

NOTICE TO READER

Re: MEG Energy Corp. – 2021 Environmental, Social & Governance Report (the “ESG Report”)

Please note that a correction and content addition to the ESG Report originally filed on August 11, 2021 under SEDAR project number 03260339 is attached as a second submission to the original filing project. The correction relates to the chart entitled “Employee Health & Safety Performance” located at the top of page 47 of the originally filed document. The colors of the LTIF and RIF data were inversed and have been corrected. On page 57, a legend was added to the “MEG Match Cumulative Contributions Since 2016” graph. No other content has changed.



MEG ENERGY

Sustainable. Innovative. Responsible.

2021

**Environmental,
Social & Governance
Report**

Contents

If You Only Have 5 Minutes	1
CEO Message	2
Our Response to the COVID-19 Global Pandemic	3
Canadian Energy & ESG	4
Our Business Model Resilience	5
ESG Materiality Assessment	7
Environment, Health & Safety Management Performance Program	8
United Nations Sustainable Development Goals	9
About This Report	11
Governance	12
Governance at MEG Energy	13
Oversight of ESG	14
Risk Management	14
ESG-related Policies	16
Executive Compensation	18
Transparency	19
Lobbying & Disclosure	19
Environment	20
Climate Change & Greenhouse Gas Emissions	21
Special Focus: Methane Management	29
Water & Wastewater Management	31
Land & Biodiversity	35
Air Quality & Waste Management	40
Social	42
Health & Safety	43
Indigenous Relations	48
Our People	52
Community Investment	55
ESG Performance Data Table	58
SASB Index	63
TCFD Index	70
Verification Statements	72
Glossary of Terms & Abbreviations	81
Forward-Looking Information	84

If You Only Have 5 Minutes



About MEG

Our purpose is to supply the world with **environmentally and socially responsible energy**, while generating long term value for all our stakeholders.



Our operations are located in **Canada**, which ranks **#1** for its environmental, social and governance practices among the world's top oil reserve holders.



2035 Mbbls proved + probable reserves¹.
Proved + probable reserve life index of **62 years** at **90,000** bbls/d.



Diverse marketing portfolio with access to high value markets.

Low decline profile (10-15% annually) enhances financial sustainability.

¹ As of December 31, 2020.



Environment ■■■

Long-term target to achieve **net-zero GHG emissions (Scope 1 and Scope 2) by 2050.**

Mid-term target of **30% reduction** in bitumen GHG emissions intensity (scope 1 and scope 2) from 2013 levels by 2030.

- > GHG intensity 20% below the in situ average.
- > Low carbon energy from cogeneration.
- > Oil Sands Pathway to Net Zero Alliance founding member.  Oil Sands Pathways to Net Zero
- > Conserve >99.5% of methane.
- > 65,000 Hectares of oil sands leases back to the Province of Alberta within caribou ranges.
- > Fresh water use intensity is less than half the in situ average.



Social ■■■

0 employee lost time incidents in 2019, 2020 and YTD in 2021.

- > \$36 million: Amount spent on goods and services provided by Indigenous affiliated businesses in 2020 and over \$900 million since 2007.
- > Source a diverse candidate pool when recruiting which is representative of the communities in which we operate.
- > Rapid COVID-19 response including measures and protocols to reduce worksite transmission.
- > Enhanced mental health resource access.



Governance ■■■

ESG indicators make-up 35% of the corporate performance scorecard.

30% current female Board composition. We aspire to attain a **40% Board composition of Diverse Persons by 2025.**

- > The Board's climate change skillset includes clean technology innovation, climate and environmental public policy.
- > SASB and TCFD aligned disclosure.
- > Developed Inclusion and Diversity Policy, Indigenous Peoples Policy and Water Policy.

CEO Message

2020 was a year unlike any other we have seen. The onset of the COVID-19 global pandemic and associated rapid decline in oil prices presented unique challenges for us all. The commitment and resiliency of our people has proven hugely advantageous and I'm thankful for the flexibility and care our people have demonstrated to maintain safe operations and drive our business priorities forward over the past 16 months.

We are now seeing signs of recovery, including successful vaccination rollouts, a decrease in COVID-19 cases, and increasing demand for energy worldwide. We continue to monitor the COVID-19 situation to determine what measures we can take to continue to keep our work environment safe for our people and communities and ensure continuity of our operations.

Since our inception in 1999, MEG has worked diligently to deliver on our purpose: to supply the world with environmentally and socially responsible energy, while generating long term value for our stakeholders. Our focus on innovative technologies has been integral to the growth of our business, and the centre of our sustainable operations. Our increased focus on ESG has highlighted our many successes over the years in this area. Since 2013, we have been actively working to implement technologies to reduce our emissions intensities at our operations and take action to address climate change impacts.

We took that commitment one step further in 2021 by joining the Pathways to Net Zero initiative, an alliance of oil sands companies that represents over 90% of Canada's oil sands production. MEG, along with Suncor, CNRL, Cenovus and Imperial are committed to reaching net zero greenhouse gas (GHG) emissions from our collective operations by 2050. This alliance, working in collaboration with the Federal and Alberta governments, is focused on building a major carbon capture and storage (CCS) trunkline, connecting oil sands facilities in the Fort McMurray, Christina Lake and Cold Lake regions of Alberta, to a carbon sequestration hub near Cold Lake. This bold action will put in place the enabling infrastructure to decarbonize oil sands production as one key element in achieving our goal of net zero GHG emissions by 2050.

We advanced our ESG activities through the completion of our Materiality Assessment in 2020, which helped define our priority topics: Climate Change and Greenhouse Gas Emissions, Water

Derek Evans
President and
Chief Executive Officer



& Wastewater Management, Health & Safety, and Indigenous Relations. We continue our proactive work to advance our climate-related targets and technologies, launching Indigenous awareness training to all employees, and progressing our inclusion and diversity efforts through the development of a corporate Inclusion and Diversity policy, and our commitment to human rights as reflected in the UN Universal Declaration of Human Rights. We are committed to supporting the Paris Agreement, and reaching net zero GHG emissions (scope 1 and scope 2) by 2050.

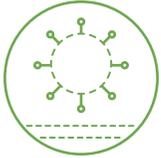
Our focus on these ESG priority topics aligns with our business strategy. We remain focused on executing on our capital program as efficiently and as effectively as possible, continuing to work on all our cost structures, and using free cash flow to reduce debt. We are Canada's only pure play Canadian heavy oil operation with low decline assets, a sustainable business model with strong opportunities for growth, and a resilient operating track record.

This ESG Report outlines our ESG activities across our business. We are committed to transparency, accountability, and continuous improvement and I encourage you to read through the report and learn more about our commitments and focus on our priority areas.

We aspire to be a leader in our ESG advancements, led by a strong governance model, safe and reliable operations, and a dedicated team. We are taking bold action to address climate change and remain focused on how we can improve our operations for future generations, while delivering value for our stakeholders. I am proud of our progress to date and look forward to updating our stakeholders on our advancements and achievements on our path to net zero.

“MEG has worked diligently to deliver on our purpose: to supply the world with environmentally and socially responsible energy while generating long term value for all our stakeholders.”

Our Response to the COVID-19 Global Pandemic



In March 2020, our world collectively changed when the World Health Organization declared COVID-19 a global pandemic.

From the onset, we took immediate steps to keep our teams, communities and families healthy, and our operations running safely. MEG's Christina Lake facility was deemed an essential service by the Alberta Government and our teams worked tirelessly to maintain safe and reliable operations. MEG's response called on our ability to demonstrate our core values at our most challenging time—Collective Strength, Be the Example, and Connect with Each Other.

The implementation of mandatory self-quarantine policies, travel restrictions, screening protocols, enhanced cleaning and sanitation measures, and social distancing measures, including directing the vast majority of our office staff and certain non-essential field staff to work from home, revising shift schedules and increasing appropriate protective equipment, were proactively established. We are proud of our employees, contractors and consultants for their resiliency and ability to quickly adopt these protocols and procedures to protect our people, communities, and operations.

We recognize that for many of us, COVID-19 has taken a toll on our mental health. Increased stress, uncertainty and isolation have affected every one of us. We have made every effort to be mindful of factors that may cause additional stress and worry, and:

- > enacted policies in the earliest stages for income security for individuals who fell ill or who were caring for a sick family member;
- > increased our communication through daily email updates and weekly townhalls; and
- > ensured that anybody who felt symptomatic while on shift isolated immediately and comfortably while arrangements were made to transport them offsite to isolate in a safe space.

Our Indigenous Relations and Community Investment teams looked outside of our facility borders to determine surrounding communities' greatest needs, and immediately responded with support and care. We provided food hampers and essential personal protective equipment and supplies to Indigenous communities near our Christina Lake operations.

As we begin to see signs of our return to normalcy, we have provided employees and contractors with COVID-19 vaccine educational resources and have publicly supported the provincial vaccination rollout plan.

For more detail on our focus on mental health awareness during COVID-19, please see the Case Study in the [Health and Safety](#) section.

Canadian Energy & ESG

The global energy transition is underway, and society is facing the difficult challenge of meeting future energy demand while addressing the need to reduce global greenhouse gas (GHG) emissions and limit global warming. Energy demand is anticipated to grow, and future climate scenarios assume that oil and gas will continue to be an integral part of the global energy mix for decades into the future. The increased concern over climate change and the expanding focus on environmental, social and governance (ESG) factors means stakeholders will look to the companies with the highest ESG standards and performance to supply future energy demand. The Canadian energy industry is globally recognized as an ESG leader committed to climate action.

Canada plays a key role as a responsible and reliable energy supplier in the world's transition to a lower carbon economy. Our industry is well-suited to provide the world with ethical and environmentally-responsible Canadian oil, and has the skills and experience to be a leader in new technologies and innovation associated with GHG emissions.



We firmly believe that the world needs more Canadian energy to support a transition to a low carbon economy.



Environment

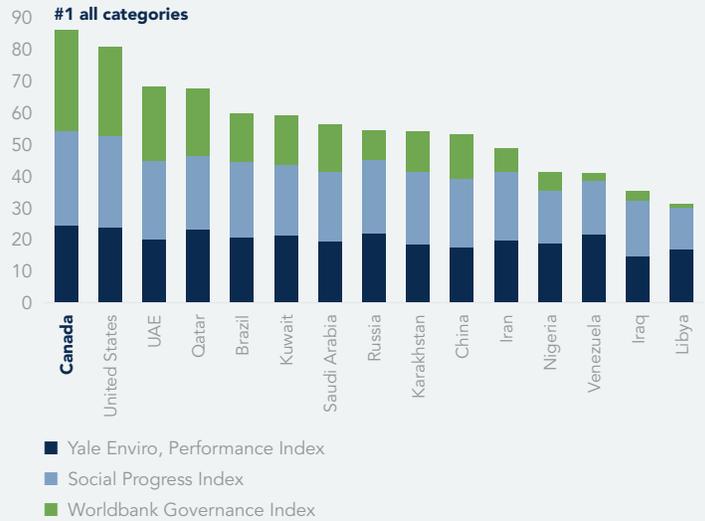
Canada has valuable natural resources (including oil and natural gas) and Canadians strive to develop them in an ethical and environmentally responsible manner. Canada has some of the most rigorous environmental regulation and ethical standards governing energy projects in the world, ensuring impact is minimized. Canada has demonstrated its commitment towards a lower-carbon future with its support of the Paris Agreement in 2015.

The Canadian energy sector is Canada's greatest investor in clean technology with annual investment in research and development of approximately \$1.5 billion. Canada currently ranks 4th in the world on the Global Cleantech Innovation Index and has improved its rank from 23rd in 2012, primarily due to a tripling of cleantech funding over that period². Canada's share of global GHG emissions is approximately 1.5%. Over the past decade, the emissions intensity of the oil sands has been reduced by about 20% and investment in emissions-reducing technology continues to accelerate.

² The Global Cleantech Innovation Index (2017) is a study published in partnership with U.S. advisory giant Cleantech Group and the World Wildlife Foundation (WWF)



Canada ranks #1 for its environmental, social and governance practices among the world's top oil reserve holders.



Source: Yale Environmental Performance (EPI); Social Progress Imperative; Worldbank Worldwide Governance Indicators, BMO Capital Markets.

Note, an equal weight of each index is represented.



Social

Canadian business has long operated under fair and equitable employment laws and standards that promote safety, equality, and opportunity. Canada is a country of diversity, including the traditions and history of Indigenous peoples. Our social licence to operate is dependent on the relationships we build and the support we provide to communities and key stakeholder groups. In understanding that reputational risks can lead to operational setbacks, working together with communities to build mutually beneficial relationships is key. Industry supports and learns from the past by working together with our Indigenous stakeholders for a better future. The Canadian oil and gas sector employs the best and brightest talent to drive innovation, collaboration, growth and sustainability.



Governance

Canadian environmental and social leadership stems from and is reinforced by, strong governance that includes progressive policy, disciplined regulatory oversight as well as honest, reputable, and innovative corporate governance practices. Canada has stringent anti-corruption laws and Alberta energy companies follow some of the most rigorous environmental regulations in the world, including being subject to carbon pricing since 2007 and an oil sands GHG emissions cap since 2016.

Our Business Model Resilience

We are a Canadian energy company focused on the development of ethical and environmentally responsible energy in the southern Athabasca region of Alberta, Canada. We transport and sell our in situ thermal oil production to refineries throughout North America and internationally.



Our purpose is to supply the world with environmentally and socially responsible energy, while generating long term value for all our stakeholders.

Business model resiliency is a foundational commitment at MEG. It means generating attractive returns and integrating ESG matters into our business strategies to ensure value creation today and tomorrow. Business model resiliency is underpinned by our large, 100% owned, high-quality, low decline, low geologic risk, and long reserve life (62 years) resource base, which is the foundation of our current production and future growth plans. This asset, combined with best in class operating capabilities, drives low full-cycle breakeven and a strong competitive position globally. Our marketing strategy provides long-term access to high value markets around the world. The geographic density of our assets permits us to economically develop the resource while minimizing environmental impacts. The longevity of an in situ project allows for strong partnerships with nearby local and Indigenous communities for decades to come.

We are Sustainable.

The integration of ESG matters, along with traditional financial considerations, is critical to our business success and will help us navigate through a time of profound change. Sustainability is not a trade-off; it makes us more innovative, more flexible and more resilient. Our current focus is on returning CLRP production to 100,000 bbls/day to maximize cash flow, continuing meaningful debt reduction and maintaining our strong position to capture strengthening commodity prices.

We recognize the energy transition is underway and are committed to doing our part by continuing to be a leader in economically reducing GHG intensity and decarbonizing through CCS and other technologies.



We support the Paris Agreement by setting a target of reaching net zero GHG emissions (scope 1 and scope 2) by 2050. We have also set a mid-term target of a 30% reduction in bitumen GHG intensity (scope 1 and scope 2) from 2013 levels by 2030 to measure our journey to net zero and ensure it stays on track.

In June 2021, MEG, along with four oil sands operators that collectively represent 90% of Canada's oil sands production, formed the Oil Sands Pathways to Net Zero Alliance to work collectively with the federal and Alberta governments to achieve net zero GHG emissions from oil sands operations by 2050. This collective action to create strategies and economically invest in infrastructures and technologies demonstrates the Canadian oil sands' commitment to reduce GHG emissions to net zero and drive solutions for environmentally responsible energy production.

We are Innovative.

Innovation has been critical in our development strategy and success since our inception and will continue to be key to our progress. With our proven, proprietary, innovative technologies, we are dramatically reducing our energy and water use requirements, costs and GHG emissions. We continue to be innovative by driving changes to improve capital efficiencies and reduce all cost structures, actively assessing carbon capture and storage opportunities, implementing digital technologies such as automation and artificial intelligence, and piloting emerging hydrocarbon viscosity reduction technologies.

MEG's innovative technologies that drive down steam to oil ratios (SOR) and decrease GHG emissions intensity are highlighted on the Our Progress - Past, Present and Future roadmap. This continuous commitment to and deployment of innovative technologies will continue well into the future as we evaluate opportunities and implement solutions on our path to net zero.

We are Responsible.

Sound corporate governance is one of our foundational commitments and key to building stakeholder trust. We are committed to delivering value to all our stakeholders, including shareholders, employees, customers, suppliers, and Indigenous Partners, by prioritizing transparency, accountability, ethical conduct, and respect in the workplace.

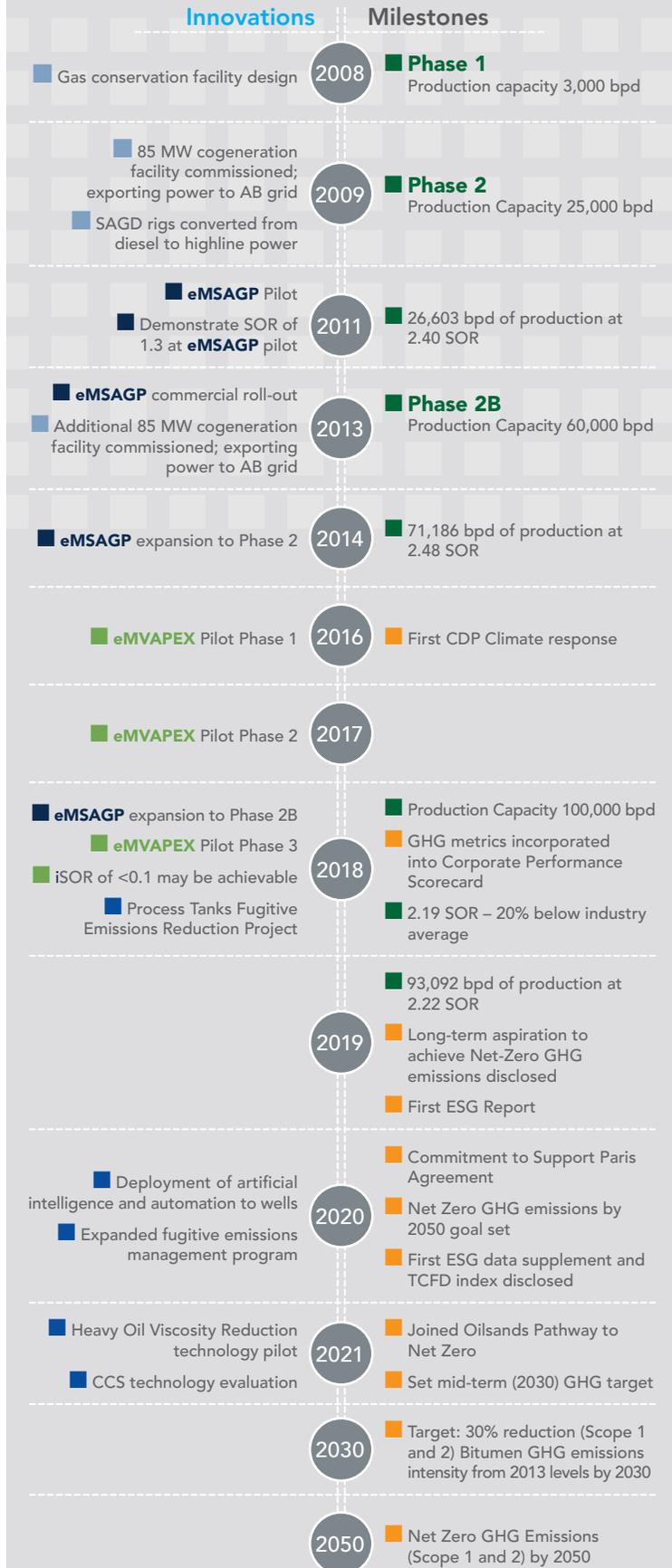
We maintain strong risk management, adhere to strict regulatory requirements, and hold ourselves accountable through open and transparent stakeholder engagement and reporting, continuously assessing the impacts and benefits of our business, and linking performance to compensation. It is critical for us to create and maintain relationships with local communities and Indigenous people, founded on respect and trust throughout the lifecycle of our projects in order for Indigenous peoples and MEG to find mutual benefit. We believe that through these actions, we can meaningfully advance reconciliation.



Our commitments are embedded in our strategy, business, and financial planning and along with our business conduct charter, policies, and corporate values, guide how we integrate ESG factors into our decision-making. The Environment, Health & Safety Management Performance Program (MPP) is key to supporting our ESG integration. We will leverage our innovative spirit to prioritize safety, minimize our environmental impact, bring action on climate change, and remain committed to an inclusive and diverse workforce.

Over the last few years, we have made significant progress in setting our ESG priorities, implementing enhanced ESG oversight and accountability, and setting performance goals and targets to drive continuous improvement. Our focus on ESG disclosure will continue, including driving further alignment with industry's SASB Standard and the recommendations of the TCFD.

Our Progress: Past, Present and Future



iSOR: instantaneous steam to oil ratio

ESG Materiality Assessment

In 2020, we conducted our first formal ESG materiality assessment, where we identified the topics of greatest interest to our stakeholders and which have the potential to substantively impact our business.

As a first step, we developed a list of potential priority ESG topics and a framework for engagement that drew upon leading sustainability frameworks including the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI), peer benchmarking and an assessment of industry trends and best practices.

Next, we gathered feedback from stakeholders through surveys and/or interviews. We asked our Board of Directors, employees, investors, Indigenous communities nearby our operations, and suppliers and contractors to assess the topics in terms of “Stakeholder Interest” and “Impact on Business Success from a Financial Perspective”. These stakeholders were selected as they are impacted by or can impact (both positively and negatively) our business. Our stakeholders identified Climate Change and Greenhouse Gas Emissions, Health and Safety, Indigenous Relations and Water and Wastewater Management as topics critical to our business success. We further evaluated the identified topics against our Enterprise Risk Management (ERM) process and had them validated by senior management.

The results of the formal ESG materiality assessment were used to develop MEG’s foundational commitments and priority ESG topics and drive our ESG performance and disclosure focus. The Board of Directors approved the recommendation for ESG foundational commitments and priority topics in December 2020.

MEG’s Foundational Commitments

Business Model Resilience and Corporate Governance are foundational commitments as they are key principles to our business success and reinforce strong financial discipline and good governance with the highest ethical standards.



Business Model Resilience



Corporate Governance

MEG’s Priority ESG Topics

We are committed to tracking changing market conditions and industry trends through the lens of ESG to adapt our ESG priorities accordingly, to stay current and capture dynamic materiality.



Climate Change and Greenhouse Gas Emissions



Health and Safety



Indigenous Relations



Water and Wastewater Management

Environment, Health & Safety Management Performance Program

Our commitment to health, safety and the environment is guided by our Environment, Health & Safety (EHS) Policy. This policy describes the specific actions required to ensure ongoing excellence in managing our EHS performance. The policy is the first element of our integrated EHS Management Performance Program (MPP), in place since 2006 and updated as our operations and focus have evolved.

The MPP provides the framework to establish, implement and continuously improve our EHS management and programs.

It consists of **10 focus areas:**

-  **1** Organizational Commitment & Management Review
-  **2** Program Administration
-  **3** Objectives and Targets
-  **4** Hazard/Risk Assessment
-  **5** Hazard/Risk Control

-  **6** Qualification, Orientations and Training
-  **7** Monitoring and Measuring
-  **8** Contractor Management
-  **9** Emergency Response Planning
-  **10** Incident Investigation and Management

MPP development is informed by industry best practices, including ISO 14001 and the Alberta Certificate of Recognition (COR) Safety Program. The success of the EHS MPP is supported by the ongoing organizational commitment, effective resource allocation and active participation by all leaders, employees, and contractors. The MPP is updated regularly to reflect changes in growth and scope of the company, and each business unit ensures their practices and programs meet requirements. The Board's Health, Safety and Environment and Reserves Committee (HSERC) oversees environmental, health and safety matters and monitors performance against corporate performance targets, reinforcing a culture of continuous improvement.

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) represent the world’s positive vision for the future and emphasize that economic growth must go hand-in-hand with social fairness and protecting our planet. Our industry is a key component of the global economy as pillar of the global energy system, and

as such a driver of economic and social development. Here, we have identified the areas where we have the biggest potential to contribute to the SDGs, and their underlying targets. We believe our actions contribute to all 17 SDGs and we will continue to evaluate both positive and negative impacts on all the SDGs.

UNSDG symbol	Targets	Our Actions
<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>3.4 By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p> <p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p>	<p>Our most important resource is our people and our surrounding communities. Their health and safety is our highest priority. Our efforts include:</p> <ul style="list-style-type: none"> > A Safety 360 approach that fosters a safety culture that goes beyond traditional health and safety in the workplace and extends to our homes and communities, beyond the borders of our worksites. > Our benefits program provides comprehensive medical and dental coverage, and income protection for sick leaves, with a portion directed to personal fitness or wellbeing to support a healthy lifestyle outside of the workplace. > A flexible time off program supports the work life balance of our employees. > Flu clinics for employees at all worksites. > Extensive medical coverage at our remote worksite, far exceeding the regulated minimum workplace requirements. > Enhancing our mental health program resources in 2020, including increasing access to psychological services and introducing mental health educational resources and virtual workshops. > Our first mandatory, company-wide Mental Health Resiliency Safety Stand Up, to address coping with change and increasing resiliency in the pandemic environment. <p>For more detail on MEG’s initiatives that contribute to SDG 3 Good Health and Well-Being, see the Health and Safety and Our People sections of this report.</p>
<p>6 CLEAN WATER AND SANITATION</p> 	<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>	<p>We use water responsibly to preserve both the quality and abundance of water in the areas we operate, and ensure no fresh (potable) water is used in thermal operations. It is our obligation to ensure that this shared resource remains unaffected by our operations. Our efforts include:</p> <ul style="list-style-type: none"> > Adopting a Corporate Water Policy to strategically align business goals with sustainable water practices. > Optimizing water recycling and minimizing the make-up water we withdraw. > Lowering SOR and water use intensities by deploying recovery technologies (such as eMSAGP and eMVAPEX) > Recognizing the importance of fresh (potable) water by setting a target to avoid its use in thermal operations. > Supporting water conservation by setting a target to maintain an industry leading make-up water use intensity in our operations. > Improving the functional success of restored ecosystems by initiating a wetland reclamation trial. > Designing, constructing and operating facilities that mitigate environmental risk and prioritize spill prevention to ensure the protection of aquatic ecosystems. <p>For more detail on MEG’s initiatives that contribute to SDG 6 Clean Water and Sanitation, see the Water and Wastewater Management and Land and Biodiversity sections of this report.</p>

UNSDG symbol	Targets	Our Actions
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p>	<p>We are committed to supporting job creation, entrepreneurship, creativity and innovation, and to encourage the growth of local businesses. Our efforts include:</p> <ul style="list-style-type: none"> > Adopting an Indigenous Peoples Policy that commits MEG to finding mutual benefit for Indigenous peoples and communities surrounding MEG’s operations. > Encouraging local procurement and supplier development through a comprehensive Indigenous Economic Inclusion supplement developed in 2020 for proposals and vendor business review meetings. > Fostering full and productive local employment and workforce development through community investment donations in educational programs in Conklin, a nearby local community, since 2012. > Contributing to multi-stakeholder dialogue to promote development-oriented policies through membership of Resource One Aboriginal Business Association (ROABA) and Circle for Aboriginal Relations (CFAR). <p>For more detail on MEG’s initiatives that contribute to SDG 6 Decent Work and Economic Growth, see the Indigenous Relations and Community Investment sections of this report.</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>13 CLIMATE ACTION</p> 	<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p> <p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</p> <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p>	<p>Globally we are facing a serious challenge, meeting growing global energy demand while at the same time addressing climate change. At MEG, contributions towards SDG 9 Industry, Innovation, and Infrastructure and SDG 13 Climate Action are inextricably linked and accordingly, relevant targets and supporting initiatives are discussed together below. We are taking a stand for climate action through:</p> <ul style="list-style-type: none"> > Supporting the goals of the Paris agreement and the Canadian Net Zero Emissions Accountability Act. > Setting a target to become a net zero emissions company by 2050 and a mid-term 2030 target to keep us on track. > Utilizing cogeneration to increase the efficiency of our operations, reduce the net GHG intensity of our oil and provide a stable source of power as Alberta transitions to a lower-carbon electricity grid. > Disclosing GHG emissions data, intensity, and material climate risks in our ESG report and applicable financial disclosure. > Investing in research and development, including the advancement of reservoir technology, piloting oil viscosity reduction technology and CCS to support our path to net zero. > Collaborating with industry and government in the Oil Sands Pathway to Net Zero Alliance to achieve net zero GHG emissions from oil sands operations by 2050. <p>For more detail on MEG’s initiatives that contribute to SDG 9 Industry, Innovation, and Infrastructure and SDG 13 Climate Action, see the Climate Change & Greenhouse Gas Emissions section of this report.</p>

About this Report

The ESG Report (“the report”) covers the ESG performance of MEG’s 100% owned and operated asset, the Christina Lake Regional Project (CLRP), unless explicitly stated otherwise.³ All other assets are currently not developed. MEG does not hold any operated joint venture interests.

The report focuses on ESG topics identified as important to stakeholders and with the potential to impact the success of MEG as identified in our ESG materiality assessment. The report covers our ESG performance for 2019 and 2020 and when available, provides data, where available, for at least five years preceding to present trending information.

Terms, definitions, and abbreviations are available in the of Term, Definitions and Abbreviations section.

Financial data is stated in Canadian dollars and in a manner consistent with 2019 and 2020 reports, and regulatory filings. Environmental data is reported in metric units.

For additional detail on our financial performance and information about our business, refer to our financial statements, our Management’s Discussion and Analysis and our Annual Information Form (“AIF”) for the years ended December 31, 2019 and December 31, 2020, which are available at www.megenergy.com and filed on SEDAR at www.sedar.com.

Within this report, the terms “MEG”, “MEG Energy.”, the “Company”, the “Corporation”, “our”, “us”, “we”, and other similar terms, refer to MEG Energy Corp.

In most cases, we use standard industry calculation methodologies and definitions. Continuous improvement of these standards, as well as our internal tracking and measurement systems to improve the accuracy of the performance data, is expected. If, as a result, adjustments to previously-reported performance data are required, they are noted in the footnotes of the ESG Performance Data table and SASB Index.

Certain statements contained in the report may contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. Refer to the [Notice Regarding Forward-Looking Information](#) in this report.

Frameworks

The report is aligned with the Sustainability Accounting Standards Board’s Extractives & Minerals Processing Sector: Oil and Gas—Exploration & Production Sustainability Accounting Standard. Refer to the [SASB Index](#) section of this report.

The report includes disclosure around climate change which aligns with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Refer to the sections [Climate Change & Greenhouse Gas Emissions](#) and [TCFD Index](#) of this report.

The report references the Global Reporting Initiative (“GRI”) Standards, however, does not include all requirements to be considered in accordance with GRI Standards. Refer to the [ESG Performance Data Table](#) in this report.

We support the United Nations Sustainable Development Goals (“SDGs”) and believe our actions contribute to the 2030 global development priorities. The report includes references to the SDGs.

Assurance

We are committed to disclosing accurate and complete information and therefore perform third-party assurance on select performance indicators included in the report. Refer to page 72 for the 2020 assurance statements.

³ The ESG report does address some efforts (wellsite reclamation and caribou habitat restoration) in other areas: Duncan, Surmont and May River, Alberta as relevant.



Governance

Strong corporate governance is essential to maximizing long-term business value and is a foundational commitment at MEG. We are committed to delivering value to all our stakeholders, including shareholders, employees, customers, suppliers, and communities in which we operate, by prioritizing transparency, accountability, ethical conduct, and respect in the workplace. A key objective of the Board is driving our strategic direction, including anticipating and mitigating risks and governing our operations to ensure they are undertaken in an ethical, safe, reliable, and responsible manner.

Our Board is comprised of diverse and experienced leaders whose broad range of skills support the pursuit of long-term sustainability. We embrace the benefits of Board diversity and see this as a competitive advantage. Currently 30% of our Board is made up by women and we aspire to attain a Board composition where at least 40% of directors are Diverse Persons by 2025.

Board members attend and participate in continuing education programs to advance their skillsets and adapt to changing conditions.

Oversight of ESG

Board Oversight of ESG

Sustainability is a key element of our long-term strategy. Addressing issues and managing ESG matters in the short, medium, and long-term is critical to our business model resilience and overall success. The Board, in conjunction with management, establishes our ESG strategy to appropriately address ESG risks and capture opportunities, and ensures we set high standards, maintain compliance with laws and regulations, and adopt policies and execution plans to progress on ESG matters. ESG strategy is guided by our ESG Materiality Assessment which identified ESG priority areas, and by risk assessments conducted within our ERM program (See [Risk Management](#)).

ESG skills and expertise are key qualifications considered when selecting new Board members. In 2020, 100% of our Board members had ESG skills and expertise. Board members are kept informed of ESG matters including current issues and trends, and participate in ESG educational sessions and training related to various ESG topics including COVID-19 response, climate change and inclusion and diversity, among others.

The Board has direct responsibility and oversight for ESG, and delegates responsibility for certain ESG matters to the four Board committees from time to time based on mandate and expertise:

- > Governance and Nominating Committee (GNC)
- > Audit Committee, Human Capital and Compensation Committee (HCCC)
- > Health, Safety and Environment and Reserves Committee (HSERC)

The HSERC, for example, provides oversight of the Corporation's health, safety and environmental metrics set out in our annual corporate performance scorecard, while the HCCC ensures a strong linkage between compensation and attainment of ESG measures. Similarly, the GNC and HCCC are responsible for oversight of the application of our Inclusion and Diversity Policy to the Board, and our executives and employees respectively (See [Mandates, Charters and Position Descriptions](#)).

ESG matters are discussed at quarterly Board meetings, Board committee meetings and strategic planning sessions which are held at least annually. In 2020, the Board supported our commitment to the Paris Agreement and approved our long-term target of net zero GHG emissions (scope 1 and scope 2) in 2050. In 2021, the Board approved a mid-term target of a 30% reduction in bitumen GHG emissions intensity (scope 1 and scope 2) from 2013 levels by 2030.



Currently 30% of our Board is made up by women and we aspire to attain a Board composition where at least 40% of directors are Diverse Persons by 2025.



Analyst Corner

- > Board and Board Committee Mandates
- > 2021 MIC
- > AIF
- > Business Conduct Charter
- > Governance Policies
- > Our Response to the COVID-19 Global Pandemic
- > EM-EP-510a.2
- > TCFD Risk Management a), b), c)
- > ESTMA 2020

Management Accountabilities for ESG

Our management team is accountable for integrating ESG into our business and day-to-day operations with the ultimate responsibility within management being with our CEO. Our CEO is supported by two committees as outlined below.

Executive ESG Committee

The Executive ESG committee (ESG Committee) provides guidance and oversight with respect to ESG strategy, priorities and corporate disclosure, and is responsible for embedding ESG into our practices and behaviours. Comprised of senior leadership including the CEO, CFO, COO, VP Production, Operations & Engineering, Senior VP Legal & General Counsel, and VP Human Resources, the ESG Committee reports to the CEO, who ultimately reports to the Board on ESG matters. Meetings are held at least quarterly to discuss ESG policies, practices and disclosure, current and emerging ESG trends and regulations, the identification, assessment and management of ESG risks and opportunities, and ESG metrics and targets in order to advance strategy. This past year, the work of the ESG Committee included identifying and approving our ESG priorities, approving the ESG disclosure and performance enhancements, and most notably evaluating 2030 and 2050 climate targets and potential technological developments.

Corporate Environment, Health and Safety Committee

The Corporate Environment, Health & Safety (EH&S Committee) oversees matters related to potential environmental impacts, the health and safety of our workers, and the strength of our security programs. It consists of senior, interdisciplinary subject matter experts from across MEG including: Health and Safety, Environment and Regulatory, Operations, Projects, Reservoir & Production Engineering, Drilling and Completions, Enterprise Services, Human Resources and Marketing. The EH&S Committee ensures proper due diligence in the development, implementation and functioning of EH&S and security programs. Meetings are held monthly where potential issues, trends, enhancement opportunities, and performance against objectives and targets are discussed. The EH&S Committee reports and makes recommendations on key EH&S and security matters to the HSERC of the Board and communicates learnings across MEG to drive continuous improvement.

Please refer to the [Climate Change & Greenhouse Gas Emissions](#) section for additional information on Governance of Climate Change at MEG.



Risk Management

The Board is responsible for oversight of risk management at MEG, including identifying and managing risks that impact our ability to pursue strategic objectives, including those relating to sustainability and climate change. We rely on a value-driven ERM system, which uses a risk matrix based on likelihood and impact severity to identify, assess, and prioritize strategic risks, including ESG and climate-related risks. This process is integrated into existing processes within the company including strategic planning, business planning, operating practices, marketing, compliance monitoring, delegation of authority, operating performance measurement and facility design. We define substantive financial risk and strategic impact as risk, which, if it materialized, has the potential to materially negatively impact the value of our business or assets.

Our leadership team is engaged in evaluating and ranking risk areas across the organization. ERM risk and mitigation strategies are presented and discussed at least annually with the Board, with quarterly updates provided with respect to changing dynamics in the industry and our assessment of risk exposure. ESG related risks considered include, but are not limited to, climate-related risks (including transitional and physical risks), regulatory environment, costs to meet GHG reduction targets, market access, health and safety performance and technology risk. Risks are evaluated considering potential severity and likelihood of occurrence and potential financial, operational, environmental, safety, regulatory and reputational impacts.

Our ESG Materiality Assessment is used in conjunction with ERM to inform risk management priorities. ESG related risks and opportunities have been included in our ERM and strategic plan for over a decade and have been considered in the implementation of strategic initiatives. In 2021, we are undertaking climate scenario analysis that will add additional rigor to the value-driven assessment of risks related to low carbon energy transition and climate change.

Material risks for the organization are reported in our Annual Information Form and other public disclosure.



ESG-related Policies

MEG’s ESG-related policies guide our approach to ESG and are approved by the Board of Directors where applicable.

Policy <i>(most recent approval date)</i>	Overview
Business Conduct Charter Approved by the Board in October 2020	<ul style="list-style-type: none"> > The Policy outlines a shared statement about our commitment to ethical business conduct. > It is important to us that our commitment to ethical business conduct is shared by those that we do business with. It is expected that our vendors, contractors and consultants abide by the same principles set out in this Charter.
Respectful Workplace Policy Reviewed in 2018	<ul style="list-style-type: none"> > Developed in support of the Business Conduct Charter. > We believe that all individuals should be treated with dignity and respect and are committed to fostering a respectful workplace. > The Policy sets out MEG’s commitment to identify, investigate and eliminate harassment and violence in the workplace.
Lobbying & Advocacy Policy Approved by the Board in October 2020	<ul style="list-style-type: none"> > Developed in support of the Business Conduct Charter. > We are committed to maintaining and enforcing the highest standards of ethics and professionalism. > The Policy has been developed to ensure that all our stakeholders understand, and all representatives of MEG understand and comply with our policies relating to lobbying and to industry memberships and associations.
Inclusion & Diversity Policy Approved by the Board in May 2021	<ul style="list-style-type: none"> > We are committed to inclusion and diversity at all levels of the organization. The Board of directors and management recognize that diversity of thought, accompanied by an environment that welcomes all the ways people differ, will improve decision-making and enhance our long-term value and sustainability. > We are committed to maintaining a Board composition in which at least 30% of the directors are women and aspire to achieve by 2025, and thereafter maintain, a Board composition in which at least 40% of the directors are Diverse Persons. > We aspire to achieve a meaningful increase in the number of Diverse Persons at the senior/executive management level.
Human Rights Policy Statement Approved by the Board in May 2020	<ul style="list-style-type: none"> > Developed in support of the Business Conduct Charter. > The Policy Statement has been developed to ensure we, and our suppliers and service providers, uphold and respect human rights as reflected in the UN Universal Declaration of Human Rights and the Canadian Charter of Rights and Freedoms in our business practices.

Policy <i>(most recent approval date)</i>	Overview
<p>Environment, Health & Safety Policy Reviewed in 2018</p>	<ul style="list-style-type: none"> > Developed in support of the Business Conduct Charter. > Our Board of Directors, employees and contractors have expressed a shared commitment to being an exemplary steward of the environment, ensuring that our operations meet or exceed environmental standards and achieving health and safety excellence. > The Policy describes the specific actions that we will take to ensure ongoing excellence managing our environment, health and safety performance.
<p>Indigenous Peoples Policy Approved by the Board May 2021</p>	<ul style="list-style-type: none"> > Our Board of Directors, employees and contractors are committed to maintaining and strengthening long-term relationships with Indigenous peoples and communities. > The Policy requires the ESG Executive Committee to establish and annually review measurable objectives for achieving sustainable relationships with Indigenous peoples and communities. > For more on the development of MEG’s new Indigenous Peoples Policy, see the Indigenous Relations section.
<p>Water Policy</p>	<ul style="list-style-type: none"> > Outlines our responsibility to manage and protect water resources and the approach we will take to meet our goals and address challenges as they relate to water.



Executive Compensation

Our executive compensation program and policies are designed to attract and retain talented individuals, and ensure they are motivated to pursue our goal of delivering long-term value. We ensure there is a strong and direct link between financial and operating results, shareholder value creation and executive compensation. Our Corporate Performance Scorecard reflects the integration of ESG into executive and employee compensation.



ESG indicators make-up a significant portion of the scorecard, greater than 35% of the scorecard in each of 2020 and 2021. Additionally, CEO compensation is linked to performance on the following ESG objectives: Health, Safety & Environment performance, ESG & technology advancement, and Inclusion & Diversity.

Our approach to executive compensation and corporate performance indicators are set by the Human Capital and Compensation Committee and approved by the Board.



Corporate performance indicators are reviewed annually for alignment with our ESG priorities and for stringency to drive continuous improvement.

In response to the challenges in 2020, as a result of the COVID-19 pandemic and the associated collapse in world oil demand and prices, we implemented cost reduction measures which included compensation adjustments. This included reductions to the 2020 long-term incentive awards, Board compensation, and rollback of executive and other employee salaries across the organization. For more detail on executive compensation, see MEG’s annual Management Information Circular.

Our shareholders have the opportunity to vote for or against our approach to executive compensation with a non-binding annual advisory vote at our Annual General Meeting. In 2021, our approach to executive compensation received the approval of 97.85% of the votes cast by shareholders.

Corporate Performance Scorecard – ESG Performance Indicators 2021



Health & Safety	12.0%
Environment & Regulatory	9.5%
Greenhouse Gas Emissions	3.5%
ESG Initiatives	4.0%
Inclusion & Diversity	4.0%
Technology Development	4.0%
Total Assets	37%

Transparency

Business Conduct Charter & Our Confidence Line

Our Business Conduct Charter applies to all directors, officers, employees and consultants, suppliers and service providers, and addresses issues such as conflicts of interest, fair dealing, insider trading, privacy matters and disclosure. All new directors, officers, employees and consultants are required to complete an online training program. In addition, directors, officers, employees, and consultants are required to acknowledge annually that they have read the charter and have disclosed any potential conflicts on an annual basis through a formal sign-off process.

Our Confidence Line is a confidential and anonymous whistleblowing line for employees, contractors and other stakeholders to raise concerns. The Board's Audit Committee, made up of independent directors only, oversees the Confidence Line and submissions are received and tracked by an independent third-party service provider. All submissions are investigated with the results reported to the full Board.

Insider Trading & Disclosure Policy

We have adopted an Insider Trading and Disclosure Policy to ensure all MEG representatives understand and comply with their legal obligations relating to trading in MEG securities and the disclosure of information, and to provide for procedures governing the disclosure of information by any of MEG's representatives. The policy applies to all of MEG's directors, officers, employees, contractors and consultants.

Related Party Transactions Policy

In addition to the provisions of the Business Conduct Charter relating to potential conflicts of interest, we have adopted a Related Party Transaction Policy which is intended to supplement the Business Conduct Charter. The Related Party Transaction Policy requires the approval or ratification by the GNC of any transaction or series of transactions exceeding \$120,000 in which MEG is a participant and any related person has a direct or indirect material interest. Once a related party transaction has been identified, the GNC will review all of the relevant facts and circumstances and approve or disapprove entry into the transaction.

ESTMA

Annually, we publicly disclose payments to all governments in Canada and abroad as required by the Extractive Sector Transparency Measures Act ("ESTMA") and have done so since 2016. MEG's annual ESTMA filings can be found on our website at www.megenergy.com.

Lobbying & Disclosure

MEG is committed to maintaining and enforcing the highest standards of ethics and professionalism. This applies to governance practices in general, and MEG's activities relating to public policy, including our participation in industry groups, lobbying and political contributions.

The Lobbying and Advocacy Policy ensures that all stakeholders and representatives understand and comply with our policies related to lobbying and to industry memberships and associations. All directors, officers and employees are required to acknowledge their understanding of, and compliance with, MEG's Lobbying and Advocacy Policy on an annual basis.

Our goal is to align our participation with industry groups with our public policy positions. However, this does not mean that we will agree on every position taken by the industry group. Memberships in and associations with industry groups are approved by either our CEO or General Counsel. We disclose a list of industry group memberships where we pay annual dues greater than \$5,000 and which may participate in lobbying activities.

We comply with all applicable laws respecting lobbying, including the Lobbying Act (Canada) and the Lobbyists Act (Alberta). In connection with applicable laws and regulations, we maintain the required registrations for lobbying communications with public office holders, including reporting employees who are lobbyists for or on behalf of MEG. We maintain internal procedures and protocols for ensuring this compliance.

MEG does not make contributions, financial or in kind, to political parties, committees, or candidates, and does not expressly support or advocate on behalf of such political parties, committees or candidates.



Environment

We are committed to minimizing and mitigating environmental impacts associated with our business and respecting the natural resources of the communities where we work. Our operations are located in a jurisdiction with stringent environmental regulations, climate policy and carbon pricing, and therefore strong environmental stewardship is a critical component of our business model resilience.

Environmental considerations are integrated across project lifecycles through design, construction, operation and reclamation. We are focused on protecting water, land, biodiversity, and air, and making meaningful progress toward a low carbon future. Our approach to environmental management is guided by our integrated EHS Policy and the EHS Management Performance Program (EHS MPP) to effectively manage and continuously improve our performance.

Climate Change & Greenhouse Gas Emissions

Why Is This Important?



Globally, climate change has been identified as one of the most pressing challenges of our time. We understand the importance and momentum behind the low carbon energy transition, and recognize the increasing demand for responsibly developed, low carbon energy from shareholders, policy makers, and society at large. Canada has climate policy in place and global trends point towards increasing stringency in climate-related regulation. The oil and gas sector continues to receive high attention with respect to our response to climate change risks, with a focus on enhanced disclosure aligned with the Task Force on Climate-Related Disclosure (TCFD) recommendations. We recognize the importance of managing climate-related risks to maintain our business model resilience. We believe we must be part of the solution.



We have set a target to achieve net zero GHG emissions (scope 1 and scope 2) by 2050 in support of these objectives, as well as a mid-term target of a 30% reduction in bitumen GHG emissions intensity (scope 1 and scope 2) from 2013 levels by 2030.



Our Approach



MEG has a long history of reducing the GHG intensity of our emissions and we are proud of the significant progress we have made to date.

With cogeneration, energy efficiency and proprietary reservoir technology advancements that reduce SOR, we have decreased our bitumen GHG intensity by approximately 20% below the in situ industry average.

We have committed to support global and national objectives to address climate change, in particular the goal of the Paris Agreement to limit the average global temperature increase to well below 2°C, and pursue efforts to limit it to 1.5°C. This includes the Canadian Government’s direction to establish domestic targets under the Paris Agreement, namely, achieving net zero GHG emissions by 2050, by way of a framework that promotes transparency and accountability.

We continue to focus on strengthening the alignment of our disclosures with TCFD recommendations, with the ultimate objective of providing disclosure on all 11 recommendations within a reasonable timeframe.

Through these efforts, we believe we are well positioned to seize climate-related opportunities and play our part in addressing climate change.



Analyst Corner

- > Risk Management
- > CDP Climate Change
- > EM-EP-110a.1, EM-EP-110a.2, EM-EP-110a.3
- > TCFD Governance a), b), TCFD Strategy a), b), TCFD Risk Management a), b), c), TCFD Metrics and Targets a), b), c)

Governance

Board oversight of Climate-Related Risks and Opportunities

The Board of Directors is responsible for the oversight of climate-related risks and opportunities. Climate change is built into our ERM process, the results of which are reviewed at the Board's Annual Strategy Meeting. The HSERC Board committee is responsible for overseeing the implementation of policies and procedures to monitor and mitigate environmental risks, including climate change. The Board and HSERC committee are updated by the CEO, COO and representatives of the ESG and EH&S Committees quarterly on our GHG performance, climate strategy, advancement of emissions reducing technology solutions, climate policy developments (including carbon pricing mechanism) and other climate-related topics as applicable.

The Board approved MEG's support of the Paris Agreement and the 2050 net zero GHG target in 2020. The Board also annually approves the annual Corporate Performance Scorecard and CEO objectives which include climate performance and strategy metrics. The Board is committed to supporting the continuous improvement of our GHG performance and climate change disclosure in alignment with the TCFD recommendations.



In 2020, the GNC committee assessed the ESG skills and experience of Board members and determined that the skillset includes clean technology innovation, climate, and environmental public policy.

Individual Board members have also received resources and training related to climate change education.

For more detail on Board oversight of ESG, please see the **Governance** section of this report.

Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

The Board and its Committees oversee management who is responsible for executing our corporate strategy including the assessment and management of climate-related risks and opportunities, with the ultimate responsibility within management resting with our CEO.

A portion of the CEO and management teams' incentive compensation is tied to the advancement of low carbon technology and improvements in GHG emissions performance. This ensures a strategic focus on material ESG and climate-related risks across the organization and sets the tone from the top.

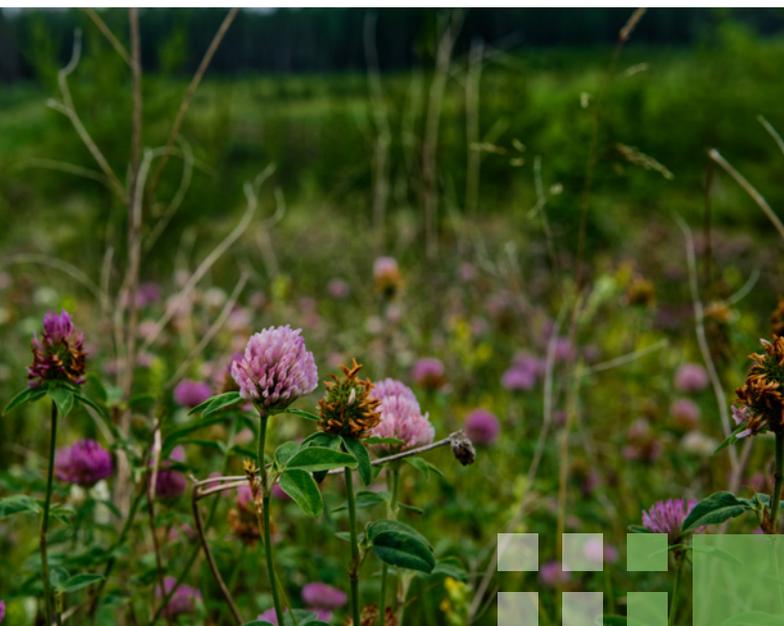


In 2021, 3.5% of our Corporate Performance Scorecard is linked to a GHG emissions performance metric and 4.0% to emissions reducing technology development, which is intended to support our mid and long term GHG targets.

The ESG Committee, meeting on a quarterly basis, assists the CEO in assessing and managing climate-related risks and opportunities, and providing guidance on our climate change strategy and disclosure. The CEO reports to the full Board on the company's ongoing ESG performance and status of climate initiatives quarterly. In 2020, the ESG Committee oversaw and validated our first ESG Materiality Assessment, which identified Climate Change and Greenhouse Gas Emissions as a priority ESG topic for the company. The ESG Committee has also focused on emissions targets, and climate change disclosure advancement which led to improvements in our CDP Climate Change Questionnaire response and enhanced alignment with the TCFD recommendations, and a commitment to conduct climate scenario analysis.

The EH&S Committee is responsible for the implementation and functioning of the climate change program and reports quarterly to the HSERC committee of the Board. EH&S Committee meetings are held monthly, and relevant topics include GHG emissions performance with respect to regulatory requirements and peers, methane management, flaring activities, electricity trends, equipment efficiency, as well as climate policy and regulatory change. In 2020 and early 2021, the EH&S Committee put additional focus on outreach and understanding of existing and anticipated changes to climate policy in an effort to evaluate how our business can adapt in the face of changing regulations, and further informing our climate strategy. The EH&S Committee outreach activities included the implementation of the Technology Innovation and Emission Reduction Regulation, review of the draft Clean Fuels Regulation, proposed changes to the federal Output Based Pricing System and other external engagements focused on examining the role of sectoral policy.

Please refer to the Governance section for additional information on **Governance** at MEG.



Strategy

Climate-related Risks and Opportunities

Transitional and physical climate-related risks and opportunities that may have the potential to impact our business are summarized below. We describe mitigation strategies in the **Management of Climate Risks and Opportunities** of this report as well as our CDP Climate Change Questionnaire.

Climate-related Risks and Opportunities		
Transitional Risks	Policy and Legal Risks	<ul style="list-style-type: none"> > The uncertainty associated with current and emerging provincial and federal regulations relating to greenhouse gas emissions that could potentially require changes to facility design and operating requirements and impair our ability to meet regulatory requirements. Changes in government leadership can contribute to uncertainty. > Increased stringency of greenhouse gas regulations over time so as to achieve jurisdictional goals and targets, including increased performance benchmarks and rising carbon prices, could impact our ability to meet regulatory requirements and maintain cost competitiveness.
	Market Risks	<ul style="list-style-type: none"> > Availability of egress out of western Canada, as a result of negative public perception of oil sands and delayed regulatory approvals for infrastructure, increasing competition for market access. > Decreased market demand due to legislation or policies that limit the purchase of produced oil from oil sands limiting markets for our products.
	Technology Risks	<ul style="list-style-type: none"> > Availability of and cost effectiveness of current and future emissions reductions technologies may impact our ability to achieve the long-term net zero target and maintain cost competitiveness. > The pace of technological advancements and innovations associated with the energy transition may impact the demand for our products.
	Reputational Risks	<ul style="list-style-type: none"> > Negative public perception of the oil sands and evolving decarbonization policies of institutional investors, lenders and insurers could impact our ability to access capital pools or attract talent.
Physical Risks	Chronic Physical Risks	<ul style="list-style-type: none"> > Chronic risks from climate change could impact the operating environment for MEG in the long-term by altering precipitation and temperature patterns and changing the severity of weather patterns. These changes can affect both our direct operations or result in disruptions along the supply chain, impacting the ability to produce or move product.
	Acute Physical Risks	<ul style="list-style-type: none"> > Acute risks include catastrophic events such as fires, lightning, extreme cold weather, or storms, and may cause damage to our infrastructure, impact accessibility to our properties and cause interruptions to production.
Opportunities	Resource Efficiency	<ul style="list-style-type: none"> > Significant cost savings due to resource efficiency gains realized from the expansion of our reservoir technology. > Meeting and exceeding emissions performance regulations in Alberta can result in the generation of surplus emissions performance credits.
	Energy Source	<ul style="list-style-type: none"> > Climate legislation is driving the demand for low carbon energy generation creating a demand for our cogeneration produced electricity and potential for future increase and expansion.
	Markets	<ul style="list-style-type: none"> > The transition to a less carbon-intensive economy creates technological development opportunities, including access to capital and government funding. We continue to receive support to advance a number of technological strategies and collaborate for speeding up the development of CCS.
	Resilience	<ul style="list-style-type: none"> > The location and design of our operations allows us to operate under various climate conditions, and any potential climate-related acute and chronic physical risks are mitigated through engineering design and operational procedures which are continually re-assessed as risk levels change to maintain operational resilience. > The localized nature of our operations, including one facility and small number of combustion stacks allows us to focus efforts on CCS deployment.

Impact on Strategy

As the world moves towards a low carbon future, our corporate strategy recognizes and addresses the business risks arising from climate change concerns. Although the timing and impact of the energy transition is highly indeterminate, we are focused on proactively enhancing our position as a sustainable low-cost producer while economically achieving net zero emissions and creating long-term value for our stakeholders.

Climate change concerns and the growing shift to low carbon energy, as well as opportunities for technological innovation and efficiency improvements have influenced our business strategy. The key pillar of our strategy is the advancement of innovative technology through investment in research and development, and through collaboration. We will continue to drive carbon efficiencies and assess opportunities to decarbonize. It is our view that collective efforts from governments, industry and financial institutions are required to support the development of carbon reduction technologies and ensure a transition that is just. We actively engage with stakeholders to assess and bring low carbon technology opportunities to fruition including through the **Oil Sands Pathways to Net Zero initiative**.

There will be an economic cost associated with mitigating the impact of climate change in our business strategy. The impacts of these expected economic costs are subject to many uncertainties, particularly as they relate to the influence of financial markets and carbon pricing. We continually model various business strategies, financial scenarios, carbon pricing and potential outcomes that support the achievement of our long-term target to be net zero by 2050.

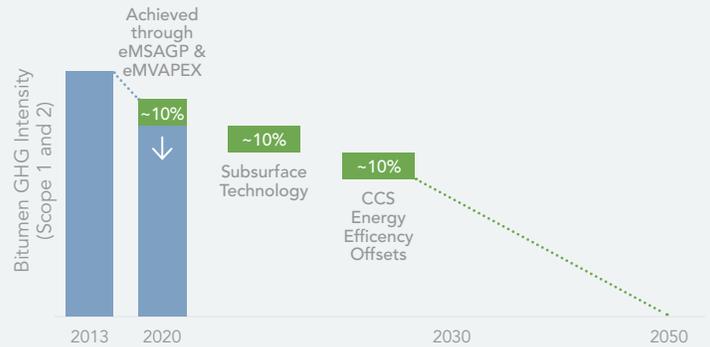
Additional sensitivities are reviewed with respect to potential future regulatory changes and we forecast the cost of carbon reducing technologies, such as CCS, in consideration of financing and the potential impact to business model resiliency. Additional growth capital is allocated to maintain current reduction pathways, such as enhanced Modified Steam and Gas Push (eMSAGP).

We recognize the value in undergoing and embedding climate scenario analysis into our strategy and are undertaking climate scenario analysis in 2021 that is aligned with TCFD recommendations. We intend to provide disclosure of the results of our climate scenario analysis in our next ESG report.



Path to Net Zero

30% reduction in Bitumen GHG emissions intensity from 2013 levels by 2030 (scope 1 and 2)



Near Term Targets:

- Further deployment of subsurface technology
- Evaluation of CCS opportunities
- > 99% methane conservation
- Year over year decrease in fugitive emissions

2050



Net Zero GHG Emissions by 2050 (scope 1 and 2)

- CCS
- Subsurface Technology
- Offsets
- Nature Based Solutions
- New Technology

Path to Net Zero may include but is not limited to the solutions listed above.

2013 baseline was selected because that was the year we commissioned the most recent large facility and steam capacity expansion, referred to as Phase 2B.

The path to net zero by 2050 is not without its challenges and will require a series of improvements across a variety of pathways and the deployment of CCS technology.

Our first milestone will be to achieve a 30% reduction in (scope 1 and scope 2) bitumen GHG emissions intensity from 2013 levels by 2030 to ensure we remain on pace. We have achieved a 10% reduction in bitumen GHG intensity already and aim to have another 20% reduction by 2030. Undeniably, there will still be work to do to reach our target of net zero, but we anticipate that the collaborative and innovative advancements initiated today will lead to future success. Our expectation is that we will achieve reductions through a variety of measures that may include:

- > subsurface technology deployment,
- > a phased approach to CCS deployment including assessing both local and regional storage opportunities,
- > continued facility optimization and improvements in energy efficiency,
- > offset opportunities and nature-based solutions that are aligned with our business.

As we evaluate major step-change opportunities and map our path to net zero, we plan to pilot multiple technology advancements in the next five years to assess commercial scalability and explore the GHG emission reduction potential.

Management of Climate Risks and Opportunities

We strive to meet ambitious GHG emissions goals and targets and manage climate-related risks and opportunities by implementing the following innovative mitigative strategies.

1 Advancement of Reservoir Recovery Technology

An important aspect of our strategy is the development and implementation of our patented and proprietary eMSAGP technology which can reduce our SOR, GHG emissions and water use intensities while maintaining or improving oil recovery.

SAGD is an energy-intensive process that stores a significant amount of heat in the reservoir. When approximately one-third of the oil from a well has been recovered and the remaining oil in the reservoir has been heated to mobilization temperatures, eMSAGP technology can be introduced. eMSAGP involves drilling additional production wells between SAGD well pairs, injecting a non-condensable gas, like natural gas, to maintain reservoir pressure in the reservoir, and reducing steam injection. The resulting overall SOR for eMSAGP is approximately 25% less than SAGD. By applying the eMSAGP process to significant portions of the operation, we have achieved an average SOR of 2.32 in 2020 at our Christina Lake Project compared to the in situ industry average of 3.1.

Recently, we have further reduced the SOR through an advanced solvent injection technology by piloting enhanced Modified Vapour Extraction (eMVAPEX). This patented, proprietary technology could further enhance our growth potential while minimizing GHG emissions, even beyond those from eMSAGP. We have been operating an eMVAPEX field pilot since late 2016. Through to the end of 2020, we have achieved a cumulative SOR of 1.5 using eMVAPEX technology, which is approximately 50% less than industry average. We will be investigating opportunities to utilize the eMVAPEX process on a commercial scale. The pilot is funded in part through grants received from Alberta Innovates, Natural Resources Canada, Emissions Reductions Alberta and Sustainable Development Technology Canada.

2 Low Carbon Energy from Cogeneration

In addition to heat, our operations require power to run equipment throughout the facility. Electricity can be sourced through a de-centralized power network or integrated within the operation to leverage the combined need for heat and power utilizing cogeneration.

Cogeneration is an integral component of our operating model. It was adopted to fully meet our internal demand for power and approximately 50% of our steam, which reduces our reliance on an external power supply, offsets operating costs and allows us to provide excess power back to the provincial power grid. Our power is generated through natural gas, which has an emission intensity roughly 40% compared to that of coal. In addition, waste heat is recovered from power generation and utilized for steam generation. The net effect is lower overall emissions than if the two products are produced independently. We exported over 70% of our total generated power onto the provincial power grid, amounting to approximately 1% of the total Alberta grid demand in 2020⁴.

The access to highline power generated through our cogeneration allows us to provide electricity to remote areas surrounding our facility to support our operations and SAGD drilling program. In the past, and for the majority of operations around the world, drilling rigs are powered with diesel engines. Now, with electricity from cogeneration powering our SAGD drilling rigs, we have equivalent drilling capabilities with an approximate 50% reduction in emissions related to drilling activities.

3 Gas Conservation Facility Design

The unnecessary waste of gas (primarily methane) from venting and flaring is virtually eliminated through the design of our facility, which enables us to direct gas returned from the reservoir into our process as fuel to generate steam. Having the ability to capture gas from various streams and recycle it into the process means we do not routinely flare or vent, which reduces GHG emissions. Gas conservation at MEG is greater than 99.5% which is above the provincial average for crude oil and bitumen batteries of 97.7%⁵ in 2019.

⁴ Based on AESO

⁵ AER ST60B-2020: Upstream Petroleum Industry Flaring and Venting Report, 2019



Carbon Capture and Storage Technology

We will continue to evaluate and deploy technologies to decrease the GHG emissions intensity of our business. However, we have determined through technological and economic analysis, that CCS is the single biggest lever to deploy on our long-term path to net zero. Alberta is well positioned to continue its leadership in CCS deployment due to the centralized nature of GHG emissions in in situ oil sands operations, and the depth and capacity of the Western Canada Sedimentary Basin to store CO₂ safely and permanently. MEG is currently actively investigating the technology and costs associated with all the components of CCS.

We have recently secured \$2.1MM in funding from Alberta Innovates under Alberta's TIER program to support an evaluation of local CO₂ storage feasibility in the vicinity of our CLRP operations. Our next focus will be carbon capture technology and regional storage opportunities. We recognize that the commercial development and deployment of CCS technology to thermal oil production operations will require collaboration with governments and industry, as well as financial support and long-term climate policy certainty.

In June 2021, MEG, along with four other oil sands operators that collectively represent 90% of Canada's oil sands production, joined together to form the Oil Sands Pathways to Net Zero Alliance to work collectively with the federal and Alberta governments to achieve net zero GHG emissions from oil sands operations by 2050. A key component of this initiative is a 400km CO₂ pipeline connecting oil sands facilities in Fort McMurray, Christina Lake, and Cold Lake regions of Alberta to a carbon sequestration hub near cold lake.



Digital Technology, Artificial Intelligence and Automation

We are innovating with new digital technology across our organization. We believe that the latest advancements in visual data analytics, automation and artificial intelligence will add many benefits. Specific to climate change, we have focused digital technology in the area of GHG emissions reduction.

We are currently undertaking several digital projects which can lead to meaningful improvements in GHG performance. One specific project combines artificial intelligence with automation to optimize well performance. The goal of the project is to optimize produced fluids from steam injected into our reservoirs. The target result will be better-optimized steam to oil ratios and overall improvements in our greenhouse gas emissions intensity. A further project is using artificial intelligence to optimize combustion in our steam generation plant to directly reduce emissions.



High Oil Viscosity Reduction Technology Pilot

Diluent is used in the in situ industry for oil and water separation, as well as transportation of heavy oil. In partnership with a technology developer and with funding received from Alberta Innovates, we are piloting a technology that uses the combination of heat and catalyst to lower the viscosity of produced bitumen. If successful, this technology has the potential to significantly reduce diluent use at the CLRP.

For every barrel of bitumen produced there is approximately 0.45 barrels of diluent used to transport the bitumen to downstream customers. The diluent used at CLRP is produced by Canadian and American suppliers and transported by pipeline to our operations, where it is injected at multiple locations in the central processing facility and downstream shipping facilities. The heavy oil viscosity reduction project has the potential to reduce the scope 3 GHG emissions associated with producing and transporting heavy oil by reducing diluent use.



Facility Resiliency to Physical Risk

Our operations are located in a northern climate and are designed to withstand a wide range of temperature extremes (-40°C to +40°C). We do not operate in a water stressed environment and the water sources we access for our operations are located deep underground and not susceptible to drought. These factors, along with engineering design and operational procedures, mitigate the risks of chronic and acute physical risks from climate change on our operations.



Market Access

We utilize a network of pipelines, rail and storage facilities to optimize market access for the transport and sale of bitumen to current and emerging crude oil markets throughout North America and internationally. This combination of pipeline access, rail and storage capacity, and marine export capacity advances our strategy of having long-term, broadening and reliable market access to world oil prices, and mitigates risks associated with reputational, regulatory and physical impacts of climate change.

Risk Management

We currently incorporate climate risks within our ERM and will continue to identify and prioritize business risks associated with climate change, along with comprehensive mitigation strategies.

Potentially material climate change risks are communicated to shareholders in our Annual Information Form and other continuous disclosure documents publicly available on SEDAR.

Please refer to the **Governance** section for additional information on MEG's Risk Management processes and **ESG Materiality Assessment** section for information on how MEG makes materiality determinations, including with respect to climate-related risks.

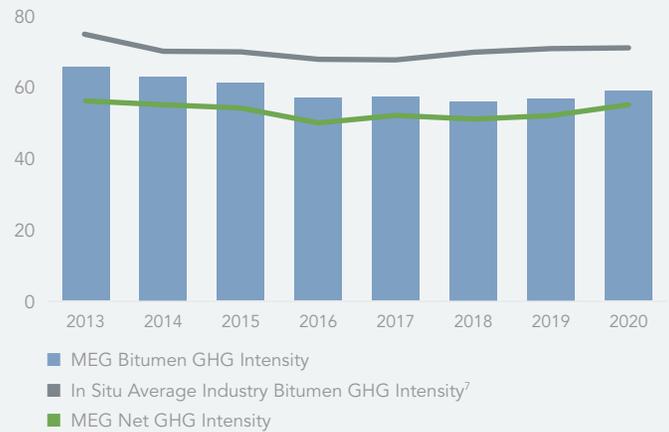
Performance

We continue to achieve one of the lowest GHG emissions intensities in the in situ industry and in 2020 estimate our Bitumen GHG Intensity⁶ was approximately 20% below the industry average. On a year-over-year basis, our Bitumen GHG Intensity increased slightly due to lower production during an extended facility turnaround, a period of extreme commodity price volatility associated with COVID-19, and increased steam rates necessary to access production from new wells. Since 2013, we have achieved a 10% reduction in Bitumen GHG Intensity, relative to our 2030 target. Although there was a year-over-year increase on a Bitumen GHG Intensity basis in 2020, the extended facility turnaround resulted in a decrease in absolute GHG emissions from 2019.

The Electricity GHG Intensity of cogeneration has remained relatively consistent since 2013 and is approximately one-third that of coal-fired electricity generation and more than 40% below that of the Alberta electricity grid. We will continue to report on our performance against these GHG emissions intensity target in future reports.

Bitumen GHG Intensity and Net GHG Intensity

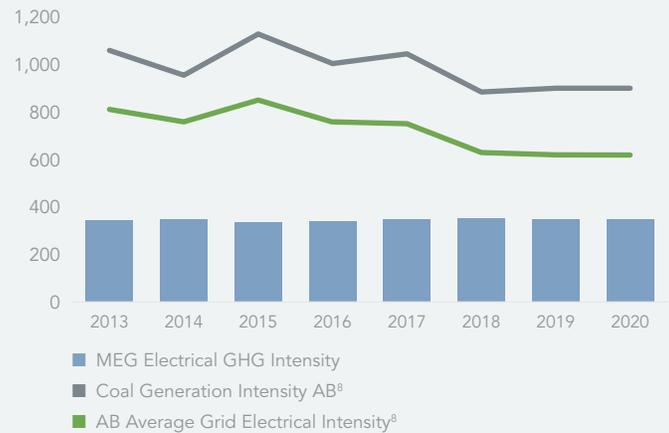
Intensity (kgCO₂e/bbl)



⁷ Alberta Oil Sands Greenhouse Gas Emission Intensity Analysis, AEP. 2020 is estimated.

Electricity GHG Intensity

Electrical Intensity (kg CO₂e/MWh)



⁸ ECCC National Inventory Report (2021), 2020 value estimated.

⁶ Note on GHG Intensity

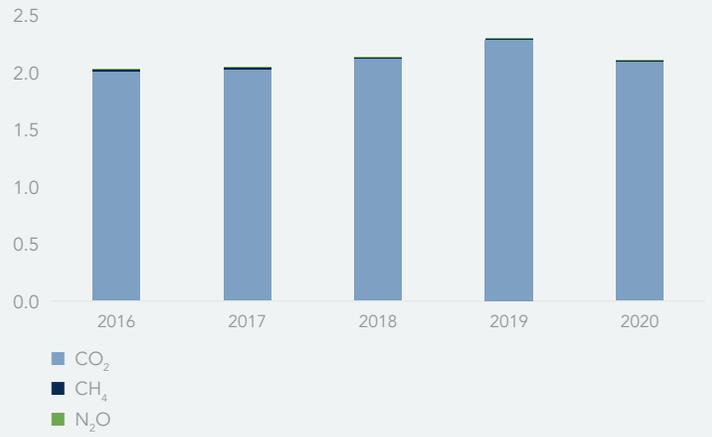
In previous disclosures, we reported emissions in the form of a Net GHG Emission Intensity metric we developed to recognize the production and sale of two products (bitumen and power). The approach recognizes the power consumed for the purpose of bitumen processing and the benefit of providing a cleaner supply of electricity onto the Alberta Power Grid.

In this latest disclosure, we are introducing two new metrics to represent the two product types generated from our Christina Lake operations: Bitumen GHG Intensity and Electricity GHG Intensity. These metrics are independent of the composition of the Alberta Power Grid, which allow us to trend our performance more closely to operational changes at the facility level. The Bitumen GHG Intensity has an apparent trend of roughly 7% higher than the Net GHG Emission Intensity and is approximately 20% below the industry average, in 2020.



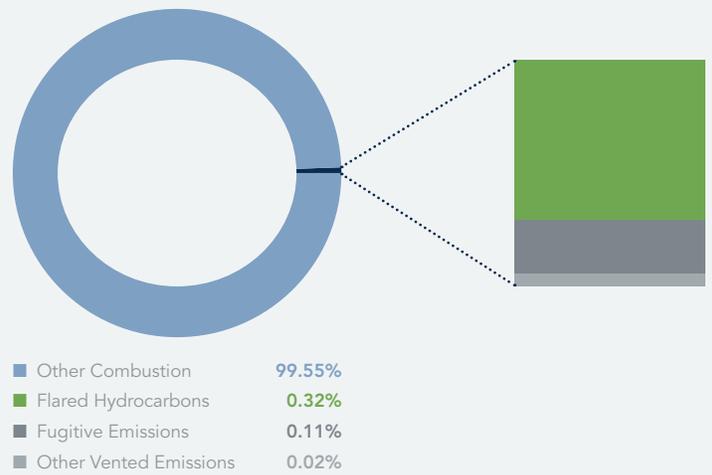
Scope 1 GHG Emissions

(Million tCO₂e)



Direct Emissions by Source

(tCO₂e)



Special Focus: Methane Management

Why is This Important?

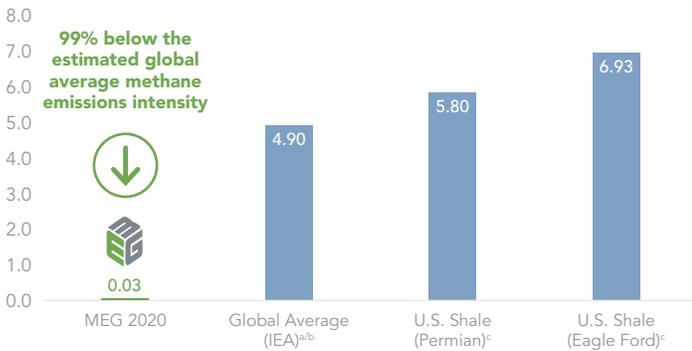


The global warming potential of methane (CH₄) is more than 25 times higher than that of carbon dioxide (CO₂)⁹ and its management is an important aspect of addressing climate change. As a result of our investments in gas conservation and fugitive emissions management, we conserve greater than 99.5% of methane which comprises less than 0.5% of our total site wide GHG emissions and remains a top priority at MEG.



Global Perspective:
Our 2020 methane intensity of bitumen production is 99% below the estimated global average methane emissions intensity.

Methane Emission Intensity of Oil Equivalent Production
(g CO₂e/MJ Production)



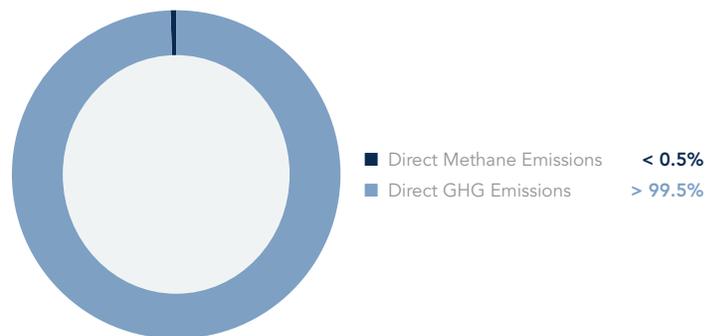
Source: a) Methane emissions from oil and gas, comparison of IEA and other estimates, b) World oil supply and demand, 1971-2019, c) Remote sensing of methane leakage from natural gas and petroleum systems revisited.

Our Approach



In our operations, methane primarily results from the release of fugitive emissions, and to a smaller degree, venting. We proactively manage methane emissions through facility design, flare and vent controls, and fugitive emissions programs. A cross-functional team meets regularly to implement our methane management program and identify reduction opportunities. Our operational focus on minimizing the release of methane is further supported by annual methane reduction targets adopted in 2019 in line with Alberta's methane emissions reduction framework, which aims to reduce methane emissions by 45% by 2025 through progressive reduction measures.

MEG Emission Breakdown
(g CO₂e/MJ Production)



⁹ IPCC Fourth Assessment Report, 2007, 100-year timeframe.

Our approach includes the following design controls:

- > We operate a gas-conserving facility by design, where all produced gas is recycled as fuel gas for steam generation and reservoir co-injection. In 2020, we conserved greater than 99.5% of produced gas.
- > Our flare and vapour recovery system is used to control the release of process gases that would otherwise be vented to atmosphere.
- > Process valve set points are monitored and carefully configured to maintain safe operations, while limiting over-pressuring events that can result in releases to atmosphere.

In addition to the design controls listed above, we have implemented a fugitive emissions management plan which utilizes several inspection techniques, including comprehensive survey leak detection with Optical Gas Imaging (OGI) conducted three times annually, permanent instrument monitoring, and targeted monthly and quarterly monitoring. All identified leaks are consolidated in a central tracking system, where they are analyzed to identify trends and inform pro-active methane reduction planning decisions. Most leaks are corrected at the time of identification. If they cannot be completed upon identification, a device repair or replacement program is arranged within 30 days. With the execution of this program, we have continuously reduced fugitive emissions year-over-year. We are evaluating alternative detection technologies such as drone surveys that can provide an aerial enhancement to identifying leaking equipment.



Internal methane KPIs achieved in 2019 and 2020¹⁰



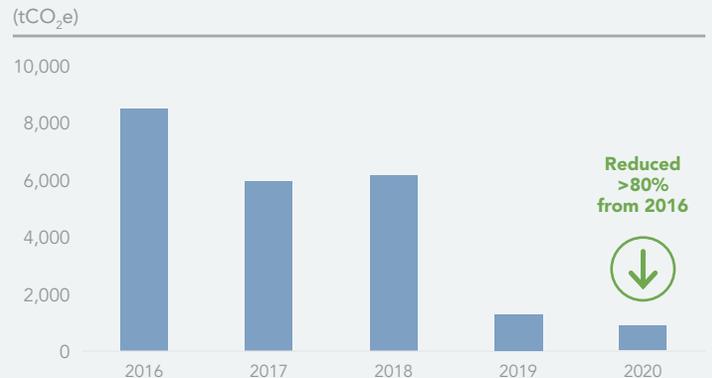
10 2020 vent volumes include well workovers.

Case Study

Reducing Emissions from Process Tanks

Process tanks are located at our production facility to store fluids, such as bitumen and diluent. The tanks are operated under pressure to manage the volume throughput and are blanketed with sweet natural gas for the purpose of process control and process safety management. Under normal operating conditions, all tank vapours are captured and returned to the fuel system. In the rare event that a tank experiences a sudden pressure increase, a safety device will lift, allowing the excess pressure to temporarily relieve as a vent; however in some situations the device may fail to reseat properly, resulting in a continued fugitive release. In 2017, we recognized an opportunity to improve the management of these releases and focused efforts on improving detection and evaluating reliable replacement seals. As a result, we reduced the emission contribution associated with fugitive tank releases by more than 80% over the past five years.

Fugitive Emissions from Tanks



Water & Wastewater Management

Why is This Important?



Canada is celebrated for its clean and abundant supply of water resources that provide immeasurable social, economic and environmental value. MEG's in situ operations rely on a supply of water which is strictly regulated, limiting withdrawal volumes, setting monitoring and reporting standards, and determining water disposal limits. We use water responsibly to preserve both the quality and abundance of water in the areas we operate. Efficient water use is a measure of our long-term success and it is our obligation to ensure our operations do not adversely affect this shared resource.

11 As defined in the WRI Aqueduct 3.0 (2019), water stress measures the available renewable surface and groundwater supply against withdrawals, with low stress being associated with less competition among water users.

12 MEG defines fresh water as any surface water (e.g. lakes, rivers, streams and wetlands) or shallow groundwater from aquifers less than 150m deep. This is consistent with the definition of High-Quality non-saline water (freshwater) used by the Alberta Energy Regulator in Directive 81. Non-saline water is defined as water with a total dissolved solids concentration of less than 4,000 mg/L.

Our Approach



In support of Alberta's Water for Life strategy, we are committed to water conservation and protecting aquatic ecosystems. Our corporate commitment to support sustainable water use practices and the protection of water resources is endorsed in our Water Policy. In 2020, our water efficiency efforts were supported through a multi-disciplined Water Strategy Committee, responsible for managing operations performance and identifying optimization opportunities. The Corporate EH&S Committee, which has a mandate to oversee implementation of the EHS Programs within the organization, provides oversight over the Water Strategy Committee. The Corporate EH&S Committee is further responsible to the executive leadership and Board of Directors in delivering on MEG's ESG priorities, policies, procedures and practices, including water-related risks and opportunities.

Our operations are currently located in the Mackenzie River Basin and do not operate in a stressed¹¹ watershed, we recognize that changes in climate or other restrictions could affect the availability of water in the future. We use zero fresh (potable) water in thermal operations. We are focused on advancing technology solutions to decrease our water use and increase our ability to recycle water within our operations. This includes enhanced recovery methods that lower the steam-to-oil ratio in our operations (such as eMSAGP and eMVAPEX) because when operations require less steam, we use less water overall.



Targets

Building on our commitment to water conservation, MEG has established the following targets to guide conservation:

- > Maintain zero fresh¹² (potable) water use in thermal operations
- > Maintain in situ industry-leading (top decile) total make-up water use intensity, with non-saline make-up water use intensity less than 0.1m³/m³ oil production.



Analyst Corner

- > Board Oversight of ESG
- > CDP Water
- > Water Policy
- > EM-EP-140a.1
- > EM-EP-140a.2

Overview of Water Sources and Uses

Our thermal operations require water as an input for steam generation. When selecting a water source for our process, the quality and quantity of the supply is considered. At no point is fresh water sourced from streams, rivers or lakes to generate steam for resource recovery. The majority of the water used in the steam generating process is recycled produced water (water that was previously injected into the reservoir as steam to heat the bitumen). In 2020, greater than 95%¹³ of the water used for steam generation was recycled water. The remaining water needed for our thermal operations comes from sources located deep under the ground, which are unsuitable for human consumption or agricultural purposes. This make-up water comes from two sources: a saline water source and a non-saline water source.

Saline water is sourced from wells drilled into the McMurray Formation approximately 400m deep and used for steam generation make-up water. The water has a high dissolved

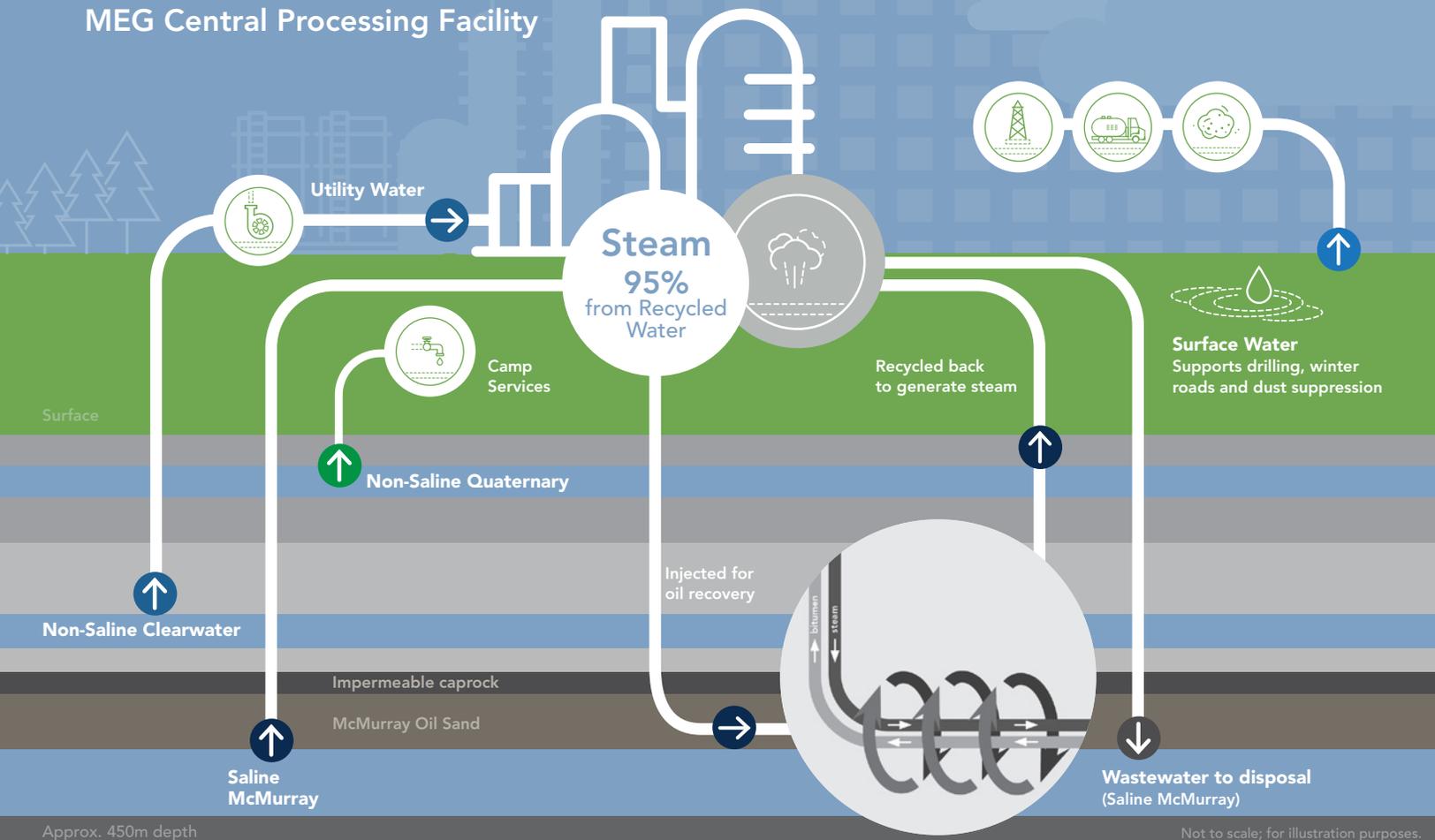
solids content and naturally contains low levels of methane. Non-saline water is sourced from wells drilled into the Clearwater Formation approximately 300m deep. This water is used first for utility purposes, such as cooling to pumps, then recycled for steam generation. This water has lower dissolved solids content than the McMurray saline water and naturally contains low levels of methane. It is pumped to the surface, sent to the central processing facility via pipeline and degassed in a tank. Methane is recovered in a vapour recovery unit and used as supplemental fuel in MEG's steam generators. The saline and recycled water is then fed to MEG's water treatment equipment and converted to boiler feed water for steam generation.

We also withdraw shallow (approximately 100m deep) non-saline groundwater from the Quaternary Aquifers as a domestic water supply to support drinking and hygiene services in our operations. The water is treated by our onsite Water Treatment Plant to meet Canadian Drinking Water Quality guidelines.

¹³ Calculated in accordance with AER Industry Water Use Report. Recycled water is produced water previously returned from the reservoir and re-injected as a proportion of total make-up water; thus, measuring the ability to re-use produced water within the process.

Water Source and Use

MEG Central Processing Facility



Approx. 450m depth

Not to scale; for illustration purposes.

Protection of Water Resources and Monitoring

Surface water is not utilized in thermal operations, but it is used for the purpose of dust suppression, winter road construction and drilling. All surface water diversion is conducted under applicable Water Act Licences. Surface water use management includes water level monitoring to ensure allocated volumes do not drawdown water levels in the area and do not impact aquatic life or vegetation. Surface water diversion also includes use of fish impingement screens which, together with low pump rates, ensure water diversion does not negatively impact aquatic life.

We engage suppliers to provide water movement (hauling) services and require them to follow internal water diversion guidelines which provide direction for meeting water license requirements, including procedures for water withdrawal and record keeping. All contractors are required to meet EHS pre-qualifications and complete the MEG Site Orientation prior to starting any work at site, which highlights the expected measures to be taken for the prevention of spills, as well as prompt and appropriate spill response which is critical to mitigating impacts to surrounding environments, including water bodies. We further conduct regular field inspections to ensure compliance with MEG EHS standards and procedures by all contractors and staff.



MEG has used a biodegradable chemical application on roads since 2014 to aid in fugitive dust control. The binding agent applied to roadways can reduce surface maintenance, minimize respirable dust particles generated during travel and lower water demand thereby reducing fuel use. In the last 5 years, we estimate that use of this agent has reduced the volume of water needed for dust suppression by 70%.

Water sourced from groundwater aquifers requires volume and level monitoring that includes the use of alarms to ensure that the required limits in approvals are complied with and we contract a third-party consultant to provide a quality assurance data review in this regard.

A groundwater monitoring program allows for a current understanding of groundwater conditions. If there is suspected impact, response plans are developed and implemented to minimize any potential risks. Our groundwater monitoring program is supplemented by a surface water and wetland monitoring, and the results are collectively used as part of our monitoring and management approach.

More than 90 groundwater monitoring wells are present at our CLRP operation where water is sampled as per operating approval requirements. We analyze samples for major ions, metals, dissolved hydrocarbons, and other indicator parameters, then compare results to guidelines and baseline ranges to understand if project operations are impacting groundwater resources. No known impacts to aquatic ecosystems have been observed.

Water Conservation, Water Recycling, Water Treatment and Disposal

We continually assess opportunities to conserve water resources and optimize recycling. To maintain our high water recycle rates, produced water returned from the reservoir is treated to a quality suitable for steam generation. Waste from the softening process is sent to a centrifuge (a rapidly rotating container) where the water is separated out and recycled back to the process and the waste is recycled. Excess produced water and water not suitable for treatment is re-injected into the McMurray Formation, a deep saline reservoir that is isolated by caprock from other aquifers and aquatic ecosystems.

In 2020, we continued construction on our Mechanical Vapour Compressor (MVC) unit which takes the waste stream from its steam generators, concentrates its impurities five-fold and produces a high quality water stream that is used as boiler feed water. The result is less disposal and more effective use of circulating water within its processes. The MVC will be commissioned in 2021 and will contribute to further reduction of MEG's make-up water requirements and disposal.

We also treat all domestic wastewater including all grey water and sewage in our onsite Wastewater Treatment Plant for processing. We analyze this wastewater to ensure it meets discharge criteria prior to release.

■ ■ ■

Case Study

Water Treatment and Cooling Water Optimization

In 2018, we identified a plant modification opportunity to change the make-up water type used as part of our water treatment process from non-saline water to produced water. This involved adding a piping connection from the produced water system to a water treatment tank, enabling the reduction of non-saline water usage by 1,000 m³/day and increase the recycle rate of produced water. In 2019, we further reduced non-saline water usage by optimizing cooling water rates to process pumps. Together these investments have allowed MEG to reduce non-saline water use by more than 50% since 2017.

Industry Collaboration

To promote efficient use of resources at our operations, MEG supports sharing water sources with other operators (within water use limits) and provides road access to man-made sources, such as borrow pits, to reduce the impact of water withdrawal from natural wetlands. MEG is also part of the Christina Lake Regional Water Management Agreement with other operators who work together on collaborative water use and disposal management.

Performance

Non-saline groundwater water use remained at record low levels in 2020 through optimization projects and continued high-recycle rates. As a result of continued reductions in non-saline water use, we have reduced the allowable quantity of water to be withdrawn under the Alberta's Water Act withdrawal licenses by approximately 50%. This licensed allocation reduction means that MEG is proactively releasing secured water rights back to the province to manage as part of its Water for Life strategy. MEG's non-saline water use intensity in 2020 was 0.09 m³/m³ oil production, less than half the in situ average and a fraction of that used in other resource recovery technologies. Since 2013, MEG's non-saline water use intensity has decreased by more than 80%, while total make-up water withdrawal intensity has reduced by approximately 78%. These reductions leave more water in the ground untouched and decrease the operational costs of water withdrawals.



Average Non-Saline Water Use Intensity by Technology, 2015 – 2019¹⁴

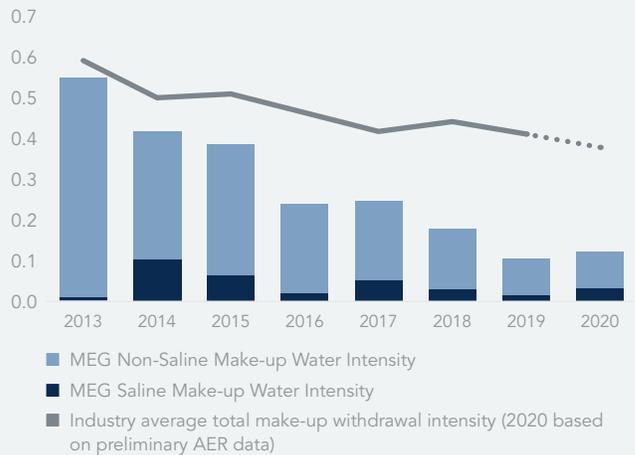
(Number of barrels of water needed to produce one BOE*)



14. AER water use performance 2020.

Make-up Water Withdrawal Intensity

(m³ water per m³ oil production)



Recycle Percentage and Annual Water Use Volume for Steam Generation

Volume (millions m³)



Land & Biodiversity

Why is This Important?



Our operations create a temporary footprint in Alberta’s boreal forest, an immense natural resource with a diverse wilderness that is integral to the province’s biodiversity. Effective management of our environmental impact and asset retirement obligations are important in limiting our exposure to regulatory and liability costs, as well as reputational risk. We also recognize that we operate within a local herd range of boreal woodland Caribou and require targeted management plans to be in place. We conduct our business with the understanding that the land we occupy is shared and leased from citizens of Alberta. As such, it is our obligation to return the ecosystem to its original, fully-functioning ecological state.

Our Approach



Proactive land and biodiversity management is integrated throughout the entire project lifecycle and follows the guiding principles of our EH&S Policy. Our approach mitigates potential future costs while we re-integrate areas back into the surrounding eco-system in a proactive and responsible manner, returning the land for stakeholder use and stewardship. Oversight and guidance are provided by the Corporate EH&S Committee who reports to the HSERC Committee of the Board.

Land and biodiversity implications are considered in the early planning stages of a project. Prior to the start of any work, we survey soil, vegetation, and wildlife so that the unique conditions are understood and captured in construction plans. As each project approaches the end of its operational life, our teams prepare a detailed reclamation plan including landform, drainage, soil placement, revegetation, wildlife habitat enhancements, and maintenance. These plans consider current regulations and guidelines, industry leading practices, stakeholder feedback, monitoring results, and academic research.



Targets

> To strengthen our efforts in responsibly developing and protecting the land, MEG strives to bring all abandoned wells to reclamation status within 5 years and we are committed to investing at least \$300,000 in annual caribou habitat restoration efforts between 2021 and 2025.



Analyst Corner

- > Board Oversight of ESG
- > EH&S Policy
- > EM-EP-160a.1
- > EM-EP-160a.2
- > EM-EP-160a.3

Reduced Footprint and Efficient Land Use Design

Thermal SAGD projects like the CLRP are characterized by high recovery, low decline production and wells with production life spans of more than 10 years. This means we require fewer well pads over the lifetime of our project to sustain production.

With the utilization of multi-well pads, horizontal wells, innovative well pad design and advanced drilling technology, we have decreased the surface well pad footprint in parallel with increasing the resource accessed thereby being more efficient with our surface disturbance. In addition, we are able to consolidate multiple surface pad locations into a “Super Pad” design, further reducing potential habitat fragmentation associated with well pad access roads and pipeline infrastructure. Using these innovative approaches, our well pad surface footprint is less than 4% of the accessed underground reservoir area.

Land Management

We prioritize three main areas of land management: Progressive Reclamation, Legacy Assets and Area-Based Closure, and our Oil Sands Exploration (OSE) Program.

Progressive Reclamation

The intent of progressive reclamation, or ‘cleaning while you work’, is to initiate ecosystem re-establishment on the portions of our disturbance that are no longer required for immediate operations. This avoids costs associated with management of disturbed areas such as erosion control, weed management, and soil degradation and demonstrates strong footprint management.

We undertake progressive reclamation at our facilities as they are decommissioned and abandoned throughout the life of the project. We continually assess all areas of our operations to identify where reclamation efforts can be initiated. In the past 5 years, we have reclaimed 5 large borrow pits (areas where we mine clay to build stable platforms for our facilities and well pads) and are working on a 3-year plan to bring 3 more large borrow pits to reclamation status. Since 2011, we have worked to move more than 425 hectares of land to active reclamation status and planted approximately 400,000 trees in that time.

Where possible, MEG incorporates traditional knowledge practices and learnings into its reclamation plans. Based on specific input received, we have expanded our reclamation seeding stock to include various important shrub species, and have planted Osier Dogwood, an Indigenous used plant, in select locations based on knowledge of its traditional uses within surrounding Indigenous communities. Moreover, specific reclamation methods have been modified to account for wildlife concerns derived from Indigenous input which has improved and expanded the practices being implemented by MEG.

Progressive reclamation practices are guided by our Project Level Conservation, Reclamation and Closure Plan (PLCRCP). The PLCRCP describes site-wide conservation, mitigation and reclamation measures to be implemented throughout the development of the CLRP to minimize environmental impacts, and to achieve equivalent land capability and long-term sustainable outcomes after reclamation.

Long-term monitoring is put in place until we meet reclamation criteria and obtain reclamation certification. Information gathered through monitoring is used to adjust our plans and continuously improve future reclamation design and procedures.

Legacy Assets and Area-Based Closure

Much of the land that we lease contains old wells and extensive exploratory cutlines that we inherited from past operators. We are responsible and committed to managing and reclaiming these legacy assets.

While we have always placed importance on expediting reclamation wherever possible, we prioritize reclaiming our legacy assets, since we voluntarily opted into the Government of Alberta’s Area Based Closure Program in 2019. The program requires a minimum annual spend towards liability closure. In the two years we have been enrolled in this program, we have exceeded the minimal annual spend and plan to continue to progress legacy assets towards successful closure.

Oil Sands Exploration Program

Oil Sands Exploration (OSE) programs help us to gain subsurface knowledge in order to optimize resource recovery. We have made significant strides in moving these temporary disturbances towards reclamation status and through well-honed upfront lease construction activities and proactive revegetation, we continue to shorten the drilling to reclamation time and continue to reduce the OSE footprint on the landscape.



Case Study

Wetland Reclamation Trial

Undertaking reclamation trial studies is important in helping our industry better understand the effectiveness of reclamation practices and discovering new reclamation methods. MEG has undertaken two wetland reclamation trials. The first trial examined the levels of topsoil depth required for the optimum health of native plant seedlings used for forest reclamation and was completed in 2019. Results showed that sufficient topsoil depth is vital to seedling health and resilience, and affirmed that MEG’s strong soil handling practices are an important part of our reclamation programs.

The goal of the second trial, initiated in 2019, is to determine the best progressive reclamation strategy for clay well pads that will return the area to a functioning peatland. Specifically, the trial examines how much clay can be removed from a well pad and how much organic-rich peat material is required to cover the clay to support vegetation growth. The removed clay is re-used elsewhere, preventing the need for new disturbances while simultaneously reducing the well pad footprint, and resulting in both economic and environmental benefits.

Wildlife Monitoring and Mitigation

The Wildlife Monitoring and Mitigation Plan and Caribou Monitoring Mitigation Plan ensure potential effects from our projects on surrounding biodiversity are temporary and mitigated. We limit new land disturbances and allow for wildlife movement in our project area by strategically placing wildlife crossings. As of 2020, we have 61 wildlife crossings at CLRP. When disturbances are required, we aim to minimize them as much as possible.

An employee-driven Wildlife Sighting Program, wildlife camera program and acoustic recording units collect data on the movement, diversity and behaviors on key species native to the area. This information allows us to better understand seasonal wildlife use patterns, and how wildlife responds to our disturbances, which helps improve our land and biodiversity management plans.



Industry Collaboration

We are a member of the Regional Industry Caribou Collaboration (RICC), a group of energy and forestry companies working collaboratively and led by the government sector to mitigate impacts on northeastern Alberta Caribou ranges. Mitigations undertaken by individual companies are important to minimize local impacts on individual animals, however population-level benefits stem from range-level actions that require collaboration beyond individual company boundaries.

Wildlife Habitat Council – Certified Gold Member

We are a certified gold member of the Wildlife Habitat Council (WHC) since 2016. The WHC's certification program is the only voluntary sustainability standard designed for broad-based biodiversity enhancement and conservation education activities on corporate landholdings. It provides third-party credibility and an objective evaluation. Gold membership recognizes meaningful wildlife habitat management and conservation that goes beyond basic regulatory requirements and demonstrates a long-term commitment to managing quality habitat for wildlife, conservation education and community outreach initiatives.



In 2020, MEG was recognized for our work on caribou habitat restoration with a WHC Project Award under the Mammals Projects category.



Performance

Reduced Footprint and Efficient Land Use Design

We have improved well pad use efficiency by more than 50% since 2009 and our related surface footprint is less than 4% of the accessed underground reservoir area. We accomplished this by re-designing the placement infrastructure on surface to decrease the required footprint, in parallel with advancements in drilling technology, to access more reservoir underground from a single surface pad. The satellite image below of downtown Toronto provides this spatial context and shows the small amount of disturbance required for surface pads, as compared to the large recoverable resource area accessed by wells.



Since 2011, we have worked to move more than 425 hectares of land to active reclamation status, with a total of approximately 400,000 trees being planted in that time.

Caribou Habitat Restoration and Stewardship

Since 2016, we have allocated \$2.5MM to caribou restoration and are committed to continuing an equivalent or greater annual investment towards this important work in support of the local Christina Caribou Herd.

Since 2016, we have taken voluntary measures to restore and reclaim areas adjacent to our operations in the Dillon River Wildland Park. Restoration in this area will assist in caribou recovery efforts being promoted by the Province of Alberta. To date, we have voluntarily restored over 8,000 hectares of contiguous high-quality caribou habitat. For comparison, our current active footprint within the East Side Athabasca Range (ESAR) caribou range is 2,774 hectares.^{15 16}

In 2019 and 2020, we have surrendered over 65,000 hectares of oil sands leases within caribou ranges back to the Province of Alberta for consideration in ongoing caribou range planning initiatives.



Oil Sands Exploration Program

We have improved our timeline for getting Oil Sands Exploration (OSE) wells to reclamation status from their original drill date. The average time to reclamation has been reduced by 50% since our first program. This reduction is a result of improved upfront well site construction practices, aggressive revegetation, and successful noxious weed control. In the past five years we have brought 778 OSE wells to reclamation status.

Legacy Assets

We have 9 legacy gas well sites undergoing reclamation and have received reclamation certificates for 6 legacy gas well sites in the past two years.

¹⁵ SASB EM-EP-160a.3 - calculated by reporting our active commercial footprint size within the ESAR caribou range including a 500m buffer.

¹⁶ MEG does not operate in an area with endangered species habitats. Caribou are designated federally as a 'threatened' species (not 'endangered').

Spills

Spills are one of the most common environmental incidents that can be encountered in our operations. Spills can damage the environment, impact our employees and surrounding communities, and result in additional costs to our business. Our ultimate goal is spill prevention.



Spill targets make up a portion of our annual Corporate Performance Scorecard to drive strong spill prevention practices across MEG. Incidents can still occur despite our initiatives to mitigate risks.

We evaluate spill risk across our operations, and ensure adequate measures are in place to prevent spills. Facility design, engineering controls, hazard assessments, proactive inspections, preventative maintenance programs, incident investigations, contractor requirements, procedures and targeted spill prevention campaigns are all key components of these efforts.

Our SAGD well pads and facility infrastructure are engineered and constructed to minimize environmental consequences of a spill, and to catch and control precipitation. For example, bermed areas contain any precipitation that falls within industrial sites and contain any spill material from entering the environment. All the fluid that is collected within the berms is tested in accordance with applicable regulations to ensure no impacts exist prior to the controlled release from the well pad or facility.

When a spill is identified, we respond promptly, using appropriate containment and clean up measures to minimize severity and mitigate impact. Our investment in spill response includes membership in the Western Canadian Spill Services cooperative, which specializes in critical spill training and equipment, spill response trailers and spill response kits that are available throughout our operations.

We prepare for the management of spill events through response plans and drills, which are an important component of our Emergency Response Program (ERP). We utilize a Site Incident Response Team (SIRT) which is part of our ERP and is comprised of employees with various backgrounds and targeted incident response training to assist with spill response. Weekly training sessions are held with SIRT to develop member skillsets and competencies. In 2019 and 2020, our ERP drills included a focus on various spill incidents and response.

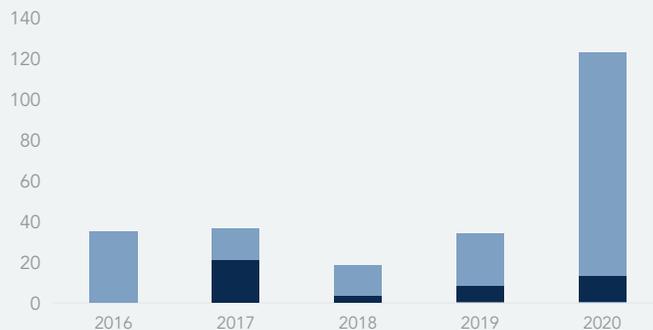
We track and investigate all spills regardless of size, and report on trends and learnings to continually improve our spill prevention and mitigation measures.

Performance

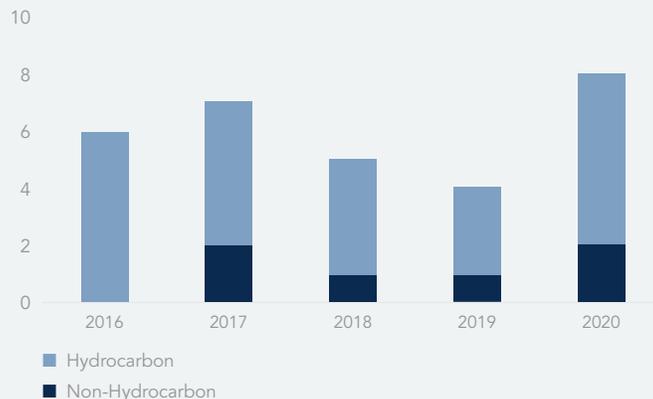
We were disappointed with our 2020 spill performance. The increase in 2020 spill volume is primarily due to a single release of 90m³ which was contained within a facility bermed area and resulted in no lasting adverse environmental impact. In response, we implemented targeted and topical communication programs increasing focus on spill prevention and management actions, including routine maintenance, equipment inspections, enhanced risk assessments and updated procedures where spill risks were identified. All spills are reported to appropriate regulatory agencies and thoroughly cleaned up in a timely manner, leaving no adverse impact to the environment or aquatic ecosystems.

Our commitment to continuous improvement in spill performance is reflected in the 2021 Corporate Performance Scorecard. We increased the spill intensity metric stringency and added a spill count metric. In addition, we increased the weighting of spill related metrics from 2% in 2019 to 6% in 2021. We have not been under any formal regulator investigations or assessed any fines associated with spills, compliance or any other environmental incidents in the last 5 years.

Reportable Spill²⁰ Volume
Volume (m³)



Reportable Spill¹⁷ Count
Number



¹⁷ Reportable spills includes spills that met the reporting threshold of a regulatory agency. A reportable spill does not necessarily indicate that the released material entered the environment or caused adverse effects.

Air Quality & Waste Management

Why is This Important?



We design and operate our facilities in a manner that protects the health of our people, surrounding environment and communities. Operating in Alberta, we adhere to some of the most stringent environmental regulations in the world. Managing and reducing air pollutants and waste preserves air quality, minimizes risks to people and the surrounding environment, reduces waste management costs, and manages the potential increase in regulatory compliance costs.

Our Approach



Our EH&S policy outlines our commitment to continually improve our environmental performance and practices, including air and waste matters. The Corporate EH&S Committee oversees environmental policies, systems, performance and auditing, and reports the HSERC Board committee.



Analyst Corner

- > EM-EP-120a.1
- > EH&S Policy

Air Quality

Air pollutants from our operations include nitrogen oxide (NOx), sulphur dioxide (SO₂), volatile organic compounds (VOCs) and particulate matter (PM), the majority of which arise from fuel combustion. Fuel is mainly combusted for steam generation and bitumen production. This fuel is made up of produced gas returned from the reservoir and purchased sweet natural gas. We treat the produced gas prior to combustion to remove a portion of sulphur compounds, which reduces SO₂ emissions.

We also employ engineered controls, such as low-NOx burners, vapour recovery, gas conservation and sulphur recovery to minimize air emissions and meet regulatory standards. Our scheduled and prioritized preventative maintenance and inspection programs optimize equipment performance.

We directly measure releases to air from our operations with continuous emission monitoring systems (CEMS), stack testing, fuel flow measurement and fuel analyzers. Real-time monitoring and notification alarms ensure we continuously operate within emission limits. We report on our emission performance under provincial and federal regulations, and internally.

We also conduct ambient air monitoring in collaboration with the Wood Buffalo Environmental Association (WBEA). Their continuous air monitoring trailer is situated at our CLRP site for six months each year to collect air quality data which is reported live as part of a larger regional air monitoring network. MEG also has passive air monitoring stations located throughout our facility. Both continuous and passive ambient data is compared against the Alberta Ambient Air Quality Objectives.

Waste Management

MEG's waste strategy focuses on reduction, reuse, recovery, recycling, treatment and lastly disposal. Our operations, camps and corporate office have specific plans for responsible waste management. The amount of waste generated varies with maintenance requirements, development plans and drilling activity.

Process waste generated by our operations is our main waste stream. All process waste is characterized, handled, stored and disposed in compliance with our operating approvals and regulatory requirements. In addition, our internal waste guideline communicates waste management responsibilities to employees and contractors. Process waste is disposed of at AER-approved facilities to minimize safety, health and environmental concerns associated with disposal. We have a waste tracking system in place to track waste from generation to disposal.

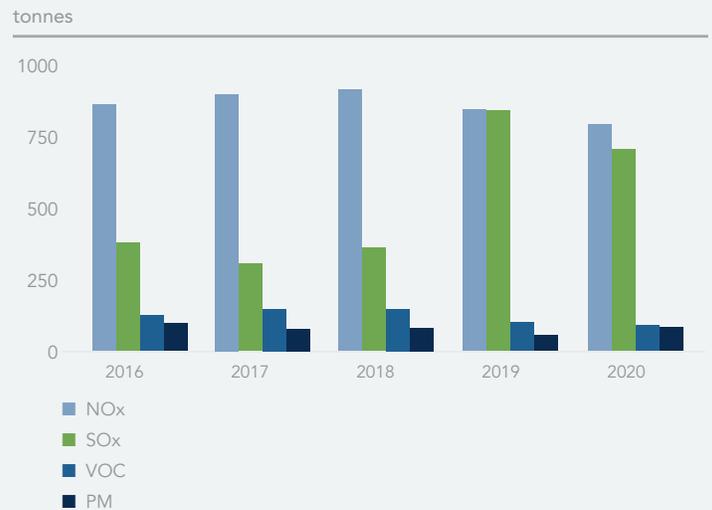
We continually evaluate opportunities to reduce waste generation or find more efficient waste management opportunities. Given the remote nature of our operations, we factor in GHG emissions associated with transporting waste to waste management facilities. We focus on reducing, recycling and disposing locally when possible to minimize these emissions.

Campaigns aimed at our camps and corporate office promote reduction and recycling of batteries, electronic waste, cardboard containers, lightbulbs and reduction of single use plastics. We provide visibility of recycling performance at our corporate office to bring awareness and to continue to challenge waste reduction practices.

Performance

In 2020 we met all regulatory requirements for air quality and waste management. We saw a decrease in NOx emissions relative to 2019 in part due to the facility turnaround where a portion of operations were temporarily shut down in the year for maintenance. VOC emissions decreased with revised monitoring methods and continued implementation of leak detection and repair programs. Particulate Matter (PM) emissions reflect an increase in road dust due to an increase in traffic on unpaved roads associated with turn around activities. Since 2018, SO₂ emissions have increased as we revised our sulphur recovery strategy, with regulatory approval, to minimize the use of chemical scavenger. We achieved this while remaining within operating approval limits and Alberta Ambient Air Quality Objectives. MEG has not had any ambient air quality exceedances related to our operations.

Air Emission Trends





Social

Our people bring energy to operations, care to communities nearby where we work, and innovative ideas to fuel our future. In short, they are key to our success. We are committed to keeping our people and communities safe while maintaining reliable operations. We believe safety is all around us, at home, at work, and keeping each other safe is everybody's responsibility at MEG. We strive to build a strong safety culture where the safety of our workers and communities is always top of mind, and supported by robust health and safety programs, focusing on proactive management and continuous improvement.

As a company with a long-term outlook, we are committed to proactively contributing to society by providing meaningful employment, caring for the wellbeing of our people, adhering to high human rights standards, and supporting organizations in the communities where we live and work. We value our peoples' talents, celebrate their diversity, and aspire to build a culture that enables them to achieve their full potential.

From development and planning through to reclamation, we seek to build strong relationships with Indigenous communities nearby our operations. We prioritize understanding the history and culture of Indigenous people so that Indigenous knowledge can be incorporated throughout our business model. We value and work hard to maintain strong relationships with Indigenous communities and are focused on identifying opportunities for greater economic participation in our operations to meaningfully advance reconciliation.

Health & Safety

Why is This Important?



There is nothing more important than the safety of our staff, contractors and the communities where we operate. It is foundational to all of our values, as our people are at the core of our success. Strong health and safety performance is vital to maintaining a positive work environment, our business model resilience, and our reputation. Our programs and protocols promote taking responsibility for our own safety, and that of our colleagues, by focusing on risk identification and reduction at work and at home. We care about everyone who comes to work for MEG and demonstrating that starts with providing a safe work environment.



Targets

> We are consistently focused on creating a safer workplace through robust risk identification and reduction programs. Our ultimate goal is continuous improvement towards the goal of zero incidents and injuries at work and at home.

Our Approach



Our employees demonstrate their commitment to safety every day and we are focused on providing them world-class systems and programs empowering them to be stewards of safety concepts and actions, even beyond the workplace. Our EH&S Policy speaks to the shared responsibility for health and safety across the organization and describes the actions we take to ensure ongoing excellence in our health & safety programs. The HSERC Committee of the Board oversees all health and safety matters, and the Corporate EH&S Committee is responsible for providing guidance and oversight with respect to EH&S. Our Safety 360 approach fosters a safety culture that goes beyond traditional safety in the workplace and extends to our homes and communities.

Our approach exceeds compliance and has progressive practices which surpass industry best-practices and regulatory requirements. We manage health and safety risks through a company-wide Safety Management System (SMS) aimed at identifying all hazards and risks and working hard to eliminate or mitigate them as much as possible. Components of our SMS include Occupational Health & Safety, Process Safety Management and our Emergency Response Program. The EHS Management Performance Program (MPP) provides a framework for the SMS including a focus on continuous improvement. Through training and awareness, we prepare and empower our people to prevent incidents before they occur.

Our programs align with ISO 14001, Alberta Association of Safety Partnerships and the Alberta Certificate of Recognition (COR) requirements which includes annual audits to ensure Alberta Occupational Health & Safety standards are met. MEG



Analyst Corner

- > Board Oversight of ESG
- > EH&S Policy
- > EM-EP-320a.1
- > EM-EP-320a.2

again received COR certification in 2020. Internal audit and inspections are conducted throughout the year on many systems and programs to capture any opportunities for improvement. Equipment inspections, workplace inspections, spot audits and compliance inspections are just a few of the checks we conduct.

Safety 360

Our Safety 360 approach recognizes that safety is all around us and extends beyond the borders of our worksites. By encouraging a mindful approach to risks we face in our daily lives both at work and at home, we create a company of people who are champions for safety in all areas of our lives. Safety 360 is a forward-thinking approach to health and safety programming that is based more in what we do, than what we say.

To illustrate Safety 360 in action, in 2020, we took immediate steps to respond to the COVID-19 pandemic with the assembly of a COVID-19 Task Force and quickly moving all non-essential office and field employees to work from home. We implemented mandatory masking and physical distancing requirements, screening protocols, as well as isolation and transportation procedures for symptomatic and positive or close contact cases. For more detail on MEG's response to COVID-19 see [page 57](#).

In 2020, we continued to improve our health and safety performance and achieved all our health and safety targets, while managing the additional challenges posed by the pandemic.

Inspection Compliance Program

Over the last two years, we implemented a formal Worksite Inspection Compliance Program to ensure compliance with the SMS and support continuous improvement. The program is based on Visible Safety Leadership where leaders directly engage with workers to understand potential hazards, risk mitigation and control, positive observations and set the tone for open communication. The key benefits of the program include strengthened accountability at all levels of leadership, proactive identification of potential hazards and measurement of the effectiveness of controls in place. Inspection and any identified action items are scheduled and tracked in our EHS management software.

Continuous Improvement Through Incident Investigation

We promote an open culture of incident and near-miss reporting through our Incident Investigation and Management program. Identifying and understanding the root cause of an event presents an opportunity for improvement regardless of severity. All incident types are formally captured in our EHS management software and are tracked to closure. Business leaders, interdisciplinary leaders and subject matter experts review each incident and near-miss. All actions resulting from the reviews are tracked to completion with leadership oversight to reduce the likelihood of future events.

Incident and near-miss data is analyzed allowing us to be proactive when trends are identified. One recent trend we were able to establish and action was vehicle backing up incidents. Although all were minor in nature, we kicked off an awareness campaign and audits on training compliance to work towards reducing these types of incidents, which has been effective to date.



Case Study

Mental Health Awareness during COVID-19

At MEG, mental health is an important component of Safety 360. We recognize that health and safety is not only about physical health, but also about mental wellbeing. From the onset of COVID-19, the wellbeing of our employees was at the forefront of our decision making.

We quickly recognized that beyond our employees' physical safety was a need to address uncertainty and worry wherever possible. Our initial response included frequent transparent communication to employees through daily updates and weekly townhalls, and encouraging leadership accessibility for employees to broach their concerns. Early in the pandemic, we altered shift schedules to reduce the amount of employee overlap and minimize crossover at site. In addition, our response protocols when workers reported symptoms included immediate isolation to their camp room and arranging for safe transportation offsite where they could begin provincial isolation requirements in the comfort of their own homes and with the support of their loved ones. Any close contacts to symptomatic staff were quickly identified and contacted immediately through contact tracing, to minimize any wait time or potential further exposure to others.

Our MEG-A-FITS Benefits Program provides resources to support our people's mental health and were highly promoted from the onset of COVID-19. The Employee and Family Assistance Program provides employees and their families with immediate and confidential support to help resolve work, health and life challenges. Employees can access live weekly sessions focused on mental health, counsellors, and resources for dealing with issues such as anxiety, physical well-being, and financial worry in regard to COVID-19. For more detail on the support MEG provides its employees, see the [Our People](#) section.

Our benefits program also provides coverage for counselling and treatment services through a certified psychologist. In 2021 we tripled this coverage.

In addition to this best-in-class coverage, we introduced a Mental Health Program in 2020 consisting of communications and virtual workshops. We held a mandatory company-wide Mental Health Resiliency Safety Stand Up to address coping with change in a pandemic environment and adopting strategies to build resiliency. We also engaged a workplace mental health specialist to provide workshops on managing burnout, sleep, and mental health, to provide our workforce with practical insight and tools to respond to these challenges.

We are exploring the concept of a future Mental Health First Aider Program. A trial of the course has now taken place and we believe this could become a key component of this program in the future.

Occupational Health & Safety

Our occupational health and safety management program is a component of the SMS and is focused on managing and eliminating risks to prevent injury and loss of life and limiting harmful exposure. This is a collective responsibility and we work closely with our employees, contractors and vendors to bring this to life.

We have well-established the Joint Worksite Committee, bringing leaders and workers together to identify and assist in identifying and resolving health and safety concerns at work sites, and provide overall health and safety awareness across MEG. The Committee supports the three basic rights of workers: the right to know, the right to participate and the right to refuse unsafe work.

Training is critical to effective EHS management which is a function of aware, competent, and well-trained workers. All workers are orientated of their EHS responsibilities, job hazards and controls, incident notification and hazard reporting, and emergency procedures. We identify and provide job-specific training and verify mandated safety qualifications.

All health and safety related documents such as standards, guidelines and procedures are readily available to workers, regularly reviewed, updated and maintained through our Document Management and Control guideline and Management of Change process.

Hazard and risk assessments are performed prior to any work being conducted, and we implement controls to reduce exposure and ensure proper personal protective equipment is available and used correctly when required.

Ongoing communication efforts through safety bulletins, toolbox talks, training sessions, safety alerts and other formats keep our people informed, current and aware of any developments, changes and trends.

Contractor Management

MEG is committed to protecting the health and safety of our contractors and our EHS Policy applies to contractors. At MEG we evaluate, audit and manage contractors as per our Contractor Health and Safety Management Standard through the ISNworld (ISN) platform. We assess contractor practices and performance in a timely manner to ensure base compliance to MEG's EHS requirements. This assessment extends to Supply Chain Management evaluations relating to pre-qualification criteria and contractual commitments. In 2020, we used the ISN platform to communicate expectations and changing protocols relating to the COVID-19 pandemic to all MEG contractors. Annual contractor audits are conducted to confirm our contractor supervisors are aware of MEG policies, standards and practices.

Highlights



Alongside our peers, we adopted **Energy Safety Canada's "10 Life Saving Rules"** that establish a consistent approach to safety awareness and risk management throughout our industry.



Launched the **Everyday Health & Safety Series** which brings attention to small actions that can improve our day such as tips for managing fatigue, eyestrain and posture.



Held our first **Safety Stand Down** at the corporate office which gave insight on the impact an industry accident can have.



Last year, we celebrated an impressive milestone with one of our largest, on-site contractors who is partnered with an Indigenous community nearby our operations. Sekui, our camp operations contractors, celebrated two years at MEG without a lost time incident. This success is the result of working closely with our contractors every day to continuously improve our safety programs.

Emergency Response Program

Our Emergency Response Program (ERP) is based on the Canadian Standards Association Standard Z246.2. The Incident Command System is used to manage emergency response procedures. We continued to grow our ERP with training a dedicated team of volunteer employees named the Site Incident Response Team. This team is designed to support our 24/7 dedicated emergency responders including paramedics and fire fighters.

In 2020, we conducted a variety of emergency drills including a full-scale drill, tabletops, man down drill and emergency coordination drills. We embraced the virtual platform to conduct several of these drills to keep our workers exercised in the event of an emergency, while following all Alberta Health Services pandemic response protocols.

We have a variety of stakeholders that could be impacted by an emergency. We believe in early engagement and providing clear, frequent updates to any stakeholder that may be affected by an event at CLRP, or in the greater region.

Process Safety & Assets Integrity

Formal Process Safety Management (PSM) Program

Process Safety Management and Asset Integrity play a key role in our commitment to safety. Prevention of Loss of Primary Containment (LOPC) or release from the process is integral to our focus on continuous improvement.

Our PSM Program is modelled after the Center for Chemical Process Safety Risk Based Process Safety (CCPS RBPS) with a focus on continuous improvement of our existing management systems. These management systems prevent LOPCs for all commodities within our facilities using the 20 elements of RBPS. This is applied across departments and covers design, construction, operating standards, and procedures, asset integrity and reliability as well as other elements. The objective is to ensure we are monitoring performance, learning from our experiences, and looking for ways to proactively improve.

Our PSM program is governed by a multidisciplinary steering committee. The team meets monthly and consists of senior leaders and other key representatives from Operations, Asset Management, Engineering, Facilities Projects, Environment and Regulatory, and our Health and Safety departments. Our PSM team works with the multidisciplinary steering committee to ensure process safety concerns are addressed within all departments.



Analyst Corner

- > EM-EP-210b.1
- > EM-EP-210b.2

PSM Monitoring

We track PSM performance using industry standard KPIs including Tier 1 and Tier 2 process safety events, as well as a set of internally developed KPIs such as freezing events, safety device activation, alarms rates, incident investigation and action closeouts, and risk review action closeouts. These metrics provide insight into the effectiveness of our management systems and are reviewed monthly by the steering committee to determine if any action is needed.

We also track the Serious Incident Frequency (SIF), which includes incidents that would be classified as Tier 1 events had they occurred, near-misses that have the potential to escalate to Tier 1 events, and any event that represents a breakdown or non-conformance to the management systems in place to prevent a LOPC. We have tracked this metric since 2017 and have seen significant improvement over time, a result of our dedication to improving our process safety performance.



Case Study

Freeze Event Performance

Freezing events occur when our operations are affected by a drop in temperature. Freezing events are an important PSM KPI as they have the potential to result in an LOPC, so understanding and addressing issues that contribute to freezing events is key to improving our PSM performance.

To reduce the potential for freezing events, we have taken a number of steps in the maintenance and monitoring at our operations including modification of heat trace controller configuration, more rigorous preventative maintenance at fall inspection, installing a dedicated heat trace server and improvements to our Engineering Design and Construction Execution processes.

MEG has a formal winterization program dedicated to monitoring and improving our freeze event performance, which is tracked by the freeze event rate KPI. This is expressed as the number of events per 100 operating wells. This KPI has seen year-over-year improvement with a 70% reduction in the freeze event rate since 2016. The total number of operating wells increased 50% over the same period.

We continue to investigate the root cause of any freezing event to determine if any further action can help improve performance. Going forward in 2021, an area of focus is the use of insulation blankets to minimize and prevent freezing events.



70% reduction in freeze events since 2016.

Freeze Event Rate

(# of freeze events per 100 operating wells)



Employee Health & Safety Performance

(# per 200,000 hours worked)



Performance

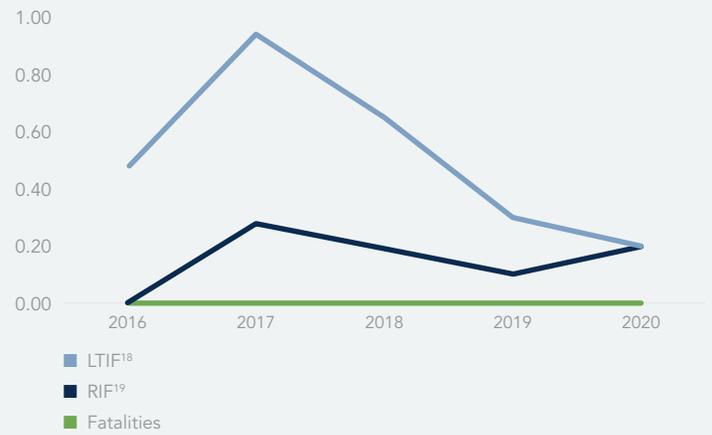
We continued our efforts to improve health and safety performance at our worksites and at home. 2020 marks another year of zero employee lost time incidents. The 2020 employee Recordable Injury Frequency (RIF) reflects a single medical aid incident. We saw a 67% reduction in contractor RIF. The increase in contractor Lost Time Injury Frequency (LTIF) reflects a single incident of a snagged object, which when released, caused injury to the worker. We conducted a detailed investigation and we introduced practices and protocols, as well as an engineering change, to prevent reoccurrence.

We have shown consistent performance on our Tier 1 and 2 Process Safety Events (PSE) KPIs since 2016 with none of the events resulting in personnel injury.

Our PSE rate increased from 2019 to 2020 for both Tier 1 and Tier 2 events. There was one more Tier 1 event in 2020 than 2019. Tier 2 events remained the same, however the overall number of hours worked was reduced due to the ongoing COVID-19 response.

Contractor Health & Safety Performance

(# per 200,000 hours worked)



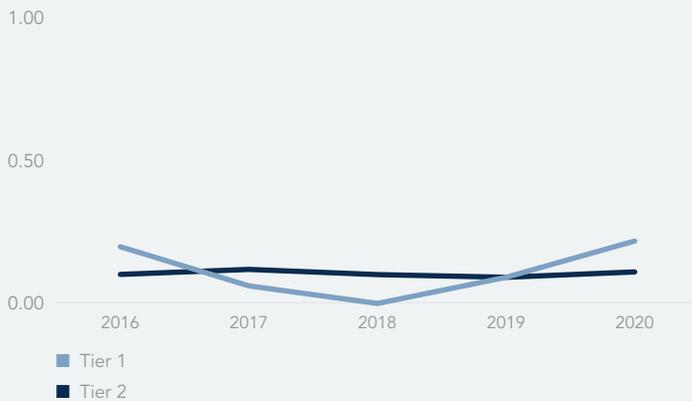
Total Recordable Incident Rate (TRIF²⁰)

(# per 200,000 hours worked)



Tier 1 and 2 Process Safety Event (PSE) Performance

Process Safety Event Rate (# per 200,000 hours worked)



¹⁸ Lost Time Injury Frequency (LTIF) is the # of lost time injuries experienced by MEG employees/MEG Contractor per 200,000 hours worked.

¹⁹ Recordable Injury Frequency (RIF) is the # of recordable injuries experienced by MEG employees/MEG contractors per 200,000 hours worked.

²⁰ Total Recordable Incident Rate (TRIF) is the total # of recordable injuries experienced by MEG employees and contractors per 200,000 hours worked.

Indigenous Relations

Why is This Important?



MEG’s operations fall within, or are adjacent to, Indigenous people’s traditional territory. We understand our projects have an impact on local and surrounding communities, and that it is critical to create and maintain relationships founded on respect and trust throughout the lifecycle of our projects in order for Indigenous peoples and MEG to find mutual benefit. We believe that through these actions, we can meaningfully advance reconciliation.

Our Approach



We are committed to the inclusion of Indigenous people in our business through employment and business opportunities. Our approach is guided by the following policies:

- > Indigenous Peoples Policy
- > Human Rights Policy Statement
- > Consultation and Community Affairs
- > Indigenous Awareness Education
- > Economic Inclusion Initiatives



Targets

Our goal is to strengthen the long-term relationship with Indigenous peoples and communities that is founded on continued respect and trust, which will create mutual benefit for Indigenous peoples and MEG. Building on this commitment and aligned with the Indigenous Peoples Policy that require annual measurable objectives, we set the following targets:

- > Roll out of Indigenous awareness training to all employees by the end of Q1 2022
- > MEG will evaluate and implement opportunities to increase participation of Indigenous businesses and businesses that employ Indigenous peoples throughout our business
- > Prioritize and evaluate infrastructure equity opportunities with Indigenous groups



Analyst Corner

- > Indigenous Peoples Policy
- > Human Rights Policy Statement
- > EM-EP-210a.1
- > EM-EP-210a.2
- > EM-EP-210b.1
- > EM-EP-210b.2

Indigenous Peoples Policy

In early 2021, we developed a principles-based Indigenous Peoples Policy that acknowledges the importance of both the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) within the Canadian legal framework and outlines the methods by which we create and sustain mutually beneficial relationships. The Indigenous Relations team engaged with Indigenous communities closest to MEG’s operations and sought and incorporated their feedback into the policy’s development. This is a unique approach to policy development in our industry, and evidence of our commitment to Indigenous inclusion. At the request of the Indigenous communities, the policy statement was also translated into Cree and Dene, languages commonly spoken in these communities. The translations are below.

Original Message:

MEG Energy Corp. (MEG) recognizes the importance of strengthening the long-term relationship with Indigenous peoples and communities that is founded on respect and trust which will create mutual benefit for Indigenous peoples and MEG.

Dene Translation:

MEG Energy Corp. (MEG) yëñiríní t’ahí therí hultá n̄łt’ëdh ho?á há hanëdhë thá hots’ën ëlá Dënë Dedłñë ëdirí Nih K’ë Nadé chú hayorłla hasë bëbá, ëdirí bëk’ësorëdlı chú ëł’ohëdi bëgharé n̄łt’á ts’ł, t’at’ú ëlá Dënë Dedłñë ëdirí Nih K’ë Nadé chú MEG yët’orëthí há.

Cree Translation:

Meg Energy Corp. (meg) kiskëhtamok ëyikohk ë-mistëyihłakwahk ta-sohkahk kinwës ta-wıci-atoskëyimäcık iyiniwak ëkwa mämawi-wıkwowina isi manäcihitowinihk ëkwa täpwihtätowin ta-oscihcikëyimakan miyo atoskëwina osci iyiniwak ëkwa meg.

The initiative of this strategic engagement was well-received, so much so that community leaders provided the following quotes in support of the Policy.

“MEG Energy has been an example to which other companies can look when dealing with Indigenous Communities. We are also proud to have been included in the development of this policy.”

– On behalf of the Chipewyan Prairie First Nation Industry Relations

“The CRDAC appreciates being involved in the development of MEG’s Indigenous People’s Policy.”

– On behalf of the Board of Directors of the Conklin Resource Development Advisory Committee

The Policy itself promotes the understanding of: Indigenous rights, creating an inclusive culture, our approach to engagement and the importance of economic inclusion. It also requires annual measurable objectives for achieving mutually beneficial relationships with Indigenous peoples and communities, which will be reported on periodically. All MEG directors, officers, employees and contractors are responsible for applying this Policy. It is intended to complement the existing Human Rights Policy Statement and Business Conduct Charter, to enhance best practices as it relates to our relationship with Indigenous peoples and communities.

Human Rights Policy Statement

We are committed to upholding and respecting human rights as reflected in the UN Universal Declaration of Human Rights and the Canadian Charter of Rights and Freedom in all our activities. This includes prohibiting discrimination of minorities, including with Indigenous peoples.

Consultation and Community Affairs

MEG is committed to seek Free, Prior and Informed Consent of Indigenous peoples who are impacted by MEG’s operations. To do so, we develop and maintain a constructive dialogue with Indigenous communities throughout the life of our projects. The consultation process at CLRP is directed through the Aboriginal Consultation Office (ACO) of the Government of Alberta, to consult with a number of First Nations and Métis Settlements. Additionally, MEG engages with non-settlement Métis communities who may be impacted by our operations. The Indigenous Relations team works to not only meet the consultation and regulatory requirements, but also meet the needs of each unique community. We provide consultation capacity funding for Indigenous communities to help ensure they have the resources to effectively engage with us on our proposed activities. The consultation process is one method used to share information and concerns prior to any work being approved. This engagement process has helped us identify and protect culturally-sensitive areas.

Indigenous people and communities also have the opportunity to access corporate grievance mechanisms and/or contact the Indigenous Relations team whose contact information is available on MEG’s website. Any concern provided is recorded and addressed appropriately.

Although MEG’s operations are on Indigenous people’s territory, it is important to note that no resettlement has occurred as a result of MEG’s activities and that MEG is committed to avoiding involuntary resettlement of Indigenous peoples. Our operations can have an impact on Indigenous people’s ability to practice their traditional rights, so we work with Indigenous peoples and communities to find agreeable solutions and mitigations, where possible.

MEG has working agreements with neighboring Indigenous communities that are impacted by our operations. These agreements are unique to the needs of each community and include priorities such as: effective and meaningful consultation, commitments to Indigenous procurement spends, funding for education, skills training and economic development, and contributions to cultural celebrations.



Case Study

Engaging with Indigenous Communities

Our teams regularly engage with elected leadership, Elders, heads of community organizations and business representatives within the region. In the past, this was often done in-person at community events or formalized meetings. Despite the fact we are unable to be physically present together due to the global pandemic, our teams found innovative ways to engage while apart. MEG has continued to prioritize engagement with Indigenous stakeholders and now have dialogue by phone calls and virtual meetings.



Chief Vern Janvier of Chipewyan Prairie Dene First Nation and Derek Evans, President and CEO of MEG Energy.



Tony Bagga, Consultation Director of Heart Lake First Nation, Jaime Bridges, Indigenous Relations Advisor, and Nicole Wiedman, Indigenous Relations Manager at MEG Energy.

Indigenous Awareness Education

Indigenous awareness training is a key aspect of our commitment to further reconciliation. We are developing Indigenous awareness training for the Board, Executives and all employees, ensuring a deeper understanding of Indigenous culture within MEG. Our approach to Indigenous awareness education is designed to provide education on Indigenous history, the legacy of residential schools, treaties and Indigenous rights, Indigenous law, conflict resolution, human rights, and anti-racism. This education will be rolled out in phases with the initial priority for training rollout is focused on the Board, Executives, and strategic leaders throughout our organization. All employees will complete training by the end of Q1 2022.

To us, the commitment to further employee Indigenous awareness education is not simply met through the participation in a course. It is our mission to continuously educate and celebrate the unique cultural, linguistic and geographic elements of our neighboring communities. This includes:

- > Senior leaders sharing land acknowledgements in town halls;
- > Monthly blog articles on MEG’s internal website to help educate on important topics, such as Indigenous procurement, and linking activities to the Sustainable Development Goals
- > Giving back to local communities as well as showcasing Leaders within the Indigenous communities;
- > Celebrating initiatives such as National Indigenous Peoples Day, the Moose Hide Campaign and Orange Shirt Day.

Moose Hide Campaign Day

To end violence towards women and children



MEG employees show their support for Moose Hide Campaign Day.

Economic Inclusion Initiatives

MEG recognizes that providing economic opportunities with Indigenous people is an important part of reconciliation and aligns with the UNDRIP and the Truth and Reconciliation Commission’s Call to Action for corporate Canada. We are committed to promoting the socio-economic development of Indigenous peoples and to seek the effective representation and participation of Indigenous peoples, whenever possible.

To advance this, the Indigenous Relations team regularly engages with Indigenous businesses in the region to inform and promote economic opportunities. Through pre-qualification, selection for work, vendor engagement and performance management, the Indigenous Relations team supports the supply chain process to advocate for and advance Indigenous economic inclusion outcomes.

Recent developments to advance our success include:

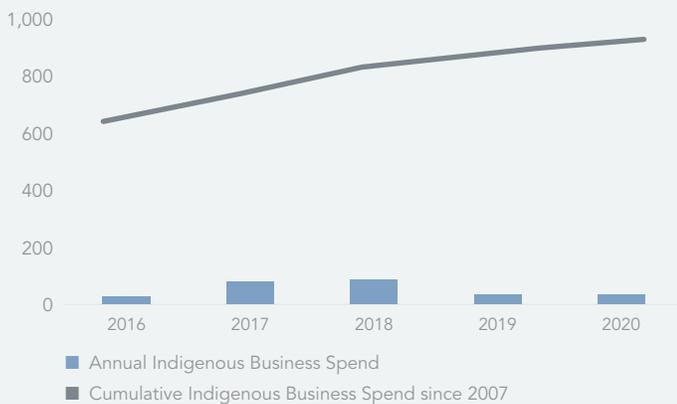
- > Updates to the Indigenous Economic Inclusion Supplement for vendors to better evaluate social impact through employment, training and education;
- > Completing three scope assessments, resulting in the award of consistent work to Indigenous businesses. We plan to continue these strategic assessments yearly going forward;
- > Completed contracting strategies in 2019 for major turnaround events, which included a pre-requisite to use qualified Indigenous businesses for scopes where available. MEG implemented this in 2020 and plans to continue this process going forward for all future turnarounds;
- > Implementing a pilot program in 2021 for our steady state vendors to support local and Indigenous employment for any work scopes we award;
- > Renewed membership of Resource One Aboriginal Business Association (ROABA); and
- > Ensuring attendance at virtual Indigenous Career and Trade Fairs where possible.

Performance

In 2020, MEG spent approximately \$36 million on goods and services provided by Indigenous affiliated businesses. Our focus on economic reconciliation is emphasized as our 2020 spend is similar to our 2019 spend, despite the total supplier spend decreasing. Cumulative spend with Indigenous businesses since 2007 is over \$900 million.

Indigenous Business Spend

Millions



People Spotlight

Gary York

Gary is a member of the Métis Nation of Alberta Region 1 (MNA R1) and was born and raised in the Lac La Biche area, where he resides with his wife, two children and two grandchildren. Gary holds a trap line on the MEG lease and has a long-standing history of practicing family traditions in and around the area including hunting, fishing, trapping and travelling the area long before there were industry operations. Gary has been working in the area for upwards of 30 years.

MEG is honored to have Gary as a part of its Environment and Regulatory Team and realizes his irreplaceable contributions in the many areas that Gary touches and works in daily. Gary is involved in a number of our important environmental monitoring programs, liability closure work, wildlife management, and assisting other local trappers, workers, and community members in various aspects of their day. Gary is currently working with the Alberta Biodiversity Monitoring Institute (ABMI) on their spring Black Bear Program to study potential effects on caribou calves. Part of this work includes helping identifying bears in their areas/dens and potentially collaring for research.

Gary is a prime example of how MEG works collectively with community members, trappers, and rights holders in its operation, whilst respecting traditions and cultures significant to neighboring communities and to individuals.

Vic Toutant, president of the Lac La Biche Trappers Association, quoted Gary as being a passionate, dedicated and a hard worker.

Gary is a social and outgoing person and is always prepared to educate and share his knowledge. Fellow employees have noted that Gary has helped them to have more appreciation for the local wildlife, vegetation, trees and plants. He is an expert in his environment.



Gary York at MEG's Christina Lake Facility.

Our People

Why is This Important?



At MEG, we believe that our greatest strength lies within our people. Their perseverance, creativity, commitment, and innovation are critical to achieving our foundational commitment of business model resilience while working towards being a sustainable, innovative and responsible company. We attract, develop and retain the best talent and ensure a culture that supports their success.

Our Approach



Our culture is based upon our shared values, MEG to the Core, which capture the fabric of what makes us MEG. Health and Safety is foundational to each value. We have pride in our reservoir, our technology, our operations, who we are and where we are going. These actionable values are demonstrated by leaders and employees consistently to make decisions and guide behaviors. Our employees exemplify these values and drive our business forward in collaborative and innovative ways, allowing us to overcome any challenge.



VALUES

Be the **Example**
★★★★★★★★★★★★

Connect
with each other
👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤

ACCEPT THE **CHALLENGE**
💧💧💧💧💧💧💧💧💧💧💧💧💧💧💧💧💧💧💧💧💧💧

COLLECTIVE
STRENGTH
👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤👤

THINK **BIG PICTURE**
🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐🌐



Targets

Continued focus on our people is a key strategic objective with a focus on inclusion and diversity. To support the advancement of the Inclusion and Diversity Strategy, MEG will follow:

- > Source a diverse potential candidate pool when recruiting which is representative of the communities in which we operate.



Analyst Corner

- > Board Oversight of ESG
- > Respectful Workplace Policy
- > Inclusion and Diversity Policy
- > Human Rights Policy Statement
- > Indigenous Peoples Policy

We recognize that employees perform better in a positive environment and where every employee feels valued, engaged and respected. The Human Capital and Compensation Committee (“HCCC”) of the Board provides oversight on our human capital strategy including talent management, employee training, inclusion and diversity, workplace culture, compensation as well as human rights and employee related legislative matters. Our approach is guided by the following policies:

- > Respectful Workplace Policy
- > Inclusion and Diversity Policy
- > Human Rights Policy Statement
- > Indigenous Peoples Policy

For more detail, please refer to the **ESG-related Policies** and **Indigenous Relations** sections of the report.



Talent Attraction, Development, and Retention

We have implemented a range of programs and initiatives to ensure that we are able to attract, develop and retain top talent.

Employee & Leadership Development

Developing our leaders and employees is critical to building and retaining top talent and creating a company culture that inspires learning. We invest in employee training to continuously develop both their technical, leadership and problem-solving skills. In 2020, we developed the Leadership Development Program for front line and mid-level leaders across our organization. The program focuses on seven essential areas of leadership: Leading Self, Leading People, Leading Change, Driving Results, Building People Capability, Collaboration & Influence and Strategic thinking. These leadership capabilities align with our values and are consistent with the universal skills required to make an impact and drive change. Throughout the program, leaders will obtain feedback from their own leaders and team and will incorporate these learnings into their development plans. The program was officially launched in March 2021 with our first cohort consisting of 24 leaders.

A Culture of Open Feedback

Promoting a culture of open feedback is a top priority at MEG. Our employees complete a formal annual performance review process where they set individual performance goals that align with team and organizational objectives in support of their career development. Leaders provide feedback to their people about their performance and areas of development throughout the year. At year end, employee performance is evaluated and communicated to them in a way that motivates each employee to continue to strive for excellence and set ambitious goals for the following year.

We have a variety of communication channels in place encouraging employees to connect, share experiences and provide feedback relevant to our operations and business. We have moved all our events to a virtual setting allowing us to continue to connect safely throughout the global pandemic. Our events and channels include:

- > **Coffee Time with Derek:** Our CEO hosts monthly coffees to share news, answer questions and keep access to our executive team open to all.
- > **MEG Connects:** Through our MEG Connects learning breakfasts, employees share updates on their initiatives and projects to help all employees stay engaged with the business and their colleagues.
- > **Ask MEG:** Employees can ask questions to management through an anonymous website. Management responds to all questions and responses are posted for all employees.
- > **Town halls:** Our senior management team hosts bi-annual Town Hall events to provide updates related to our goals and objectives, as well as key financial, operations and employee updates.

Employee Benefits Programs

We offer competitive compensation, vacation, and wellness benefits, which we call our Total Rewards Program. The program is competitive within our industry and ensures our people have peace of mind and the means to build a secure and healthy future. It consists of MEG Match, a savings plan that matches employee contributions of up to 12% of an employees’ salary, the MEG-A-FITS Benefits Program, and compensation that appropriately recognizes and rewards performance.

The MEG-A-FITS Benefits Program provides comprehensive medical and dental coverage, income protection for sick leaves and allows employees to direct a portion of their benefits to support personal fitness or wellbeing goals. In 2020, we increased access to mental health care including a threefold increase in the benefit coverage for psychological services for each employee and their dependents.



We also grant employees paid leave if they have a COVID-19 symptomatic household member in a two-part attempt to reduce the transmission risk, while providing the employee the opportunity to care for their family member.

Inclusion and Diversity

We are focused on inclusion and diversity to ensure that we are attracting the largest talent pool possible. We aspire to achieve a meaningful increase in the number of Diverse Persons at the management level and ensure Diverse Persons are included in any pool of candidates being considered for election or appointment to the Board and for the appointment or promotion to management positions.

In 2020, we developed a recruiting target to achieve at least a 50% female to male ratio of short-listed candidates for our aggregate recruiting efforts for all employee positions. To further expand the diverse pool of talent we attract, we attend job fairs and cultural events in the Indigenous communities near our operations to actively recruit for positions at site and at our head office in Calgary, Alberta. Attending these events has been difficult since the pandemic, and we are evaluating virtual Indigenous recruitment events.

We celebrate the variety of backgrounds, experiences, and perspectives that people bring to our organization through the recognition and support of diversity days, like International Women’s Day, Orange Shirt Day, the Moose Hide Campaign and National Indigenous Peoples Day.

In 2021, we will establish an Inclusion and Diversity Committee and provide Indigenous awareness training across the organization. We are committed to further understanding our workforce demographics as one of the ways to inform our progress on our diversity and inclusion strategy development efforts.

Performance/Highlights



In 2020, 51% of our short-listed candidates were female in our aggregate recruiting efforts meeting the 2019 Corporate Performance Scorecard target and 53% of the searches completed were filled by female candidates.



27% of management positions are held by women and 50% of leadership searches in 2020 were filled by female candidates.



Provided a threefold increase in coverage for psychological services.



Grant employees paid leave if they have a COVID-19 symptomatic household member to reduce transmission risk, while providing the employee the opportunity to care for their family member.



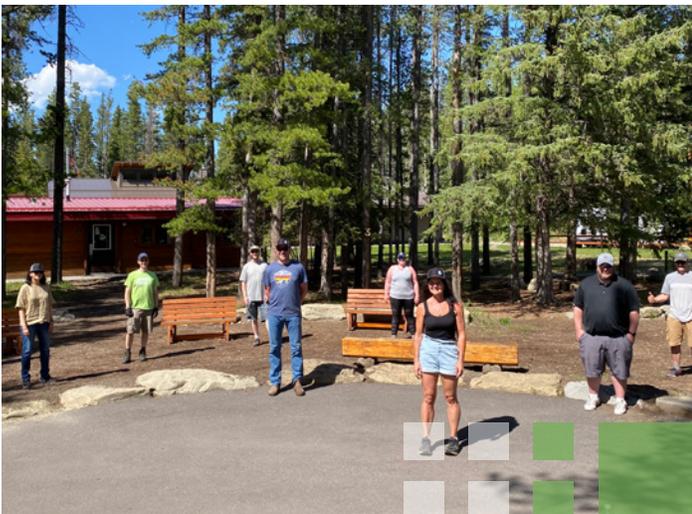
Community Investment

Why is This Important?



Community Investment at MEG is about purpose and making a difference in the communities where we operate. It is aligned with who we are as a company—strategic, focused and innovative. Developing strong relationships with communities is key to the execution of MEG’s business objectives.

We invest in the communities where we work and live to help create a strategy to drive measurable change. We recognize that the success of our projects and our reputation greatly depends on the value that we are able to provide local communities. We take a long-term view in developing relationships and investing in the communities where we live and work. Our belief is that through meeting the needs and interests of communities through meaningful consultation and transparent communication, we can deliver shared social and economic benefits.



MEG supports employee volunteerism through grants and teambuilding volunteer opportunities. MEG has proudly supported Easter Seals Alberta for nearly a decade through employee volunteering, and our MEG Match program. Above, MEG employees volunteer at Easter Seals Alberta’s Camp Horizon near Calgary.

Our Approach



We believe that it is our responsibility to support programs that help communities and those who live in them to thrive. Our values of Collective Strength and Connect with Each Other demonstrate our belief that that when we work together, we can overcome challenges and transform lives and livelihoods in communities where we live and operate. MEG’s Community Investment program includes elements of strategic corporate giving, employee volunteerism and employee philanthropy.

Our Community Investment and Indigenous Relations teams work together to engage with communities to understand the most important needs in the communities where we live and work. We seek opportunities with organizations that seek to increase employment skills and training programs to advance education and learning opportunities and events to promote cultural celebrations.



Analyst Corner

> EM-EP-210b.1

Sponsorship and Community Support

Our employee-driven Community Investment Committee works together to find meaningful partnership opportunities based on supporting three areas of focus to drive measurable change:

- > Children & Youth
- > Education
- > Health & Wellness

The Community Investment Committee is comprised of employees from across the organization who meet quarterly to evaluate opportunities for funding and volunteering, with oversight from the External Relations team and senior leadership.

We have a responsibility to build a better future in the communities in which it operates. We make efforts to hire locally, contract local businesses, and support community causes. We also prioritize community presence and when invited participate in community events like pow wows and cultural retreats. See the Indigenous Relations section for a discussion of MEG’s approach to consulting with local communities and developing constructive relationships.

In 2020, we provided sponsorships for not-for-profit organizations including STARS, The Calgary Flames Foundation, The University of Alberta, Mt. Royal University, YMCA, and the Calgary Urban Projects Society. Collectively these partnerships supported programming to support Indigenous student education, children’s grief support, rural community health care training, youth mental health support, STEM education and healthy childhood development. The investments we make allow communities and organizations to make a positive difference by helping people reach their potential. This is important to our employees and aligns with our core values at MEG.



We encourage our employees to give back and offer incentives for volunteers who give time or funds to agencies that are important to them through two established programs:

MEG Match

MEG Matches employee donations to approved charitable organizations as an incentive for employees to contribute to organizations that are meaningful to them. Donations of \$20 or more are matched by MEG with no annual limit. Since 2016, MEG has made nearly 1,000 matches totaling over \$300,000 in contributions.

MEG Volunteer Grants

MEG offers financial grants to organizations where our employees volunteer their time as Board members, coaches or volunteers. Grant values are based on the number of hours volunteered through the year, to a limit of \$2,500 per employee annually.



Case Study

Community Investment Program

MEG's Community Investment program provides resources to help vulnerable communities. In 2020 we supported the YMCA's 7th Generation Program, which provides Indigenous youth with cultural teachings and activities, all while earning high school credits. The program is aligned with MEG's efforts to support Indigenous Communities and Youth to achieve success in their studies and be positive contributors in their communities.



Case Study

COVID-19

COVID-19 brought on hardships to many, especially our most vulnerable populations who faced challenges including unemployment, food shortages, mental health struggles, and homelessness. In 2020, MEG joined a larger group of companies and organizations in Calgary who stepped up as part of the 3 Things 4 Neighbours challenge by sharing 3 things we have done to support our communities since the onset of the COVID-19 global pandemic, including donating personal protective equipment, food supplies and hampers to local Indigenous communities near our Christina Lake operations.

Performance

Since 2016, we have contributed over **\$11.6 million** in support of our focus areas for community investment.



Sponsorship & Community Support
Over **\$1.6 million** in 2020

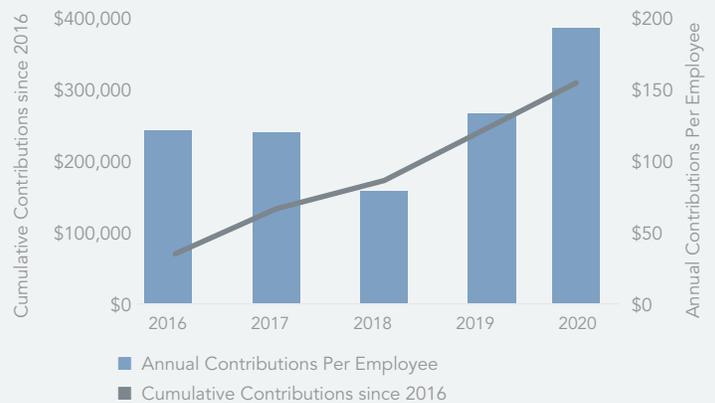


MEG Matches
Over **\$74,000** in 2020



MEG Volunteer Grants
Over **\$23,000** in 2020

MEG Match Cumulative Contribution Since 2016



ESG Performance Data Table

Metric	Units	GRI Reference	SASB Reference	2016	2017	2018	2019	2020	Footnote
Economic									
Steam-oil Ratio	bbl of steam/ bbl of bitumen			2.29	2.30	2.19	2.22	2.32	
Common Shares Outstanding	millions			226	294	297	300	303	
Market capitalization	\$ millions	102-7		2,090	1,512	2,289	2,213	1,347	
Gross sales	\$ millions			1,875	2,457	2,771	3,976	2,301	
Adjusted funds flow	\$ millions			-62	374	180	726	278	EC-1
Annual capital investments	\$ millions	201-1		140	502	622	198	149	EC-2
Operating expenses	\$ millions			254	222	210	238	232	
Total assets	\$ millions	102-7		8,921	9,363	8,410	7,866	7,224	EC-3
Royalties, taxes and fees	\$ millions	201-1		9	23	38	45	9	
Net debt to capitalization ratio		102-7		59%	49%	45%	43%	44%	
Debt to capitalization ratio		102-7		61%	54%	49%	45%	45%	

Climate Change and Greenhouse Gas Emissions

Direct GHG Emissions (Scope 1)	tonnes CO ₂ e	305-1	EM-EP-110a.1	2,036,574	2,048,121	2,140,537	2,304,490	2,113,450	GHG-1, GHG-2, GHG-3
(1) Scope 1 by GHG Type – CO ₂	tonnes CO ₂	305-1	n/a	2,012,698	2,026,908	2,119,323	2,286,737	2,100,396	GHG-3
(2) Scope 1 by GHG Type – CH ₄	tonnes CH ₄	305-1	n/a	565	467	543	377	218	GHG-4
(3) Scope 1 by GHG Type – N ₂ O	tonnes N ₂ O	305-1	n/a	33	32	26	28	26	
Indirect GHG Emissions (Scope 2)	tonnes CO ₂ e	305-2		1,110	90	20	0	16	GHG-6
NET GHG Emissions Intensity	kg CO ₂ e/bbl	305-4	n/a	50	52	51	52	55	GHG-7
Bitumen GHG Emissions Intensity	kg CO ₂ e/bbl	305-4	n/a	57	57	56	57	59	GHG-7
Electricity GHG Emissions Intensity	kg CO ₂ e/ MWh	305-4	n/a	341	350	353	350	351	GHG-7

ESG Performance Data Table

Metric	Units	GRI Reference	SASB Reference	2016	2017	2018	2019	2020	Footnote
Water and Wastewater Management									
Total water withdrawal	thousand m ³	303-3		1,197	1,336	1,134	653	660	
Water withdrawal by Type:									
(1) Non-saline water withdrawal	thousand m ³	303-3	EM-EP-140a.1	1,105	1,096	986	583	512	W-1, W-7
(2) Total saline water withdrawal	thousand m ³	303-3		91	240	148	71	148	W-1, W-10
Water withdrawal by Source:									
(1) Surface water withdrawal	thousand m ³	303-3		33	126	134	53	33	W-2, W-8
(2) Groundwater withdrawal	thousand m ³	303-3		1,163	1,210	1,000	600	626	W-3
Recycled Water – percentage recycled	thousand m ³	303-3		91	91	93	96	96	W-9
Produced Water Volume:	thousand m ³	303-3	EM-EP-140a.2	11,089	11,150	11,627	13,244	12,458	W-4
(1) percentage discharged	%		EM-EP-140a.2	0	0	0	0	0	
(2) percentage injected	%		EM-EP-140a.2	100	100	100	100	100	
(3) percentage recycled	%		EM-EP-140a.2	90	90	90	88	86	
Total make-up water withdrawal:	thousand m ³	303-3		1,128	1,143	905	543	568	W-4
(1) Saline make-up water withdrawal	thousand m ³	303-3		91	240	148	71	148	W-4, W-10
(2) Non-Saline make-up water withdrawal	thousand m ³	303-3		1,035	903	756	472	421	W-4, W-7
Total make-up water intensity	m ³ /m ³ oil production	301-1		0.24	0.24	0.18	0.10	0.12	W-10
Non-saline make-up water intensity	m ³ /m ³ oil production	301-1		0.22	0.19	0.15	0.09	0.09	

ESG Performance Data Table

Metric	Units	GRI Reference	SASB Reference	2016	2017	2018	2019	2020	Footnote
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Air Quality and Waste Management

NOx emissions	tonnes	305-7	EM-EP-120a.1	865	901	917	846	797	
NOx emissions intensity of oil production	kg/bbl	305-7		0.029	0.029	0.028	0.027	0.026	
SO ₂ emissions	tonnes	305-7	EM-EP-120a.1	380	306	361	845	709	AQ-1
SO ₂ emissions intensity of oil production	kg/bbl	305-7	EM-EP-120a.1	0.013	0.010	0.011	0.025	0.023	
VOC emissions	tonnes	305-7	EM-EP-120a.1	125	147	146	102	89	AQ-2
VOC emissions intensity of oil production	kg/bbl	305-7		0.004	0.005	0.005	0.003	0.003	
Total Particulate Matter	tonnes	305-7		95	78	80	54	83	AQ-3
Total Particulate Matter intensity of oil production	kg/bbl	305-7		0.003	0.003	0.003	0.002	0.003	
Flared Gas	e ³ m ³			420	791	790	1,598	958	AQ-4
Vented Gas	e ³ m ³			–	–	47.4	55.5	30.2	AQ-5

Land and Biodiversity

Active Commercial Footprint	hectares		n/a	1,033	1,055	1,094	1,087	1,085	LB-1
Total Land Undergoing Reclamation/Restoration	hectares		n/a	20	68	93	100	104	LB-2

Spills

Reportable spill	count	306-3	EM-EP-160a.2	6	7	5	4	8	S-1, S-2
Total volume of reportable spills	m ³	306-3	EM-EP-160a.2	35	37	34	34	123	S-1, S-2, S-3
Total volume of reportable spills – Hydrocarbon	m ³	306-3	EM-EP-160a.2	30	33	15	8	13	S-1, S-2
Count of reportable spills – Hydrocarbon	count	306-3	EM-EP-160a.2	5	3	2	2	2	S-1, S-2
Total volume of reportable spills – Non-Hydrocarbon	m ³	306-3	EM-EP-160a.2	5	4	20	26	110	S-1
Count of reportable spills – Non-Hydrocarbon	count	306-3	EM-EP-160a.2	1	3	3	2	6	S-1
Reportable Spill Intensity	(m ³ of volume released per 10 ⁶ m ³ OE Total Production)	306-3	n/a	2.17	2.28	1.98	1.78	6.92	S-1, S-2

ESG Performance Data Table

Metric	Units	GRI Reference	SASB Reference	2016	2017	2018	2019	2020	Footnote
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Health and Safety

Total Recordable Incident Rate (TRIF)	# per 200,000 hours worked	403-2	EM-EP320a.1	0.3	0.74	0.43	0.26	0.22	
Lost-time injury frequency – Employee	# per 200,000 hours worked	403-2	EM-EP320a.1	0.00	0.18	0.19	0.00	0.00	
Lost-time injury frequency – Contractor	# per 200,000 hours worked	403-2	EM-EP320a.1	0.00	0.28	0.19	0.15	0.20	HS-1
Recordable injury frequency – Employee	# per 200,000 hours worked	403-2	EM-EP320a.1	0.17	0.36	0.37	0.00	0.26	HS-2
Recordable injury frequency – Contractor	# per 200,000 hours worked	403-2	EM-EP320a.1	0.48	0.94	0.65	0.30	0.20	
Fatalities – Employee	count	403-2	EM-EP320a.1	0	0	0	0	0	
Fatalities – Contractor	count	403-2	EM-EP320a.1	0	0	0	0	0	

Process Safety Management

Tier 1	# per 200,000 hours worked		EM-EP-540a.1	0.20	0.06	0.00	0.09	0.22	PSM-1
Tier 2	# per 200,000 hours worked		n/a	0.10	0.12	0.10	0.09	0.11	PSM-1
Serious Incident Frequency (SIF)	# per 200,000 hours worked		n/a		7.00	4.50	1.30	1.20	PSM-2

Indigenous Relations

Indigenous business spend	\$ (millions)	204-1		28,087,949	83,991,794	92,778,667	37,781,190	36,691,668	IR-1, IR-2
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ESG Performance Data Table

Metric	Units	GRI Reference	SASB Reference	2016	2017	2018	2019	2020	Footnote
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Our People

Number of Employees Total	count	102-7		584	516	515	447	391	WF-1
Age by range – 30 years and younger	count	405-1		–	49	38	29	24	WF-4
Age by range – 30 – 50 years old	count	405-1		–	343	345	316	269	WF-4
Age by range – over 50 years old	count	405-1		–	124	132	102	98	WF-4
Women Total	%	102-8; 405-1		–	23	22	21	19	WF-1
Men Total	%	102-8; 405-1		–	77	78	79	81	
Women in Management	%	405-1		–	22	22	25	27	WF-2
Women in Senior Management	%	405-1		–	21	24	25	18	WF-1, WF-3
Location of Employees – Office	count	102-7		–	285	280	217	203	WF-4
Location of Employees – Field	count	102-7		–	231	235	230	188	WF-4
New employee hires	%	401-1		–	2	7	9	8	WF-4
Male new employee hires	%	401-1		–	60	82	67	67	WF-4
Female new employee hires	%	401-1		–	40	18	33	33	WF-4
Employee Turnover Rate	%	401-1		–	15	7	22	21	
Ratio of permanent to temporary employee contracts	%			–	34:1	29:1	28:1	39:1	WF-4, WF-5

Community Investment

Total contribution to charitable, non-charitable and community groups	\$ (millions)	201-1		1,896,164	,565,487	3,511,891	2,949,918	1,761,263	CI-1
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SASB Index

Metric	Units	SASB Code	2020	Page	Footnote
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Activity

Production of:

(1) oil	bbl/day	EM-EP-000.A	82,441		
(2) natural gas	bbl/day	EM-EP-000.A	0		
(3) synthetic oil	bbl/day	EM-EP-000.A	0		
(4) synthetic gas	bbl/day	EM-EP-000.A	0		
Number of offshore sites	count	EM-EP-000.B	0		
Number of terrestrial sites	count	EM-EP-000.C	1		

Reserves Valuation & Capital Expenditures

Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	kg/TJ	EM-EP-420a.2	We will evaluate and consider for future disclosure.		
Amount invested in renewable energy, revenue generated by renewable energy sales	\$	EM-EP-420a.3	0		
Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	million barrels (MMbbls)	EM-EP-420a.1	We will evaluate and consider for future disclosure.		
Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	Discussion & analysis	EM-EP-420a.4		24	

Management of the Legal & Regulatory Environment

Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion & analysis	EM-EP-530a.1	Relevant regulatory and/or legal risks are discussed throughout the report as relevant and can be found in the "Why is this Important" section for each ESG factor.	19	
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Business Ethics & Transparency

Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	count	EM-EP-510a.1	0		
Description of the management system for prevention of corruption and bribery throughout the value chain	Discussion & analysis	EM-EP-510a.2		19	

SASB Index

Metric	Units	SASB Code	2020	Page	Footnote
Greenhouse Gas Emissions					
Direct GHG emissions (Scope 1)	tonnes CO ₂ e	EM-EP-110a.1	2,113,450	28, 58	GHG-1, GHG-2, GHG-3
Percentage methane	%	EM-RM-110a.1	0.26%	29	GHG-4
Percentage covered under emission-limiting regulations	%	EM-MM-110a.1	100		GHG-5
Amount invested in renewable energy, revenue generated by renewable energy sales	\$	EM-EP-420a.3	0		
Amount of Gross Global Scope 1 Emissions from:					
(1) flared hydrocarbons	tonnes CO ₂ e	EM-EP-110a.2	6,708	28	GHG-1, GHG-8
(2) other combustion	tonnes CO ₂ e	EM-EP-110a.2	2,103,994	28	GHG-1
(3) Process emissions	tonnes CO ₂ e	EM-EP-110a.2	N/A	28	GHG-9
(4) other vented emissions	tonnes CO ₂ e	EM-EP-110a.2	512	28	GHG-1, GHG-10
(5) fugitive emissions	tonnes CO ₂ e	EM-EP-110a.2	2,236	28	GHG-1, GHG-4
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion & analysis	EM-EP-110a.3		24-30	
Water Management					
Total Non-Saline Water Withdrawal	thousand m ³	EM-EP-140a.1	512	34, 59	W-1, W-2, W-7, W-8
Total Non-Saline Water Consumed	thousand m ³	EM-EP-140a.1	30		W-11
Percentage of Total fresh water withdrawn in regions with High or Extremely High Baseline Water Stress Management	%	EM-EP-140a.1	0	31	W-5
Percentage of total fresh water consumed in regions with High or Extremely High Baseline Water Stress Management	%	EM-EP-140a.1	0	31	W-5
Produced Water Volume:	thousand m ³	EM-EP-140a.2	12,458	59	W-4
(1) percentage discharged	%	EM-EP-140a.2	0	59	
(2) percentage injected	%	EM-EP-140a.2	100	59	
(3) percentage recycled	%	EM-EP-140a.2	86	59	
(4) hydrocarbon content in discharged water	tonnes	EM-EP-140a.2	N/A		W-12
Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	%	EM-EP-140a.3	N/A		W-6
Percentage of hydraulically fractured sites where ground or surface water quality deteriorated compared to baseline	%	EM-EP-140a.4	N/A		W-6

SASB Index

Metric	Units	SASB Code	2020	Page	Footnote
Biodiversity Impacts					
Reportable spill	count	EM-EP-160a.2	8	38, 60	S-1, S-2
Total volume of reportable spills	m ³	EM-EP-160a.2	123	38, 60	S-1, S-2, S-3
Total volume of reportable spills – Hydrocarbon	m ³	EM-EP-160a.2	13	38, 60	S-1, S-2
Count of reportable spills – Hydrocarbon	count	EM-EP-160a.2	2	38, 60	S-1, S-2
Total volume of reportable spills – Non-Hydrocarbon	m ³	EM-EP-160a.2	110	38, 60	S-1
Count of reportable spills – Non-Hydrocarbon	count	EM-EP-160a.2	6	38, 60	S-1
Total volume of hydrocarbons recovered	m ³	EM-EP-160a.2			S-4
Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	count, barrels (bbls)	EM-EP-160a.2	N/A		S-5
Description of environmental management policies and practices for active sites	Discussion & analysis	EM-EP-160a.1		38, 60	
Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	%	EM-EP-160a.3	84		LB-3

Air Quality

NOx emissions	tonnes	EM-EP-120a.1	797	41, 60	
SO ₂ emissions	tonnes	EM-EP-120a.1	709	41, 60	AQ-1
VOC emissions	tonnes	EM-EP-120a.1	89	41, 60	AQ-2
Particulate Matter (PM ₁₀)	tonnes	EM-EP-120a.1	46	41, 60	AQ-3

SASB Index

Metric	Units	SASB Code	2020	Page	Footnote
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Workforce Health & Safety

Total Recordable Incident Rate (TRIF)	# per 200,000 hours worked	EM-EP320a.1	0.22	47, 61	
Lost-time injury frequency – Employee	# per 200,000 hours worked	EM-EP320a.1	0.00	47, 61	
Lost-time injury frequency – Contractor	# per 200,000 hours worked	EM-EP320a.1	0.20	47, 61	HS-1
Lost-time injury frequency – Short-service employee	# per 200,000 hours worked	EM-EP320a.1	–		HS-4
Recordable injury frequency – Employee	# per 200,000 hours worked	EM-EP320a.1	0.26	47, 61	HS-2
Recordable injury frequency – Contractor	# per 200,000 hours worked	EM-EP320a.1	0.20	47, 61	
Recordable injury frequency – Short-service employee	# per 200,000 hours worked	EM-EP320a.1	–		HS-4
Fatalities – Employee	count	EM-EP320a.1	0	47, 61	
Fatalities – Contractor	count	EM-EP320a.1	0	47, 61	
Fatalities – Short-service employee	count	EM-EP320a.1	–		HS-4
Near miss frequency rate a) employee b) contract, and c) short-service employees	rate	EM-EP320a.1	–		HS-3
Average hours of health, safety and emergency response training for a) employee b) contract, and c) short-service employees	hours	EM-EP320a.1	–		HS-4
Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	Discussion & analysis	EM-EP-320a.2		43-46	

Critical Incident Risk Management

Tier 1	# per 200,000 hours worked	EM-EP-540a.1	0.22	47, 61	PSM-1
Description of management systems used to identify and mitigate catastrophic and tail-end risks.	Discussion & Analysis	EM-EP-540a.2		46	

SASB Index

Metric	Units	SASB Code	2020	Page	Footnote
Security, Human Rights & Rights of Indigenous People					
Percentage of 1) proved and 2) probable reserves in or near areas of conflict	%	EM-EP-210a.1	0		IR-3
Percentage of 1) proved and 2) probable reserves in or near Indigenous land	%	EM-EP-210a.2	100		IR-4
Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Discussion & analysis	EM-EP-210a.3	N/A		
Community Relations					
Discussion of process to manage risks and opportunities associated with community rights and interests	Discussion & analysis	EM-EP-210b.1		42-51	
Number of non-technical delays	count	EM-EP-210b.2	0		AQ-1
Duration of non-technical delays	days	EM-EP-210b.2	0		

Footnotes

- EC-1** The decrease in adjusted funds flow for 2020 reflects a decrease in cash operating netbacks as a result of lower AWB pricing resulting from a significant decline in commodity prices as a result of the COVID-19 pandemic.
- EC-2** The decrease in capital investment for 2020 reflects the decrease in spending as part of the company's efforts to preserve financial liquidity in response to the COVID-19 pandemic.
- EC-3** Total assets at December 31, 2020 decreased compared to December 31, 2019, mainly as a result of depletion and depreciation charges that were in excess of capital expenditures and the write-down of E&E assets due to the Corporation's decision to discontinue exploration and evaluation activities in certain non-core growth properties.
- GHG-1** Global Warming Potential from Fourth Assessment Report (AR4) applied.
- GHG-2** Scope 1 totals may not sum due to rounding.
- GHG-3** Emission decrease in 2020 associated with major planned turnaround at the Phase 1 and 2 facilities.
- GHG-4** Emissions decreased with revised monitoring method and continued implementation of leak detection and repair program.
- GHG-5** In 2020 our operational GHG emissions were regulated under the Technology Innovation and Emission Reduction (TIER) Regulation which is an emissions intensity-based regime requiring large emitters to reduce their emissions intensity below a prescribed level and requires third party verification.
- GHG-6** We generate electricity through the use of cogeneration and sell excess supply to the Alberta electricity grid. In 2020, a small amount of electricity was purchased due to a facility disruption.
- GHG-7** In previous disclosures, we reported emissions in the form of a Net GHG Emission Intensity metric we developed to recognize the production and sale of two products (bitumen and power). The approach recognizes the power consumed for the purpose of bitumen processing and the benefit of providing a cleaner supply of electricity onto the Alberta Power Grid. In this latest disclosure, we are introducing two new metrics to represent the two product types generated from our Christina Lake operations: Bitumen GHG Intensity and Electricity GHG Intensity. These metrics are independent of the composition of the Alberta Power Grid, which allow us to trend our performance more closely to operational changes at the facility level. The Bitumen GHG Intensity has an apparent trend of roughly 7% higher than the Net GHG Emission Intensity and is approximately 20% below the industry average, in 2020.
- GHG-8** Lower flare volume in 2020 associated with fewer plant disruptions that required the diversion of gas to flare.
- GHG-9** There are no process emissions associated with our operations.
- GHG-10** Vent emission decrease in 2020 associated with process management to minimize tank over pressuring and tie-in of compressor vent.
- W-1** Total non-saline water withdrawal includes non-saline groundwater (defined by The Alberta Water Act (Ministerial) Regulation as water with total dissolved solids (TDS) content less than 4000 milligrams per liter (mg/L) and surface water. Non-saline water included groundwater used for oil production, groundwater used for potable water, and surface water used for industrial purposes such as dust suppression, oil sands exploration activities and drilling activities.
- W-2** All water on the surface of the ground, including water in lakes, rivers, streams, wetlands and run-off collection ponds, natural or man-made. This water source is used for industrial purposes such as dust suppression, constructing ice roads and oil sands exploration and drilling activities. This water source is not used for oil production.
- W-3** Water beneath earth's surface and is present in pore spaces or fractures.
- W-4** Produced water is composed mainly of injected steam and water from the reservoir that is produced back along with the bitumen. The majority of water used in our process to generate steam is recycled produced water. The remaining water (termed make-up water which includes saline and non-saline groundwater) comes from water sources located deep underground. These water sources are unsuitable for human consumption or for agricultural purposes.
- W-5** The WRI Aqueduct tool classifies overall water risk in this area as Low to Medium Risk (1-2). MEG does not currently operate in water stressed areas.
- W-6** We do not undertake hydraulic fracturing activities. This category is not applicable.
- W-7** Lower non-saline water withdrawal volumes due to optimization projects to reduce non-saline demand, continued high-recycle rates, in addition to extended facility turnaround.
- W-8** Surface water withdrawal was lower in 2020 as a result of decreased need for road dust suppression related to increased precipitation and the application of a biodegradable chemical binding agent to the roads.
- W-9** Calculated in accordance with AER Industry Water Use Report. Recycled water is produced water previously returned from the reservoir and re-injected as a proportion of total make-up water; thus, measuring the ability to re-use produced water within the process. This is a measure of total produced water as a proportion of all non-saline, saline and produced water in.
- W-10** Increase in saline withdrawal associated with process optimization to substitute saline for non-saline volumes and the process testing of zero blowdown in preparation for 2021 commissioning of the MVC.
- W-11** Lower fresh water consumption related to slight decreases in water use for oil sands exploration and potable water.
- W-12** Not reported at this time.
- AQ-1** Since 2018, SO₂ emissions have increased as we revised our sulphur recovery strategy, with regulatory approval, to minimize the use of chemical scavenger. This was achieved while remaining within operating approval limits and Alberta Ambient Air Quality Objectives.
- AQ-2** Emissions decreased with revised monitoring method and continued implementation of leak detection and repair program.
- AQ-3** Increase in emissions reflects an increase in road dust due to an increase in traffic on unpaved roads associated with facility turnaround activities.
- AQ-4** Lower flare volume in 2020 associated with fewer plant disruptions that required the diversion of gas to flare.
- AQ-5** Continued proactive management of venting controls along with annual methane reduction targets has lead to continued reductions in vent volumes.
- LB-1** The active commercial footprint is defined as the areas at MEG's Christina Lake Regional Project that have been actively cleared for industrial purposes and remain disturbed without any reclamation. This definition and metric is derived from the Conservation and Reclamation report submitted to the Alberta Energy Regulator on an annual basis.
- LB-2** Inclusive of all areas that are under reclamation, meaning that no more work is required and the sites are revegetating in anticipation of applying for a reclamation certificate when the vegetation is sufficiently established.
- LB-3** Calculated by reporting how much of our commercial footprint is within the East Side Athabasca River caribou range, including an application of a 500 meter buffer around all disturbances per the Canadian Federal Recovery Strategy for the Woodland Caribou. Proven and probable reserves do not necessarily dictate the surface disturbance locations of in-situ oil sands industrial activity, so MEG has calculated this metric using the actual surface commercial footprint of our industrial site.
- S-1** Includes spills that met the reporting threshold of a regulatory agency. A reportable spill does not indicate that the released material entered the environment or caused adverse effects.
- S-2** We finished 2020 with an increase in total reportable spill count and volume from 2019. All spills were thoroughly cleaned up in a timely manner leaving no adverse impact to the environment or aquatic ecosystems. In response, we implemented targeted communication and inspection programs and enhanced the spill related metric in the corporate performance scorecard to drive performance improvements.
- S-3** Totals may not sum due to rounding.
- S-4** When a spill is identified, we respond promptly, using appropriate containment and clean up measures to mitigate any potential impact. We do not currently track volumes of hydrocarbon removed.

S-5	We do not operating in the Arctic or near shorelines. This metric is not applicable to MEG.
HS-1	2019 and 2020 Contractor LTIF reflects 1 incident for each year. The increase from 2019 to 2020 resulted less exposure hours reported in 2020 than in 2019 bringing the frequency higher although incident value the same year over year.
HS-2	Increase from 2019 to 2020 was reflective of 1 employee Medical Aid incident in 2020 relating to a dental repair.
HS-3	MEG encourages reporting near misses of any severity from our workforce.
HS-4	We do not have the ability to track this value at the current time.
IR-1	<p>"Indigenous business spend is calculated by taking the sum of MEG's gross spend with:</p> <ul style="list-style-type: none"> (a) Community member-owned business – defined as business owned in whole or in part by an individual who self-identifies as Indigenous; plus (b) Community-owned business – defined as business owned in whole or in part by and Indigenous community; plus (c) Joint venture partnership – defined as an Indigenous business entering into a partnership with an individual self-identify as Indigenous or with an Indigenous community."
IR-2	In 2019, our Indigenous spend decreased due to overall reduced expenditures along with increased capital efficiencies within our business functions.
IR-3	In 2019, MEG began tracking this metric with reference to the SASB Oil & Gas – Exploration and Production Standard. Non-technical delays defined by SASB as shutdowns and project delays including, but not limited to, those resulting from pending regulatory permits or other political delays, community or stakeholder resistance or protest, and armed conflict.
IR-4	In 2020, MEG began tracking this metric with reference to the SASB Oil & Gas – Exploration and Production Standard. MEG uses the same definition of 'Indigenous lands' as Article 33 of the United Nations Declaration on the Rights of Indigenous People, which is land occupied by people who self-identify as indigenous.
PSM-1	Tier 1 and Tier 1 process safety events rates are classified per American Petroleum Institute (API) Recommended Practice 754 along with the Canadian Association of Petroleum Producers (CAPP) Process Safety Event Reporting guide.
PSM-2	MEG began classifying incidents using the SIF metric as of 2017.
WF-1	Due to the economic climate and impact of COVID-19 MEG completed an organizational review resulting in a layoff program June and August 2020.
WF-2	Management workforce includes employee workforce in the following management levels: Manager, Sr. Manager, Director, VP, SVP or CEO
WF-3	Senior Management workforce includes: Director, VP, SVP or CEO
WF-4	Methodology for reporting was changed as a result of new software system that was implemented part way through 2016. To keep data consistent, MEG will report from 2017 onwards.
WF-5	As a result of COVID-19 and economic climate many MEG projects were put on hold resulting in our temporary workforce that is contingent on projects being laid off.
CI-1	Includes Community engagement, corporate donations, corporate matches to employee donations through MEGMatch, and grants through MEGVolunteers

Advisories

MEG has taken care to ensure that the information in this document is accurate; however, we disclaim any liability whatsoever for errors or omissions. Further, some information in this document may have been disclosed previously in other MEG public disclosure, and such disclosure is not intended in any way to be qualified, amended, modified or supplemented by information in this document. This document includes certain metrics, including emissions intensity (also referred to as GHG intensity and GHG emissions intensity in this document), which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional information to evaluate the MEG's performance; however, such measures are not reliable indicators of the future performance of the company and future performance may not compare to the performance in previous periods.

TCFD Index

The Task Force on Climate-related Financial Disclosures (TCFD) has developed a voluntary, consistent, climate-related financial risk disclosure framework for companies to provide information to investors, lenders, insurers and other stakeholders. MEG is a supporter of TCFD.

Topic	Disclosure Focus Area	Recommended Disclosures	Source
Governance	Disclose the organization's governance around climate related risks and opportunities.	a) Describe the board's oversight of climate-related risk and opportunities.	<p>ESG Report Governance, Climate Change and Greenhouse Gas Emissions</p> <p>Management Information Circular 2021 Corporate Governance Practices, pages 60-80</p> <p>Board of Directors Mandate</p> <p>CDP Climate Response (C1.1a) (C1.1b) (C1.2a) (C2.2)</p>
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	<p>ESG Report Governance, Climate Change and Greenhouse Gas Emissions</p> <p>Management Information Circular 2021 Corporate Governance Practices, page 60-80</p> <p>CDP Climate Response (C1.2) (C1.2a) (1.3a) (C2.2)</p>
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>ESG Report Governance, Climate Change and Greenhouse Gas Emissions</p> <p>Annual Information Form 2020 > pages 13-17, 31-35, 52-56</p> <p>CDP Climate Response (C2.1a) (2.1b) (C2.2a) (C2.3) (C2.3a) (C2.4) (C2.4a)</p>
		b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>ESG Report Governance, Climate Change and Greenhouse Gas Emissions</p> <p>Annual Information Form 2020 > pages 13-17, 31-35, 52-56</p> <p>CDP Climate Response (C2.2a) (C2.3a) (C2.4a) (C3.1) (3.3) (3.4) (3.4a)</p>
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>ESG Report Climate Change and Greenhouse Gas Emissions</p> <p>CDP Climate Response (3.2) (3.2a)</p>

TCFD Index

Topic	Disclosure Focus Area	Recommended Disclosures	Source
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the board's oversight of climate-related risk and opportunities.	ESG Report ESG Materiality Assessment, Governance, Climate Change and Greenhouse Gas Emissions CDP Climate Response (C2.1) (C2.2) (C2.2a)
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	ESG Report ESG Materiality Assessment, Governance, Climate Change and Greenhouse Gas Emissions CDP Climate Response (C2.1) (C2.2) (4.3) (C11) (C12)
		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	ESG Report Governance, Climate Change and Greenhouse Gas Emissions CDP Climate Response (C1.1b) (C1.2a) (C2.1) (C2.1a) (C2.1b) (C2.2) (C2.2a)
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	ESG Report Climate Change and Greenhouse Gas Emissions CDP Climate Response (C1.3) (C1.3a) (C4.2) (C4.2b) (C5) (C6) (C7) (C8) (C9) (C11) Performance Data > Greenhouse Gas Emissions SASB Index > Greenhouse Gas Emissions Management Information Circular 2021 2020 Compensation Performance, pages 39-43
		b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	ESG Report Climate Change and Greenhouse Gas Emissions, CDP Climate Response (C5) (C6.1) (C6.3) (C6.5) (C7) Performance Data > Greenhouse Gas Emissions SASB Index > Greenhouse Gas Emissions
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	ESG Report Climate Change and Greenhouse Gas Emissions, CDP Climate Response (C4.1) (C4.1a) (C4.1b) (C4.2) (C4.2b) (C4.2c) Management Information Circular 2021 2020 Compensation Performance, pages 39-43

Verification Statements



Independent practitioner’s limited assurance report on MEG Energy Corp.’s selected performance indicators for the year ended December 31, 2020

To the Directors of MEG Energy Corp.

We have undertaken a limited assurance engagement on the following selected performance indicators (the subject matter) of MEG Energy Corp¹, for the year ended December 31, 2020:

Performance Indicators	2020 Value	Units
Indigenous Business Spend	36,691,668	\$
Employee Lost-Time Injury Frequency	0.00	# of lost-time incidents x 200,000 / hours work
Contractor Lost-Time Injury Frequency	0.20	# of lost-time incidents x 200,000 / hours work
Employee Recordable Injury Frequency	0.26	# of recordable incidents x 200,000 / hours work
Contractor Recordable Injury Frequency	0.20	# of recordable incidents x 200,000 / hours work
Employee Fatalities	0	count
Contractor Fatalities	0	count
Net GHG Intensity	55	kg CO ₂ e/bbl

Management’s responsibility

Management is responsible for preparation of the subject matter in accordance with the criteria as set out in exhibit 1 (together, the criteria). Management is also responsible for such internal control as management determines necessary to enable the preparation of the subject matter that is free from material misstatement.

Our responsibility

Our responsibility is to express limited assurance conclusion on the subject matter based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audit or Reviews of Historical Financial Information*. This standard requires us to conclude whether anything has come to our attention that causes us to believe that the subject matter is not fairly stated, in all material respects.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and other within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. The procedures are selected based on our professional judgment, which

¹ Where information is included within the ESG report housed on MEG Energy Corp.’s website, the maintenance and integrity of the their website (<https://www.megenergy.com>) is the responsibility of MEG Energy Corp.; the work carried out by PricewaterhouseCoopers LLP does not involve consideration of these matters and, accordingly, PricewaterhouseCoopers LLP accepts no responsibility for any changes that may have occurred to the reported information or criteria since they were posted on the website.

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includes identifying areas where the risks of material misstatement in preparing the subject matter in accordance with the criteria are likely to arise.

Our limited assurance procedures included, but were not limited to the following:

- Making enquiries of management to obtain an understanding of the overall governance and internal control environment, risk management processes relevant to the data metrics in the subject matter;
- Analytical reviews and trend analysis of reported subject matter;
- Obtained an understanding of MEG Energy Corp.'s Reporting Criteria and to identify systemic challenges to data measurement, collection, reporting and control processes for the selected subject matter; and
- Agreeing and testing the underlying data referenced in the subject matter.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent uncertainty

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for the determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The net GHG intensity performance indicator has been prepared using management's internally developed criteria. The absence of a significant body of established practice on which to compare allows for the selection of different but acceptable calculations which can result in materially different evaluation and can impact comparability between companies and over time.

**Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that MEG Energy Corp.'s subject matter prepared in accordance with the criteria during the year ended December 31, 2020, is not fairly stated, in all material respects.

Purpose of statement and restriction on use of our report

The selected subject matter has been prepared to assist management of MEG Energy Corp. assess their selected data performance. As a result, the selected subject matter may not be suitable for another purpose. Our report is intended solely for the use of MEG Energy Corp. We neither assume nor accept any responsibility or liability to any third party in respect of this report.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
July 22, 2021



Exhibit 1 – Criteria

Performance Indicators	2020 Value	Criteria
Indigenous Engagement		
Indigenous Business Spend	\$36,691,668	Indigenous business spend is calculated by taking the sum of MEG's gross spend with: <ul style="list-style-type: none"> (a) Community member-owned business - defined as businesses owned in whole or in part by an individual who self-identifies as Indigenous; plus (b) Community-owned businesses - defines as businesses owned in whole or in part by an Indigenous community; plus (c) Joint venture partnership - defined as an Indigenous or non-Indigenous business entering into a partnership with an individual self-identifying as Indigenous or with an Indigenous community.
Health and Safety		
Employee Lost-Time Injury Frequency	0.00	Standard used: SASB EM-EP-320a.1 Calculation: Lost Time Injury Frequency (LTIF) is the # of lost time injuries experienced by MEG employees per 200,000 hours worked. Definition: Lost Time Injuries: The nature of the physical harm prevents the individual from performing work of any type, starting on the next scheduled day of work, for one or more days.
Contractor Lost-Time Injury Frequency	0.20	Standard used: SASB EM-EP-320a.1 Calculation: Lost Time Injury Frequency (LTIF) is the # of lost time injuries experienced by MEG contractors per 200,000 hours worked. Definition: Lost Time Injuries: The nature of the physical harm prevents the individual from performing work of any type, starting on the next scheduled day of work, for one or more days.
Employee Recordable Injury Frequency	0.26	Standards used: GRI 403 – 9 and SASB EM-EP-320a.1 Calculation: Recordable Injury Frequency (RIF) is the # of recordable injuries experienced by MEG employees per 200,000 hours worked. Definition: Recordable Injuries: Total number of fatalities, lost time injuries, medical aid, and modified work injuries.
Contractor Recordable Injury Frequency	0.20	Standards used: GRI 403 – 9 and SASB EM-EP-320a.1



		<p>Calculation: Recordable Injury Frequency (RIF) is the # of recordable injuries experienced by MEG contractors per 200,000 hours worked.</p> <p>Definition: Recordable Injuries: Total number of fatalities, lost time injuries, medical aid, and modified work injuries.</p>
Employee Fatalities	0	<p>Standards used: GRI 403 – 9 and SASB EM-EP-320a.1</p> <p>Definition: Fatality: A fatality is a death resulting from a work-related injury or illness.</p>
Contractor Fatalities	0	<p>Standards used: GRI 403 – 9 and SASB EM-EP-320a.1</p> <p>Definition: Fatality: A fatality is a death resulting from a work-related injury or illness.</p>
Net GHG Intensity		
Net GHG Intensity	55 (kg CO ₂ e/bbl)	<p>Criteria used: Management has developed it's own internal criteria detailed in the following calculation.</p> <p>Calculation: Indirect GHG Emissions from Power Imported + Direct GHG Emissions - GHG Credit from Power Exported / Bitumen Production</p> <p>Definitions: GHG Credit from Power Exported = (Grid Average Intensity – In-situ Cogeneration Factor) x Power Exported Indirect GHG Emissions from Power Imported = Grid Average Intensity x Power Imported Grid Average Intensity = Alberta generation intensity from Environment Canada National Inventory Report In situ Cogeneration Factor = factor ranging from 0.27 – 0.28 t/MWh</p>



Independent practitioner’s reasonable assurance report on MEG Energy Corp.’s GHG emissions scope 1 and GHG emissions scope 2

To the Directors of MEG Energy Corp.

We have undertaken a reasonable assurance engagement on the following performance indicators (the subject matter) of MEG Energy Corp¹, for the year ended December 31, 2020:

Performance Indicators	2020 Value	Units
Direct Scope 1 GHG Emissions	2,113,450	tonnes CO ₂ e
Direct Scope 1 CO ₂ GHG Emissions	2,100,396	tonnes CO ₂
Direct Scope 1 CH ₄ GHG Emissions	218	tonnes CH ₄
Direct Scope 1 N ₂ O GHG Emissions	26	tonnes N ₂ O
Indirect Scope 2 GHG Emissions	16	tonnes CO ₂ e

Management’s responsibility

Management is responsible for preparation of the subject matter in accordance with the following criteria and management’s description set out in exhibit 1 (together, the criteria):

- Technology Innovation and Emissions Reduction (TIER) Regulation (the Alberta Reporting Regulation); and
- GRI 305 – 1 and GRI 305 – 2.

Management is also responsible for such internal control as management determines necessary to enable the preparation of the subject matter that is free from material misstatement.

Our responsibility

Our responsibility is to express a reasonable assurance opinion on the subject matter based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3410, *Assurance Engagements on Greenhouse Gas Statements (CSAE 3410)*.

This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the subject matter is free from material misstatement.

¹ Where information is included within the ESG report housed on MEG Energy Corp.’s website, the maintenance and integrity of the their website (<https://www.megenergy.com>) is the responsibility of MEG Energy Corp.; the work carried out by PricewaterhouseCoopers LLP does not involve consideration of these matters and, accordingly, PricewaterhouseCoopers LLP accepts no responsibility for any changes that may have occurred to the reported information or criteria since they were posted on the website.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



A reasonable assurance engagement in accordance with ISAE 3410 involves performing procedures to obtain evidence about the quantification of emissions and related information in the subject matter. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the subject matter. In making those risk assessments, we considered internal control relevant to MEG Energy Corp.'s preparation of the subject matter. A reasonable assurance engagement also includes:

- Assessing the suitability in the circumstances of MEG Energy Corp.'s use of the Alberta Reporting Regulation, applied as explained in exhibit 1, as the basis for preparing the subject matter;
- Evaluating the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by MEG Energy Corp.;
- Analytical reviews and trend analysis of the subject matter;
- Recalculation of the scope 1 and scope 2 reported emissions;
- Sample testing the underlying source data to supportive evidence; and
- Evaluating the overall presentation of the GHG statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our independence and quality control

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent uncertainty

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for the determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Opinion

In our opinion, MEG Energy Corp.'s subject matter during the year ended December 31, 2021 has been prepared, in all material respects, in accordance with the criteria.

**Purpose of statement and restriction on use of our report**

The selected subject matter has been prepared to assist management of MEG Energy Corp. assess their selected data performance. As a result, the selected subject matter may not be suitable for another purpose. Our report is intended solely for the use of MEG Energy Corp. We neither assume nor accept any responsibility or liability to any third party in respect of this report.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
July 22, 2021



Exhibit 1

Performance Indicators	Boundary	Data Collection Methodology
Direct Scope 1 GHG Emissions	In line with the requirements of the TIER and GRI 305, MEG Energy Corp. chooses the Control and operational approach to determine the organizational boundaries of the GHG inventory. Under this approach, the following asset is included: Christina Lake Regional Project (100% owned and operated).	Calculations were performed following the methodology outlined in the TIER regulation.
Direct Scope 1 CO ₂ GHG Emissions		
Direct Scope 1 CH ₄ GHG Emissions		Emission factors used to calculate scope 1 emissions and scope 2 emissions were used from the Environment Canada National Inventory Report.
Direct Scope 1 N ₂ O GHG Emissions		
Indirect Scope 2 GHG Emissions		

Glossary of Terms & Abbreviations

The terms referenced in this glossary reflect their meaning as used by MEG Energy and the in situ thermal oil industry.

Term/Abbreviations	Definition
AER	Alberta Energy Regulator.
API	American Petroleum Institute.
bbls	Barrels of petroleum product. Also often expressed as bpd for barrels per day.
Bitumen	means a naturally occurring viscous mixture consisting mainly of pentanes and heavier hydrocarbons. Its viscosity is greater than 10,000 milliPascal seconds (centipoise) measured at original temperature in the reservoir and atmospheric pressure, on a gas-free basis. Crude bitumen may contain sulphur and other non-hydrocarbon compounds.
Bitumen Intensity	greenhouse gas emissions per barrel of bitumen produced (reported in kg CO ₂ e/bbl).
Board or Board of Directors	means the board of directors of the Corporation.
Christina Lake Project, Christina Lake Regional Project, CLRP	means MEG's in situ thermal energy project located in the Province of Alberta as described in greater detail under the heading "Christina Lake Project."
CDP	Carbon Disclosure Project.
Cogeneration	A process that uses heat generated from clean burning natural gas to produce both steam and electricity. MEG uses the steam and a portion of the electricity generated in its operations and sells the excess power as a lower-carbon energy source to the Alberta grid.
Diluent	means lighter viscosity petroleum products that are used to dilute bitumen for transportation in pipelines.
Diverse Person	includes, but is not limited to, women, racialized people, Indigenous people, individuals who identify as LGBTQ2S+, and people with disabilities.
eMSAGP	means the Corporation's proprietary reservoir technology of enhanced Modified Steam and Gas Push, which involves the injection of non-condensable gas into the SAGD reservoir.
eMVAPEX	means the Corporation's proprietary recovery process known as enhanced modified vapour extraction which involves the injection of solvent into the SAGD reservoir.
ESG	Environmental, Social, and Governance.
ERM	Enterprise Risk Management.
Fresh Water	any surface water (e.g., lakes, rivers, streams and wetlands) or shallow groundwater from aquifers less than 150m deep. This is consistent with the definition of high-quality non saline water (fresh water) used by the Alberta Energy Regulator in Directive 81.
GHG	means greenhouse gas.
Groundwater	Water beneath earth's surface and is present in pore spaces or fractures.
In situ	means "in place" and, when referring to oil sands, means a process for recovering bitumen from oil sands by means other than surface mining, such as SAGD.
LTIF	Lost Time Injury Frequency.
Management	means the executive officers of the Corporation (as a noun)(as per AIF).
McMurray Formation	means a succession of sands and shale deposited in a fluvial estuarine environment that developed into a major valley that was cut into Devonian-aged limestone within the Cretaceous-aged Mannville Group.
MW	means a unit of electrical power to measure the generating capability of a generating station, 1 million Watts equal 1 MW.

NO₂	Nitrogen Dioxide. NOx Nitrogen Oxide. NOx is produced from the reaction of nitrogen and oxygen gases in the air during combustion.
Non-Saline Water	Water having total dissolved solids content of 4,000 mg/L or less.
Oil Sands	Deposits containing a mixture of bitumen, sand and water.
Phase 2B	means the third phase of the Corporation's Christina Lake Project which commenced production in 2013 with an initial bitumen production design capacity of approximately 35,000 bbls/d.
probable reserves	are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
Produced Gas	Gas that is produced from the reservoir through the bitumen production process.
Produced Water Recycle	Will need to differentiate between this and Recycled water either here or in the footnotes.
PSE	Process Safety Events.
PSM	Process Safety Management.
Reclamation	The return of disturbed surface land forms and vegetation to a state similar to that before industrial activity took place.
reserves	are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates.
Recycled water	water that is reused within the facility for more than one purpose. See produced water recycle.
reservoir	means a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids.
RIF	Recordable Injury Frequency.
Saline Water	The Alberta Water Act (Ministerial) Regulation defines saline groundwater as water with total dissolved solids (TDS) content exceeding 4,000 mg/L. Also referred to as brackish water.
SAGD	means steam assisted gravity drainage, an in situ process used to recover bitumen from oil sands.
SIF	Serious Incident Frequency.
SOR	Steam to Oil Ratio.
Steam to Oil Ratio	The ratio of steam required to produce bitumen in equivalent units.
Surface Water	All water on the surface of the ground, including water in lakes, rivers, streams, wetlands and run-off collection ponds, natural or man-made. Note: surface water can be saline (TDS > 4,000 mg/L).
Sweet Natural Gas	Natural gas (primarily methane) that contains very little or no hydrogen sulphide.
TRIF	Total Recordable Incident Rate.
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples.

\$	dollars (Canadian)
bbl	Barrel
bbls	Barrels
bbls/d	barrels per day
boe	barrels of oil equivalent (on the basis of one being equal to one barrel of oil or six Mcf of natural gas)
CH ₄	methane
CO ₂ e	carbon dioxide equivalents
M\$	thousand dollars (Canadian)
Mbbls	thousand barrels
Mbbls/d	thousand barrels per day
Mcf	thousand cubic feet
MM\$	million dollars (Canadian)
MMbbls	million barrels
MMbbls/d	million barrels per day
MWh	mega-watt hour
NO _x	nitrogen oxides
PM	particulate matter
SO ₂	sulphur dioxide
Tcf	trillion cubic feet
VOC	volatile organic compound

Forward-Looking Information

This report contains forward-looking information within the meaning of applicable securities laws. This forward-looking information is identified by words such as “anticipate”, “believe”, “could”, “drive”, “expect”, “estimate”, “focus”, “forward”, “future”, “may”, “on track”, “outlook”, “plan”, “position”, “potential”, “priority”, “should”, “strategy”, “target”, “will”, “would” or similar expressions and includes statements about future outcomes, including but not limited to: the Corporation’s purpose of supplying the world with ethical and responsible energy, while generating long-term value for all stakeholders; the Corporation’s reserves estimates and reserve life index; the Corporation’s diverse marketing strategy and access to high value markets; the decline profile of the Corporation’s reserves and financial sustainability; the Corporation’s long-term target of achieving net zero GHG (scope 1 and scope 2) by 2050; the Corporation’s mid-term target of achieving a 30% reduction in bitumen GHG emissions intensity (scope 1 and scope 2) from 2013 levels by 2030; the Corporation’s ability to generate low carbon energy from cogeneration; the Corporation’s ability to conserve greater than 99.5% of methane; the Corporation’s fresh water use intensity; the Corporation’s inclusion and diversity targets, including sourcing a diverse candidate pool in its recruitment activities; the skillset of the Corporation’s board members; the Corporation’s ability to maintain safe operations to ensure continuity of its operations and to drive its business priorities in the face of the ongoing challenges of the COVID-19 pandemic; the Corporation’s expectations regarding signs of economic recovery, including successful vaccination rollouts, a decrease in COVID-19 cases, and increasing demand for energy worldwide; the Corporation’s expectations regarding the implementation of technologies to reduce emissions intensities and actions to address climate change impacts; the Corporation’s ability, in connection with the Pathways to Net Zero initiative, to reach net zero GHG emissions by 2050; the intention of the Pathways alliance to build a major carbon capture and storage trunkline and related infrastructure to decarbonize oil sands production; the Corporation’s work to advance climate-related targets and technologies, launch Indigenous awareness training, and progress inclusion and diversity efforts; the Corporation’s support of the Paris Agreement; the Corporation’s ability to execute its capital program efficiently and effectively, to continue to work on its cost structures and to use free cash flow to reduce debt; the Corporation’s expectations regarding its low decline assets, sustainability business model and opportunities for growth; the Corporation’s commitment to transparency, accountability and continuous improvement; the Corporation’s aspiration to be a leader in its ESG advancements, led by its strong governance model, safe and reliable operations and its dedicated team; the Corporation’s belief regarding the role of the Canadian energy industry as an ESG leader committed to climate action, and Canada’s role as a responsible and reliable energy supplier in the world’s transition to a lower climate

economy; the Corporation’s belief that the Canadian energy industry is well-suited to provide the world with ethical and environmentally-responsible Canadian oil and has the skills and experience to be a leader in new technologies and innovation associated with GHG emissions; the Corporation’s belief regarding the value of Canada’s natural resources and desire to develop these resources in an ethical and environmentally-responsible manner; the Corporation’s belief regarding Canadian environmental regulation and ethical standards governing energy projects; the Corporation’s expectations regarding its business model resiliency and ability to generate attractive returns and integrate ESG matters into its business strategies to ensure value creation; the Corporation’s focus on returning production to 100,000 barrels/day, continuing meaningful debt reduction and maintaining its position to capture strengthening commodity prices; the Corporation’s expectations regarding innovation and driving changes to improve capital efficiencies and reduce its cost structures, actively assess carbon capture and storage opportunities, implement digital technologies such as automation and artificial intelligence, and pilot emerging hydrocarbon viscosity reduction technologies; the Corporation’s stakeholder engagement activities, including relationships with local communities and Indigenous peoples and its actions to meaningfully advance reconciliation; the Corporation’s expectations regarding prioritizing safety, minimizing environmental impacts, bringing action on climate change and its commitment to an inclusive and diverse workforce; the Corporation’s ESG priorities, ESG oversight and accountability, performance goals and targets to drive continuous improvement; the Corporation’s focus on ESG disclosure, including further alignment with the industry’s SASB standard and the recommendations of TCFD; the Corporation’s commitment to health, safety and environment and impact of its Environment, Health & Safety Management Performance Program; the Corporation’s actions regarding the United Nations Sustainable Development Goals; the Corporation’s commitment to strong corporate governance and delivering value to all stakeholders, including shareholders, employees, customers, suppliers and communities in which the Corporation operates, by prioritizing transparency, accountability, ethical conduct, and respect in the workplace; the participation by the Corporation’s board members in continuing education programs to advance skillsets and adapt to changing conditions; the Corporation’s ESG strategy, including Board oversight and management accountabilities; the Corporation’s approach to risk management, including the including of ESG related risk and opportunities in the development of the Corporation’s strategy; the Corporation’s approach to executive compensation and ability to attract and retain talented individuals; the alignment of executive compensation and the Corporation’s ESG priorities; the Corporation’s intention to strengthen the alignment of its disclosures with TCFD recommendations, with the ultimate

objective of providing disclosure on all 11 recommendations within a reasonable timeframe; the Corporation's belief that it is well-positioned to seize climate-related opportunities and play a role in addressing climate change; the Corporation's ability to enhance its position as a sustainable low-cost producer while achieving net zero emissions and creating long-term value for its stakeholders; the Corporation's ability to advance innovative technology to drive carbon efficiencies and assess opportunities to decarbonize; the Corporation's expectations regarding actions of governments, industries and financial institutions to support the development of carbon reduction technologies and ensure a transition that is just; the Corporation's expectations regarding the costs associating with mitigating the impact of climate change in its business strategy; the Corporation's commitment to complete climate scenario analysis in 2021 which is aligned with TCFD recommendations and to disclose the results of climate scenario analysis in its next ESG report; the Corporation's expectations regarding its path to net zero by 2050; the Corporation's expectations regarding potential innovative mitigative strategies required to meet its ambitious GHG emissions goals and targets; the Corporation's water conservation targets; the Corporation's expectations regarding the contribution of its Mechanical Vapour Compressor to further reduction in its make-up water requirements and disposal; the Corporation's approach to land and biodiversity, including its objective of bringing all abandoned wells to reclamation status within 5 years and investing at least \$300,000 in annual caribou habitat restoration efforts between 2021 and 2025; the Corporation's commitment to building strong relationships with Indigenous communities and identifying opportunities for greater economic participation in its operations to meaningfully advance reconciliation; the Corporation's focus on creating a safer workplace through robust risk identification and reduction programs and its ultimate goal of zero incidents and injuries at work and home; and the concept of a future Mental Health First Aider Program.

Such forward-looking information is based on management's expectations and assumptions regarding future growth, results of operations, production, future capital and other expenditures, competitive advantage, plans for and results of drilling activity, environmental matters, and business prospects and opportunities. Forward-looking information contained in this report is based on management's expectations and assumptions regarding, among other things: future crude oil, bitumen blend, natural gas, electricity, condensate and other diluent prices, differentials, the level of apportionment on the Enbridge mainline system, foreign exchange rates and interest rates; the recoverability of the Corporation's reserves and contingent resources; the Corporation's ability to produce and market production of bitumen blend successfully to customers; future growth, results of operations and production levels; future capital and other expenditures; revenues, expenses and cash flow; operating costs;

reliability; anticipated sources of funding for operations and capital investments; plans for and results of drilling activity; the regulatory framework governing royalties, land use, taxes and environmental matters, including federal and provincial climate change policies, in which the Corporation conducts and will conduct its business; the impact of the Corporation's response to the COVID-19 global pandemic; and business prospects and opportunities. By its nature, such forward-looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated.

These risks and uncertainties include, but are not limited to, risks and uncertainties related to: the oil and gas industry, for example, the securing of adequate access to markets and transportation infrastructure and the commitments therein; the availability of capacity on the electricity transmission grid; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to production, costs and revenues; health, safety and environmental risks, including public health crises, such as the COVID-19 pandemic, and any related actions taken by governments and businesses; legislative and regulatory changes to, amongst other things, tax, land use, royalty and environmental laws; the cost of compliance with current and future environmental laws, including climate change laws; risks relating to increased activism and public opposition to fossil fuels; assumptions regarding the volatility of commodity prices, interest rates and foreign exchange rates; commodity price, interest rate and foreign exchange rate swap contracts and/or derivative financial instruments that the Corporation may enter into from time to time to manage its risks related to such prices and rates; timing of completion, commissioning, and start-up, of the Corporation's turnarounds; the operational risks and delays in the development, exploration, production, and the capacities and performance associated with the Corporation's projects; the Corporation's ability to reduce or increase production to desired levels, including without negative impacts to its assets; the Corporation's ability to finance sustaining capital expenditures; the Corporation's ability to maintain sufficient liquidity to sustain operations through a prolonged market downturn; changes in credit ratings applicable to the Corporation or any of its securities; the Corporation's response to the COVID-19 global pandemic; the severity and duration of the COVID-19 pandemic; the potential for a temporary suspension of operations impacted by an outbreak of COVID-19; and changes in general economic, market and business conditions.

Although the Corporation believes that the assumptions used in such forward-looking information are reasonable, there can be no assurance that such assumptions will be correct. Accordingly, readers are cautioned that the actual results achieved may vary from the forward-looking information provided herein and that the variations may be material. Readers are also cautioned

that the foregoing list of assumptions, risks and factors is not exhaustive. Further information regarding the assumptions and risks inherent in the making of forward-looking statements can be found in the Corporation's Management Discussion and Analysis for the second quarter of 2021 dated July 22, 2021, and its Annual Information Form dated March 3, 2021, along with the Corporation's other public disclosure documents. Copies of the AIF and the Corporation's other public disclosure documents are available through the SEDAR website at www.sedar.com.

The forward-looking information included in this report is expressly qualified in its entirety by the foregoing cautionary statements. Unless otherwise stated, the forward-looking information included in this report is made as of the date of this report and the Corporation assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "MEG".

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Stock Exchange Listing

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Sustainable. Innovative. Responsible.