



# POSITIVE ENERGY ANNUAL REPORT

2023





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# INTRODUCTION

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Howard Energy Partners is a diversified, purpose-driven energy infrastructure company providing abundant, reliable energy that powers communities and businesses.

We own and operate a portfolio of critical energy infrastructure in Texas, New Mexico, Oklahoma, Pennsylvania, and Mexico that are strategically positioned to serve the world's current and future energy needs and help people flourish.

Founded in June 2011, we are a privately held company backed by a strong financial partner, Alberta Investment Management Corp (AIMCo), who supports our commitment to create lasting value. AIMCo collaborates closely with our leaders and provides flexible capital that aligns with our strategic growth plans.

For more information on Howard Energy Partners and how we deliver positive energy, please visit our website at [www.howardenergypartners.com](http://www.howardenergypartners.com).

# LETTER TO STAKEHOLDERS

**Howard Energy Partners** began as a small start-up business and quickly evolved into one of the energy industry's largest independent, private midstream companies. Over the past 12 years our team has been on a journey to **deliver positive energy**.

Today, our belief in this purpose is stronger than ever. As we look toward the future of energy, we acknowledge and embrace two truths: first, the ability to supply reliable and abundant energy is only attainable today through the use of fossil fuels; and second, we need to explore carbon-better solutions to continue to evolve the energy mix to provide for the energy needs of future generations.

We hold this profound sense of duality. While climate change poses a significant challenge, eradicating energy poverty by 2050 represents greater significance to our world than achieving net-zero emissions – and it is achievable with available tools and resources. Political and societal interests often share limited points of view on the energy industry, and we accept the challenge of addressing these concerns with intellectual honesty and completeness. We seek to improve America's energy IQ by discussing the science, trade-offs and innovation that enable us to deliver complex energy solutions.

This is our **meaningful endeavor**.

Our perspective is from “inside the arena” where we are working with our stakeholders to contract, design, build and operate critical energy infrastructure. Our employees understand what it takes to keep our operations running safely and efficiently while continuing to innovate. We deliver on this commitment because we know that energy accessibility is a vital component of well-being and enables access to food security, shelter, health, education and longevity.

In this report, we share our thoughts on these two truths and the innovative work Howard Energy Partners is doing to advance both. This year we define what ESG means to us and how we see the future of our industry.

The result is our **Positive Energy Report**.

I welcome your feedback as the Howard Energy Partners team focuses on providing abundant energy to our world in the safest, most affordable, and most responsible way.

Onward,  
**Mike Howard**  
Chairman & CEO










“The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function.”

– F. Scott Fitzgerald



— Howard Energy Partners Pipeline

-  Processing
-  Off-Gas Processing
-  Treating & Dehydration
-  Terminal
-  Interconnects



**1,368** MILES

Pipeline in the U.S. and Mexico



**388**

Employees



# HOWARD ENERGY PARTNERS AT A GLANCE



## SOUTH TEXAS

Gas Gathering, Transmission, Processing, Treating, and Compression; NGL Handling and Stabilization



## WEST TEXAS

Gas Gathering and Processing; Crude Oil Gathering, and Terminalling



## PORT ARTHUR

Renewable Diesel and Petroleum Products Pipeline, Storage, Rail, Barge, and Deep Water Terminalling



## NUEVA ERA

Gas Transmission



## PENNSYLVANIA

Gas Gathering, Dehydration, and Compression



## CORPUS CHRISTI

Off-Gas Processing and Fractionation; Petroleum Products Pipeline, Storage, Rail, and Barge Terminalling



## OKLAHOMA

Gas Gathering and Dehydration



**3.2** BCF/D

Natural Gas Operating Capacity



**1.0** MMBBL/D

Liquids/Terminals Throughput Capacity



**2.5** MMBBL/D

Liquids Storage Capacity

OUR PURPOSE  
IS TO DELIVER  
**POSITIVE ENERGY**



**STAND TOGETHER**

As a family. As a team.

**DO THE NEXT RIGHT THING**

Even when the next right thing is hard.

**EMBRACE CHANGE**

Because it is the only constant.

**STAY SAFE**

Stop. Think. Execute.

**CREATE LASTING VALUE**

To perpetuate our purpose.

## OUR PURPOSE

Our purpose to **deliver positive energy** is rooted in improving people's lives. On one hand we see positive energy as the **life-enhancing resource** that is essential to alleviating poverty around the globe. On the other hand, it is the **positive experiences** we create for our employees and the communities where we live and work.

Energy is undeniably vital to sustaining life and driving human progress worldwide. **Hydrocarbons**, comprising almost 80% of global primary energy sources, **have been instrumental in enhancing wealth, health, and opportunities for billions of people**. Alternative energy sources like solar and wind can supplement electricity demand but cannot fully substitute hydrocarbons or their ability to provide abundant, transportable, and reliable energy. Political efforts to make certain energy sources costlier or less available jeopardize people, national security, and the environment.

As a team of individuals contributing toward a common purpose, we recognize the importance of the work we do. **We are the industry that powers every other industry** in our society.

Our employees come to work excited about what we can achieve today and inspired by what the future holds. Through leadership training, community engagement, and continuous career growth opportunities, we empower our teams to find their purpose, be imaginative, and embrace personal and professional growth.

## OUR CORE VALUES

Our employees created our core values during the 10<sup>th</sup> anniversary of the company to preserve the culture we have and to remember who we are as we continue to grow.

These core values are the foundation for our decision-making and the guardrails for how we work together to deliver positive energy.

# OUR INDUSTRY PERSPECTIVE

The world needs more energy. The United States Energy Information Administration (EIA) projects **global energy production will increase up to 50% by 2050** (*2023 Annual Energy Outlook, EIA*). Currently hydrocarbons provide over three-fourths of the energy we use in America and still makes up 79% of the world's primary energy. This volume is predicted to continue to grow.

However, the **Net Zero emissions mindset offers no room for fossil fuels**. As there is currently no existing technology that can replace this primary source of energy in similar scale and reliability, **our approach is** not to shift away from fossil fuels, but rather **to evolve how we do business** in a way that lowers emissions and provides the path for carbon-better solutions.

Adding Energy + Reducing Emissions = ENERGY TRANSITION

*Credit: Dr. Scott Tinker*

In order for the U.S. to maintain its position as a leading energy producer, it is important for our industry to be actively involved in designing and building long-term solutions. Today, the technology, infrastructure, and practices of **the natural gas sector have yielded vast improvements in reducing emissions**, accounting for more than 60% of CO<sub>2</sub> emission reductions in the U.S. since 2005. By investing more in our industry's infrastructure and innovations, such as carbon capture, it is projected that CO<sub>2</sub> emissions could be reduced by 12% through 2050.

Our energy-addition and carbon-better perspectives also exist in part to support the oil and natural gas industry which employs more than 11 million U.S. citizens. As a major producer of oil and gas globally, the U.S. is helping our allies reduce their dependence on energy from nations that do not share our geopolitical or humanitarian goals.

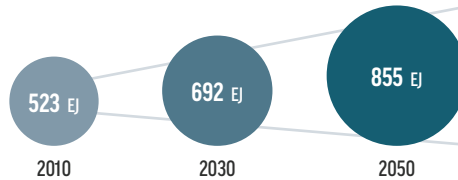


# WE BELIEVE

## GLOBAL ENERGY DEMAND IS INCREASING

This trend will continue as underdeveloped countries raise their per capita energy use and as developed countries expand electrification initiatives and invent new technologies like cloud services, bitcoin, and artificial intelligence.

Global Primary Energy Consumption



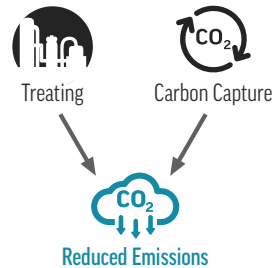
EIA projects nearly **50% increase** in world energy use by **2050**, led by growth in renewables.

## IN AN ENERGY MIX EVOLUTION

New energy sources are being introduced to address increasing demand; they are not replacing fossil fuels in the foreseeable future.

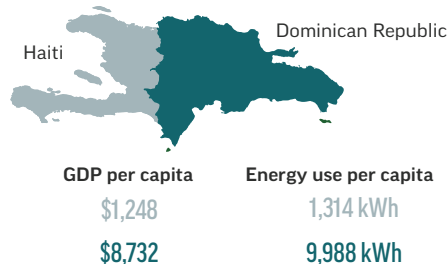
## IN DELIVERING LOWER CARBON ENERGY

Our industry will deliver on the market demand for lower carbon energy by investing in carbon sequestration projects and research and development initiatives.



## GDP IS LINKED TO ENERGY USE

GDP is thermodynamically linked to energy use in developing economies.



For reference, the U.S. GDP per capita is \$64,263; and the energy use per capita 78,754 kWh. Credit: The World Bank

# WE DO NOT BELIEVE

## THAT ENERGY IS EITHER "CLEAN" OR "DIRTY"

“All forms of energy have pros and cons, not clean or dirty, good or bad.”  
 —Dr. Scott Tinker,  
*An Honest & Sensible Conversation About Global Energy*

## IN MAKING A PLEDGE THAT NET ZERO IS ACHIEVABLE BY 2050

Our industry does not currently know how to do this and there is no data resource or roadmap to get us there in an intellectually honest way.



## IN THE RAPID ELIMINATION OF FOSSIL FUELS

We have not transitioned away from any primary source of energy in human history.

## Average Coal Consumption (EJ) Around the World

Credit: Energy Institute



# OUR 2023 PERFORMANCE

In 2023, we delivered exceptional results on our project execution, operational excellence, and lower carbon strategic initiatives.

## PROJECT EXECUTION

Our projects team, comprised of 36 individuals, focuses on engineering, project management, operational technology controls, land, GIS, and asset integrity. Notable achievements include overseeing **\$800 million worth of major projects**, such as our third cryogenic gas processing train in the Delaware Basin of West Texas; a new gas treating, compression and a major pipeline expansion in South Texas' Webb County; and the construction of rail, storage, and port facilities for renewable diesel feedstock services in Port Arthur, Texas.

We completed these expansion projects while achieving a **perfect safety record**, with over **1.4 million man-hours** worked by employees and contractors in 2023.

In 2024 we plan to build on our 2023 successes in project execution and refine our repeatable, high-performance processes. We are preparing an updated guide for managing projects that will incorporate stakeholder inclusion, reporting, and performance standards to use in future projects.

Average Liquid Throughput  $\geq$  **160,000** BPD

25% Increase Over 2022

**0** TRIR

**Perfect Safety Record  
for the Fourth Year in a Row**

**99.7%** Operational Runtime

**1.4** MILLION

Man Hours Worked

**\$12** MILLION  
in DOE Grants

**\$800** MILLION  
in Completed Growth Projects

Average Natural Gas Throughput  $\geq$  **2.5** BCF/D

7% Increase Over 2022

## OPERATIONAL EXCELLENCE

We prioritize compliance and maintenance processes to ensure operational effectiveness and regulatory adherence, underpinning our commitment to grow responsibly. As a result, we achieved an industry-leading **99.7% operational runtime** in 2023.

For a second year in a row, we were **awarded GRESB's five-star ESG rating**, a top-tier classification. This international recognition, combined with safety excellence awards from the **GPA Midstream Association (GPA)**, the **International Liquids Terminal Association (ILTA)** and **Union Pacific Railroad** builds on our industry-leading record of accomplishments in safety and ESG performance.



## ADVANCEMENT OF LOWER CARBON INITIATIVES

Our partner and customer relationships are a key component of our lower carbon strategy. Through our collaboration with **Diamond Green Diesel (DGD)** at our Port Arthur, Texas, facility we support the conversion of animal fat, corn oil, and used cooking oil into renewable diesel. Our **Infinium partnership** at our Corpus Christi, Texas, facility is using captured anthropogenic carbon dioxide from our plant to create ultra-low carbon electrofuels.

Additionally we were awarded **\$12 million in Department of Energy carbon capture research grants** through our Coastal Bend Carbon Management Partnership. These are just a few of the projects that demonstrate our ongoing commitment to lower carbon energy initiatives.



# OUR ESG APPROACH

Our team is committed to generating value through traditional and innovative technologies in an intellectually honest and evolving manner. We take pride in our ability to create lasting value by treating our employees, the environment, and our stakeholders with the highest standards. As ESG has become more political, we stay on the positive side of the debate by continuing our best-in-class operational and compliance track record.

**More Energy, Carbon Better:** It is essential we deliver on the growing demand for more energy while committing to explore lower carbon research and development projects as part of our contribution to our industry's evolution.

As a transporter of natural gas from South Texas to Northern Mexico, we see first-hand the positive impacts reliable and abundant energy has on commercial growth and healthier living. Additionally, we continue to innovate with our partners to develop alternative fuel sources that reduce emissions, including renewable diesel, sustainable aviation fuel (SAF), electro-diesel, and blue hydrogen solutions.

**Prioritizing People:** People are at the heart of every decision we make. We want to deliver positive energy with our employees, in our communities and for the world at-large. We prioritize safe and reliable operations, while supporting development opportunities for our employees and philanthropic work in our communities.

**Accountability:** We value transparency and accountability because they empower us to hold high standards in all we do. We believe in sustainable resource management and actively participate in industry dialogue with policymakers and regulators to promote the necessary checks-and-balances that perpetuate responsible operations.

Our independent board members provide us with diverse perspectives from inside and outside the energy sector to advance our strategic thinking, elevate our risk management and maintain our high ethical standards and practices.

Environmental



Lower Carbon Energy

**MORE ENERGY,  
CARBON BETTER**

Social



Our People

**PRIORITIZING  
PEOPLE**

Governance



Ethics

**ACCOUNTABILITY**



## REPORT SCOPE, BOUNDARIES, & HISTORY

Our **2023 Positive Energy Report** is an extension of our previous end-of-year publications. These reports provide insight into what is traditionally linked to *Environmental, Social, and Governance (ESG)* metrics. This year, we dove deeper into these principles across our operations, sharing a more comprehensive view of our work and industry-based beliefs. We are also providing stakeholders with our approach to policies, processes, and procedures that are focused on continually improving our emissions management, stakeholder alignment, and accountability.

By highlighting our accomplishments, not shying away from our challenges, and setting ambitious goals, we are **delivering an honest perspective and demonstrating our dedication to being a conscientious company**. The contents of this report are the result of internal deliberations, external stakeholder input, and expert consultations.

It is our intention to continue expanding and documenting our progress through an annual report. Integrating key performance indicators backed by data is a high priority. In the appendix section of this report, data points are mapped to the **Sustainability Accounting Standards Board (SASB)** standards and **EIC/GPA Midstream ESG Reporting Template**.

We align with these industry frameworks and strive to include disclosures recommended by the **Task Force on Climate-related Financial Disclosures (TCFD)** for voluntary data disclosure of climate risks and opportunities.

Unless otherwise noted, the environmental and operational data presented in this report include all assets owned or operated by us and the health and safety data is inclusive of all full-time employees. This report primarily presents information, discussions and data from the fiscal year ending December 31, 2023.





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# MORE ENERGY, CARBON BETTER

To steward and improve our way of life, we must address the increasing demand for energy and carbon-better approaches. Today we are witness to more human flourishing than ever before. Energy poverty is declining, but it comes with trade-offs from higher-carbon energy sources.

We believe climate change is more complex than just CO<sub>2</sub>, yet we accept the challenge to meet the market demand to reduce emissions and achieve greater energy output.

**We are “pro-energy”** in all contexts. Our approach to stewarding human

development and mitigating environmental impacts is to deliver more energy solutions while investing in the market’s demand for lower carbon energy additions.

Our company engages with policymakers, participates in external emissions reduction programs, and supports the development of lower carbon projects. We are actively positioning the Texas Coastal Bend as a premier carbon management location and are on track to develop the first hub-scale onshore sequestration site in Corpus Christi, Texas.

## EMISSIONS MANAGEMENT

We have established an internal baseline and are deploying capital to develop future emissions-related operational initiatives. In 2023, we expanded our methane monitoring system and engaged with a third-party audit to certify our emissions data. Since 2021, we have **decreased our Scope 1 intensity 36% while increasing gross throughput 35%**.

### MONITORING:

Stringent monitoring and regulatory compliance of our air emissions are core elements of our operational framework. As a result, our EH&S team consistently reviews our performance and identifies areas for enhancements. We adhere to the standards set by federal and state agencies, including the **Environmental Protection Agency (EPA)**, **Texas Commission on Environmental Quality (TCEQ)**, **Pennsylvania Department of Environmental Protection (PADEP)**, and **Oklahoma Department of Environmental Quality (OKDEQ)**. Our facilities also undergo regular audits to ensure regulatory compliance.

### VERIFICATION:

Following our submission to the EPA during the first quarter of 2023, we initiated a third-party ISO 14064 Greenhouse Gas (GHG) emissions audit verification of our 2022 data. Our third-party compliance audit found our data, factors, calculations and reporting to be correct with reasonable assurance on data collection and factor selection. Furthermore, **our documents and reporting were found to meet or exceed Limited Assurance** based on the Corporate GHG Protocol Scope 1, 2, and EPA reporting emissions. We are pursuing the same emissions audit verification process for our 2023 GHG emissions reporting.

“ We hold two truths. The world needs more energy, but we are being asked to do it in a lower carbon way.”

-Mike Howard

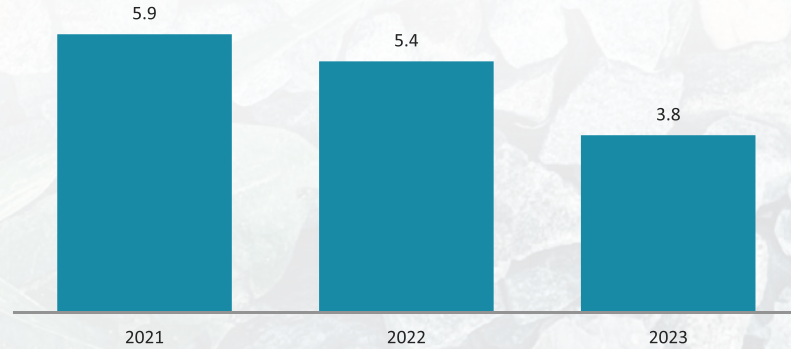


### SCOPE 1:

Our approach to Scope 1 emissions entails thorough tracking and reporting, as well as independent third-party validation. Utilizing our emissions inventory, we calculate Scope 1 emissions from major facilities, while minor sources are extrapolated from permit data.

**36% ↓** **DECREASE**  
in Scope 1 Intensity  
Since 2021

SCOPE 1 INTENSITY (mt CO<sub>2</sub> / Mboe)



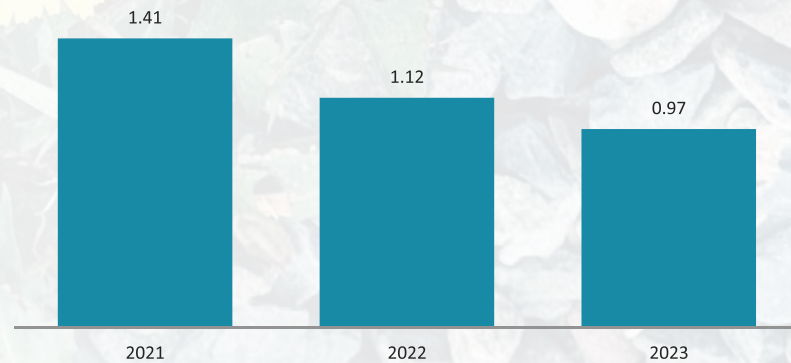
- Results driven by increased throughput, enhanced modeling software, and decrease in fuel usage.

### SCOPE 2:

Scope 2 emissions are computed based on electricity consumption, encompassing various sources such as compressor engines, pumps and renewable energy and are independently validated. We adhere to EPA guidelines for our calculations, leveraging field-supplied data and EPA eGRID statistics to ensure accuracy. Fleet gasoline usage is excluded from these calculations due to its minor impact.

**31% ↓** **DECREASE**  
in Scope 2 Intensity  
Since 2021

SCOPE 2 INTENSITY (mt CO<sub>2</sub> / Mboe)



- Results driven by increased throughput and electricity grid mix.

## OTHER AIR EMISSIONS:

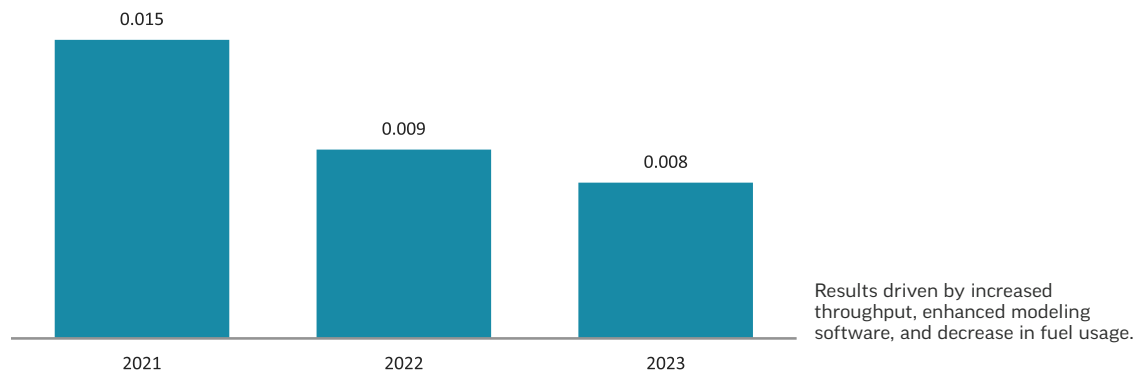
Our approach to tracking emissions like NO<sub>x</sub>, SO<sub>x</sub>, VOCs, and PM involves meticulous reporting based on inventory and permit data.

## EMISSIONS REDUCTION EFFORTS:

Our facilities are designed with emissions mitigation in mind, incorporating features like dual-drive compressors, smokeless flares, thermal oxidizers, and vapor recovery units. Furthermore, our **Leak Detection and Repair (LDAR)** program utilizes cutting-edge technology to identify and rectify emissions, surpassing regulatory requirements with quarterly third-party and in-house inspections. Our **Pollution Prevention Plan**, initiated in 2021, outlines these efforts in detail.

This year, we expanded our methane monitoring systems across our field locations to detect leaks in real-time. In 2024, we plan to expand our methane monitoring and continue to explore innovative solutions to lower emissions, including the use of advanced compressor technologies.

### SCOPE 1 METHANE INTENSITY (mt CO<sub>2</sub> / Mboe)



**48%** ↓ **DECREASE**  
in Methane Emission Intensity  
Since 2021

Our Environmental Policies enhance our emergency readiness, keeping our people trained and prepared.

- **Localized Facility Response Plans:** detailed steps for spill response and cleanup
- **Emergency Response Plans (ERP):** outlined procedures for responding to potential leaks or hazards that may arise at our pipeline or gas processing facilities
- **Emergency Action Plans (EAP):** guidance for quickly, safely, and effectively responding to emergencies at the gas processing facilities
- **Spill Prevention, Control, and Countermeasure Plans (SPCC):** reference for oil storage information, testing records, and communication practices for preventing and responding to spills
- **Incident Management Guide:** resource for operators and emergency response personnel during response procedures

In 2023, we conducted 20 annual full-scale emergency response drills with Local Emergency Planning Committees (LEPC), fire departments, and first responders.

## ENVIRONMENTAL IMPACT

Our environmental programs are driven by an effort to ensure high compliance standards and minimize impacts on local landscape and communities. Our **Biodiversity Guidance Document** outlines the method we use to plan projects and includes performing environmental studies before beginning our projects, working with state regulators, and using an **Ecosystem-Based Management (EBM)** approach.

We deploy best practices across all regions where we do business including four states and Mexico. We focus on a core competency of minimizing impacts to wildlife, wetlands, and water. Our project planning includes replanting native vegetation, returning natural landscape back to near original contours, and allowing for continued wildlife biodiversity.

Since 2020, we have assisted our partner, Southwestern Energy Company, with its Energy Conserving Water initiative to help the Fallbrook Acid Mine Drainage Treatment Facility clean the stream waters in Tiago County, Pennsylvania, and return them to high-quality, stocked wild Brook Trout streams.

We also continue to participate in the International Dark Sky program in our West Texas facility. We have expanded our impact by sponsoring the Texan by Nature's Hill County Alliance Night Sky Program which works with communities and businesses to minimize light pollution across 17 central Texas counties.



## WATER MANAGEMENT

Our routine operations do not have meaningful exposure to water usage, but we appreciate the need to protect and conserve this valuable resource. When we complete a pipeline, we do not pull water from the area for a hydrotest. **We work with landowners** to use man-made ponds or reuse a water source from the area producer to reduce unnecessary regional water stress.

Our Corpus Christi, Texas, facility does require water use and treated discharge, which we monitor for efficiency. This has created the model and formal procedures we are implementing at our rail facility in Port Arthur, Texas, **to help establish industry measures for optimizing essential water usage.**

## MATERIALS & WASTE MANAGEMENT

We are dedicated to meeting or exceeding regulatory standards for material waste management. We established pollution prevention plans and waste minimization processes that are being integrated into all our facilities. We also continue to evaluate our approach to hazardous and non-hazardous waste management, as well as electronics, corporate office waste, and recycling programs.





## ENERGY MANAGEMENT

The strain on U.S. electric grids is a growing concern. We **proactively work to stabilize local power grids** when possible **and** make every effort to **limit our own energy consumption**. At our field locations, we use various forms of energy to create energy in the most affordable way. For example, at our West Texas facility, we use a mix of solar, gas, and electricity energy to power our plant and field operations.

## ENVIRONMENTAL SUPPLY CHAIN MANAGEMENT

Our supply chain processes and detailed master services agreements delineate the expectations and comprehensive frameworks for governing contractor engagement. These agreements establish guidelines for several topics including waste disposal, project clean-up, safety protocols, and environmental compliance. We also use the IS Network (ISN) platform for continuous oversight and validation. According to ISN **our contractor TRIR of 0.38 is rated the lowest among our industry average of 1.02**.

In line with our commitment to transparency and fair practices, we implemented a competitive bidding process for material supply chain requests exceeding \$100,000. This approach ensures competitive pricing and promotes accountability to **uphold our safety and environmental standards** throughout our operations.



## MORE ENERGY

With overall population increasing, developing economies expanding, and new technologies like cloud services, bitcoin and artificial intelligence driving unprecedented energy consumption, we must find ways to deliver reliable energy to all types of customers. According to the United States Energy Information Administration (EIA), the global energy consumption will increase up to 34% by 2050, primarily in the industrial and transportation sectors. Renewable energy sources are growing, but not at a rate or reliability to meet the rising demand. This drives a stronger need for increased fossil fuel production due to its unmatched cost-effectiveness, reliability, and scalability.

### POWERING MONTERREY'S NEARSHORING, A CASE STUDY

We play a crucial role in delivering natural gas to the growing industrial center in Northern Mexico through our 200 mile Nueva Era pipeline. Despite regulatory challenges and higher infrastructure costs, as the first direct pipeline connection between Texas field production and Mexican consumers, our company remains committed to providing more energy to Mexico. Through our growth in South Texas and our strategic local partnership with Grupo CLISA, we have displaced coal-fired power plants while stimulating industrial development in and around Monterrey, Mexico.

## CARBON BETTER

We are committed to meeting the market's demand for industrial scale lower carbon energy solutions and have allocated significant capital and resources to fund these efforts. In 2023, we hired a highly-experienced team to manage the company's growing Low Carbon Solutions division. This team brings extensive carbon management experience and a commitment to environmentally responsible operations as we develop opportunities in this evolving space.

### EXISTING PROJECTS

We have realized significant progress with our existing lower carbon projects through our **Diamond Green Diesel (DGD)** and **Infinium** partnerships.

The DGD facility was permitted in 2022 and became operational in 2023. According to our partner, Valero, the renewable diesel at this plant **reduces the carbon intensity of the fuel by up to 80%**. We play a key role in facilitating the feedstock logistics for this plant. Once feedstock is converted into renewable diesel (R99) through DGD's process, we load it to railcars and transport it to marine vessels.

We anticipate future growth of the facility going into 2024 as DGD recently announced its plans to expand its "drop-in" fuel production at our Port Arthur, Texas facility to include sustainable aviation fuel (SAF). We provide Infinium with captured anthropogenic carbon dioxide, utilities, and process and administrative space at one of our Corpus Christi, Texas, facilities in support of their Project Pathfinder. This first-of-its-kind demonstration-scale facility will **produce carbon-neutral fuel that can replace traditional diesel and jet fuel in existing engines and power plants**. By providing the location and feedstocks for Project Pathfinder, we are significantly reducing the carbon footprint at our own facility. Infinium expects commercial deliveries of their carbon neutral electrofuels to begin in 2024.

## NEW PROJECTS

Building upon our successful lower carbon projects, we are actively developing carbon capture and sequestration opportunities along the Texas Gulf Coast. This year, we were **awarded \$12 million in U.S. Department of Energy (DOE) funding** through two separate grants, including a \$9 million CarbonSAFE Phase II award through our Coastal Bend Carbon Management Partnership, and a \$3 million Carbon Capture Technology Program award, of which we were only one of three companies who received an award. This funding is being used to accelerate the development of centralized solutions to safely capture, transport, and sequester industrial carbon dioxide emissions from sources along the Texas Gulf Coast. We have also made **substantial progress on our application for a Class VI sequestration permit** and are on track to develop the first hub-scale onshore sequestration site in Corpus Christi, Texas.

As we look to 2024, we are evaluating a project to provide logistics for a new blue ammonia plant in Port Arthur, Texas, with a plan to be operational in 2027.





# PRIORITIZING PEOPLE

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Our people make Howard Energy Partners a special place to work. We prioritize keeping people safe and providing opportunities for them to flourish. This year marked our 11<sup>th</sup> year being recognized as a Top Workplace in San Antonio and our second time as a national Top Workplace.

We are nationally ranked by Energage for having trusted leaders, supportive managers, work-life balance, and clued-in employees who believe in our company's direction. This is why Howard Energy Partners is experiencing tremendous growth and consistently delivers outsized results. Our people drove the successful completion of \$800 million in expansion

projects and record-setting volumes in 2023 – all while maintaining a five-star ESG rating from GRESB and zero recordable safety incidents.

Additionally, our employees continue to demonstrate care for others through financial giving and volunteer commitments in support of non-profit organizations in their local communities. In 2023, our United Way employee giving increased 29% for non-profit organizations throughout our service regions. Through our corporate giving, employee matching gift program and paid employee volunteer time, we are making a meaningful difference in countless lives.

# SAFETY

We are committed to the health and safety of our employees and contractors through robust policies, proactive initiatives, and a steadfast dedication to continuous improvement. The systems in place allow operators and managers to have a real-time view of what is happening, identify challenges, and observe management of changes (MOC). Electronic organization and accessibility of MOCs and **Pre-Startup Safety Reviews (PSSR)** make it easy to verify all safety measures are implemented and documented. This comprehensive approach led us to achieve industry-leading safety metrics for multiple years.

Our **Environmental, Health & Safety (EH&S)** policy is deeply embedded in the company's culture, emanating from the top-down and reviewed annually for updates and improvements. Since 2013, our company has adhered to regulatory standards for **Process Safety Management (PSM)** through the implementation of a robust and established program that

is reviewed and updated annually. Our **Safety Management System (SMS)** serves as the foundation of our safety practices, with a focus on efficiency, optimization, and adherence to our core values in all operating regions.

Our safety culture is designed for readiness in an emergency or audit and enables employees to prioritize safety in their daily operations. While we hire qualified personnel with the experience necessary for a role, once onboarded we invest time and resources to train new staff in the **Howard Energy Partners way**.

In 2023, we achieved significant safety milestones, including surpassing **one million hours worked without a recordable safety incident** on our DGD project in Port Arthur, Texas. Additionally, we safely completed our Train 3 at our West Texas facility and our new Spears facility in Webb County without a recordable safety incident.



Noteworthy mechanical integrity initiatives and the implementation of a **Computerized Maintenance Management System (CMMS)** demonstrate our proactive approach to operational safety supported by our Integrity Department. We also refined our contractor management process to ensure contractors meet rigorous safety requirements and added a dedicated contract manager to focus more time on contractor communications.

We were recognized with the **Perfect Record Award** and **Safety Award by GPA** and also received the **ILTA Safety Excellence Award**, highlighting our dedication to exemplary safety standards. Additionally, **Union Pacific**

**Railroad honored us** with the **2023 Pinnacle Award** for our dedication and commitment to safely transporting chemicals by rail and demonstrating release-prevention protocols, corrective action plans, and zero non-accident releases of regulated hazardous material shipments.

Moving forward, we remain vigilant in our efforts to uphold the highest standards of process safety, striving to identify opportunities for improvement and innovation within our PSM framework. Through collaboration, diligence, and a culture of safety excellence, we are confident in our ability to sustain a safe and secure operating environment for all stakeholders.

## Over The Past Two Years

**0** RECORDABLE INCIDENTS

with more than

**1.5** MILLION MAN HOURS WORKED

**0** PREVENTABLE VEHICLE ACCIDENTS

with more than

**6.1** MILLION MILES DRIVEN

## RECRUITING & RETAINING TOP TALENT

We are a South Texas company whose success is a result of our employees' determination and work ethic. Many of our employees grew up in and around the towns where our facilities are located. They understand the value that comes with treating each other with dignity and respect and know that together we can achieve the impossible for a company of our size. We are proud of our culture as it promotes a dynamic and fulfilling work environment for every employee.

As we continue to grow, **we seek the best and brightest candidates who bring diverse thought and talent to Howard Energy Partners including professional experiences outside the energy industry.** We prioritize in-house candidates for job openings, identify diverse talent through an employee referral program, and prepare the next generation for energy careers through various internship opportunities.

From day one, we help employees understand the **why of our company** in addition to **who we are and how we work together** through a detailed onboarding process. As we grow, our leadership is proactive in maintaining strong connections with employees at all levels of our company. These actions, along with mentoring employees, setting clear expectations and providing a strong culture, have helped us to improve our voluntary turnover rate.







Our 2023 benefits package includes ample paid time off for holidays, vacation and sick leave, parental leave for mothers and their partners, and paid volunteer hours. Additionally, our comprehensive insurance coverage spans medical, dental, and life policies. To promote successful long-term financial well-being, we provide a 5% company match to our 401K program. Furthermore, our company **matching gifts program** incentivizes charitable giving by doubling the impact of employees' personal donations to eligible 501(c)3 nonprofits **up to \$1,000 annually per employee**. To ensure holistic support for our workforce, we offer employee assistance to programs that encompass mental health, fertility, legal, and financial resources, and work-life balance solutions.

We also understand that retaining employees requires consistent messaging and regular communication to build connectivity throughout the company. With this in mind, we **created a Strategic Communications and Engagement department** tasked with effectively communicating our actions, goals and guiding principles. Through their efforts we have improved our employee feedback channels, increased mid-level leaders' understanding and awareness of critical business actions and advanced our company-wide communications such as employee town halls, video messaging, and newsletters.

In 2024, we plan to continue to refine our hiring procedures, implement manager training programs, and expand our employee communication channels.

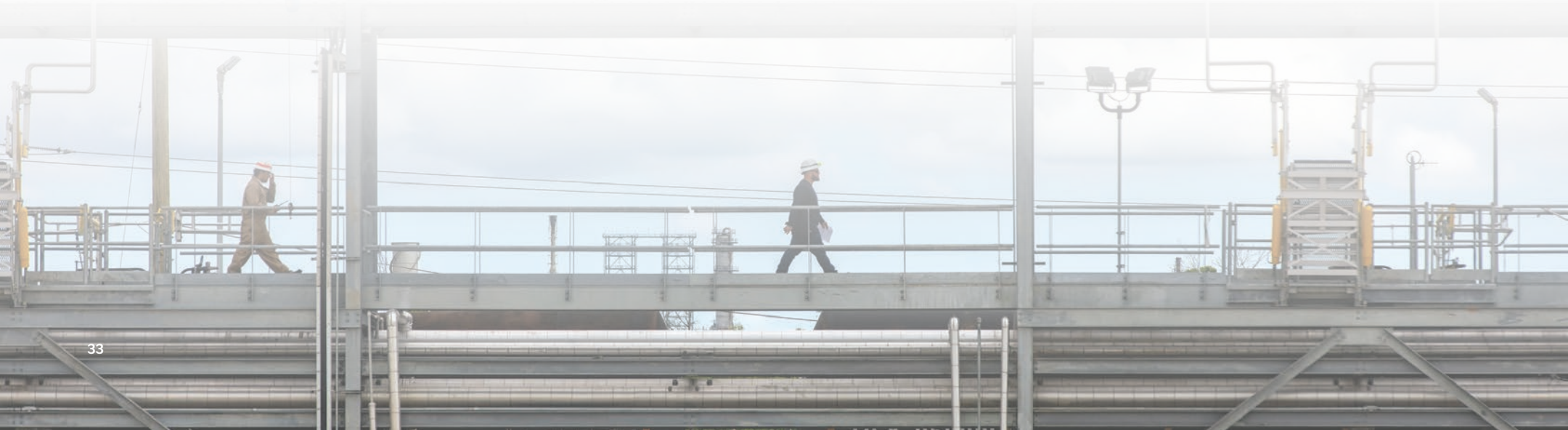
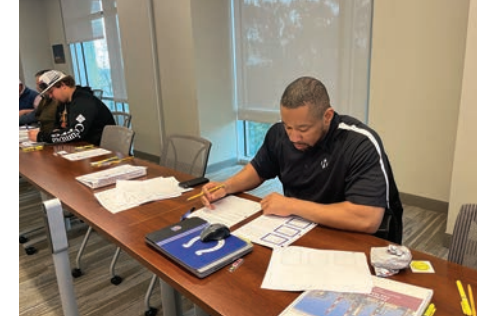
# CAREER DEVELOPMENT

Our skill training for career development ranges from beginner to advanced depending upon the needs of the company and employee interests. Onsite internal classes like our Midstream 101 Class, our **online HEP University**, and our corporate field tours help employees expand their energy and business knowledge.

In 2023, we invested **more than \$500,000 toward external employee development** to include continuing education, professional development, conferences, and other training. These opportunities help our team strengthen their industry expertise, stay current on occupational knowledge, and grow their professional networks.

In 2023, we developed **parallel training curriculum in Spanish** for our employees to supplement the English online version. We also **expanded our internship program** beyond engineering to include accounting, finance and GIS resulting in a robust pool of prospective employees.

For internship positions, we actively participate in university job fairs, particularly in the regions where we have a presence such as Texas A&M University, Texas A&M University Kingsville, Lamar University, Texas Tech University, the University of Texas at San Antonio, and Trinity University.



In 2023, we achieved a record **80% employee engagement** and marked our 11<sup>th</sup> year to be recognized as a Top Workplace in San Antonio and the second time as a national Top Workplace by Energage. **This year's recognition included culture awards at the local and national level for Employee Appreciation, Work-Life Flexibility, Employee Well-Being, Professional Development, and Leadership.** To attract and retain our employees, we provide a competitive benefits package that is benchmarked annually.



# COMMUNITY OUTREACH & ENGAGEMENT

We support local non-profit organizations in the communities where we live and work to help people flourish and provide opportunities for our employees to be active volunteers, participants, and financial contributors. We participate in community outreach and engagement through our employee volunteer time, corporate giving and sponsorships, and employee charitable matching gift programs. In 2023, our leaders almost doubled our company's prior year philanthropic budget to **more than \$500,000**.

**1,522 HOURS**

Employee Reported Volunteer Time

**75% OF EMPLOYEES**

Participated in Charitable Giving

**\$865k+**

Distributed Throughout Our Communities

Since 2011, United Way has been our flagship philanthropic partner. Year after year our employees have increased their giving, participation in fundraising events and volunteering with their local United Way, with many joining the Women United and Emerging Leaders networks. In 2023, we hosted our 11<sup>th</sup> Annual United Way Campaign where **75% of our employees raised more than \$360,000, which includes a 35% company match of contributions.**



## FEATURED PARTICIPATION IN LOCAL UNITED WAY EVENTS AND ACTIVITIES

### 27<sup>th</sup> Annual Menudo Bowl

Laredo, TX

Employees in South Texas participated in the 27<sup>th</sup> Annual Menudo Bowl. This fundraiser supports the Laredo Crime Stoppers, a United Way funded partner. Our team raised \$3k and walked away winning 2<sup>nd</sup> place.

### Charity Golf Tournament

Corpus Christi, TX

We hosted our 2<sup>nd</sup> annual United Way Charity Golf Tournament benefiting United Way of the Coastal Bend. This year's event raised more than \$75,000, with 240 golfers and more than 80 volunteers and staff.

### Annual Marcellus Open 2023

Pennsylvania

The Marcellus Open hosted by our partner, Southwestern Energy, raises money to support Wyoming County United Way. We were an event sponsor and our team took 4<sup>th</sup> place in the tournament.



We support science, technology, engineering and math (STEM) education and **funded several scholarships** in 2023 through organizations such as Beeville Education Foundation, Permian Basin Pipeliners Education Fund, Switch Energy Alliance, Midstream America Scholarship Fund, San Antonio Stock Show & Rodeo, Annual San Patricio and Aransas County Fair, Tiago County Fair, Annual Nueces County Junior Livestock Show, Annual Webb County Laredo Fair, and Calallen Education Foundation.

We also **partnered with other companies and associations** to pool our resources for greater impact. Together with the San Antonio Pipeliners Association, Port of Corpus Christi, and Talos Energy we delivered school supplies to almost 500 students and their teachers in the 4<sup>th</sup> grade classes at Burke Elementary

in San Antonio, 1<sup>st</sup> grade classes at Calallen East Elementary in Corpus Christi and the 8<sup>th</sup> grade classes at Trautmann Middle School in Laredo.

**We value first responders** and appreciate their personal commitment to keeping our communities safe. In 2023, we supported the first responder groups and local emergency planning councils (listed below) in our facility locations by purchasing hazardous material response equipment, underwriting training and public education costs, and offsetting operational expenses.

We also **invest in causes that are important to our employees**. The non-profit organizations below (not inclusive) received generous donations of volunteer time and/or financial assistance and matching dollars from our employees and company.





# ACCOUNTABILITY

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Transparency and accountability promote responsible business practices and respect for others. These principles are the framework we use to make business decisions, elevate our risk management, and hold high standards in all that we do. We recognize that as we build a business focused on creating long-term value, we have to be willing to acknowledge and hold the tension between compliance, culture, and value creation.

In 2023, our continuous improvement approach drove progress in our risk management initiatives to include

our cybersecurity strategy, business continuity planning, and regulatory compliance. We also appointed two highly sought-after leaders, Dr. Scott Tinker and Steve Mawer, to our Board of Directors, elevating our accountability and advancing our strategic insights.

Additionally, we continue to build lasting connections with stakeholders through collaborative partner, customer and vendor relationships, proactive employee and community engagement and feedback, and regular involvement with trade associations.

## ETHICS

**We work from a strong moral compass.** Our Code of Conduct guides employees toward best practices for behavior, expectations, and compliance with laws and regulations. We provide annual training sessions on anti-corruption and anti-bribery to reinforce our policies. Transparency, whistleblowing mechanisms, and rigorous due diligence processes are implemented to manage and prevent corruption risks effectively and ensure accountability throughout the organization.

We have an anonymous, third-party whistleblower hotline available through EthicsPoint for any complaints or suspected violations that can be communicated confidentially in the event an employee does not wish to talk with a supervisor.





## REGULATORY & POLITICAL ENVIRONMENT

Our team works diligently to establish collaborative relationships with regulatory agencies. Our cooperative and fair-minded approach in conjunction with our operational excellence has garnered the trust and respect of many regulators with whom we interact. By establishing open lines of communication with regulators, we are better prepared to resolve any issues transparently and efficiently.

In 2023, we performed 203 internal audits. Our sound self-evaluation program and audit-ready mindset played a material role in us yielding no violations with a financial penalty in the 77 external audits that were conducted. Additionally, we are proactively mitigating legal and regulatory issues through an enhanced screening process of our vendors' legal and regulatory compliance track records.

To further our thoughtful and responsible engagement in our industry's legislation and political discourse, we created a Government Relations team in 2023 to lead our government advocacy at the state and federal levels.

## RISK MANAGEMENT

Howard Energy Partners follows prescriptive risk management processes for our physical and digital infrastructure, including the appointment of board members with relevant experience and the development of oversight systems to identify, assess, and mitigate risks.

Our risk management department meets with our operations, engineering, and commercial groups to identify emerging risks and ensure they have been addressed. **We maintain a comprehensive insurance program** involving carriers from the U.S. and UK to diversify our coverage. Examples of emerging risks that we have addressed through this process include cybersecurity, environmental, and loss of income based on casualty incidents. Additionally, **we consult with an external risk management specialist to validate our risk management protocol** and use results from our assessments to stay informed.



## CYBERSECURITY & DATA PRIVACY

The energy industry powers a global economy, playing an essential role in national security. Cybersecurity continues to be a top priority due to the growing number of threats to the industry, and we are dedicated to continuous enhancements. As operators of critical energy infrastructure, we **partner with Arctic Wolf for comprehensive threat intelligence and security assessments**. We did not have any privacy breaches or lost customer data in 2023. Our enhanced program also qualified us for cybersecurity insurance, further protecting our business.

In 2023, we established standardized processes and enhanced cybersecurity measures by concentrating on enhancing endpoint and perimeter security, improving our disaster recovery business continuity plans, and advancing our data ownership, architecture redundancy, and IT data governance processes and policies. We also **partnered with SCAN13, an industry leader in corporate intelligence and risk management**, to minimize our exposure to attacks and

educate our employees on safer workplace behaviors. Utilizing an online platform, we provide video-based training and conduct multiple phishing exercises throughout the year.

Projects funded in 2023, such as establishing offsite backups at a colocation site and upgrading device management capabilities, will be completed in 2024 to further strengthen data resilience and protection measures. Moving forward, we plan to build on our data optimization, leverage cloud services, and advance data visualization tools. Additionally in 2024, our metrics will focus on training, prevention, and recovery to include network penetration testing and physical security assessments.



## BUSINESS CONTINUITY PLANNING

As announced in our 2022 Sustainability Report, we initiated a project to evaluate our Business Continuity Program and formalize policies to mitigate and eliminate potential disruptions to operations. In 2023, we worked with a third party to document a **full enterprise plan and 13 department subplans** according to the appropriate ISO standards.

Our holistic Business Continuity Program incorporates business continuity with crisis management and disaster recovery and supports the recovery of critical processes and their dependencies. We recognize the critical importance of providing services during and after a disruptive event, such as building or infrastructure outages, severe weather, and natural disasters.

To minimize disruption, our disaster recovery plan outlines requirements to establish standards, processes, and controls for us to effectively and timely recover data, information processing systems, and ensure the continuity of all resources that support our business functions. We leverage existing technologies for enhanced data protection and recovery capabilities whenever possible.



# STAKEHOLDER ENGAGEMENT

We proactively engage with stakeholders as a collaborative approach to developing our organizational goals. This leads to effective and consistent oversight and a shared understanding of expectations, interests, and concerns, among the following stakeholder groups:



## CUSTOMERS AND PARTNERS

Our high-quality, diverse customer and partner portfolio demonstrates the value we bring to other companies' long-term strategies. Daily interactions involve **direct collaboration between our commercial, engineering, and operations teams** to address requirements promptly and efficiently. We prioritize customer satisfaction by offering flexible and responsive solutions, ensuring exceptional service delivery, and maintaining industry-leading runtimes and reliability.

## VENDORS

Our meticulous vendor selection process places an **emphasis on safety and shared values**. We assess vendors based on their safety records, project history, and alignment with our values. Preference is given to local vendors whenever feasible, aligning with our commitment to supporting local communities.

## EMPLOYEES

Regular employee engagement and opportunities for feedback provide **avenues for employees to share** more about their workplace experiences. Management uses these insights to make informed decisions and adjust programs and processes appropriately. Annual performance evaluations foster open communication channels between employees and supervisors and provide employees at every level the opportunity to recognize their contributions to our successes.

## COMMUNITY

We recognize that part of our success includes partnering with the communities where we live and work to help them thrive. Investing in their futures is critical to our mission and fosters better business environments. We continue to **seek opportunities to deepen relationships** with local and regional organizations who focus on strengthening communities; and in 2023 invested in several regions where we do business:



We actively engage with local communities through participation in Paradigm Public Liaison meetings. We proactively communicate with property managers, homeowners, and businesses near our facilities on pipeline safety, emergency response procedures, and community interests in our operations. Regular in-person meetings with our leadership team gives the community an opportunity to feel connected with the company and instills confidence in our environmental stewardship.

## BOARD OF DIRECTORS

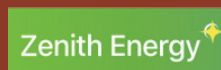
Howard Energy Partners is a privately held company with a Board of Directors (Board) that includes representatives of its largest equity owner, Alberta Investment Management Corporation (AIMCo). The Board is currently comprised of our Chief Executive Officer, Mike Howard; two representatives of AIMCo, Mark Yaniw and Jon Reay; and two independent directors, Steve Mawer and Dr. Scott Tinker. The Board appointed Mr. Mawer and Dr. Tinker in 2023 to add more breadth of industry expertise and aid in the advisory and oversight of the business. **In appointing Mr. Mawer and Dr. Tinker to serve on our Board, we have gained valuable industry experience in traditional energy and new energy projects**, as well as expertise in communicating the vital role energy plays in human flourishing.

Our Board plays a crucial role in governance oversight. We continually fine-tune our processes to enhance effectiveness. Compliance is monitored by the Board and not siloed into separate committees, enabling all directors to be included in such discussions, shaping the way we thoughtfully engage. Our Environmental, Health, and Safety reporting is provided to the Board quarterly to foster accountability and help identify areas for improvement. The operations, community relations, and communications teams work to monitor social impact on the communities where we live and work; and material impacts on local communities are communicated to the Board and executive leadership.



STEVE MAWER

- **Chairman**  
ClimeCo Corporation
- **Chairman and Former CEO**  
Calumet Specialty Products Partners, L.P.
- **Board of Directors**  
Zenith Energy
- **President of Supply and Trading**  
Koch Industries



SCOTT TINKER, PhD

- **State Geologist of Texas**  
Director of the Bureau of Economic Geology
- **Allday Endowed Chair and Professor**  
Jackson School of Geosciences at The University of Texas at Austin
- **Founder and Chairman**  
Switch Energy Alliance
- **Host**  
Energy Switch and Earth Date



## TRADE ASSOCIATION INVOLVEMENT

Howard Energy Partners collaborates with numerous industry organizations to advance our operations and initiatives. These partnerships involve various levels of engagement including financial support, employee participation, committee work, advocacy, and industry updates. By working together, we aim to **enhance the growth and development of our industry** and work to achieve our mission of delivering positive energy with our trade association partners.









# DATA

# HOWARD ENERGY PARTNERS BY THE NUMBERS

Howard Energy Partners continually seeks to improve our operations and business, while setting and elevating the baseline standards for our industry peers.

Data collected and sourced from:



	HEP 2023	HEP 2022	PEER AVERAGE 2022
HYDROCARBON LIQUID RELEASES INTENSITY PER MILE OF PIPELINE	0.031	0.007	0.051
TOTAL GHG EMISSIONS (SCOPE 1 + SCOPE 2) INTENSITY PER THOUSAND BOE	4.76	6.50	5.40
TOTAL RECORDABLE INCIDENT RATE (TRIR)-EMPLOYEES	0	0	0.67
% MINORITY EMPLOYEES	45%	44%	22%



# DATA TABLE

Activity	Unit	SASB	GRI Code	EIC/GPA	2020	2021	2022	2023
<b>Activity</b>								
Annual Revenue	Million US \$				337	436	521	492
EBITDA	Million US \$			EIC/GPA 1.1	202	227	242	242
Number of Employees	#	EM-MM-000.B	GRI 2-7		305	353	357	388
Mile of Pipeline	Miles			EIC/GPA 1.3	1,218	1,229	1,294	1,368
Natural Gas Operating Capacity	Bcf/d							1.17
Liquids Terminals Throughput Capacity	MMbbl/d							1.01
Liquids Storage Capacity	MMbbl/d							2.45
Total Gross Throughput	MBOE			EIC/GPA 1.2	167,993	179,024	201,460	240,795
Gross Operated Oil Throughput	MBOE				63,027	55,663	65,071	79,926
Gross Operated Natural Gas Throughput	MBOE				104,966	123,361	136,389	160,869
<b>Emissions Management</b>								
Total GHG Emissions (Scope 1 + Scope 2) - Total	Metric Tons CO2e			EIC/GPA 2.4	N/A	1,318,318	1,308,497	1,146,225
Scope 1 GHG Emissions - Total	Metric Tons CO2e	EM-MD-110a.1	GRI 305-1	EIC/GPA 2.4.1	875,737	1,065,166	1,082,031	912,230
Scope 1 from Flared Hydrocarbons	Metric Tons CO2e	EM-EP-110a.2	GRI 11-1		9,149	18,213	45,917	38,666
Scope 1 from Combustion	Metric Tons CO2e	EM-EP-110a.2	GRI 11-1		472,929	618,677	686,962	608,479
Scope 1 from Process Emissions	Metric Tons CO2e	EM-EP-110a.2	GRI 11-1		383,723	408,711	327,307	258,184
Scope 1 from Other Vented Emissions	Metric Tons CO2e	EM-EP-110a.2	GRI 11-1		2,679	2,735	3,863	2,665
Scope 1 from Fugitive Emissions	Metric Tons CO2e	EM-EP-110a.2	GRI 11-1		3,561	4,320	3,226	2,936
Scope 1 from Methans Emissions	Metric Tons CO2e				1,811	2,612	1,860	1,833
Methane % of Scope 1 Emissions	%	EM-MD-110a.1	GRI 11-1	EIC/GPA 2.4.1.4	0.2%	0.2%	0.2%	0.2%
Methane (CH4) Emissions	Metric Tons			EIC/GPA 2.4.1.2	72	104	74	73
Nitrogen Oxide (NOx) Emissions	Metric Tons	EM-MD-120a.1	GRI 305-7	EIC/GPA 2.9	710	823	850	859
Sulfur Oxide (SOx) Emissions	Metric Tons	EM-MD-120a.1	GRI 305-7	EIC/GPA 2.10	6	12	13	13
VOC Emissions	Metric Tons	EM-MD-120a.1	GRI 305-7	EIC/GPA 2.11	369	429	506	504
Scope 2 GHG Emissions - Total	Metric Tons CO2e		GRI 305-2	EIC/GPA 2.4.3		253,152	226,466	233,995
Total GHG Emissions (Scope 1 + Scope 2) Intensity per Thousand BOE- Total	mt co2e/Thousand BOE			EIC/GPA 2.5		7.36	6.50	4.76
Involvement in Carbon Capture and Storage Projects	Binary (Y/N)			EIC/GPA 2.13	N	N	Y	Y
<b>Energy Management</b>								
% Grid Electricity Used	%	EM-MM-130a.1					13%	19%
Energy Use Total	Gigajoules	EM-MM-130a.1	GRI 302-1		2,415,673	4,513,158	11,997,167	12,464,736
% Renewable Energy Consumed	%	EM-MM-130a.1					3.24%	5.41%
<b>Environmental Impact</b>								
% Area of Conservation or Endangered Species	%	EM-MD-160a.2			0%	0%	0%	0%
% Impacted Terrestrial Area Restored	%	EM-MD-160a.3					100%	100%
Amount of Spills > 5 barrels	Barrels (bbls)	EM-MD-160a.4		EIC/GPA 2.2	0	35	9	42
Number of Spills > 5 barrels	#	EM-MD-160a.4		EIC/GPA 2.1	0	1	0	8
Number of Pipeline Incidents	#	EM-MD-540a.1					0	1
% Natural Gas Pipelines Inspected	%	EM-MD-540a.2					30%	76%
Spill Intensity (Spill Volume / Mile of Pipeline)	Barrels / Mile			EIC/GPA 2.3	0	0.03	0.01	0.03
<b>Materials &amp; Waste</b>								
% Hazardous Liquid Pipelines Inspected	%	EM-MD-540a.2					61%	66%
Waste Recycled Total	Metric Tons				1,039	2,713	6,128	196
Total Waste Generated	Metric Tons		GRI 306-3		1,039	3,844	1,086	2,482
<b>Water Management</b>								
Water Withdrawal Total (Includes Purchased from Third Parties)	Cubic Meters (m <sup>3</sup> )	RR-ST-140a.1	GRI 303-3		0	5,394,523	1,191,820	1,220,870
Water Consumption	Cubic Meters (m <sup>3</sup> )		GRI 303-5				849,610	0
Water Discharged	Cubic Meters (m <sup>3</sup> )		GRI 303-4			150,198	323,060	21,664,000
Wastewater Treated	Cubic Meters (m <sup>3</sup> )						17,070	16,150

	Unit	SASB	GRI Code	EIC/GPA	2020	2021	2022	2023
<b>Community</b>								
Community Involvement Policy	Binary (Y/N)	EM-EP-210b.1	GRI 11-15		Y	Y	Y	Y
Donations Total	US \$				124,692	118,658	339,571	364,029
Corporate Giving	US \$				118,279	113,872	263,582	501,106
<b>Diversity, Equity &amp; Inclusion</b>								
% Women Employees	%	FN-IB-330a.1	GRI 2-7	EIC/GPA 3.10		21%	22%	25%
% Minority Employees	%	FN-IB-330a.1		EIC/GPA 3.11		30%	44%	45%
% Women Executives	%	FN-IB-330a.1	GRI 405-1				13%	3%
% Minority Executives	%	FN-IB-330a.1	GRI 405-1				13%	2%
% Women Managers	%	FN-IB-330a.1	GRI 405-1				4%	4%
% Minority Managers	%	FN-IB-330a.1	GRI 405-1				33%	4%
Female Corporate Employees	%	FN-IB-330a.1				43%	45%	22%
Female Field Employees	%	FN-IB-330a.1				7%	8%	3%
Minority Corporate Employees	%	FN-IB-330a.1				16%	42%	25%
Minority Field Employees	%	FN-IB-330a.1				38%	45%	25%
Do you have any initiatives related to diversity and inclusion?	Binary (Y/N)				Y	Y	Y	Y
<b>Health and Safety</b>								
Employee Health & Safety Training Hours	#	EM-EP-320a.1			9,384	10,640	12,374	10,102
Fatality Rate Employees	Rate	EM-EP-320a.1	GRI 403-9	EIC/GPA 3.7	0	0	0	0
Fatality Rate Contractors	Rate	EM-EP-320a.1	GRI 403-9	EIC/GPA 3.8	0	0	0	0
Lost Time Injury Rate (LTIR) Employees	Rate	TC-ES-320a.1	GRI 403-9	EIC/GPA 3.5	0	0	0	0
Lost Time Injury Rate (LTIR) Contractors	Rate	TC-ES-320a.1	GRI 403-9	EIC/GPA 3.6	0	0	0	0
Total Recordable Incident Rate (TRIR) Employees	Rate	EM-EP-320a.1	GRI 403-9	EIC/GPA 3.1	0	0	0	0
Total Recordable Incident Rate (TRIR) Contractors	Rate	EM-EP-320a.1	GRI 403-9	EIC/GPA 3.2	0	0	0	0
Total Process Safety Event Rate	Rate	EM-EP-540a.1			0	0	0	0
Employee Health & Safety Policy	Binary (Y/N)	EM-MD-540a.4			Y	Y	Y	Y
<b>Human Capital Management</b>								
Average Training Hours	Hours		GRI 404-1		30.77	30.14	34.66	28.30
Turnover of Employees	%		GRI 401-1		23.87%	15.50%	18.18%	16.79%
Voluntary Turnover of Employees	%		GRI 401-1		9.40%	8.50%	12.78%	10.00%
Corporate Matching	US \$				6,413	4,786	4,485	3,675
Available Volunteer Hours	Hours				N/A	5,296	5,584	6,304
Stakeholder Engagement	Binary (Y/N)		GRI 2-29		Y	Y	Y	Y
<b>Board</b>								
Board Size	#				6	6	6	8
Percent Independent on Board	%		GRI 2-9	EIC/GPA 4.6	0	0	0	25%
Is any director under the age of 50?	Binary (Y/N)			EIC/GPA 4.5				Y
Board Age Range	Range						41-49	42-64
Board Average Age	#						45	52.6
Average Board Tenure	#		GRI 2-9				5.6	3.8
<b>Business Ethics</b>								
Policy Bribery and Corruption	Binary (Y/N)	EM-MM-510a.1	GRI 205-2		Y	Y	Y	Y
<b>Risk Management</b>								
Does the company have directors with risk management experience?	Binary (Y/N)			EIC/GPA 4.8				Y
Crisis Management Systems	Binary (Y/N)	EM-EP-540a.2			Y	Y	Y	Y
Political Contributions	Million Reporting Currency		GRI 415-1		0	0	0	0

# FORWARD-LOOKING STATEMENT

Forward-looking statements relating to Howard Energy Partner's operations are based on management's current expectations, estimates, and projections. Forward-looking statements include the information concerning possible or assumed future results of our operations and other statements contained or incorporated herein identified by words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "goal", "target", "guidance", "intend", "may", "might", "outlook", "plan", "potential", "project", "scheduled", "should", "will", "would", and other words and terms of similar meaning.

These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and other factors beyond the company's control. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report.

Unless legally required, Howard Energy Partners undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are:

- Changing economic, regulatory, and political environment;
- General domestic and international economic and political conditions;
- The effects of changes in governmental policies and regulatory actions, including changes with respect to tax policy, emissions credits, carbon offsets, and carbon pricing;
- The company's ability to compete effectively in the market;
- The impact of public health crises on the company's operations and financial performance;
- The ability to successfully execute on growth strategies, including acquisitions and partnerships;
- The results of operations and financial condition of the company's suppliers, vendors, partners, and affiliates;
- The potential disruption or interruption of the company's operations due to war, accidents, political events, severe weather, cyber threats, terrorist acts, or other natural or human causes beyond the company's control;
- The transition to a lower carbon economy, including the timing and extent of the transition, as well as the expected role of different energy sources in such a transition;
- The pace of technological advancements and industry innovation, including those focused on reducing GHG emissions and advancing other climate-related initiatives, and our ability to adapt to and take advantage of those innovations and developments;

- The effectiveness of our risk management strategies, including mitigating climate-related risks;
- The ability of our existing assets and expertise to support the growth of, and transition to, various renewable and alternative energy opportunities, including through the positioning and optimization of our assets;
- Our ability to efficiently reduce the carbon intensity of our operations;
- The necessity to direct our focus on maintaining and enhancing our existing assets;
- The potential liability for remedial actions or assessments under existing or future environmental regulations and litigation.

Other unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

## MATERIALITY ASSESSMENT

To identify what matters most to our stakeholders, we conducted a gap assessment in 2023 by benchmarking our ESG practices and related disclosures against our peers. We engaged a third-party consultant, Pickering Energy Partners to perform this analysis with us.



We appreciate your interest in our company and welcome feedback on potential improvements or issues of concern to our stakeholders. Please direct questions and comments on this report, or topics related to our ESG and sustainability disclosures to [pr@redbird.com](mailto:pr@redbird.com).

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