



2022-2024

A photograph of an industrial facility, likely a refinery or chemical plant, at sunset. The sky is filled with dramatic, orange and red clouds. In the foreground, there are large pipes, valves, and industrial equipment. In the background, there are tall distillation columns and other structures. The overall scene is illuminated by the warm light of the setting sun.

CARBON

MANAGEMENT PLAN

V1.1 | JUNE 2023

EXECUTIVE SUMMARY



Robert G. Phillips
Founder, Chairman, and Chief
Executive Officer



Statement from Crestwood's CEO:

Crestwood understands that changing climate and market conditions can expose our business and operations to risks and opportunities as we transition to a lower-carbon future. Understanding the critical role of energy in society and pathways for emission reductions can help our industry meet energy demand while reducing risks associated with a changing climate.

To provide affordable energy to a growing population while we work toward transitioning to a lower-carbon economy, oil and natural gas will remain an integral part of the energy mix for the next several decades.

We understand that as we grow our portfolio of assets and business that it is our responsibility to set a high standard of operating practices and emissions management. We remain resolute on incorporating all assets into our leading sustainability initiatives. Crestwood remains focused on realistic, practical, and cost-efficient emissions reduction practices, and we are committed to our authentic path as a best-in-class midstream operator delivering energy responsibly and sustainably.

To preserve our privilege of providing the country with energy for many decades to come, we strive to adhere to the principles laid out in this Carbon Management Plan. We are proud to update our stakeholders on the progress we have made in the first year of our Carbon Management Plan, and we look forward to continuing to provide updates on our progress.



OUR COMMITMENTS

Annual Greenhouse Gas (GHG) Intensity Reduction:



Crestwood is committed to a year-over-year reduction in GHG emission intensity as measured by tons of carbon dioxide equivalents (CO₂e) per BOE throughput from our existing and newly acquired operations.

Scope 2 Emissions Reductions:



Crestwood understands that it is our responsibility to reduce Scope 2 GHG emissions. We will continue to manage our operations' energy efficiency and utilize alternative sources of energy where feasible throughout our operations.

Carbon Acquisition / Divestiture Protocol:



We are committed to growing our portfolio of gathering and processing assets in an environmentally responsible manner. As a responsible operator, we believe that carbon management happens throughout the lifecycle of an asset. We will develop a Carbon Acquisition/Divestiture Protocol setting out the process we follow to manage emissions with a growing portfolio.

Continuous Methane Emissions Monitoring:



Crestwood continues to enhance its methane management program and is proactively piloting continuous methane monitoring devices at a subset of our operating facilities. As those pilot projects mature, Crestwood is committed to further implementation of continuous monitoring across our facilities.

Responsibly Sourced Gas:



Supporting our customers in their climate goals is a key part of Crestwood's business strategy. We will continue to proactively participate in the development of Responsibly Sourced Gas (RSG) standards for the midstream sector and will assess potential RSG Certification in the future.

Investment in Emissions Data Collection:



Continued informed decision-making requires the best available data. We are committed to going beyond US EPA emission factors and are prepared to invest in the necessary technology for quantitative emissions calculations and data.

Investment in Climate Technology:



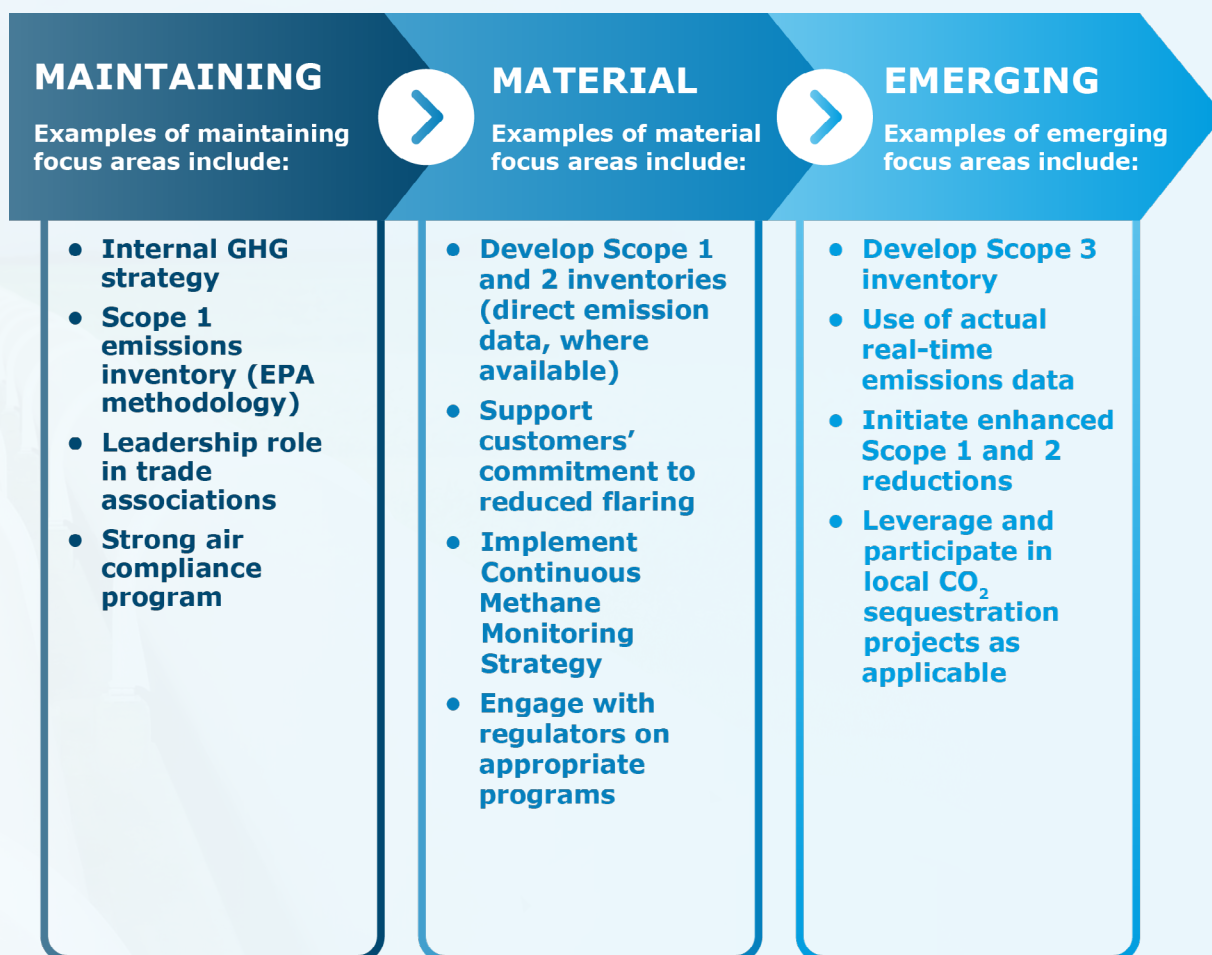
Crestwood is committing to moving the needle in GHG reduction technology. Whether continuous monitoring, best-in-class data solutions, or carbon sequestration, Crestwood will look for ways to integrate technology into our operations to become more sustainable.

Industry and Trade Group Participation and Leadership:



Crestwood's leadership continues to be an active participant in climate and GHG trade associations in the midstream industry such as ONE Future and The Environmental Partnership. We are committed to staying engaged in these groups and proactively leading the industry into a more sustainable future.

MATERIALITY ASSESSMENT

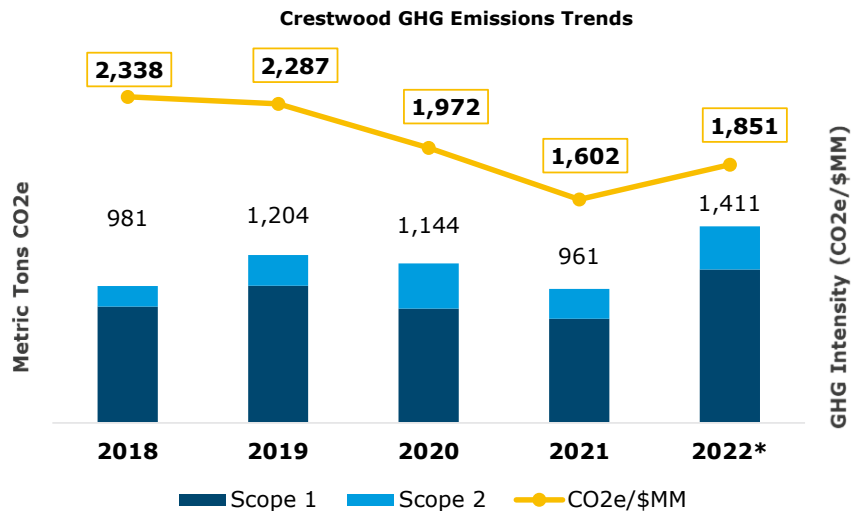


Crestwood updated its materiality assessment and held a GHG emission roundtable with its leadership team in October 2021. A strong focus of the materiality assessment was carbon management.

The table above depicts the priority topics that resulted from the materiality assessment and emissions roundtable. It is organized into three categories: **i) Maintaining topics:** Crestwood has strong programs and will continue to focus on these programs; **ii) Material topics:** areas currently important to develop a strategy to address an enhanced ESG focus; and **iii) Emerging topics:** emerging as important to plan for an enhanced ESG focus and strategy.

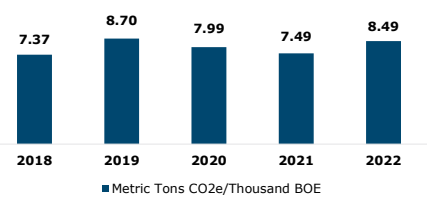
EMISSIONS PERFORMANCE

TOTAL SCOPE 1 AND SCOPE 2 GHG EMISSIONS INTENSITY RATE: 2018-2022

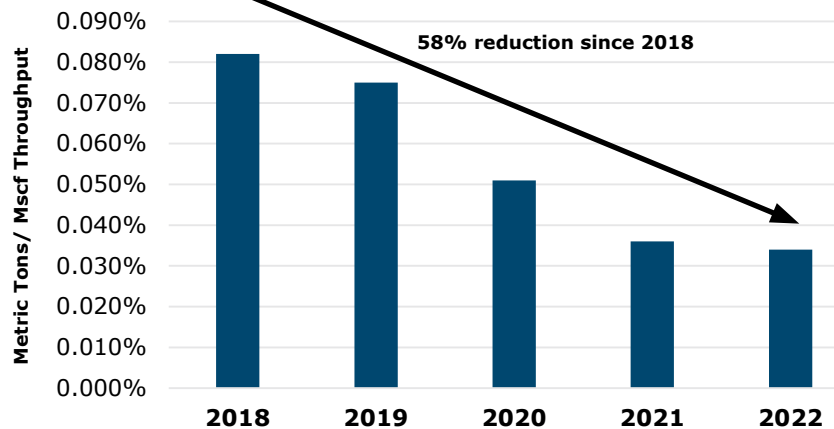


*Our 2022 GHG emissions increased due to the acquisitions of Oasis Midstream and Sendero Midstream assets, and the acquisition of First Reserve's 50% interest in Crestwood Permian Basin Holdings LLC.

GHG Emissions Intensity Rate (Metric Tons CO2e/Thousand BOE)

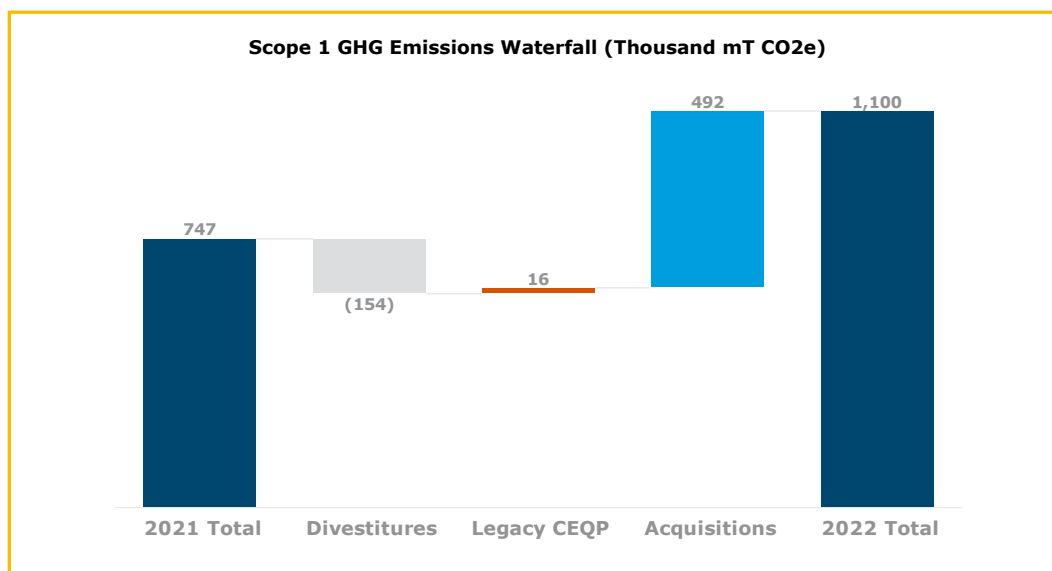
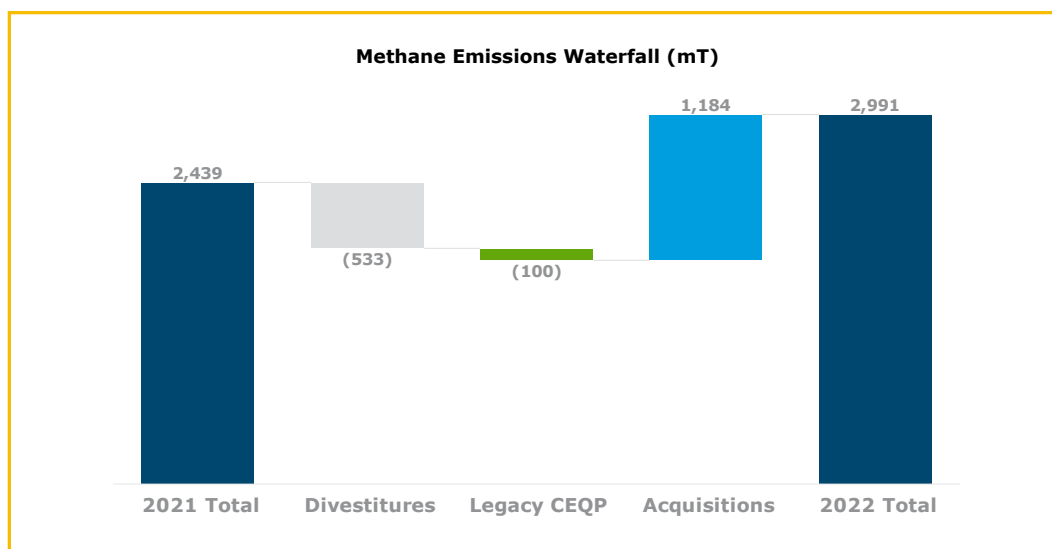


METHANE EMISSIONS INTENSITY RATE: 2018-2022



EMISSIONS PERFORMANCE

While Crestwood's 2022 absolute emissions increased due to the acquisitions of Oasis Midstream Partners in February 2022 and Sendero Midstream Partners in May 2022, legacy Crestwood emissions stayed relatively flat despite growing volumes due to our strong carbon management practices. Additionally our A&D activity was not associated with our emissions reductions. We have incorporated our acquired assets into our carbon management plan and are focused on emissions intensity reductions.



MECHANISMS

FOR ACHIEVEMENT

The following describes how we plan to meet our commitments.



GHG INVENTORY

Crestwood strives to go beyond the regulatory requirements in developing a Scope 1 inventory using the best-available, data. Starting in 2022, Crestwood will continue to enhance its Scope 2 data collection process. In 2024, Crestwood will begin to assess Scope 3 GHG emissions availability, beginning with gathering employee commuting and business travel data and assessing the feasibility of collecting Supplier's emissions data.



RISK ANALYSIS

Crestwood continues to bolster its enterprise risk management program strengthening analysis of climate-related risks. This includes preparing for enhanced disclosure requirements expected from the US Securities and Exchange Commission (SEC) around climate-related risk.



CARBON PRICING

Crestwood shall assess the potential financial impact of carbon pricing in business plans, project evaluations and prior to acquisitions and will establish a monetary value for carbon emissions. Developing a value for the cost of carbon will help Crestwood to assess risks and opportunities of potential mitigation strategies and investments.



SCOPE 2 REDUCTIONS

Using the data from the Scope 2 emissions inventory exercise to strategically guide prioritization, Crestwood will evaluate opportunities to reduce or offset Scope 2 emissions.

MECHANISMS FOR ACHIEVEMENT

The following describes how we plan to meet our commitments.



OPERATIONAL EFFICIENCY

Crestwood is continuing to enhance our operational efficiency using the technology available and the expertise of our workforce. We are evaluating improvements such as upgrading outdated equipment and building a culture of innovation with our teams in the field. This includes a commitment to responsible operations regarding flaring, as is outlined in our Flaring Minimization Policy (2020).



DATA MANAGEMENT

Crestwood is continuing to invest in best-in-class data management infrastructure. Additionally, we are planning to develop an ESG Data Management Program that is aligned to financial and regulatory obligations. The GHG data protocol will include:

- Collection frequency of emissions data,
- Data review frequency,
- Data anomaly investigation procedure, and
- Data amendment procedures.



CONTINUOUS METHANE MONITORING

Crestwood will collaborate with industry peers to further the overall understanding of methane emissions performance in the oil and gas industry using continuous monitoring technologies and methods.

Participate in the Cheniere-led QMRV Midstream protocol to improve the overall understanding of GHG emissions and further the deployment of advanced monitoring technologies.



CARBON ACQUISITION/DIVESTITURE PROTOCOL

Crestwood will develop a Carbon Acquisition/Divestiture Protocol that aims to:

- Set standards for the emissions performance of new acquisitions.
- Establish how GHG emissions are considered in the due-diligence phase of deal evaluation.
- Set a standard that requires new acquisitions to be brought into Crestwood's standards within a reasonable timeframe.
- Establish how we view a potential divestment and the assets' emission profile; transition emissions mitigation programs.
- Outline the process for incorporating emissions performance data following an acquisition.

OUR 2022 KEY ACHIEVEMENTS

Annual GHG Intensity Reduction:



- 5% reduction in methane intensity rate from 2021 levels and a 26% reduction from our 2022 KPI linked to compensation.
- Incorporated Oasis Midstream and Sendero Midstream assets into carbon management practices.
 - Performed methane detection flyovers on all acquired assets within 180 days.
- Conducted LDAR/flyovers on 100% of our facilities with methane emissions sources.

Scope 2 Emissions:



- Employed optical character recognition (OCR) technology to minimize manual calculations and improve the accuracy of Scope 2 emissions data.
- Reviewed the application of variable frequency drives (VFD) to minimize power across our footprint and have installed VFD's at all applicable locations to minimize power consumption.

Carbon Acquisition / Divestiture Protocol:



- Developed and utilized a Carbon Acquisition/Divestiture Protocol that formalizes how Crestwood handles transferred emissions for recent and future A&D activity designed to support our goal of reduced emissions intensity rates and leading carbon management performance.

Continuous Methane Emissions Monitoring:



- Installed continuous methane detection devices at 13% of our facilities testing three different technologies.
 - Installed devices at newly acquired Oasis Midstream assets.
- Participated in Cheniere-Led QMRV Midstream Project to further test multiple technologies for methane detection and to establish baseline emissions levels.

Responsibly Sourced Gas:



- Provided comments to the MiQ Midstream Protocol via GPA Midstream Association.
- Monitored responsibly sourced gas (RSG) market developments and engaged key customers on potential RSG Partnerships.

Investment in Emissions Data Collection:



- Conducted an Emissions Digitalization pilot at Herradura Compressor Station to improve accuracy and availability of emissions data.
- Reviewed and selected an industry-leading software platform to enhance our emissions data frequency.

Investment in Climate Technology:



- Continued to assess next generation methane detection technology.
- Continued to install solar panels to power meter stations across our pipeline assets.

Industry and Trade Group Participation and Leadership:



- Continued participation in ONE Future, The Environmental Partnership and the EIC/GPA ESG Working Group to proactively further the energy industry into a more sustainable future.
- SVP, ESG and Corporate Communications sits on the ONE Future Board.
- Continued senior leadership participation in industry conferences ensuring the continued collaboration and discussion around carbon management in the energy sector.

CONTACT US

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