Environmental, Social & Governance (ESG) Report

2019
The little things add up!

Environmental improvements at MEG’s Christina Lake location:

- **Reduced vehicle usage**
  - Est. annual reductions:
    - ~29 tonnes of CO₂e
    - >12,000L of fuel consumption
    - $75k in fuel, oil changes and maintenance

- **More efficient flight program**
  - Cost savings of:
    - ~$1.2M
  - Annual reduction of:
    - ~237 tonnes of CO₂e

- **Eliminated small plastic water bottles**
  - Benefits:
    - Eliminated waste of est. 50,000 water bottles/year
    - Employee awareness of energy lifecycle of bottled water
    - Cost reduction

- **Dust control – introduced new organic technology**
  - Benefits:
    - Est. 50% reduction in water and water truck usage
    - Safer driving conditions

- **Replaced plastic/styrofoam food/drink containers and straws with paper**

- **Replaced canned and bottled drinks with “fountain” style options**
  - Cost savings:
    - $26k in fuel
  - Policy in place to reduce idling with existing fleet
  - Reduction of:
    - ~63 tonnes CO₂e in reduced idling
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To Our Stakeholders

A message from the President and CEO

MEG’s purpose is to help provide the world with ethical and environmentally responsible Canadian oil.

We recognize that climate change is real and if the world is serious about reducing global greenhouse gas (GHG) emissions, the Canadian oil & gas industry needs to be part of the conversation. We have been actively engaged in creating innovative solutions and the world needs more Canadian energy, not less, for a successful transition to an optimized balance of renewable energy.

It’s a challenging time, where people in developed countries are concerned about GHG emissions and our planet, but still want to heat their homes and businesses, turn the lights on, and travel. There are millions more in the undeveloped world who would be grateful for cleaner, safer and more efficient forms of energy to enrich their quality of life and help lift them out of poverty.

It’s been reported that global energy demand will grow by 27% by 2040¹, which is why people from all sides of what has become a very polarizing debate need to work together to reduce our global GHG footprint.

The Canadian industry is criticized by some for having sub-par environmental standards. That’s simply untrue. In fact, we are one of the world’s most responsible producers from a corruption and environmental perspective. With the third-largest reserves in the world, Canada is the only oil-producing country that implemented carbon pricing systems to address climate change and regulations for the industry are among the most stringent in the world.

Although the industry has been quietly focusing on how to minimize its impact on the environment for decades, we now realize the importance of sharing the work we’re doing to help the world understand how we’re doing our part.

Our industry invests billions in research and development² to improve environmental outcomes and bring down GHG emissions in Canada. We’ve reduced emissions intensity in the oil sands by about 30%³ over the past two decades and the industry will continue to bring it down further.

The world needs more Canadian energy, not less, for a successful transition to renewable energy.

1 Source: International Energy Agency (IEA)
2 Source: Statistics Canada
3 Source: Canadian Association of Petroleum Producers (CAPP)

“" We are proud to share the innovative work we’re doing from an environmental, social and governance perspective to address the needs of the world, our shareholders and our employees.""
In MEG’s first ESG Report, we are proud to share the innovative work we’re doing from an environmental, social and governance perspective to address the needs of the world, our shareholders and our employees. This report sets a foundation for us to evolve from and we’re committed to being transparent and improving from our learnings each year.

The use of innovative technology has positioned MEG as a leader both operationally and environmentally. While continuing to increase production, MEG has reduced its GHG intensity by 9% since 2013 and is currently operating more than 20% below the in situ industry average for GHG intensity. We know we can do better and will continue to drive those numbers down.

That will be a consistent theme for us – measure and analyze information, identify our gaps, then strive for better results year over year.

While we are working to improve in all areas of our business, we also need to acknowledge the positive impact our business has on the communities where we work and live. MEG has developed strong relationships with Indigenous communities near its Christina Lake facilities and has invested over $860 million in Indigenous businesses since 2007. We work in partnership with all our communities to support the healthy growth and development of families in Alberta.

With respect to Environmental, Social and Governance (ESG) aspects of our business, our goal is to continue to drive GHG emissions down, reduce overall environmental impacts, continue to deepen relationships with our communities and be a company employees are proud and excited to work with.

We look forward to continuing to learn from and share our ESG performance and targets as we evolve our disclosure process in the future.

**Derek Evans**

President and Chief Executive Officer

“We’ve reduced emissions intensity in the oil sands by about 30% over the past two decades and will continue to bring it down further.”

Invested over $860 million in Indigenous businesses since 2007.
Our Business

MEG is an oil company focused on sustainable in situ thermal oil development and production in the southern Athabasca region of Alberta, Canada.

MEG is actively developing enhanced oil recovery projects that use steam-assisted gravity drainage (“SAGD”) extraction methods to improve the economic recovery of oil as well as lower GHG emissions. MEG transports and sells its oil products to refiners throughout North America and internationally.

Our company is home to some of the industry’s top talent, with decades of experience that span nearly every thermal oil project developed in Alberta over the past 20 years. We hire individuals who share our commitment to excellence in all that we do and those who are passionate about responsible energy development.

MEG has transformed the way it does business by using innovative technologies to increase production while decreasing costs and environmental impacts including GHG emissions and water usage.

2018 ESG Highlights

- GHG Emissions Intensity 20% below in situ industry average
- NO Lost Time Incidents at our Christina Lake facility
- Decrease of 68% in water withdrawal intensity since 2013
- Average Steam-Oil Ratio (SOR) 20% lower than SAGD industry average
- 50% improvement in well pad land use
- Nearly $93 Million in Indigenous business spend
MEG’s Approach to Sustainability

Sustainable. Innovative. Responsible.

MEG is proud to be part of a vital industry promoting responsible resource development and fueling our economy.

We believe our work is necessary and that our long-term success will be defined by our accountability to all stakeholders to balance our financial performance, environmental performance, social factors and corporate governance.

MEG is committed to providing timely and transparent disclosure of its Environmental, Social and Governance (“ESG”) performance and practices. MEG’s ESG committee is comprised of MEG’s CEO, General Counsel, VP Subsurface, Environment & Regulatory, VP Operations, Health & Safety, VP Human Resources and VP Corporate Communications and was formed to ensure this commitment is satisfied. The committee is responsible to report to the entire board and its objectives are to:

- Determine material ESG focus areas for the company
- Improve public disclosure of ESG performance
- Create a path to integrate ESG more fully into corporate strategy
- Ensure appropriate processes are in place to accurately track ESG performance
- Collaborate on strategies to improve ESG performance

MEG’s Business Conduct Charter contains key principles that guide all aspects of our operations and reflects on the values that build our sustainable model. Our Board, staff and contractors have a shared commitment to be stewards of the environment, to ensure that our operations meet or exceed environmental standards, and to achieve health and safety excellence. These firm commitments are outlined in our Environment, Health and Safety (EHS) Policy and are enacted within our EHS Management Performance Program. In addition, direct oversight of Health, Safety, Environment and Governance occurs at the Board level; and in 2018 our company-wide corporate compensation was linked to both safety and environmental performance metrics.

We value open relationships with communities close to our operations so we are able to discuss how our projects are being developed, how to minimize environmental impacts, protect the safety of our people and our neighbours, and how we can provide social and economic benefits to our communities.

When we share knowledge and learn from each other, we move toward building projects that are mutually beneficial for all stakeholders.
Executive Oversight

MEG’s Board of Directors is responsible for the oversight of all ESG-related initiatives, targets and programs.

The Board ensures that MEG sets high governance and environmental standards, maintains compliance with environmental and human rights laws and regulations, and has key programs and policies in place for the health and safety of its employees in the workplace and surrounding communities. The Board also reviews and approves corporate strategies to mitigate EHS risks including those associated with climate change.

**MEG’s Board establishes annual safety performance targets that are linked to executive compensation. We recently added environmental performance targets for spills and GHG intensity, which also impact executive compensation.**

Materiality

When determining what topics to focus on in our first report, we reviewed the materiality factors from the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), International Petroleum Industry Environmental Conservation Association (IPIECA), Morgan Stanley Capital International (MSCI), Sustainalytics and our peers in the SAGD business. The most common materiality factors identified in that review were incorporated in this report.

**Going forward, we plan to formalize the process further by broadening the span of stakeholder recommendations on materiality, including from our top shareholders. We want to ensure we are focusing on areas important to all our stakeholders.**

Strategy and Planning

MEG relies on a value-driven Enterprise Risk Management (ERM) system as an essential element of our sustainability approach to create and protect value and to address uncertainty. ERM is integrated into existing processes within the company including strategic planning, business planning, operating practices, marketing, compliance monitoring, operating performance measurement and facility design.

**ERM helps us identify, assess, mitigate, monitor and report enterprise level risks and opportunities to achieve our corporate objectives and goals, which prepares our leaders to make informed decisions about capital and resource allocation.**

MEG incorporates EHS and stakeholder considerations into all phases of our projects in order to effectively manage risks that develop over time. Identified risks are evaluated on impact severity and likelihood of occurrence, based on the current business and political environment. Risks are quantified and prioritized, and risk mitigation strategies are updated on an ongoing basis by management and reviewed by MEG’s Board.

ESG disclosure was identified as one of MEG’s key risks in 2019 and an executive ESG committee was assigned to actively manage and monitor ESG performance and disclosure.
Environment, Health and Safety Management Performance Program

MEG’s integrated Environmental, Health and Safety Management System has been in place since 2006 and is updated regularly to reflect changes in the growth and scope of the company. Now known as Environmental Health and Safety Management Performance Program (EHS MPP), it aligns with both ISO 14001 and the Certificate of Recognition Safety program components.

The purpose of the program is to effectively manage and continuously improve MEG’s environmental, health and safety program and performance. It outlines corporate requirements in 10 focus areas:

1. Organization Commitment & Management Review
2. Program Administration
3. Objectives and Targets
4. Hazard/Risk Assessment
5. Hazard/Risk Control
6. Qualifications, Orientations and Training
7. Monitoring and Measuring
8. Contractor Management
9. Emergency Response Planning
10. Incident Investigation and Management

Annual safety performance targets are established by MEG’s Board and linked to overall corporate performance targets which in part drive management compensation. Managerial accountability rests at the executive level.

Climate Leadership

At MEG, we recognize there is an expectation that we demonstrate climate leadership. This continues to be a priority as developers of a shared resource.

Our employees are proud of the significant progress we’ve made to reduce environmental impacts and we hold ourselves accountable to continue to improve.

It has become increasingly evident that we are entering a global energy transition and we are preparing ourselves to respond to shareholders, policy-makers, peers and community members by advancing our drive to improve our emissions performance.

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.

As we move forward with a climate focus within our business, we have found ways to further strengthen our commitment across the organization. Our first step in 2018 was to tie net GHG intensity performance to compensation, by adopting GHG targets on our corporate scorecard. This emphasized our focus on climate-related issues internally and externally. In 2018, our GHG performance improved from previous years and met the corporate performance targets. In addition, a segment of our board was established in 2018 to strategically address environmental performance including climate (Health, Safety, Environment & Reserves Committee).

In 2019, MEG proudly announced its plans to investigate a sequestration pilot to help achieve net zero GHG emissions from our operations by capturing emissions from electricity and steam generation and sequestering them in deep underground reservoirs. It’s an aspirational goal that is in the early stages of research and assessment.

Transforming the global energy market will take time and we are continuing to identify opportunities that can support a balanced transition. To find out more about our approach to the management of climate-related issues see our recent submission to the Carbon Disclosure Project.
Innovation to Address Climate Change

Investment in innovative technology has improved our operational and environmental performance by decreasing our energy footprint and helping us adapt to shifting climate pressures. To understand how those investments help our performance, it is essential to highlight where our energy demand is concentrated within our operations.

Steam-Oil Ratio (SOR) and Advanced Resource Recovery

MEG uses steam-assisted gravity drainage (SAGD) technology to recover bitumen. In SAGD operations, steam is injected into the oil reservoir to separate the bitumen from the sand, which is then pumped to the surface. Approximately 80% of the fuel consumed across the facility is for steam generation, resulting in a significant focus on optimizing steam to improve environmental outcomes. An important metric for this purpose is Steam-Oil Ratio (SOR), the quantity of steam used to produce a barrel of oil. SOR is a key measure of efficiency for thermal heavy oil projects, with a lower SOR indicating that the steam is being more efficiently used. By decreasing the amount of steam used, MEG is able to reduce water and fuel requirements, which results in lower greenhouse gas emissions intensity and more economic projects.

In 2018, MEG had an average SOR of 2.19 which is approximately 20% lower than the SAGD industry volume weighted average SOR of 2.7 and significantly better than the in situ project average of 3.1 (according to AER ST-53 reported information).
Reducing GHGs with eMSAGP & eMVAPEX

When approximately one-third of the oil from a well has been recovered and the reservoir has been heated, MEG’s patented, proprietary enhanced Modified Steam and Gas Push (eMSAGP) technology can be introduced. eMSAGP involves injecting a non-condensable gas, like natural gas, into the reservoir to reduce the steam injection rate by approximately 50%, resulting in steam-oil ratios in the range of 1 to 1.25.

By applying the eMSAGP process to significant portions of the operation, MEG has achieved an average SOR of 2.19 in 2018 at its Christina Lake Project compared to the in situ industry average of 3.1.

Recently, MEG has further reduced the SOR through advanced solvent injection technology by piloting enhanced Modified Vapour Extraction (eMVAPEX). This proprietary technology, if proven successful, will further enhance our growth potential while minimizing GHG emissions, even beyond those from eMSAGP. MEG has been granted funding from Alberta Innovates, Natural Resources Canada, Emissions Reductions Alberta, and Sustainable Development Technology Canada for continued eMVAPEX work.

We will continue to explore additional recovery advancements that can further reduce our environmental impacts and improve performance.

Cogeneration

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

MEG has been a strong advocate for the use of industrial cogeneration technology which is another key element to our energy management strategy. MEG’s natural gas turbine generates electricity that is used in its operations, with surplus power sold into the Alberta electricity grid. The heat from the turbine is recovered by a heat recovery steam generator for use in the thermal heavy oil recovery process, resulting in more efficient use of natural gas and a thermal efficiency of 86%. Revenue from the sale of surplus power helps offset the company’s energy costs and the electricity provided to the power grid had a lower GHG footprint in 2018 than the provincial average, helping to reduce total GHG intensity for provincial consumers. The use of cogeneration reduces the net GHG intensity of our oil and provides a stable source of baseload power as coal-fired generation is phased out in Alberta.

Electricity generated through cogeneration has a GHG intensity that is approximately \( \frac{1}{3} \) of the current provincial power grid.

The access to highline power generated through cogeneration has allowed us to provide electricity to remote areas surrounding our facility to support our drilling program. In the past, drilling would have been powered with diesel engines. Now, with electricity from cogeneration, we have equivalent power capabilities with an approximate 60% reduction in emissions related to drilling activities.
Environment

Our Approach

Alberta energy companies follow some of the most stringent environmental regulations in the world.

At MEG, we look for opportunities to go beyond compliance and use our proven technology and processes to protect our air, water and land. We strive to be an industry and global leader in reducing the overall environmental impacts associated with our business.

MEG incorporates environmental considerations into all phases of its projects through design, construction, operation and reclamation. We invest in technology to reduce GHGs, minimize environmental impacts, increase efficiency and reduce costs.

Our focus on technology has enabled MEG Energy to reduce greenhouse gas emissions and water use to significantly below the industry average, cut the amount of steam required to produce a barrel of oil by nearly half, and to provide cleaner power to Alberta’s energy grid.
GHG Emission Performance

MEG has taken measures to achieve one of the lowest GHG emissions intensities in the thermal heavy oil industry. Between 2013 and 2018, our net greenhouse gas (GHG) emissions intensity reduced by 9% and in 2018 was more than 20% below the industry average. This outcome was achieved through a committed investment in energy efficiency through the application of cogeneration and innovative reservoir advancements including eMSAGP and eMVAPEX.

This approach has reduced emissions intensity while also minimizing financial impacts and is helping us align with increasingly stringent carbon regulations.

Net GHG Intensity

1 Net GHG intensity includes the associated benefits of cogeneration
2 In situ industry average estimate is calculated based on most recent reported data to Environment Canada, Alberta Energy Regulator, and Alberta Electric System Operators.
Reducing Methane

MEG’s Christina Lake facility is a gas conserving facility, which means overall venting and flaring is virtually eliminated in normal operating conditions.

This is significant as the global warming potential of methane is more than 25 times higher than that of carbon dioxide. As a result of our investments in gas conservation, methane comprises less than 1% of MEG’s total site-wide GHG emissions. In 2018, we conserved 99.7% of gas compared to the crude oil average in Alberta, of 94.4%.

We always strive to be better and in 2018, invested capital in projects that control tank top releases, which have contributed to an approximate 50% reduction in emissions from our tank top sources and to a reduction in methane amount released to less than 0.5% of our sitewide GHG emissions. This contrasts with the conventional oil and gas sector that still commonly vents or flares excess gas which contributes to higher proportional methane emissions per barrel. In 2018, we estimate that MEG emissions associated with venting were roughly 80% lower per barrel than the crude oil average in Alberta.

Methane comprises less than 1% of MEG’s total site-wide GHG emissions.

An approximate 50% reduction in emissions from our tank top sources have reduced the methane amount released to less than 0.5% of our sitewide GHG emissions.

**Methane Breakdown by Source Type**

<table>
<thead>
<tr>
<th>Source Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venting</td>
<td>0.03%</td>
</tr>
<tr>
<td>Other Stationary Combustion</td>
<td>2.31%</td>
</tr>
<tr>
<td>Cogeneration</td>
<td>55.96%</td>
</tr>
<tr>
<td>Flaring</td>
<td>0.25%</td>
</tr>
<tr>
<td>Fugitive</td>
<td>0.48%</td>
</tr>
<tr>
<td>Steam Generation</td>
<td>40.96%</td>
</tr>
</tbody>
</table>

In 2018, MEG conserved 99.7% of methane gas compared to the crude oil average in Alberta of 94.4%. MEG will continue to focus on improving that percentage.

1 Citing: AERST60B, 2019
2 Citing: AERST60B, 2019
Water Conservation

MEG does not use any fresh water from streams, rivers or lakes to generate steam in its thermal operations.

The majority of the water used in MEG’s process to generate steam is recycled produced water (meaning water that we originally put into the reservoir as steam to heat the bitumen). In 2018, MEG recycled over 90% of the water recovered from the reservoir to produce steam. The remaining water needed for MEG’s thermal operations comes from undrinkable sources located deep under the ground. This water is unsuitable for human consumption or for agricultural purposes.

Between 2013 and 2018, MEG’s eMSAGP process, eMVAPEX process and optimization of recycling technology enabled MEG to reduce its total make-up water withdrawal intensity by 68%. MEG’s 2018 total make-up water withdrawal intensity was 0.18 (bbl H₂O/bbl bitumen) which is 58% lower than the industry average. MEG’s total make-up water withdrawal intensity is expected to further decrease in 2019. MEG employees are committed to water conservation and we continue to look for opportunities to optimize the way we use it.

In 2018, MEG recycled over 90% of the water recovered from the reservoir to produce steam.

Between 2013 and 2018, MEG’s eMSAGP process, eMVAPEX process and optimization of recycling technology enabled MEG to reduce its total make-up water withdrawal intensity by 68%.

Make-up Water Withdrawal Intensity
bbl of water used to produce a bbl of bitumen

<table>
<thead>
<tr>
<th>Year</th>
<th>MEG</th>
<th>Industry Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.70</td>
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</tr>
<tr>
<td>2014</td>
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<td>2017</td>
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<td></td>
</tr>
<tr>
<td>2018</td>
<td>0.20</td>
<td></td>
</tr>
</tbody>
</table>

68% decrease since 2013

1 Industry average obtained from the Alberta Energy Regulator (AER) ‘AER Water Use Report’
Air Quality

MEG uses natural gas to generate steam used for bitumen production.

Nitrogen oxides (NOx as NO₂ equivalent) and sulphur dioxide (SO₂) are by-products of the natural gas combustion process which have the potential to affect air quality.

MEG regularly tracks air emissions and reports results both internally and externally. We use a variety of methods to monitor air quality, including continuous emission monitoring systems (CEMS), ambient monitoring, and stack testing among others to ensure limits and standards are met.

NOx emissions increased slightly in 2018 due to a small increase in the volume of fuel used as well as higher heating values of the produced gas which makes up a portion of the combusted fuel. The reduction in NOx intensity is the result of a lower SOR, achieved through innovative reservoir technology.

In 2018, we updated our sulphur recovery strategy to reduce the amount of sulphur scavenger used. We continued to prevent associated impacts to surrounding land users and were in compliance with EPEA approval daily SO₂ limit and Alberta Ambient Air Quality Objectives.
Land & Wildlife

Efficient Land Use Design

MEG’s surface footprint for its SAGD operations measures less than 4% of the underground reservoir area, compared to standard mining operations, which impact 100% of surface land.

Well pad design improvements and advances in drilling technology have enabled MEG to improve its well pad land use by more than 50% since 2009.

The satellite image below of downtown Toronto provides spatial context of this and shows the small amount of disturbance required for surface pads as compared to the large recoverable resource area accessed by wells. Since MEG’s oil extraction occurs deep below the surface, natural ecosystems including wetlands, trees and lakes are protected.

Spacial Context – Downtown Toronto
Reclamation

The use of progressive reclamation accelerates the time it takes to return an area to its previous state. Our practice to carefully salvage all soil materials ensures that native species can grow and flourish during reclamation phases.

MEG has been running a Wetland Reclamation Trial on an exhausted borrow pit since 2014 to improve strategies and best practices for reclamation within wetlands. The information gathered in the trial is reported to Alberta regulators and the findings are shared with our industry peers to advance reclamation practices in Alberta. Initial results have been valuable and have indicated a positive correlation between topsoil depth and tree height which reflects the importance of properly salvaging topsoil at the start of project life.

In 2018, MEG conducted a number of important reclamation activities, including the reclamation of five borrow pits used to provide clay for building roads to well pads.

The work includes re-contouring to natural landforms, replacing the soil, and replanting trees, shrubs and native plants. MEG also has an active reclamation program for its oil sands evaluation wells.
Wildlife Management

At MEG, we have implemented a Wildlife Monitoring and Mitigation Plan and a dedicated Caribou Monitoring Mitigation Plan to help minimize any impacts on bears, caribou, moose, birds and fish.

We limit new land disturbance and allow for wildlife movement in and around our project area. Wildlife crossings are strategically placed over and below our above-ground pipelines to help wildlife move as freely as possible without increasing risk from predators.

The frequency, placement and design of these crossings meets or exceeds regulatory requirements and we now have 61 crossings at our Christina Lake facility.

In 2018, there were 160 animals photographed using the crossing structures.

When no longer required, MEG uses habitat restoration techniques to reduce sightlines and restore caribou habitat through treatments such as reforestation to promote the growth of naturally occurring vegetation. We also keep seismic lines narrow and limit straight clearing distances that can expose wildlife populations to predators and recreational hunters.

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 undertaken by the Province of Alberta.

To date, MEG has completed over 5,000 hectares of restoration in high quality caribou habitat.

An employee-driven Wildlife Sighting Program has supplemented our database of information on animal movement and diversity across our project area. Employees record bear, deer, caribou or moose sightings to help us keep track of animal behaviours and populations.

MEG is also taking part in an industry working group coordinated by Canadian Association of Petroleum Producers (CAPP) to discuss mitigation measures to help caribou populations in the East Side Athabasca Caribou Range where MEG operates. The working group’s objective is to identify an approach to habitat and population management that sustains a working landscape where caribou and careful development co-exist.

This photo was taken from a remote camera located near a wildlife crossing on the Christina Lake site.
Social

Our Approach

At MEG, we prioritize our relationships with our employees, shareholders, communities and those we do business with.

In order to create trust with all stakeholders, we ensure a safe, healthy workplace for our people, demand high moral and ethical standards at all levels and do our part to invest in communities where we work and live.

We firmly believe in the strong correlation between employee happiness and business results, and MEG is proud to have a positive reputation as being a supportive corporate citizen.

Our plan is to continue to listen to and work with our stakeholders so we’re able to enhance the “S” in ESG as we drive forward with improvements to our programs.
Health & Safety

Safety at MEG

Safety at MEG is about protecting our people, stakeholders and the environment around us.

MEG’s commitment to safety is simple – it is our goal for all workers to return home safely to their homes and families at the end the day.

MEG’s safety programs are in place to prepare and empower employees and contractors to avoid incidents before they occur.

We foster a safety culture that goes beyond compliance and have implemented progressive safety-focused practices which surpass industry best-practices and regulatory requirements.

Our approach to managing safety is aimed at identifying all hazards and risks associated with our business and working hard to eliminate or manage the risk as closely as possible. This approach engages employees at all levels of the organization and brings together our operating facility and our Corporate office staff in a well-coordinated effort to reduce risk to workers. We take pride in what we do and we believe it shows in our performance.

MEG is a member of a mutual aid agreement with operators in the southern Athabasca Oil Sands Area. Oil sands operators and municipal emergency responders meet regularly to review industry and government emergency response capabilities and emergency risks. MEG has an existing agreement with medivac services for air transport of serious cases and is registered with STARS Emergency Link Centre to assist with emergency response.

MEG implemented a formal Process Safety Management (PSM) program in 2017 to ensure the integrity of operating systems and processes related to handling hazardous substances (process fluid and electricity).

The PSM program is governed by a collaborative steering committee that meets on a monthly basis and involves multiple groups including Field Operations, Facilities Engineering, Operations Asset Management and Major Projects.
**Employee Requirements & Highlights**

MEG’s Environment, Health and Safety (EHS) Policy is a formal document that describes the specific actions that will be taken to ensure ongoing excellence managing our environment, health and safety performance. It is signed by the President and CEO and is prominently posted throughout the company.

The EHS Policy is the first element of MEG’s EHS Management Performance Program (MPP). The EHS MPP replaced the company’s H&S Manual in 2015 and summarizes the framework to establish, implement, maintain and continuously improve MEG’s EHS management and performance. The success of the EHS MPP depends on daily ongoing organizational EHS commitment, effective allocation of EHS resources and active program participation by all leaders, employees and contractors. MEG’s management is responsible to ensure that the EHS MPP and its associated processes are effectively implemented, managed and reviewed for continuous improvement opportunities.

MEG’s Integrated Environment, Health and Safety Management System (SMS) aligns with ISO 14001 and the Alberta Certificate of Recognition (COR) Safety Program. The COR demonstrates that a company’s health and safety program has been evaluated by a certified external auditor and meets established standards set by Alberta Occupational Health and Safety (OHS).

**MEG received a COR score of 96% in 2018, a 6% increase from 2017.**

**LTIF/RIF Stats**

The 2018 employee LTIF results reflect a single incident which occurred in the corporate office when a preexisting injury was aggravated. We are pleased to report that our Christina Lake facility had no employee lost time incidents in 2018. On the contractor side, there were three lost time incidents in 2018, all three incidents related to foot placement and mitigation plans were put in place.

2018 experienced an additional 532,561 contractor exposure hours due to our largest maintenance turnaround to date at the Christina Lake facility.

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**MEG Employee LTIF/LIF²**

<table>
<thead>
<tr>
<th>Year</th>
<th>Employee LTIF</th>
<th>Employee RIFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.00</td>
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<td>2017</td>
<td>0.00</td>
<td>0.18</td>
</tr>
<tr>
<td>2018</td>
<td>0.19</td>
<td>0.36</td>
</tr>
</tbody>
</table>

**MEG Contractor LTIF/LIF²**

<table>
<thead>
<tr>
<th>Year</th>
<th>Contractor LTIF</th>
<th>Contractor RIFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.05</td>
<td>0.86</td>
</tr>
<tr>
<td>2014</td>
<td>0.12</td>
<td>0.88</td>
</tr>
<tr>
<td>2015</td>
<td>0.00</td>
<td>0.71</td>
</tr>
<tr>
<td>2016</td>
<td>0.00</td>
<td>0.48</td>
</tr>
<tr>
<td>2017</td>
<td>0.28</td>
<td>0.94</td>
</tr>
<tr>
<td>2018</td>
<td>0.19</td>
<td>0.65</td>
</tr>
</tbody>
</table>

1 Lost Time Injury Frequency (LTIF) is the # of lost time injuries experienced by MEG employees /MEG Contractor per 200,000 hours worked.
2 Recordable Injury Frequency (RIF) is the # of recordable injuries experienced by MEG Employees / MEG Contractors per 200,000 hours worked.
Wildfire & Emergency Response

We had significant growth in our Emergency Response Program with MEG assigning dedicated resources to further MEG’s emergency response development.

This allowed us to formalize our Site Incident Response Team (SIRT) which is comprised of 8 diverse male and female employee volunteers from multiple divisions. This group trains for a variety of situations and is designed to support our 24/7 dedicated emergency responders including paramedics and fire fighters.

In 2018, 60 emergency drills were held between Christina Lake and the Corporate office, consisting of table tops, man down drills, emergency coordination drills and emergency specific drills.
MEG and the Community

Indigenous Relations

MEG is committed to continuing to develop and maintain a constructive dialogue with all identified Indigenous communities and stakeholders associated with MEG’s operations.

This consultation is designed to be ongoing, from initial planning through to eventual decommissioning and reclamation. MEG recognizes the need for, and importance of, respectful and transparent communication with all affected groups to ensure social, environmental and economic sustainability.

Each community is influenced by its unique cultural, linguistic and geographic elements but most Indigenous communities in the area share a common interest in maintaining the ability to practice traditional cultural pursuits. These pursuits include hunting, trapping, fishing and gathering and are important cultural activities. MEG highlights how important it is for Indigenous communities to keep these traditions alive during annual celebrations of National Indigenous Peoples Day.

MEG works closely with the elected leadership, Elders, heads of community organizations and businesspeople to help plan MEG’s regulatory, exploration, construction, operation, health & safety, and environmental work. Input provided by communities on current or traditional ecological knowledge and land-use is extremely valuable and necessary in developing appropriate mitigation plans.

MEG has several working agreements with neighboring Indigenous communities for initiatives that have been identified as priorities, including:

- Community-designed and managed programs that focus on more effective consultation
- Programs to increase employment skills training and economic development
- Programs to advance education (i.e., scholarships, student work-terms and in-kind training resources)
- Community-designed and managed programs to promote social priorities such as environment, cultural retention and public health and safety (i.e. Treaty Days, Métis Festivals, Elders’ retreats and youth activities)

In December 2015, the Truth and Reconciliation Commission of Canada issued 94 Calls to Action in its Final Report including a call to governments and the corporate sector to adopt the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and apply its principles, norms and standards. MEG acknowledges the importance of UNDRIP within the Canadian legal and constitutional framework and recognizes the role that the corporate sector can play in the path towards reconciliation.
Supporting Indigenous Business & Workers

MEG has an ongoing engagement process with each of its community and stakeholder groups to ensure that workers and businesses in the region are kept informed about and are encouraged to pursue economic opportunities.

Since 2007, MEG has invested nearly $860 million dollars in contracts to Indigenous businesses.

MEG has identified target zones for procurement of goods and services, to assist in prioritizing the involvement of local/regional and Indigenous businesses.

Kim Desjarlais is a proud Metis woman born and raised in Conklin, Alberta, a rural hamlet just south of MEG’s Operations at Christina Lake. Kim is a key member of the team that implements MEG’s wetland monitoring program.

In 2007, while a student in the Environmental Monitoring Program at Keyano College in Fort McMurray, Kim visited MEG’s Phase 1 operations. Five years later, she came back to work with MEG when she joined the Christina Lake Engineering & Environment (CLEE) consulting company. CLEE is an environmental consulting company founded by the Conklin Resource Development Advisory Committee and Higher Ground Consulting. The partnership provides engineering and environmental services to the resource extraction industry while returning a profit to the community of Conklin. In Kim’s case, it’s providing a work opportunity based at home.

While working with MEG, Kim has been involved with amphibian surveys, plot set-ups for vegetation monitoring and checking shallow groundwater monitoring wells.
Community Investment

Community Investment at MEG is about having purpose and a commitment to the communities where we live and work. We are strategic and look to drive measurable change through our defined focus areas: Children & Youth, Education, Health & Wellness.

Between 2014 and 2018, MEG invested nearly $11.7 million in programs to strengthen our communities.

We want to make a positive difference by helping people reach their potential. The investments we make allow communities and organizations to change lives and provide hope for those in need. This is important to our employees and aligns with our core values at MEG.

Employee-Driven Programs

Our employees are committed to giving back and at MEG we encourage and support charities and initiatives that matter most to them.

We have developed two programs to recognize employee giving, through volunteering time or providing personal financial support:

**MEGVolunteers**

MEGVolunteers acknowledges the commitment our employees have to giving back to their communities. *MEG will make a donation of up to $2,500 to the programs, teams or initiatives our employees volunteer their time to.*

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$38,500.00</td>
</tr>
<tr>
<td>2015</td>
<td>$39,375.00</td>
</tr>
<tr>
<td>2016</td>
<td>$38,375.00</td>
</tr>
<tr>
<td>2017</td>
<td>$47,000.00</td>
</tr>
<tr>
<td>2018</td>
<td>$66,000.00</td>
</tr>
</tbody>
</table>

**MEGMatch**

MEG Match is a gift-matching incentive to recognize and encourage contributions by MEG employees to eligible registered charities and local non-profit organizations. *MEG matches dollar for dollar, financial gifts up to a maximum of $1,000 per employee, per calendar year.*

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Matches</th>
<th>Total MEGMatch Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>445</td>
<td>$110,681.00</td>
</tr>
<tr>
<td>2015</td>
<td>225</td>
<td>$60,809.90</td>
</tr>
<tr>
<td>2016</td>
<td>249</td>
<td>$70,504.51</td>
</tr>
<tr>
<td>2017</td>
<td>225</td>
<td>$61,804.46</td>
</tr>
<tr>
<td>2018</td>
<td>152</td>
<td>$40,379.09</td>
</tr>
</tbody>
</table>
Our People

Our people are our greatest asset at MEG and we strive to ensure every employee and contractor feels valued, engaged and respected in the workplace. We will continue to foster an inclusive workplace to attract and retain top talent.

Gender Diversity

22% of employees at MEG are female and 20% of our leadership roles are filled by women.

MEG is committed to building a diversity strategy to ensure we continue to support a diverse and inclusive workplace.

MEG Gender by Level – As of November 2019
Total Rewards

Our compensation programs are developed to support the physical and emotional wellbeing of our employees.

Our MEG-A-FITS benefits program provides comprehensive medical and dental coverage, income protection and allows employees to direct a portion of their benefits to support their personal fitness goals. MEG’s savings plan matches employee contributions as they save for retirement and other goals.

We are committed to ensuring employees understand our compensation programs and providing annual total rewards statements. In 2019 we are building a more robust employee understanding of our compensation programs.

Employee and Leader Development

- We are helping leaders develop the confidence and skills necessary to inspire and engage teams.
- Employee and leader development programs are critical to retain top talent and support emerging leaders.
- In 2020 we are launching a new leadership development program which will support leaders as we continue to drive change and prepare our workforce for the future.
Connecting with Employees

MEG’s diverse communication channels encourage staff to connect and share work experiences, research findings and economic updates relevant to our operations and business.

How we communicate and receive feedback

The Link (internal website)

The Link features relevant internal and external business stories, as well as Leader videos, employee “rock stars” and exciting department news.

Coffee Times

Each month, our CEO schedules sessions to answer any questions employees may have.

MEGConnects

Through our MEGConnects learning breakfasts, employees share updates on what their teams are working on, to help all employees stay engaged with the business and their colleagues.

Leader sessions

We have large Leader Check-ins for company-wide announcements, as well as smaller workshops with all levels of employees to develop programs, manage change and initiate innovative thinking.
Our Approach

MEG is committed to delivering value to all its stakeholders, which include shareholders, employees and community partners. Our plan for following through on this commitment relies on a foundation of strong corporate governance which prioritizes transparency, accountability, ethical conduct and respect in the workplace.

The following provides an overview of how MEG’s governance foundation helps achieve these priorities:
Accountability

The responsibility for charting MEG’s course rests with our Board of Directors.

Our Board of Directors is comprised of leaders in the business community who bring diverse backgrounds and varied skillsets to the task of stewardship of the Corporation with the ultimate goals of:

- preserving and enhancing long-term shareholder value
- confirming the strategic direction of the Corporation, including anticipating, managing and mitigating risks
- confirming that the Corporation’s operations are undertaken in an ethical, safe and reliable manner
- governing the Corporation to set high environmental standards and confirming its operations are conducted in compliance with all laws and regulations

The Board of Directors is focused on achieving its goals with integrity while also taking into consideration the interests of a broad range of stakeholders in addition to shareholders, such as employees, customers, suppliers and community neighbours and partners.

The Board meets with multiple levels of management and has access to senior management on a regular basis. The Board of Directors relies on the support of four Committees, including:

- Health, Safety, Environment & Reserves (“HSE&R”),
- Governance & Nominating (“GNC”)
- Audit
- Compensation

All four committees oversee some part of the Environment, Social and Governance aspects of our business.

To ensure independence of the Board and its Committees from management, the Board mandates a requirement that at each Board or Committee meeting the members have the opportunity to meet in-camera, without any members of management being present.

All Directors are members of the Institute of Corporate Directors (ICD), which is an organization focused on fostering “best practice” corporate governance.
The Governance & Nominating Committee (GNC) has been very active in recent years in promoting governance best practices within the Corporation:

- **2015**: Introduced a Diversity Policy to recognize the value that all forms of diversity bring to the organization. The Diversity Policy was amended in 2019 to require that females and males each represent at least 20% of directors with a goal of reaching 30% following the Corporation’s annual general meeting in 2020 and maintaining those levels of diversity as a threshold on the Board in the future.

- **2016**: Introduced a “Say on Pay” vote at the Corporation’s annual general meeting, giving shareholders the ability to express their approval of, or concerns with, the Corporation’s pay practices. The 2018 “Say on Pay” vote passed with 93.07% in favour and the 2019 “Say on Pay” vote passed with 85.41% in favour.

- **2018**: The Board adopted a Tenure Policy which requires a deemed resignation of any non-management director following the first to occur of: (i) the director reaching the age of 72 years; and (ii) the director having served as a director of the Corporation for 10 years. Following a deemed resignation, the GNC makes a recommendation to the Board as to whether or not to accept the resignation, taking into consideration whether the continued service of the director would be in the best interests of the Corporation in light of his/her skills, experience and knowledge of the Corporation’s business.

- **2019**: Following a stakeholder engagement process, the Board of Directors underwent a renewal process to address upcoming Board vacancies and to ensure that the Board of Directors continued to have the necessary skillsets to guide the Corporation towards satisfaction of its strategic objectives. Through this renewal process the Board was able to enhance the diversity of the skillsets of its members and to achieve the immediate goal under the Diversity Policy of a minimum of 20% representation by males and females.

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**Executive Compensation**

MEG’s model of executive compensation is tied to corporate performance in a number of ways, including performance on key health, safety and environmental metrics.

The Compensation Committee assists the Board of Directors in fulfilling its stewardship with respect to developing compensation strategies and practices as well as the implementation and management of those strategies and practices.

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**Ethics at MEG**

At MEG, every business decision, no matter how big or small, is made with integrity and consideration for our people, our communities, our environment and the companies we do business with.

Our corporate governance model ensures that all appropriate policies are in place to guide how we conduct our day-to-day business.
Ensuring a safe, ethical workplace:

Business Conduct Charter

At MEG, we all share the responsibility to act with integrity in our personal and business activities and to comply with the laws and rules applicable to us. We are proud to openly share our ethical principles with each other and with our customers, suppliers, competitors and the communities in which we work.

The Board of Directors, with the support of the GNC, guides management to maintain a culture of integrity with an emphasis on ethical conduct. With that goal in mind, the Board of Directors has adopted a Business Conduct Charter (“BCC”) that applies to all directors, officers, employees and direct contractors of the Corporation. In order to ensure our commitment to ethical business conduct is shared by those we do business with, our third-party vendors are contractually bound to abide by our BCC.

MEG’s BCC addresses issues such as:
- conflicts of interest
- fair dealing
- insider trading
- disclosure of material information
- respectful workplace
- ethical behaviour

The policies listed below are complimentary to the BCC and by extension to the culture of integrity, inclusivity, fair dealing and ethical conduct that the Board has shaped at MEG:
- Respectful Workplace Policy
- Insider Trading and Disclosure Policy
- Lobbying Policy
- Privacy Policy
- Diversity Policy
- Director Tenure Policy
- Majority Voting Policy
- Advance Notice Policy (refer to Consolidated General By-Law)


Please refer to MEG’s annual Management Information Circular for a complete outline of corporate governance practices.

When good corporate governance is in place, supported by a healthy corporate culture, it is reflected in company performance. MEG’s governance framework ensures the company holds itself and those it works with to the highest standards, which helps the company achieve its business goals, control risk and ensure compliance.
## Performance Table

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>GRI Reference</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bitumen production</td>
<td>bbls/d</td>
<td></td>
<td>71,186</td>
<td>80,025</td>
<td>81,245</td>
<td>80,774</td>
<td>87,731</td>
</tr>
<tr>
<td>Steam-oil Ratio</td>
<td>bbl of steam/bbl of bitumen</td>
<td></td>
<td>2.48</td>
<td>2.47</td>
<td>2.29</td>
<td>2.29</td>
<td>2.19</td>
</tr>
<tr>
<td>Common Shares Outstanding</td>
<td>millions</td>
<td></td>
<td>224</td>
<td>225</td>
<td>226</td>
<td>294</td>
<td>297</td>
</tr>
<tr>
<td>Market capitalization</td>
<td>$ millions</td>
<td>102-7</td>
<td>4,376</td>
<td>1,804</td>
<td>2,090</td>
<td>1,512</td>
<td>2,289</td>
</tr>
<tr>
<td>Gross sales</td>
<td>$ millions</td>
<td></td>
<td>2,937</td>
<td>1,947</td>
<td>1,875</td>
<td>2,497</td>
<td>2,771</td>
</tr>
<tr>
<td>Adjusted funds flow</td>
<td>$ millions</td>
<td></td>
<td>791</td>
<td>49</td>
<td>(62)</td>
<td>374</td>
<td>180</td>
</tr>
<tr>
<td>Annual capital investments</td>
<td>$ millions</td>
<td>201-1</td>
<td>1,238</td>
<td>257</td>
<td>137</td>
<td>503</td>
<td>619</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$ millions</td>
<td></td>
<td>352</td>
<td>307</td>
<td>254</td>
<td>222</td>
<td>210</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ millions</td>
<td>102-7</td>
<td>9,930</td>
<td>9,400</td>
<td>8,921</td>
<td>9,363</td>
<td>8,409</td>
</tr>
<tr>
<td>Royalties, taxes and fees</td>
<td>$ millions</td>
<td>201-1</td>
<td>112</td>
<td>25</td>
<td>14</td>
<td>25</td>
<td>44</td>
</tr>
<tr>
<td><strong>Greenhouse Gas Emissions (GHG)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct GHG emissions*</td>
<td>thousand tonnes CO₂e</td>
<td>305-1</td>
<td>2,030</td>
<td>2,142</td>
<td>2,037</td>
<td>2,048</td>
<td>2,141</td>
</tr>
<tr>
<td>Indirect GHG emissions</td>
<td>thousand tonnes CO₂e</td>
<td>305-2</td>
<td>0.26</td>
<td>0.22</td>
<td>1.11</td>
<td>0.09</td>
<td>0.02</td>
</tr>
<tr>
<td>Net GHG emissions intensity*</td>
<td>kg CO₂e/bbl</td>
<td>305-4</td>
<td>0.055</td>
<td>0.054</td>
<td>0.050</td>
<td>0.052</td>
<td>0.051</td>
</tr>
<tr>
<td><strong>Air Emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOx emissions*</td>
<td>tonnes</td>
<td>305-7</td>
<td>790</td>
<td>892</td>
<td>865</td>
<td>901</td>
<td>917</td>
</tr>
<tr>
<td>NOx emissions intensity of oil production</td>
<td>kg/bbl</td>
<td>305-7</td>
<td>0.030</td>
<td>0.031</td>
<td>0.029</td>
<td>0.029</td>
<td>0.028</td>
</tr>
<tr>
<td>SO₂ emissions*</td>
<td>tonnes</td>
<td>305-7</td>
<td>565</td>
<td>380</td>
<td>380</td>
<td>306</td>
<td>361</td>
</tr>
<tr>
<td>SO₂ emissions intensity of oil production</td>
<td>kg/bbl</td>
<td>305-7</td>
<td>0.022</td>
<td>0.013</td>
<td>0.013</td>
<td>0.010</td>
<td>0.011</td>
</tr>
<tr>
<td><strong>Water Use</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total make-up water withdrawal*</td>
<td>thousand m³</td>
<td>301-1</td>
<td>1,749</td>
<td>1,780</td>
<td>1,128</td>
<td>1,143</td>
<td>905</td>
</tr>
<tr>
<td>Total make-up water intensity*</td>
<td>m³/m³ oil production</td>
<td>301-1</td>
<td>0.42</td>
<td>0.38</td>
<td>0.24</td>
<td>0.24</td>
<td>0.18</td>
</tr>
<tr>
<td>Produced water recycle rate*</td>
<td>%</td>
<td>301-1</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
</tbody>
</table>
### Spills

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>GRI Reference</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reportable spill*</td>
<td>count</td>
<td>306-3</td>
<td>12</td>
<td>7</td>
<td>6</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Total volume of reportable spills*</td>
<td>m³</td>
<td>306-3</td>
<td>37</td>
<td>15</td>
<td>35</td>
<td>37</td>
<td>34</td>
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</tbody>
</table>

### H&S****

<table>
<thead>
<tr>
<th>Metric</th>
<th>#per 200,000 hours worked</th>
<th>Reference</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee lost-time injury frequency</td>
<td>403-2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.18</td>
<td>0.19</td>
</tr>
<tr>
<td>Contractor lost-time injury frequency</td>
<td>403-2</td>
<td>0.12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.28</td>
<td>0.19</td>
</tr>
<tr>
<td>Employee recordable injury frequency</td>
<td>403-2</td>
<td>0.29</td>
<td>0.29</td>
<td>0.17</td>
<td>0.36</td>
<td>0.37</td>
<td>0.77</td>
</tr>
<tr>
<td>Contractor recordable injury frequency</td>
<td>403-2</td>
<td>0.88</td>
<td>0.71</td>
<td>0.48</td>
<td>0.94</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>Fatalities</td>
<td>403-2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Workforce

<table>
<thead>
<tr>
<th>Metric</th>
<th>count</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees Total</td>
<td>102-7</td>
<td>703</td>
<td>627</td>
<td>584</td>
<td>516</td>
</tr>
<tr>
<td>Women Total</td>
<td>%</td>
<td>405-1</td>
<td>_**</td>
<td>_**</td>
<td>_**</td>
</tr>
<tr>
<td>Men Total</td>
<td>%</td>
<td>405-1</td>
<td>_**</td>
<td>_**</td>
<td>_**</td>
</tr>
<tr>
<td>Women in Management*****</td>
<td>%</td>
<td>405-1</td>
<td>_**</td>
<td>_**</td>
<td>_**</td>
</tr>
</tbody>
</table>

### Community Investment

<table>
<thead>
<tr>
<th>Metric</th>
<th>$</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total contribution to charitable, non-charitable and community groups</td>
<td>201-1</td>
<td>2,227,513.00</td>
<td>2,454,957.00</td>
<td>1,896,164.00</td>
<td>1,565,487.00</td>
<td>3,511,891.00</td>
</tr>
</tbody>
</table>

* Indicates metrics that have been third party data assured.

** Methodology for workforce diversity metrics changed as a result of a new software system that was introduced in 2017. To keep data consistent, MEG will report from 2017 onwards.

*** Excludes deferred income taxes. Includes payments of U.S. tax of the following amounts: 2014 - $0.2 million, 2015 - $0l, 2016 - $0.7 million, 2017 - $0.7 million, 2018 - $0.9 million.

**** The 2018 employee LTIF results reflect a single incident which occurred in the corporate office when a preexisting injury was aggravated. We are pleased to report that our Christina Lake facility had no employee lost time incidents in 2018. On the contractor side, there were three lost time incidents in 2018, all three incidents related to foot placement and mitigation plans were put in place.

***** Management workforce includes employee workforce in the following management levels: Manager, Sr. Manager, Director, VP, SVP or CEO.
Glossary of Terms and Abbreviations

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

bbls  Barrels of petroleum product. Also often expressed as bpd for barrels per day.

Bitumen  A naturally-occurring, very heavy oil consisting mainly of pentanes and heavier hydrocarbons. Crude bitumen may contain sulphur and other non-hydrocarbon compounds.

CO$_2$e  Carbon dioxide equivalent.

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  Lighter viscosity petroleum products that are used to dilute bitumen for transportation in pipelines.

eMSAGP  enhanced Modified Steam and Gas Push.

eMVAPEX  enhanced Modified Vapour Extraction.

ERM  Enterprise Risk Management.

ESG  Environment, Social, Governance.

GHG  Greenhouse Gas.

Groundwater  Water beneath earth’s surface and is present in pore spaces or fractures.

In situ  From the Latin, ‘in place’, a process for recovering bitumen from oil sands by means other than surface mining, such as steam-assisted gravity drainage (SAGD).

LTIF  Lost Time Injury Frequency.

MW  Megawatt, a unit of electrical power generation capability.

NO$_2$  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. Also referred to as fresh water, but it may require treatment before it can be used for domestic or agricultural purposes.

Oil sands  Deposits containing a mixture of bitumen, sand and water.

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.

RIF  Recordable Injury Frequency.

Saline Water  The Alberta Water Act (Ministerial) Regulation defines saline groundwater as water with total dissolved solids (TDS) content exceeding 4000 milligrams per liter (mg/L). Also referred to as brackish water.

SAGD  Steam-assisted gravity drainage, an in situ process used to recover bitumen from oil sands.

SOR  Steam Oil Ratio.

SO$_2$  Sulfur Dioxide.

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).

UNDRIPT  United Nations Declaration on the Rights of Indigenous Peoples.
Forward-Looking Information

Certain statements contained in this report may constitute forward-looking statements within the meaning of applicable Canadian securities laws. These statements relate to future events or MEG’s future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, “plan”, “intend”, “target”, “potential” and similar expressions are intended to identify forward-looking statements. Forward looking statements are often, but not always, identified by such words. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In particular, and without limiting the foregoing, this presentation contains forward looking statements with respect to our focus and strategy, our plans to engage with indigenous communities and other stakeholders, our commitment to providing timely and transparent disclosure, the impact of our plans to enhance our accountability to stakeholders on our long-term success, our plans to adopt recommendations from our top 20 shareholders, our intention to continue to identify and prioritize business risks associated with climate change along with mitigation strategies, our plan to investigate a sequestration pilot project, the impact of eMVAPEX on our ability to grow while minimizing GHG emissions, our commitment to continued reduction of our carbon footprint, the impact of our reclamation and restoration activities on animals and projections related to water withdrawal intensity. Forward-looking information contained in this presentation 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, foreign exchange rates and interest rates; the recoverability of MEG’s reserves and contingent resources; applicable laws and government policies; demand for oil, natural gas, distillates, diesel and other energy sources; the development and performance of technology; population growth and dynamics; assumptions relating to long-term energy future scenarios; MEG’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 reductions in operating costs as a result of optimization and scalability of certain operations; 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 the timing and level of government apportionment easing, in which MEG conducts and will conduct its business; business prospects and opportunities; and carbon price forecasts. 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 include, but are not limited to: changes in general economic, market and business conditions; risks associated with the oil and gas industry, for example, securing access to markets and transportation infrastructure and the commitments and risks therein; extent and timelines of the Alberta Government’s mandatory production curtailment program; outlook for regulatory approvals; availability of capacity on the electricity transmission grid; health, safety and environmental risks; risks of legislative and regulatory changes to, and increased compliance costs associated with, amongst other things, tax, land use, royalty and environmental laws (including climate change); volatility of commodity prices, interest rates and foreign exchange rates, and, risks and uncertainties related to 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 risk related to such prices and rates; risks and uncertainties associated with securing and maintaining regulatory approvals and financing; fluctuations in supply and demand for crude oil, bitumen blend, natural gas, electricity, condensate and other diluent; risks related to increased activism and public opposition to fossil fuels and oil sands; the risk that the Corporation may be subject to litigation; risks and uncertainties related to the timing of completion, commissioning, and start-up, of the Corporation’s future phases, expansions and projects; the operational risks and delays in the development, exploration, production, and the capacities and performance associated with the Corporation’s projects; and uncertainties arising in connection with any future disposition of assets. Although MEG 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 MEG’s most recently filed Annual Information Form (“AIF”), along with MEG’s other public disclosure documents. Copies of the AIF and MEG’s other public disclosure documents are available through the Company’s website at www.megenergy.com/investors and 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 presentation is made as of the date of this report and MEG assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.
Industry Organizations

MEG participates in a variety of industry organizations to receive and share information on environmental, social and governance (ESG) trends and emerging issues. The knowledge we gain helps us better anticipate and manage ESG risks.
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Stock Exchange Listing
MEG Energy Corp. Shares are traded on the Toronto Stock Exchange under the symbol MEG