

# **B&L PIPECO SERVICES SUSTAINABILITY**



**ANNUAL REPORT  
FISCAL YEAR 2021**

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## MESSAGE FROM OUR CEO & PRESIDENT

It is with great pleasure and pride that we, the employees of B&L Pipeco Services, present our first Sustainability Report. The popular idiom states “you have to walk before you run”. Regarding building a sustainability strategy for BLPS, the employees decided to skip the “walking” requirement and instead took an approach of “you have to run before you sprint”. Though this is a bit jocular, in a sense, in this business climate it does ring true. Modern business moves swiftly these days as do our sensibilities and proclivities. In these times often one does not have the luxury of learning to walk before you run and therefore all of us at B&L Pipeco Services have tried to accelerate our efforts to build and execute a sustainability strategy for our company.

At B&L Pipeco Services we are committed to build a sustainability strategy that focuses on our desire to be a leader on ESG initiatives and solutions in our marketplace. The foundation of our sustainability strategy is built on incorporating our core values into initiatives that will benefit our stakeholders, our customers, our environment, our community, and our employees. Our values such as “Do the Right Thing”, Be Humble, Demonstrate Integrity and Respect, and Exercise Inclusiveness and Teamwork are the building blocks used to create new and lasting initiatives in the realms for Environment, Social and Governance.

We recognized early on that the most productive and effective approach to sustainability for our company is to unleash the creative and inventive spirit of our employees. It is for this reason that, with the complete confidence and support of our executive team, we incorporate a “grass-roots” approach to sustainability. A call to service to the employees of B&L Pipeco Services yielded an impressive number of



STEVE TAIT  
CEO & PRESIDENT

volunteers willing to give their time and energy to build a sustainability strategy.

Many of our young and motivated employees came forward to assume leadership positions in our newly formed Sustainability Committee. In this report, the reader will find a more detailed description of the committee and more about our valuable Advisory Board that will help us navigate some uncharted territories. And before the question arises, we have required each member of our executive team to be active participants in each of the subcommittees of the Sustainability Committee.

With our creation of the Sustainability Committee, there was little time to let the grass grow under our feet and our employees sprang into action to start the process of meaningful change. **Continued following page.**

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We have seen real and important progress from the diligent work of the Environmental, Social and Governance Subcommittees that are overseen by our ESG Steering Committee.

**Environmental:** Our Environmental Subcommittee has tackled the important business of conservation and environmental responsibility. In this report you will read of these accomplishments including the carbon foot printing of our company to better understand the direct affect our operations and actions have on our environment. Additionally, the work of our Environmental Subcommittee is finding opportunities to provide solutions to our customers that can help improve their position in the market as it relates to corporate Greenhouse Gas Protocols. We believe there are many opportunities for us to not only show continuous improvement in our carbon footprint but also continue to find solutions that will not only benefit B&L Pipeco Services but also benefit our customers and vendors.

**Social:** Our Social Subcommittee is taking a detailed look at our diversity and inclusion imprint, employee development, and hiring practices. The Social committee is helping to measure and identify opportunities to create a culture of inclusion and opportunity within our company. Likewise, the committee is also working to increase the company's community engagement so we can become better stewards and supporters of our local populations.

**Governance:** B&L Pipeco Services has a rich history and full structure of strong governance and compliance. In 2016 the company adopted the system of internal controls known as the Japanese Financial Instruments and Exchange Act, or JSOX for short. In 2019, the company additionally implemented Sumitomo Corporation's risk management internal controls known as

Basic Elements which maps the 6 key areas of risk: Management Foundation, Management, Operational Management, Operation, Communication, and Monitoring. These controls provide a firm foundation for our company but by no means represents a "finish line" for corporate governance. Our Governance committee continues to look to ways to ensure that we are acting as a good corporate citizen. We continue to emphasize cyber security and look for new ways to improve in the ever-changing world of cyber technology. To ensure that our values are aligned with the broader industries that we support, we are also working to better align with industry associations such as the Energy Workforce and Technology Council, Independent Petroleum Association of America and the Marcellus Shale Coalition, just to name a few. In a world that can change so quickly, governance and compliance will continue to evolve and will always be at the forefront to our efforts.

At B&L Pipeco Services, we understand that the future is ours, but we also understand that we can learn from our history. It is important to not scoff at the wisdom of our predecessors, but we also understand that me must raise our eyes and make a start to create and build a sustainable company. We will continue to search and find the minds that will lead us closer to our ideals.

A handwritten signature in blue ink that reads "Steve Tait". The signature is written in a cursive, flowing style.

## HISTORY OF B&L PIPECO SERVICES

B&L Pipeco Services, a subsidiary of Sumitomo Corporation, is an upstream products and services company providing customized solutions through our strong network of world class manufacturers and leaders in the oil and gas industry. We are committed to being the Oil Country Tubular Goods (OCTG) distributor of choice by providing Superior Service and Superior Strategy to our customers involved in various aspects of upstream operations. Through our distinct supply chain management, B&L Pipeco Services coordinates your needs from start to finish providing our customers with the lowest total cost of ownership.



The organization is the result of a merger between B&L Supply (est. 1935), and Pipeco Services (est. 1982). In 2020, the organization consolidated the industry further via acquisition of Champions Cinco Pipe and Supply LLC (est. 1985) and expanded operations to Calgary, Alberta assuming operations of Summit Tubulars Corporation (est. 1985). While each of our legacy companies benefited from experienced leadership, excellent customer and mill relationships, and a service oriented approach, we determined that by joining forces we could create a sustainable platform that would offer even greater value to our customers in this new age of oil and gas drilling. We are a sustainability centric organization committed to continuing our legacy company tradition of providing unmatched service and support by identifying and developing industry-leading solutions such as our upstream and transportation offerings.

**Corporate Headquarters:**  
Houston, Texas

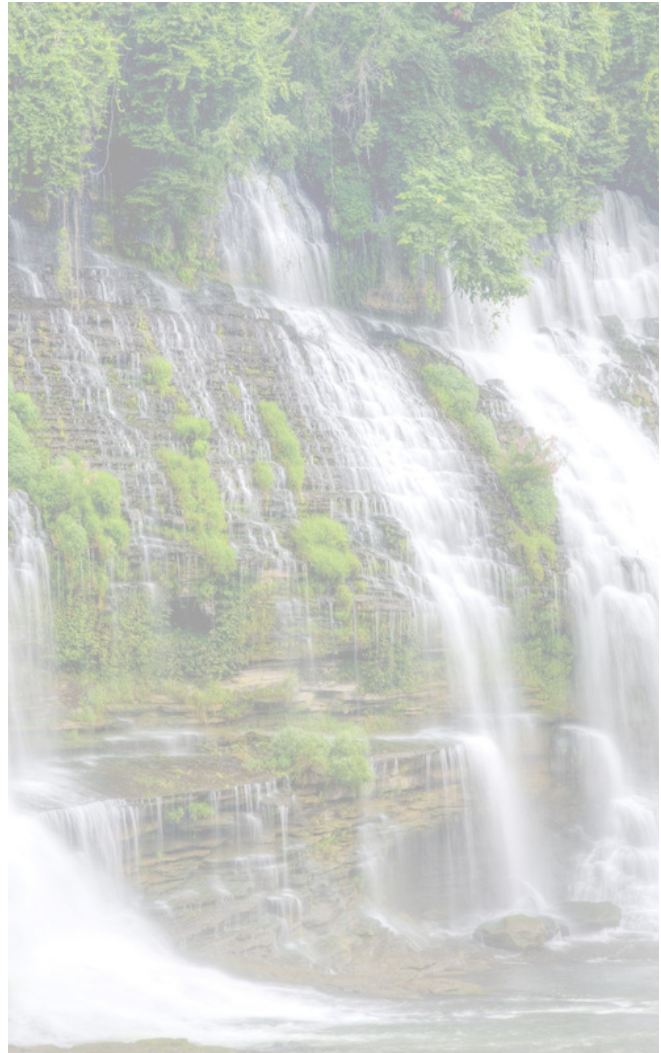
**Regional Offices:**  
Midland, Texas  
Pampa, Texas  
Dallas / Fort Worth, Texas  
Denver, Colorado  
Oklahoma City, Oklahoma  
Tulsa, Oklahoma  
Shreveport, Louisiana  
Pittsburgh, Pennsylvania  
Calgary, Alberta



## ENVIRONMENTAL

B&L Pipeco Services is committed to innovative environmentally sustainable business practices that positively effect local and global environments. As a distributor, we strive to be an industry leader in new cutting-edge responsibly sourced products and services. This is our long-term strategy to achieve a sustainable supply chain benefiting the environment and society on a global level.

B&L Pipeco Services' environmental sustainability strategy is a three-pronged approach. First, we strive to offer new environmentally friendly products and services that provide solutions to reducing waste and emissions from the local and global environments. Second, we are committed to improving our local environment with corporate office initiatives that reduce our direct energy usage and waste. Finally, we have established an annual carbon footprint review where we measure our Scope 1, 2, and 3 impact. This report includes the most current sustainability data from our vendors for a holistic view of our emissions impact.



**Innovative Products &  
Services**

**Reduction of Direct  
Environmental Impact**

**Management of  
Emissions**

## INNOVATIVE PRODUCTS & SERVICES

B&L Pipeco Services continues to identify and procure products and services essential to our customers' strategic environmental goals. We seek to diversify our portfolio with products and services that yield a positive impact on the environment and society. Our Leadership Program participants are challenged to think outside the box to identify, evaluate, and present new opportunities in products and services in addition to organizational performance. In this rapidly changing global landscape, we are continuously evaluating leading-edge technologies and have designated projects along with dedicated financial resources which target our sustainability objectives.

Innovative digital solution projects are underway to expanding our current portfolio as well as expanding into new service offerings to enhance the customer experience for our existing customers as well as other industry verticals.



B&L Pipeco Services is currently working with our manufacturing partners and customers to further a Responsibly Sourced Tubulars™ program. This program would define guidelines that assure the products being provided incorporate ESG into their manufacturing and sourcing. Such guidelines include, but are not limited to, Recycled and Reuse content, Product Quality, Human Rights, Workforce Diversity, Community Involvement, and Anti-Corruption policies.



Our vendor partnerships extend into the field. Here the team discusses thread tolerances.

## UPSTREAM PRODUCTS AND SERVICES

Our Upstream Products and Services Division embodies B&L Pipeco Services' entrepreneurial diversification vision to reduce risk while increasing value. The Upstream Products and Services Division has evolved its offering of leading products and services since being established in 2016. We have established an oil / water storage tank product line, tactical services via our Customer Inventory Management Services (CIMS) team, and added a logistics company to the benefit of internal and external stakeholders.

InCompass Logistics, headquartered in Humble, Texas, was formed to mitigate risk and increase control of product delivery while influencing social concerns of safety. Since its inception the organization has established itself as a premier logistics company providing timely and efficient short and long haul freight services to our customers to deliver OCTG and other products in a timely matter to meet drilling requirements.

The Tanks Division, in Partnership with SteelMation, recognized the opportunity to reduce storage tank field failure rate while increasing useful life and reducing environmental pollution by modernizing and automating the tank manufacturing process. As a result the Partnership supplies cost-effective tank solutions, including custom fabrication to customer specifications and has been acknowledged as the industry standard to the oil and gas industry.



Commitment to quality with SteelMation.



Tank battery installation. +12 months after installation and looks like new.



Upstream products and services work in unison to exceed customer expectations.



Customer Inventory Management Services (CIMS) began by asking our customers, “What keeps you up at night?”. The overwhelming response was managing field inventory and ensuring accurate casing and tubing well charges. In 2017, we engaged industry experts in Supply Chain and Oil and Gas Accounting and began forming our CIMS offering. The team has successfully completed projects for numerous customers, often expanding our customer base managing their onshore and offshore facilities.



**ABOUT CIMS**

B&L Pipeco Services takes a proactive role to reduce the impact of activities on local communities and the environment. The CIMS program provides our customer base the tools to reutilize assets through equipment analysis, repair, liquidation, and recycling programs. In correlation, these efforts allow team members the opportunity to efficiently evaluate and coordinate the proper disposal of obsolete and hazardous materials in compliance with federal, state, and local government laws/regulations.

**RECENT PROJECT RESULTS**

- Total Acres Cleared: 18  
 1,211.79 tons of material removed:
- Liquidation of 237.023 tons of surplus line pipe/casing for repair/reuse
  - Recycled 843.49 tons of metal material for repurpose
  - Recycled 53.82 tons of poly pipe for repurpose
  - Removal of 76.74 tons of waste disposal to proper landfill location

**BEFORE**



**DURING**



**AFTER**



## ENVIRONMENTAL IMPACT REDUCTION

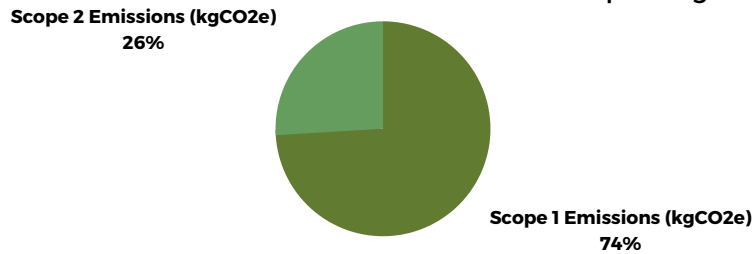
B&L Pipeco Services has instituted policies aimed at reducing our direct impact on emissions and waste.

### 2021 ACCOMPLISHMENTS

<b>Industrial Waste Reduction</b> <ul style="list-style-type: none"> <li>• Repurposed 2500 Tons of steel</li> <li>• Recycled numerous Truckloads of Thread Protectors</li> </ul>	<b>Corporate Office Lease</b> <ul style="list-style-type: none"> <li>• Negotiated a minimum 30% Renewable Energy</li> <li>• Established Recycling Program for Complex</li> </ul>
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## MANAGEMENT OF EMISSIONS

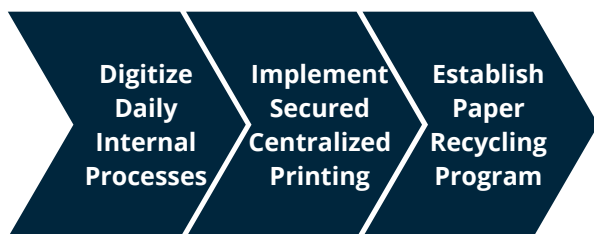
In 2019 B&L Pipeco Services, in cooperation with Sumitomo Corporation in the spirit of their 2050 Carbon Neutrality initiative, commissioned a project with a third party carbon emissions auditor to measure and quantify our annual operational emissions (Scope 1 & 2) and our supply chain emissions (Scope 3). The FY 2020/21 carbon Footprinting exercise will begin Spring 2022. SCOA intends to perform this annually. B&L Pipeco Services strives to increase the accuracy and type of data collected in future years to pinpoint hotspots to drive reduction initiatives. B&L Pipeco Services has realized the importance of quantifying and managing emissions to assist our customer base in their reporting requirements.



Measurement Items	FY19	Units
Scope 1 - Direct Emissions (including Logistics Division)	813	T CO2e
Scope 2 - Indirect Emissions	285	T CO2e
Scope 3 Emissions (Upstream Transport of Products)	187,304	T CO2e
Scope 3 Emissions (Product Related)	1,119,462	T CO2e
Scope 3 Emissions (Business Travel & Employee Commute)	531	T CO2e

## PAPER-FREE OFFICE INITIATIVE

B&L Pipeco Service has established a goal to reduce its paper waste by 2025 to net zero. We have embraced a three-phase approach to accomplish this goal.



### REALIZED BENEFITS

- +80% Reduction of printing consumables and paper consumption
- Centralized Electronic Document Control
- Paper Consumption Analytics
- Carbon Reduction

## COMMUNITY ENGAGEMENT

B&L Pipeco Services and its employees consider social and community involvement to be essential to organizational and personal success. This is best personified by our time and financial commitment to charities with an emphasis on local stewardship for the welfare of our community and impact on the environment.

Our community is part us, providing a sense of connection and belonging. Through our community involvement we are engaged in the social fabric around us and are connected to something larger than ourselves. We look for opportunities of locally associated philanthropy and are committed to increased spending with minority owned companies.

As a company, we have established a goal to make a greater impact through a more concerted effort of volunteer hours and donations. To assist in realizing this goal, the organization has established "Volunteer Leave Hours." This system inspired 31 employee commitments fostering community engagement. We seek a 15% increase of employee community engagements during FY2022.



**Ducks Unlimited**, established in 1937, has conserved more than 15 million acres as the leader in environmental conservation of wetlands and upland habitat in addition to wildlife in Canada, Mexico, and United States.

In 2021, B&L Pipeco Services and its volunteers contributed to raising over \$200,000, conserving over 800 acres.



**HURRICANE IDA RELIEF** In response to the devastation caused by Hurricane Ida, B&L Pipeco Services employees donated and delivered much needed supplies to those greatly affected in Louisiana.

A donation was also made to **Cajun Navy Relief**, to help aid relief efforts on the ground.



**Kid's Meals** has provided meals to over 8.5 million children in the Houston-area.

B&L Pipeco Services volunteers help make 2,200 lunches for under privileged kids in the Houston area.



**Salvation Army** Angel Tree - Provides Christmas gifts for hundreds of thousands of children around the country each year.

Forty disadvantaged children and seniors received Christmas gifts through the Salvation Army's Angel Tree program and the generosity of our employees.



**The Well**, established in 2016, is a Literacy, Math Tutoring, and STEM Education Center for the Pampa, Texas community.

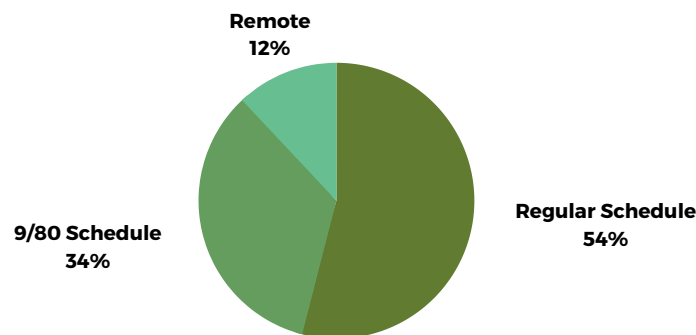
Our local volunteers organize and facilitate programs throughout the year while B&L Pipeco Services financially supports the organization annual. In 2021, B&L Pipeco Services established a scholarship program.

## EMPLOYEE DEVELOPMENT

The company is committed to maintaining and developing the industry's finest workforce. In doing so, the company has development programs and guidelines for our workforce. To illustrate this point, we have identified these essential areas:

- Employee Development is formalized via annual performance appraisals while practicing continuous feedback and an open door policy to management. In FY2022 we will implement a bi-directional appraisal system to identify key areas of growth.
- Employee Enrichment offering leadership training to select employees annually in addition to offering training to the workforce on current behavioral topics and external seminars and training to increase business acumen as needed.
- Ethical Behavior outlining an Ethics Hotline, and acknowledging the Code of Conduct and Employee Handbook on an annual basis.
- Work/Life Balance providing a well-balanced workforce and environment. To do so the company provides flexible work hours including a 9/80 work schedule in addition to a generous PTO program, maternity/paternity leave, and the industry's best benefits.

### FLEXIBLE WORK SCHEDULE



These flexible options have a positive impact on employee satisfaction and a reduction of employee commute emissions by approximately 13% this year.

- Employee Satisfaction is core to employee development. B&L Pipeco Services recognizes our greatest asset is our employees. The company strives to attract and retain the finest talent available. The organization's turnover rate inclusive of all divisions and locations (consolidation and resignation), in 2021, was 7% with a growth rate of 1%. Under current market conditions an increased growth rate is projected for FY2022.



Leadership Programs are one component to our commitment to long term organizational sustainability. This is one of the employee development programs we are committed to.



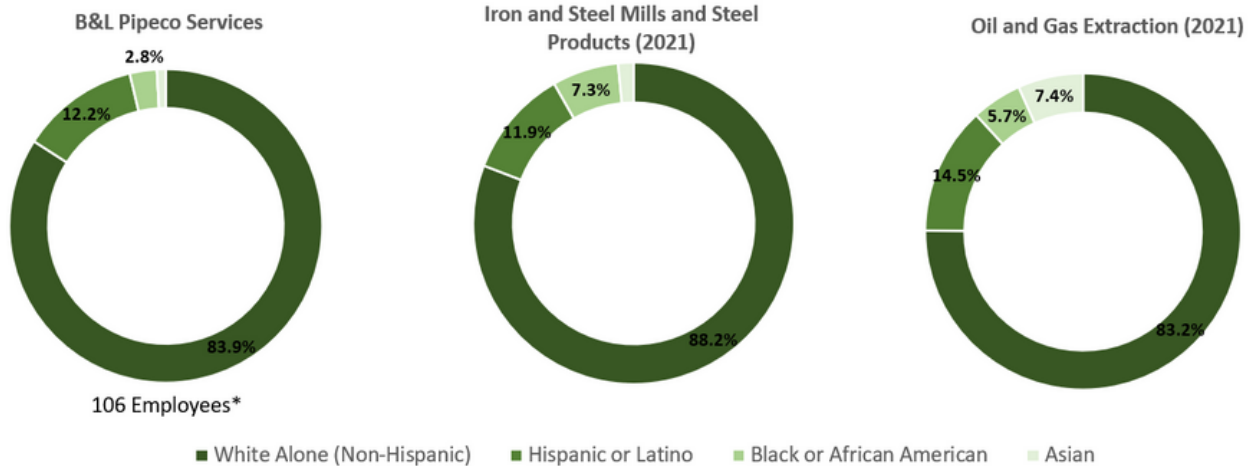
In 2021 we have invested in our future by remodeling our office work environment. The office remodel features ergonomic furniture and new conferencing areas featuring the latest conferencing technology.

## DIVERSITY & INCLUSION

Headquartered in the fourth largest city in the U.S. B&L Pipeco Services, comprised of 106 employees, is committed to leading the industry in achieving a more diverse workforce, furthering our culture of inclusion, and bringing broader experience to business solutions.

We recognize the benefits that diversity and inclusion bring to the organization. In 2020, tenured leaders attended PESA’s (now Energy Workforce & Technology Council) Inclusion & Diversity Program. The five step, four-seminar program is designed to build industry leaders who engage beyond their organization by providing resources to construct, execute, and scale a successful corporate Diversity and Inclusion strategy within their company. Recognizing the impact Diversity and Inclusion has on the organization Executive Leadership chose it as a topic for The Leadership Bridge to include in FY2021 Leadership Program.

### LEADING THE INDUSTRY



\*Data as of 1/6/22 Source –Bureau of Labor Statistics -2020

NOTE: For the above race groups (White, Black or African American, and Asian) sum of totals exceed 100% data are not shown for all races. Persons whose ethnicity is identified as Hispanic or Latino may be of any race. Updated population controls are introduced annually with the release of January data. Effective with January 2020 data, industries reflect the introduction of the 2017 Census industry classification system, derived from the 2017 North American Industry Classification System (NAICS). No historical data have been revised. Data for 2020 are not strictly comparable with earlier years.

### WE'RE GOING LOCAL

To include a broader range of candidates in our hiring process, we have established recruitment and internship opportunities with Lonestar College and Prairie View A&M. Both colleges have satellite campuses within 2 miles of our corporate headquarters.

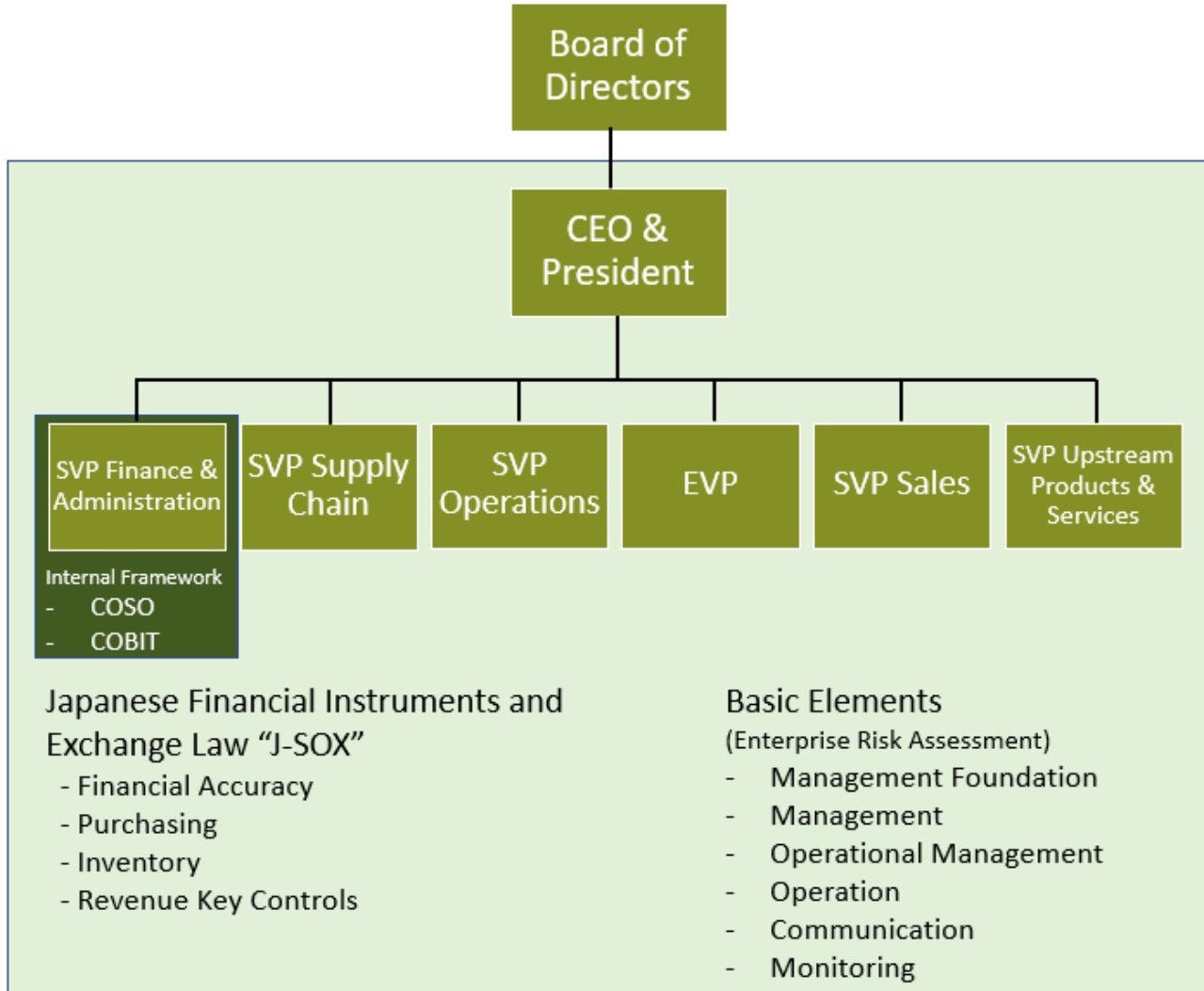


All BLPS employees and significant others attending 2021 Christmas Party.

## GOVERNANCE

B&L Pipeco Services will continually evaluate and adapt policies that ensure genuine and fair governance throughout our organization.

### GOVERNANCE AT A GLANCE



To implement governance management incorporates multiple fundamental frameworks to its operations. The Committee of Sponsoring Organizations' (COSO) framework to enhance internal control, risk management, governance and fraud deterrence. Equal importance is given to information technology where Control Objectives for Information and Related Technologies (COBIT) is applied. These implemented frameworks, organizational policies, and government regulations are considered when executive management performs Basic Elements analysis. Basic Elements is an Enterprise Risk Assessment establish by Sumitomo Corporation, our parent company. The assessment maps 6 key areas of risk: Management Foundation, Management, Operational Management, Operation, Communication, and Monitoring. This comprehensive approach to internal governance prepares the organization for J-SOX compliance and organizational sustainability.

## CORE VALUES

"Do the right thing"

Exercise Inclusiveness

Demonstrate Integrity and Respect

Be Humble

Teamwork

## FINANCIAL GOVERNANCE

B&L Pipeco Services Governance is guided by financial reporting standards and policies and objectives provided by our parent company specifying how subsidiaries conduct business in the areas of Environmental, Social, and Governance. We distinguish financial governance by three categories:

- Audits which include both annual audits by a Big Four accounting firm and internal audits by our parent company.
- Annual Compliance Reviews for J-SOX compliance where internal and parent company testing is conducted as well as final tests by our external audit company.
- General Guidance which governs how the company operates day to day including, but is not limited to Corporate Policies, Code of Conduct within the Employee Handbook, Ethics Hotline, IT Cyber Security (see IT and Cyber Security) and scheduled (annual and bi-annual) training programs.

**PURPOSE BUILT POLICIES**

<p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>• Anti-trust</li> <li>• Anti-corruption and Political Contributions</li> <li>• Business Continuity</li> <li>• Disaster Response Plan</li> <li>• Corporate Security (see IT and Cyber Security)</li> </ul>	<p><b>Employee Engagement</b></p> <ul style="list-style-type: none"> <li>• Employee Handbook</li> <li>• Job Descriptions</li> <li>• Departmental Desktop Procedures</li> <li>• Travel</li> <li>• Core Values</li> </ul>
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## ASSET MANAGEMENT - SUPPLY CHAIN MANAGEMENT

To be a leading upstream product and service provider, it is of the utmost importance to respond quickly and effectively to customer's needs; it is gratifying to have never left a customer without pipe. B&L Pipeco Services acknowledges the influence our supply chain practices have on environment, social, and governance practices. Our organization recognizes our end users and suppliers rely on distribution to be the key link in the supply chain to avoid business disruptions. The distribution function requires an experienced understanding of the industry, strong communication channels, and knowing what factors pose the greatest risk to everyone's financial investments.

In an industry that has historically high and low periods of activity, B&L Pipeco Services pro-actively created its Asset Management Division to navigate these challenges. These fluctuations have been drastic, creating a high-risk scenario for distributors tasked with balancing inventory levels while producing adequate returns for their shareholders. In recent years, external factors such as Covid-19 and geopolitical risks, such as tariffs and more recently Ukraine conflict, have tested the strength and resiliency of the Asset Management Division. With strong supplier relationships, B&L Pipeco Services is positioned to quickly respond to growing demands of our customers. Our team works to ensure efficient end-to-end supply chain operations. Utilizing strategic partnerships with domestic and international mill sources, B&L Pipeco Services is uniquely positioned to deliver quality products and provide value to our customers during varying industry conditions.



**Customer Partnership - Analyze Requirements**



**Vendor Relationship - Negotiate the best value**



**Logistics Management - On-site On-time**

**Mill Relationship - Multiple sources to Match Requirements**



**Forecast-based Order & Maintain Stock**



As the oil and gas industry faces budget restrictions, reduced access to capital, and other new challenges, the high-level of forecasting expertise from B&L Pipeco Services' Asset Management Division has become invaluable to our success. Through Executive Management Team collaboration with our largest shareholder, Sumitomo Corporation of Americas (SCOA), we have developed proven management tools to reduce risk by evaluating market conditions, client credit worthiness, financial needs, and ROIC. For financial assurances, B&L Pipeco Services has established a firmer commitment via more stringent purchase agreements and authorization for material orders, reducing inventory risk by half. This initiative has been very positive for everyone involved as it has strengthened our position, built mutual trust, and ensured secure commitments from our customers and suppliers while contributing to our long-term sustainability plan.

### ESSENTIAL POLICIES

- Procurement
- Inventory Management
- Credit Monitoring



## IT AND CYBER SECURITY

B&L Pipeco Services acknowledges the importance of IT security and maintains appropriate measures to ensure the standards of the IT steering committee are met. IT Security policies are reviewed and updated where necessary, at minimum on an annual basis.

B&L Pipeco Services focuses on several core practices, including but not limited to, Risk and Resource Management, Operational Effectiveness, Value Delivery, and Strategic Alignment. These core practices drive the use of various third-party tools and services to enhance the quality of our IT security.

### ESSENTIAL IT POLICIES

- IT Roles and Responsibilities
- Segregation of Duties
- IT Steering Committee
- Operations Management
- Facilities Management
- Application Authorization & User Provisioning
- Project and Enhancement
- Change Management
- IT Procurement
- Vendor Access
- Database Access
- Network Security Standards
- Electronic Communications
- Remote Access
- Anti Virus
- Backups

In January, 2020, monthly third-party IT Security videos for employee awareness and training was initiated. Additionally, periodic phishing tests on employees to continually evaluate internal weaknesses. These measures have improved end-user engagement; reporting suspicious emails, attachments, and websites to IT Helpdesk services.

B&L Pipeco Services utilizes several industry leaders for our security needs. A best of service provider solution provides robust email filtering, attachment scanning, and URL protection within our email environment. These tools, combined with user training, have been instrumental in preventing breaches and viral exposure of the company. A company-funded Norton LifeLock service is provided to all employees for personal security outside of corporate-owned devices.

In addition to these services, B&L Pipeco Services follows standard industry security practices. These include antivirus software on all network connected devices, firewall practices incorporating North America geofenced access to corporate networks, privileged account 2-factor authentication, and implementing user account 2-factor authentication.

B&L Pipeco Services has implemented high availability services for both backup and recovery and disaster recovery which are tested on a regular basis. We blend multiple backup methods including incremental backups at the file level, full bare metal restoration, and offsite VM snapshotting for a redundant and secure configuration to mitigate loss and minimize recovery. These systems are tested on a regular basis to ensure the efficiency of the solution.

### PRACTICES AT WORK

#### Cyber Security Training

- Monthly Awareness Training
- Improved end-user engagement
- 82% of employees polled changed something in daily lives to make them more secure

#### Avg. Monthly Email Protection

- 214 Malicious embedded URL's blocked
- 48 Malware attempts blocked

#### Proactive Protection

- Automatic Firewall threat definition updates
- Firewall firmware release management
- Automatic Webroot Endpoint protection definition updates

## ESG AT B&L PIPECO SERVICES

B&L Pipeco Services acknowledges the segmentation of ESG reporting standards. Through our evaluation of the reporting leaders coupled with third-party input and Advisory Board approval, our current directive is a scalable hybrid of Global Reporting Initiative (GRI), the reporting framework of our parent company, and Value Reporting Foundation (aka SASB) reporting guidance for its industry-specific and investor-specific focus. This approach offers us the opportunity to designate Principle Objectives (diagram below) encompassing the sustainable components of ESG. This framework affords us the opportunity to identify key areas of importance for our industry addressing Financial Governance, Environmental Responsibility, and Social Responsibility. This provides a framework for a sustainable holistic supply chain strongly rooted in fiscal responsibility and environmental conservation.



Herein is our first sustainability report. The reporting period will align to our fiscal year, April 1 to March 31. Our target is to publish an annual report following year end while increasing transparency with a mid-year target update. Internally, regular sub-committee and committee meetings are conducted and new targets to maintain visibility throughout the organization during quarterly state of the company meetings and bi-annual employee ESG program awareness seminars.

We expect reporting consolidation and standardization over time and will remain fluid in our reporting. As our reporting evolves, we anticipate incorporating UN Global Framework to assist in measuring and reporting our progress against targets.



Corporate office's 2021 ESG Awareness Scavenger Hunt.

## SUSTAINABILITY OVERSIGHT

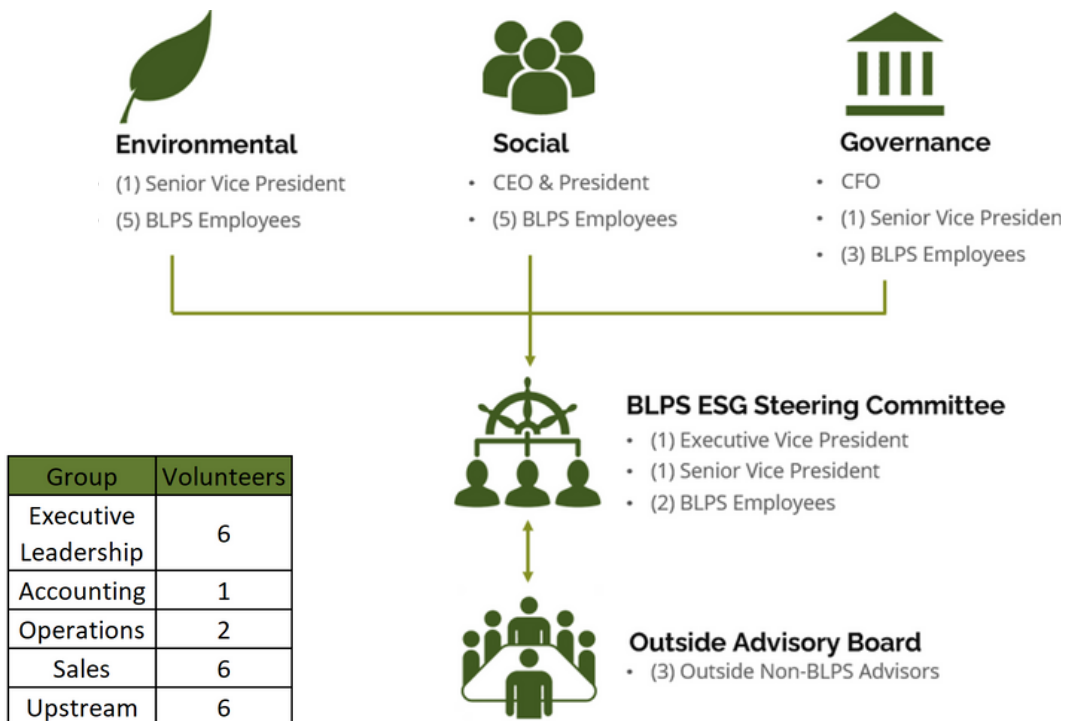
B&L Pipeco Services has persistently practiced the strategy to promote responsible sustainability throughout environment, social, and governance. In 2021 we committed to establishing sound, impactful ESG practices as well as codifying and documenting work we were already doing.

"We will be a sustainable upstream energy service organization focused on increasing stakeholder value and expanding our company culture to emphasize ethical business solutions, social awareness, and addressing environmental concerns." - Steering Committee Mission Statement

We have established a steering committee, budget, and structure for our mission. Integrating ESG is a critical focus in our supply chain management where it is an integral part of our company and business practices. We are committed to maintaining transparency, inclusivity, accountability, and sustainability with our internal and external stakeholders.

Recognizing the need in our industry and realizing the opportunity to measure and evaluate under a new lens to perpetuate continuous improvement, B&L Pipeco Services committed to establishing a dedicated ESG Committee in late Spring 2021 to pursue our stakeholder and our sustainability goals. The executive team entrusted a leadership amongst peers approach to establish B&L Pipeco Services' long term sustainability plan and framework. In doing so, a committee architecture led by volunteer employees and Executive membership was formed. This model ensures the diverse voice of our organization when establishing goals at the Sub-Committees with guidance by the Steering Committee and external Advisory Board.

### THE SUSTAINABILITY COMMITTEE



B&L Pipeco Services acknowledged early in its discovery that sustainability benchmarks will continuously evolve. To validate our ESG strategy and aid in our success, an External Advisory Board was commissioned to provide direction and oversight. Through extensive interviews, an Advisory Board of diverse experience of senior professionals was identified.

### ABOUT OUR ADVISORY BOARD

- +15 years average professional experience
- 66% Advance Accreditations: CPA, MS, Ph.D.
- Professional Highlights: Entrepreneur Technology Business Owner, Major University Associate Dean, CPA, Division Sr. Director
- 33% non-white ethnicity
- 33% Female



**Shannon Deer, Ph.D.**

**Texas A&M University**

**Interim Associate Dean for Undergraduate Programs**

- Texas A&M University - Doctor of Philosophy, MS, Finance and Financial Management Services
- Energy Industry experience - accounting (CPA), finance, and sustainability
- Her work emphasizes corporate social responsibility along with the intersection of business and solutions to social challenges



**Jeby George**

**Sumitomo Corporation of Americas**

**Senior Director - Digital Transformation & ESG**

- Oklahoma State University - MS, Industrial Engineering and Management (focus on Quality & SCM)
- 15 yrs experience developing, implementing, and leading Supply Chain Management projects



**Chris Pace**

**Centre Technologies**

**Founder and CEO**

- Texas A&M University - Business Administration
- Founded Company 2006
- Company recognized for its local experience and enterprise-grade cloud and cybersecurity solutions.

## INDUSTRY ASSOCIATIONS

We at B&L Pipeco Services appreciate the role these organization's play in establishing best practices while influencing new industry legislation and regulation. We recognize our participation in industry associations has strengthened the bond of our supply chain. These organizations represent the foundation for meeting the country's energy needs.

Key industry affiliations include:



The American Association of Drilling Engineers (AADE) is a non-profit (IRS 501-6C), volunteer organization founded in New Orleans in 1978 and is made up of an affiliation of independent chapters licensed and governed by a National Board. AADE's Mission is to provide the forum for the dissemination of practical drilling technology to those employed or interested in the drilling industry.



API represents all segments of America's natural gas and oil industry, which supports more than 11 million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. API's mission is to promote safety across the industry globally and to influence public policy in support of a strong, viable U.S. oil and natural gas industry.



The Energy Workforce & Technology Council is the national trade association for the energy technology and services sector, representing more than 600,000 jobs in the technology-driven energy value chain. Energy Workforce is a trusted.



IPAA is headquartered in Washington, D.C. where the association serves as an informed voice for the exploration and production segment of the industry, and advocates its members' views before the United States Congress, The White House, and federal agencies. IPAA represents the thousands of independent oil and natural gas producers and service companies across the United States.



The Society of Petroleum Engineers (SPE) is a not-for-profit professional association whose more than 140,600 members in 144 countries are engaged in oil and gas exploration and production. SPE is a key resource for technical knowledge providing opportunities to exchange information at in-person and online events and training courses, publications, and other resources. SPE maintains offices in Dallas, London, Dubai, Kuala Lumpur, Calgary, Moscow and Houston.



The Marcellus Shale Coalition® (MSC) works with exploration and production, midstream, and supply chain partners in the Appalachian Basin and across the country to address issues regarding the production of clean, job-creating, American natural gas from the Marcellus and Utica Shale plays. We provide in-depth information to policymakers, regulators, media, and other public stakeholders on the positive impacts responsible natural gas production is having on families, businesses, and communities across the region.



The Texas Independent Producers and Royalty Owners Association, founded in 1946, represents nearly 3,000 individuals and companies from the Texas oil and gas industry it is one of the country's largest oil and gas trade associations and the strongest advocacy group providing a unified voice for the industry.

# SNAPSHOT

## Preserving the Planet



Commitment	Measure	Target	2021 Performance	Page #
Environmental Conservation	Explore New Sustainable Solutions	Fund POC Pilot Project FY2021	★	7
		Advance evaluation of leading-edge technologies for designated projects	◆	7
		Establish portfolio diversification	●	7
	Energy Conservation, Renewable Projects	Minimum 30% Renewable Energy	★	10
		Established Recycling Program for Complex	★	10
		Paper-free Office Initiative	●	10
	Natural Resource Conservation	10% increase in Global Water and Air Purity initiatives	●	11

## Shared Success



Commitment	Measure	Target	2021 Performance	Page #
Workforce Development	Leadership Development	Annual Leadership (entry to executive level) Program commitment	●	12
		Investigate performance opportunities	●	7
	Continuing Education of Employees	Elective business classes focused on individual development	◆	12
	Employee Development	Incorporate bi-directional growth plan in Employee Appraisal	◆	12
Community Engagement	Diverse Community Vendor Spending	Increased spending with minority owned companies	●	11
	Community Outreach	Establish Scholarship Fund by EOY 2022	◆	11
	Expand on volunteer program	Establish Volunteer Leave Hours	★	11
		15% Increase of community engagements end of FY 2022	◆	11
	Promote personal time for community service	●	11	

## Organizational Competence



Commitment	Measure	Target	2021 Performance	Page #
Responsible Supply Chain Management	Source Products from Responsible Manufacture	Establish Responsibly Sourced Tubulars™ Program	●	7
	Expanding CIMS Program for ESG Projects	30% Increase recycle and repurpose surplus and scrap programs end of FY 2022	◆	8
Corporate Culture, Ethics, & Governance	Workforce Diversity	Develop a more diverse hiring process	●	12, 13, 14, 15
		Technology and Cyber-Security Resiliency	Security based awareness and training	●
		Increase user authentication security	●	17
		Validate Backup and Recovery and Disaster Recovery Plans	●	17
	Corporate Ethics Awareness	Bi-annual Training Seminars	◆	15
	Competitive Benefits	Annual review of company benefits	●	12, 15, 17
Strategic Sustainability Oversight	Sustainability Framework	Create Sustainable Committee	★	18, 19, 20
		Define Budget	★	19
		Establish Strategic Plan	★	18, 19
	Monitoring Global ESG Measurement Standards	Annual Reporting	●	18
	Company Communication	ESG Continued Education	●	18
Quarterly State of the Company Meetings		◆	18	

Status: ★ Target Achieved ● On Track ■ Not Achieved ◆ New Goal FOR 2022