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Our Sustainability Journey Continues

Our name – Seven Generations – is based on an Iroquois concept that commits us to making decisions today that consider how those decisions will benefit and impact seven generations into the future.

This concept is at the heart of our company and has been deeply embedded in our values since we began nearly 12 years ago. We continued to live up to our name in 2019. We listened carefully to our stakeholders and consistently delivered thoughtful and impactful stakeholder service that respects the environment.

To better report on our progress, we are pleased to share our first comprehensive ESG report. The report focuses on several critical performance metrics and reflects the priorities and interests of our stakeholders and Indigenous communities. We listened. We learned. And we built our report based on that feedback.

**Safe Production is #1 – Recordable Injuries Reduced Significantly**

2019 saw a continued focus on safety and improving our performance. Throughout the year and now into 2020, we continue to advance our safety management, systems, policies and operational practices to reinforce a strong safety culture that takes ownership and action.

Our educational campaign, "Safe Production is #1", continues to help us improve our performance by focusing on identifying, assessing and controlling hazards.

I'm pleased to report fewer workers had injuries on 7G worksites in 2019 than in previous years. Last year, we had 32 recordable injuries which is a 61 percent improvement compared to 2018. Our 2019 total recordable incident frequency (TRIF) was 0.46, well ahead of our 2018 result of 0.98. Our safety journey is far from complete, but we are encouraged by this improvement and will continue to build on this growing trend as our business matures.

**Profitability and Responsible Development go Hand-in-Hand**

Sustainability is a continuous journey and we are making significant progress every year. One of our most recent highlights was achieving Equitable Origin's certification as a responsible natural gas producer – the first certification awarded to an energy producer under this standard in the world.

As a result of this certification, we entered into an agreement with Québec's largest natural gas distributor, Énergir s.e.c. (Énergir), to deliver our responsibly produced natural gas at a modest premium. The premium received through this transaction will fund our newly created 7G Sustainability Fund which we will use to support additional sustainability initiatives that further reduce our environmental footprint and broaden our Indigenous partnerships. This is a tangible example of how sound business practices and responsible development can go hand-in-hand.
People – Positioning Ourselves for Sustainability Success

To advance sustainability and stakeholder engagement across the company, we made several internal team changes to enhance our focus on sustainability. Our newly formed group, led by Brian Newmarch, Vice President, Capital Markets & Stakeholder Engagement, includes experts in sustainability, environment, Indigenous relations, government relations, community engagement, investor relations and communications. In addition, a sustainability working group was created to include members of the Sustainability team, as well as supply chain, legal and human resources, and other functional resources as required. Our team works together every day to ensure sustainability is consistently considered throughout their areas of expertise.

We believe diversity of thought and backgrounds lead to better solutions. Seven Generations was pleased to be included in the 2020 Bloomberg Gender-Equality Index, which aims to track the performance of public companies committed to transparency in gender-data reporting.

Internally, we also recognize that building awareness is integral to helping embed Indigenous engagement into our corporate culture. In 2019, we continued to hold Indigenous awareness sessions in our Calgary and Grande Prairie offices. To date, more than 60 percent of our employees have participated in these training sessions.

Environmental Performance

We’re pleased to report we’ve taken several steps over the years to minimize our environmental impact both in terms of reducing methane emissions and reducing our footprint on land.

As it relates to methane emissions, most of our field facilities already use instrument air in lieu of instrument gas (methane) to operate pneumatic controllers and pumps. In the past two years, we have converted six facilities from instrument gas to instrument air which reduced emissions by more than 350 metric tonnes of methane or 11,500 metric tonnes of carbon dioxide equivalent (CO₂e) per year. Our flare purge reduction initiative, which started in 2018, has achieved a reduction of 76,400 metric tonnes of CO₂e per year.

Our success as a company starts with being a good neighbour. Last year, our people rolled up their sleeves and volunteered more than 10,000 hours in the communities where we operate.
In 2020, we are also converting one of our camps from diesel powered generation to grid power. This, we anticipate, will eliminate an additional 6,500 tonnes of CO₂e emissions per year and save more than two million litres of diesel fuel annually. In 2021, our Karr facilities will also be converted to grid power, eliminating the local use of natural gas for power and reducing site emissions by up to 25,000 tonnes of CO₂e per year.

In terms of minimizing our footprint, our innovative approach to well pad design enables us to maximize the amount of underground resource we can access from each well pad, minimizing our surface disturbance. By using horizontal directional drilling, each one of our Super Pads occupies less than one percent of the surface area, but can host approximately 30 wells that provides the ability to access nearly 1,050 acres of subsurface resource.

Transparency – Demonstrating Sustainability Leadership

In the area of climate-related disclosure, we have been participating in CDP’s Climate Change Questionnaire since 2016. For the 2019 reporting year based on 2018 performance, 7G received a score of A-, higher than the oil and natural gas sector, North American, and global average of C.

Our commitment to transparency was recognized in 2019 with Seven Generations receiving the Best Compensation Disclosure and Communication award from the Governance Professionals of Canada.

And in the area of governance analytics, we achieved an Institutional Shareholder Services (ISS) QualityScore of 2 for governance, environmental and social disclosure in 2019, putting us near the top of the 10-point rating scale.

Our innovative approach to well pad design enables us to maximize the amount of underground resource we can access from each well pad, minimizing our surface disturbance.

Our Journey Continues

I trust you will find our inaugural ESG report to be informative, balanced and indicative of our deep commitment to sustainability. It reflects the advice we received from our external stakeholders who took the time to have their say on what sustainability means from their unique perspective.

On behalf of the Board, our senior leadership team and all of our people at 7G, we appreciate the input and wish to thank all of our partners for their support in this journey. We will continue to listen, respond and take a responsible approach to developing the energy resources the world needs.

Sincerely,

Marty Proctor
President & Chief Executive Officer
Sharing Our Story

7G has always been committed to responsible development and working closely with our stakeholders to make a positive impact.

While the world of sustainability can be overwhelmed by acronyms and diverse and often polarizing perspectives, we have chosen to focus our report on what is most important to our stakeholders. We are proud of our business, our development practices, our industry and are pleased to share our first comprehensive sustainability report with you.

This report reflects the contributions of many, and was guided by discussions with our neighbours, Indigenous communities, our partners and our people. Through an extensive third-party materiality assessment, we have narrowed the report to focus on the topics that are most important to our stakeholders, and have strived to present this information in a way that is informative, balanced and engaging. I encourage you to watch the videos embedded throughout the report to hear directly from some of our key partners.

As the transition to a low-carbon economy continues, we believe we are uniquely positioned to play a key role. We have long been committed to responsible development, and this commitment was recognized this year through initiatives like the EO100™ certification and our A- CDP score. While we are proud of these results, we strive for continuous improvement.

Moving forward, we will continue to aim to ensure that our actions benefit those impacted by our business – now and in the future. We will continue to be transparent and balanced in our reporting, and look to improve our metrics and disclosure over time. On behalf of our team at Seven Generations, thank you for your continued support and engagement – we look forward to your feedback.

Brian Newmarch
Vice President, Capital Markets & Stakeholder Engagement
About Us

Seven Generations is a low supply cost energy producer committed to stakeholder service, responsible development and generating strong returns from our liquids-rich Kakwa River Project located in northwest Alberta.

The corporate headquarters of Seven Generations Energy Ltd. (also referred to as Seven Generations, Seven Generations Energy, 7G, we, our, and the company) is in Calgary, Alberta and our operations headquarters is in Grande Prairie, Alberta.

In alignment with our Guiding Principle, we differentiate ourselves by supporting an open and competitive business environment where we believe only those who best serve their stakeholders can expect to receive the support required to thrive over the long term.

Grande Prairie is the business, infrastructure and commercial hub for the country’s oil and natural gas industry in Western Canada. Maintaining a large operations presence in Grande Prairie is vital to our ongoing success. Through our Grande Prairie and Calgary employees, we engage and consult with the people of the region as we plan, build and operate our Kakwa River Project.

7G is focused on the exploration, development and production of condensate and liquids-rich natural gas. We are Canada’s largest condensate producer. Condensate accounted for 37 percent of our sales volume and 68 percent of our revenue in 2019. In 2019, we achieved a significant milestone, as our annual average production exceeded 203,000 barrels of oil equivalent (boe) per day, ranking us amongst Canada’s 10 largest energy producers.

2019 KEY STATISTICS

- Average production of more than 200,000 boe/d
- Canada’s largest producer of high-value condensate
- Focused on operational excellence through execution, optimization and cost control
- Invested $1.23 billion in development activities, including the delineation of our Kakwa River Project area

(1) See “Note Regarding Industry Metrics” and “Note Regarding Product Types” in the Reader Advisory section of this report.
Operations Overview

Located in the Montney formation, our Kakwa River Project is a world-class asset. The project is located about 100 kilometres south of our operations headquarters in Grande Prairie, Alberta and covers more than 500,000 net acres.

The Montney is a geological formation covering 130,000 square kilometres, running 700 kilometres north to south and traversing the provincial boundary between northwest Alberta and northeast British Columbia.

Seven Generations employs pad-based horizontal drilling and hydraulic multi-stage fracturing in this formation to maximize well productivity while minimizing surface disturbance.

OUR STRATEGY

Seven Generations seeks to differentiate itself based on four key strategic principles:

- **Stakeholder Service**
  recognizing that in a competitive world, only those who best serve their stakeholders can expect to thrive in the long term.

- **Resource Quality and Low Supply Cost**
  combining resource selection with innovation, technology and efficiency to remain among North America’s lowest supply cost, unconventional liquids-rich natural gas developers.

- **Market Access**
  establishing ample gathering, processing, transportation and marketing capacity to capture premium prices from diverse markets.

- **Financial Sustainability**
  maintaining a strong balance sheet and pursuing investments that will contribute to free cash flow and earn full-cycle returns across the entire commodity price cycle, with focused capital deployment on high return opportunities.
Our Approach to Sustainability

Defining Sustainability

We define sustainability in alignment with the United Nations’ definitions published in Our Common Future, commonly known as the Bruntland Report. Its authors pressed the global community to pursue sustainable development, defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainability is at the heart of our company’s name. Seven Generations is an ecological concept that originated with the Great Law of the Iroquois, which holds that it is appropriate to think seven generations ahead to contemplate whether the decisions made today would benefit the seventh generation. We strongly believe in this concept, and continually strive to ensure our actions will benefit our stakeholders and Indigenous neighbours – both now and in the future.

Delivering Exceptional Stakeholder Service

We believe that companies exist to serve the needs of society and, it is society who awards each company their right to operate. With this mindset, we see ourselves as being in the service business. To thrive in the long term, we believe companies must serve the needs of their stakeholders well – this is at the heart of our Guiding Principle.

At 7G, we strive to differentiate ourselves and deliver exceptional stakeholder service by:

- Conducting our business in a way that protects the environment and ensures it can meet the needs of future generations.
- Meeting or exceeding all regulations and proactively supporting the development of new policies that enable our industry to better serve society.
- Engaging our communities in the planning of our projects and including them in benefits that come from their development.
- Treating our partners, suppliers and service providers fairly.
- Providing a safe, healthy and happy work environment for our people and recognizing their talent and contributions.
- Managing the investments of our shareholders and capital providers responsibly and ethically to deliver optimal value.

How We Engage With Stakeholders

We engage with each stakeholder group in different capacities depending on their specific interests.

How we Define Sustainability

Learn how we engage with our stakeholders
Awards & Recognition

**Responsible Developer Certification:** In November 2019, we received certification as a responsible producer under the EO100™ Standard for Responsible Energy Development.

**Climate-Related Disclosure:** We have been participating in CDP’s Climate Change Questionnaire since 2016. For the 2019 reporting year, based on 2018 performance, 7G received a score of A-, placing us in the leadership grouping. Companies with a score in the leadership band are deemed to be implementing best practices with regards to corporate transparency and action on climate-related risks and opportunities. Our score is higher than the oil and natural gas sector, North American, and global average of C, and 7G is the only Canadian company in the energy sector to receive a leadership score.

**Governance Analytics:** In 2019, we achieved an ISS QualityScore of 2 for governance, environmental and social disclosure, putting us near the top of the 10-point scale.

**Jantzi Social Index:** In January 2020, Seven Generations was added to the Jantzi Social Index (JSI). Launched in 2000, the JSI is a market capitalization-weighted common stock index consisting of 50 Canadian companies that pass a set of broad-based ESG rating criteria. In creating the JSI, Jantzi Research, now Sustainalytics, set out to create an index which could be used by institutional investors to benchmark the performance of socially screened portfolios.

**Gender Equality:** We were included in the 2020 Bloomberg Gender-Equality Index, which aims to track the performance of public companies committed to transparency in gender-data reporting.

**Compensation Disclosure and Communication:** In November 2019, we received the Best Compensation Disclosure and Communication award from the Governance Professionals of Canada.
We believe the Canadian energy industry can thrive despite ever-increasing expectations of what it means to be a responsible energy producer. 7G has a culture focused on meeting these challenges – viewing them as opportunities to differentiate ourselves to the benefit of our stakeholders and Indigenous communities.

Why Did We Want to Obtain Certification?

In 2018, we began a journey to adopt the Equitable Origin EO100™ Standard for Responsible Energy Development. This journey began through engagement with Énergir, Québec’s largest natural gas distributor, who had initiated a stakeholder-driven approach in partnership with the Pembina Institute to provide more information on the origin and production methods of the natural gas they distribute, and the related environmental and social impacts.

We knew it would take a significant amount of time and resources to achieve this certification, but we believed those investments would prove beneficial given our fundamental goals of stakeholder service, Indigenous engagement, responsible development and creating value for our shareholders.

What Does the Certification Entail?

EO100™ certification is awarded to companies that meet or exceed certain criteria for environmental, social and governance (ESG) performance evaluated by Equitable Origin. Far from a ‘check-the-box’ exercise, certification requires exacting standards and assurance procedures that must be proven through rigorous internal and third-party assessments of ESG performance across an organization and at the site level.

For 7G, this included independent interviews with our stakeholders and Indigenous communities, and technical inspections of our facilities. While there was no guarantee of certification, we saw value in the process and welcomed a third-party evaluation of our ESG performance.
The First Natural Gas Company in the World to Obtain this Certification

By November 2019, we had undergone numerous independent assessments to become the first energy company in the world to be certified under the EO100™ Standard for Responsible Energy Development. The certification evaluates 7G’s performance on several ESG key performance indicators.

Sustainability Does not Mean a Trade-Off in Profitability

Énergir’s natural gas agreement with 7G will see us receive a modest premium for volumes provided under the agreement. In turn, the premium will help catalyze and fund our newly created 7G Sustainability Fund. Through the fund we will support additional innovative sustainability projects aimed at reducing our environmental footprint, broadening our Indigenous partnerships and supporting responsible development.

The Equitable Origin certification sets the stage for a sustainable energy future and shows that profitability and responsible development can go hand-in-hand.

Collaboration is Key

Certification would not have been possible without collaboration across multiple stakeholder groups including Énergir, Equitable Origin and the Pembina Institute.

- Énergir initiated this partnership to better understand the product it purchases and distributes to its customers to reduce its footprint. Since 2017, Énergir has carried out several actions to better understand the natural gas life cycle, particularly involving the production phase. Working with the Pembina Institute, these actions have led to the creation of this initiative and the responsible procurement of natural gas.

- Equitable Origin created the world’s first stakeholder-led, independent, voluntary standards system for energy development. Their framework for evaluation provided a holistic and independent assessment of the ESG factors important to each participating company’s stakeholder groups.

- The Pembina Institute provided valuable counsel throughout the process. Contracted by Énergir, the Pembina Institute was engaged to identify and recommend potential certification frameworks, work with Énergir’s stakeholders to identify their concerns and observe Equitable Origin’s evaluation as a third-party.
“Equitable Origin is delighted to award Seven Generations the first certification of a natural gas producer to the EO100™ Standard for Responsible Energy Development. Seven Generations is a pioneer in their industry for having demonstrated through independent verification that they are not only meeting the stringent requirements of the EO100™ Standard, but are also going above and beyond in many areas of social and environmental performance. The fact that Seven Generations’ customer, Énergir, is recognizing their performance through a premium purchase of Seven Generations’ certified responsible natural gas is exactly the market signal needed to reward responsible producers, and we believe this sets an important precedent for the industry.”

Soledad Mills  
Chief Executive Officer, Equitable Origin

“The realization of this initiative, thanks to this first transaction and the collaboration that led to it, allows us to better address the concerns of our stakeholders and customers that wish to participate in the energy transition. It is a step in the right direction, allowing us to have a better understanding of the impacts of our activities that fits our mission to provide increasingly sustainable ways to meet the energy needs of our customers and the communities we serve. Énergir is committed to actively contribute to the fight against climate change by decarbonizing our activities through numerous actions like promoting energy efficiency and injecting more renewable natural gas in our system. This initiative is aligned with this commitment.”

Stéphanie Trudeau  
Executive Vice-President Québec, Énergir

“Canadians are increasingly concerned about the impacts of natural gas production on our climate, water, air, and communities, including Indigenous Peoples. As well, we know the world needs to transition to less carbon-intensive sources of energy. For Canada to achieve its climate targets for 2050, demand will increase for cleaner sources of energy and will decrease for more carbon intensive sources. We support the producers that achieve better upstream environmental and climate outcomes and we expect they will have a competitive advantage to supply the market through this transition. Certification provides an incentive to produce natural gas at a higher standard than business as usual and offers companies such as Seven Generations a strong competitive advantage as the world decarbonizes. We applaud Seven Generations and Énergir for their leadership, and encourage other companies to follow in their footsteps.”

Chris Severson-Baker  
Alberta Regional Director, Pembina Institute
Advancing our ESG Reporting

Our first comprehensive ESG report marks an important step in our sustainability journey. We hope our stakeholders and Indigenous communities will find this information helpful in assessing 7G’s sustainability performance against our industry peers.

Framework

We used the GRI Sustainability Reporting Standards (GRI Standards) to guide the development of this report. The report includes the GRI disclosures relevant to our material topics as defined through our materiality assessment.

Scope of this Report

Our 2020 ESG report includes activities, project examples and performance data from 2019, except for greenhouse gas (GHG) emissions and energy usage data, which are from 2018. Once third-party verification has been completed, we expect to publish the 2019 data on our website www.7Genergy.com.

Report Assurance

Sustainability reporting at 7G is managed by the Sustainability team. The team follows a content gathering and approval process to ensure the report accurately reflects our sustainability practices and performance. Three additional elements that support this process are:

1. Assurance
   We recognize the value of external assurance for data and, as such, we have received external verification for our GHG emissions data\(^1\). Assurance is part of our commitment to annual reporting of GHG emissions to the CDP’s Climate Change Disclosure Program.

2. Data Collection
   We strive to collect accurate and verifiable data in a consistent and rigorous manner. The company uses a variety of data collection and management processes in the context of sustainability management and reporting.

3. Approval
   The content of this report was vetted by 7G’s Disclosure Committee as described in our Disclosure, Trading and Confidentiality Policy and was reviewed by our Board of Directors.

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\(^1\) See “Note Regarding Industry Metrics” in the Reader Advisory section of this report.
Materiality Assessment

In 2019, we conducted our first formal materiality assessment to help determine the content of this report and inform our future sustainability work. To live up to our values, we incorporated stakeholder and Indigenous perspectives in the process. The assessment combined guidance from the GRI Standards and the Sustainability Accounting Standards Board (SASB) and was completed in three stages:

1. **Topic Identification**
   To identify topics for prioritization, we extracted topics from peer reports, consulted the GRI Standards and SASB framework for reporting, and reviewed reporting best practices.

2. **Prioritization**
   We held two workshops, an internal workshop with subject matter experts and senior leaders from across the company, and an external workshop with a broad range of stakeholders. During the workshops, an external consultant facilitated the discussion and the prioritization of a list of 30 ESG topics relevant to our company. Both groups discussed each topic and agreed to its relative priority level. To complement the workshop results, the consultant also conducted individual calls with external stakeholders to collect qualitative feedback. The external workshop and calls included individuals from the following groups:
   - Investors
   - Government
   - Indigenous Communities
   - Regulators
   - Environmental Non-Governmental Organizations (NGOs)
   - Employees
   - Communities
   - Customers
   - Service Providers
   - ESG Rating Agencies

3. **Validation**
   The prioritized topics were approved by our executive team in December 2019. To ensure we adapt to stakeholder and societal expectations, we will reassess these material topics on an annual basis along with changes to our business, recent ESG/sustainability trends and expectations from our direct stakeholders and society.

Results

Our material topics are those ESG topics that can have a high impact on the success of our business and are of high interest to our stakeholders. Our materiality matrix shows these topics prioritized relative to each other. The topics in the right corner are considered most material and we provide more content on these topics than others in this report.

For topics that reflect stakeholder expectations and concerns, we continue to provide discussion of our related initiatives, and in some cases, quantitative performance metrics. For clarification regarding topics currently considered non-material, see the Topics to be Monitored section.
There are several important sustainability topics such as human rights, child labour, forced or compulsory labour, freedom of association and collective bargaining, abandonment and reclamation, waste, health and wellness, and others that are either not covered or are addressed at a high level in this report.

**Crucial risks and opportunities:** These are our most material topics. Addressing these topics is crucial to our business and of the utmost importance to our stakeholders.

**Expectations:** External stakeholders and/or internal management and employees expect that we fully and continually address these topics.

**Moderate concerns:** Addressing these topics has a moderate impact on our business, and our stakeholders are somewhat interested in these topics.

**Topics to be monitored:** These topics may increase in importance in the future. We will continue to monitor our performance and/or related trends.

**Topics to be Monitored**

There are several important sustainability topics such as human rights, child labour, forced or compulsory labour, freedom of association and collective bargaining, abandonment and reclamation, waste, health and wellness, and others that are either not covered or are addressed at a high level in this report.
What We Heard

Through interviews and workshops, our stakeholders shared their views about the importance of various sustainability topics and considered their level of risk, opportunity and impact on our business, the environment and society. Four themes emerged from these discussions:

1. The role we choose to play in the energy transition will shape our future.
   Stakeholders representing different groups agreed that the transition to a low-carbon economy is the biggest challenge we face as a company and as an industry. With increasing demand for energy and simultaneous pressure for lower carbon impact, the future of energy is uncertain. Stakeholders are eager to learn about our long-term strategy with views to 2030 or even 2050.
   
   The energy transition is the biggest challenge of our time, especially balancing the economics and environment, so no one is left behind.
   – Customer
   
   Read about our carbon emission performance

2. Market access is complex but essential for viability.
   Stakeholders were keenly aware of the market access challenge for resources in our areas of operation. They noted that market access is a complex undertaking, and is intertwined with the climate change conversation, the state of public perception of our industry, and relationships with Indigenous Peoples.
   
   A key factor that will impact 7G’s business is exports and getting production out. This is influenced by relationships, other partners, and the realities of the natural gas marketplace.
   – Government representative
   
   Read about our approach to improving market access

3. Indigenous relations will continue to be critically important.
   Given our geographical location and the communities in which we operate, relationships with Indigenous Peoples are foundational to our continued success. Stakeholders noted that positive relationships are key to maintaining our social licence to operate and can also provide a great opportunity to make a positive impact by increasing employment and enhancing quality of life in nearby communities.
   
   7G is held out as ahead of their peers in the industry. The name, the history of the company – this has helped them from a perception point of view. But they need to act on it, and it needs to be maintained.
   – Investor
   
   Read about our relationships with Indigenous communities

4. We need to tell our story.
   The significant impact that public perception can have on the company through public policy (carbon and non-carbon related) was emphasized by stakeholders. This theme was heightened by the recent elections in Alberta. To mitigate some of these policy-related risks, stakeholders felt we should advocate for ourselves, communicate to the public about our business model and performance, and tell our story.
   
   My advice is to leverage your culture. Leverage your brand. People don’t understand your name and meaning. Create awareness and people can get behind this and create ‘buy in’ and when this happens, the support will be there.
   – Environmental NGO
   
   Read about our public policy involvement
Governance of Sustainability Risks & Opportunities

Our Board of Directors and leadership team believe strong corporate governance is essential for superior performance and stakeholder service.

**Board of Directors**

The Board of Directors (Board) oversees the conduct of the business of the company and the activities of the leadership team, who are responsible for the day-to-day management of the business. The Board of Directors oversees management’s processes to identify sustainability risks, mitigate or manage such risks, and manage the company’s performance around material sustainability topics that have been identified.

The Board of Directors has a Health, Safety, Environment and Community Engagement Committee (HSE and CE Committee) with a mandate that includes overseeing 7G’s policies and management systems designed to meet or exceed applicable laws and regulations and evaluate performance with respect to: (i) the protection of the health and safety of all persons associated with the operations of Seven Generations; (ii) the protection of the biological and physical environments; and (iii) the relationship of Seven Generations with the communities where it operates.

The Board of Directors also has a Governance and Nominating Committee, an Audit and Finance Committee, a Human Resources and Compensation Committee and a Reserves Committee, which are mandated to oversee governance in their respective areas.

**President & Chief Executive Officer**

The President & Chief Executive Officer (CEO) is the most senior member of the leadership team responsible for the company’s sustainability strategy. The President & CEO is responsible for making major managerial decisions on operations and resource management, and for setting the strategic direction for 7G on a variety of matters including sustainable development. The President & CEO is also a member of the Board of Directors and reports to the Board on 7G’s sustainability performance on a quarterly basis with support from the leadership team.

**Leadership Team**

Sustainability risks are evaluated, prioritized and managed by the leadership team, and these risks and corresponding mitigating actions are reported to various Board committees and/or the Board of Directors on a regular basis. The Board committees and the Board provide the leadership team with feedback regarding the company’s risk management processes.

**Sustainability Team**

In May 2019, a Sustainability team was formed, and the role of the Vice President, Capital Markets was expanded to include oversight over sustainability, government relations, Indigenous engagement, community engagement and communications. With guidance from the Vice President, Capital Markets & Stakeholder Engagement, the Sustainability team is responsible for ESG reporting and disclosure and the ongoing development of strategies and performance management on sustainability. This is done in collaboration with other business functions across the organization.

7G continually strives to strengthen our leadership in corporate governance by establishing policies and practices that benefit our stakeholders.
SUSTAINABILITY POLICIES

Our policies provide our people with guidance on how to conduct business on behalf of 7G and engage with our stakeholders based on our commitment to sustainable development. The following policies help govern sustainability at 7G:

- The Guiding Principle
- Business Conduct and Ethics Policy
- Disclosure, Trading and Confidentiality Policy
- Diversity Policy
- Health, Safety and Environment Policy
- Respectful Workplace Policy
- Whistleblower Policy

Sustainability Management System

7G has had an Environmental Management System in place since 2014. In 2019, we expanded our system to include a wider array of sustainability topics and developed a Sustainability Management System based on the ISO 14001:2015 standard. The management system uses input from stakeholders, compliance obligations, risk and opportunity processes, and impact assessments based on our operations to drive continuous improvement.
Business Ethics

Why Are Ethics Material to Our Business?
Having a strong ethical business culture is core to our business. It allows us to focus our time and energy on our performance and supports all our other business functions.

Why Are Ethics of Interest to Our Stakeholders?
Acting ethically allows us to maintain the trust of our people, our communities, and our investors.

Management Approach

At 7G, we pride ourselves on our reputation as an ethical, high-performance company, employer, partner, and member of the communities where we operate. Our management approach includes five elements:

1. Policies
7G’s Business Conduct and Ethics Policy supplements our Guiding Principle and serves as a guide for the behaviour and standards of conduct we require of all 7G employees and contractors. The Business Conduct and Ethics Policy sets out our approach to giving and receiving gifts, corruption, and illegal financial activities, and specifically prohibits employees from receiving and giving bribes or facilitation payments. Any funds used for public policy initiatives require the approval of the President & CEO or the Chief Financial Officer.

2. Board Oversight
The Board of Directors is responsible for establishing policies and processes for the company to operate at all times, in accordance with applicable laws. The Board is also responsible for ensuring management has implemented procedures to both comply and monitor compliance with these policies and processes.

3. Reporting Concerns
One of the key mechanisms through which suspected violations of our policies is reported is through our whistleblower hotline in accordance with our Whistleblower Policy. We encourage our employees, consultants, service providers and other stakeholders to bring forward any concerns regarding suspected violations of our Guiding Principle or any of its policies or procedures, including those pertaining to Seven Generations’ accounting practices, audits, financial reporting or internal controls. Such concerns may be raised with a supervisor, a member of our leadership team or through the whistleblower hotline.

4. Resolving Concerns
Our Whistleblower Investigation team is responsible for managing these reports. The team includes the Chair of the Audit and Finance Committee of the Board of Directors, our President & CEO, our Vice President, General Counsel & Corporate Secretary (unless a report is about one of those individuals, in which case they would be excluded) and may include the Chair of the Board and/or the Chair of the Human Resources & Compensation Committee, if determined to be appropriate. The company has never been subject to any legal or regulatory fines or any settlements associated with violations of bribery, corruption or anti-competitive standards.

5. Training
In December 2019, mandatory policy training and sign-off was rolled out to all employees for the following policies:
- Business Conduct and Ethics
- Respectful Workplace
- Procurement
- Drugs and Alcohol
Board & Leadership Diversity

At 7G, we recognize the benefits of diversity for better decision-making and have made internal and external commitments through:

**Board Diversity Policy**

7G’s Diversity Policy sets out our approach to diversity with respect to appointments to the Board and the promotion or hiring of individuals as executive officers or into other senior management positions. Our policy states that we recognize the benefits of diversity, including gender diversity with respect to nominations to the Board and the promotion and hiring of individuals into the management team, that we are committed to a merit-based system for such appointments and that we aim to increase the diversity of our Board and management team over time.

We believe our company’s needs are best served by identifying and screening fully qualified candidates for these roles with reference to the skills, experience, expertise and leadership qualities that will be required for the individual to be effective in the role for which he or she is a candidate.

**Commitment to the 30% Club**

Seven Generations is a member of the Canadian chapter of the 30% Club. The 30% Club believes gender balance on boards and in senior management not only encourages better leadership and governance, but that diversity further contributes to better all-around board performance, and ultimately increases corporate performance for both companies and their shareholders. As a member of the 30% Club, we aspire to achieve a Board and executive composition in which at least 30 percent of the members are comprised of women in 2020. We will continue to ensure that the best candidates have equal opportunity to contribute their unique talents and skill-sets to Seven Generations.

Meet our Board of Directors
Meet our Leadership Team
Read our information circular
Read our annual information form

2019 Board of Directors

**WOMEN IN LEADERSHIP ROLES**

- **GOAL**
  - 30% female board members in 2020
  - 33% of our leadership team (4 women)
  - 20% of our board (2 members)
  - 25% of our C-suite (1 executive)
Market Access

Why is Market Access Material to Our Business?

In a competitive and, at times, oversupplied market, market access can be a critical differentiator. Ensuring we have access to key strategic markets for our responsibly produced products helps ensure we can deliver on our development plans and receive fair value for our products.

To sell our suite of products – natural gas, condensate, ethane, propane and butane – we must first find markets for them. Given this marketing co-dependence among our products, we continuously explore and analyze new egress channels, new demand points and evaluate potential investments, partnerships and other business arrangements that support our market access initiatives.

Why Are Stakeholders Interested in This?

Market access is prominent in conversations about our industry and is top of mind for stakeholders. Investors, regulators and communities are interested in the profitability and viability of our business and are interested in seeing 7G continue to evolve its market access initiatives.

Management Approach

Our market access initiatives are focused on ensuring we have ample gathering, processing and transportation capacity to premium markets. We have made significant strides in implementing this strategy throughout our history and this has helped provide us with diverse market and pricing exposures.

1. Long-Term Marketing Arrangements

   Early in our development, we knew that our large Montney resource and growing industry activity would require adequate egress capacity. Thinking proactively, we secured long-term marketing arrangements for our products on two transcontinental natural gas pipelines.

2. Access to Different Markets and Commodity Prices

   Our Kakwa River Project is located near demand centres and includes multiple pipeline routes, as well as future liquefied natural gas (LNG) optionality. Over time, we have developed diversified access to natural gas markets in Alberta (AECO), Eastern Canada (Dawn), the U.S. Midwest (Chicago Citygate), the U.S. Gulf Coast (Henry Hub), and the U.S. West (Malin). These arrangements provide 7G with capacity to support economic production growth and diversified access to premium consumer markets.

3. Condensate is an Important Product to Domestic Markets

   Unlike oil and natural gas, which are exported to distant markets often at discounted prices, a significant portion of Canadian condensate demand is satisfied through imported volumes from Texas and the U.S. Midwest. This market dynamic supports local Albertan condensate pricing and drives premium product pricing for local condensate. As Canada’s largest condensate producer, this continues to be a competitive advantage for us.
Outlook

Going forward, we will continue to work with our stakeholders to support market access objectives and pursue new end-use markets such as:

1. **Premium Consumer Markets**
   In early 2020, 7G entered into a responsible natural gas supply agreement with Énergir, Québec’s largest natural gas distributor, who was looking to procure responsibly developed gas for distribution within its delivery system. The agreement opens up access to a new market in Eastern Canada and through the modest premiums paid on this supply, catalyzes our newly created 7G Sustainability Fund.

2. **Energy Exports**
   7G recognizes the challenges involved with getting Canadian energy resources to tidewater. With energy demand increasing in Asia and other global markets, there is an opportunity to displace more carbon-intense energy sources like coal with lower intensity natural gas and natural gas liquids. We are supportive of initiatives aimed at opening up market access and are working collaboratively with industry to do so. This includes participating in a consortium of natural gas producers from British Columbia and Alberta to support an LNG export solution.
Advocacy

Our approach to advocacy and public policy engagement is driven by our Guiding Principle. We are committed to transparent disclosure of these efforts and to taking a collaborative approach that appropriately and responsibly balances stakeholder concerns.

Public Policy Initiatives

We have been actively involved in industry associations and various public policy initiatives including:

**Energy Policy**
- Providing feedback on the development and implementation of the recommendations of the Government of Alberta’s Energy Diversification Advisory Committee
- Maintaining ongoing dialogue with the Government of Alberta regarding its value-added energy policy
- Advancing the development of additional market access for Alberta's natural gas and natural gas liquids
- Contributing to the development of an Alberta Natural Gas Strategy

**Indigenous Relations**
- Advancing collaborative Indigenous partnerships
- Participating in and advocating for government-led consultations regarding Indigenous engagement initiatives

**Transportation**
- Providing feedback on the upgrade of Highway 40, a critical Alberta highway that connects industry to the resource-rich region south of Grande Prairie. These upgrades will improve highway safety and support greater efficiency of Alberta’s workforce through reduced traffic congestion.

**Competitiveness**
- Providing feedback on government-led industry competitiveness reviews and "Red Tape Reduction" initiatives

**Environmental Initiatives**
- Enhancing and supporting efficient environmental legislation
- Finding creative solutions to advance the Species at Risk and Boreal Caribou Recovery Strategy

**Alberta Energy Regulator**
7G regularly engages on public policy initiatives that support the competitiveness of the energy sector, and ensure the protection and strengthening of the industry’s environmental, social and economic sustainability. This includes engagement and consultation with the Alberta Energy Regulator on various topics including:
- Guidelines by the Energy and Sustainable Resource Development on Pipeline Releases
- Public Lands Administration Regulation
- Well Abandonment (Directive 020)
- Injection and Disposal Wells (Directive 051)
- Requirements for Site-Specific Liabilities Assessment (Directive 001)
- Pressure Delivery of Testing Oil and Gas Wells (Directive 040)
- Manual 014 Liquid Classification and Well Status Fluid Type Determination of Oil and Gas Wells
- Oil and Gas Conservation Regulation
Industry Associations

We are a member of industry associations that provide a platform for advocacy and information sharing between our industry and various levels of government and the public. Our involvement provides an opportunity to highlight our sustainability focus, share best practices and contribute to industry standards.

We are currently a member of the following industry associations:

- Canadian Association of Petroleum Producers (CAPP)
- Exploration and Producers Association of Canada (EPAC)
- Canadian Society for Unconventional Resources (CSUR)
- The Canadian Chamber of Commerce
- The Grande Prairie Chamber of Commerce
- The Calgary Chamber of Commerce

Commitment to Transparency

7G publicly reports payments to government as required by the Extractive Sector Transparency Measures Act (ESTMA). We have been reporting under ESTMA since 2016.

Review our ESTMA disclosure
Responsible Supply Chain

Through master service agreements (MSAs), we contractually obligate our vendors to adhere to our Guiding Principle, company policies and best practices related to sustainability performance, as well as applicable laws and regulations, while providing services for us.

We work with suppliers to foster three areas of performance:

1. **Robust Health, Safety and Environmental Practices**
   7G’s suppliers are screened for suitability and alignment with various criteria, including health, safety and environmental performance. We monitor supplier performance to ensure their continued alignment and compliance with our policies and expectations.

2. **Common Sustainability Goals**
   It is important for us to work with like-minded suppliers who recognize the importance of sustainability. We endeavour to work with suppliers who are willing to help the company find innovative solutions to help reduce our environmental footprint and foster social and economic benefits for local communities.

3. **Local and Indigenous Procurement**
   We believe having a strong roster of local vendors makes the community stronger, creates more opportunities, generates more taxes for local, provincial and federal governments, and helps build a strong economy. The majority of our work goes to local contractors and suppliers who meet our requirements and can perform the work at a competitive price. We actively engage and promote the development of Indigenous suppliers in our area.

<table>
<thead>
<tr>
<th>2019 Budget</th>
<th>Procured Locally in Alberta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Spend ($)</td>
<td>$1.2 BILLION*</td>
</tr>
<tr>
<td>Local Spend (%)</td>
<td>–</td>
</tr>
</tbody>
</table>

* 2019 capital investment

Learn more about our Indigenous engagement initiatives
GHG Emissions & Climate Strategy

Why is Managing our GHG Emissions and Developing a Climate Strategy Material to our Business?

We understand that impacts related to GHG emissions are increasingly becoming more and more important to our stakeholders, and that it is our responsibility to mitigate these impacts. Our operations are subject to GHG emissions regulations, including carbon pricing policies, that are constantly evolving and that impact our financial performance. Having a climate strategy helps mitigate climate-related risks to our business and will inform our evolution in a changing industry and society.

Understanding Climate-related Risks and Opportunities

1 Demand for Natural Gas is Forecasted to Increase
The world’s demand for energy continues to grow, and while the transition to a lower carbon economy is driving greater diversity of supply, the International Energy Agency (IEA) anticipates oil and natural gas will remain dominant energy sources for decades to come. As the cleanest-burning fossil fuel, natural gas is expected to replace coal as the second-largest global energy source by 2040. According to the IEA, gas demand is forecasted to increase by more than 40 percent as the population reaches nine billion and economic growth raises living standards in many emerging economies.

2 Canada as a Supplier of Choice
Canada has the potential to be the supplier of choice for meeting this growing demand as the country’s vast reserves, political stability and ESG practices make it a reliable and competitive provider of sustainably produced energy. 7G’s strategy is built upon this opportunity.

3 Seven Generations is a Low-Carbon Intensity Producer
Our goal is to be one of the lowest carbon intensity natural gas producers on a per-barrel of oil equivalent basis. We achieved this status among our peers through our commitment to innovation and the adoption of best practices in energy efficiency and emissions management.

4 Taking Carbon Pricing Into Account
We anticipate our 2019 carbon tax obligations under the provincial Carbon Competitive Incentive Regulation (CCIR) will be approximately $2 million. This consists of taxes owing for emissions in excess of assigned benchmarks relating to the Karr Condensate Processing Facility.

In 2020, Seven Generations will be subject to carbon taxes under the provincial Technology Innovation and Emissions Reduction (TIER) program, which has achieved federal equivalency under the Greenhouse Gas Pollution Pricing Act (GGPPA). Accordingly, we will not be subject to carbon taxes under the federal output-based pricing system.

There is some uncertainty regarding the cost of the TIER program to Seven Generations because the program is determining facility-specific and high-performance benchmarks. However, we estimate that 2020 carbon taxes under the TIER program could be less than $10 million, depending on actual benchmark assignments.
Management Approach

Board Oversight
Evaluating climate-related risks, opportunities and GHG emissions are part of our risk management process, which is reported to our Board of Directors. Our emissions profile is determined in accordance with the ISO 14064 standard and provincial regulatory requirements and is subject to third-party verification.

Pricing Carbon into New Investments
When considering investments or operating plans, we evaluate the respective GHG footprint of our decisions, and aim to effectively reduce our GHG emissions intensity throughout the life cycle of our assets. Project economics include the impact of a cost of $50 per tonne carbon dioxide equivalent (CO₂e). We also assess and rank each emissions reduction project based on the net cost per reduction of CO₂e (dollars per tonne). Directly connecting the emissions, benefits and environmental impact helps us make decisions that support the kind of sustainable operations expected by our stakeholders and Indigenous communities where we operate.

GHG Mitigation Technologies
We believe cost-effective reductions will come from the development of new and evolving technologies and strategies. On an annual basis, we review new technologies and their potential benefits to our operations. The cost of deployment of new technologies and other proven strategies varies from year-to-year.

Natural gas is expected to replace coal as the second-largest global energy source by 2040.

Sources of Emissions
GHG emissions from our operations can be classified as Scope 1 or Scope 2. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased power.

Scope 1 Emissions
7G Scope 1 emissions are primarily generated by the combustion of natural gas by our compressors, power generators, flares and process heaters. The remaining Scope 1 emissions are mostly comprised of methane from sources including:
- releases during routine venting that may be required from time to time for operations and maintenance
- unintentional fugitive emissions related to leakage from facilities
- incomplete combustion of gas by stationary combustion equipment
- natural gas for the heating and operation of our field and office locations

Flares are installed as required at our facilities. Flares are required to facilitate the safe combustion and release of process gas in the event of a process upset. Each flare continuously burns a purge gas stream that is required to maintain safe flare operations. The flares emit both carbon dioxide (CO₂) and methane as not all the methane is combusted by the flare.

Scope 2 Emissions
7G Scope 2 emissions result from the use of utility-supplied power.
GHG Emissions

To track our GHG emissions and measure performance, we have developed a reporting approach that includes our mandatory and voluntary reporting requirements. We also participate in annual evaluations facilitated by CDP to quantify our emissions profile relative to our peers.

In 2018, our emissions intensity was 0.0144 tonnes or 14.4 kilograms (kg) of CO₂e per boe, which is a slight increase from 2017. A contributing factor includes an increase in fuel intensity, however, this increase was partially offset by a reduction in flaring intensity and decreases in fugitive emissions resulting from our leak detection and repair program. As a result of these initiatives, we continue to be among the lowest carbon intensity natural gas producers in our peer group.

2018 CO₂ INTENSITY KG/BOE (SCOPE 1 AND 2)


(1) See “Note Regarding Industry Metrics” in the Reader Advisory section of this report.
Emissions Reduction Activities

Two important areas for our company are reducing methane leaks and reducing flaring.

1. Reducing Methane Leaks
   Methane has a global warming potential 25 times that of carbon dioxide, making it a high priority for our emissions management efforts. As a natural gas producer, it is also in our best interest to minimize loss of this valuable commodity from our facilities and preserve as much as possible for sales to customers. To focus on these initiatives, we’ve implemented a cross-functional team to work proactively to address our methane emissions and develop an appropriate reduction plan.

   **Leak Detection**
   Our operations are subject to Alberta’s new methane reduction regulations which came into effect on January 1, 2020. The regulations aim to reduce methane emissions from upstream oil and gas production by 45 percent from 2012 levels by 2025. To ensure adherence to this new regulation, we have implemented a cross-functional team to address methane emissions and developed a methane reduction plan.
   In advance of this legislation, we proactively conducted a comprehensive leak detection and repair (LDAR) program more frequently than what was required by regulations and repaired any leaks that were detected as a result. This reduced our fugitive emissions by 763 metric tonnes of methane per year (19,100 metric tonnes of CO2e per year).
   In recognition of our leadership in implementing LDAR programs, we were invited to participate in a working group of technical experts established by the Alberta Energy Regulator to inform policies and procedures for LDAR in the province.

   **Instrument Air for Pneumatic Controllers**
   Most of our field facilities already use instrument air instead of instrument gas (methane) to operate pneumatic controllers and pumps. In the past two years, we have converted six facilities from instrument gas to instrument air, reducing emissions by more than 350 metric tonnes of methane (11,500 metric tonnes of CO2e per year).

   **Facility Design**
   Through the design of our facilities, we incorporate measures to ensure the lowest possible methane emissions.

2. Reducing Flaring
   Alberta regulations do not permit routine flaring of produced gas in licensed facilities without special approval and set limits to non-routine flaring. Flare systems however, can and do flare a continuous stream of purge gas that flows through the flare system piping to maintain a positive flow to the flare tip. This ensures safe operation of the flare system.
   Flaring of produced gas occurs infrequently at our facilities as required to manage process or operating upsets. In 2018, we undertook a flare purge reduction initiative to review purge gas rate and reduce flaring, while ensuring that flare systems are safely purged. This achieved a reduction of 76,400 metric tonnes of CO2e per year.

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7G seeks out innovative technologies and practices to reduce the emissions intensity of our operations by minimizing direct emissions and improving energy efficiency.
Energy Use

We continually strive to reduce our energy consumption to reduce costs and decrease the GHG intensity of our operations.

Energy Reduction Activities

Our efforts to reduce energy use are focused on technological innovation and implementing practical solutions to improve energy efficiency. We are also focused on transitioning to less carbon intense energy sources.

1 Cogeneration at our Gold Creek Processing Plant

Our newest gas plant, located at Gold Creek, was designed, engineered and constructed to help reduce energy use and lower GHG emissions. During the design, we deliberately chose to electrify the plant with cleaner energy sources and invested an additional $5 million to install electric motors rather than natural gas-fuelled engines, along with a single turbine-driven power generator with waste heat recovery. Waste heat recovery reduced fuel costs at this site by $1.8 million per year and eliminated approximately 27,000 metric tonnes of CO₂e in emissions per year at the site. Gold Creek’s CO₂ emissions intensity is about 10 percent lower than our other plants as a result of these improvements.

2 Electrification

In the near future, the Alberta grid will not include coal-fired power generation and will transition to renewable sources and natural gas which will further reduce grid intensity. Looking ahead, we are proceeding with the grid electrification of several facilities to take advantage of this transition, as well as evaluating the potential to participate in green power purchase agreements.

In 2020, our camp which provides accommodation for our construction, drilling and completions employees and contractors will be converted from diesel power generation to grid power. This will eliminate 6,500 tonnes of CO₂e and the use of more than two million litres of diesel every year. In 2021, our Karr facilities will also be converted to grid power, eliminating the use of natural gas for power and reducing site emissions by up to 25,000 tonnes of CO₂e per year.

2018 TOTAL ENERGY CONSUMPTION

<table>
<thead>
<tr>
<th></th>
<th>MWH from Non-renewable Sources</th>
<th>MWH from Renewable Sources</th>
<th>Total MWH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy Consumption</td>
<td>4,157,255</td>
<td>1,339</td>
<td>4,158,594</td>
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</table>
Hydraulic Fracturing

We strive for the optimal balance between maximum well productivity and reduction of the environmental impact of inputs used in the hydraulic fracturing process, which includes water, sand and chemicals.

How Does Hydraulic Fracturing Work?

Hydraulic fracturing has been in use across the Western Canadian Sedimentary Basin for more than 60 years. It is a technique that injects high-pressure fluids and sand to fracture the reservoir rock and open the natural fractures in the formation. This process creates a pathway for the hydrocarbons to flow from the formation rock, through the wellbore and to the surface for collection and distribution. This process reduces the number of wells needed to recover the resource, significantly reducing surface and land disturbance.

Managing the Impacts of Hydraulic Fracturing

1. Hydraulic Fracturing Fluid
   Water is the main component in hydraulic fracturing fluids. The amount of water used depends on the type of fluid selected. Our main completion method is slickwater hydraulic fracturing which uses minimal chemical additives. This fluid carries proppant – typically sand – to prop open the fracture. Without the sand proppant, the weight of the rock above would squeeze the fracture shut again and the hydrocarbon resource would not flow.
   Before introducing a new chemical into our fracturing fluid, we work with the chemical supplier to review the toxicity and safe handling guidelines. We do not use diesel or any hydrocarbon-based fluid as a fracture fluid.
   7G participates in the online FracFocus Chemical Disclosure Registry which provides information on hydraulic fracturing, fracturing fluids, groundwater and surface water protection. The information disclosed on FracFocus.ca complies with AER Directive 059.

2. Flaring During Hydraulic Fracturing
   Nitrogen foam hydraulic fracturing uses less water than the slickwater method, but requires more flaring to remove nitrogen from the produced gas to meet pipeline and equipment specifications. This flaring results in higher levels of CO₂ emissions compared to the slickwater method.
   We continue to use slickwater-based hydraulic fracturing and have significantly reduced the use of nitrogen in the hydraulic fracturing process, substantially reducing the amount of flaring required for the pre-production clean-up of the wells. In addition, wells in the test phase of production are tied directly into a facility, whenever possible, to avoid gas flaring.
**Induced Seismicity**

Seismicity involves the study of earthquakes – natural or induced – their history and geographic location. Seismic events occur naturally, but they can also be induced by human activities. According to the Alberta Geological Survey, human activities that may cause induced seismicity include quarrying, mining, water reservoir impoundment, groundwater extraction, oil or gas production, injection of wastewater or fluids underground, injection of fluids to enhance oil or gas recovery, geothermal stimulation, and hydraulic fracturing.

We voluntarily monitor for seismicity across our field with an array of 10 seismometers which provide a real-time view of what is happening in the subsurface as we conduct our operations.

To date, seismicity resulting from hydraulic fracturing operations in the Montney throughout our field typically generates an average of 0.83 local magnitude per completion, which is a level that cannot be felt at the surface. The Montney formation sits in a favourable structural regime that is relatively forgiving from a completions seismicity perspective, and is composed primarily of siltstone and fine sandstone which are better at absorbing energy from hydraulic fracturing than other formations.

Seismicity can also occur as a result of water injection into disposal wells in the area. Our seismic array allows us to monitor and mitigate seismicity by controlling the rates of water injection into disposal wells.

We continue to monitor for seismicity 24 hours a day across our operations and surrounding areas.
To ensure we are operating in a safe and effective manner, we follow all Alberta Energy Regulator (AER) directives, rules and regulations, as well as industry recommended practices as it relates to water use.

1. **Protecting Groundwater**
   Protection of groundwater starts with effective wellbore design and the proper execution of wellbore construction procedures. Every wellbore has an engineered steel casing system that is cemented externally to prevent any fluids from migrating from the wellbore to groundwater aquifers.

2. **Water Consumption**
   7G strives to minimize freshwater usage by using as much recycled water in its operations as possible. In 2019, we used 3,840,293 cubic metres of water of which 11 percent was recycled water from our operations. By using more recycled water in our operations, we’re reducing our freshwater use and reducing our impact on the local watershed. We have also employed technology and completion design to reduce the amount of water pumped.
Watershed Study
To better understand our impact on the watershed near our operations, we commissioned a study with a third-party environmental organization.

Findings
On an annualized basis, in 2019 we used a volume of water that was well below the minimum amount of water required to maintain and protect the local aquatic ecosystem. Our 2019 watershed metrics also showed that the impact of our water use diminished further downstream from our operations. However, on a monthly basis, the metrics indicated there were times during the year when we had a greater impact on the watershed.

Understanding the Findings
Natural seasonal variability within this watershed results in periods of high and low flows throughout the year. Our water use also varies during the year with periods of high and low water use corresponding to changing operational needs. It is the timing of this combined variability that results in the greatest observed impacts of our water use on the watershed, specifically when relatively high volumes of water are being withdrawn from the system during periods of naturally lower streamflow.

Action Planning
These metrics allow us to better understand the variability and seasonality of flows in the watershed and identify certain points where the impact of our operations may be greater than others. This data will allow us to identify opportunities to minimize watershed impacts throughout the year.

The adoption of metrics to track watershed impacts could be a valuable tool for assessing how effectively impacts are being managed. Based on the information collected in 2019, further study may be undertaken to identify realistic targets that minimize impacts to the watershed while still supporting our operational needs.

Reusing Produced Water
The development of the Kakwa River Project resource requires fresh water for well completions operations. Once a well is on production, flowback water (the flow of fracturing fluid back to the wellbore after treatment is completed) is produced for a two-week period before the completions team turns it over to the operations team.

Prior to 2017, much of the flowback water was recycled and trucked to other locations during completions operations. With our evolved practices, flowback water is now being injected into our produced water pipeline network, increasing the amount of produced water available for re-use by our Completions team while also reducing the number of trucks on the road.

To better manage our water use, our Water team is investigating alternative hydraulic fracturing methods that could reduce water use, opportunities to increase the use of sustainably sourced water, and alternative water sources.

By increasing the use of flowback and produced water, we can reduce operating costs associated with water transportation, water disposal and sourcing fresh makeup water.

Wastewater Discharge
We follow the AER’s requirements for wastewater disposal which includes directives that set out regulatory requirements for handling, treatment, and disposal of upstream oilfield waste. All produced water is either sent to internal disposal, third-party disposal or re-used in our field.
Spills & Reportable Incidents

We are committed to meeting all regulatory requirements in the jurisdictions where we operate.

Responsible Operations

As part of our comprehensive Health and Safety (H&S) program, we have systems to track changes to regulations and strategies to ensure compliance to meet our goal of safe production. When incidents occur that affect the environment, we conduct detailed investigations to determine the root cause and implement changes to improve our performance and prevent future occurrences.

ComplyWorks – a platform that measures and reports the state of compliance performance across the organization – is used to ensure all of our employees and contractors are aware of the rules and regulations governing their area of work, requiring sign-off before work can begin. We use a system to track all reportable and non-reportable spills, however minor they may be, with mandatory root cause identification to help us continually improve.

Alberta Energy Regulator Inspection Compliance

The AER conducted 66 inspections of our operations in 2019 including well sites, pipelines and drilling activities. These inspections resulted in nine non-compliance issues that were deemed low-risk and one non-compliance that was deemed high-risk and was addressed immediately with the inspector onsite. Action plans were developed to address all instances of non-compliance and were completed to the satisfaction of the AER.

<table>
<thead>
<tr>
<th>Year</th>
<th>Reportable Incidents</th>
<th>Year-Over-Year Change</th>
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<tbody>
<tr>
<td>2019</td>
<td>10</td>
<td>-60%</td>
</tr>
<tr>
<td>2018</td>
<td>25</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>(m³)</th>
<th>Year-Over-Year Change</th>
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<tr>
<td>2019</td>
<td>129</td>
<td>-28%</td>
</tr>
<tr>
<td>2018</td>
<td>179</td>
<td>-11%</td>
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<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>% of Total Inspections</th>
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<tbody>
<tr>
<td>Satisfactory</td>
<td>56</td>
<td>85%</td>
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<tr>
<td>Low Risk</td>
<td>9</td>
<td>13%</td>
</tr>
<tr>
<td>High Risk</td>
<td>1</td>
<td>2%</td>
</tr>
</tbody>
</table>
Significant Non-compliance

7G was not subject to any fines and was not involved in any regulatory hearings or alternative dispute resolution meetings in 2019. In July, we received an Environmental Protection Order (EPO) after we identified a leak from one of our small diameter gathering lines carrying liquids, natural gas and produced water at our project site. The leak was caused by high precipitation and a slumping of the supporting river bank.

The release volume was estimated to be approximately 40 cubic metres of condensate and 10 cubic metres of produced water, some of which flowed overland to the north of the release point and entered Musreau Creek approximately 50 metres away. There was no evidence of impacts to fish or wildlife. Our team responded to the spill according to our Emergency Response Plan (ERP) and it was subsequently cleaned up and the site remediated as per all conditions of the EPO. This was an unfortunate incident. Following the event, our team conducted a thorough investigation to identify opportunities to improve our response and make every effort to prevent an incident of this nature in the future.

Spill Prevention & Response

We aim to continually improve our environmental performance while preparing for unforeseen events and emergency situations. The following summarizes advancements made in our spill reduction and emergency response efforts in 2019:

1. Spill Reduction
   - Developed and integrated a detailed spill reduction plan with the functional teams that included team-specific key performance indicators (KPIs) for reducing spills. This collaboration occurred at the field level between our environment liaison and functional team leads to develop measurable KPIs.
   - Provided support to functional teams by attending pre-job meetings and conducting proactive field tours.
   - Continued to develop incident reporting within the management system.
   - Commenced regular monthly meetings with office and field teams to communicate key environmental considerations.

2. Emergency Response
   - Invested in 1,130 hours of spill response training for front-line workers.
   - Developed and rolled out our 7G Control Point Program (64 control points, six boat launches) identifying access point and equipment requirements that will decrease response time and provide an additional layer of mitigation should releases into water bodies occur. This program is an expansion of the Western Canadian Spill Services control points within the Kakwa area.
   - Participated in a full mobilization ERP exercise and follow-up Incident Command Centre role training.
Biodiversity

We continuously strive to minimize our disturbance on land and water resources throughout the life cycle of our assets. Our Planning and Construction teams collaborate to assess environmental risks and ensure these risks are mitigated during the construction of our facilities.

Protection of the environment is fundamental to our approach to sustainable development – we are committed to developing and implementing best practices for environmental management. Our efforts are guided by our Health, Safety and Environment Policy, as well as our commitment to regulatory compliance, stakeholder engagement and collaboration with industry peers, government and independent experts.

Minimizing our Land Footprint

Our field operations are currently confined to the Kakwa River Project area that is located approximately 100 kilometres south of Grande Prairie, Alberta. Our development currently occupies 825 hectares, covering approximately two percent of the surface land in our 277,000-hectare subsurface lease area.

Minimizing our land footprint is a top priority when it comes to designing, building and operating our production and processing facilities. Early in the planning stages for any new well pad, we review topographic maps and light detection and ranging imagery to explore opportunities to place pad sites outside of critical habitats or areas with recognized high biodiversity value. After a desktop review of the proposed area, the location is verified with a qualified environmental representative to identify any critical environmental features that may not have been visible during the desktop review.

Our approach to well pad design enables us to maximize the amount of underground gas reserves we can access from each well pad, minimizing our disturbance on the surface. By using horizontal directional drilling, each one of our Super Pads occupies less than one percent of the surface area when fully built out with approximately 30 wells, providing the ability to access nearly 1,050 acres of subsurface resource.

By using horizontal drilling, our Super Pads enable us to maximize resource access while minimizing surface disturbance.
Understanding the Baseline State of Biodiversity

To better understand the state of biodiversity at our Kakwa River Project, an independent baseline study was conducted in 2016 to gauge the extent of human activity and the status of plants and animals. This included an assessment of biodiversity intactness, which measures the overall health of living things in our area relative to natural landscapes without any human impact. Within our Kakwa River Project area, biodiversity intactness was 84 percent.

The land-use footprint within our project area was 36.7 percent of which forestry accounted for 32.5 percent. Energy development accounted for 2.1 percent and all other uses accounted for 2.1 percent. Our lease area includes two provincially protected areas, Musreau Lake Provincial Recreation Area and the Kakwa River Provincial Recreation Area.

Biological surveys identified the presence of 57 species of “conservation concern” in our operating region, none of which are listed as endangered under federal legislation. Several of our roads and well sites are in the range of provincially endangered or threatened species including woodland caribou, trumpeter swans and grizzly bears. Our assessments have determined that habitat remains predominantly intact for species that are sensitive to human disturbance and that the impacts of our activities to date have not affected natural ecological processes in the area.

Assessing Potential Impacts

Environmental impact assessments for our project have determined the most significant potential impacts on the land and water resources from our operations, which include:

- Construction of roads and bridges, soil borrow sites, work camps, compressor/battery sites, gas plants and well sites, pipeline rights-of-way, water reservoirs, storage yards and communication towers
- Transportation of goods and services to and from our facilities, including noise, dust and other disturbances related to vehicle traffic on roadways
- Disturbance related to ongoing operations including noise and light pollution, and the presence of wildlife attractants such as food waste and garbage

Developing Plans to Minimize Impacts

When our operations are located in sensitive biological areas, plans are developed to monitor and minimize impacts. Actions include installation of cameras to track wildlife in the area, posting reduced speed limits and scheduling work to avoid disturbing important wildlife activities such as breeding, migration and bird nesting. We have also established programs to reduce the potential for the introduction of invasive species and pests through regular inspections, weed removal, equipment cleaning and decontamination procedures.
Cumulative Effects

Cumulative effects are an important consideration given the level of activity in the Montney region. We consider cumulative effects to include the combined impacts from land-use activities on people, environment and society.

Cumulative effects can be both positive, such as job creation derived from the energy industry or negative, such as increased traffic congestion on local highways. As a responsible producer, our approach is to understand how our operations fit within the larger context and then minimize potentially negative consequences through partnership and research.

Environmental Impacts

We seek out opportunities to coordinate our activities with other users on the land and engage with Indigenous communities as part of our planning and development process. Through these efforts, we seek to better understand our operational impacts within the region and minimize potentially negative effects.

To mitigate collective impacts, we partner with peers to efficiently share infrastructure resources and support research and environmental monitoring on biodiversity, watershed health, seismic activity and atmospheric emissions within the context of our region. For example, as a member of the Peace Airshed Zone Association, we strive for the continuous improvement of air quality in our region. We also partner with the Mighty Peace Watershed Alliance, Wetland Centre at Evergreen Park, Foothills Stream Crossing Partnership and fRI Research.

Social Impacts

Our presence also impacts the community. Our employees, contractors and suppliers use public infrastructure in many ways including travelling to and from work and moving goods and services to facilitate our operations. Since we live in the communities we serve, we also benefit from health care, educational and various municipal services.

Our goal is to support a healthy, thriving community and ensure social services are well-funded. One of our key initiatives in support of this goal is our Annual Charity Golf Tournament, where 7G and our business partners, suppliers, service companies, contractors and community members have raised more than $3 million over the past seven years in support of health care and education for the people of northwest Alberta and northeast British Columbia.

In addition, we are also active members of the Highway 40 Coalition, a group focused on improving safety on this important piece of Alberta infrastructure. Highway 40 is a critical corridor that connects industry to the resource-rich region south of Grande Prairie. Highway upgrades will improve safety and support greater efficiency of Alberta’s workforce through reduced traffic congestion.

In addition, we and our partners are striving to raise awareness about dangerous driving habits in our communities and provide education about safer alternatives.

Economic Benefits

We are committed to advancing the economic well-being of our communities. As one of Canada’s 10 largest energy producers, we employ full-time staff as well as many contractors and suppliers. This creates significant trickle-down economic benefits through well-paying jobs, purchases of goods, capital investments, taxes and royalties.

In addition, as active members of the Grande Prairie Chamber of Commerce, we work with our partners in the areas of networking, promotion, advocacy, value-added benefits, and community initiatives to improve business prospects and overall economic well-being.

Learn more about our economic impact
Safety

Reinforcing a culture of safety is fundamental to the sustainability of our business.

Why is Safety Material to Our Business?

Safety is a core value for us. We care deeply about keeping our people and the communities in which we operate safe. Our ability to build and operate facilities and provide a safe workplace for our employees and contractors is vital to 7G and is essential to our long-term sustainability.

Why are Stakeholders Interested in This?

Our employees, suppliers and community members want to know we are committed to safe operations and take the necessary steps to prevent accidents, personal injuries and incidents that may affect the health and safety of people and the environment.

Management Approach

7G has a strong focus on safety, demonstrated by visible leadership engagement, professional health and safety support, education, dedicated resources and ongoing performance monitoring.

Targets

The senior leadership team sets annual leading indicators and H&S performance targets. Performance against H&S targets is reviewed by senior management and is tied to annual compensation for all executives and employees. H&S is managed across the company through our Occupational Health and Safety (OHS) Management System, comprised of the following seven principles:

1. Policy
   Safety is captured in our Health, Safety and Environment Policy, which states that the company will develop and follow standards that meet or exceed regulations, laws, industry best practices and our Guiding Principle of stakeholder service.

2. Communication
   H&S information is communicated in monthly corporate safety meetings across the company and in pre-job meetings in the field. Topics include how to perform work safely across a variety of worksite conditions and cover trends, upcoming programs or activities, incident reviews and safety performance data. In 2018, we implemented a Safety Data Hub, a single, easily accessible source for H&S documentation, references and resources for 7G workers.

3. Participation
   Formal Joint Worksite Health and Safety Committees have been established in the Grande Prairie and Calgary offices. These committees have representation from various disciplines and levels of seniority within the organization. There are professional H&S Advisers located in the Grande Prairie office and at field sites supporting disciplines and project activities. Our Director, Health & Safety also participates in the Safer Highway 40/43 Coalition and on CAPP’s HSE Steering Committee.
Hazard Management
During the planning and design phase of our projects, our engineers use various tools to ensure projects will meet or exceed safety standards. On our worksites, our employees conduct hazard assessments and equipment inspections, confirm that permits are in place, verify that appropriate personal protective equipment is being used, and perform tasks to confirm that hazards have been identified and managed appropriately.

Our hazard identification programs and processes allow us to confirm that all workers, both employees and contractors, are performing their work safely and in accordance with the requirements set out in our H&S manual. Our manual provides standards that support our vision of safe production; it outlines the rights of workers, informs our employees and business partners about our H&S requirements, and provides details about the provincial government’s H&S requirements.

Data Management
The H&S manual complies with the requirements set out in Alberta’s OHS legislation. We use a sophisticated compliance and risk management software application to collect data, track actions, and generate work orders and reports regarding incidents, inspections and other safety-related measures. We also use an innovative chemical safety software application to assist with the management of safety data sheets and the generation of chemical exposure plans which helps our workers manage hazardous material risks on the worksite.

Emergency Response Preparedness
7G has a comprehensive Alberta Energy Regulator approved corporate ERP. In addition to the ERP, we also have an Emergency Response Assistance Plan, environmental emergency plans and site-specific ERPs, as well as an Incident Command System. Spill response, first aid, and task-specific emergency response training has been provided to appropriate employees. Full ERP tabletop exercises, full-scale exercises, and injury and evacuation drills are conducted regularly to ensure the effectiveness of the ERP and our procedures. Learnings are captured and plans are revised if necessary.

Incident Management
When an incident does occur, we conduct an investigation and collect information in our management software that provides an effective, auditable solution for analyzing data. This analysis is used to identify trends and system improvement recommendations. We also conduct incident and critical near-miss reviews to understand causes and develop effective corrective action plans. Contractors are involved in these sessions, and corrective actions are monitored to completion.

7G has embraced a safety culture where we continuously strive to improve our safety practices and performance.
Training, Competency and Awareness

Confirming that workers have the appropriate level of training and are able to competently perform their tasks is vital to our Safe Production is #1 commitment. Training initiatives include site supervisor orientation, bear and wildlife awareness, software training, first aid, H2S Alive, Workplace Hazardous Materials Information System (WHMIS 2015), and H&S management system awareness. Other job- or task-specific training is also provided as required.

Measurement, Change and Continual Improvement

7G has embraced a safety culture where we continuously strive to improve our safety practices and performance. In 2019, our OHS Management System had a third-party auditor conduct internal baseline audits using the 2019 Alberta Certificate of Recognition audit protocol. We intend to conduct a certification audit in 2020.

Contractor Management

Contractors make up a significant portion of our workforce and play a critical role in our H&S performance. It is our responsibility to keep them safe. All contractors are made aware of our policies and procedures and are required to comply with them accordingly. Master Services Agreements are put in place with those contractors who meet our qualifications, and training certificates are obtained at site orientations and verified through our H&S management system. Contractor performance is regularly monitored and corrective actions are taken as appropriate to address any incidents and help prevent future occurrences.

Safety Performance and Trends

We have embraced a safety culture where we continuously strive to improve our safety practices and performance. We expect all workers to report even the smallest incident so we can continually improve. In 2018, our safety culture initiatives encouraged more reporting of incidents by field workers and we saw a rise in our TRIF which was 0.98 in 2018, up from 0.64 in 2017.

In 2019, fewer workers had injuries on 7G worksites. We had 32 recordable injuries, which is a 61 percent reduction from the 83 recordable injuries we experienced in 2018. 2019 also saw decreases in medical aids, restricted duty cases and lost-time incidents. Total injuries, which include first aids, decreased from 238 in 2018 to 97 in 2019. Our 2019 TRIF result was 0.46. There have been no work-related fatalities at any of our operations to-date.
Indigenous Engagement

Our Guiding Principle defines our commitment to stakeholders and Indigenous communities.

Why are Aboriginal and Treaty/Indigenous Rights Material to our Business?

Given the areas where we operate, respecting Aboriginal and treaty/Indigenous rights supports our social licence to operate. It’s important to us to work closely with Indigenous communities and listen carefully to their input.

Why are Aboriginal and Treaty/Indigenous Rights of Interest to our Stakeholders?

Our investors, government and community members share our view that Aboriginal and treaty/Indigenous rights are integral to our core values and provide an opportunity to create a positive impact. We strive to share information about our business and identify opportunities to drive economic benefits for Indigenous communities through contracting, training and employment.

Management Approach

We conduct our operations within the Kakwa River Project area and consult with Indigenous communities as directed by the Aboriginal Consultation Office (ACO) of the Government of Alberta. We consult with the following communities: Aseniwuche Winewak Nation, Horse Lake First Nation, Sturgeon Lake Cree Nation, Sucker Creek First Nation, Gift Lake Métis Settlement and East Prairie Métis Settlement.

In our relationship with these communities, we follow processes for:

1. **Consultation**
   The provincial government, through the ACO, has established policies and procedures for consulting with Indigenous communities on their traditional lands. The province ensures operators first fulfill their duty to consult with Indigenous communities before any surface dispositions for oil and gas operations are approved.

These established guidelines detail the information required for Indigenous communities to be informed of the scope of the planned project, and provide an opportunity for the community to advise whether it has any site-specific concerns. We follow ACO’s policies and procedures and through this information exchange, ensure affected communities are provided with the opportunity to bring forward any specific concerns related to the planned project or activity.

We consider this consultation process to be fair, transparent and informative while providing a platform for Indigenous communities to register any concerns or special requests they may have.
2 Management Involvement
We have an open door policy where Indigenous Relations team members, including senior executives, are available to discuss any matters with the local Indigenous communities. We regularly coordinate and facilitate site visits for our planned projects with the Indigenous communities where we provide project details and address any questions or concerns.

3 Connecting Local Indigenous Communities to the Alberta Economy
Our first choice for employment opportunities is local contractors and suppliers who meet the technical requirements of the job at a price that is competitive and market driven. When hiring locally is not an option due to a lack of specialized expertise or supplies in the region, we seek out larger national or international suppliers. The majority of these companies have local offices in the Grande Prairie area which allows us to maintain a regional focus for our operations, while generating positive community impacts.

4 Building Capacity
We actively seek ways to involve local Indigenous communities in our business and aim to help improve the socio-economic situation for these communities. This includes supporting Indigenous communities in building capacity to effectively do business with us. We support and participate in a number of employment training programs and work directly with First Nations to identify opportunities where they can increase their involvement in our business.

5 Indigenous Awareness: Acknowledging History
We believe awareness and education is integral to embedding Indigenous engagement into our corporate culture. In 2019, we held 10 Indigenous Awareness Sessions in Calgary and Grande Prairie, which were attended by 70 employees, contractors and board members. Events were also held in Calgary and Grande Prairie to celebrate National Indigenous Peoples Day in June and we commemorated Orange Shirt Day in September to recognize the experience of residential school survivors. Looking ahead, these events will be held annually across the company as a part of our commitment to acknowledge the history of Indigenous Peoples and to help foster reconciliation.
Community & Local Impacts

Our Approach to Community Engagement

Our Guiding Principle defines our commitment to stakeholders including supporting communities and economic development in our Kakwa River Project area. We have deep ties to the Grande Prairie region which is close to where we operate, and we work closely with communities to ensure we understand their needs and concerns. Our goal is to engage and incorporate stakeholder input into our business while supporting the socio-economic advancement of the communities we serve.

We aim to strengthen our long-term relationships with communities by:

- ensuring the financial sustainability of our business
- hiring local employees, contractors and service providers
- volunteerism
- sponsorship and fundraising for community initiatives
- supporting local infrastructure development through the taxes we pay

$3M RAISED TO-DATE FOR THE GRANDE PRAIRIE COMMUNITY through 7G's annual charity golf tournament

Supporting local school programs is one way we make an impact in our community.
Economic Impact

In 2019, we invested $2.5 billion for the goods and services required by the company, funded by our revenue streams. Capital investment was $1.23 billion, largely for drilling and completing wells, building facilities, and acquiring land.

According to Government of Alberta finance estimates of economic multipliers, this level of oil and natural gas capital investment generated more than 5,000 direct and indirect jobs, paying more than $400 million in labour wages and contributing $1.04 billion to Canada's gross domestic product.

About $180 million was paid to governments, municipalities, regulators and First Nations, funds that help pay for public services such as health care and education. Seven Generations employed 251 people in 2019, approximately half in Grande Prairie and half in Calgary. In addition, more than 1,700 contractors and suppliers contributed specific expertise and services to our work.
Human Resources

Our goal is to encourage a positive culture where all employees feel engaged, valued and included.

Approach to Human Resources

We are committed to compensating our employees fairly and providing a safe, healthy and happy work environment, including a beneficial work-life balance. We strive to attract, retain and develop talented and enthusiastic people who are dedicated to creating a respectful environment of high performance and achievement.

Employee Demographics

As of December 31, 2019, 7G had a total of 251 full-time employees. The charts below show a demographic breakdown of our employees based on age group and gender.

Training and Development

We are committed to the training and development of our people. In 2019, we invested approximately $500,000 in training and development. We also pay for professional designation memberships, required training such as first aid, H2S Alive and courses that enhance our team’s performance and capability.

For the 2019 performance period, our full-time permanent employees received feedback about their performance and development programs.

Diversity in the Workforce

We are committed to the principles of equity and diversity within the workplace with respect to employment, appointment and advancement, and we promote and encourage a culture of trust and respect. As outlined in our Business Conduct and Ethics Policy, we value individual differences and diversity in our workforce. We employ individuals from different age groups and ethnicities, with diverse education, experience and expertise.

Employment Practices

Learn more about our view on human rights, child labour, freedom of association and collective, and other topics related to employment practices.
Reader Advisory

Forward-looking Information Advisory
This report contains certain forward looking information and statements that involve various risks, uncertainties and other factors. The use of any of the words “anticipate,” “continue,” “estimate,” “expect,” “may,” “will,” “should,” “believe,” “plans,” and similar expressions are intended to identify forward looking information or statements. In particular, but without limiting the foregoing, this document contains forward-looking information and statements pertaining to the following: the company’s plans, strategies and strategic objectives; the company’s objective of producing natural gas with one of the lowest carbon intensities among its peers; the company’s expectations regarding cost-effective emissions reductions; the premium to be received through the arrangement with Enersis and the use thereof, the objectives of the 7G Sustainability Fund; the company’s advancement of and focus on safety practices and performance; the conversion of one of the company’s camps and the Karr facilities to grid power, including the timing thereof and the related emissions reductions that are expected therefrom; plans to maintain a strong balance sheet and pursue investments that will contribute to free cash flow and earn full-cycle returns across the entire commodity price cycle with high focus on capital deployment on high return opportunities; third party verification of 7G’s 2019 GHG emissions and the timing for publication thereof; the anticipated cost of compliance with 7G’s carbon pricing obligations; the expected transition toward the transmission of electricity from renewable sources and natural gas on the Alberta power grid to reduce overall emission intensity; the company’s approach to and annual reassessment of its ESG reporting topics; the company’s monitoring of its ESG performance and ESG trends; the company’s aspirations regarding gender balance at the board and executive level; the impact of the company’s market access arrangements; the company’s support of market access objectives and pursuit of new end-use markets, including with respect to the export of LNG; the company’s climate strategy and the benefits thereof, anticipated future demand for natural gas and Canada’s potential to be a supplier of choice therefor; the usefulness of 7G’s watershed metrics and opportunities to minimize 7G’s watershed impacts; the ability of alternative hydraulic fracturing methods to improve water use; the company’s ongoing seismicity monitoring; the company’s approach to spill prevention and response; the company’s intention to hold Indigenous awareness and historical acknowledgement events annually.

With respect to forward-looking information contained in this document, assumptions have been made regarding, among other things: future oil, LNGs and natural gas prices being consistent with current commodity price forecasts after factoring in quality adjustments at the company’s points of sale; the company’s continued ability to obtain qualified staff and equipment in a timely and cost-efficient manner; drilling and completion techniques; infrastructure and facility design concepts that have been successfully applied by the company elsewhere in its Kakwa River Project may be successfully applied to other properties within the Kakwa River Project; the consistency of the regulatory regime and framework governing royalties, taxes and environmental laws and regulations in the jurisdictions in which the company conducts its business and any other jurisdictions in which the company may conduct its business in the future; the company’s ability to market production of oil, LNGs and natural gas successfully to customers; the company’s future production levels and amount of future capital investment will be consistent with the company’s current development plans and budget; new technologies for recovery and production of the company’s reserves and resources may improve capital and operational efficiencies in the future; the recoverability of the company’s reserves and resources; sustained future capital investment by the company; future cash flows from production; taxes and royalties will remain consistent with the company’s calculated rates; the future sources of funding for the company’s capital program; the company’s future debt levels; geological and engineering estimates in respect of the company’s reserves and resources; the geography of the areas in which the company is conducting exploration and development activities, and the access, economic, regulatory and physical limitations to which the company may be subject from time to time; the impact of competition on the company; the company’s ability to obtain financing on acceptable terms; the expected increase in electricity generation from renewable sources and from natural gas in Alberta; and the feasibility of Canadian LNG projects.

Actual results could differ materially from those anticipated in the forward-looking information that is contained herein as a result of the risks and risk factors that are set forth in the annual information form dated February 26, 2020 for the year ended December 31, 2019 which is available on the System for Electronic Document Analysis and Retrieval at www.sedar.com, including, but not limited to: volatility in market prices and demand for oil, LNGs and natural gas and hedging activities related thereto, general economic, business and industry conditions; the spread of the COVID-19 virus and the impact on the company’s business and the demand for the company’s products, global supply chains and economic activity in general; variance of the company’s actual capital costs, operating costs and economic returns from those anticipated; the ability to find, develop or acquire additional reserves and the availability of the capital or financing necessary to do so on satisfactory terms; risks related to the exploration, development and production of oil and natural gas reserves and resources; negative public perception of oil sands development, oil and natural gas development and transportation, hydraulic fracturing and fossil fuels, actions by governmental authorities, including changes in government regulation, royalties and taxation; political changes, potential legislative and regulatory changes; the resuscitation, or amendment to the terms, of groundwater licenses of the company; management of the company’s growth; the ability to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions or businesses; the availability, cost or shortage of rigs, equipment, raw materials, supplies or qualified personnel; the adoption or modification of climate change legislation by governments; potential impacts of climate change on the company’s operations; uncertainty associated with estimates of oil, LNGs and natural gas reserves and resources and the variance of such estimates from actual future production; dependence upon compressors, gathering lines, pipelines and other facilities, certain of which the company does not control, the ability to satisfy obligations under the company’s firm commitment transportation and processing arrangements; the export and sale of natural gas to the United States; the uncertainties related to the company’s identified drilling locations; the high-risk nature of successfully stimulating well productivity and drilling for and producing oil, LNGs and natural gas; operating hazards and uninsured risks; the risks of fires, floods and natural disasters, which could become more frequent or of a greater magnitude as a result of climate change; the possibility that the company’s drilling activities may encounter sour gas; execution risks associated with the company’s business plan; failure to acquire or develop replacement reserves; the concentration of the company’s assets in the Kakwa area, unforeseen title defects; Indigenous claims; failure to accurately estimate abandonment and reclamation costs; development and exploratory drilling efforts and well operations may not be profitable or achieve the targeted return; horizontal drilling and completion technique risks and failure of drilling results to meet expectations for reserves or production; limited intellectual property protection for operating practices and dependence on employees and contractors; third-party claims regarding the company’s right to use technology and equipment; expiry of certain leases for the undeveloped leasehold acreage in the near future; failure to realize the anticipated benefits of acquisitions or dispossession; failure of properties acquired now or in the future to produce as projected and inability to determine reserve and resource potential; identity liabilities associated with acquisition of business or other projects; protection from sellers against such liabilities; government regulations; changes in the application, interpretation and enforcement of applicable laws and regulations; environmental, health and safety requirements; restrictions on development intended to protect certain species of wildlife; potential conflicts of interests; actual results differing materially from management estimates and assumptions; seasonality of the company’s activities and the Canadian oil and gas industry; alternatives to and changing demand for petroleum products; extensive competition in the company’s industry; changes in the company’s credit ratings; third party credit risk; dependence upon a limited number of customers; lower oil, LNGs and natural gas prices and higher costs; failure of seismic data used by the company to accurately identify the presence of oil and natural gas, risks relating to commodity price hedging instruments, terrorist attacks or armed conflict; cyber security risks, loss of information and computer systems; inability to dispose of non-strategic assets on attractive terms; the potential for security deposits to be required under...
provincial liability management programs; reassessment by taxing and royalty authorities of the company’s prior transactions and filings; variations in foreign exchange rates and interest rates; risks associated with counterparties in risk management activities related to commodity prices and foreign exchange rates; sufficiency of insurance policies; potential for litigation; variation in future calculations of non-International Financial Reporting Standards measures; breach of and potential enforceability issues in contracts; impact of expansion into new activities on risk exposure, inability of the company to respond quickly to competitive pressures; and the risks related to the common shares that are publicly traded and the company’s senior notes and other indebtedness.

The forward-looking information and statements contained in this document speak only as of the date hereof and the company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Note Regarding Industry Metrics
This report includes certain metrics, including barrels of oil equivalent (boe) and carbon intensity (also referred to as emissions intensity, GHG intensity and GHG emissions intensity in this report), 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 company’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.

Seven Generations has adopted the standard of 6 Mcf: 1 bbl when converting natural gas to boes. Condensate and other natural gas liquids are converted to boes at a ratio of 1 bbl: 1 bbl. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the company’s sales point. Given the value ratio based on the current price of oil as compared to natural gas and NGLs is significantly different from the energy equivalency of 6 Mcf: 1 bbl and 1 bbl: 1 bbl, respectively, utilizing a conversion ratio at 6 Mcf: 1 bbl for natural gas and 1 bbl: 1 bbl for NGLs, may be misleading as an indication of value.

The carbon intensity or emissions intensity estimates for 7G that are provided herein were calculated by the company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Note Regarding Product Types
This report includes references to average daily production and condensate as a percentage of sale volumes. The table below is intended to provide supplemental information about the product type composition for each of the production figures that are provided in this report. In the table below, other NGLs refers to all NGLs, except for condensate, which is reported separately.

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<th>Year ended</th>
<th>Condensate (mbbl/d)</th>
<th>Other NGLs (mbbl/d)</th>
<th>Shale gas (MMcfd)</th>
<th>Conventional natural gas (MMcfd)</th>
<th>Total (mboe/d)</th>
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<tr>
<td>December 31, 2019</td>
<td>74.8</td>
<td>44.4</td>
<td>469.1</td>
<td>33.9</td>
<td>203.0</td>
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Abbreviations
Terms and abbreviations that are used in this report that are not otherwise defined herein are provided below:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>Canadian dollars</td>
</tr>
<tr>
<td>Alliance</td>
<td>the Alliance pipeline system</td>
</tr>
<tr>
<td>bbl</td>
<td>barrel</td>
</tr>
<tr>
<td>ESG</td>
<td>environmental, social and governance factors</td>
</tr>
<tr>
<td>GTN</td>
<td>the pipeline system owned by Gas Transmission Northwest LLC</td>
</tr>
<tr>
<td>M</td>
<td>million</td>
</tr>
<tr>
<td>m3</td>
<td>cubic metres</td>
</tr>
<tr>
<td>mbbl/d</td>
<td>thousands of barrels per day</td>
</tr>
<tr>
<td>mboe/d</td>
<td>thousands of barrels of oil equivalent per day</td>
</tr>
<tr>
<td>Mcf</td>
<td>thousand cubic feet</td>
</tr>
<tr>
<td>MMcfd</td>
<td>million cubic feet per day</td>
</tr>
<tr>
<td>MWH</td>
<td>megawatt hours</td>
</tr>
<tr>
<td>NGLs</td>
<td>natural gas liquids</td>
</tr>
<tr>
<td>NGPL</td>
<td>the Natural Gas Pipeline Company of America pipeline system</td>
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<td>TCPL</td>
<td>pipeline systems owned by TC Energy and its affiliates</td>
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