

2021 ESG REPORT



IRONWOOD
MIDSTREAM
energy partners



Table of Contents

Letter from CEO	1
Ironwood Overview	2
Operations	2
Making Modern Life Possible.	4
Our Commitment to ESG.	5
Setting ESG Goals	6
Measuring our Success	7
Obligation to the Environment	8
Greenhouse Gas Emissions	9
Operating with the Land in Mind	10
Ironwood Express: Environmental Design In Action	11
Obligation to People.	12
Safety Metrics	13
Safety Training	14
Incident Preparedness	15
Commitment to Diversity and Inclusion.	16
Engaging with our Community	17
Obligation to Integrity and Transparency.	18
Board of Directors	19
Transparency	19
Security.	19



Letter from CEO

As an operator in the oil and gas industry helping to fuel the world, Ironwood is committed to leadership in environmental, social and corporate governance (ESG) practices. We believe that our ultimate success depends on the success of our stakeholders – our employees, our investors, the communities where we work, the land on which we operate, and the global community that depends on fossil fuels for everyday life.

Now more than ever, the world needs access to reliable, safe, affordable energy. There are a myriad of opportunities to add renewable energy sources to the global portfolio. A realistic assessment of our world confirms that energy from oil and gas is crucial for economic and social stability, both now and into the future. Ironwood's ability to thrive in a rapidly changing world requires proactive, intentional planning to improve our resilience, reduce risk exposure, and develop sustainable infrastructure. We strive to be good stewards, operating safely and efficiently with minimal impact to the environment, growing and promoting a secure energy future for Americans and the world. Our ESG goals reflect our commitment to make a positive impact, whether we're protecting the safety and wellbeing of our employees and communities, considering fairness and regulatory compliance, or assessing design, construction, operation and maintenance of our assets. Our ESG efforts reflect our corporate mission, vision and values. With the continued support of Ironwood's entire leadership team, our robust ESG programs will evolve as we grow our business. We appreciate your interest in Ironwood and are excited to showcase our commitment to a sustainable future.



Mike Williams
Chief Executive Officer



Mission



Safely and responsibly build, acquire and operate superior energy-related midstream assets creating valuable opportunities for our customers and business partners.

Vision



Extend the full complement of Ironwood's operational capabilities and organizational principles to provide premier value, growth, and service to our stakeholders.

Values



Safety and Environment – We value the safety of our employees, contractors, and the communities in which we operate above everything else.

People and Culture – We adhere to the highest standards of integrity, providing transparency, accountability, and value to our stakeholders.

Customer Focus – We take pride in our commitment to deliver best-in-class customer service.

Community Impact – We support the communities in which we live and work through service and charitable giving.

IRONWOOD OVERVIEW

Operations

Formed in 2015 and financially partnered with EnCap Flatrock Midstream, Ironwood Midstream Energy Partners provides oil and gas producers with superior, essential midstream services in the Eagle Ford and Permian basins of Texas.



350

MILES OF CRUDE OIL PIPELINES

50

MILES OF NATURAL GAS PIPELINES

420,000

BPD OF CRUDE OIL THROUGHPUT CAPACITY

149,500

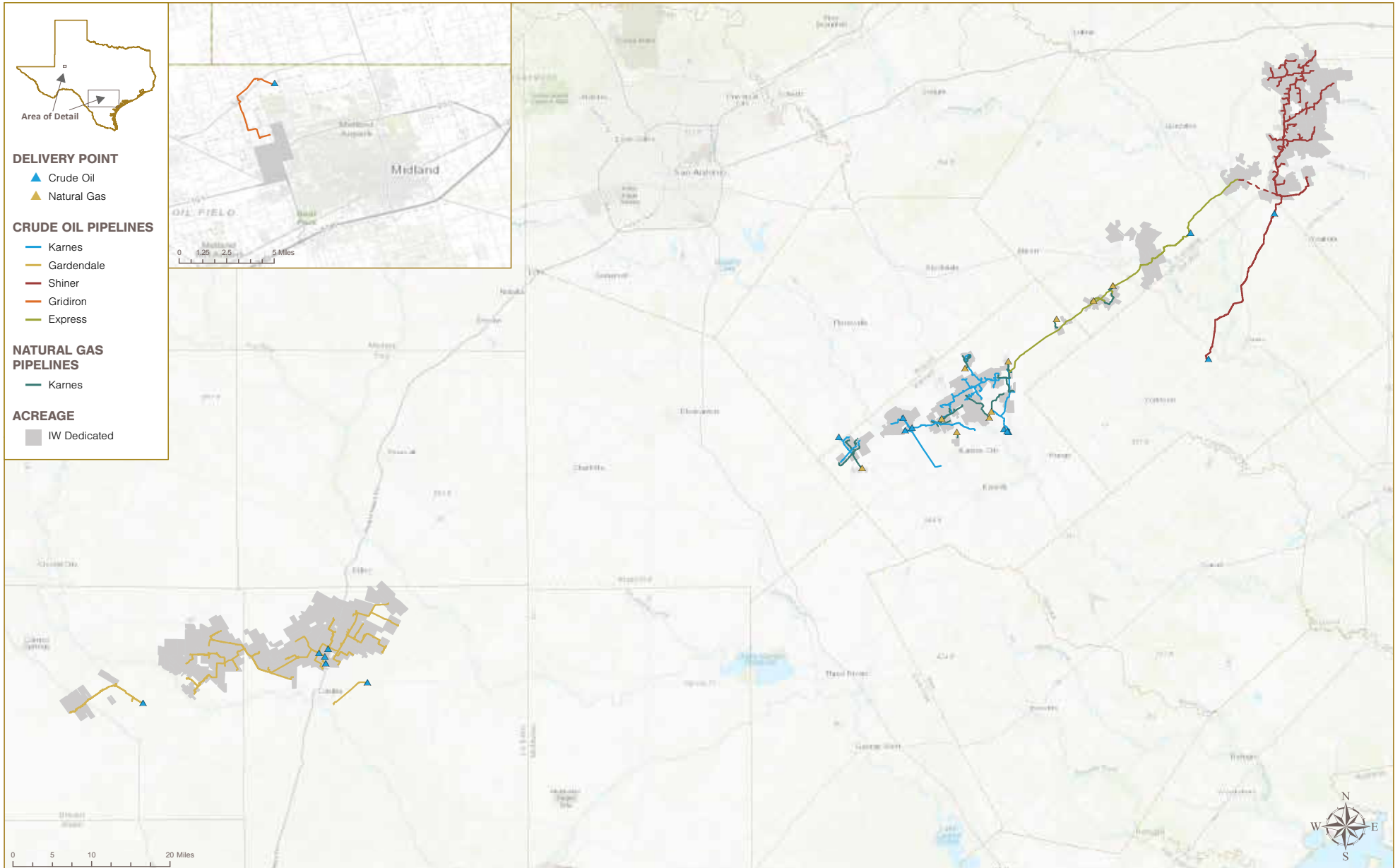
MCFD OF NATURAL GAS THROUGHPUT CAPACITY

16

CRUDE OIL INTERCONNECTS

10

NATURAL GAS INTERCONNECTS



Making Modern Life Possible

Ironwood's midstream assets connect oil and natural gas producers in South and West Texas to premium markets across the United States. Our pipelines are the safest, cleanest, and most reliable way for our customers to transport hydrocarbons to end users.

These end users then utilize the oil and natural gas to create and provide products and services necessary for our everyday lives. Our operations contribute directly to economic growth and development for the communities in which we operate.

We are the industry that contributes to every other industry.

LIVING ROOM

- Window Frames
- Curtains
- TVs
- Speakers
- Upholstery
- Lamp Shades



OFFICE

- Printer Inks
- Phones
- Desks
- Headsets
- Pens
- Computers



BEDROOM

- Clothes
- Perfumes
- Shoes
- Shoe Polish
- Luggage
- Pillows



BATHROOM

- Toothbrushes
- Toothpaste
- Shampoo
- Hand Lotion
- Soap
- Bath Fixtures



KITCHEN

- Dishwashers
- Refrigerators
- Cooking Utensils
- Detergents
- Water Pipes
- Ag, Food, etc.



GARAGE

- Tires/Car Parts
- Sports Gear
- Tool Racks
- Paint
- Antifreeze
- Gasoline



Our Commitment To ESG

As an oil and gas operator, Ironwood recognizes our responsibility to be a positive influence in our industry and in the communities where we work and live.

Our business is built on strong relationships and superior service, integrating the highest standards of safety, environmental responsibility, and operational integrity. ESG principles aren't just something we actively measure and promote, they are woven into the very fabric of how we conduct our business – from the corporate office to the field.

ESG LEADERSHIP

We firmly believe that integrating ESG into our corporate strategy leads directly to value creation. To that end, in late 2021, Ironwood created an executive-level position to sharpen our focus on ESG-specific activities and reporting. In early 2022, we established a cross-discipline ESG Steering Committee to center our activities around specific ESG goals that support Ironwood's mission, vision, and values.

Internal Stakeholder 	ESG Role 
Chief Executive Officer	Executive Leadership
Vice President – ESG	Strategic Development, Coordinate ESG Initiatives
Cross-discipline ESG Steering Committee	Strategic Development of ESG Goals and Programs
Executive Team	Lead implementation of ESG Goals, Engage employees



“Over the past year we established a solid ESG leadership program that spans our business. I am proud of Ironwood’s work on these programs, elevating our mission, vision and values into practice. Actions speak louder than words. We are committed to continuous improvement, adjusting our strategies, actions and metrics to meet and exceed the expectations of our shareholders in the evolving energy landscape.”

Mary Frances Deibert,
Vice President of ESG

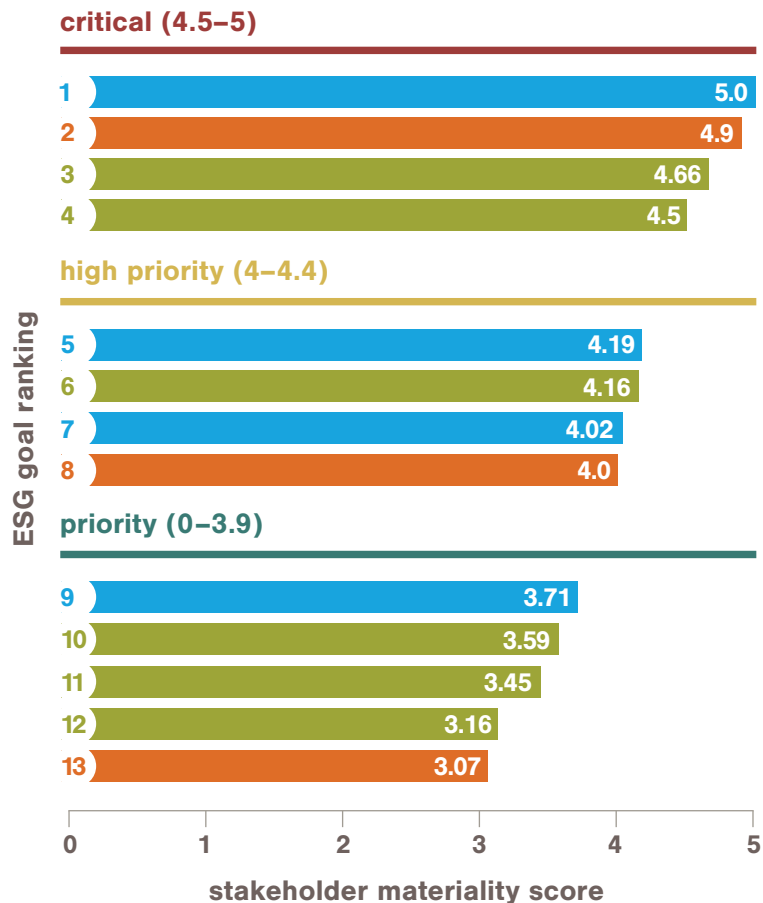


Setting ESG Goals

We believe that a successful ESG program begins with a comprehensive analysis and goal setting initiative.

To that end, we explored a broad range of ESG topics published by business associates and peers, customers, and ESG reporting standard organizations. Armed with this research, we surveyed key internal and external stakeholders to conduct a materiality assessment of Ironwood's ESG priorities. Stakeholders were asked to rank each goal from 1 to 5 points – with 5 being the most critically material. The result was the prioritization of 13 specific, measurable, and meaningful ESG goals.

STAKEHOLDER SURVEY RESULTS

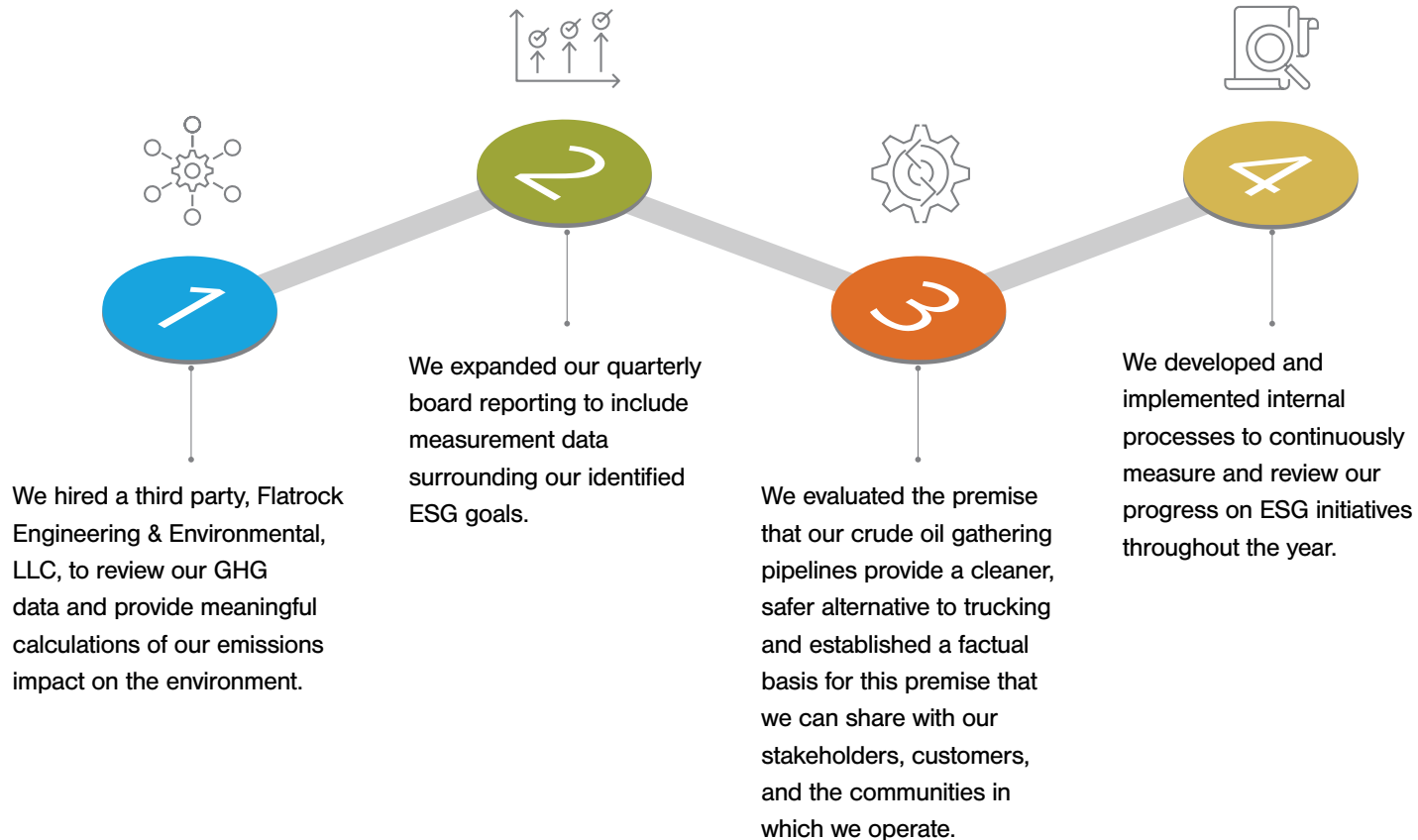


IRONWOOD'S ESG GOALS

environmental ranking	3	Design, construct, operate and maintain our facilities in an environmentally responsible manner
	4	Target zero reportable spills
	6	Target zero environmental fines from outside agencies
	10	Identify the source of fuel emissions on our existing systems, calculate current level of those emissions and identify cost-effective ways to reduce those emissions
	11	Identify the current level of methane emissions for our existing asset footprint and commit to keeping emissions at or below that level for these assets
	12	Identify the carbon reduction value of transporting crude oil by pipe vs truck
social ranking	1	Zero employee injuries or preventable accidents
	5	Zero health and safety fines from outside agencies
	7	Promote an organization that attracts, develops and rewards diverse, inclusive, accountable and responsible employees
	9	Provide opportunities for community service and charitable giving in the communities in which we work and live
governance ranking	2	Act with highest standards of integrity, fairness, and transparency in all policies and procedures ensuring compliance with legal and regulatory requirements.
	8	Implement a modern, holistic security model for all Ironwood assets by leveraging industry best practices and following CISA approved security policies and procedures
	13	Publish and review corporate values, goals, strategy and financial metrics with the organization on a regular basis

Measuring Our Success

With our ESG goals identified and prioritized, we established key performance indicators and metrics and are committed to reporting on our progress in accomplishing these goals.



OBLIGATION TO THE ENVIRONMENT

Environmental stewardship is an important part of our project planning and day-to-day business. We work continually to reduce the impact of our assets and operations on the environment and the communities in which we live and work.

In addition to adhering to comprehensive environmental, health and safety regulations, we invest substantial capital to ensure the integrity of our systems and our operating procedures. We are committed to being a good steward of the environment around us, working hard to minimize our impact on land, waterways and wildlife.

Greenhouse Gas Emissions

Over the past year, Ironwood conducted a thorough review of total greenhouse gas emissions (GHG emissions (CO2/CO2e)). Based on this review, and supported by our third-party environmental contractor, we determined that Ironwood’s emissions are significantly below the United States Environmental Protection Agency (EPA) required reporting levels.

Ironwood tracks emissions from 12 sites, which collectively have an EPA max allowable emissions limit of 300,000 mTons – our sites only emit **36,327** mTons collectively, putting us **88% lower** than EPA reporting levels.

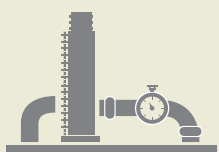
In 2021, Ironwood’s pipeline construction and operations removed **232,505** crude oil tanker trucks from the road, replacing **20,135** tonnes per year of carbon emissions with **4,311** tonnes per year.*



232,505 CRUDE OIL TANKER TRUCKS

= 20,135

TONNES OF CARBON EMISSIONS PER YEAR



IRONWOOD'S PIPELINE

= 4,311

TONNES OF CARBON EMISSIONS PER YEAR



“The need to reduce emission does not preclude the use of fossil fuels, but it does require a significant change in direction; business as usual is not consistent with decreasing emissions in global energy systems. Energy efficiency and renewables are often positioned as the only solutions needed to meet climate goals in the energy system, but they are not enough.”

**United Nations,
 The Role of Fossil Fuels in a Sustainable Energy System**

*Based on third-party calculated carbon emissions, and using the carbon calculation of a gallon of diesel consumed provided by the EPA¹, and the truck MPG for Class 8 trucks provided by the Department of Energy².

¹<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>

²<https://afdc.energy.gov/data/10310>








source: <https://www.un.org/en/chronicle/article/role-fossil-fuels-sustainable-energy-system>



Operating with the Land in Mind

We design and operate all of our pipelines and facilities with the “Borrower’s Attitude” — striving to leave things better than we find them. When thinking about the design, construction, operation, and maintenance of our assets, taking care of the physical environment and minimizing our footprint are pillars of how we conduct business.

We take a proactive approach, allowing us to find and correct areas of concern before they escalate into events with environmental or safety impact. We continuously monitor and assess our operations using boots-on-the-ground as well as remote monitoring capabilities. To that end, we:

-  Complete regular ROW maintenance, erosion control, mowing, and swift reclamation for identified areas of concern on all assets
-  Perform flyovers on every Ironwood asset whether or not required to do so, ensuring full visibility and integrity of operations
-  Conduct extensive pigging, chemical and hot oil programs to maintain pipe integrity
-  Maintains a voluntary cathodic protection protocol ensuring pipeline safety and reliability
-  Use biodegradable, environmentally friendly solvents for paraffin management in crude oil pipelines to maintain cleanliness and mechanical integrity
-  Exceed the RRC requirements for Texas811 by listing every line we own whether or not we are required to do so. We also utilize Boss811, a cloud-based software to avoid missed one-calls
-  Employ a formal, extensive maintenance request program, maintaining the highest level of asset integrity

100%
OF OUR 400 MILES OF PIPELINE WAS INSPECTED IN 2021

4X
PER YEAR WE CONDUCT THOROUGH, PROACTIVE LDAR ACTIVITIES

0
ENVIRONMENTAL FINES FROM AGENCIES IN 2021

Ironwood Express: Environmental Design In Action

Currently under construction, the Ironwood Express pipeline project in South Texas is expected to be completed in 2023. When developing plans for this project, Ironwood executed a rigorous environmental review to identify a route that avoided ecologically sensitive areas, minimized terrestrial disturbance, maintained biodiversity, and preserved areas of potential archaeological significance.

We chose equipment with automated leak detection and shut-down capabilities, allowing us to alleviate a leak the moment it's detected. In addition, we performed a preliminary cathodic protection survey for both AC and DC interference, using this study to design a cathodic protection system that provides the greatest possible level of pipeline protection.

PROACTIVE LDAR PROGRAM

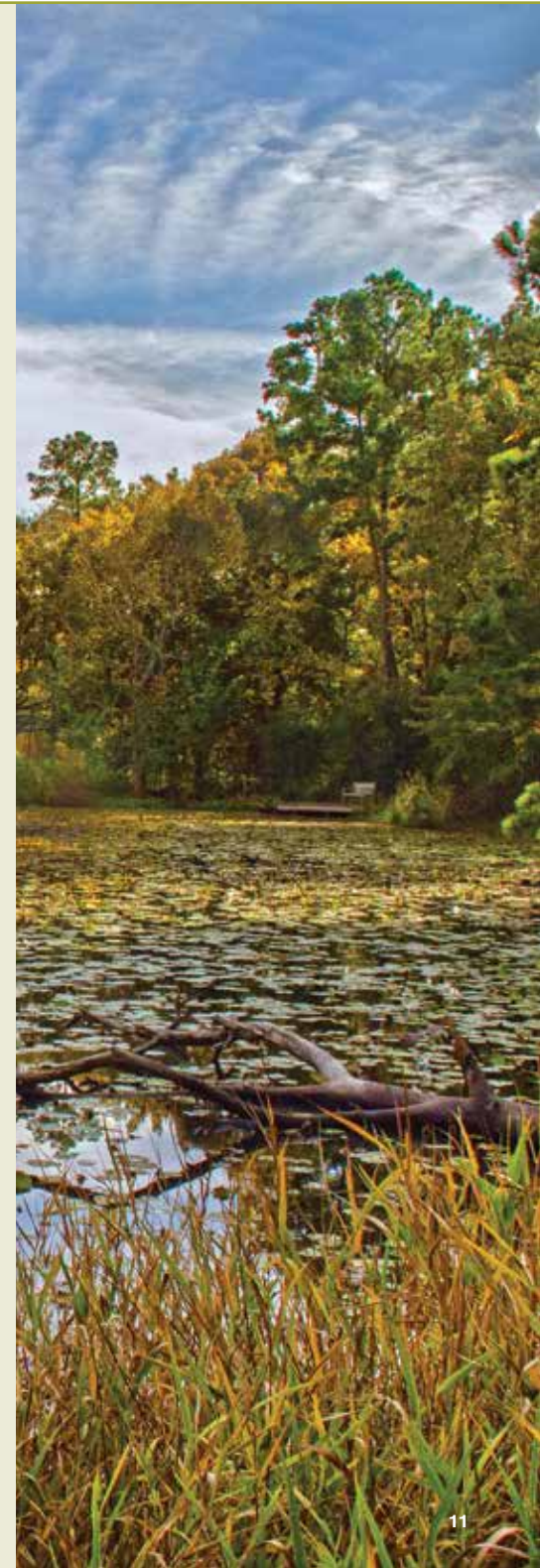
As part of our goal to meet and exceed all agency regulations, we recently initiated a quarterly Leak Detection and Review (LDAR) initiative.

While we always target zero reportable spills, we concluded the year with three reportable spills totaling 37 barrels out of 43 million barrels transported. All spills stayed within containment and were 100% remediated. Additionally, we conducted thorough reviews of the incidents, applying learnings and new technologies to prevent future occurrences.



“We work with many landowners each year to get permission for building new, or adding onto existing pipelines across their properties. We recently encountered landowners with a significant stand of old growth Live Oak trees they wanted to preserve. Recognizing the importance of building good relationships with our partners and being good stewards of the environment, we added 4,500 feet to our pipeline route to preserve these native Texas Live Oaks for their historic and environmental value.”

Kevin Williams,
Director of Engineering and Operations



OBLIGATION TO PEOPLE

Ensuring that we provide a safe and healthy working environment for our employees, the community, and the environment is a top priority at Ironwood. We have comprehensive programs in place to ensure that we elevate awareness, track our progress, train all personnel, and achieve and maintain safety at all times.

Our highest priority ESG goal, which we accomplished in 2021, is to achieve zero employee injuries or preventable accidents. Additionally, we accomplished our goal of achieving zero health and safety fines from outside agencies. We are proud of our 2021 safety metrics and strive to continue to improve as we grow.



Safety Metrics

0

Total Recordable
Injury Rate

73,164

Total Hours Worked

2

Total Number of
Vehicle Incidents

633,287

Total Miles Driven

0

Total Employee
Fatalities

3.16

Preventable
Accident Rate

Safety Training

Safety programs are only as good as their training components. We have a robust program of monthly safety trainings that include a variety of tools to achieve our safety goals. Topics we covered in 2021 include:

COMMITTING TO SAFETY	HOT WORK	HEAT STRESS
ASBESTOS	CONFINED SPACE AWARENESS	LOCKOUT/TAGOUT
BENZENE	FIRE EXTINGUISHER TRAINING	HAZCOM
HYDROGEN SULFIDE AWARENESS	FALL PROTECTION	FIRST AID
FLAMMABLE & COMBUSTIBLE MATERIALS	OQ COMPLIANCE	NATURALLY OCCURRING RADIOACTIVE MATERIALS
CPR	DRIVING SAFETY	BLOOD-BORNE PATHOGENS
ELECTRICAL SAFETY	NOISE AWARENESS	COLD WEATHER OPERATIONS AND SAFETY
TABLETOP DRILLS	SPILL PREVENTION, CONTROL, AND COUNTERMEASURES	SAFETY TRAININGS



Incident Preparedness

Risks are inherent in our business — being prepared is key. Our operations management team has implemented an in-depth emergency response protocol that cultivates immediate action, communication, remediation, and continuous improvement in the event of an incident. We further encourage a culture of safety by:

- ✓ Providing innovative access to our Emergency Response Plans through a custom app on employees' cell phones giving them instant access (with or without wireless or data connectivity) to safety procedures and policies.
- ✓ Promulgating company-wide “stop work” authority — any employee can stop a process at any time if they have concerns without any explicit or implied detriment.
- ✓ Administering a flexible protective equipment reimbursement plan, allowing employees to choose safety gear that fits comfortably and conforms to PPE requirements.



Commitment to Diversity and Inclusion

Ironwood celebrates diversity and embraces and encourages our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique. We are committed to fostering and maintaining a culture of diversity, equity and inclusion – or DEI.

Our management team has long sponsored an open-door policy, encouraging two-way feedback from employee to management as well as management to employee. We set clear goals and objectives at a corporate level that inform each team member's individual goals and objectives, maintaining a transparent line of sight to our corporate performance. Employee bonus structure is directly tied to success in accomplishing operational, financial, ESG, and personal development goals.

Ironwood's goal of attracting and rewarding our team members who embody diverse, inclusive, responsible, and accountable behavior is supported by these specific policies:

- ✓ Equal Opportunity
- ✓ Anti-Harassment
- ✓ Guidelines for Appropriate Conduct
- ✓ Safety
- ✓ Emergency Response
- ✓ Incident Reporting



“At Ironwood, we promote a diverse culture where every employee is valued and rewarded for their contributions and successes. We are focused on retaining our talented employees, recruiting the next generation, and promoting an open, cooperative, and dynamic environment where goal-oriented individuals thrive.”

Geron Hendrickson,
Chief Operating Officer

Engaging with our Community

Ironwood's passion for service is evident at all levels of our team. From individual employees volunteering their time and supporting organizations meaningful to them, to our corporate giving and work in the community, Ironwood strives to benefit the communities in which we live and work.

Recently, Ironwood has earmarked \$86,000 to a variety of community service organizations, focusing on groups benefiting students, adults with disabilities, research efforts, oil and gas workers facing medical bills beyond their means, homelessness, youth sports, and first responders.



SAMMinistries

OVERCOMING HOMELESSNESS

The Ironwood corporate office shared a day of service at San Antonio's SAMMinistries, whose mission is to help homeless persons and those at risk of becoming homeless attain self-sufficiency. We purchased tables, chairs and dressers and provided 30 volunteer hours assembling them for clients who have just moved into housing. We also shared lunch with SAMMinistries staff and volunteers and toured the facility.



“DONATION FOR SERVICE” PROGRAM

Ironwood recently implemented a “donation for service” program to reward our selfless employees and help support the organizations that they hold dear. As part of this program, for every hour that an Ironwood team member volunteers (between 20 and 250 hours), Ironwood will contribute \$5 to that organization. An employee committee reviews each application and organization for approval.

20

VOLUNTEER HOURS =

\$100

CONTRIBUTION

250

VOLUNTEER HOURS =

\$1250

CONTRIBUTION

OBLIGATION TO INTEGRITY AND TRANSPARENCY

Relationships are built on trust and transparency. At Ironwood, we are committed to promoting strong governance and interest alignment across the organization. Our corporate governance structure represents our commitment to maintaining the trust and confidence of our employees, customers, vendors, partners, capital providers, and all other stakeholders.



Board Of Directors

Ironwood's Board of Directors is made up of six members from Ironwood and EnCap Flatrock Midstream. We continually keep our Board apprised of financial and ESG strategy and ongoing developments. In addition, we participate in EnCap Flatrock Midstream's ESG data collection process with all other portfolio companies, which helps measure our success in achieving the objectives outlined in our ESG policy and the impact on our overall financial performance. Our reporting and disclosures are designed to highlight financial and operating risks of our activities and reflect the double materiality of financial reporting and ESG impact reporting.

Transparency

Tracking and reporting our financial and ESG goals and activity is critical for driving innovation, improving access to capital, and attracting new business. Transparency is key to building a best-in-class operation. We report and share data on our key performance indicators on a monthly basis with all employees, and with our Board on a quarterly basis with bi-weekly updates in between. Our financial metrics include throughput volume, revenue, operating expenses, general and administrative expenses, EBITDA, and capital expenditures. Our ESG metrics include safety, environmental, and reporting metrics along with performance metrics on community and stakeholder engagement and security measures.

Security

Ironwood is committed to leveraging industry best practices and following the Cybersecurity and Infrastructure Security Agency's (CISA) approved security policies and procedures. From standardization of our measurement and controls to managing Ironwood's systems and data, we are implementing policies and procedures to create a secure environment for our internal and external interactions. Actions we're taking towards meeting our security goals include:

✓ Monitoring our networks for threat actors, malicious behavior, viruses, and malware

- ✓ Managing vulnerability by
- Implementing monitoring and identification tools on all networks
 - Actively threat hunting
 - Providing computer equipment to all employees that is connected and managed internally
 - Providing company cell phones to all operations employees that can be updated and secured internally
 - Executing data historian implementation for control and ownership of internal data
 - Limiting external access to data and networks
 - Standardizing systems across the organization





Partnerships to Improve Performance

As Ironwood continues to grow and provide comprehensive midstream services to our producer customers, we seek to partner with leading environmental, regulatory, financial, engineering, technical and risk management firms to ensure that our diligence regarding material ESG factors is robust and effective.



FINANCIAL & STRATEGY



ENERGY & COMMODITY PRICE
DATA, REPORTS & ANALYSIS



LEGAL COUNSEL, REGULATORY
& COMPLIANCE



INDUSTRIAL AUTOMATION,
ELECTRICAL ENGINEERING,
INSTRUMENTATION &
ELECTRICAL



INSTRUMENTATION
& ELECTRICAL



SURVEYING, CIVIL ENGINEERING
& ENVIRONMENTAL



ECONOMIC RESEARCH
& ANALYTICS



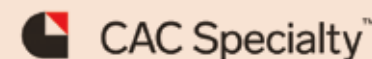
ARCHAEOLOGY & CULTURAL
HERITAGE CONSULTING



ENVIRONMENTAL, HEALTH
& SAFETY



HUMAN RESOURCES
& PAYROLL



RISK & INSURANCE

This report includes data from the full 12 months of 2021 along with actions and activities taken by Ironwood Midstream Energy Partners II, LLC in 2022 driven by the 2021 data.





15727 Anthem Parkway, Suite 510
San Antonio, TX 78249
210.600.9890
ironwoodmidstream.com