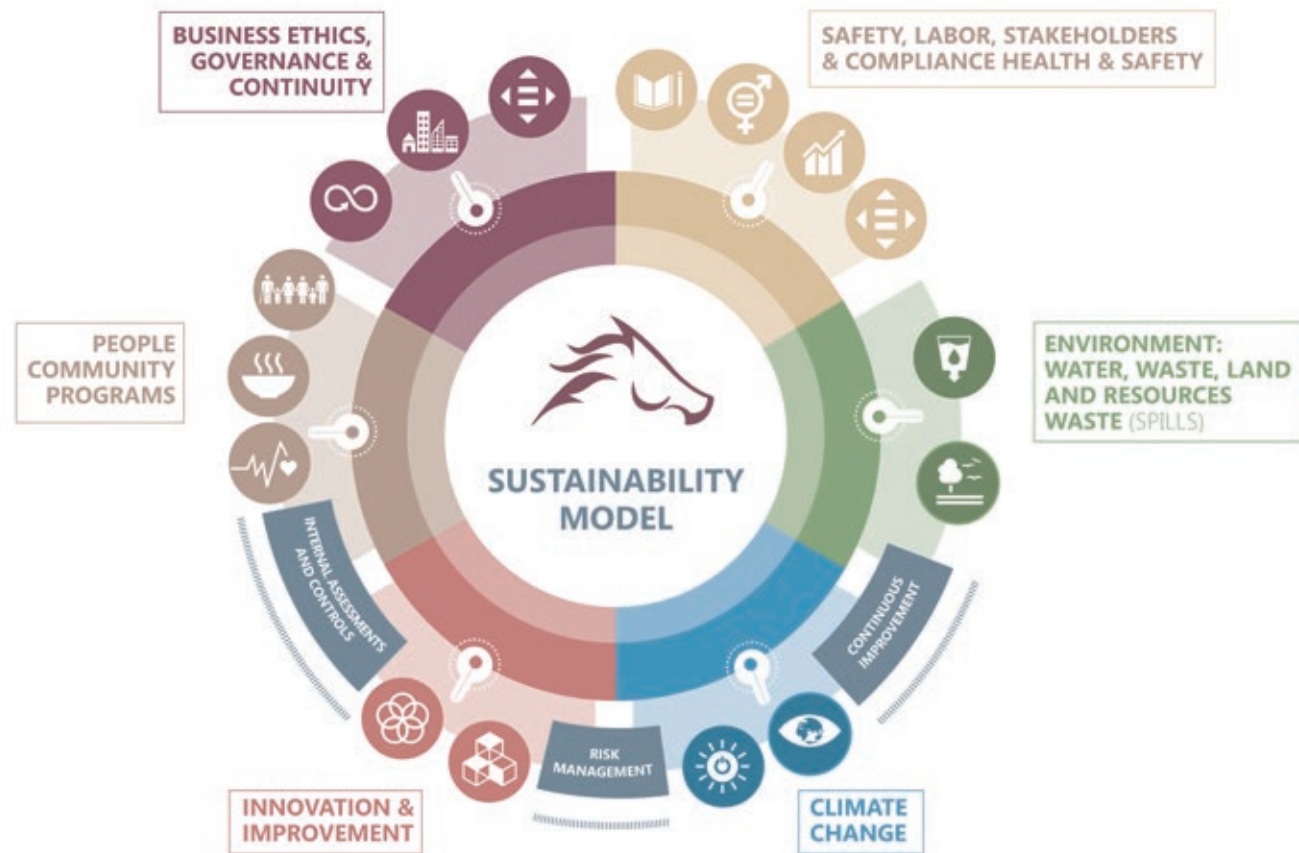


### STAKEHOLDER OUTREACH



### NOTICES OF COMPLIANCE VIOLATIONS

ZERO in years 2016, 2017, 2018, 2019, 2020





“Sustainability begins with a principles-based approach to doing business.”








- MATTHEW MARZIANI, CO-PRESIDENT

## UNITED NATIONS GLOBAL COMPACT (UNGC) 10 Principles

Sustainability begins with a principles-based approach to doing business.

Aethon is a proud member of the UN Global Compact which outlines common language for corporate responsibility. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet, but also setting the stage for long-term success.

As we incorporate these principles into our Sustainability Strategy, we demonstrate our commitment by outlining how our business functions align with the 10 Principles for human rights, labor, environment, and anti-corruption.

 <b>UNGC</b>	 <b>Business Ethics, Governance &amp; Continuity</b>	 <b>Climate Change</b>	 <b>Environment: water, waste, land and Resources</b>	 <b>Safety, Labor, Stakeholders &amp; Compliance</b>	 <b>People</b>	 <b>Innovation &amp; Improvement</b>
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights	●				●	
<b>Principle 2:</b> Make sure that they are not complicit in human rights abuses.	●			●		
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining				●		
<b>Principle 4:</b> The elimination of all forms of forced and compulsory labour	●			●		
<b>Principle 5:</b> The effective abolition of child labour	●			●		
<b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation.	●			●		
<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges		●	●			●
<b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility		●	●			
<b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies		●	●			●
<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	●			●	●	

## SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The Sustainable Development Goals provide a powerful aspiration for improving our world - laying out where we collectively need to go and how to get there.

### United Nations Global Compact: SDGs Explained for Business

SDGs continue to guide Aethon as we strive for excellence, translating global needs into viable solutions for long-term growth. As we integrate SDGs into our business operations, it identifies material risks, opportunities, and costs to our organization. We use these guidelines as part of our Sustainability Strategy, helping to set expectations for our employees, customers, suppliers, stakeholders, and the communities in which we operate.

	Business Ethics, Governance & Continuity	Climate Change	Environment: water, waste, land and Resources	Safety, Labor, Stakeholders & Compliance	People	Innovation & Improvement
<b>SDGs</b>	10. Reduced Inequalities 11. Sustainable Cities and Communities 12. Responsible Consumption and Production	7. Affordable and Clean Energy 13. Climate Action	6. Clean Water and Sanitation 15. Life on Land	4. Quality Education 5. Gender Equality 8. Decent Work and Economic Growth 10. Reduced Inequalities	1. No Poverty 2. Zero Hunger 3. Good Health and Wellbeing	9. Industry, Innovation and Infrastructure 17. Partnerships for the Goals

## GLOBAL REPORTING INITIATIVE (GRI)

Responsibility requires action, which is only measured by results. To demonstrate our innovation and progress, we must be able to compare ourselves to industry peers through a common set of reporting standards.

The Global Reporting Initiative is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.

	Business Ethics, Governance & Continuity	Climate Change	Environment: water, waste, land and Resources	Safety, Labor, Stakeholders & Compliance	People	Innovation & Improvement
<b>GRI: Strategy 102-14, 102-15 CEO MESSAGE</b>	Ethics: 102-16 Governance: 102-20 Anticorruption: 205-3 Anticompetitive Behaviour: 206-1	Emissions: 305-1, 305-2	Energy: 302-1 Effluents and Waste: 306-3 Environmental Compliance: 307-1	Employment: 401-1 Labour: 402-1 Occupational Health and Safety: 403-1, 403-2, 403-3 Training & Education: 404-1 Diversity: 405-1 Non-Discrimination: 406-1 Collective bargaining: 407-1	Local communities 413-1	Management Approach 103-1, 103-2, 103-3

Aethon uses GRI's reporting standards to report on our Sustainability Strategy and accurately map our efforts across our organization.

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

The Sustainability Accounting Standards Board is an independent nonprofit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. SASB Standards identify the subset of environmental, social, and governance issues most relevant to financial performance in each of 77 industries enabling Aethon to better report on issues and topics relevant to its stakeholders.

	Business Ethics, Governance & Continuity	Climate Change	Environment: water, waste, land and Resources	Safety, Labor, Stakeholders & Compliance	People	Innovation & Improvement
<b>SASB</b>	Business Ethics & Transparency	Greenhouse Gas Emissions Air Quality	Water Management	Workforce Health & Safety	Community Relations	

## BUSINESS ETHICS, GOVERNANCE & CONTINUITY

# Committed to a higher standard.

## BUSINESS ETHICS

Sustainability requires commitment to a higher standard. The ethical framework that governs our performance includes, but is not limited to:

CONFIDENTIALITY



INDUCEMENT & GIFTS



CONFLICTS OF INTEREST



ANTI-MONEY LAUNDERING



COMPLIANCE WITH LAWS



WHISTLEBLOWER



ANTI-CORRUPTION (FOREIGN CORRRPUT PRACTICES ACT)



## BUSINESS ETHICS, GOVERNANCE & CONTINUITY

**“Aethon strictly adheres to laws and regulations and acts in a moral and fair manner with all its business partners.”**

- MONTY WARD, GENERAL COUNSEL



### BUSINESS ETHICS

#### Fair Operating Practices

Aethon strictly adheres to laws and regulations and acts in a moral and fair manner with all its business partners. Aethon employees, contractors, and leadership practice accountability and fairness in all dealings and treat all individuals with respect. Aethon's policies and guidelines include:

#### POLITICAL & CHARITABLE CONTRIBUTIONS

#### PROMOTING SOCIAL RESPONSIBILITY IN THE SUPPLY CHAIN

#### RESPECT FOR PROPERTY RIGHTS

#### FAIR COMPETITION

In 2020, Aethon did not have any confirmed incidents of corruption, including types where employees were dismissed, business partner contracts were terminated, or public legal cases were brought forward, as outlined in GRI section 205-3. Additionally, no anti-competitive, antitrust, or monopoly legal actions were brought forward in 2020 as described in GRI section 206-1.

### GOVERNANCE

Aethon's Advisory Committee and leadership team believes strong corporate governance is essential for superior performance and stakeholder service.

#### Advisory Committee

The Advisory Committee assists the leadership team in establishing annual health, safety and social responsibility goals and objectives and to evaluate the company's performance in meeting these target objectives. The Committee also provides input on management's processes in the identification, management and mitigation of sustainability risks and material sustainability topics.

#### Chief Executive Officer

The CEO's role is to remain consistent in executing strategies that support our ESG commitment while guiding the organization toward its performance objectives.

#### Risk Committee

Aethon utilizes a Risk Committee comprised of key members from the senior leadership team to identify, evaluate, prioritize, and manage corporate and macro risks impacting its business. The Committee's oversight includes the health and safety of persons associated with its operations, the protection of the environment and its relationship with the communities within which it operates. The Risk Committee reports to the Advisory Committee on a regular basis and the Advisory Committee provides feedback and input regarding Aethon's risk assessment and the implementation and effectiveness of its processes.





## CONTINUITY AND COVID-19

In support of Aethon's all-hazard Business Continuity Plan, a specific *Pandemic Continuity of Operations Plan* was developed to support the essential functions and operations of the organization. As a result of this plan implementation, we were able to work with minimal issues and keep the normal pace and continuity of our business. We anticipate that we will continue to run Aethon with few business interruptions as we remain responsive to changing needs.

During the past year, we learned how critical it is to keep our employees, business partners, and loved ones protected. We implemented multiple safeguards to keep our employees safe while minimizing business disruption that included:

**1**  
IMPLEMENTING A  
CORPORATE WORK-FROM-  
HOME POLICY PROTECTING  
ALL EMPLOYEES,  
INCLUDING HIGH-RISK  
INDIVIDUALS.

**3**  
LIMITING ON-SITE WORK  
TO BUSINESS-CRITICAL  
ACTIVITIES THAT REQUIRED  
SUPERVISOR APPROVAL.

**3**  
PRACTICING SOCIAL  
DISTANCING GUIDELINES,  
DAILY TEMPERATURE  
PRE-SCREENINGS AND  
ADMINISTERING FACIAL  
MASK REQUIREMENTS.

**4**  
MONITORING AND  
REVISING PROTOCOLS  
BASED ON CDC AND STATE  
GUIDANCE.

**5**  
ENSURING FIELD OFFICE  
ADHERENCE TO CORPORATE  
PROTOCOL.

**6**  
PROHIBITING NON-  
ESSENTIAL VISITORS AT  
FIELD OPERATIONS AND  
CORPORATE OFFICE.

**7**  
INCREASED CLEANING AND  
SANITATION MEASURES  
FOR ON-SITE OFFICE  
LOCATIONS, FIELD OFFICES  
AND CORPORATE OFFICE.

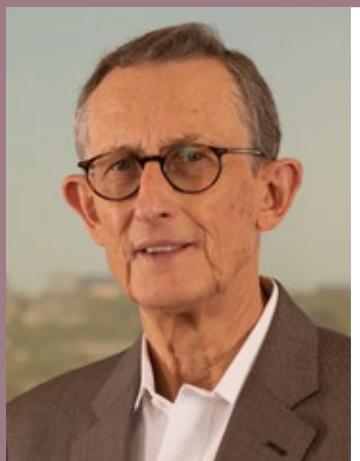
**8**  
IMPLEMENTING  
CONTRACTOR  
NOTIFICATION PROTOCOLS  
FOR CONTACT TRACING  
WHEN EXPOSED.

**9**  
DEPLOYING AN  
ELECTRONIC FIELD  
TICKETING PROCESS.



AETHON OPERATING IN THE HAYNESVILLE SHALE FORMATION NEAR CADDO PARISH, LOUISIANA

## COVID-19, CONTRACTORS &amp; COMMUNITY



## A Single Mission

"As the pandemic began to spread in the spring of 2020, the importance of protecting worker health and safety from COVID-19 transmission and spread was clearly evident.

The first step in our COVID-19 response was to support the health of all workers at Aethon sites, including

employees, contractors, and sub-contractors, by establishing swift and comprehensive policies and procedures.

We based our actions on a single mission. **Keep everyone "COVID-19 free" to ensure the safety of our families.** We created a culture on location of transparency; being transparent if experiencing symptoms, ensuring proper social distancing, and instituting quarantine procedures to prevent spread.

This approach significantly reduced our COVID-19 exposure and spread to individuals working on-site. We did not incur any downtime on the eight rigs we operated due to COVID-19, and as a result, only six individuals tested positive on our rigs."

- DON WOOD, VICE PRESIDENT, DRILLING



## Helping Our Neighbors

"Our field team members have seen the dramatic economic impact the pandemic has had on the communities in which we operate. At a time when many businesses were cutting back on

donations, our field team recognized that Aethon had the resources to help. Aethon seized the opportunity to give back to families struggling with providing food during the pandemic. Aethon partnered with The East Texas Food Bank to help East Texans stay fed.

Aethon provided the East Texas Food Bank with \$24,400, helping them to supply over 195,200 individual meals. For Aethon, this is not just a one-time partnership. We understand the intrinsic accountability we have towards sustaining the health and well-being of communities. I am proud of our Aethon field team for supporting our neighbors in a critical time of need. We will continue to evaluate where we can make the greatest impact and provide additional funding when requested."

- JOHN ZALUSKY, SR. VICE PRESIDENT, OPERATIONS

## OUR CLIMATE CHANGE INITIATIVES

# Carefully monitoring and improving emissions.

## OUR CLIMATE CHANGE INITIATIVES

Aethon focuses on implementing innovative programs aimed at reducing today's emissions and improving operations as we set the path for the future.

### OUR FOCUS AREAS

#### EMISSIONS MONITORING, CONTROL & IMPROVEMENT

DIRECT EMISSIONS  
LEAK DETECTION (LDAR)  
INDIRECT EMISSIONS

#### EFFICIENT TECHNOLOGY & MACHINERY

ZERO-EMISSIONS FACILITIES  
COMPRESSION OPTIMIZATION  
PHASE-OUT GAS PNEUMATIC  
CHEMICAL PUMPS

#### INNOVATION & IMPROVEMENT

TITAN  
CARBON SEQUESTRATION  
EPA NATURAL GAS STAR METHANE  
CHALLENGE PROGRAM



## OUR CLIMATE CHANGE INITIATIVES



# Aethon establishes progressive emissions targets and monitors our equipment to ensure we achieve these targets.

- GORDON HUDDLESTON, CO-PRESIDENT



### EMISSIONS MONITORING, CONTROL & IMPROVEMENT

Identifying opportunities to reduce and eliminate methane and carbon dioxide emissions is a critical component of our climate change strategy. With that in mind, Aethon establishes progressive emissions targets and monitors our equipment, including engines and turbines, to ensure we achieve these targets. Our Scope 1 Greenhouse Gas emission results are assured by the independent, third party, ERM-CVS, to maintain objectivity in our results. The results from our Scope 1 Greenhouse Gas Reporting is 891,332 metric tons CO<sub>2</sub>e for 2020.

### Leak Detection and Repair Program (LDAR)

The LDAR program focuses on three initiatives to achieve our methane emissions efficiency goal:

1. We identify leak incidents with methane imagery technology in our operations, even at the smallest level, and develop operational improvements to stop or reduce the amount or frequency.
2. We persistently measure leak incidents, creating accurate and proprietary data to track our progress. We analyze the results to understand which component types are most frequently associated with leaks.
3. We employ a third-party assurance company, ERM-CVS, to review our processes and the results of our 2020 fugitive methane leak emissions from equipment components to ensure stakeholder transparency. Results are 14,251 metric tons CO<sub>2</sub>e for 2020.

## SCOPE 1 & 2 RESULTS

Since 2019, the LDAR program has reduced GHG emissions associated with our operations. Overall, 99% of reported leaks have been repaired, supporting our commitment to protecting our environment.

### LDAR PROGRAM RESULTS

2019	2020
2,382	2,286

#### INSPECTIONS

2019	2020
1,613	1,384

#### # OF LEAKS

2019	2020
1,613	1,361

#### REPAIRED LEAKS

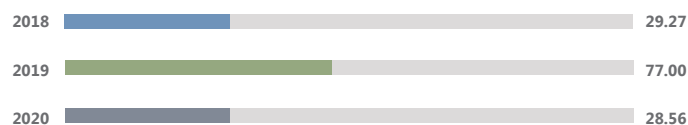
2019	2020
100%	98%

#### % REPAIR

2019	2020
100%	98%

### The GHG Emissions and Methane Reduction

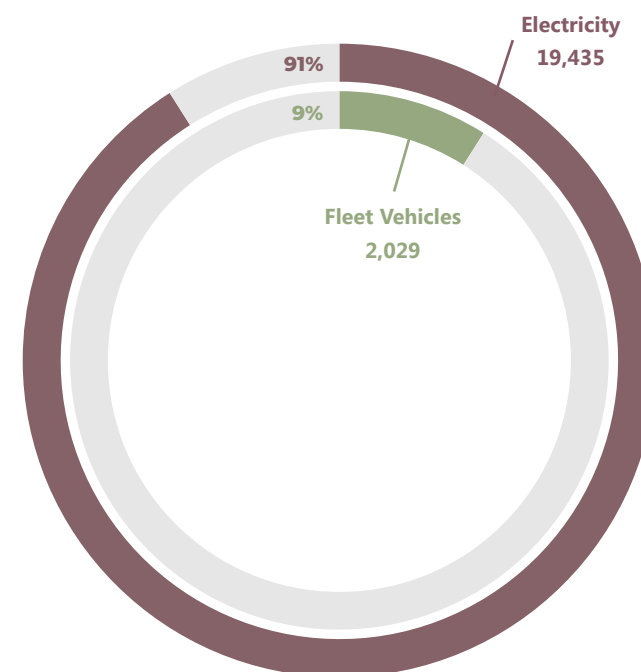
#### GHG EMISSION REDUCTION PROJECTS (Metric tons CO<sub>2</sub>e)



#### METHANE REDUCTION EFFICIENCY (MMscf/yr)



Aethon understands the importance of transparent performance in the areas of energy generation, buildings, and transportation sectors. We actively monitor and report the indirect emissions from our fleet vehicle fuel consumption, electrical use, and other operations to ensure we understand our Scope 2 and 3 (indirect) GHG emissions.



Fleet Vehicles	212,893	gallons fuel
Electricity	27,488,136	kWh
=	=	=
Fleet Vehicles	2,029	Metric Tons CO <sub>2</sub> e
Electricity	19,435	Metric Tons CO <sub>2</sub> e
Total Scope 2	21,464	Metric Tons CO <sub>2</sub> e

## EFFICIENT TECHNOLOGY AND MACHINERY

In 2020, Aethon implemented a standardized wellsite facility design for our operations, where zero-emissions can become a reality. By using innovative ways to replace pneumatic actuators, we can entirely negate our emissions output in the production phase of the well's lifecycle.

## Zero Emission Well Sites.

- Inaugural application on the East Texas 16-well pad, Megalodon site
- Electric actuators on valves
- ESD system energized by nitrogen
- No natural gas venting

### Did You Know?

- Nitrogen does not contribute to the greenhouse effect, as it is transparent to infrared light
- China doubled USA emissions in 2019 (10.0 vs 4.8 Gt CO<sub>2</sub>)
- Electric actuators cost more than pneumatic actuators



## Engineering out 11.4 metric tons of CO<sub>2</sub> emissions per year

Each time a gas pneumatic actuator operates, a small amount of fuel gas is vented into the atmosphere, causing unnecessary emissions. We searched for suppliers that could provide electric

actuators for separator dump valves that operated on solar rechargeable available battery power and removed the unnecessary emissions to the atmosphere. While the wellhead safety shutdown valve has also traditionally been actuated by fuel gas, electric actuation is not feasible due to the size of the valve. To solve this issue, we obtained nitrogen, an inert gas, in bottles that provided the pressure required to actuate this valve.

By making these changes, we have successfully avoided 11.4 metric tons of CO<sub>2</sub>e per well, per year, a significant stride in meeting our goal of lessening our environmental impact. For 2020, these wells included: LA-AU: 353.4 metric tons of CO<sub>2</sub>e (31 wells), LA-AIII: 342 metric tons of CO<sub>2</sub>e (30 wells), and ETX: 330.6 metric tons of CO<sub>2</sub>e (29 wells).

***"This has been a technically challenging project, but it has been a very satisfying team effort to achieve the goal of reaching our emissions reduction target."***

- CLINT MCCAFFREE, SR. FACILITY ENGINEER



## CONTINUOUS IMPROVEMENT



## Problem solving through teamwork, collaboration and innovation

"We are truly an organization that problem-solves through teamwork, collaboration, and innovation. When we began the project to evaluate

optimization opportunities for existing gathering, boosting, and treating systems, I could not have imagined a more committed team for brainstorming solutions, identifying efficiencies and wanting to make a true difference to our bottom line and overall emissions.

Our team identified optimization opportunities ranging from removing unnecessary compression and dehydration to downsizing compressor engines. These projects resulted in reductions equating to over 27,000 metrics tons CO<sub>2</sub>e emissions for 2020."

- ANDREA TAYLOR, HSE & SR MANAGER

### Phase-out gas Pneumatic chemical pumps

Aethon is committed to continuously improving our GHG emissions footprint to align with performance targets. Aethon achieved an emission reduction milestone in 2020 when our operations team completed a multi-year project to eliminate the use of gas pneumatic chemical pumps in our operating areas. All chemical injection pumps company-wide are now solar powered and zero emission.



## MIDSTREAM PERFORMANCE



### Performance driven by vertical integration

"At Aethon, we believe our operational performance is driven in part by our vertically integrated midstream assets. By having direct control over design, maintenance, and oversight, we can ensure responsible growth and

environmental performance in this sector. With over 1,400 miles of pipeline, Aethon's midstream companies execute robust programs and standards in the areas of asset integrity, leak detection, and preventative maintenance. This targeted focus allowed for the successful and safe transportation of 1,224,142 MMbtu/d of throughput volumes in 2020, an increase of 63% from 2019."

- PRESTON PHILLIPS, SR. VICE PRESIDENT, A&D AND COMMERCIAL



### Instituting key initiatives to minimize environmental impacts

"In addition to maintaining regulatory compliance in the gathering, treating, compression assets of the organization, Aethon's midstream

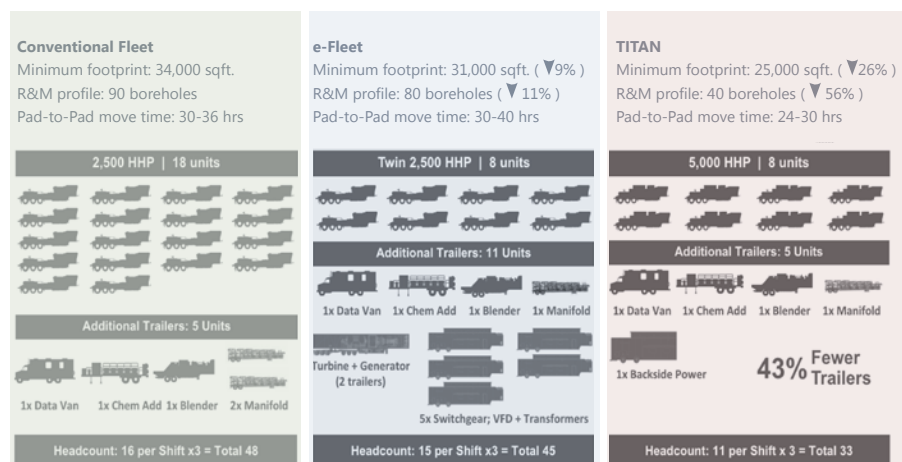
companies institute key initiatives to minimize environmental impacts from greenhouse gas influences. Aethon utilizes Best Available Control Technologies (BACTs), zero emission equipment in its' facilities design, where feasible, and analyzes opportunities to optimize and streamline operations. In our operations, Aethon not only conducts required Right-of-Way patrols and surveys, but established a voluntary Leak Detection and Repair program. These proactive efforts resulted in a 14% metric tons CO<sub>2</sub>e/MMbtu/d emissions decrease over 2019 performance. In addition to addressing Scope 1 direct emissions, Aethon's geographic proximity to LNG terminals, petrochemical processing, and exporting makes it uniquely positioned to account for reduced Scope 3 emissions to market. We continuously look for opportunities in the midstream sector to improve and elevate our performance."

- JOHN SPARLING, VICE PRESIDENT, MIDSTREAM



## INNOVATION & TITAN TECHNOLOGY

In 2020, Aethon partnered with BJ Services to deploy TITAN, a direct drive natural gas-fired turbine frac fleet capable of providing over 5,000 horsepower for well completions. Powered by 100% natural gas, the efficiency of the 5,000 HHP power end / fluid end “power to pump” configuration allows for substantial GHG emission reductions.



Newer pump technology, like TITAN, not only reduces emissions, but also lowers the overall operational footprint and surface damage. After implementing the TITAN initiative, Aethon realized significant improvements that included:

### ESG Reductions from Diesel-fuel

- 65% reduction in CO emissions (g/hp-hour)
- 70% reduction in NOx emissions (g/hp-hour)
- 30% improvement in noise suppression
- 18-21% reduction in rocked pad size with smaller fleet footprint – future realization

### Reduced Footprint

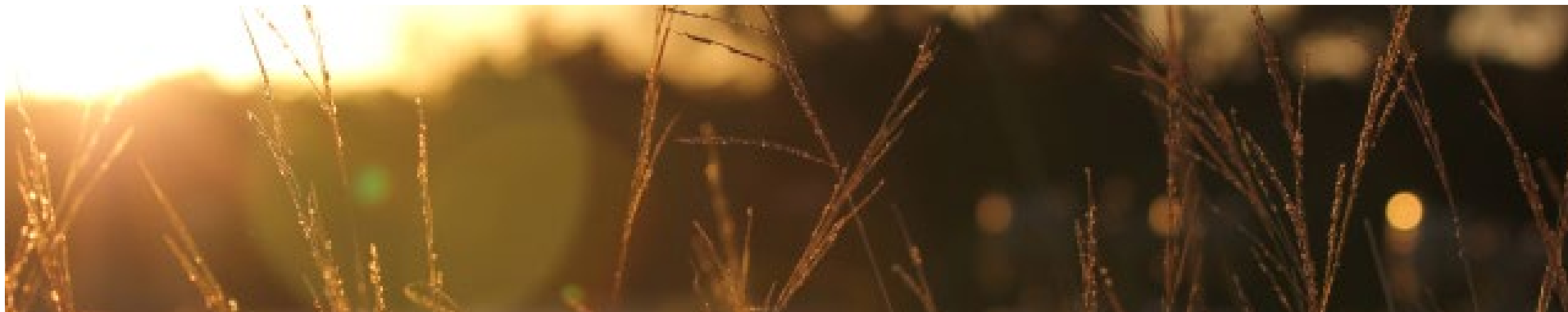
- 50% reduction in frac fleet pumping units per fleet
- 26% reduction of footprint – lower pad costs/impact

Transitioning an industry to leading edge technology does not happen overnight. It requires a true commitment to see the initiative through with detailed planning to achieve significant results. Aethon has the leadership and perseverance to demonstrate our ongoing commitment to continuous improvement and environmental stewardship.





## ADVANCING & LEADING INITIATIVES

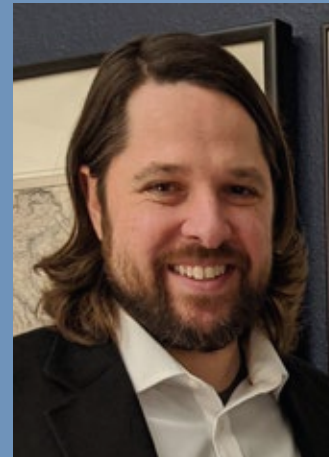


### Taking a chance to advance the industry

"I am proud to be a part of an organization that has stepped out ahead of peers and taken a chance to advance our industry and reduce the impact made on the environment. We have recognized for some time that diesel burning pumps contribute to higher GHG levels than Natural Gas (NG) power

sources. It is clear the industry needs technological innovation to reduce emissions through more efficient use of turbines to lessen environmental impacts."

- MIKE WARREN, SR. VICE PRESIDENT, DRILLING & COMPLETIONS



### Leading the effort into the next era of oil and gas sustainability

CO2 emissions are a core challenge that requires innovative thinking.

"I think people don't realize that the oil & gas industry has the skills, knowledge, and tools that translate easily into the field of carbon sequestration. It's exciting to be

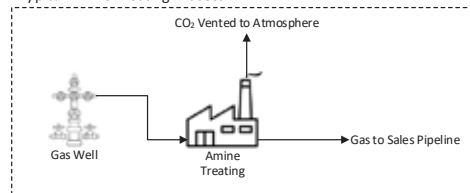
a part of a team that will lead this effort into the next era of oil and gas sustainability."

- JOHN COPELAND, SENIOR FACILITY ENGINEER

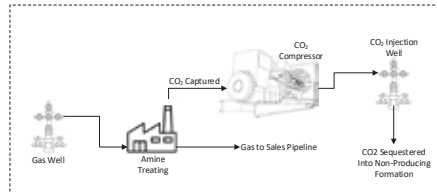
## CARBON SEQUESTRATION

In 2018, Aethon began permitting activities to utilize Carbon Sequestration as a potential strategy for greenhouse gas reduction. Aethon realizes that regulations are evolving in this nascent field and full implementation in our operating areas is long-lead. As a leading innovator, Aethon is developing ways to integrate carbon sequestration into our facilities with the goal of minimizing our carbon footprint.

Typical Amine Treating Process



Amine Treating With Carbon Sequestration



Aethon is using its expertise in geology and midstream engineering to develop four carbon dioxide sequestration programs co-located with four of its biggest natural gas treating facilities. Our technology captures carbon dioxide from the treating process and permanently sequesters it into underground storage.

Four proposed carbon sequestration facilities will eliminate between 50,000 and 200,000 metric tons per year from the atmosphere. That is roughly equivalent to the emissions of 11,000 to 43,000 passenger vehicles on the road for one year.

### EPA Methane Gas Star Program

Since 2019, Aethon has partnered with U.S. Environmental Protection Agency (EPA) in the Natural Gas STAR Methane Challenge Program. This voluntary partnership focuses on encouraging new and innovative methane emission mitigation technologies, as well as methodologies, for monitoring and measuring progress in the effort to reduce oil and natural gas methane emissions.





## ENVIRONMENT

# Protecting the environment through leading standards.

We can only demonstrate our sustainability through consistent and responsible action to protect the environment. From spill prevention, water management, land management and responsible product use, Aethon has made environmental stewardship the cornerstone of our business.



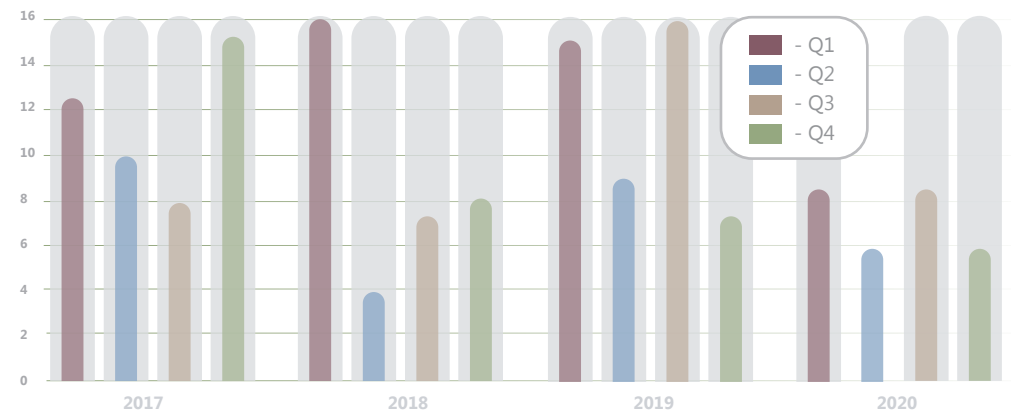
## ENVIRONMENT

“Since 2016, Aethon has seen an overall downward trend in the yearly spill count, with 2020 realizing a record low number of spills accumulated in a single year.”

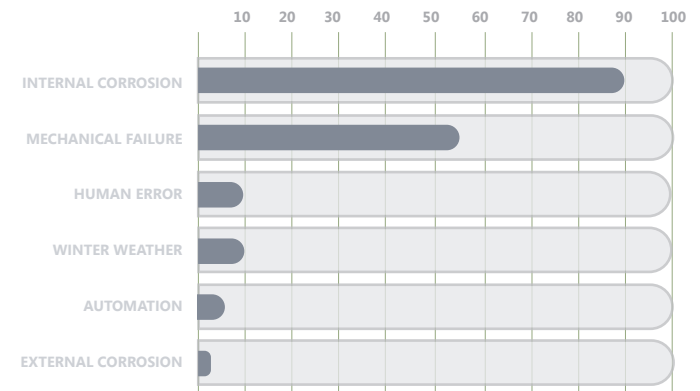
STEFANIE SCRUGGS, VICE PRESIDENT, HEALTH, SAFETY, ENVIRONMENTAL & SOCIAL RESPONSIBILITY



## Spill Frequency

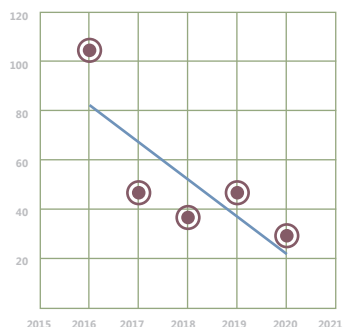


## Spill Causation



## ASSET INTEGRITY PROGRAM

### Agency Reportable Spills



Our Asset Integrity program is one way Aethon demonstrates its commitment to responsible action. Aethon's Asset Integrity Program applies industry standards, meets federal regulations, and includes proactive, voluntary inspections. Aethon follows strict industry guidelines that begin with material selection based on product and pressure needs. Once in service, assets are continuously monitored for anomalies that may compromise its integrity as

mandated by federal regulations. Aethon works closely with these agencies to ensure the regulations are being met while performing voluntary inspections for assets not covered by any regulating agency.

Aethon participates in frequent audits where procedures and records are reviewed to ensure the Integrity Program is following regulations set forth by federal and state agencies. A comprehensive audit involves corrosion prevention (both internal and external), public awareness, monitoring, operator qualifications, and other factors related to a safe operation.

Aethon has gone beyond common industry practices by applying a Non-Destructive Testing Program to proactively identify internal corrosion/erosion at well sites. This program targets "hot spots" prone to failure caused by saltwater and sand erosion from the producing well. In 2020, we identified and corrected 32 points that indicated the potential for a near future failure. These hot spots were in areas where a failure would have resulted in an instant high-volume release of saltwater.

Aethon also implemented a Saltwater System Patrol Program to assess the integrity of valves and fittings. Throughout 2020, more than a dozen compromised fittings were identified and replaced, preventing potential spill incidents.



## Ensuring that guidelines and codes are met or exceeded

"We have a responsibility of ownership that includes respect for the public's safety and an awareness of the possible environmental consequences if asset integrity was to be neglected."

The Asset Integrity plan demands safe operation of our assets regarding the public, employees, and the environment. Aethon works diligently to ensure guidelines and codes are met or exceeded."

- THOMAS KENDRICK, CORROSION TECHNICIAN



## WATER MANAGEMENT



### The Moneta Divide

"For decades, produced water from the Moneta Divide has been surface discharged with permit authorization from the Wyoming Pollutant Discharge Elimination System (WYPDES), proving to be a beneficial resource for the environment. In 2020, the permit was


up for renewal and included new limitations and Aethon engaged local stakeholders and government representatives to increase project awareness.

Aethon participated in two community outreach events, including the Riverton Economic and Community Development Association (RECDA) and an in-person briefing for Wyoming Governor Gordon and his advisory team. We explained the challenges associated with new permit limits and the importance of surface discharge for Aethon to continue producing in this field. We addressed the challenges faced over the last five years, including the third party support we engaged to monitor the quality of water discharged. "These meetings allowed us to paint a picture for attendees, letting them know that Aethon is committed and will continue to explore water management options."

As a result of our efforts, in August 2020, the Bureau of Land Management issued its Record of Decision approving development of over 4,000 additional wells on over 300,000 acres of mostly public lands. Integral to that decision, is BLM's acknowledgement that produced water management, regulated by the State of Wyoming, was a key aspect."

- MICHAEL ALLEY, DISTRICT SUPERINTENDENT





**“We have progressively reduced surface impact per well from 2.14 acres in 2018 to .729 acres in 2020.”**

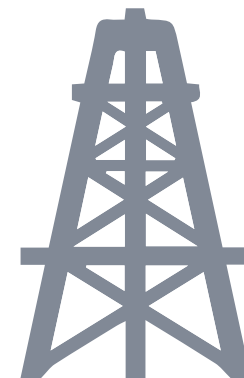
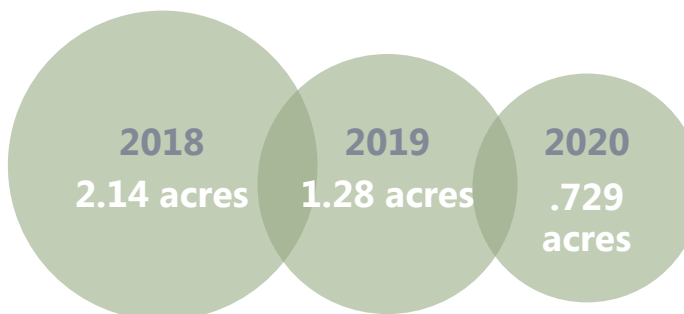
- VALLI SHANMUGAM, SR. VICE PRESIDENT, DEVELOPMENT



## LAND MANAGEMENT

Aethon has an integral relationship with the land upon which we operate. As a sustainability leader, we have a moral and ethical duty to protect this valuable resource through wise use and sustainable practices that include minimizing the amount of acreage disturbed by utilizing existing pads and surface disturbance.

In the last three years that we have monitored this metric, we have progressively reduced lasting impact per well from 2.14 acres in 2018 to .729 acres in 2020. We recognize that surface disturbance is critical to our land management efforts and the larger ecosystem.



## RESPONSIBLE PRODUCT USE AND REPORTING



Aethon ensures that the hydraulic fracturing fluid products used in our operations are as safe, effective, and environmentally responsible as possible. To ensure transparency in the products we use, Aethon participates in FracFocus, a tool to publicly disclose all products in the hydraulic fracturing process. Aethon voluntarily reports to the FracFocus chemical disclosure registry in all our locations, whether or not disclosure is required by regulations, to ensure open discourse exists in all of our operations.

# 5

## SAFETY, LABOR, STAKEHOLDERS, AND COMPLIANCE

## Committed to Safety and Health.

Aethon is committed to the safety and health of its workers, neighbors, and stakeholders. Our commitment goes beyond compliance. It is a core value of our organization and it is underpinned by an integrated approach to risk management. We conduct our activities in a manner that evaluates and protects the health and safety of our workers and the public. We foster a culture that ensures a sustainable future for our business.



## SAFETY, LABOR, STAKEHOLDERS &amp; COMPLIANCE



**“Proof of our comprehensive efforts are visible through our company incident rates.”**

- DON MCCLURE, CFO

## HEALTH AND SAFETY

Our goal is to improve the health and safety performance throughout our workforce by providing:

TRAINING - IN HEALTH AND SAFETY PROCEDURES, ADAPTING TO RESPOND TO CHANGING EVENTS.

HAZARD IDENTIFICATION AND ASSESSMENT - CONTINUED IDENTIFICATION AND MONITORING OF ACTUAL AND POTENTIAL ENVIRONMENTAL AND WORKPLACE HAZARDS.

HAZARD PREVENTION AND CONTROLS - ONCE IDENTIFIED, IMPLEMENTING PROTOCOLS THAT PREVENT OR REDUCE ACTUAL HAZARDS.

HAZARD PLANNING AND EVALUATION - REVIEW OF EXISTING HAZARDS AND HOW TO MITIGATE THEM.

CONTRACTOR PERFORMANCE - MONITORING CONTRACTOR PERFORMANCE TO ENSURE THE QUALITY DELIVERY.

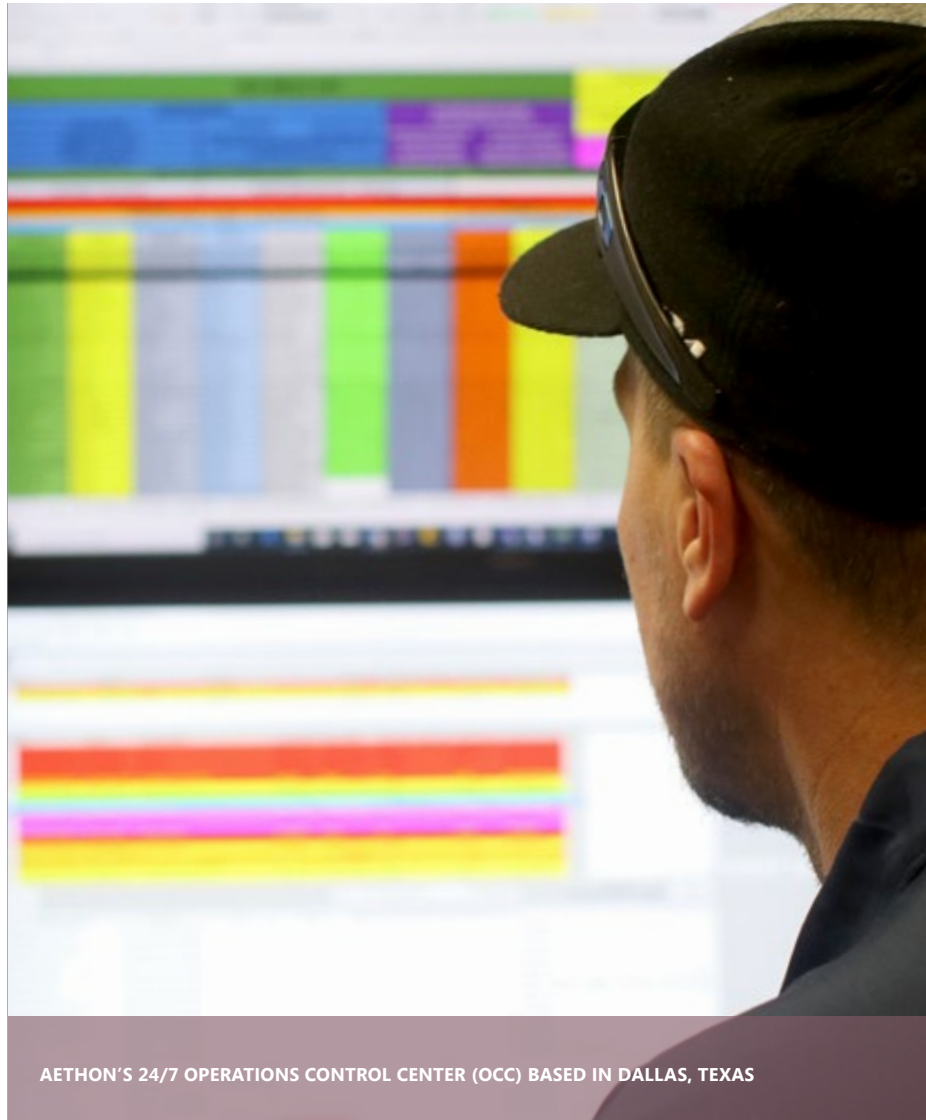
Proof of our comprehensive efforts are visible through our company incident rates and industry leading total recordable incident rates (TRIR) of our contractors. Aethon utilizes a third-party assurance organization, ERM-CVS, to evaluate and assure both employee and contractor TRIR performance. Using our PEC Premier contractor management tools, contractor performance assessments, and ongoing reviews, Aethon's partnership with our contractors demonstrates our focus and commitment to mutually safe and positive relationships.

	Aethon 2019	Aethon 2020	Comments
Total Recordable Incident Rate (TRIR)	0.85	0.40	
Total Agency Reportable Spills	2.85	1.02	Spill rate per 1,000,000 bbls produced
Preventable Motor Vehicle Incidents	0.35	1.43	Vehicle incident Rate per 1,000,000 miles driven
Contractor Total Recordable Incident Rate (TRIR)	0.18	0.21	

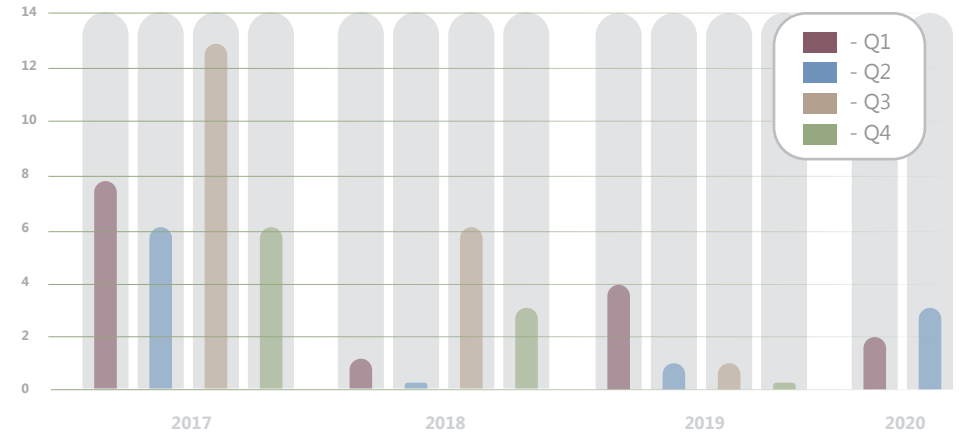


ERM-CVS Contractor TRIR assurance for Q4 2019-Q3 2020

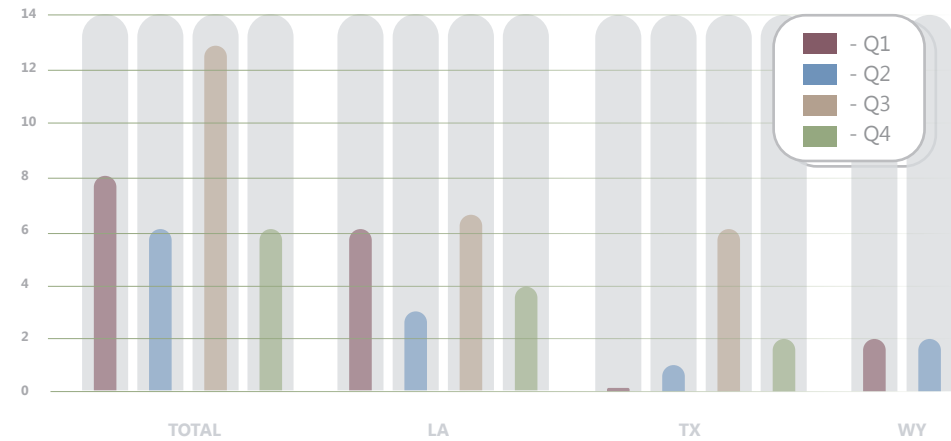




### Contractor Recordable Injuries by Quarter



### Contractor Recordable Injuries by Area



## LABOR: WORKING CONDITIONS

Aethon cultivates an atmosphere of diversity and inclusion and engages in two-way discussions to address workers’ concerns. We strengthen our relationships between management and employees in several ways:

- By communicating company direction and strategy at planned employee town hall events.
- Providing competitive levels of pay and benefits related to industry and local markets in which we operate.
- Ensuring that there is open communication at all levels of the organization by encouraging and protecting employee feedback.

We believe that strengthening respect for worker rights and promoting corporate social responsibility is critical to achieving organizational goals and objectives. Aethon focuses on:



Employee and employment relationships



Conditions of work and social protection



Social dialogue



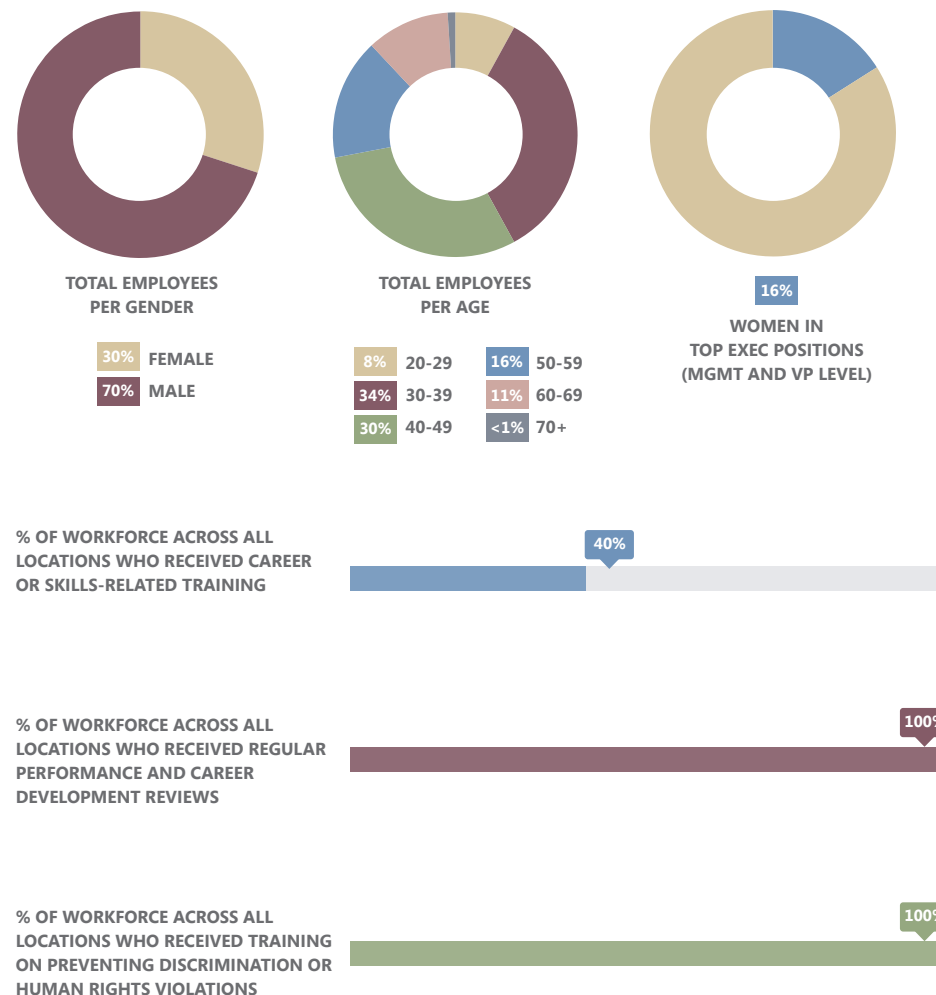
Health and safety at work



Professional development and training in the workplace

Aethon is dedicated to hiring, engaging, and retaining a talented and diverse workforce. We use a variety of recruitment tools, recruiters, and search engines to encourage equal employment opportunities that create a diverse workforce. Aethon’s employment practices and targeted employee training promotes strong work and social protections while upholding our goal to eliminate workforce discrimination. Aethon reinforces a healthy workplace environment that centers on integrity and respect.

Employee personal health is enhanced through the robust health, emotional, and financial wellness resources that Aethon provides. Professional growth is cultivated through the annual performance management process.



## COMPLIANCE AND STAKEHOLDER ENGAGEMENT

**Regulatory Compliance Matrix.** To ensure health, safety, and environmental regulatory compliance throughout its operations, Aethon has established a comprehensive compliance matrix that outlines all applicable local, state, and federal requirements, timelines, and people responsible in the organization.



### Taking precautions means saving lives

"The simple act of knowing where underground utility lines are located, prior to digging, can potentially save a life. That is why we partnered with Paradigm Liaison Services LLC to provide educational programs to local Emergency Responders, public officials, and excavators. Aethon

assists in the development and procurement of educational material, attends stakeholder meetings, and participates in response exercises.

Our challenge is to ensure communities and first responders alike are aware of infrastructure locations and state's digging laws and requirements. This knowledge dramatically reduces pipeline infrastructure incidents in the communities we serve. Our goal is to raise awareness of our pipelines' location, contents, and emergency response protocol to reduce the likelihood of potential damage to pipelines and underground utilities.

Together, we executed a total of 12 programs across Aethon's pipeline infrastructure in Texas and Louisiana. I truly believe my work in increasing awareness around damage prevention and emergency response could potentially save a life."

- JASON MOXLEY, HSE & SR MANAGER

**Stakeholder Engagement Initiatives:** Due to COVID measures, all stakeholder engagement efforts were performed via online communication, ensuring continual flow of information and steady engagement during these difficult times.

For 2020, we exceeded our Stakeholder Outreach Initiatives target and we have increased our goal for 2021. We met our goal of having no compliance violations for 2020 and will carry that target into 2021.

COMPLIANCE AND STAKEHOLDER KPIS	2020 TARGETS	2020 PERFORMANCE
STAKEHOLDER OUTREACH INITIATIVES	10	13
NOTICES OF COMPLIANCE VIOLATIONS	0	0



### Reaching Out

"We established outreach programs with local fire departments to increase their knowledge of oil and gas safety operations. These programs provide local contact information, emergency scenarios, and response details, as well as product and location-specific knowledge to use during an emergency. By forming close relationships, Aethon has proven to be a resource to fire departments who are stretched thin during

the pandemic. Additionally, these departments have served and continue to serve as a tremendous resource to Aethon and the community.

"This program provides a great feeling of pride and accomplishment being involved with Emergency First Responders and contributing to the safety for all within our operating areas. It makes you proud to work for a company committed and involved in the safety of the local community and neighboring areas."

- ROB BURGE, PRODUCTION FOREMAN



## PEOPLE

# People are the foundation of our success.

Our business success is directly tied to the progress, health, and prosperity of the people we work with and the communities where we operate. We demonstrate our commitment to stakeholders by working closely with landowners and community groups throughout our operations to create long-term, sustainable relationships.

## PEOPLE

## EMPLOYEE GIVING

Our employee funded program, **Aethon In Action**, provides employees with the opportunity to have Aethon match non-profit monetary donations or volunteer hours worked for organizations they are passionate about. In 2020, we were proud to:



## Giving Back: Food Donations

"The Northwest Louisiana Food Bank addresses the growing problem of food insecurity by providing the community with healthy and nutritious meals. However, they cannot do it alone.

Through our **Aethon in Action** program, Aethon hosted a triple-match campaign for our employees' contributions to go three times as far. This **Aethon In Action** program initiative resulted in \$9,870 for Northwest Louisiana Food Bank. Understanding that every donation is crucial, as a corporation, we wanted to do more. Aethon worked with Northwest Louisiana Food Bank to host a community challenge grant. Our matching challenge grant of \$75,000 resulted in over \$150,000 in total monetary donations to Northwest Louisiana Food Bank helping fulfill their mission.

Hunger is not the only gap that the Food Bank addresses. Their creative activities keep children engaged, especially during COVID-19 when many summer camps and learning activities were cancelled. Aethon donated funds and our employees put together over 1,500 activity bags that included jump ropes, chalk, arts and craft kits, playdoh, markers, snacks, and educational booklets. By feeding children's bodies and minds, we will all help to support the next generation.

The hope is that our commitment to this effort has helped change the lives of others by providing additional support, nutritious meals, and educational activities for kids. During a time when the demand for food is higher, the importance of giving is that much greater. This initiative was a valuable opportunity for us to give back to communities in which we operate."

- MACY YATES, COMMUNICATIONS COORDINATOR



## INVESTING IN COMMUNITIES

Aethon provided \$100,000 in community grants in 2020 that included environmental stewardship, community health and wellness, and economic development in the areas we operate.

These donations and grants are just a couple ways in which we support giving back to the people in our communities, our stakeholders, and the employers who dedicate their careers to us.

### Investments

#### North Louisiana

Airline High School Basketball Program .....	\$ 2,500
South Bossier Panther Fishing Team.....	2,500
Bienville Parish Fire Dist. 4 & 5 .....	16,264
South Bossier Fire Dist. 2 .....	13,960
Oshner LSU Health .....	15,000

#### Wyoming

Fremont County Livestock.....	\$ 3,695
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#### Texas

Nacogdoches Fair and Rodeo.....	\$ 1,000
Shelby County Livestock Show .....	1,000
San Augustine Fair and Rodeo.....	1,000
Boys and Girls Club of Nacogdoches.....	10,000
Boys and Girls Club of San Augustine .....	8,000
East Texas Food Bank.....	20,000
East Texas Food Bank.....	4,400

#### Corporate

American Red Cross Ready 365 Partnership .....	\$ 10,000
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EMPLOYEE PARTICIPATING IN PACKING 1,500 CHILDREN ACTIVITY PACKS FOR THE FOOD BANK OF NORTHWEST LOUISIANA COVID RESPONSE EFFORTS



## INVESTMENT IMPACTS



## Serving Children in a Time of Crisis

"During the onset of the pandemic, it was exceptionally difficult to provide the services the local community needed. The Boys and Girls Club of Deep East Texas (BGC) supports San Augustine and Nacogdoches county youth, who required even more services during the pandemic, made it difficult for BGC to meet the demand.

Aethon contributed to the most critical need: a clean environment. We provided special PPE items for all clubs in addition to disinfectant, spray bottles, gloves, hand sanitizer, face masks, and wipes. These donations helped BGC as they grew to provide even more services, including 400 daily meals for youth (members and non-members), additional day care support, and socially distanced summer and after-school support.

Across the US, BGC locations partnered with their states to provide childcare for essential resources. However, because of the 10:1 socially distanced ratio, they could not serve as many children as they did pre-pandemic. The Boys and Girls Club for Deep East Texas was able to continue offering services because of the supplies Aethon contributed that were essential to their mission. While adapting to change, Aethon has been a tremendous support for the community this year!"

- BOB VAN RIPER, DISTRICT SUPERINTENDENT



## Critical Equipment for Critical Need

"At the beginning stages of the pandemic, healthcare workers lacked Personal Protective Equipment (PPE) they needed to keep themselves and their families safe from the rapidly spreading COVID-19. Although recognized by U.S. News and World Report as a "Best Hospital," Ochsner Health Louisiana's largest non-profit, academic, healthcare system was in direct need of PPE. As the North Louisiana team, we provided a \$15,000 Investing in Communities grant to supply these essential workers the critical equipment needed to continue their vital role of serving the public. I am proud to support the health and safety of essential workers who support us."

- JACKIE GIBSON, HSE ADVISOR



## Investing in First Responders

"During our education outreach partnership with Bienville Fire District, we discovered that the Fire District was unable to purchase necessary rescue equipment due to budget constraints. An Investing in Communities grant of over \$16,000, through the Aethon Investing in Communities Grant program, was the ideal solution that gave our community partner the equipment they needed to save lives. Aethon's community investment grant helped Bienville Fire District purchase the equipment they needed to perform rescue operations to ensure public safety.

"The Bienville Fire District team works hard to serve the public in the areas in which we operate. The fact that we were able to help them to do their jobs in a more efficient manner is a great feeling."

- MICHAEL MURRAY, DISTRICT SUPERINTENDENT

## INNOVATION & IMPROVEMENT

# Reducing Global GHG Emissions.

We believe investments in natural gas are critical to ensure the world's energy needs are met in the face of increasing focus on the impacts of climate change. Natural gas is a vital transition fuel in the low carbon story to bridge the gap, as intermittent renewable energy advances. We envision a world that requires innovation, improvement, and reliance on natural gas in the pursuit of global greenhouse emission reductions.

## INNOVATION &amp; IMPROVEMENT

**“We believe substantive global climate progress can only be achieved through overall net emission reduction efforts.”**



- PAUL SANDER, COO

Our responsibility as a sustainability leader must be shown by action and demonstrated in our reporting. We have outlined our environmental performance targets for 2021 and continued monitoring and reporting will make our commitment transparent within Aethon and our stakeholders.

- Continue to advance world-class climate change initiatives
- Demonstrate preeminent Health, Safety, Environmental & Social Responsibility (HSE & SR) Management system, processes, and programs
- Water sourcing and availability
- Advance external engagement, transparency, and communication efforts
- Promoting diversity and inclusion
- Managing COVID-19
- Integrate technological innovation to elevate HSE & SR performance

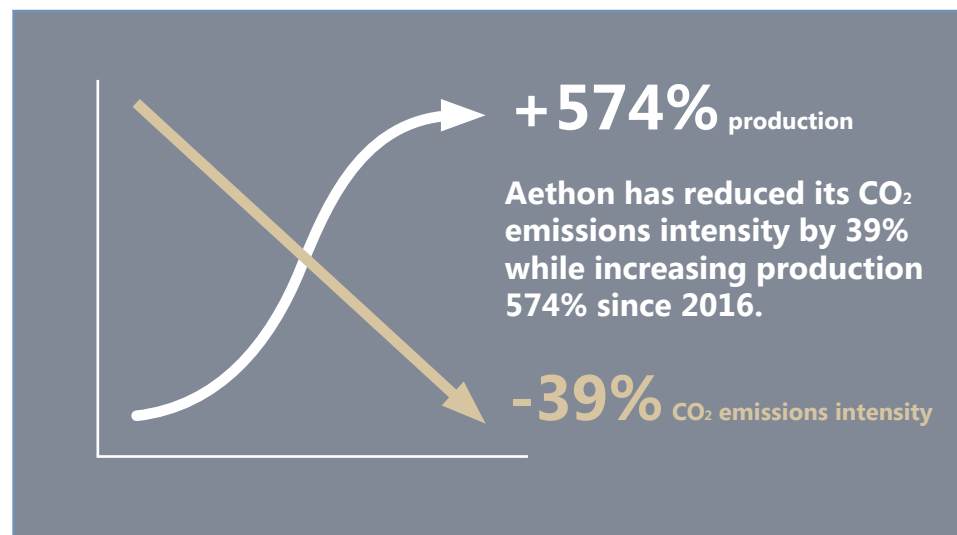
**Forward-Looking Performance**

Aethon is committed to its role as a sustainability leader and an overall net emissions reduction philosophy. We focus on providing tangible emission reduction

results through technological innovation and process improvements to drive climate progress. We believe substantive global climate progress can only be achieved through overall net emissions reduction efforts, rather than carbon offsetting. We will continue to balance our responsibilities to the environment, our stakeholders, and people as we create innovative solutions for the future. New technologies, process improvements, and investments are all needed to reach our individual and mutually aggressive goals while remaining a viable company. We look to increase efficiencies on our operations and have developed a 10 Year Emission Reduction plan to ensure we continue to deliver tangible results.

We will act and innovate, not follow.

In the years ahead, we will see more innovation, more solutions that reduce GHG emissions and continue to protect the environment. We look forward to the coming year and communicating our successes.





## Independent Assurance Statement to Aethon

ERM Certification and Verification Services (ERM CVS) was engaged by Aethon Energy Management LLC ('Aethon') to provide limited assurance of Aethon's 2020 data on: fugitive methane emissions from equipment components; scope 1 greenhouse gas emissions reportable under the EPA GHG reporting requirement (40 CFR part 98), and the Total Recordable Incident Rate (TRIR) for employees and contractors.

### Engagement summary

<b>Scope of our assurance engagement</b>	<p>Whether Aethon's data for the following selected indicators are fairly presented, in all material respects, with the reporting criteria:</p> <ul style="list-style-type: none"> <li>• Total 2020 methane emissions (fugitive emissions from equipment leaks) [tonnes of CO<sub>2</sub>e]</li> <li>• Scope 1 greenhouse gas emissions reportable under the EPA GHG reporting requirement (40 CFR part 98) [tonnes of CO<sub>2</sub>e]</li> <li>• Total Recordable Incident Rate (TRIR) for employees and contractors.</li> </ul>
<b>Reporting criteria</b>	Aethon's publicly available government-approved methodology (EPA GHG reporting requirement (40 CFR part 98)) for fugitive methane leak emissions from equipment components and Scope 1 GHG emissions; OSHA Injury and Illness Recordkeeping and Reporting definitions for TRIR.
<b>Assurance standard</b>	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
<b>Assurance level</b>	Limited assurance.
<b>Respective responsibilities</b>	<p>Aethon is responsible for preparing the data and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

### Our conclusions

Based on our activities, nothing has come to our attention to indicate that the 2020 data for the indicators, as listed above, are not fairly presented, in all material respects, with the reporting criteria.

### Our assurance activities

Our objective was to assess whether the selected data is reported in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Interviews with Aethon's third-party consultant which collects data and calculates fugitive methane emissions for Aethon;
- A review of the internal indicator definitions and conversion factors;

# Specialists in identifying and realizing hidden value.

AETHON 

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