

2021 ESG & Sustainability Report

# **DELIVERING ENERGY. MOVING US FORWARD.**



**MEDALLION**  
— MIDSTREAM —





1820



MEDALLIC



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# CEO LETTER

## Establishing Sustainable Operations and Committed to Enhancing ESG Performance

I am excited to present our ESG & Sustainability Report for 2021. This report features our sustainability progress and success from 2021 and provides insight into the current status of our sustainability journey. The contents of this report are taken directly from our Environmental, Social, and Governance (ESG) performance and highlight our continued efforts to be a leader in ESG as a midstream operator. As I reflect on 2021, I am extremely proud of our Medallion Team's dedication

to these efforts and the engagement of our Board of Managers to drive sustainability in everything we do. We continue to focus on optimizing solutions to deliver the safest and most sustainable service options to our customers, communities, investors, and partners to meet their objectives. We will continue to enhance our ESG reporting as the metrics presented in our Performance Data table develop and evolve moving into the future.



Medallion's core values of Respect, Responsiveness, and Commitment to Serve are at the forefront of everything we do as a leader in the safe and reliable transport of crude oil, connecting our customers to their markets. These core values have not changed since our inception in the Permian Basin in 2014 and will remain our guiding principles as we continue our sustainability journey.

In 2020, we announced our long-term commitment to reducing Scope 2 emissions by transitioning at least 50% of our power consumption in our field operations to renewable sources by 2024. As part of those efforts, we grew our 2021 consumption of renewables by over 3% and are now meeting almost 30% of our electricity needs with renewable sources.

We also achieved our goal of ZERO Lost Time Injuries in 2021, meeting my expectations for our Target ZERO initiative for workplace incidents and injuries. Through our Board-appointed ESG Committee, our sustainability performance was reported quarterly at our Board meetings, allowing our Board to provide guidance and oversight to our sustainability efforts.

Through the efforts of our Diversity, Equity, and Inclusion Committee, we furthered our diversity awareness training and engaged in activities to foster an organizational culture that values the respectful and fair treatment of every employee.

Every day, we work to ensure a positive company culture of inclusion and acceptance for all our employees.

Both at our corporate and field locations, our community engagement efforts with several local nonprofit organizations resulted in our employees contributing more of their time and resources to those in need within our communities. We also implemented elements of ESG into all our employees' short-term incentive plans, aligning our entire company on the importance and criticality of sustainable operations. You will find more details of these accomplishments and many others in the rest of this report.

As we look ahead, I am extremely excited about how Medallion will continue to lead the midstream sector with our core values of Respect, Responsiveness, and Commitment to Serve and keep our commitment to sustainability at the forefront of everything we do. Thank you for taking the time to read about our journey in sustainability thus far as Medallion strives to Deliver the Energy that Moves Us Forward.



**Randy Lentz**

President & Chief Executive Officer





# ABOUT THIS REPORT

Medallion is proud to present our 2021 ESG & Sustainability Report, which details our progress in advancing our company's Environmental, Social, and Governance (ESG) priorities during 2021. This report builds upon our inaugural sustainability report published in 2020 and discloses updated management approaches, initiatives, and data for Medallion's Midland Basin crude oil operations. We have retained the collection of material ESG topics identified in 2020 through benchmarking analyses of midstream service providers, and informed by the Sustainability Accounting Standards Board (SASB) and the Energy Infrastructure Council (EIC). This collection of topics serves as a guiding framework for our ESG efforts, and accordingly, we have structured the content of this report around these topics.

Our 2021 ESG & Sustainability Report reaffirms our ongoing commitment to enhance ESG performance within our operations and to transparently disclose our ESG programs, practices, and performance metrics to our broad audience of stakeholders.

## Forward-Looking Statements

All statements, other than statements of historical fact, included in this Report, including but not limited to, statements that address activities, events, performance or developments that we expect, believe or anticipate will exist or may occur in the future, are "forward-looking statements."

### MATERIAL TOPICS



#### Environmental

- Greenhouse Gas Emissions & Energy Efficiency
- Asset Integrity: Pipeline Maintenance, Deactivation, Abandonment & Restoration
- Land Management, Conservation & Biodiversity Impacts
- Spill Prevention, Detection & Control



#### Social

- Employee & Workforce Management
- Diversity, Equity & Inclusion
- Health & Safety
- Community Relations



#### Governance

- Sustainability Governance & Leadership
- Company Rights & Responsibilities
- Ethics & Integrity
- Critical Risk Management: Emergency Preparedness & Response
- Personal & Asset Cybersecurity





Forward-looking statements reflect Medallion's current expectations or forecasts of future events, plans, intentions, beliefs, expectations, and assumptions, and Medallion expressly disclaims any obligation to publicly update or revise these forward-looking statements as a result of new information, future events, or changes in the underlying facts and circumstances.

When considering these "forward-looking" statements, please keep in mind that a number of factors that are beyond Medallion's control could cause actual results to differ materially from the results contemplated by any such forward-looking statements including, but not limited to, the following risks and uncertainties: fluctuations in oil, natural gas, and natural gas liquids (NGL) prices; the extent and quality of crude oil, natural gas, and NGL volumes produced within proximity of Medallion's assets; failure or delays by Medallion's customers in achieving expected production forecasts; competitive

conditions in Medallion's industry and their impact on Medallion's ability to connect its customer's production to its transmission, gathering, processing, and pipeline systems; actions or inactions taken or non-performance by third parties, including suppliers, contractors, operators, processors, and shippers; operating hazards, natural disasters, weather-related delays, casualty losses, and other matters beyond Medallion's control; Medallion's ability to effectively manage the costs of construction, including costs of materials, labor, and rights-of-way and other factors that may impact its ability to complete projects within budget and on schedule; and the effects of existing and future laws and governmental regulations on Medallion's business or operations, including environmental requirements.

All of the forward-looking statements made in this Report are qualified by this cautionary statement, and readers of this Report should not place undue reliance on any forward-looking statements.





# COMPANY OVERVIEW

## Organizational Profile

Medallion Midstream is a midstream service provider located in the Permian Basin of West Texas, with a crude oil pipeline system that operates in the Midland Basin, within the Permian. As one of the Top 100 pipeline companies by volume in the United States, as identified by the Transportation Safety Administration (TSA), Medallion provides critical infrastructure for crude oil gathering and related services to some of the nation's leading oil and gas producers. We maximize value for our customers, without compromising the safety of our people and business partners, the well-being of our communities, or the security of our assets.

As of April 2022, we have over 150 employees working across 1,200+ miles of pipeline throughout some of the most prolific oil-producing counties of the Permian Basin. Our comprehensive solutions help ensure the safe gathering, storage, and delivery of critical crude oil to all downstream markets. Our team of specialists has developed state-of-the-art crude oil infrastructure, including gathering pipelines, pump stations, terminals, and storage.

Medallion Midstream is a portfolio company of Global Infrastructure Partners (GIP), an independent infrastructure fund manager that combines leading industry expertise with best-practice operational management. GIP manages over \$80 billion for its investors, and the companies comprising GIP's portfolio together employ more than 99,000 people.



# Our Approach to ESG

At Medallion, we are driven by a desire to make a difference in the midstream service sector — for our customers, our employees, and our communities. We believe in standing by our work, keeping our promises, and pursuing excellence when presented with a challenge. Every day, we commit to understanding the needs of our customers and partnering with them to deliver solutions that maximize their market opportunities and, in return, increase their value. We also strive to foster a work environment that is safe, inclusive, and engaging for our employees.

This not only strengthens the culture and well-being within our organization, but also enhances the value we are able to provide for our customers.

Medallion’s Core Values lay the groundwork for our employees, our culture, and our continuous pursuit of responsible business conduct. Together, our Core Values fuel our ESG efforts and drive our progress and decision-making across every aspect of our business. Our Strategic Anchors define our approach to doing business and characterize the key areas of value we offer our customers, communities, and partners. We believe we must excel in these areas to be the best midstream provider in the markets we serve.

## OUR CORE VALUES



### Respect

We always treat one another professionally. Through our commitment to Diversity, Equity and Inclusion, we are stronger together, and we show respect to all the people that we work with and the decisions that have been made.



### Responsiveness

Timely action is critical to our business. Acknowledging when a request is made and working as one team across all our departments is vital to delivering value to our customers.



### Commitment to Serve

We always try to understand and meet the needs of our customers, our employees, and our communities. If a priority issue needs to be addressed, we will work together to make sure that it is resolved.

## OUR STRATEGIC ANCHORS



### Deliver Solutions

Our primary role is to provide responsive, reliable, and comprehensive services and solutions for our customers.



### Ensure Safety

Maintaining the highest standard of safety for our employees, customers, contractors, and the environment and communities that we work in is of paramount importance to us.



### Optimize Assets

We are continually developing, managing, and optimizing our assets to create the best possible value for our investors and other stakeholders.





## Sustainability Governance & Leadership

Medallion's governance of sustainability-related matters begins at the highest level of our company. Our Board of Managers is responsible for overseeing Medallion's strategic sustainability risks,

opportunities, and policies, and it receives regular updates and recommendations from our ESG Committee. Our Corporate Governance Guidelines provide the framework for the governance of Medallion's financial and business strategies and codify our approach to ESG governance.

### BOARD OF MANAGERS

Oversees the development of Medallion's strategic sustainability risks, opportunities, and policies.

### ESG COMMITTEE

Recommends ESG policies to Medallion's Board and provides expertise on ESG issues through quarterly performance updates.

Sets specific key performance indicators (KPIs) and measures to improve Medallion's performance.

### EXECUTIVE LEADERSHIP TEAM (ELT)

Receives delegated authority from the Board to execute strategic initiatives and implement ESG policies at Medallion.

### SUSTAINABILITY STEERING COMMITTEES

1. Spill Response Technical Committee
2. Diversity, Equity, and Inclusion Committee
3. Safe Driving Committee

Receive delegated authority from the ELT to manage Medallion's enacted ESG policies.

Review KPIs and management practices of specific subject matters comprising Medallion's sustainability strategy.



# Environment, Social & Governance Policy

In addition to providing a solid framework for ESG governance, Medallion has also developed the following corporate policy to articulate our commitment to ESG best practices:

- We will build a deep understanding of our ESG goals among our employees, contractors, suppliers, and partners so that we work together in their achievement;
- We will continuously encourage the efficient use of natural resources in our business operations and promote the protection of the environment;
- We will ensure that achievement of ESG goals and initiatives determines a substantial portion of our employees' annual incentive pay;
- We will provide safe and healthy working conditions for employees and contractors and ensure adequate training resources are available;
- We will, with assistance and guidance from our Diversity, Equity, and Inclusion Committee, seek to foster an organizational culture that values the respectful and fair treatment of every employee;
- We will properly identify, monitor, and address the health and safety, environmental, or social impacts of our business on the communities in which we operate;
- We will uphold high standards of honesty and business integrity by complying with local, state, and federal laws and regulations and the terms of our Code of Business Conduct and Ethics;
- We will ensure that considerations related to potential material ESG matters (e.g., reputational impact, operational impact, strategic impact, legal impact, financial impact) are considered and concluded so the company decides on matters, including material capital investment decisions, holistically; and
- We will continually monitor developments around changing expectations involving governance matters and their relevance to our operations from the perspectives of our key stakeholders so that we proactively consider issues and methods to resolve early.

The Chief Operating Officer and the Chief Compliance Officer are responsible for ensuring daily oversight and enactment of these precepts, in alignment with overarching guidance from the Medallion Board.







## Our Commitment to Ensuring Safety

Ensuring a safe and healthy workplace for our employees and business partners is our highest priority, which is why it remains one of Medallion's Strategic Anchors and primary ESG focus areas. Our responsibility as a midstream service provider is to ensure that everyone who comes to work with us makes it back home safely.

At Medallion, we approach health and safety the same way we govern our company — with rigor, diligence, and guided by our core values of Respect, Responsiveness, and Commitment to Serve. Our Board has oversight of Medallion's safety programs, policies, and incident response measures. Medallion's Pipeline Safety Standards outline our expectations for safe conduct from our field operations. Our leadership regularly reviews any safety incidents that occur and discusses how our programs can be strengthened in response. We also introduced a Safe Driving Steering Committee in 2021 to enhance our focus on driver safety.





In 2021, supported by our company-wide Target ZERO initiative, we proudly maintained our safety record of zero lost time incidents, which we have continuously achieved since our inception in 2014. We also achieved zero lost time incidents amongst the contractors and service companies that work on Medallion assets, which was a key addition to our Target ZERO initiative in 2021. Our lost time incident rate (LTIR) of 0.0 is far below the industry average of 0.4 for the Pipeline Transportation sector.<sup>1</sup>

<sup>1</sup> [Cases](#) involving days away from work, 2020.



# Zero

## **LOST TIME INCIDENTS:**

At Medallion, we are proud of our safety record, which includes zero lost time incidents since our inception in 2014.



To improve our safe driving performance, we introduced a recognition and improvement program that encouraged our employees to practice safer driving habits. Upon implementation, our Preventable Vehicle Incident Rate (PVIR) dropped significantly from 1.4 to 0.6 per million miles driven, a 57% reduction from 2020 to 2021.



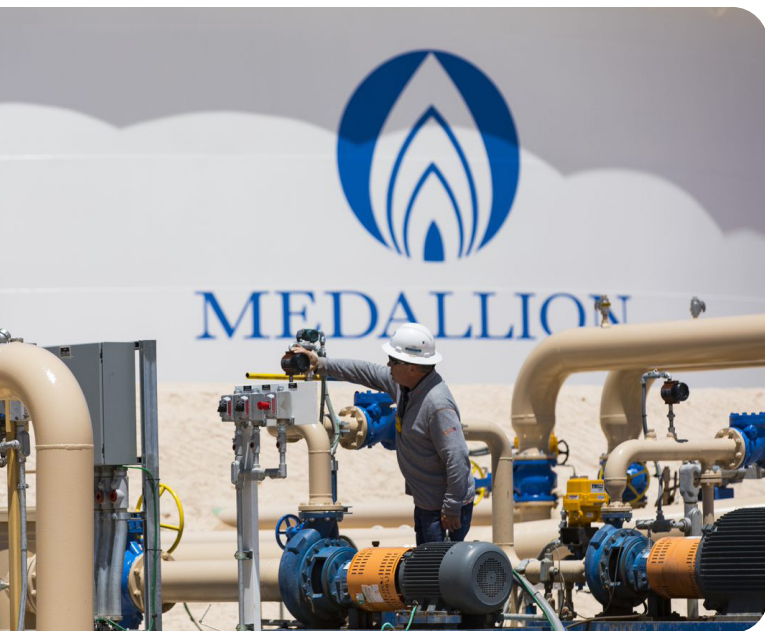
# 100%

In 2021, we achieved 100% attendance at our mandatory monthly safety meetings, reinforcing our commitment to a strong safety culture.

Thus, we were successful in achieving our 2021 goal of keeping preventable driving incidents in company vehicles below 1.0 incident per million miles driven. We aim to continue our recognition and improvement program and maintain our strong safe driving performance in 2022.

As part of our commitment to safety, Medallion provides ongoing safety training and mentoring to all field and office employees. Our rigorous field training program features both classroom and hands-on instruction that ensures our employees demonstrate proficiency in our safety protocols before they are approved to perform field operations. We provide our field operations staff with hazardous gas monitoring equipment and require actions like heat illness prevention breaks and near-miss incident reporting. Medallion also conducts mandatory monthly safety meetings to reinforce our safety culture, and we assign virtual-based training throughout the year to help supplement our employees' knowledge of occupational health and safety.





Every member of the Medallion team has the authority and obligation to stop or suspend work for any task that makes them feel unsafe, or if the risks associated with a particular task are not clearly understood. This policy empowers our personnel to keep the safety of themselves and others at the forefront of their decision-making and mitigate any potential safety issues. Medallion takes pride in our safety intervention measures and prohibits any reprisals against individuals who exercise their stop work authority. We recognize individual employees for their safety intervention actions during our monthly field employee safety meetings.

We comply with all state and federal regulations issued by governing authorities, such as the Occupational Safety and Health Administration (OSHA), the Transportation Security Administration (TSA), the Department of Homeland Security (DHS), and the Texas Railroad Commission (TRRC). In the last four years, Medallion has undergone 12 safety compliance inspections from the TRRC on our Permian Basin operations.

Over this period, inspectors have not issued a single nonconformity within our operations, consistent with our commitment to ensure safety and provide best-in-class service.

Although not subject to 29 CFR 1910.119, Process Safety Management (PSM) standards, Medallion has chosen to align itself with the Process Hazard Analysis (PHA) element of the standard. We utilize an independent third-party contractor to conduct PHAs utilizing the HAZOP methodology. We are diligent in our efforts to swiftly close out action items resulting from PHAs in which a potential safety concern is identified, ensuring that Medallion equipment is safe for our employees to operate.

From 2020 to the present day, Medallion has monitored the effects of COVID-19, and we will continue to implement risk management strategies to respond to any additional challenges as they arise. Our Leadership team continues to evaluate the current COVID-19 activity in the communities our employees live and work in, and we are prepared to deploy safety measures and protocols to mitigate the spread of the virus and protect our workforce and their families.



# Zero

## **INSPECTION FINDINGS:**

In the last four years, inspections from the Texas Railroad Commission have not found a single safety nonconformity within our operations.





## MEDALLION'S **ENVIRONMENTAL PRIORITIES**

Guided by our core value of Respect, we embrace the responsibility of minimizing any adverse environmental impacts caused by our operations. We believe in protecting and preserving both the earth's climate and its natural resources, simply because it is the right thing to do. Whether ensuring the restoration of local environments upon completion of activities, or committing to increase our utilization of renewable energy, Medallion strives to be a good steward of the environment.

### Greenhouse Gas Emissions & Energy Efficiency

Medallion's crude oil operations do not generate any measurable Scope 1 greenhouse gas (GHG) emissions, as the gathering and transporting of crude oil on our system utilizes fully electric equipment. To verify this, we test our equipment and operations with infrared and thermal imaging every six months to ensure Scope 1 emissions are negligible.

Medallion also utilizes floating roof tanks for breakout storage as another safeguard against emissions, even though all crude oil transported in our system is received as a stabilized product with no possible emission capabilities at operating conditions. The predominant source of our Scope 1 emissions is from the fleet vehicles needed by our operations personnel to carry out their job functions.

Medallion's strategy to reduce fleet emissions includes:

- Focusing on maximizing transportation efficiency through route planning;
- Providing data analytics on pipeline equipment with real-time information, enabling remote diagnostics of issues and operation of equipment, thus reducing vehicle mileage required for on-site support; and
- Examining options for fleet diversification through the use of hybrid or electric vehicles.

The main source of Medallion's Scope 2 emissions is from the generation of the electricity we purchase to power our pipeline network, and we are focusing our efforts on reducing the emissions related to these sources. Medallion has committed to increasing our utilization of renewable energy as a main source of the electricity we purchase. Our goal is to source 50% of our power needs from renewable sources by 2024. This will be twice the amount of renewable energy utilization from our 2020 levels of 25%, effectively reducing our Scope 2 emissions by 33%. To achieve this, we are exploring direct partnerships and market-based approaches with solar and wind energy suppliers in the Permian Basin. In 2021, we achieved a 3.3% increase from 2020 levels in renewable energy utilization as a result of our ongoing energy procurement efforts.

To further reduce our energy consumption, Medallion works directly with upstream producers and downstream operations to manage large peak flows and coordinate a steady availability of crude oil product.



# 50%

**OUR GOAL:** To source 50% of our power needs from renewable sources by 2024.

## Asset Integrity

Medallion's Asset Integrity program utilizes a risk-based approach to safely maintain and operate our pipelines and facilities. This ensures that we are maximizing the safety, reliability, and longevity of the equipment within our systems. Elements of Medallion's Asset Integrity program include:

- Medallion's Pipeline Integrity Management program, which includes in-line pipeline inspections and pressure testing at regularly scheduled intervals;
- Annual tank inspections;
- Robust external corrosion programs, including cathodic protection on all buried pipe; and
- Rigorous internal corrosion programs, including continuous inhibitor injection and pigging operations that protect Medallion's pipeline system on a continuous basis.

In 2021, as a result of our rigorous PHA reviews, Medallion enhanced our station piping maintenance program by improving movement of fluid through what would otherwise be stagnant or low flow pipe. We have started installing upgraded station piping flushing valves at all Medallion stations, which will help to further protect our assets from long-term effects of corrosion.



Also, to strengthen our station leak protection program, Medallion has initiated a complete upgrade of all legacy valves within our systems. We are replacing them with single-housing valves, which eliminate the potential for leakage through aging seals on valves with redundant access ports.

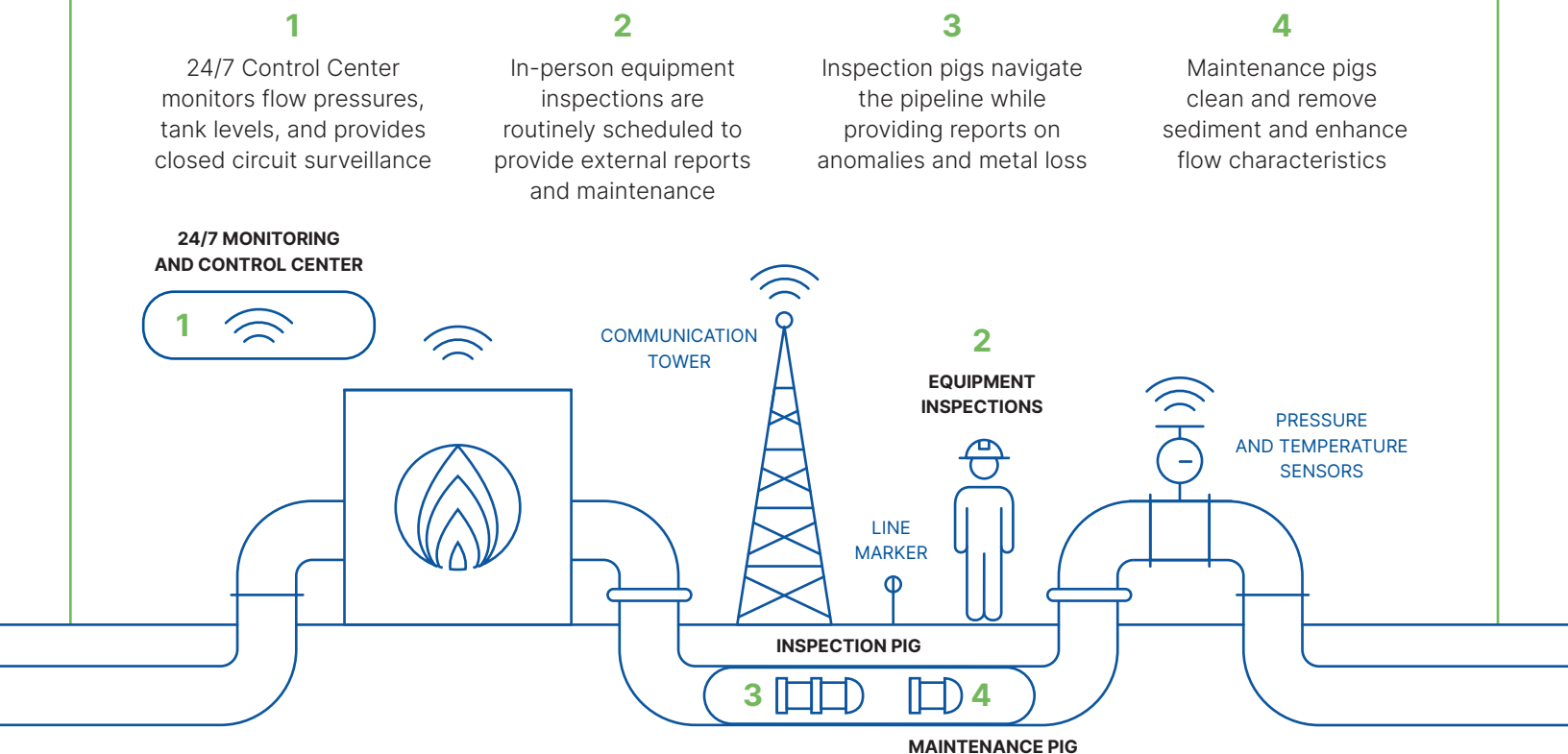
In addition, we have implemented several improvements to maximize the performance of our assets and mitigate risks associated with mechanical integrity. Medallion has completed several key engineering design modifications to our pipeline network, such as:

- Relief tubing modifications to ensure minimal vibrations on pipe fittings and fixtures, and to reduce the potential loss of fluid associated with tubing vibration;
- Thicker threaded connections to withstand high pressures and torque levels within pipeline assets; and
- Relocating buried facility pipelines above ground to allow access for mechanical integrity inspections.

## Land Management, Conservation & Biodiversity Impacts

Our philosophy is to preserve any natural resources that our assets may disturb, simply because we believe it's the right thing to do. When it comes to the development of our pipeline assets, Medallion works to ensure minimal environmental impacts to the surrounding environment by employing a strategy of avoidance. We seek to avoid high consequence areas (HCAs) when planning pipe routes and minimize disturbances to the properties of landowners. Before commencing any construction activities or significant operations in a local area, we perform detailed project surveys and conduct route planning and natural resource reviews to ensure major encroachments on wetlands and areas of biodiversity are kept to an absolute minimum. Following any construction activities or the deactivation of operations, we prioritize restoring any right-of-way to the natural state in which we found it.

### PIPELINE OPERATIONS





## Spill Prevention, Detection & Control

As a midstream service provider, we are committed to ensuring that the crude oil product we transport remains within our system. Our comprehensive approach to spill prevention helps us to stay vigilant and react quickly to any potential issues. Surveillance cameras are in place at all of Medallion's major pipeline stations, with live feeds that relay into Medallion's central Control Room which allow us to monitor in real-time. Using our Supervisory Control and Data Acquisition (SCADA) system, we also employ real-time leak detection programs to mitigate and minimize the impact of potential leaks. All cameras are monitored, supported by daily on-site equipment checks at terminals, and verified by members of our Operations Team. Medallion maintains a comprehensive Damage Prevention Program designed to protect our assets as well as the people, communities, and environments in which we operate. The Damage Prevention Program includes initiatives such as:

- Educating the public on best practices in accident prevention (e.g., using the 8-1-1 "One Call" system);
- Working directly with local emergency responders to familiarize them with our assets;

- Regular mailing of public awareness information to residents, construction contractors, public officials, and other stakeholders; and
- Routine aerial patrols to monitor any unauthorized activity in, or around, our assets.

Every two weeks, we deploy aerial pipeline monitoring across 1,200+ miles of pipeline to visually detect any potential leaks, damage, or unauthorized activity along or around our rights-of-way. To maintain accurate measurements and evaluation, our right-of-way patrols conduct periodic ground assessments of our network. Additionally, we operate an emergency hotline that is available to the public 24/7 to report any potential incident.

As part of our commitment to good environmental stewardship, Medallion tracks spills greater than one barrel, surpassing the industry norm of only tracking spills greater than five barrels. We set a goal in 2021 to achieve a spill rate of less than 0.5 bbl/MMbbl transported. In 2021, our spill rate was 0.55 bbl/MMbbl. While just short of our goal, this was a 37% year-over-year decrease from previous years, and we will continue striving to achieve reductions in spills within our operations.





## MEDALLION'S SOCIAL PRIORITIES

Medallion's dedicated employees are our most valuable resource. Our people are the heart of our culture and play a critical role in our continued success as a leading midstream service provider. We prioritize fostering a workplace in which everyone feels respected, engaged, and empowered to develop their careers and contribute to the growth of our business. We are also passionate about giving back to the communities in which we operate, and each year our employees contribute meaningfully to our engagement efforts with local community partners.

### Employee & Workforce Management

#### EMPLOYEE ENGAGEMENT

As part of our human capital strategy, Medallion deploys engagement exercises to track employee satisfaction. We conduct annual engagement surveys and provide open feedback forums for employees with questions for members of the ELT.

We report our progress toward employee engagement goals and overall employee satisfaction to our Board of Managers on an annual basis. In pursuit of our ambitious 2021 goal of 90%+ employee satisfaction, we followed up on our 2020 engagement results by incorporating feedback from our employees. In 2021, our employee satisfaction rate rose to 83%, demonstrating a 3% improvement from 2020. We are proud of this result and will continue to aim for achieving 90%+ employee satisfaction in 2022.

Also in 2021, we began several new initiatives aimed at boosting employee engagement. We helped our employees establish five new interest

groups to foster networking and encourage an exchange of passions between employees of all levels, at home and in the office. We also introduced a “Flex Friday” work option, where we give our employees the opportunity each Friday to work a half day from home, provided they fulfill their time and project obligations during the week. This effort helps our employees achieve a better work-life balance by allowing them to allocate time for personal responsibilities and restorative or relaxing activities. In turn, it empowers our employees to take greater control of their own schedules and prioritize their well-being.



**75%**

In 2021, our new employee interest groups, which include Golf Club, Volunteer Club, Cooking Club, Travel Club, and Exercise Club, featured participation from 75% of our corporate employees.



**30**  
GOLF CLUB  
MEMBERS



**9**  
VOLUNTEER CLUB  
MEMBERS



**18**  
COOKING CLUB  
MEMBERS



**17**  
TRAVEL CLUB  
MEMBERS



**21**  
EXERCISE CLUB  
MEMBERS



## EMPLOYEE ATTRACTION, DEVELOPMENT & RETENTION

Our competitive benefits packages, opportunities for career advancement, and high employee satisfaction rates support Medallion's strategy of attracting and retaining talent. We continually evaluate our compensation and benefits plans to ensure we are attracting a diverse range of top applicants. We are proud that a third of our workforce comes from diverse backgrounds, and our partnerships with historically diverse colleges, like Prairie View A&M, are helping to further diversify our talent pipeline. As an equal opportunity employer, Medallion is committed to ensuring the fair treatment and consideration of our current and future employees. Our management teams accommodate the varying needs of our employees with respect to recruitment, placement, and promotion throughout their careers at Medallion.

Medallion encourages the professional development of our workforce through a variety of methods. We train our people to identify potential areas of growth in their technical and soft skills through Training Needs Analyses, stay interviews, and cross-training exercises. These processes help our employees identify which of Medallion's career and leadership opportunities best serve their needs and interests. In 2021, we introduced "lunch and learns" to enhance employee knowledge of the oil



# \$15,000

In 2021, we paid out \$15,000 in education reimbursement.

and gas industry and provide cross-functional training. We are currently developing an accelerated leadership program for our high-potential employees to prepare the next generation of Medallion's leaders. We also support our employees' educational pursuits outside of Medallion through our Education Assistance program, and in 2021, we paid out \$15,000 in education reimbursement.

To assist in their development, every Medallion employee participates in an annual performance review, regardless of their level or position within the organization. This comprehensive review helps us maintain a workforce that is adaptable and accountable, shape skill sets that can be utilized both in the field and in the office, and provide our leadership with the ability to manage human capital and optimize business results.







## EMPLOYEE & EXECUTIVE COMPENSATION PRACTICES

At Medallion, we believe in compensating all of our employees fairly. As evidence of this philosophy, in 2021, the ratio of our CEO's total annual compensation to the median annual compensation of all Medallion employees was 6.91. Based on publicly available information from our peers, we believe that Medallion's CEO pay ratio is substantially lower than the average for similar executive compensation metrics in the oil and gas midstream industry. This is reflective of our strong organizational commitment to paying all our employees fairly.

We also believe in paying for performance. Our executive compensation program focuses on pay-for-performance to align management's interests with those of Medallion's stakeholders.

We believe that a significant portion of executive compensation should be incentive-based and determined based on Medallion's achievement of Board-sanctioned corporate goals. For 2021, over 25% of our executives' annual bonus was determined by overall ESG performance.

We have designed our executive compensation programs to increase enterprise value, support our business plan, and align incentive compensation with short- and long-term corporate goals. Additionally, each member of our executive leadership team is invested in Medallion's future through ownership of equity interests in the company.



## DIVERSITY, EQUITY & INCLUSION COMMITTEE



### DIVERSITY, EQUITY & INCLUSION

At Medallion, our commitment to promoting a diverse and inclusive workplace is anchored to our Core Value of Respect. Valuing and respecting each other's differences strengthens our culture and helps us perform better as employees and as an organization. Our Employee Handbook outlines our formal commitment to promoting anti-discrimination and maintaining a harassment-free workplace. Medallion's Diversity, Equity, and Inclusion (DEI) Committee, established in 2020, is the driving force that guides and shapes our DEI efforts. It is comprised of a diverse group of employees from across our company, with involvement from Senior Leadership, and meets regularly to discuss the status and effectiveness of our DEI goals and initiatives.

We are proud of our efforts in promoting greater diversity within our industry and our future talent pipeline. This year, we established a partnership with Prairie View A&M, a historically Black university

outside of Houston, and introduced an internship program for their STEM students. Students involved in the program are given the opportunity to learn about Medallion's business through experiential learning and career mentoring. We also participated in a career fair at Odessa College to introduce students to our company and business. Medallion expanded its partnership with the Knowledge is Power Program (KIPP) Texas Charter School system and established mentoring programs for younger students from educationally underserved communities through the KIPP Forward Program. This initiative and others that Medallion is leading with KIPP are highlighted in the [Community Highlights](#) section below.

Medallion also continued its partnership with the Women in Energy Network as a Gold Sponsor. Together, we provide support to aspiring female energy professionals through education, active participation, and scholarships. Medallion's involvement is helping expand opportunities for women in the midstream sector.

For the second straight year, 100% of Medallion employees participated in Unconscious Bias training and all senior leaders completed Inclusive Leadership training, which served to reinforce our culture of inclusion. We also introduced a DEI performance metric that is tied to bonuses and performance appraisals for our workforce. This encourages Medallion's employees to incorporate DEI considerations into their daily work activities and further supports the advancement of our company's DEI objectives. Our DEI Committee has also begun evaluating interest within our company in establishing Employee Resource Groups. We are working to assess how such groups would best serve our employees and strengthen our culture. Additionally, we are establishing a diversity-focused internal mentorship program for all our employees.

## Community Relations

At Medallion, we are committed to engaging and strengthening the local communities in which we live and operate. Part of our Commitment to Serve means enabling our communities to feel safe, heard, and supported. We regularly arrange meetings with first responders, regulatory officials, and other external stakeholders to offer them the opportunity to provide feedback and better understand our operations and activities. Medallion's operations are predominately based in rural areas, and we have no direct pipeline routes entering major urban areas or Indigenous communities.



# \$110,630

In 2021, we raised and donated a total of \$110,630 in charitable contributions.



Our engagement and working relationships with local landowners are built on a foundation of trust. We work hard to ensure that landowners are dealt with fairly and respectfully, and we always focus on resolving potential grievances with equitable arrangements and amicable settlements. Since our founding, we have always acknowledged and addressed landowner concerns and will continue to do so in the future.

Medallion believes in investing in the communities where our team members live and work. We've continued our charitable partnerships with organizations such as Genesis Women's Shelter and Support and the American Heart Association (AHA). We are an active sponsor of the Paul "Bear" Bryant Awards and sponsor annual fundraisers for the AHA every year to encourage healthy lifestyles.

To encourage our teams to volunteer their time and engage with the local community, Medallion provides all full-time employees with 20 paid volunteer hours each year. In 2021, as part of National Volunteer Month, Medallion's field employees and their families helped renovate six homes in San Angelo, TX with the Galilee Community Development Corporation. This program offers minor home rehabilitation and repairs to low-income and senior homeowners in the Concho Valley. In addition, our employees have continued to volunteer with local charitable initiatives such as the Dallas-Fort Worth (DFW) Soup Mobile, Irving Cares, and Medallion's 'Bike for Kids' program.



# Careers Are in the Pipeline With KIPP

Medallion is proud to have expanded our partnership with the KIPP Texas Charter Schools in 2021, providing young minds from underserved communities in Dallas with new opportunities to learn about careers in the oil and gas industry and advance their academic and professional development. Medallion maintains a board position at KIPP, and in 2021, we showed our support for their mission in a variety of ways.



## IRVING BACK TO SCHOOL DONATION DRIVE

Medallion's corporate office worked together to donate \$2,276 worth of back-to-school supplies. The supplies donated by Medallion have been able to help 52 students (three classrooms) further succeed throughout this school year.

## CHARITABLE SUPPORT

In 2021, Medallion donated \$50,000 to support KIPP and its programs. "This gift allows us to continue to provide an opportunity for families to receive a high-quality, free public education from KIPP, by supporting college and career counseling services like KIPP Forward (formerly KIPP Through College), and the expansion of Pre-K on our campuses," says Jeff King, Development Director. "We are so grateful for our partnership with Medallion Midstream!"



## KIPP 2022 DFW HOMECOMING DINNER

Medallion sponsored a table at KIPP's 2022 DFW Homecoming Dinner to celebrate the hard work and achievements of KIPP's students.

## VIRTUAL INTERVIEW TRAINING

Medallion provided one-on-one mentoring support to KIPP students through virtual interview training and resume-building exercises.

## KIPP CAREER DAY

In April 2022, Medallion hosted our first Career Day for 11th-grade students from KIPP. We believe it is essential for these students to learn about different types of career path opportunities so they may begin thinking about how they will plan for a successful future. We invited staff from various departments to lead presentations and activities, allowing KIPPsters the opportunity to learn about the oil and gas industry. Medallion employees presented on Information Technology, Operations, Accounting/Finance & Procurement, Commercial, Human Resources, and Engineering. Then, the KIPPsters competed in a pipeline building project, graded on a rubric for speed, safety, and cost. After the event, several students expressed interest in our business, and a few will be joining us next summer through an internship program.

**KIPP:TEXAS**  
PUBLIC SCHOOLS



“

From the moment the students walked onto the steps of the office building it was clear that they were in for a day of fun, learning, acceptance, and discovery. Afterward, we had several students say they were interested in Engineering and Commercial, one in HR, and one in Accounting. We can't emphasize enough how grateful we are for Medallion's participation.

**Elizabeth Rubalcava**, Director of College and Career Services, KIPP Forward

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# MEDALLION'S GOVERNANCE PRIORITIES

## Company Rights & Responsibilities

As an operator of critical infrastructure, it is our responsibility to ensure every Medallion employee acts with integrity and performs their work duties with the highest ethical standards of business conduct. Medallion outlines our expectations for responsible business practices in our Employee Handbook and our Code of Business Conduct and Ethics. These documents ensure that Medallion's

workforce complies with all applicable laws and regulations and maintains the highest standard of business conduct and ethical behavior. Our Board adheres to our Corporate Governance Guidelines, which provide the framework for the responsible governance of Medallion's financial and business activities, including oversight of our environmental, health, and safety policies.

## Ethics & Integrity

Medallion's culture of accountability holds all our employees responsible for their actions, and we expect the highest standard of conduct to be followed. Our Code of Business Conduct and Ethics reaffirms our expectations for ethics and integrity within our business, and all our employees have received ethics training on both the content and spirit of our Code. The Code requires Medallion employees to promptly notify management about observed incidents of illegal or unethical behavior, and expressly prohibits retaliation of any kind against those who report potential violations to our Code in good faith. To facilitate the reporting of illegal or unethical practices, Medallion maintains a third-party administered Ethics Hotline Reporting System. This easy-to-use tool empowers our employees to anonymously report concerns regarding employee misconduct and unethical behavior. We maintain an open-door policy for all our employees, and we encourage constructive communication between supervisors and field operators.

## Critical Risk Management: Emergency Preparedness & Response

Medallion's full-suite crisis management model, introduced in 2021, provides overarching coordination and critical risk management training to our management and field operations teams. To prepare for potential emergencies, we maintain emergency response planning within our operations, crisis communication procedures, and business continuity planning. Through our Corporate Emergency Management Plan, we place health and safety liaisons throughout operations, engineering, and technology departments and partner with First Responders to identify potential risks. Our assets are secured physically with locks and control site fencing and virtually with password



protection, SCADA alarms, and on-site closed-circuit television (CCTV) cameras with 24-hour surveillance. We also post signage with an emergency hotline phone number around our sites to allow any concerns or incidents to be reported.

We currently conduct specific drills and training sessions, including OSHA HAZWOPER Training and a company-wide tabletop crisis exercise annually. These simulations are designed to address role responsibilities among our field operations management team during crisis scenarios, test our current crisis response capabilities, and assess the entire incident command structure during an emergency or a significant spill event. We coordinate with first responders and other members of the community to ensure these exercises are carried out safely and effectively.



# Enterprise Risk Management

Our Board takes a comprehensive approach to oversight of environmental, social, and governance matters. The Board is responsible for identifying and understanding our principal business risks, including sustainability risks, and overseeing management's efforts in monitoring, managing, and mitigating those risks.

Management is responsible for day-to-day assessment and management of enterprise-level risk. The Board interfaces regularly with management and receives periodic reports that include updates on:

- Health, safety, and environmental programs;
- Financial performance;
- Operational results;
- Legal matters;
- Cybersecurity;

- Employee engagement;
- Diversity, equity, and inclusion;
- Community involvement; and
- Employee compensation.

At least once annually, the Board has a meeting devoted solely to human resources, environmental, social, and governance matters.

Beginning in 2022, our Board will oversee an enterprise risk assessment pursuant to which management will identify, assess, prioritize, and proactively address Medallion's financial and ESG risk exposures. The assessment will form the basis of an ongoing risk management process that evolves as certain risks are mitigated and new risks arise.

We also implemented a Board evaluation process aimed at continuous improvement of the Board's governance and leadership practices.





## Personal & Asset Cybersecurity

Protecting Medallion's critical assets and privileged information from cyber threats is of the utmost importance to us. Cybersecurity is more than an extension of our commitment to Ensuring Safety, it is part of our culture. To help safeguard Medallion's assets and sensitive documentation, our Information Technology (IT) team utilizes a "defense in depth" cybersecurity strategy, which was introduced in 2019. Our strategy is guided by domestic cybersecurity frameworks and guidelines specific to the midstream sector, such as TSA Pipeline Security Guidelines. In 2021, Medallion initiated multiple projects to strengthen our internal IT safeguards, including an AI-driven security and response model and a program with the Cybersecurity and Infrastructure Security Agency (CISA) that alerts Medallion to known bad actors. We also implemented a new cybersecurity training platform that provides our employees with more advanced forms of routine and tabletop exercises.

These measures have resulted in:

- An "A" rating of our overall security health by a leading security assessment firm, placing Medallion in the top 5% of all organizations scored; and
- A <5% year-to-date phish prone percentage (PPP) for 2021, compared to an energy industry average of 12.5%.

Medallion is committed to maintaining a constant state of digital vigilance and continues to review and evaluate additional solutions to help bolster future cybersecurity efforts.



# <5%

For 2021, Medallion achieved a <5% year-to-date phish prone percentage, compared to an energy industry average of 12.5%.



# ESG GOALS & OBJECTIVES FOR 2022

As we look forward to the next fiscal year, Medallion has set the following goals and objectives for 2022 to measure our performance as we continue to make headway in our ESG journey.



## Environmental Priorities

- Maintain our spill rate of <0.5 bbl/MMbbl transported (annual), and individual spills to less than one barrel; and
- Conduct exploratory conversations with power companies and customers to increase renewable energy usage by 5% from the 2021 level of 28.5%, in pursuit of our goal of supplying 50% of our operations' power needs with renewable energy sources by 2024.





## Social Priorities

- Continue to focus on 0.0 Total Recordable Incident Rate (TRIR) and LTIR by mandating 100% participation in all monthly safety meetings;
- Continue to focus on 0.0 TRIR and LTIR and ESG alignment discussions with top 10 Contractors;
- Focus on <1 PVIR and continuing our recognition and improvement program for safe driving;
- Continue membership in Women in Energy Network round tables and Women Executive networks, expanding participation to other departments within Medallion;
- Evaluate interest and establish appropriate Employee Resource Groups;
- Continue partnerships with historically diverse colleges to enhance our talent pipeline;
- Have 50% of our employees use all their allotted volunteer hours for the year, or 100% of our employees use half of their volunteer hours;
- Maintain our partnership with KIPP and sponsor a Career Day at Medallion with KIPPsters;
- Create an internship program with the KIPP to College program, and create a diversity focused intern program;
- Implement internal and external mentor/mentee program;
- Continue to enhance employee knowledge of the oil and gas industry with regular “lunch and learns”;
- Enhance family culture through a “bring kids to work” day;
- Follow-up on 2021 engagement survey results with action/change by mid-year 2022; and
- Extend stay Interviews to new employees.



## Governance Priorities

- Conduct enterprise-wide risk assessment;
- Develop Code of Conduct compliance program and migrate Code of Conduct to contractors through Master Service Agreements (MSAs); and
- Complete a third-party administered, company-wide tabletop crisis exercise in Q3 2022.



# PERFORMANCE DATA & EIC DISCLOSURES

TOPIC	METRIC	2021	2020	2019	2018
ENVIRONMENT					
Pipeline Activity	Gross Throughput (BOE)	253,005,260	194,712,000	150,745,000	100,375,000
	Mile of Pipeline (mile)	1,184	1,134	1,071	889
Hydrocarbon Releases	Number of hydrocarbon liquid releases beyond secondary containment > 5 bbl	3	3	1	1
	Volume of hydrocarbon liquid releases beyond secondary containment > 5 bbl (bbl)	97	129	8	245
	Hydrocarbon Liquid Releases Intensity per Mile of Pipeline (bbl/mile)	0.08	0.11	0.01	0.28



TOPIC	METRIC	2021	2020	2019	2018
Emissions	Total GHG Emissions (Scope 1 + Scope 2) (mt CO <sub>2</sub> e) <sup>1</sup>	28,028	29,639	27,114	17,769
	Scope 1 GHG Emissions (mt CO <sub>2</sub> e) <sup>1</sup>	2,559	3,974	4,856	2,672
	Scope 1 CO <sub>2</sub> Emissions (mt CO <sub>2</sub> ) <sup>1</sup>	2,550	3,653	4,270	2,663
	Scope 1 Methane Emissions (mt CH <sub>4</sub> ) <sup>1</sup>	0.11	0.14	0.13	0.11
	Scope 1 Nitrous Oxide Emissions (mt N <sub>2</sub> O) <sup>1</sup>	0.02	1.06	1.96	0.02
	Percentage of Scope 1 emissions that are methane	0.00%	0.03%	0.05%	0.00%
	Scope 2 GHG Emissions, Location-Based (mt CO <sub>2</sub> e)	25,469	25,665	22,258	15,097
	Total GHG Emissions (Scope 1 + Scope 2) Intensity per Thousand BOE (mt CO <sub>2</sub> e/Thousand BOE)	0.11	0.15	0.18	0.18
	Does the company participate in an external emissions reduction program?	No	No	No	No
	Percentage of electricity used that is renewable	28.5	25.2	21.2	19.4
	Does the company seek third party data verification for any environmental metrics?	Yes	Yes	Yes	Yes

<sup>1</sup> Total Scope 1, Scope 1 CO<sub>2</sub>, Scope 1 CH<sub>4</sub>, and Scope 1 N<sub>2</sub>O emissions were calculated using the U.S. EPA Greenhouse Gas Reporting Program (GHGRP) methodology, but Medallion is not required to report to the EPA through the GHGRP.



TOPIC	METRIC	2021	2020	2019	2018
<b>SOCIAL</b>					
Employees	Percentage workforce that is female	17%	19%	19%	21%
	Percentage workforce from minority groups (EEOC defined)	34%	32%	34%	30%
	Voluntary employee turnover	9%	8%	10.5%	17%
	Percentage of employees who participate in company sponsored matching gift programs and/or volunteer for corporate sponsored charitable events	40%	40%	50%	50%
Safety	Total Recordable Incident Rate (TRIR) — employees	0	0	0	0
	Total Recordable Incident Rate (TRIR) for major growth projects — contractors	0	0	N/R	N/R
	Days Away, Restricted or Transferred (DART) — employees	0	0	0	0
	Days Away, Restricted or Transferred (DART) for major growth projects — contractors	0	0	N/R	N/R
	Lost Time Incident Rate (LTIR) — employees	0	0	0	0
	Lost Time Incident Rate (LTIR) for major growth projects — contractors	0	0	N/R	N/R
	Fatalities — employees	0	0	0	0
	Fatalities — contractors	0	0	1	0

TOPIC	METRIC	2021	2020	2019	2018
<b>GOVERNANCE</b>					
Diversity	Percentage corporate officers (VP and up) that are female	8%	8%	8%	9%
	Percentage directors from minority groups (EEOC defined)	38%	38%	38%	38%
	Percentage corporate officers (VP and up) from minority groups (EEOC defined)	23%	23%	23%	27%
	Is any director under the age of 50?	Yes	Yes	Yes	Yes
Board	Percentage independent directors	0	0	0	0
	Does the company have formal ESG oversight structure with associated accountability?	Yes	Yes	Yes	Yes
Compensation	Does the company tie any amount of pay for all employees to ESG objectives?	Yes	Yes	Yes	Yes
Cybersecurity Risk Management Activities	Mandatory employee training	Yes	Yes	Yes	Yes
	Adherence to industry cybersecurity standards	Yes	Yes	Yes	Yes
	Ongoing evaluation of the threat landscape	Yes	Yes	Yes	Yes







Corporate Headquarters  
909 Lake Carolyn Pkwy, Suite #1600  
Irving, TX 75039

Phone: 972-746-4401

[medallionmidstream.com](http://medallionmidstream.com)

