

## Sustainability-Linked Financing Framework May 2022

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# Introduction

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## 1.1 Company Overview

Kinetik Holdings Inc. (NASDAQ: KNTK) ("Kinetik") is a fully integrated, pure-play, Permian-to-Gulf Coast midstream C-corporation operating in the Delaware Basin. Kinetik provides comprehensive gathering, transportation, compression, processing and treating services for companies that produce natural gas, natural gas liquids, crude oil and water. In February 2022, Kinetik was formed through the combination of Altus Midstream LP ("Altus Midstream" or "Altus") with privately-owned BCP Raptor Holdco, LP ("BCP"). The existing BCP management team, led by President and CEO Jamie Welch, assumed previously held roles at Kinetik and are leading the combined Company.

Pro forma the transaction, Kinetik has adopted BCP's sustainability standards that were highlighted in BCP's inaugural ESG Report published in June 2021. We are committed to being a good steward of the environment everywhere we operate and our purpose is to advance a safer, cleaner and more reliable energy future. Our climate policy embodies our views, ambitions and aspirations to positively impact climate change, including delivering on our promise of net zero greenhouse gas emissions by 2050.

We see the delivery of natural gas, natural gas liquids and crude oil as essential to meeting our world's current and increasing energy needs to support a robust economy. More importantly, we believe that natural gas plays an integral role in transitioning our economy to lower-carbon sources.

Through our gas, crude, water and transmission service offerings, we deliver the energy that people use to live their lives. We work with our producer customers to gather and process oil and natural gas products and deliver them for a range of uses – powering industrial operations, providing heating and cooling for homes and businesses, and generating electricity to power homes, factories and organizations of all types. We do so reliably and responsibly, taking care to make sure our employees have the training, tools and equipment to safely do their jobs and protect those in the communities in which we operate. Most importantly, we focus on protecting the natural resources and preserving the environment.

This framework document is reflective of the pro forma Company, Kinetik. All data provided is reflective of the pro forma Company unless otherwise noted.



## 1.2 Our ESG Governance

# We have built our ESG program on four fundamental pillars:



#### People

Building strong relationships inside and outside of our company

#### **Priorities**

Keeping ourselves focused on improving our environmental, safety and results

#### **Purpose**

To play our role in helping to address and stem the impacts of climate change for generations to come

#### Performance

Consistently achieving our own objectives as they relate to financial, environmental/safety and social goals we set and reporting on our performance in alignment with applicable frameworks (GRI, SASB, ONE Future)



#### **ESG Policy**

Underpinning our ESG program is our ESG policy, which identifies long-term objectives that Kinetik will use to guide our business operations. This policy includes further details on governance and how we embed ESG within our organization, including in our interactions with employees and stakeholders. For more information, you can access our ESG Policy at <a href="https://www.kinetik.com/sustainability/governance/">https://www.kinetik.com/sustainability/governance/</a>.

At Kinetik, we will use the following governance structure to embed ESG within our business:

Internal Stakeholder	Role for ESG Program
Board of Directors	Governance and oversight
President & CEO	Monitoring implementation
Executive Steering Committees	Strategic development
ESG Working Committee	Implementation
Senior Director, Sustainability & Communications	Coordination of all ESG initiatives

- Our Board of Directors, composed of our major shareholders and four independent directors, provides governance and oversight to our ESG program.
- Our President and CEO provides executive leadership to our organization, which includes the overall vision for the Company and its ESG philosophy and monitoring the implementation of the ESG program.
- Executive Steering Committees help provide strategic development of our ESG goals and program, and include a CEO Oversight Committee and an Executive Steering Committee.
- ESG Working Committee leads the implementation of ESG goals and program.
- Senior Director, Sustainability & Communications provides coordination of all ESG initiatives within the company.

#### Sustainability Reporting

Kinetik has adopted BCP's sustainability standards and is committed to demonstrating transparency with our sustainability reporting and disclosures. In 2021, BCP published our first ESG Report and conducted a materiality analysis to define and prioritize key environmental, social, and governance impacts that underpin our ESG strategy and the content of this Framework. For more information, please visit https://www.kinetik.com/sustainability/.

Kinetik intends to continue to align its reporting with market and industry best practices as outlined by disclosure frameworks such as those set by the Global Reporting Initiative ("GRI"), the Sustainability Accounting Standards Board ("SASB"), and the Energy Infrastructure Council (EIC)/GPA Midstream Association. We will report on our sustainability progress and efforts on an annual basis going forward.



## 1.3 Approach to Environmental Sustainability

#### **Environmental Sustainability Strategy**

Kinetik is committed to being a good steward of the environment everywhere we operate. Our primary focus is on emissions, air quality, and land use/disturbance(s) in and around our pipelines and processing facilities, both during construction and operation. Addressing these topics is relevant to the long-term success of our business and to our ongoing license to operate within our communities. Our approach to environmental sustainability is codified in our corporate Environmental Health and Safety (EHS) management system. In 2020, we updated and implemented changes to this system to articulate our commitments more clearly, and to demonstrate closer alignment with API RP 1173-Pipeline Safety Management Systems and ISO 14001:2015-Environmental Management Systems.

For 2021, BCP set several environmental goals:

- Zero fines operate without any fines or similar types of penalties from our regulatory agencies.
- Continuously reduce the number of spills achieve lower agency reportable spills compared to the prior year (2020).
- Extensive training train all operations employees on our EHS management system, with a focus on Leak Detection and Repair (LDAR) and Environmental Control Devices.
- Continuously reduce our methane intensity decrease methane intensity compared to prior years.

We expect that our emission reduction goals will progress over time as we advance the application of technologies, best practices, increased training, greater partnerships with key suppliers, and deeper insights into emission reduction. We will continue to recalibrate and revise our targets at pace with new insights that emerge as well as aligning with the targets established by well-recognized trade groups such as ONE Future. Kinetik has identified short-term emission reduction targets to measure progress against longer term goals. We will provide additional context on our goal setting process and outcomes with the publishing of our 2021 sustainability report.

#### **Climate Change**

Climate change is one of the greatest challenges of our time and the energy sector will play a pivotal role in addressing climate change through a structured energy transition while supplying clean, safe, reliable and affordable energy for the development of society.

The body of scientific evidence supporting the impact of human activity on climate change is unequivocal and it remains a challenging public policy issue that needs comprehensive and coordinated global solutions. Therefore, we are committed to contribute to the global solution by reducing the impact of our operations on the environment, working safely, and being a good neighbor while delivering on our economic goals.

• In 2021, in conjunction with the release of our inaugural ESG Report, we announced our goal to reach net zero in our Scope 1 and 2 greenhouse gas (GHG) emissions by 2050. This announcement underscores our commitment to contribute to a low carbon future. Our net zero goal is supported by an interim 2030 target to reduce GHG emissions intensity by 35 percent by 2030 compared to a 2021 baseline.

In addition to our net zero target, we introduced a series of steps to achieve our long-term environmental goals, including:

- 100 percent use of renewable electricity across all operations beginning in 2021;
- Expanded use of electric compression across the Company's system where feasible; and,
- Migrating a significant portion of the Company's vehicle fleet to electric vehicles over the next several years.



#### **Operating on 100 Percent Renewable Energy**

Effective April 2021, BCP became the first major gathering and processing company in the Permian to power operations completely on renewable energy. BCP forged an agreement to source all electric power for operations entirely from renewable resources. This assures that the company has a reliable, secure, and cost-effective source of clean, renewable solar and wind energy for the foreseeable future. For our customers, it offers tremendous adjunct advantages in materially reducing overall indirect ("Scope 2") emissions in their production operations. The agreement is one initiative within our broader sustainability plan to reshape how we operate, to limit our impact on the environment, to make our workplace even safer, and to deepen our stakeholder relationships.

Today, Kinetik's electricity used for its operations is predominantly sourced from non-renewable generation. We view this as a near-term opportunity to enhance the pro forma Company's Scope 2 emissions by adopting BCP's commitment to source 100 percent of its electricity entirely from renewable resources.

#### **Emissions Management**

Kinetik is committed to following climate science to limit global temperature rise by reducing GHG emissions. We believe it is possible to reduce GHG while continuing to drive human and economic development. The U.S. Energy Information Administration anticipates that oil and natural gas will continue to account for a significant proportion of energy sources both in the U.S. and globally through 2040, so it is critical that we develop pragmatic and workable solutions to curbing emissions.

As an operator of pipelines and processing facilities, we have historically generated GHG emissions primarily through natural gas combustion while operating compressor engines and process heaters. GHGs such as methane and carbon dioxide also escape into the atmosphere during routine operational procedures such as venting and flaring. Kinetik is committed to meeting or exceeding applicable federal, state and local regulations, and engages in voluntary GHG reduction actions as described below.

Kinetik has deployed numerous tools to track, report and reduce its operational emissions. This includes a robust Leak Detection and Repair (LDAR) program, the application of leading-edge technologies, energy efficient equipment upgrades, and training programs that create and contribute to a culture of responsibility and ownership regarding emissions management.

#### **Leak Detection and Repair**

We plan for and manage the operations and maintenance of our pipelines, gathering systems and processing plants to ensure operational efficiency and integrity. We perform leak detection surveys through an independent third party to maintain thorough, unbiased inspections. We monitor and repair leaks, track and investigate incidents to determine the root cause(s) and corrective actions and quantify facility annual emissions in permit applications. Employing a robust LDAR program enables Kinetik to proactively identify and rectify any potential methane and volatile organic compound (VOC) emissions from our operations. We comply with regulations that require LDAR.







#### **Optical Gas Imagery Cameras**

Kinetik increasingly researches and deploys new technologies as they become available to support our efforts to be a safe and environmentally responsible operator. Optical gas imaging (OGI), which uses pictures from infrared energy to detect leaks, is one such technology.

In 2021, we installed a fixed OGI Camera at our Pecos Bend Facility. This installation was a preliminary trial to allow the Company to fully analyse and refine its operation before rolling out additional OGI installations at our East Toyah and Pecos facilities. Now with the ALTM merger, we will also extend this OGI installation program to the Diamond Cryo complex. These additions to the program enable us to voluntarily monitor our processing plants and other facilities in-house, and we have incorporated the use of the OGI camera into our preventative maintenance program.

#### **Energy Efficient Equipment**

Wherever possible we utilize energy efficient equipment, including electric pumps and electric drive gas and refrigeration compressors.

Since 2020, Kinetik procured three new 15,000 horsepower electric motors run on variable frequency drives (VFDs) to compress residue gas. These VFDs conserve energy by only providing the amperage for the load required. This is expected to result in \$250,000 worth of energy savings annually, which reduces demand on utilities and results in a reduction in greenhouse gas emissions from our operations.





#### **Flyovers**

In 2020, Kinetik was pleased to participate in a study conducted by NASA's Jet Propulsion Laboratory and the University of Arizona. In July, researchers deployed the Next Generation Airborne Visible/Infrared Imaging Spectrometer over portions of the Permian, including the Delaware Basin, where BCP is located, to observe emissions of methane from oil and gas operations in the region. A second flyover took place in October 2020. Through use of this cutting-edge technology, researchers were able to collect and share data with member companies in the region to characterize emission sources and determine whether they were persistent and planned or intermittent and unplanned. They also determined any areas for remediation, and we were able to follow up with repairs and other measures quickly after the team's findings were provided to us.





#### Training

We engage each of our operators in ongoing training programs with our Director of Environmental Compliance which includes leak detection and minimizing the loss of hydrocarbons.

#### **Reducing Methane and Emissions Intensity**

Methane is a powerful, but short-lived climate pollutant that accounts for about half of the net rise in global average temperature since the pre-industrial era. The United Nations Economic Commission for Europe estimate that after carbon dioxide, methane is the second most abundant anthropogenic greenhouse gas with a 100-year global warming potential 28-34 times that of carbon dioxide. When measured over a 20-year period, that ratio grows to 84-86 times.<sup>1</sup>

Rapidly reducing methane emissions from energy, agriculture, and waste can achieve near-term gains in our efforts in this decade for decisive action and is regarded as one of the most effective strategies to keep the goal of limiting warming to 1.5°C within reach while yielding co-benefits including improving public health and agricultural productivity.



In 2020, BCP joined Our Nation's Energy Future (ONE Future), a growing coalition of over 40 companies committed to voluntarily reducing methane emissions across the natural gas value chain to at least one percent (1%) by 2025. By joining, BCP has committed to meeting the lowest methane intensity targets set by ONE Future for the natural gas gathering and processing segments. Members agree to measure company emissions and track progress over time in accordance with U.S. EPA-approved reporting protocols to achieve quantified results.

In September 2021, the United States and European Union put forth a joint agreement to cut 2020 global methane emissions by 30 percent by 2030. The Global Methane Pledge was officially launched at the COP 26 climate conference in October 2021, with over 100 countries representing nearly 50 percent of global anthropogenic methane emissions pledging membership.

Global Methane Pledge

Participants joining the Pledge agree to take voluntary actions to contribute to a collective effort to reduce global methane emissions at least 30 percent from 2020 levels by 2030, which could eliminate over 0.2°C warming by 2050. This is a global, not a national reduction target. Participating countries also commit to moving towards using the highest tier IPCC good practice inventory methodologies, as well as working to continuously improve the accuracy, transparency, consistency, comparability, and completeness of national greenhouse gas inventory reporting under the UNFCCC and Paris Agreement, and to provide greater transparency in key sectors.

<sup>1</sup> https://www.epa.gov/gmi/importance-methane; https://unece.org/challenge



## 1.4 Building a More Diverse, Equitable and Inclusive Culture

Kinetik is committed to fostering a work environment that values diversity among our employees, and we have a series of human resource policies and activities designed to create a respectful, inclusive workplace, in which every individual can reach their highest potential. We proudly strive to be an inclusive culture and environment which welcomes and respects all values, while developing and connecting its workforce.

Our people are our most valuable asset and critical to achieving our ESG and economic performance targets. Promoting core development skills and retention our of employees, while ensuring our workforce has sufficient opportunities to achieve their goals, is a high priority for us. This is why we work closely with our employees to understand the gaps and requirements necessary when promoting the sustainable progress of our workforce, such as:

- Supporting the physical and mental wellbeing of our employees;
- Fostering an inclusive workplace representative of the communities we serve;
- Promoting a culture that respects diversity of every employee to include their values, talents and thought process;
- Recognizing, rewarding and promoting individuals displaying high potential and excellence; and,
- Investing in continued education and training programs necessary to advance the skills and development of our people.

The Company has grown substantially over the last several years through a series of acquisitions. In 2020, we focused on fostering greater cohesion and teamwork through employee engagement and formalized our employee recognition program to further strengthen our culture and recognize high performing individuals.

Kinetik strongly believes that its employees, officers and directors should conduct business with high standards of integrity and in compliance with all applicable laws and regulations. Our Code of Business Conduct and Ethics outlines our guiding principles and values, and each year all our employees must complete compliance, DE&I, discrimination and sexual harassment training.

To highlight our philosophy and how serious we are about achieving these goals, our compensation program will tie 20 percent of all salaried employees' at-risk pay, including executives, to the achievement of specific ESG goals beginning in 2022. We believe that increasing transparency and accountability, across the entire organization, will drive sustainable progress.

Because 27 percent of Kinetik's Board of Directors is composed of women and individuals with diverse backgrounds, and 50 percent of Independent Directors are women, the governance and oversight of Kinetik's Diversity, Equity and Inclusion initiatives are acutely scrutinized. Moreover, two of three Board committee chairs are female and our Lead Director, Laura Sugg, chairs our Governance Committee.



#### **Kinetik Snapshot**

## 100% **OF EMPLOYEES**

**TOOK WORKPLACE HARASSMENT** AND DISCRIMINATION-FREE WORKPLACE TRAINING, WHICH **TOOK PLACE IN SUMMER 2021** 

## 100% **OF OUR PEOPLE MANAGERS**

**TOOK PART IN A FOUR-HOUR** TRAINING CALLED RESPECTFUL WORKPLACE AND ESSENTIAL **SKILLS TRAINING FOR** SUPERVISORS AND MANAGERS



- Black or African American 4%
- American Indian or Alaska Native 2%
- Native Hawaiian or Other Pacific Islander >0%
- Two or More Races (Not Hispanic or Latino >0%

#### May 2022

Board demographics include a Director that will be joining Kinetik in July 2022.



#### Supporting Women in Energy Through ALLY and Industry Groups

Women in the energy industry are underrepresented, which is why ensuring the development and retention of our female workforce is a priority. According to a 2019 study, the International Energy Agency estimates that women only account for 22 percent of the traditional energy sector, despite making up 48 percent of the global labor force. Today's numbers are likely even more disproportionate given the pandemic's negative impact on women employment throughout the economy.

Ensuring that key female talent remains engaged and willing to grow is a key risk for any company in energy, including midstream. We consider this a material risk with financial implications, as customer expectations continue to rise regarding the ESG performance of their suppliers. Therefore, Kinetik continues efforts to prioritize the retention and attraction of key female talent. Assessment and identification of training gaps are essential tools for creating a career map including external and internal training. We strive to provide competitive compensation packages, and flexible schedules to develop and accommodate all our future leaders.

In 2020, BCP joined ALLY (formerly PinkPetro), a community of professionals and member organizations, with a focus on equity, the environment and the energy economy. Through our corporate membership, each of our employees are provided access to ALLY's network, which includes a deep pool of resources and individuals to push towards more responsible corporate stewardship. Several of Kinetik' senior women either hold Board-level positions at ALLY or have spoken at ALLY events.

Kinetik also is a participant and sponsor of efforts to elevate, advance and improve connections among women in energy. In 2022 and years ahead, Kinetik plans to continue to sponsor events and activities which help expose women to industry leaders and key issues. Kinetik believes that participating in such activities allows our high potential females to hear solutions and advice from senior leaders in the industry on how to manage some of the obstacles of being a minority in the energy industry.



### 1.5 Rationale for Establishing a Sustainability-Linked Financing Framework

We believe that integrating environmental, safety, governance and community considerations into our business decisions, and by extension our financing strategy, is essential to creating value for our stakeholders. Our stakeholders include our equity investors, lenders, customers, employees, business partners, regulators and citizens in the communities where we live, work and operate. As the largest pure-play midstream operator in the Permian Basin, Kinetik is uniquely positioned to drive significant change and progress towards ESG commitments through setting meaningful and challenging targets.

As such, Kinetik intends to issue Sustainability-Linked Financing instruments ("SLFs"), which may include Sustainability-Linked Bonds ("SLBs"), Sustainability-Linked Loans ("SLLs") or any other Sustainability-Linked instruments (e.g. Commercial Paper, derivatives instruments or any other form of financial instrument available).

This Sustainability-Linked Financing Framework ("Framework") has been developed in line with our sustainability strategy to demonstrate how we will further link our financing activities with our commitment to achieve our environmental and social ambitions.

This Framework establishes key performance indicators ("KPIs") that will be used to measure our progress against sustainability performance targets ("SPTs"). KPIs, interim SPTs, observation dates, and financial or structural characteristics for individual SLFs will be determined at the time of issuance under the terms of the financing documentation, as appropriate.

This Framework will apply to any future issuances of SLF instruments by Kinetik. The aim of this Framework is to provide transparency and disclosure about Kinetik 's SLFs to its investors and stakeholders, following industry best market practices. The Framework may be amended from time to time to reflect market developments and/or our progress towards achieving our ESG commitments. Any SLF issuance will be aligned with the most recent version of the Framework.

Our Framework has been developed in alignment with the five components outlined in the International Capital Markets Association ("ICMA") Sustainability-Linked Bonds Principles ("SLBP")<sup>2</sup> as of June 2020 and the Loan Syndications and Trading Association ("LSTA") Sustainability Linked Loan Principles ("SLLP")<sup>3</sup> as of July 2021. The five components include the following:

- 1. Selection of KPIs
- 2. Calibration of Sustainability Performance Targets ("SPTs")
- 3. Financial Characteristics
- 4. Reporting
- 5. Verification

<sup>2</sup> https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf <sup>3</sup> https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/



# Sustainability-Linked Financing Framework

## 2.1 Selection of Key Performance Indicators (KPIs)

One or more of the following KPIs will be selected for each Kinetik SLF offering. We will make known the applicable KPI(s) at time of issuance in the relevant financing documentation. In accordance with the ICMA SLBPs and the LSTA SLLPs, the KPIs listed below are considered material, forward-looking, and performance-based and can be externally verified. We have selected the KPIs based on the high strategic significance to our current and future operations and sustainability priorities.

For the avoidance of doubt, KPI metrics, data, and baselines below are related to the Kinetik's performance. For any major acquisition or divestiture in which absolute CO2e emissions and/or methane emissions are increased or decreased by 5% or more as compared to absolute CO2e emissions and/or methane emissions immediately prior to the transaction, there will be a recalculation of the baseline to treat the transaction as though it had occurred immediately prior to the start of 2021.

#### **KPI 1: Greenhouse Gas Emissions Intensity**

Rationale	To support achievement of the Paris Agreement and keep global warming to below 2 degrees Celsius, while pursuing efforts to limit warming to 1.5 degrees Celsius, emissions reductions must be addressed globally. Kinetik recognizes the importance of addressing climate change and GHG emissions and actively manages the climate impact of its business. In 2021, Kinetik announced a goal to reach net zero in their Scope 1 and 2 GHG emissions by 2050 and KPI / SPT 1 directly supports this ambitious goal and the broader global transition to a low carbon future.
Alignment to the ICMA SLBP and LSTA SLLP	<ul> <li>The KPI is:</li> <li>I. Relevant, core and material to Kinetik's overall business and of high strategic significance to the Company's current and/or future operations. It measures the results of our efforts to reduce the intensity of emissions from our operations 35% by 2030 and acts as a results-based KPI of progress towards that target.</li> </ul>
	II. Measurable or quantifiable on a consistent methodological basis, as further explained below.
	III. Externally verifiable by Kinetik's selected independent, external verifier.
	IV. Able to be benchmarked against a majority of Kinetik's own performance, specifically Kinetik's performance.



#### KPI 1: Greenhouse Gas Emissions Intensity - continued

Scope	Covering 100% of Kinetik's direct operations as represented by Scope 1 and 2 emissions, calculated using the approach outlined below and within Annex A:				
	<ul> <li>Scope 1: direct gree or owned by the org heaters, vehicles)</li> </ul>	nhouse (GHG) emission anization (e.g., emission	is that occur from source is associated with fuel co	es that are controlled ombustion in engines,	
	Scope 2: indirect GF	HG emissions from purc	hased electricity consum	nption	
	Our team continues to e clearer goals with those to calculate and quantify solutions to lessen.	evaluate the efforts by ot in our supply chain. We emissions associated	hers to reduce Scope 3, are taking initial steps w with their operations and	including setting <i>r</i> ith our suppliers I identify effective	
	We may consider incorp	oorating and publicly rep	orting our Scope 3 emiss	sions in the future.	
Units	Metric tons CO2e (Scop for details)	be 1 and Scope 2) per M	lscf gas throughput volu	me (see Appendix A	
Methodology	Calculated using the methodologies outlined by the U.S. Environmental Protection Agency for all operated natural gas assets for the full calendar year. Measured by total Scope 1 and 2 emissions in metrics tons of CO2 equivalent (CO2e): CO2, CH4, N2O. Scope 2 emissions are calculated using average U.S. Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGRID) factors (for U.S. facilities).				
Baseline	2021 has been established as the baseline year. Kinetik's GHG emissions intensity for 2021 was 0.00376.				
Historical				Base Year	
Data		2019A	2020A	2021A	
	Greenhouse Gas Emissions (mt)	3,236,062	2,279,598	1,916,692	
	Gas Throughput Volumes (mscf)	515,014,034	516,502,790	509,753,328	
	Greenhouse Gas Emissions Intensity	0.00628	0.00441	0.00376	



#### **KPI 2: Methane Emissions Intensity**

Rationale	Given the short atmospheric lifetime of methane relative to carbon dioxide, taking immediate action to limit fugitive methane emissions can rapidly reduce the rate of global warming. According to UNEP, cutting methane emissions is the best way to slow climate change over the next 25 years. <sup>4</sup> Methane currently accounts for 17 percent of global greenhouse gas emissions from human activities and the energy sector has the greatest potential for targeted mitigation by 2030. While Kinetik has demonstrated progress in reducing our methane emissions intensity – already below the current goal for our sector set by the industry association, ONE Future – we seek to drive continued improvement in reducing our methane emissions and support the achievement of the Global Methane Pledge.
Alignment to the ICMA SLBP and LSTA SLLP	<ul> <li>The KPI is:</li> <li>Relevant, core and material to Kinetik's overall business and of high strategic significance to the Company's current and/or future operations. It measures the results of our efforts to reduce the intensity of methane emissions from our operations by 30% by 2030 and acts as a results-based KPI of progress towards that target.</li> <li>Measurable or quantifiable on a consistent methodological basis, as further explained below.</li> <li>Externally verifiable by Kinetik's selected independent, external verifier.</li> <li>Able to be benchmarked against Kinetik's own performance.</li> </ul>
Scope	<ul> <li>The methane emissions intensity calculation covers 100% of Scope 1 and 2 methane (CH4) emissions derived from Kinetik's activities, outlined below:</li> <li>Scope 1: direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by the organization (e.g., emissions associated with fuel combustion in engines, heaters, vehicles)</li> <li>Scope 2: indirect GHG emissions from purchased electricity consumption</li> <li>Our team continues to evaluate the efforts by others to reduce Scope 3, including setting clearer goals with those in our supply chain. We are taking initial steps with our suppliers to calculate and quantify emissions associated with their operations and identify effective solutions to lessen.</li> <li>We may consider incorporating and publicly reporting our Scope 3 emissions in the future.</li> </ul>

<sup>4</sup> https://www.unep.org/news-and-stories/story/new-global-methane-pledge-aims-tackle-climate-change



#### KPI 2: Methane Emissions Intensity - continued

Units	Mt CH4 (Scope 1 and 2) per mt gas throughput volume (see Appendix B for details)			
Methodology	Kinetik utilizes the U.S. Environmental Protection Agency (EPA) methodology for the calculation and measurement of Scope 1 emissions. Scope 2 emissions are calculated using average U.S. Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGRID) factors (for U.S. facilities).			
Baseline	2021 has been established as the baseline year. Kinetik's methane emissions intensity for 2021 was 0.0452%.			
Historical Data		2010 4	20204	Base Year
	Mathana Emissiona (mt)	2019A	2020A	2021A
		0,340	3,300	3,000
	Gas Throughput Volumes (mt)	6,411,517	8,125,085	7,864,834
	Methane Emissions Intensity	0.0833%	0.0414%	0.0452%



#### KPI 3: Female Representation in Corporate Officer Positions

Rationale	A diverse and inclusive workplace underpins one of the four pillars of our ESG program (People) and represents a key ESG priority for Kinetik. While efforts have been made to increase female representation across the Company, Kinetik continues to lag our peers in the representation of women in corporate officer positions. We firmly believe that diversity and inclusion drives innovation and better decisions, employee engagement and our ability to attract and retain top talent.				
Alignment to the ICMA SLBP and LSTA SLLP	The KPI is: I. Relevant, core and mathematics to the Company's currents to increase female republic to increase female republic to the progress II. Measurable or quantifiad III. Externally verifiable by IV. Able to be benchmarked in the sector, taking inter-	terial to Kinetik's over ent and/or future ope resentation in Corpo towards that target. ble on a consistent m Kinetik's selected ind ed against Kinetik's c o account difference	rall business and of high rations. It measures the rate Officer positions an ethodological basis, as fu dependent, external veri own performance (since s in calculation methodo	a strategic significance results of our efforts d acts as a results- urther explained below. fier. 2021) and with peers plogy.	
Scope	Corporate Officer positions ir	nclude Vice Presiden	ts and above at Kinetik.		
Units	Number of women in Corporate Officer positions / Total number of Corporate Officers				
Methodology	Measured as of fiscal year-end based on self-reported data. Corporate Officers definition (Vice President level or higher) aligned with the disclosure framework set by the Energy Infrastructure Council (EIC)/GPA Midstream Association.				
Baseline	2021 has been established as the baseline year as the most recently available data point. Kinetik's female representation in Corporate Officer positions for 2021 was 7.1%.				
Historical Data	# of Corporate Officers# of FemalesFemale Participation Rate	<b>2019A</b> 13 1 <b>7.7%</b>	<b>2020A</b> 15 1 <b>6.7%</b>	Base Year 2021A 14 1 7.1%	



## 2.2 Calibration of Sustainability Performance Targets (SPTs)

The SPT(s) for any specific SLF instrument will vary based on the maturity of the instrument but will be set in line with Kinetik's sustainability strategy and ESG commitments, outlined at the beginning of this Framework and in the below parameters.

The number of SPTs and related target test dates, or Observation Dates, will vary depending on the maturity of the Sustainability-Linked Financing instrument. They may also vary depending on the type of SLF (e.g. whether it is a SLB or an SLL) and the effect of performance or non-performance of an SPT may also vary depending on type of SLF. All applicable SPTs will be detailed in the relevant documentation for the specific SLF transaction. The Observation Dates and Effect of Trigger set forth in the SPTs below are illustrative and not exclusive.

For the avoidance of doubt, SPTs below are related to the Kinetik company's performance.

performance targets         Image: Construction Data         Ease Free         Construction Data         Construction Provided Provide	Interim		Rase Vear	Observation Date	l ong-Term Target
Greenhouse Gas Emissions (mt)1,916,692Gas Throughput Volumes (mscf)509,753,328Greenhouse Gas Emissions Intensity0.003760.003030.00244YoY Reduction 	performance targets		2021A	2026E	2030E
Gas Throughput Volumes (mscf)         509,753,328         -         -           Greenhouse Gas Emissions Intensity         0.00376         0.00303         0.00244           YoY Reduction (mt / mscf %)         (0.0653%)         (0.0146%)         (0.0146%)           YoY Reduction (%)         (14.8%)         (4.6%)         (5.6%)           % Reduction from Baseline Year         -         (19.4%)         (35.0%)		Greenhouse Gas Emissions (mt)	1,916,692	-	-
Greenhouse Gas Emissions Intensity         0.00376         0.00303         0.00244           YoY Reduction (mt / mscf %)         (0.0653%)         (0.0146%)         (0.0146%)           YoY Reduction (%)         (14.8%)         (4.6%)         (5.6%)           YoY Reduction from Baseline Year         -         (19.4%)         (35.0%)		Gas Throughput Volumes (mscf)	509,753,328	-	-
YoY Reduction (mt / mscf %)       (0.0653%)       (0.0146%)       (0.0146%)         YoY Reduction (%)       (14.8%)       (4.6%)       (5.6%)         % Reduction from Baseline Year       -       (19.4%)       (35.0%)		Greenhouse Gas Emissions Intensity	0.00376	0.00303	0.00244
YoY Reduction (%)         (14.8%)         (4.6%)         (5.6%)           % Reduction from Baseline Year         -         (19.4%)         (35.0%)		YoY Reduction (mt / mscf %)	(0.0653%)	(0.0146%)	(0.0146%)
% Reduction from Baseline Year-(19.4%)(35.0%)		YoY Reduction (%)	(14.8%)	(4.6%)	(5.6%)
		% Reduction from Baseline Year	-	(19.4%)	(35.0%)
		'			

#### SPTs for KPI 1: Greenhouse Gas Emissions Intensity



#### SPTs for KPI 1: Greenhouse Gas Emissions Intensity - continued

Effect of Trigger	Failure to meet KPI targets would trigger an adjustment to the coupon by an amount specified in the transaction documentation payable from the first coupon payment date following the target observation date until maturity.
Measures Supporting Achievement of the SPTs	<ul> <li>Procure 100% renewable electricity across all operations.</li> <li>Migrate Company's vehicle fleet towards electric vehicles over the next several years.</li> <li>Implement operational improvements for pneumatic devices (e.g., electric air compression).</li> <li>Implement operational efficiency improvements (e.g., installation of variable frequency drive motors).</li> </ul>

#### SPTs for KPI 2: Methane Emissions Intensity

Long-term target	Reduce methane emissions intensity by 30% by 2030 relative to the 2021 baseline					
Interim performance targets	Interim SPTs related to KPI 1 will vary based on the maturity of the SLF instrument but will be calibrated to the long-term 2030 target:					
	Base Year Observation Date Long-Term Target					
	2021A 2026E 2030E					
	Methane Emissions (mt)	3,558	-	-		
	Gas Throughput Volumes (mt)	7,864,834	-	-		
	Methane Emissions Intensity	0.0452%	0.0371%	0.0311%		
	YoY Reduction (mt / mt %)	0.004%	(0.001%)	(0.0015%)		
	YoY Reduction (%)	9.2%	(3.8%)	(4.5%)		
	% Reduction from Baseline Year	-	(16.7%)	(30.0%)		
Observation Date(s)	December 31, 2026					



#### SPTs for KPI 2: Methane Emissions Intensity - continued

Effect of Trigger	Failure to meet KPI targets would trigger an adjustment to the coupon by an amount specified in the transaction documentation payable from the first coupon payment date following the target observation date until maturity.
Measures Supporting Achievement of the SPTs	<ul> <li>Implement changes to fuel quality for engine driven compression (e.g., lower Btu value) by connecting compressor sites to our residue sales gas infrastructure via pipelines.</li> <li>Implement operational improvements for engine driven compression (e.g., insulate exhaust to reduce methane slip).</li> <li>Increase leak detection frequency and decrease repair turnaround time across operations.</li> <li>Implement operational improvements for blowdown emissions (e.g., install emission control devices and reduce frequency/duration of blowdowns).</li> <li>Increase our standards for and monitoring of third-parties that operate our leased compression.</li> <li>Implement operational improvements for pneumatic devices (e.g., electric air compression).</li> </ul>

#### SPTs for KPI 3: Female Representation in Corporate Officer Positions

Long-term target	Increase female representation in Corporate Officer positions to 20% by year end 2026 relative to the 2021 baseline					
Interim performance targets	Interim SPTs related to KPI 2 will vary based on the maturity of the SLF instrument but will be calibrated off of the long-term 2026 target:					
	Base Year Observation Date					
	2021A2026E					
	# of Corporate Officers 14 -					
	# of Females1-Female Participation Rate7.1%20.0%					
Observation Date(s)	December 31, 2026					
Effect of Trigger	Failure to meet KPI targets would trigger an adjustment to the coupon by an amount specified in the transaction documentation payable from the first coupon payment date following the target observation date until maturity.					



#### SPTs for KPI 3: Female Representation in Corporate Officer Positions - continued

Measures Supporting Achievement of the SPTs	<ul> <li>Recruiting to ensure diverse candidates are considered for all new job openings where possible.</li> <li>Implement a workforce discovery program whereby high potential candidates, including those with diverse backgrounds, are identified and fostered to succeed as potential managers of the Company.</li> <li>Kinetik encourages career development of women across the energy industry, not just within our Company. Kinetik' corporate officers participate and mentor female engineers through the Women's Energy Network.</li> <li>Kinetik is an active participate and future sponsor of women's leadership conferences and trade groups (e.g., Women's Global Leadership Conference).</li> </ul>
Performance Relative to Peer Group	<figure><figure></figure></figure>

Potential barriers may arise limiting our ability to achieve one or more of the KPI targets. These barriers may include but are not limited to circumstances beyond our corporate control that may make performance commercially impractical, illegal or impossible. This may include impacts from natural disasters; supply chain disruptions; changes in the regulatory environment, including environmental, energy, tax and labor laws and regulations; and general changes in political, social, health, economic and business conditions.



## 2.3 Financial Characteristics

Kinetik will assign financial characteristics to each SLF instrument based on the achievement or non-achievement of the applicable SPT(s), as described in the documentation for the applicable SLF transaction. Any financial characteristics will be commensurate and meaningful relative to the original financing's financial characteristics. These financial characteristics could include, but are not limited to:

- Sustainability-Linked Loans: two-way margin adjustment
- Sustainability-Linked Bonds: one-way coupon step-up, two-way coupon step-up, premium payment at maturity

The exact mechanisms and impacts of the achievement or failure to achieve the pre-defined SPT(s) will be detailed in the documentation for each SLF. Such documents will detail the KPI definition, calculation methodologies, SPT(s) and observation date(s), financial implications, as well as where needed any fallback mechanisms in case the SPT(s) cannot be calculated or observed in satisfactory manner, and language to take into consideration potential exceptional events or extreme events, including drastic changes in the regulatory environment that could substantially impact the calculation of the KPI or the restatement of the SPT(s). For the avoidance of doubt, SLBs issued off this Framework will incorporate both KPI 1 and KPI 2 together. Where relevant, Kinetik may include potential exceptional events that could substantially impact the calculation of the KPI(s) and SPT(s) in the legal documentation for the SLF.

Any future SLFs with the same KPI(s) and SPT Observation Date(s) must utilize an SPT of equal or greater ambition. In addition, at the time of issuance of such instrument, any outstanding SLFs would have their equivalent SPT adjusted to reflect the greater ambition – clause of "the most ambitious target" – for three key reasons:

- 1. To enable the increase of ambition over time and allow Kinetik to adapt to new circumstances
- 2. To avoid the coexistence of SLFs with different SPTs at the same dates for the same KPIs
- 3. To facilitate reporting, avoiding the need to validate the KPI against multiple targets

## 2.4 Reporting

On an annual basis following a SLF issuance, Kinetik will disclose the following:

- Up-to-date information on the performance of the selected KPI(s), including baseline(s) where relevant;
- For any SPT Observation Date, up-to-date information on the SPT outlining the performance against the SPT and the related impact and timing of such impact for the SLF instrument; and,
- An external verification report relative to the reporting, including the points above.

Reporting may also include, where feasible and relevant:

- Qualitative or quantitative explanation of the main contributing factors behind the evolution of the KPI performance on an annual basis;
- Any relevant information enabling investors to monitor the ongoing progress of the SPT(s); and
- Any re-assessments of the KPIs and/or restatement of the SPTs and/or pro-forma adjustments of baselines or KPI scope, if relevant.



## 2.5 Verification

#### **KPI Verification**

Verification of the annual performance on KPI 1, KPI 2, and KPI 3 will be conducted to a limited level of assurance by the Company's selected external verifier and published on Kinetik's website. Kinetik's selected external auditor will provide limited assurance on the performance of the Company to the designated SPT on an annual basis. This verification will be posted on Kinetik's website within six months following each fiscal year end.

#### **External Review**

Kinetik has obtained an independent Second Party Opinion from ISS ESG on the Sustainability-Linked Financing Framework, confirming the alignment with the ICMA SLBP and LSTA SLLP. The Framework and Second Party Opinion report will be made publicly available on Kinetik's website.

#### Amendments to this Framework

Kinetik will review this Framework from time to time, including its alignment to updated versions of the relevant market principles, as and when they are released, with the aim of adhering to best practices in the market. We will also review this Framework in case of material changes in the perimeter, methodology, and in particular the calibration of the KPIs and/or the SPTs.

Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of ISS ESG, or any other such qualified Second Party Opinion provider. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external verifier and Second Party Opinion provider. The updated Framework, if any, will be published on Kinetik's website and will replace this Framework.



## Appendix A: Greenhouse Gas Emissions Intensity Calculation

Our greenhouse gas (GHG) emissions intensity is reported at an aggregate level, which is defined as metric tons of GHG emitted from operating facilities and estimated emissions caused by purchasing power from the grid per thousand standard cubic feet of total gas gathered. The calculation is as follows:

GHG Emissions Intensity  $\% = \frac{G}{P}$ 

Where:

- G = Total Greenhouse Gas Emissions from all Company Sectors (Scope 1 and 2)
- P = Total Gas Throughput Volume (Mscf)

Absolute GHG emissions will include Scope 1 and 2 emissions as to be included in our annual sustainability report.

#### **Total Greenhouse Gas Emissions Calculation**

Scope 1 emissions are calculated using activity data (e.g. fuel consumption data from meters, operational data from work management systems, measured emissions, and engineering estimates for venting) multiplied by an operationally derived emission factor or applicable EPA default emission factors.

Scope 2 emissions are calculated using average U.S. Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGRID) factors (for U.S. facilities).

#### **Total Gas Throughput Volume Calculation**

The total gas throughput volume is calculated using measured throughput volume reported by each receiving point in the gathering system as reported to the TRRC in monthly R-3 reports.



## Appendix B: Methane Intensity Calculation

Our methane intensity is reported at an aggregate level, which is defined as metric tons of methane emitted from operating facilities per metric tons of methane in total gas gathered. The calculation is as follows:

Methane Intensity % = 
$$\frac{M}{P * C * D}$$

Where:

- M = Total Methane Emissions from all Company Sectors (Gathering and Boosting + Processing + Transmission)
- P = Total Gas Throughput Volume (Mscf)
- C = Average Mole Fraction of Methane in Total Gas Gathered
- D = Methane Density of 0.0192 metric ton/Mscf

Absolute emissions will include Scope 1 and 2 emissions as to be included in our annual sustainability report.

#### **Total Methane Emissions Calculation**

Scope 1 emissions are calculated using activity data (e.g. fuel consumption data from meters, operational data from work management systems, measured emissions, and engineering estimates for venting) multiplied by an operationally derived emission factor or applicable EPA default emission factors.

Scope 2 emissions are calculated using average U.S. Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGRID) factors (for U.S. facilities).

#### **Total Gas Throughput Volume Calculation**

The total gas throughput volume is calculated using measured throughput volume reported by each receiving point in the gathering system. The average mole fraction of methane is approximated by sampling at compressor stations where gas is comingled and representative of the field in whole.



### Disclaimer

#### **Confidential Information**

This Sustainability-Linked Financing Framework contains confidential information of the Company that is not to be shared, copied, disclosed or otherwise compromised without the prior written consent of the Company.

#### No Offer or Solicitation

This Sustainability-Linked Financing Framework is not an offer, nor a solicitation of an offer, for the sale or purchase of securities, nor shall any securities of the Company be offered or sold, in any jurisdiction in which such an offer, solicitation or sale would be unlawful.

#### Forward-Looking Statements

This Sustainability-Linked Financing Framework contains certain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company. Some of these statements can be identified by terms and phrases such as "anticipate," "forecast," "believe," "intend," "estimate," "expect," "continue," "could," "should," "may," "plan," "project," "predict" and similar expressions. The Company cautions that such "forward looking statements," wherever they occur in this presentation or in other statements attributable to the Company are necessarily estimates reflecting the judgment of the Company's senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the "forward looking statements." Although the Company believes that the expectations reflected in our forward-looking statements are reasonable, actual results may differ from anticipated results, sometimes materially. Factors that could cause results to differ from those projected or assumed in any forward-looking statement include, but are not limited to: global commodity price fluctuations; world health events; supply and demand considerations for the products the Company handles; higher-than-expected costs; the regulatory approval environment; exposure to the credit risk of our customers and counterparties; the occurrence of a natural disaster, catastrophe, terrorist attack (including eco-terrorist attacks) or other event; shortages or cost increases of supplies, materials or labor; the impact of current and future laws, rulings, governmental regulations, accounting standards and statements, and related interpretations; weather interference with business operations or project construction; the effectiveness of our risk management activities; risks related to the development and operation of our assets, including our ability to satisfy our contractual obligations to our customers; and other factors and uncertainties inherent in the gathering, transportation, storage and marketing of natural gas, crude oil and NGL.

The Company's "forward-looking statements" speak only as of the date hereof and the date they are made. The Company disclaims any intent or obligation to update "forward looking statements" made in this presentation to reflect changed assumptions, the occurrence of unanticipated events, or changes to future operating results over time.



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