

# 2024 Sustainability Report

For year-ended 2023

# E equitrans Midstream

## **Chief Sustainability Officer Message**



As Chief Sustainability Officer for Equitrans Midstream Corporation (Equitrans or Company), I have had a unique vantage point during the past five years — having witnessed Equitrans emerge as an independent, standalone company and forge ahead with its strategic energy infrastructure asset base that continues to support

the energy reliability and security of our Nation. In doing so, our employees have embraced the values of a sustainable business enterprise and have diligently prepared for the transition to a lower-carbon future. As a Company, we engaged in actions that delivered short-term sustainability progress and demonstrable results, and, importantly, we also laid the foundation for a stronger future, as we prepared to achieve critical climate-related goals in unison with the growth of our business.

This report will serve as the coda for Equitrans' sustainability program as we prepare for a different type of transition. On March 11, 2024, Equitrans announced that it had entered into a definitive merger agreement with EQT Corporation (EQT), whereby EQT would acquire 100% of Equitrans in an all-stock transaction. Pending the approval of EQT shareholders and Equitrans shareholders, the transaction is expected to close in the third quarter of 2024. Upon the close of the transaction, EQT will acquire all of Equitrans' existing gathering, transmission, and water businesses, as well as its ownership interest in Mountain Valley Pipeline, LLC, [the joint venture formed for purposes of the Mountain Valley Pipeline project], and its ownership interest in Eureka Midstream Holdings, LLC.



Given the pending acquisition of Equitrans, our 2024 Sustainability Report focuses on one of our highest priority topics — climate change and greenhouse gas (GHG) emissions. As an abridged version of our standard corporate sustainability report, this 2024 Sustainability Report provides comprehensive GHG performance data, as of year-end 2023, and a summary of our 2023 Task Force on Climate-related Financial Disclosures (TCFD) scenario analyses. This approach ensures the emphasis of our reporting remains on the performance data and potential climate-related impacts that are most important to our stakeholders.

### **Environmental**

Historically, our annual Corporate Sustainability Reports detailed the specific efforts we undertook as a company to intertwine sustainability into our business. Starting with our <u>Climate Policy</u> which established ambitious targets and aspirations for reducing methane emissions by 2030 and reaching net zero by 2050 — Equitrans implemented a course of action that committed annual investments of capital to optimize our facilities and changed our methods of operations to incorporate emission reductions as a primary business objective. Less than four years later, we were more than 50% towards achieving our 2030 methane reduction target and on course to achieve our stated aspirations. Also — from the perspective of "what gets measured gets managed" — we were on track to fully implement our formal environmental management system (EMS), designed to manage the inherent environmental risks and opportunities of our business and enhance our environmental stewardship capabilities. Most importantly, our EMS was expected to further integrate sustainability into our Company culture by instilling ownership for environmental performance across the organization, as opposed to relying on Equitrans' environmental team to be the sole driver of our stewardship efforts.

### Social

At Equitrans, the safety of our employees, contractors, and communities has always been paramount in everything we do. And while safety will always be our top priority, our ability to create sustainable value for all stakeholders is driven from the inside out and begins with our employees. Equitrans is committed to maintaining a diverse, equitable, and inclusive workplace — one that engages employees in a manner that supports our business objectives and sustainability goals.



Through a focused community investment strategy, alignment with the United Nations Sustainable Development Goals (UN SDGs), and a proactive approach to environmental justice — our progress on the social components of sustainability extended well beyond our employees to include a multitude of external stakeholders, each with varying needs and perspectives. We developed our vision for sustainability on the premise that being a good neighbor and enhancing opportunities for early and ongoing engagement would build stronger partnerships with our stakeholders and, in turn, help to support thriving communities.

### Governance

Many of our stakeholders have recognized the high level of governance with which we operate, and through the years, Equitrans has taken additional steps to increase our governance focus for the good of our Company and our sustainability program. Equitrans' commitment to our sustainability program has been embedded in our business and operations — beginning with the day-to-day activities of our employees and in the overall management of our Company through the full support of our executive leadership team and the active engagement of our Board of Directors (Board) primarily through the Health, Safety, Sustainability, and Environmental Committee of the Board.

During the past few years, we proactively enhanced the transparent and meaningful disclosure of our sustainability efforts to our employees, our Board, and to all external stakeholders through the development of an internal Environmental, Social, and Governance (ESG) operating model. As it pertains to the disclosures in our annual Corporate Sustainability Report and other ESG reports, this operating model was the cornerstone for our data collection, data management, and auditing/assurance framework. We also improved the controls and data collection frameworks used to calculate our Scope 1 and 2 GHG emissions and began the journey to capture important components of our Scope 3 emissions.

Lastly, we took an important step to enhance our business risk process and align our ESG reporting with the TCFD framework. Building upon the TCFD-readiness assessment completed in 2022, Equitrans conducted two TCFD risk scenario analyses physical risk and energy transition risk — that were completed by a multi-disciplinary team from across the organization. As an appendix to this report is a summary of our 2023 TCFD analyses.

### In Closing...

Sustainability has always been an essential component of Equitrans' license to operate, and our ability to operate safely, responsibly, and sustainably has remained intertwined with our Companywide business objectives. We were able to advance our sustainability strategy based on the dedication and contributions of our employees who found new ways to optimize operations and developed new perspectives regarding the risks and opportunities associated with a lower-carbon world. I am proud to say that, as a Company, our commitment to fully adopting the tenets of sustainability has been woven into every aspect of our business.



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Sincerely,

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**Todd L. Normane** Senior Vice President, Chief Sustainability Officer

## **Greenhouse Gas Emissions**

Equitrans recognizes that climate change is one of the most critical issues facing our Company, the oil and gas industry, our society, and the world the effects of which require global efforts to reduce GHG emissions. While we acknowledge the challenges and risks associated with climate change, we believe that natural gas and its associated infrastructure is, and will remain, a critical component of our Nation's energy strategy. Consequently, we also believe that working to reduce our associated operational emissions is simply the right thing to do. Because of this, we have continued to learn and better understand our impacts and have worked to minimize overall emissions by focusing on the reduction of our operational Scope 1 and 2 GHG emissions.

## **Greenhouse Gas Emissions Reduction Aspirations**

With the implementation of our <u>Climate Policy</u> in 2021, Equitrans announced its primary interim emission reduction targets and broader aspirations. As the main component of the natural gas we transport, we recognize that methane emissions are one of Equitrans' largest environmental impacts. Therefore, we set an interim target for a Scope 1 and 2 methane emissions reduction of 50% by 2030. In addition, we aspired to achieve a total Scope 1 and 2 GHG emissions reduction of 50% by 2040 and a net zero Scope 1 and 2 carbon goal for 2050. In this report, Equitrans' emission reductions are compared to the 2019 baseline year, which was Equitrans' first full year of operations as a standalone company.

The topic of climate change remains top-of-mind for many of our stakeholders, and we have been transparent about our climate journey as we track and report our emissions against our reduction targets. As Equitrans' efforts continued to evolve, we remained steadfast in our approach to exploring and embracing new technologies and committed to innovative approaches and collaborative partnerships to do our part in addressing climate change for the benefit of all.

#### **SCOPE 1 AND 2 EMISSIONS TARGETS**

**50%** 

reduction in methane by 2030 reduction in total GHG by 2040



## **Greenhouse Gas Reduction Strategies**

The majority of our business involves the transportation of natural gas; therefore, Equitrans' GHG reduction efforts have primarily focused on methane emissions. Given the impact of methane on climate change, we continually work to retain as much natural gas in our pipelines as possible, and our approach to managing our GHG emissions is rooted in compliance.

The federal Clean Air Act governs and controls volatile organic compounds (VOCs) and, consequently, methane. Equitrans has worked to comply with the overarching federal New Source Performance Standards (NSPS), 40 Code of Federal Regulations (CFR) 60 Subparts OOOO and OOOOa (Quad Oa), which are the primary federal oil and gas-specific regulations currently applicable to our operations. Many of Equitrans' sites are subject to Quad Oa requirements, which include potentially affected sources such as reciprocating compressors, pneumatic controllers, storage vessels, and fugitive emission components at compressor stations. However, these regulations do not cover all facilities and equipment types, and we diligently work to operate all assets to maximize efficiencies and minimize potential GHG emissions.

In addition to regulatory compliance requirements, Equitrans continually seeks ways to reduce our environmental footprint through voluntary efforts. One of our primary means of identifying and reducing methane emissions is through our leak detection and repair (LDAR) program. Using an infrared camera, our LDAR team searches for potential leaks in our natural gas pipelines and related system equipment. If a leak is identified, the team acts quickly to make the necessary repairs, documents all identified leaks, and closely examines each repair to ensure pipeline integrity. Equitrans routinely schedules the venting of accumulated natural gas that is not suitable for production, and this situation is often referred to as a blowdown. Prior to a scheduled blowdown, and when possible, Equitrans first uses suction pressure to safely recycle the excess gas that would have been vented at our compressor stations. The pressure of suction is less than pipeline pressure and ensures the excess gas moves into compressors, rather than being vented to the atmosphere. When blowdowns are required, Equitrans practices "work stacking" as a method to reduce emissions. This process involves the "stacking" of maintenance and outage activities that would typically require multiple blowdowns but are planned and executed concurrently to reduce unnecessary venting. Equitrans also practices "pig stacking" where feasible, which reduces the amount of pigging emissions.



Another method Equitrans uses to reduce emissions is hot tapping. This is the process of connecting new pipelines to pressurized pipelines while gas continues to flow during the procedure. Hot tapping allows gas to remain in the pipe, eliminating the need for unnecessary blowdowns and vented emissions. These actions are intended to minimize emissions while maintaining safe and efficient operations.

Through the years, we have found it critical to continue investing in new and existing approaches to achieve our longer-term climate goals. When Equitrans' Climate Policy was published in 2021, pneumatic devices were one of Equitrans' largest sources of methane emissions. Since that time, Equitrans has replaced many high-bleed pneumatic controllers with lower-emitting intermittent- or low-bleed controllers or has implemented pneumatic controllers that operate with instrument air systems rather than natural gas, and these efforts have led to a continued reduction in methane emissions. Building on this success, we are currently working to convert pneumatic controls from natural gas to nitrogen at several dehydration sites where installation of a new, permanent compressed air system is not practical or cost effective.

Following the successful implementation of our pneumatic replacement projects, Equitrans shifted its focus to further mitigate event-based emissions from various sources such as pipelines, pigging, and compressor blowdowns. Following evaluation, Equitrans purchased two GoVAC units, a Flex and a Max, to capture event-based methane emissions in our daily operations. A GoVAC unit captures natural gas that would otherwise be vented and reinjects the gas into the pipeline. The GoVAC Flex has been used to mitigate event-based emissions, such as pigging and other smaller pipeline events. The Company plans to use the GoVAC Max for larger pipeline blowdown projects later in 2024. While Equitrans has been primarily focused on reducing methane emissions, we have also evaluated projects to reduce other GHG emissions. For example, we are initiating a project to harvest waste heat from reciprocating compressors to generate on-site electricity, which would reduce emissions from microturbines currently used to generate electricity. Upon completion, this initiative will reduce carbon dioxide ( $CO_2$ ), methane, and nitrous oxide emissions that originate from the on-site generating equipment.

In addition to implementing technology to reduce emissions, Equitrans is also seeking to better understand our actual emissions footprint. Historically, GHG emissions in the natural gas industry were calculated using prescribed emissions factors from the Environmental Protection Agency (EPA) and other sources. In 2023, Equitrans deployed a project to measure real time methane emissions using fixed, continuous monitoring technologies, the results of which were used to compare against calculations that used emissions factors. Given the success of this pilot project, Equitrans has initiated a phased rollout of sensors to select stations.

The Company is also monitoring methane emissions using mobile sources. Equitrans is a founding member of the Appalachian Methane Initiative (AMI), which is a coalition comprised of operators in the Appalachian Basin. It was formed with the objective of developing a collective approach to methane emissions detection, quantification, and mitigation across the major gas-producing areas of the Appalachian Basin. The goals of AMI are three-fold: to accurately measure facilitylevel emissions of AMI member companies; to accurately compare methane emissions of AMI member companies with that of non-members; and to accurately assess the contribution of different facility types (coal mines, landfills, and concentrated animal feeding operations) in the Basin to total methane emissions. By fully understanding the source and scale of emissions, Equitrans and other member companies can strategically focus their mitigation efforts.





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## **Evaluating Our GHG Emissions Reduction Progress**

In 2023, Equitrans' environmental team continued to build out a comprehensive GHG management program with a focus on future emissions mitigation projects and development of a Marginal Abatement Cost Curve (MACC), which we continue to refine. The MACC will help to inform which emissions mitigation projects provide the most benefit. Overall, the GHG management program includes procedures for potential changes to the 2019 baseline GHG emissions, which we developed to help evaluate future emission reductions and to demonstrate progress towards our climate goals. Any changes to this baseline will be made in accordance with the Greenhouse Gas Protocol (GHG Protocol). For example, the baseline was revised to remove assets Equitrans divested in 2023.



Equitrans reduced its Scope 1 and 2 methane emissions from operations by approximately 36% through 2023, as compared to the 2019 baseline. This decrease in methane emissions is the cumulative result of emissions reduction projects completed since 2021, with the majority of the reductions coming from pneumatics and blowdowns, both of which remained the largest source of methane emissions in 2023. Through our concerted efforts to reduce methane emissions, Equitrans was more than halfway to its 2030 reduction target as of the end of 2023. Assuming the Company remained on a similar trajectory, it is expected Equitrans would achieve its 50% methane emissions reduction goal in or before 2030.

Equitrans' total Scope 1 and 2 GHG emissions have decreased approximately 5% since our 2019 baseline year, which was driven by the previously described decrease in methane emissions. While there have been reductions in our methane emissions, our  $CO_2$  emissions have generally remained the same during this period. Our  $CO_2$  emissions are primarily generated from the operation of our fuel burning equipment, including compressors. Since 2019, natural gas throughput in our gathering and transmission systems has increased, which generally corresponds to an increased use of compressors and, in turn, an increase in emissions. Given the continued and unknown fluctuation of throughput and equipment run-time, we acknowledge there is work needed to meet the Company's total GHG reduction goal by 2040.

#### SCOPE 1 METHANE EMISS EQUIPMENT SOURCE (CH

Blowdowns
Pneumatics
Dehydrators
Compressor Venting
Tanks
Pigging
Fugitives
Pipeline Leaks
Storage
Engines
Heaters/Reboilers
Other Sources (below one
Total

 Includes 100% of emissions from Equitrans assets and 60% of emissions from the Eureka Midstream Holdings, LLC (Eureka Midstream) assets; excludes Mountain Valley Pipeline (MVP), MVP Southgate, and additional in-progress projects.

SIONS BREAKDOWN BY I₄ METRIC TONS/YEAR)¹	2023
	1,719
	1,016
	704
	523
	502
	160
	114
	82
	62
	23
	1
metric ton)	0.17
	4,906

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## **Greenhouse Gas Emissions Inventory**

Our GHG inventory is developed and reported in accordance with the GHG Protocol requirements. Specifically, we use the equity share organizational boundary, which aligns with our financial reporting. Under the equity share approach, a company accounts for GHG emissions from operations according to its equity share of the asset. The equity share reflects economic interest, which is the extent to which a company has rights to the risks and rewards associated with an asset's operation. For example, as Equitrans owns a 60% interest in Eureka Midstream, we include 60% of the total emissions from Eureka Midstream assets in our GHG inventory reporting.

Equitrans calculates our Scope 1, Scope 2, and Scope 3 GHG inventory using the equity share consolidation approach. A year-over-year comparison summary for 2022–2023 for emissions associated with our operations is as follows:

- Scope I carbon dioxide and nitrous oxide emissions decreased due to an overall decrease in engine hours and associated fuel combustion.
- Scope 1 methane emissions associated with operations decreased, primarily due to the installation of vent gas recovery on select compressors and the realization of emission reductions related to 2022 pneumatic conversion projects.
- While operational use of electricity increased, overall
  Scope 2 emissions decreased due to less electricity usage at office locations.

The respective subsections that follow contain in-depth information regarding Equitrans' Scope 1, Scope 2, and Scope 3 GHG emissions.



### **SCOPE 1 GHG EMISSIONS**

Equitrans works to accurately track and transparently report GHG emissions to allow external stakeholders to better understand our climate performance. On November 6, 2022, an incident occurred at our Rager Mountain Storage facility, located in Cambria County, PA. In light of the Rager Mountain incident, we have presented two data sets for our 2022 Scope 1 emissions:

- 1. The first 2022 data set presents our Companywide GHG emissions associated with Equitrans' normal course operations during 2022 (calculated as Companywide GHG emissions minus emissions associated with the one-time, Rager Mountain incident).
- 2. The second 2022 data set includes emissions from the estimated gas loss related to the one-time, unplanned Rager Mountain incident (calculated as Companywide GHG emissions plus the cumulative gas loss vented to the atmosphere of approximately 1.037 BCF, which was based on results of the final root cause analysis (RCA) that was completed in late July 2023, after publication of the Company's 2023 Corporate Sustainability Report (CSR)).



#### Total Scope 1 Direct Greenhouse Gas Emissions (Metric Tons CO<sub>2</sub>e)<sup>1</sup>



SCOPE 1 DIRECT GREENHOUSE GAS EMISSIONS (METRIC TONS CO <sub>2</sub> e) <sup>1</sup>	2021 <sup>2</sup>	2022 (EXCLUDING ONE-TIME INCIDENT) <sup>2</sup>	2022 (INCLUDING ONE-TIME INCIDENT) <sup>3</sup>	2023
Carbon Dioxide (CO <sub>2</sub> )	1,579,370	1,440,789	1,440,992	1,394,174
Methane (CH <sub>4</sub> )	174,862	157,766	844,611	137,362
Nitrous Oxide (N <sub>2</sub> O)	847	774	774	746
Hydrofluorocarbons (HFC)	1,806	1,925	1,925	1,516
Perfluorinated Compounds (PFCs)	0	0	0	0
Sulfur Hexafluoride (SF <sub>6</sub> )	0	0	0	0
Nitrogen Trifluoride (NF <sub>3</sub> )	0	0	0	0
Total	1,756,886	1,601,255	2,288,302	1,533,799

1) Includes 100% of emissions from Equitrans assets and 60% of the emissions from Eureka Midstream assets; excludes MVP, MVP Southgate, and additional in-progress projects.

2) The 2021 emissions and 2022 emissions, excluding the one-time incident, have been restated to remove emissions associated with assets Equitrans divested in 2023.

3) Based on results of an initial inventory reduction test, Equitrans' initial gas loss estimate for the Rager Mountain incident was approximately 1.29 Bcf. Following completion of the RCA, the cumulative gas loss was determined to be approximately 1.164 Bcf, of which the RCA indicates approximately 1.037 Bcf of the total cumulative gas loss was vented to the atmosphere and roughly 0.127 Bcf was diverted to and contained within formation(s) located roughly 1,800' and/or 3,000' below ground. The 2022 emissions have been restated based on the RCA value of the gas loss vented to the atmosphere.

### **SCOPE 2 GHG EMISSIONS**

Equitrans is disclosing location-based Scope 2 emissions, which are calculated by multiplying purchased electricity by emissions factors for the regional electric grid. Equitrans purchased and retired 10,000 Green-e Energy certified renewable energy credits (RECs) for calendar-year 2023 operations. These RECs represent 10,000 megawatt hours (MWh) of renewable energy generated, which, in this case, was from wind energy. By purchasing and retiring these RECs, Equitrans was able to account for a portion of its 2023 purchased electricity using renewable energy with zero carbon emissions. As Equitrans is not disclosing market-based Scope 2 emissions, the REC purchase is not accounted for in the Company's 2023 emissions.



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### Total Scope 2 Location-Based, Indirect Greenhouse Gas Emissions (Metric Tons CO<sub>2</sub>e)<sup>1</sup>

SCOPE 2 LOCATION-BASED, INDIRECT GREENHOUSE GAS EMISSIONS (METRIC TONS CO <sub>2</sub> e) <sup>1</sup>	<b>2021</b> <sup>2</sup>	2022 <sup>2</sup>	2023
Carbon Dioxide (CO <sub>2</sub> )	14,614	15,893	15,437
Methane (CH <sub>4</sub> )	35	40	37
Nitrous Oxide (N <sub>2</sub> O)	47	56	49
Hydrofluorocarbons (HFC)	0	0	0
Perfluorinated Compounds (PFCs)	0	0	0
Sulfur Hexafluoride (SF <sub>6</sub> )	0	0	0
Nitrogen Trifluoride (NF <sub>3</sub> )	0	0	0
Total	14,696	15,988	15,523

1) Includes 100% of emissions from Equitrans assets and 60% of the emissions from Eureka Midstream assets; excludes MVP, MVP Southgate, and additional in-progress projects.

2) The 2021 and 2022 emissions have been restated to remove emissions associated with assets Equitrans divested in 2023.



### **SCOPE 3 GHG EMISSIONS**

In late 2022, Equitrans began work to expand its Scope 3 GHG inventory by evaluating which of the 15 Scope 3 categories were applicable to the Company and determining the best available data collection approach and emissions calculation methodology for each of the applicable categories. As of publication of the 2023 CSR, the data collection and calculation for Equitrans' full 2022 Scope 3 inventory was not complete. For this report, Equitrans' Scope 3 inventory includes an updated and complete 2022 inventory, as well as a complete Scope 3 inventory for year-end 2023.



TOTAL SCOPE 3 OTHER INDIRECT GREENHOUSE GAS EMISSIONS BY CATEGORY (METRIC TONS CO <sub>2</sub> e)	<b>2022</b> <sup>1</sup>	2023
Category 1: Purchased Goods and Services <sup>2</sup>	31,705	32,527
Category 2: Capital Goods <sup>3</sup>	59,512	58,013
Category 3: Fuel and Energy Related Activities <sup>4</sup>	236,856	226,535
Category 4: Upstream Transportation and Distribution <sup>5</sup>	240	237
Category 5: Waste Disposal <sup>6</sup>	92	1,116
Category 6: Business Travel <sup>7</sup>	390	446
Category 7: Employee Commuting <sup>8</sup>	112	78
Category 8: Upstream Leased Assets <sup>9</sup>	2,196	1,723
Category 9: Downstream Transportation and Distribution <sup>10</sup>	38	615
Category 11: Use of Sold Products <sup>11</sup>	4,160	3,730
Category 13: Downstream Leased Assets <sup>12</sup>	214	445
Total	335,514	325,466

1) The 2022 Scope 3 inventory was updated to include the final calculations completed after the 2023 CSR was published.

2) Includes emissions associated with all dollars spent per year in applicable operating expense and selling, general, and administrative expense accounts.

- 3) Includes emissions associated with all dollars spent per year in applicable capital expense accounts.
- 4) Includes upstream emissions of all fuel used in operations and electricity purchased annually.
- 5) Includes emissions associated with the transportation of waste removed from Equitrans' operations and facilities; emissions associated with the transportation of purchased goods and services and capital goods were included in Categories 1 and 2.
- 6) Includes emissions associated with waste recycled and disposed.
- 7) Includes business travel paid for by the Company, including commercial air travel, charter air travel, car rentals, and other spend-based business travel; emissions associated with hotel stays are excluded as the GHG Protocol lists that as an optional metric.
- 8) Includes emissions from full-time and part-time employees commuting to their designated work location; excludes emissions from employees who commute using Company fleet vehicles, as those emissions are reported in Scope 1.
- 9) Includes energy usage from office space that Equitrans leases from third parties.
- 10) Includes emissions associated with truck transportation of produced water, which is paid for and completed by third parties, to and from Equitrans' water storage facilities.
- 1) Includes emissions from the downstream use of crude oil produced from an Equitrans well. As Equitrans does not own or take title to the natural gas the Company transports, downstream emissions of transported natural gas are not included in the Scope 3 inventory.
- 12) Includes energy usage from office space that Equitrans leases to third parties.





# **2023 TCFD Report**





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## **About This Report**

The Equitrans Midstream Corporation's (Equitrans or Company) inaugural climate report is aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and represents an important milestone in the Company's sustainability journey. It outlines our current understanding and process for identifying climate-related risks and opportunities that may impact our business. Highlights of the report include our strategic direction, oversight, and ongoing efforts for managing these risks and opportunities across the Company.

## About the Task Force on Climate-Related Financial Disclosures

This report was developed following the TCFD guidance for voluntary reporting of risks and opportunities associated with climate change. Considered the global standard for effective reporting on the financial risk of climate, TCFD was first launched in 2017 by the International Financial Stability Board. TCFD aims to foster early assessment of climate-related issues and establish a consistent reporting framework for financial market participants to make informed investment, credit, and insurance underwriting decisions. Equitrans' adoption of the TCFD recommendations is an additional step toward transparency on climate-related commitments and achievements, strategic planning, and efforts for developing resiliency. Equitrans has sought to provide this initial disclosure based on TCFD's four pillars.

### **TCFD Pillars**

#### I. Governance

We outline our governance structure including board oversight, management responsibilities, and engagement with stakeholders over climate-related decision-making.

#### II. Strategy

We identify climate-related risks and opportunities over different timehorizons that may affect business, strategy, and financial planning. We evaluate the resilience of our strategies through scenario analysis.

#### III. Risk Management

We discuss our risk management processes for identifying, assessing, and managing climate-related risks.

#### IV. Metrics and Targets

We present key metrics used to measure and track our processes for managing climate-related risks and opportunities, such as our reduction targets for greenhouse gas (GHG) emissions.

## **Reporting Boundaries**

Unless otherwise specified, the scope of this report includes the activities of Equitrans, its wholly owned subsidiaries, and its 60% interest in Eureka Midstream Holdings, LLC (Eureka Midstream), which reflects all assets we operate, as of the report's production date. Assets such as the Mountain Valley Pipeline (MVP) project

and other in-progress projects were not evaluated. Data and information in this report reflect activities through December 31, 2022. As the sustainability landscape evolves, Equitrans will continue to refine its TCFD disclosures to provide new information, data, and risk methodologies for additional transparency and accountability.

## Reporting on Other Sustainability-Related Topics

Topics covered in Equitrans' TCFD report reflect our latest submission of the 2023 CDP Climate Change Questionnaire and 2023 CDP Water Security Questionnaire. The TCFD report also supplements our 2023 Corporate Sustainability Report, which includes disclosure on other environmental, social, and governance (ESG) topics.



## Introduction

As society faces escalating challenges posed by a changing climate, the urgency to adapt and respond to the evolving risks and opportunities is increasingly apparent. At Equitrans, we recognize the dual responsibility of meeting today's energy needs and playing a pivotal role in the transition to a sustainable energy future, while also safeguarding the interests of our stakeholders.

We aim to meet that responsibility by continuing to incorporate processes for assessing key climate-related risks and opportunities into our business strategy. We are proud to pursue safe and innovative solutions that are essential for our Nation's energy reliability, independence, and security, and we firmly believe that natural gas is, and will remain, a critical component of the overall energy landscape in a lower-carbon future.

With the ongoing transition to a lower-carbon economy, our goal is to be a positive contributor — engaging in sustainable business practices and creating long-term value for our shareholders,

employees, customers, and communities. With safety as our top priority, we are committed to responsibly operating our assets and protecting our employees, contractors, and surrounding communities. Additionally, Equitrans' commitment to environmental stewardship includes continuing to explore our climate-related risks and opportunities and assessing how these factors may impact us and our stakeholders.

Through this inaugural TCFD-aligned report, we invite you to explore Equitrans' commitment to transparency, sustainability, and proactive risk management.

As Equitrans' Chief Sustainability Officer, I am proud of our efforts to incorporate the TCFD recommendations on climate-related financial disclosures into our 2023 enterprisewide strategic assessments. Incorporating the TCFD framework establishes an important foundation that will enhance our critical thinking on the potential impacts of climate change for our Company. As we prepare for a lower-carbon future, the TCFD process will help Equitrans build resilience and sustainably position our operations for success. Ongoing TCFD alignment will bolster the strong foundation of our climate-related governance, strategy, and risk management, while promoting safe and responsible daily operations to support our Nation's critical energy needs. Our inaugural TCFD analysis is another important step in our sustainability journey.



Todd L. Normane, Esq. SVP, Chief Sustainability Officer

## Governance



The Governance section of our report provides an overview of the Company's integration of climate considerations into its governance structure and decisionmaking processes. Key aspects include oversight by Equitrans' Board of Directors (Board), management responsibilities, stakeholder engagement, and how climate risk is integrated within our broader risk management framework. At Equitrans, we believe our commitment and approach to maintaining transparent corporate governance helps to bolster our stakeholders' confidence and trust in us. This commitment is shared by our highest governance body, Equitrans' Board, which oversees the management of our business operations, including policies, initiatives, and strategies related to corporate social responsibility, sustainability, ESG considerations, and associated risks and opportunities, all of which are managed through diligent committee oversight. At Equitrans, sustainability begins at the top with our Board and Chief Executive Officer and continues through to our frontline employees, both in the field and in the office, who work to incorporate sustainable practices into their daily activities. This approach provides us with opportunities to proactively navigate risks and seize opportunities. Moving forward, we expect to continue developing a culture focused on sustainability and to further integrate sustainability into our governance, business strategy, and decision-making across the organization.



## **Board Oversight and Committees**

Sustainability oversight, including climate-specific work, is incorporated among the responsibilities of our four Board committees: (1) Health, Safety, Sustainability and Environmental (HSSE) Committee, (2) Human Capital and Compensation Committee, (3) Audit Committee, and (4) Corporate Governance Committee.

#### Health, Safety, Sustainability and Environmental (HSSE) Committee

While climate change topics may arise in the context of the work of the four Board committees, and/or the full Board, the HSSE Committee continues to have primary oversight and responsibility regarding climate-related matters. The HSSE Committee meets at least guarterly and is chaired by an independent director. During its meetings, the HSSE Committee may, as appropriate considering the agenda topics for meetings, review progress, provide input, and oversee the Company's strategy, planning, and risk management as it relates to HSSE budgeting, objectives, capital expenditures, and/or progress against targets and goals for climate-related issues. The HSSE Committee's responsibilities include periodically reviewing reports from and providing feedback to management with respect to significant environmental risk exposures, energy transition, emissions, biodiversity, and climate change. This Committee also apprises the full Board of its engagement with management with respect to HSSE significant risk exposure. In addition, the HSSE Committee periodically receives updates from management regarding potential climate-related opportunities.

The Chief Sustainability Officer (CSO) provides the HSSE Committee with updates regarding the Company's sustainability matters and climate-related issues, and often invites colleagues and third parties to present topics related to climate change. In this regard, the HSSE Committee engages with, and provides feedback to, the Company's CSO and other members of the executive management team, as well as other Board committees, as appropriate.

#### Human Capital and Compensation Committee

Determining an appropriate scope and implementation timeline for the Company's climate-related initiatives, such as our methane mitigation efforts, is an ongoing, key consideration of the Company's management, with oversight by the Board, including through certain of its committees. The Human Capital and Compensation Committee oversees the Company's management of human capital matters and initiatives, including short- and long-term incentive compensation programs.

One of the key elements of the Company's employee compensation program is our Short-Term Incentive Plan (STIP), which provides for "at-risk" compensation measured against annual financial and operational goals. Recognizing the Company's continued efforts to institutionalize its commitment to ESG and sustainability initiatives, the Human Capital and Compensation Committee, in accord with the HSSE Committee, determined to increase the focus on sustainability metrics in the 2022 STIP by including: (i) similar to 2021, a methane emissions mitigation metric relative to a 2019 baseline (inclusive of Eureka Midstream and exclusive of MVP); and (ii) a new sustainability metric reflecting the timely submission of the CDP Water Security Questionnaire.

#### Audit Committee

The full Board annually reviews the Company's enterprise risks, as identified by management, which include the consideration of climate-related topics. The Audit Committee of the Board reviews Equitrans' process for assessing major risk exposures, which may include risks related to climate change, as well as the policies and guidelines implemented by management to monitor and control such exposures.

#### **Corporate Governance Committee**

The Corporate Governance Committee oversees the corporate governance of the Company, including the corporate governance aspects of the Company's policies, programs, and strategies related to corporate social responsibility and sustainability.



## Management Roles and Responsibilities

While the Board, acting as a whole and through its committees, oversees the Company's process for assessing and managing risks, including climate-related risks and opportunities, the executive team is responsible for the day-to-day management of these risks. Our process for assessing these major risk exposures, including sustainability and climate risks, is described later in the <u>Risk Management</u> section of this report.

At Equitrans, the CSO is responsible for the development, oversight, and management of our sustainability program. With the management team, the CSO identifies, assesses, and manages climate-related risks and opportunities, while establishing associated policies, standards, and statements.



Additionally, the CSO is responsible for furthering the Company's ESG reporting efforts and ensuring accurate provision of relevant information to stakeholders. Accordingly, the CSO collaborates with employees across the Company to ensure continual development and implementation of Equitrans' sustainability program. Further, as previously described, the CSO provides quarterly updates to our Board of Directors, at a minimum.

The CSO also recommends sustainability metrics for the HSSE and Human Capital and Compensation Committees to consider for inclusion in the Company's incentive planning. For example, the 2021 and 2022 STIP included methane emissions reduction objectives, which reinforced the importance of these objectives to employees, as well as external stakeholders, and promoted the Company's progress toward achieving its targeted reduction of 50% in Scope 1 and 2 methane emissions by 2030 and 50% reduction in total Scope 1 and 2 GHG emissions by 2040. In managing our most critical ESG and sustainability topics, our CSO directly oversees our internal, management-level ESG Steering Committee, and related cross-functional working groups. These groups were established to help implement and manage the day-to-day efforts and actions related to our most material ESG and sustainability topics. The CSO and ESG Steering Committee outline initiatives to maintain and improve the Company's sustainability program, and the ESG working groups are tasked with executing these initiatives. More specifically, the climate working group is tasked with identifying and implementing emissions reduction projects that help to advance our emissions reduction goals.

## Strategy



This section includes a narrative of our climate strategy covering key elements of our risk assessment process, top risks and opportunities that may unfold, and our aspirations of maintaining resilience in our strategy. We review both the physical and transition categories of climate-related risks and opportunities. At the core of Equitrans' sustainability strategy is an appreciation for our Company's relationship with the environment. We recognize and acknowledge the reality of climate change as one of the most critical issues of our time. Understanding our exposure to any inherent climate-related risks aids the Company in positioning itself to navigate those challenges and mitigate any resulting financial impacts. Equitrans has undertaken a TCFD-aligned scenario analysis of climate-related risks and opportunities, at the direct request of the Board and senior management, which has enhanced the understanding of these potential financial risks and opportunities. The Company's planning efforts focus on near-term risks and obstacles, as well as potential longer-term impacts. This strategy section identifies and addresses the challenges posed by a changing climate while identifying the opportunities that could potentially position us at the forefront of innovation and resilience. Our strategy captures our commitment to responsible leadership and reinforces our belief that a proactive stance to risk mitigation is a basis for long-term success.



## **Categories of Climate-Related Risks and Opportunities**

Physica financia of clir of	<b>Physic</b> al risks refer to the p al vulnerabilities rel mate change. They o perations and the d	<b>cal Risks</b> potential consequences and ated to the physical impacts can result in disruptions of estruction of property.		0	<b>Transiti</b> Risks related to the g wer-carbon economy, degrees of financia	<b>on Risks</b> global transition to a which may pose varying Il risk to companies.	ec	<b>Trans</b> Efforts to onomy cal
	<b>Acute Physical R</b> event-driven, incl extreme weather landslides, and w	<b>lisks</b> refer to those that are uding increased severity of events such as storms, flooding, ildfires.			<b>Policy</b> and litigation actions that contribu action mechanisms to lower emission en climate related litiga	actions that attempt to limit the ute to climate change such as carbon to reduce GHG emissions or shifting nergy sources. Legal risk includes ution claims.		<b>Resourc</b> by enhar
	<b>Chronic Physical</b> shifts in climate a as changes in ten availability, and se	<b>Risks</b> refer to progressive nd weather patterns, such nperature, rainfall, water ea level.	+*	7	<b>Technology</b> risks ind adopting new techno to a lower-carbon ec	clude costs associated with ologies that support the transition conomy.		Transitio emission
				<u>.</u>	<b>Market</b> risks can ent	ail changes in the supply and	<b>III</b> š	New Mai their reve
					as the energy system energy sources.	n transitions toward lower-carbon		<b>Climate</b> to effecti on oppor
			Ť	î	<b>Reputational</b> risks an community percepti detraction from the t	re driven by changing customer or ons of a company's contribution or transition to a lower-carbon economy.	E	Develop services

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and help capitalize on market preferences.

## Identification of Climate-Related Risks and Opportunities

Equitrans performed a TCFD-aligned assessment of climaterelated risks and opportunities, which began with an initial qualitative list of potential risks and opportunities consisting of four physical risks, four transition risks, and three opportunities. This list was drawn from interviews with Company subject matter experts, industry research, benchmarked peers, and modeling efforts. A subset of two physical risks, two transition risks, and one climate-related opportunity were brought forward for further analysis, which included estimating the potential magnitude of the financial impact of the risk or opportunity.

#### Scenario Analysis

A scenario-based analysis was used to identify key trends in potential risks and opportunities. The scenarios applied for the physical and transition risk assessments differ but are complementary in addressing the complex relationship between climate change and financial impact. The selected scenarios are not forecasts or predictions, but rather a possible set of future conditions that describe a path that leads to a particular outcome within a given timeframe. Both the broader set of risks and opportunities identified in the assessment as well as the short list that was further quantified were analyzed under the varying assumptions associated with these climate scenarios. The intention of this scenario analysis was not to define mitigation solutions for each risk, but rather to identify them for ongoing monitoring and evaluation. The risks embodied in scenario analysis should not be construed as a forecast or assessment of our business. Rather, we utilize scenarios to simulate certain potential long-term climate-related outcomes using a standardized approach consistent with the TCFD framework.





#### **Physical Climate Scenarios**

Physical risks include the direct, tangible consequences of exposure to natural hazards amplified by climatic drivers. Our assessment used the latest standard in climate modeling projections approved by the United Nations Intergovernmental Panel on Climate Change (IPCC). Under this standard, modeled climate trends are grouped into prescribed GHG emissions scenarios called Shared Socioeconomic Pathways (SSPs). These scenarios combine gualitative storylines of potential societal developments together with assumed actions that result in varying trajectories of global emissions and global temperature change.

In this assessment, two distinct physical risk scenarios are incorporated to present a range of optimistic and pessimistic outcomes that can assist in preparing for potential future risks. The physical risk scenarios are summarized as follows:

- SSP1-2.6 is a low emission scenario where carbon emissions are significantly cut to reach net-zero after 2050 and keep warming below 2°C by 2100. To achieve this, society shifts from a focus on economic growth toward lower resources and fossil fuel usage.
- SSP3-7.0 assumes global emissions double current levels and global warming exceeds 3.5°C by the end of the century. This scenario implies little change from the global economy's current usage of fossil fuels as its main energy source.

#### **Transition Scenarios**

The transition to a lower-carbon economy may entail policy, legal, market, technology, and reputational risks. To assess the impacts of these energy transition risks, Equitrans used two scenarios including one scenario with a 2°C or lower global warming trajectory, in line with TCFD recommendations, and a second scenario that illustrates the potential outcomes associated with current policies. The scenarios used were modeled by the International Energy Agency (IEA) World Energy Outlook 2022 (WEO). The IEA's WEO is an annual report that provides a detailed analysis of the global energy landscape and offers scenarios for the future. It examines key trends and developments, including possible changes to energy demand, supply, investments, and government policies. The two IEA WEO scenarios used include the Stated Policies Scenario (STEPS) and the Announced Pledges Scenario (APS).

 STEPS explores how the energy system evolves if governments retain current policy settings. This includes the latest policy measures adopted by governments around the world, such as the Inflation Reduction Act in the United States. This scenario results in an expected temperature rise of 2.5°C by 2100.

• **APS** assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions, longer-term net zero targets, and access to energy will be achieved on time and in full. This is a low emissions scenario with an expected temperature rise of 1.7°C by 2100. The APS scenario aligns with the Paris Agreement, an international treaty on climate change with an overarching goal to keep temperature increases well below 2°C above pre-industrial levels.

## Impact to Business, Strategy, and Financial Planning

Equitrans is continually assessing and expanding its understanding of all relevant financial risks to its business, including those related to climate change. Although there is a significant amount of uncertainty in projecting quantified estimates of costs and revenues arising from climate change, the process of analyzing varying scenario assumptions provides a fresh perspective as to the potential order of magnitude of the financial impact of the risks and opportunities and how they may affect our business strategy.

During our initial review of the relevant scenarios, we have observed that the potential impact to our business due to transition risks is potentially more significant than the identified impacts from physical risks. This reflects the fundamental nature of the assumptions of the transition scenarios, particularly the Paris-aligned APS scenario, which portrays decreasing demand for fossil fuels, including natural gas, as well as the introduction of carbon pricing. While there are competing outlooks that differ from the Paris-aligned scenarios regarding near-term natural gas demand, as previously noted, we have used the relevant scenario inputs to stress test our views on potential long-term risks and opportunities. While the Company may be exposed to physical risks, we believe the long-term impact on our revenues or costs as compared to current or baseline level can be addressed through current risk management practices.



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## Physical Risks, Strategy, and Resilience

Equitrans' physical assets and pipeline systems are directly integrated into the landscape of our operating regions and may, under certain climate scenarios, be impacted by climate change. We acknowledge that a warming climate may exacerbate the frequency, intensity, or duration of weather-related impacts to our business; however, we expect these physical risks to our business to remain near their current levels. This is due in large part to the Company's operating region, which has a relatively modest exposure to climate hazards compared with other parts of the world. Our operating region does not currently experience frequent extreme weather events or atypical water stress, and, at present, these noted impacts are not projected to change dramatically during the period evaluated for this report. Additionally, our existing physical infrastructure is designed to withstand higher than usual exposure to climate hazards, such as above-average rainfall, flooding, and temperatures. To anticipate future climate-related impacts, the Company conducted an evaluation using the two physical risk scenarios described (SSP1-2.6 and SSP3-7.0) to evaluate the potential of increased risk to our assets between now and the year 2050. This exercise included geospatial comparisons between all of the Company's pipeline assets within the boundaries defined for this report, and comparably mapped scenario data for climate hazards, including extreme temperatures, wind, rainfall, wildfires, and water stress. The scenario analysis also included specific reviews of 47 key assets of various types including compression, measurement/ interconnect, water storage, and office facilities.

From the scenario analysis, we identified damage from landslides and operational disruptions due to storms as the physical risks most likely to result in measurable costs to the Company. Drawing upon historical cost data from past events, an order of magnitude of potential financial impact was quantified for these two risks. Additionally, we examined two physical risks related to increased pressures on utility usage and our supply chain under the two warming scenarios, the results of which indicated a meaningful financial impact there was not likely.

The following information provides a description of each climate-related physical risk that was analyzed, along with a summary of each physical risk's potential business impacts and our approach to resiliency. The two risks evaluated for financial quantification are listed first. For a detailed description of our characterization of time horizons for climate-related risks, see the <u>Risk Management</u> section.



### **Physical Risks**

#### Landslide Damage and Related Disruptions to Operations

Risk Type

Acute

Time Horizon

Short-, Medium-, and Long-Term

Given the geography of the Appalachian Basin, which is Equitrans' primary operating footprint, there is an inherent physical risk associated with landslides. Landslide occurrence and severity may increase with climate change and elevate the risk of damage to above and below ground pipelines, resulting in repair costs or interruption of service. Through scenario analysis, varying landslide severities and frequencies were each considered. Increased severity yielded a greater potential for financial impact as opposed to increased frequency. The results of our evaluation confirmed the presence of what we believe to be a manageable amount of increasing financial risk through 2050.

#### Strategy and Resilience

As described in our 2023 Corporate Sustainability Report, Equitrans routinely works to minimize any potential impacts, including the consideration of landslide risk during our pipeline routing and design process, as well as in our daily efforts to minimize landslides using our slip prevention plan. During the design and construction phase, we proactively identify potential areas of risk through desktop and field reviews and implement enhanced protections, as needed, such as surface and subsurface drainage controls. Despite these proactive measures, the potential for landslides to occur remains. To further protect the integrity of our pipelines against land movement, Equitrans continuously monitors rainfall and temperature data across its physical asset network to identify areas where onsite inspections may be required. Additionally, aerial patrols, drones equipped with photogrammetry change detection, and Light Detection and Ranging (LiDAR) are utilized to monitor conditions and/or areas conducive to landslides. Going forward, Equitrans will leverage these management techniques and continue developing best practices to mitigate the risk of landslides.

#### Severe Storm Damage and Related Disruptions to Operations

Risk Type Acute Time Horizon

Short-, Medium-, and Long-Term

Weather events, such as severe storms, are uncontrollable and have the potential to impact the Company's operations. Climate change is expected to increase the magnitude of heavy rainfall events, hail, high winds, and lightning. Winter weather featuring heavy snow, ice, and extremely low temperatures is expected to decline in frequency, yet will persist in our region for the next several decades. These types of storm events may reduce our ability to deliver our customers' product for a few hours or, in an extreme situation, for a few days, resulting in reduced revenue. Interruptions may be a consequence of direct physical impacts to our compressor stations, valves, or pipelines, or may result from other situations, such as when our upstream producer customers encounter weather-related disruptions and are not able to deliver gas into our pipeline network. Our scenario analysis indicates that severe storm events in our operating region are uncommon for both the present day and in the future; therefore, their associated operational disruptions and cost impacts are likely to be manageable.

#### **Strategy and Resilience**

Throughout its long operational history, Equitrans has successfully managed severe weather occurrences; and this experience allows us to evaluate and estimate the potential impact of similar storms that may occur in the future. We continuously monitor weather forecasts for our operating area and take preemptive action when severe weather is imminent. We notify our customers of anticipated weather-related flow impacts and increase operations staffing for the duration of a storm. We have also proactively enhanced our designs and procedures to minimize weather-related disruptions. Hydrate modeling and removal, heat trace, enhanced grounding, and methanol injection are examples of protective measures and processes that have historically allowed Equitrans' assets and operations to withstand severe weather events. By leveraging our existing processes and embracing emerging technology and best practices, we expect to manage the operational and financial impacts of similar events in the future.

### Physical Risks (Continued)

Acute

#### Disruptions to Supply Chain, Transportation, and Service Providers

Risk Type

Time Horizon

Short-, Medium-, and Long-Term

Chronic and acute weather conditions may impact Equitrans' suppliers, causing disruption to business operations and potentially resulting in cost increases. Equitrans relies on suppliers across our value chain to provide materials and services for the construction and maintenance of our assets. These suppliers may be affected by acute weather events, such as storms, which may impact their ability to provide products in a reliable or timely manner. This, in turn, may increase the Company's procurement costs or cause delays in our daily activities. Depending on the operating locations of our suppliers, climate-related weather fluctuations, including rising temperatures, may lead to storms that are more frequent, intense, or longer in duration and impactful to our supply chain. Based on internal historical data and analysis, such events are rare and have an infrequent probability of occurrence, including under the more adverse warming scenario covered in this analysis.

#### **Strategy and Resilience**

Currently, 99% of our supplies are sourced from the United States and, in 2022, 60% of our supply chain spend was directed to local suppliers in Pennsylvania, West Virginia, and Ohio. Therefore, with a heavily weighted focus on local suppliers, relative to other parts of the country, Equitrans' value chain has limited exposure to climate hazards such as hurricanes, wildfires, and tornadoes. Although there is potential for many of our suppliers to be impacted by occasional storms featuring extreme temperatures and/or high winds, these events are likely to be short-term in nature with impacts that are familiar to and manageable by both our Company and our suppliers.

#### **Increased Pressure on Electric and Water Utilities**

**Risk Type** 

Chronic

Time Horizon Medium- and Long-Term

Equitrans depends on utility-provided electricity to operate certain assets within our pipeline network. We also source municipal water for the operation and construction of our natural gas pipeline operations, and source municipal and surface water for distribution in our water business. In certain conditions, the chronic effects of climate change have the potential to affect these electric and water utility suppliers. Extreme heat conditions may cause electricity generation and distribution to be less reliable and/or more expensive, while increased water scarcity may threaten the availability of surface and ground water, potentially leading to a temporary disruption of operations or increases in water costs.

#### **Strategy and Resilience**

Temporary utility-service disruptions due to weather are a known and manageable risk, and Equitrans has an in-depth understanding of their potential impacts. Our compressor stations deemed as 'critical' include a back-up power source to minimize the impact of a disruption. Non-critical assets that can tolerate periodic interruptions are managed accordingly to mitigate the impact of a temporary utility-service disruption. Under the scenario assumptions used in this analysis, extreme heat events causing extended interruption of service are rare and are projected to continue to be infrequent in the future. Similarly, Equitrans expects the impact of water utility disruption to be low, as our operating region is not projected to experience significant drought or water scarcity under either of the climate scenarios included in this analysis. Further, Equitrans' water business is already working to reduce reliance on fresh water by increasing the reuse of produced water.



## **Transition Risks**

The Company believes that natural gas will remain a significant component of the global and national energy complex and will play a vital role in the transformation to a lower-carbon economy. The transition to the next phase of our societal demand for, and availability of, energy supply will inherently implicate new risks and opportunities for the energy industry. As societies move toward reducing carbon emissions, factors such as changes in climate policies, technology, and market shifts can impact the economy and the value of energy assets. As a midstream natural gas company, Equitrans has an important role to play in maintaining energy reliability for our customers, our region, and the Nation during this energy transition.

In this section, we outline some of the potential transition risks and the corresponding potential impacts on Equitrans' gathering, transmission, and water businesses. As stated previously, this scenario analysis is not intended and should not be construed as a strategic forecast for our Company or the industry. Rather, Equitrans used scenario data to assess the potential financial impacts of a change in natural gas production and the introduction of carbon pricing. These are the first two risks listed.

### The Impact of U.S. Natural Gas Production in a Low-Carbon Economy Scenario

Risk Type Market

In the short-term, the production of natural gas continues to increase or generally remains the same in both IEA scenarios (STEPS and APS), as shown in the chart. In the long-term, however, the impact of proposed government policies or pledges, such as carbon pricing, and the expanding adoption of renewable energy within the power sector may impact the country's demand for natural gas. In these scenarios, a decrease in domestic natural gas demand indicates a decline in U.S. natural gas production. This could potentially negatively impact Equitrans' transmission, gathering, and water business revenues.

#### IEA WEO 2022 Scenarios Annual U.S. Natural Gas Production (TCF)



Time Horizon Long-Term

#### Introduction of Carbon Prices on Existing Products and Services



Policy and Legal

Time Horizon Medium- and Long-Term

Carbon pricing mechanisms (such as a carbon tax or cap and trade programs) are some of the more powerful tools available to governments to guide economies and companies toward low-emission pathways. Under certain scenarios that include these envisioned mandates, Equitrans' compliance efforts in the future could become costly and time consuming, may require installation of additional emission controls, and could result in longer permitting timelines.

#### IEA WEO 2022 Scenarios OECD Carbon Price (Dollars/Metric Ton CO<sub>2</sub>)



A carbon price will impact the natural gas industry's entire supply chain, through direct application to a company's Scope 1 emissions and indirect implications for downstream utilities. As part of the climate scenario analysis, Equitrans modeled the financial impacts of carbon pricing for its Scope 1 emissions under the STEPS and APS scenarios. While there is currently no carbon price at the federal or local level under the STEPS scenario, under the APS scenario Equitrans modeled the impacts of the scenario's carbon price for Organization for Economic Co-operation and Development (OECD) member countries. The carbon prices included in the scenarios are presented in the chart as dollars per metric ton of carbon dioxide ( $CO_2$ ).

#### Climate-Related Litigation That Regulates Emissions of Greenhouse Gases

Risk Type	Policy and Legal			
Time Horizo	on	Medium- and Long-Term		

Due to the urgency to reduce GHG emissions, non-governmental organizations (NGOs) and individuals are increasingly turning to courts to pursue legal disputes with governments and companies. In the United States, the current trend shows an increase in climaterelated court filings, which could result in additional construction and permitting delays. Future litigation risks to Equitrans could also include claims asserting environmental damage from gas leaks or other operational matters.

### Stigmatization of the Sector Which May Dissuade Investors and Impact Capital Access

Risk TypeReputationTime HorizonMedium- and Long-Term

As the world moves toward a lower-carbon economy, the IEA envisions a decrease in natural gas production from 2030 to 2050 based on the scenarios selected for this analysis. This may lead to increasing expectations from external stakeholders, customers, and the public for lower-carbon intensity services and goods. The sector may also be stigmatized for its contribution to climate change, which could lead to a decrease in consumer preference for natural gas and a corresponding impact on Equitrans' revenue. Increased stakeholder pressure to decarbonize could also affect access to capital and cost of financing, thus, raising capital such as for pipeline expansions and/or refinancing debt facilities or maturing bonds may become more challenging.



## Resiliency of Our Strategy to Transition Risks

Climate change may exacerbate the potential impacts and economic changes associated with transition risks; however, we believe our strategy is resilient across varying scenario assumptions. Equitrans has experienced and managed certain of the climaterelated risks described above and is monitoring emerging climate risks. We are confident that our institutional understanding of these risks and opportunities will aid us in preparing for the various climate-related challenges that may arise in the coming years.

Scenario analysis is a speculative tool for testing long-term business strategies, risks, and opportunities related to climate change. Using a standard set of data aligned with the TCFD framework. our chosen IEA scenarios allow us to consider the impacts of climate on our business and society. While the transition to a lower-carbon economy in these scenarios has the potential to impact demand for our services in the very long-term, natural gas is expected to remain an essential energy source in our service area and across the country in the near term. Under the STEPS scenario, natural gas will continue to play an important role in electricity generation, providing a cleaner source of generation and resulting in lower emissions compared to coal-fired generation. Over the long-term, electricity generation through natural gas is expected to decline in both chosen scenarios; however, natural gas demand is expected to be more resilient within the industrial, transportation, and building sectors. Further, natural gas is able to provide baseload reliability as additional renewable generation is added to the electrical grid, assuming the grid will be able to sustain increased usage of renewable energy.

As the dialogue and focus on GHG emissions continues to intensify, Equitrans' location in the Appalachian Basin strategically positions us to remain competitive in the natural gas market. According to the <u>Benchmarking Methane and Other GHG Emissions report</u> (July 2022), the natural gas produced in the Appalachian Basin has one of the lowest methane and GHG emissions intensities of all United States' basins. Further, in January 2023, Equitrans and two other founding members announced the formation of the Appalachian Methane Initiative, which is a coalition committed to further enhancing methane monitoring throughout the Appalachian Basin and facilitating additional methane emissions reductions in the region. We will continue to work independently and in partnership with other companies in the region to transport natural gas in a safe and responsible manner.

Transition risks, such as adapting to the needs of our customers and the application of potential policies that may affect our business, continue to be robust components of our risk management process. While costs related to carbon emissions may increase over time, this impact will be partially offset by our ongoing efforts to reduce the Company's emissions, particularly methane emissions. Since 2021, Equitrans has made investments and implemented programs to reduce methane emissions and, in turn, our overall GHG emissions. These reductions were primarily achieved by converting pneumatics from natural gas to air-driven controllers and by replacing high-bleed pneumatic devices with more environmentally friendly, low- or intermittent-bleed controllers at locations that were not fully converted to air-driven systems. Vent gas recovery was installed on select compressors to achieve further reductions. These initiatives help us reduce emissions and position us to be more resilient as the transition to a lower-carbon future continues.



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## **Transition Opportunities**

The transition to a lower-carbon economy may present Equitrans with potential opportunities. This would entail strategically adapting operations to align with the changing energy production mixture in the IEA scenarios. For example, the Company could explore transporting alternative energy sources via pipeline and investing in technologies that reduce Scope 1 and 2 emissions. Based on the IEA scenarios, three potential opportunities were evaluated and all have long-term horizons. The first two opportunities would require substantial technical innovation and policy support to be realized. While it is not yet known if it will be feasible to implement these opportunities, the TCFD framework allows us to evaluate these opportunities as one potential future state.



#### **Increased Demand for Hydrogen Transportation and Storage Services**



As outlined in the IEA scenarios, the energy capacity potentially lost due to decreasing natural gas production is partially offset by an increase in hydrogen production. Additional infrastructure will be needed to support the growing hydrogen market in the United States under this scenario. An increasing number of governments are adopting hydrogen strategies, and future proposals could require new power plants in the United States to co-fire with a portion of hydrogen. This fuel is also being proposed as a solution for hard-to-decarbonize transportation sectors, as well as industries such as steel, cement, and ammonia. In October 2023, the federal government announced a \$7 billion commitment to launch seven regional clean hydrogen hubs to accelerate the commercial scale deployment of hydrogen. Equitrans could take advantage of the growing hydrogen market by exploring the feasibility of repurposing high-pressure gas transmission lines for the safe transport of hydrogen. Where repurposing is not feasible, the Company could explore opportunities to leverage established rights-of-way, in accordance with applicable review and permitting, to construct and operate new hydrogen pipelines.

#### Increased Demand for Carbon **Transportation and Storage Services**

Opportunity Typ	Pro	
Time Horizon	Lo	ng-Te

In alignment with the path to net zero, carbon capture, utilization, and storage (CCUS) could account for a significant amount of carbon dioxide reductions. Demand for CCUS services will likely increase as technologies improve, costs decrease, and tax credits incentivize a shift to the permanent storing of carbon. Equitrans could diversify future streams of revenue by refurbishing existing infrastructure to support carbon transportation and underground storage. Equitrans is currently in the early stages of evaluating whether CCUS can be implemented on a small scale in the longterm future within our infrastructure footprint.

#### Waste Heat Recovery

**Resource Efficiency** Opportunity Type Time Horizon Medium- and Long-Term

Equitrans is currently investigating opportunities to partner with a third party to generate electricity at its compressor stations by recovering and using waste heat from compressor exhaust streams. The electricity generated could be sold back to the grid, generating an additional stream of revenue. Additionally, recovering the heat generated from operations could decrease Scope 2 emissions exposure and produce tax credits.

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## **Resiliency of Our Strategy Through Transition Opportunities**

In addition to risk, climate change presents opportunities that Equitrans can explore. As an example, in both the STEPS and APS scenarios, the IEA indicates that hydrogen demand will greatly increase in the future although the transition will require a significant acceleration of technologies. In 2022 and 2023, Equitrans participated in a consortium with industry peers and government research entities to evaluate the impacts of hydrogen blending within existing natural gas infrastructure. Numerous barriers have been identified to prevent the introduction of hydrogen into high-pressure steel pipelines, and, thus, the hydrogen blending solution is viewed as a very long-term opportunity contingent on continued research and policy development. While hydrogen blending in Equitrans' high-pressure pipelines will not lead to a reduction in the Company's direct Scope 1 GHG emissions, due to the increase in energy required to compress the blended fuel, the transportation and delivery of blended hydrogen is expected to result in decreased downstream GHG emissions for industrial and commercial end-users that currently use natural gas for combustion processes. During 2022, Equitrans also funded a study through a private third-party engineering firm to research the technical and market considerations of CCUS in the Company's regional area. Building on this research, in 2023, the Company engaged with a separate entity to conduct a feasibility study on the capture and sequestration of carbon emissions at one of Equitrans' compressor stations. These studies represent a long-term opportunity for the deployment of new technology that could contribute to the achievement of our stated climate goals. Continued work is necessary to determine if CCUS is feasible to implement in the future, assuming any designated underground carbon sequestration storage wells are feasible and permitted within a reasonable timeframe.



## **Risk Management**



Equitrans uses a structured and systematic approach to identify and evaluate risks having the potential to financially or strategically impact the business. At the core of Equitrans' risk management program is our Enterprise Risk Committee (ERC), which is subject to oversight by Equitrans' Board of Directors, primarily through its Audit Committee.

## **Process for Identifying and Assessing Climate-Related Issues**

The ERC is a cross-functional team from senior management that identifies and evaluates risks based on the following classifications: likelihood, impact, mitigation effectiveness, velocity/time horizon, inherent risk, and residual risk. The ERC reviews and scores new or previously identified risks in each classification and uses a formula-based approach to determine the inherent risk of each issue. The risk is classified as a Tier 1, 2, or 3 depending on the Inherent Risk Score, with the tier decreasing as the Inherent Risk Score increases. The ERC meets quarterly (or more frequently as desirable) to review the full set of risks, as well as identified emerging risks, as necessary.

The ERC updates the Board on at least an annual basis, and climate-related risks are included in these updates. Equitrans is currently in the process of systematically integrating climate as a component of the ERC. Currently, many climate-related risks and opportunities are inherently discussed by the ERC to the extent that they are related to other risks, such as demand for our products, the reliability of our service, and the integrity of our assets.

The ERC defines time horizons for the Company's risks, but these time horizons are generally relatively short-term, compared to the much longer-term nature of many climate-related risks. For instance, the ERC considers risks to be long-term if they are on an 18-month horizon or longer, but long-term climate related risks are generally understood to be on a 10-year or greater horizon. The ERC defines a short-term risk velocity as those occurring in less than six months, while a climate risk that may evolve over the next



few years is often generally considered a short-term risk. However, short-term climate-related risks, including weather-related risks, may be short-term in nature in the sense that they can occur at any time.

As we continue to integrate climate risks directly into our ERC, we will likely consider these risks and opportunities to be relatively long-term, compared to the typical ERC velocities. If a particular climate-related risk has been defined and incorporated into the ERC, the characterization of its time horizon will be considered in line with the potential timing of the realized and potential financial impacts the risk presents to our business. We will continue to evaluate the ERC and consider how to better incorporate our climate-related risks while also reconciling the different time horizons.

## Management Processes for Climate-Related Issues

The ERC is aware that the risk management process is complex, with several nuances that do not always translate perfectly into a risk framework. To account for this, the ERC always reviews each identified risk at every meeting, no matter the designated tier level. This ensures all risks are regularly discussed and assessed. Additionally, each identified risk is assigned a "Risk Outlook" which is a subjective determination of how the risk is trending (increasing, slightly increasing, decreasing, slightly decreasing, or stable). All risks, including climate-related risks of any tier designation, require Equitrans' management team to pursue mitigation activities with the goal of reducing residual risk. Similarly, all identified risks in the ERC process, regardless of tier designation, are assigned an executive owner. Tier 2 and Tier 3 risks are regularly monitored by the management team to identify if any inherent risk scores rise to a Tier 1 designation and to determine potential mitigation activities.

Ultimately, the ERC ensures that the risk management process, including for climate-related risks is a Companywide, multidisciplinary endeavor that encompasses identifying, assessing, and monitoring risks and discussing potential mitigations.

## Incorporating Climate Into Our Risk Management

Completing the TCFD scenario analyses has been an important step on Equitrans' sustainability journey, which started three years ago and has been enhanced each year. This systematic identification of climate-related physical and transition risks elevates Equitrans' ability to comprehensively evaluate impacts on an ongoing basis and provides an opportunity to further strengthen the Company's existing risk management processes. Completing a robust climate risk assessment will also enhance our public disclosures and assist in preparing for the implementation of the U.S. Securities and Exchange Commission's proposed climate disclosure requirements.



## **Metrics and Targets**



Equitrans holds climate change as one of our top concerns, and we will continue to be transparent about our climate journey as we track and report progress toward our climate goals. As our efforts evolve, we commit to exploring, and embracing where appropriate, new technologies, innovative approaches, and collaborative partnerships to do our part in addressing climate change for the benefit of all.

## Metrics Used to Assess Climate-Related Risks and Opportunities

Equitrans works to accurately track and transparently report GHG emissions to provide a window to our external stakeholders to understand our climate performance, and our GHG inventory is developed and reported in accordance with the Greenhouse Gas Protocol requirements. To better align with existing financial reporting, Equitrans has voluntarily elected to change our GHG organizational boundary from operational control to equity share reporting beginning with the 2023 Corporate Sustainability Report. Under the equity share approach, a company accounts for GHG emissions from operations according to its equity share of the asset. The equity share reflects economic interest, which is the extent to which a company has rights to the risks and rewards associated with an asset's operation. For example, as Equitrans owns a 60% interest in Eureka Midstream, we are including 60% of the total emissions from Eureka Midstream assets in our GHG inventory reporting.

As we learn more about climate change and its impacts, Equitrans believes a sustainable future lies in society's ability to continuously do better in the area of GHG emissions. Our internal, multi-disciplinary climate working group has identified and successfully deployed projects, such as gas-toair pneumatic conversions and compressor vent-gas recovery, to help reduce methane and other emissions. In addition, we continue to evaluate existing and innovative technologies that can potentially be used to achieve future reductions. We must continue to focus on long-term sustainable performance by working to minimize impacts to the environment and society and aggressively pursuing climate change mitigation targets.

## What Are Scope 1, 2, and 3 Emissions?





Direct GHG emissions that occur from sources that are controlled or owned by the Company

Indirect GHG emissions associated with the purchase of electricity and other energy sources

Indirect emissions not included in Scope 2 that occur in the Company's value chain

## **Targets and Performance**

With the implementation of our <u>Climate Policy</u> in 2021, Equitrans announced our primary interim emissions reduction targets and broader aspirations. Since the Company provides natural gas midstream services, we recognize that methane emissions are one of Equitrans' largest environmental impacts. Therefore, we are targeting an interim Scope 1 and 2 methane emissions reduction of 50% by 2030 and a total Scope 1 and 2 GHG emissions reduction of 50% by 2040. Further, we are aspiring toward a net zero Scope 1 and 2 carbon goal for 2050. Emissions reductions will be compared to the 2019 baseline year, which was Equitrans' first full year of operations as a standalone Company. We report GHG emissions annually in our <u>Corporate Sustainability Reports</u>.

#### **SCOPE 1 AND 2 EMISSIONS TARGETS**

# **50%**↓



reduction in methane by 2030

reduction in total GHG by 2040

## **Forward-Looking Statements**

This climate report of Equitrans Midstream Corporation may contain or incorporate by reference certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Statements that do not relate strictly to historical or current facts are forward-looking and usually identified by the use of words such as "anticipate," "estimate," "could," "would," "will," "may," "assume," "potential," "focused," "forecast," "approximate," "intend," "plan," "believe," "target," "goal," "objective," "outlook," "seek," "strive," "view," "continue," "guidance," "scheduled," "position," "predict," "budget" and other words of similar meaning in connection with any discussion of future operating or financial matters. Without limiting the generality of the foregoing, forward-looking statements contained herein include express or implied expectations of plans, strategies, objectives, and growth and anticipated financial and operational performance of Equitrans and its affiliates; potential future application and efficacy of Equitrans' practices, standards, processes, policies and procedures; anticipated climate risks and opportunities; the future resiliency of Equitrans' business, including in a lower-carbon economy, and role of natural gas as a component of energy strategy; Equitrans' ability to execute on its strategy and achieve related benefits; Equitrans' future and continuing ability to execute operationally in accordance with its vision, values, and sustainability framework and impact thereof; Equitrans' ability to achieve, and create value from, its environmental, social, and governance (ESG), sustainability and other targets and aspirations (including targets and aspirations set forth in its climate policy) and timing and means for doing so; Equitrans' ability to identify the most impactful ESG initiatives; expected annualized emission reductions from certain methane reduction projects undertaken in 2021 and 2022; emission estimates; potential effects of legislation or regulation and Equitrans' future ability to comply with applicable legislation and regulation; potential effects of extraordinary weather events; the ultimate financial, business, reputational, and/or operational impacts resulting, directly or indirectly, from the Rager Mountain natural gas storage field incident, including estimates of natural gas volumes vented which may be associated with such incident, and potential future modifications to baseline greenhouse gas inventory. The forward-looking statements included in this report involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, readers of this report, including investors, should not place undue reliance on forward-looking statements as a prediction of actual results. Equitrans has based these forward-looking statements on management's current expectations and assumptions about future events. While Equitrans considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, judicial, and other risks and uncertainties, many of which are difficult to predict and are beyond Equitrans' control. The risks and uncertainties that may affect the operations, performance and results of Equitrans' business and forwardlooking statements include, but are not limited to, those set forth under "Item 1A. Risk Factors" and "Cautionary Statements" in Equitrans' Annual Report on Form 10-K for the year ended December 31, 2022, as updated by Equitrans' subsequent Quarterly Reports on Form 10-Q. Any forward-looking statement speaks only as of the date on which such statement is made and Equitrans does not intend to correct or update any forward-looking statement, unless required by securities law, whether as a result of new information, future events or otherwise.



