

The PetroSmith logo is a dark blue rounded rectangle with the word "PETROSMITH" in white, bold, uppercase letters. A white upward-pointing arrow is positioned at the top right of the letter "H".

PETROSMITH

SUSTAINABILITY REPORT

2022

The background of the report cover is a photograph of an industrial facility. It features several large, light-colored cylindrical storage tanks of varying heights. A complex network of white pipes, valves, and metal walkways is visible, connecting the tanks and other equipment. The ground is covered in gravel. The sky is blue with scattered white clouds. In the bottom right, a small piece of industrial machinery is visible near one of the tanks.

Innovative & Reliable Energy Solutions

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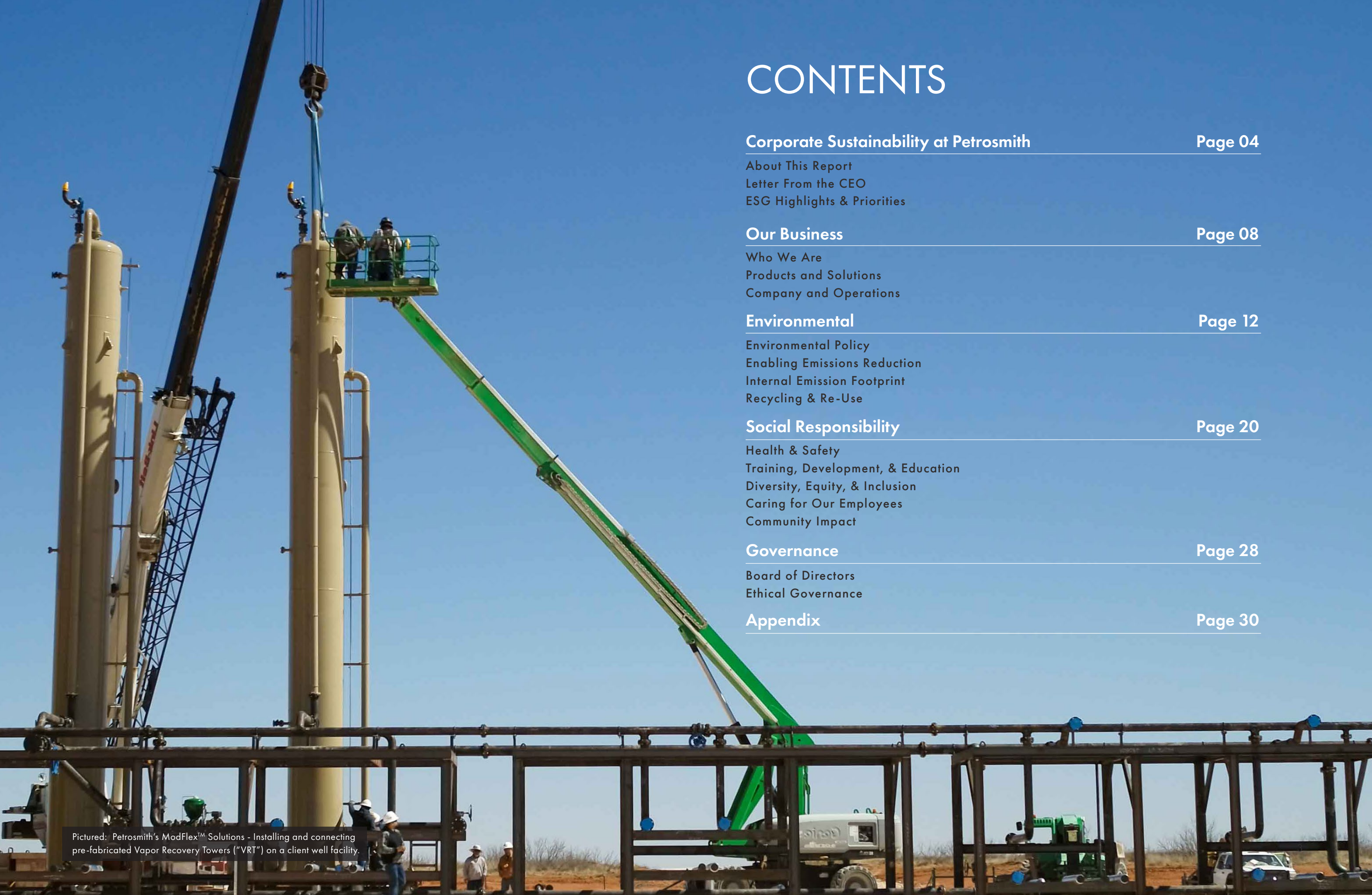
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Pictured: Petrosmith's ModFlex™ Solutions - Installing and connecting pre-fabricated Vapor Recovery Towers ("VRT") on a client well facility.

Pictured: A Petrosmith horizontal separator on a client well site.



Corporate Sustainability At Petrosmith

ABOUT THIS REPORT

At Petrosmith, we hold ourselves accountable for creating a safe workplace and believe that we have a responsibility to our employees, our customers, and to the communities and environments in which we operate. This report seeks to bring better transparency to our efforts, initiatives, and accomplishments and reflects a diverse range of perspectives from those that we serve.

Our 2022 Sustainability Report covers all of Petrosmith's divisions and business units and reflects the latest data and metrics covering the fiscal year 2022 (January 1-December 31, 2022). Unless otherwise noted, the narrative disclosures presented in this report are current as of December 31, 2022.

We believe our disclosures provide an adequate review of the ESG impact across our business for the 2022 calendar year. Our disclosure of statistics and metrics throughout this report is informed by the Global Reporting Initiative (GRI), as detailed in the appendix. All metrics were measured and calculated to the best of our ability and have not been audited by an independent third party.

Letter from CEO

While 2020 and 2021 consisted of navigating continuous turbulence, 2022 was focused on responding to the needs of our employees, our customers, and our communities. As our industry, as well as Petrosmith, rebounded from the COVID-19 pandemic, we stayed heavily focused on growth and overcoming the adversity associated with one of the worst downturns in our industry's history. As I reflect on 2022, I am proud of how the Petrosmith team has collaborated and persevered through the past few years to emerge stronger, and to continue our mission to provide our customers and communities with sustainable and innovative products and solutions, all while doing so in a responsible and profitable manner.

Events of the past several years have served as a reminder of how critically important it is for us to take care of our employees, promote a safe and diverse work environment, and continually strive to do better for our employees, our customers, and our communities. Remaining profitable and stable while continuing to grow as a company allows for us to invest in our workforce and community, providing enhanced benefits, training, education, and professional development opportunities to all of our valued team members whenever possible. We owe our 2022 success to the efforts of our employees, who safely, efficiently, and successfully executed operations across every part of our business. Our commitment to safety resulted in zero vehicle accidents, and a safety incident rate in the first quartile of a very challenging industry.

Our board of directors takes an active part in our efforts to integrate sustainability into our company-wide business model, and is committed to investing in a practical and actionable environmental, social, and governance (ESG) strategy.

In 2022 we formalized our Environmental Policy and best practices for improving sustainability and safety. Through communication, education and continuous improvement initiatives, Petrosmith works to promote our principles

"We do not take our leadership position in the industry lightly and acknowledge our responsibility to influence the efficiency, safety, and environmental impacts of our products and solutions, and to be accountable for our portion of maintaining the stability of our local communities. Simply put, we strive to do better and do what is right."

throughout the communities where we live, work, and do business. We are committed to contributing to a reduced-carbon future and we support industry efforts to mitigate environmental risks by developing recycling programs, minimizing waste and conserving energy, and reducing greenhouse gas (GHG) emissions from our operations, as well as supporting the efforts of our customers and industry in doing the same.

We take pride in being a responsible and accountable business, and offering transparency into our business operations with regards to our social impact. With our dedication to continuous improvement to better serve our customers, communities, and the oil and gas industry as a whole, we are pleased to publish our inaugural Sustainability report. I invite you to explore the pages herein to learn how Petrosmith is progressing our ESG performance and priorities.



Michael Duffy
Chief Executive Officer

2022 SUSTAINABILITY HIGHLIGHTS

ENVIRONMENT

~70%
Avoided emissions through the deployment of ModFlex™ pad packages¹

184
Wells Plugged

~9,000
Tons of OCTG (Oil Country Tubular Goods) pipe salvaged & reclaimed

Emissions Baseline
Assessment completed across Scope 1 & 2 sources

SOCIAL

7,000+
Employee training hours in 2022

52.5%
Diverse employees

15,700
Hours of community service allotment across employee base

100%
In-house promotions

GOVERNANCE

150
People completed 75 hours of cybersecurity training

6
Independent Directors

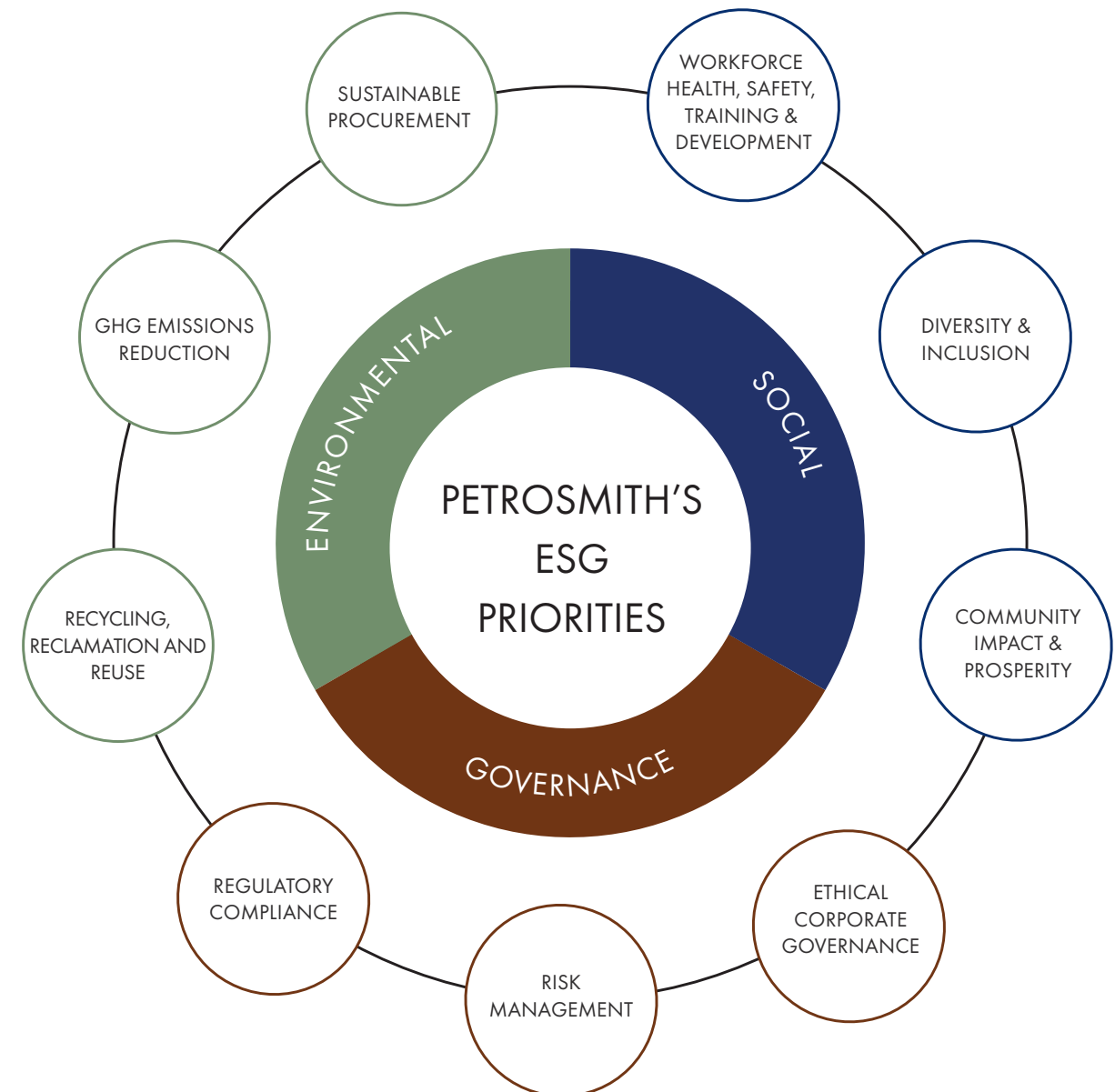
100%
of Directors have energy operations or investment experience

15+
Governance policies

ESG STRATEGY & PRIORITIES

"As a manufacturing-oriented company, sustainability is rooted in our lean culture. We constantly strive to improve process, enhance product quality, reduce waste, and most importantly, provide personal, professional, and economic growth for our employees which in turn stabilizes our local communities." -Michael Duffy, CEO

Petrosmith is committed to providing products and services for our clients and communities that create a positive environmental, social, and governance ("ESG") impact. Our strategy focuses on integrating stakeholder priorities to establish a pragmatic, transparent, and actionable ESG program that includes implementing best practices and policies, data collection and analysis, and educating employees and customers on company-wide sustainability initiatives. At Petrosmith, we are committed to a sustainability strategy that encompasses the following priorities:



OUR BUSINESS

Who We Are

Petrosmith is a premier provider and manufacturer of surface production equipment and tubular goods and services for the oil and gas industry. Headquartered in Abilene, Texas, we have proudly served our valued customers in the oil and gas industry for over 40 years from our multiple locations in central and west Texas. Petrosmith is a technologically advanced company, dedicated to efficiently designing and manufacturing high-quality and reliable products, utilizing state-of-the-art fabrication and manufacturing techniques and equipment, and providing best-in-class services along the way.

Our ongoing commitment to innovative solutions helps us better serve our customers that produce the energy which powers our economy and our lives. Petrosmith's solution groups include production vessels and tanks, Modflex Modular equipment, Pipe reclamation, coating and premium threading services, as well as Plug & Abandonment services.

Petrosmith is committed to providing products and services that not only meet our customer's requirements but exceed expectations. Customer satisfaction is our top priority, and we strive to continually improve the efficiency and effectiveness of our Quality Management System.

Our Values

HARD WORK AND DEDICATION

RESPONSIBILITY TO THE COMMUNITIES IN WHICH WE OPERATE

ACCOUNTABILITY, TRUSTWORTHINESS, HONESTY, AND INTEGRITY

QUALITY AND INNOVATION



Pictured: Petrosmith's ModFlex™ Solutions - Installing and connecting pre-fabricated VRTs, pipe skids, and tank batteries on a client well facility.

PRODUCTS AND SOLUTIONS



TANKS



PLUG &
ABANDONMENT



VESSELS



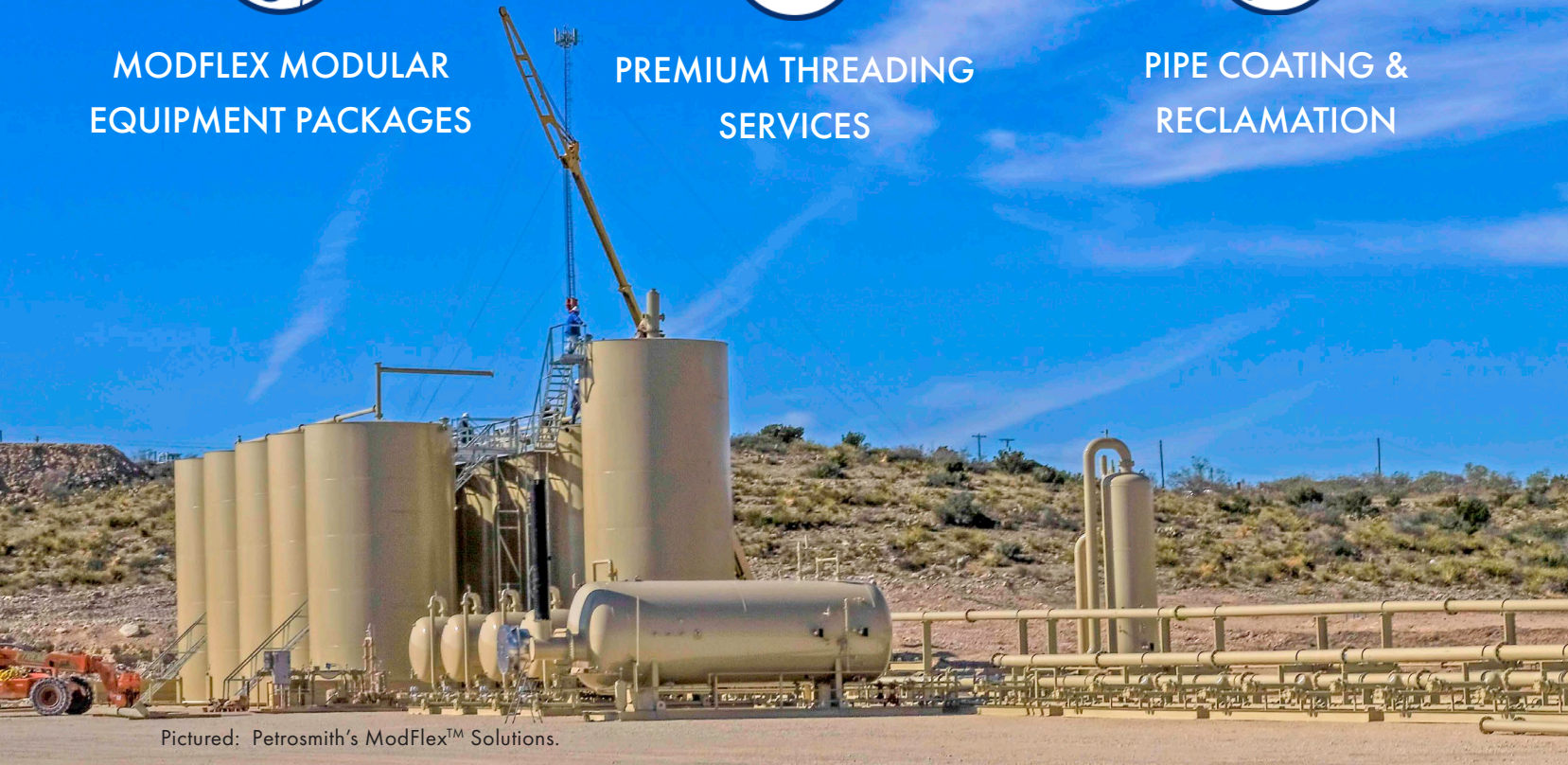
MODFLEX MODULAR
EQUIPMENT PACKAGES



PREMIUM THREADING
SERVICES



PIPE COATING &
RECLAMATION



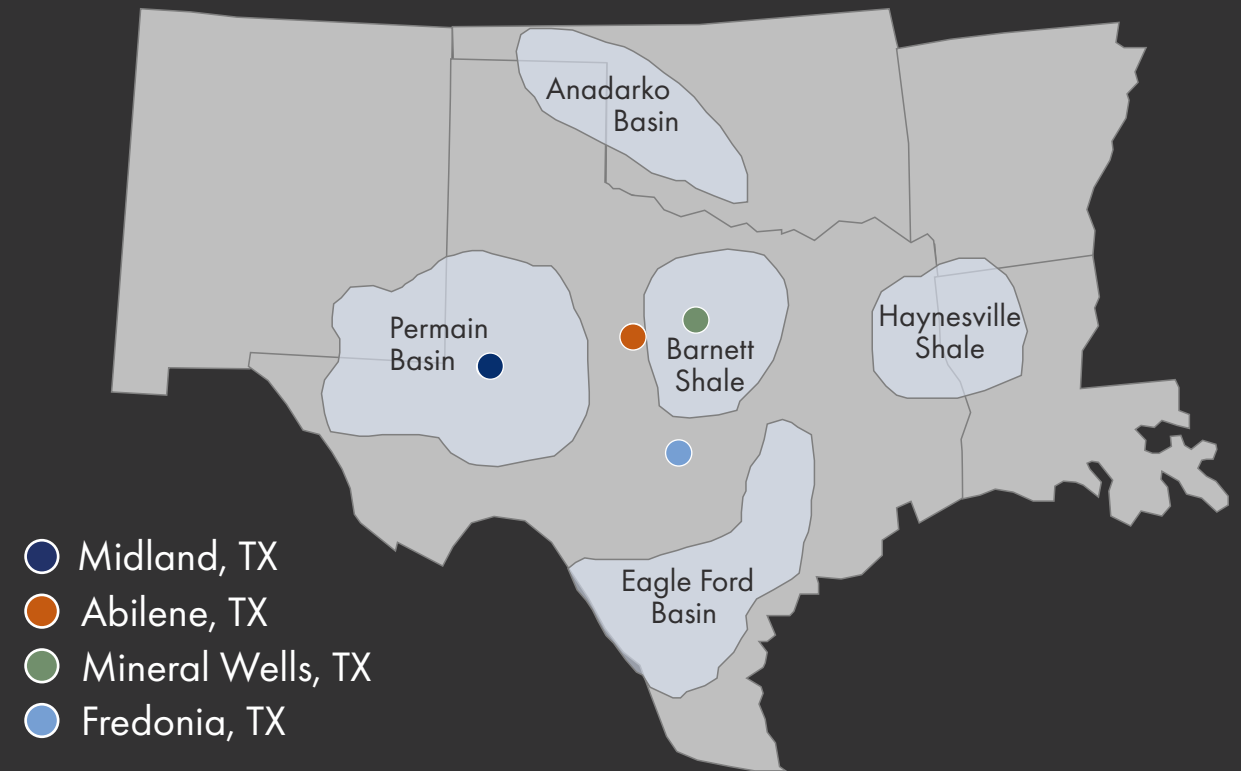
Pictured: Petrosmith's ModFlex™ Solutions.

QUALITY

Petrosmith combines advanced engineering with years of expertise in the design, fabrication, and refurbishing of oil and gas production equipment. Our Quality Management System mandates multiple checkpoints throughout the manufacturing process and ensures that all components are in accordance with engineering regulations and meet safety protocols. Our internal quality standards are supported by our certification and compliance with the American Society of Mechanical Engineers (ASME) and American Petroleum Institute (API) which provide external regulation covering the design, manufacture, installation, inspection and care of boilers and pressure vessels.

We employ qualified technicians and inspectors in every operational area of our facilities including certified NACE inspectors for both our tank and vessel coating operations as well as our internal pipe coating operations. NACE is the global leader in developing corrosion prevention and control standards, certification, and education, and we are proud to have trained certified personnel as a part of our organization.

Strategic Footprint Serving Key U.S. Oil and Gas Basins



375 CUSTOMERS USING
PETROSMITH'S
PRODUCTS AND
SOLUTIONS

EMPLOYEES:
491

CUSTOMER
RETENTION RATE²
74%

40 YEARS OFFERING
INNOVATIVE
INDUSTRY PRODUCTS

ENVIRONMENTAL

At Petrosmith, we are working hard to do our part to protect the environment, conserve natural resources, and to prevent pollution across our own and our customers' operations. Through acquisition and organic internal initiatives, we have been innovating products, services, and processes that are environmentally conscious over the last decade.

2022 KEY STATS

~70%

Avoidance of GHG emissions from ModFlex™ pad packages versus stick build pads¹

184

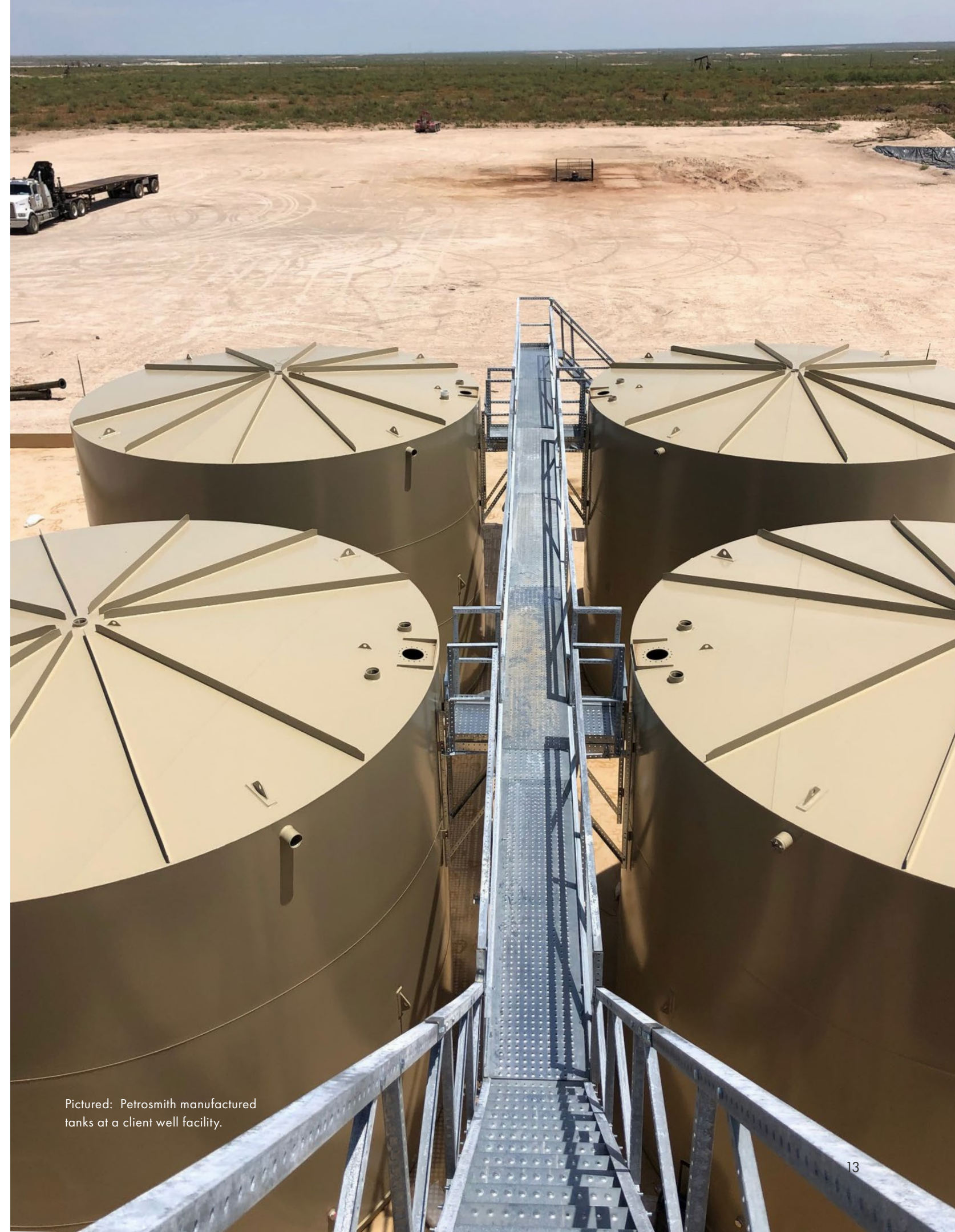
Oil & gas wells plugged mitigating environmental risks for customers

~9,000

Tons of OCTG pipe salvaged and reclaimed

**Emissions
Baseline**

Completed across Scope 1 and Scope 2 emissions sources with support of third party partner



Pictured: Petrosmith manufactured tanks at a client well facility.

Environmental Policy

Petrosmith is committed to operating all facilities in accordance with company environmental policies and all applicable legal requirements. It is our policy to seek continual improvement throughout our operations to lessen our impact on the environment. Through the implementation of this policy, Petrosmith has committed to:

COMPLIANCE WITH REGULATION

Comply with applicable federal, state and local laws, statutes, regulations and other environmental requirements.

DEVELOP ENVIRONMENTAL PROGRAMS

Develop and maintain environmental programs with targets to minimize adverse environmental impacts. Maintain policies and processes for the efficient use, tracking, storage and disposal of hazardous and toxic materials

CONTINUALLY SEEK TO IMPROVE

Environmental performance and effectiveness of our program.

POLLUTION PREVENTION

Implement effective pollution prevention and waste minimization programs to reduce, reuse, and recycle materials.

REDUCE WASTE

Ensure that energy and water are used responsibly and conserved through innovative practices and procedures. Aim to minimize waste generation and the potential release of pollutants into the environment through source reduction, developing recycling programs through treatment and disposal.

CONSERVE ENERGY

Reduce resource consumption by eliminating wasteful practices and promoting efficient use, and by evaluating and implementing conservation measures in existing buildings, processes and operations.

RESOURCE RECYCLING

Petrosmith will analyze waste material and determine effective resource recycling programs.

EDUCATION AND AWARENESS

Provide ongoing education for employees concerning the importance of environmental responsibility in all operations. Petrosmith will provide employees with the knowledge and tools needed to meet the goals of this policy and to actively participate in efforts to prevent negative environmental impacts



Pictured: Petrosmith's ModFlex™ Solutions.

Decarbonizing Oil & Gas Operations

As the global economy seeks to transition to a lower-carbon future, the availability and affordability of oil and gas will continue to play an important role in the global energy equation. Minimizing emissions from oil and gas operations is a high priority at Petrosmith and across our industry to help limit the effects of climate change. At Petrosmith, our core products and services including ModFlex™ solutions, Tessel™ technology, and plugging and abandonment services help enable reduced emissions for our customers and our industry. With an innovative culture and customer base, we are encouraged by the progress we have made as a Company and as an industry in enabling more sustainable oil and gas production in the United States.

Multi Well Pads

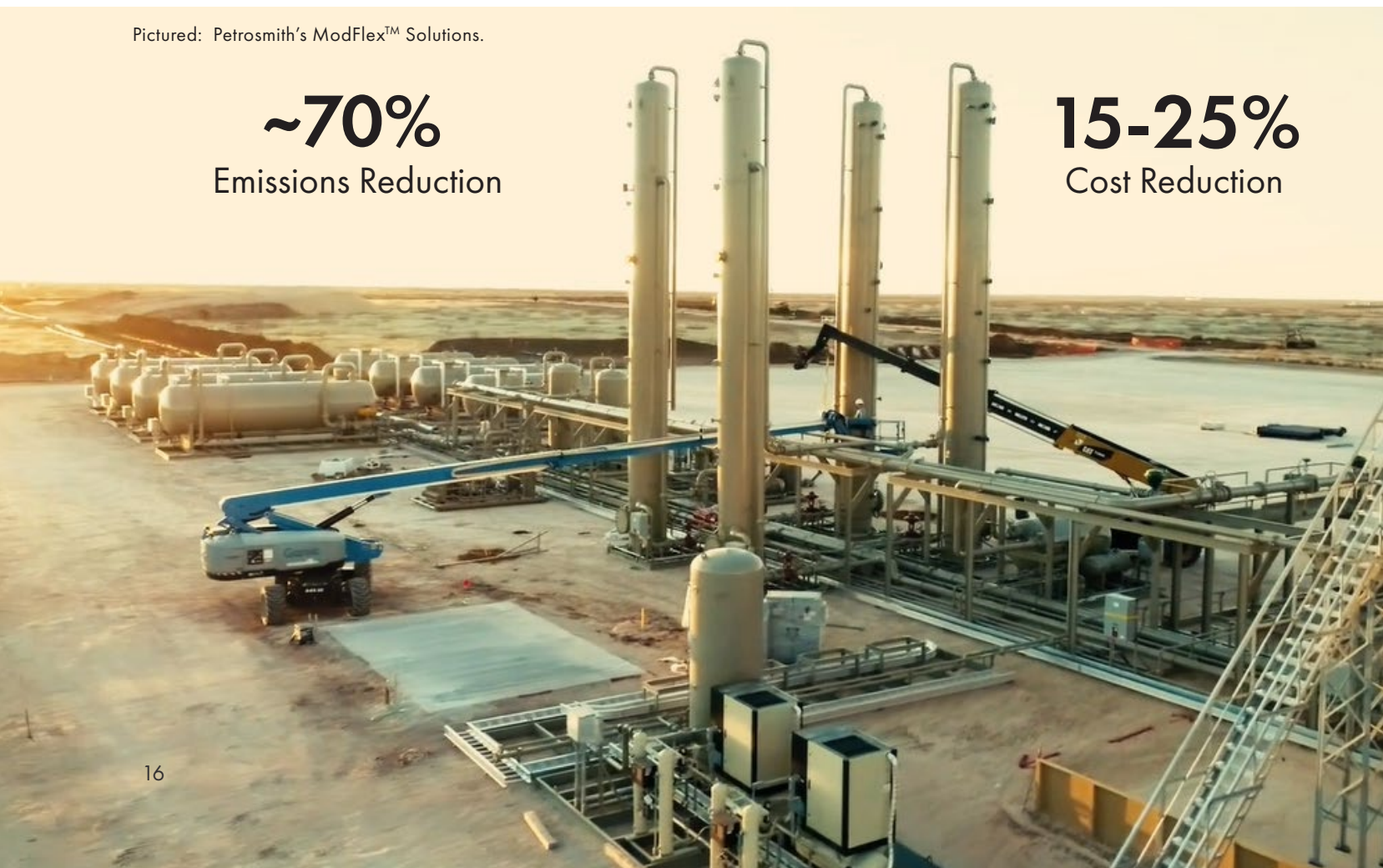
Over the last two decades, tremendous technological and process advances have enabled more cost effective and responsible extraction of hydrocarbons from unconventional shale reservoirs. Among the many oilfield innovations, multi-well pad drilling has drastically lowered operator costs versus single pad well sites, reducing field crew requirements, and fleet mobilizations while enabling safer operations. Multi-pad wells also enable faster production yield with enhanced planning and facility infrastructure, as well as, improved well production schedules and maintenance as operators shift wells online or offline without affecting the economics or cycle times. Developing innovative production equipment solutions for multi-pad wells was where Petrosmith's ModFlex™ was born.

ModFlex™ Modular Solutions

First introduced in 2014 during one of the most innovative periods in oil and gas history, the Petrosmith ModFlex™ modular solutions have become the preferred production facility solution for oil and gas operators. ModFlex™ is an engineered solution that offers our customers a cost-effective and repeatable method to efficiently construct their facility from modularized equipment packages. The process streamlines engineering, fabrication, and construction of oilfield production facilities in significantly less time than the traditional “stick building” approach. All the equipment is prefabricated and is assembled on site without field welding. This reduces crew sizes, installation equipment, and logistics expenses, while significantly reducing field construction time, and allowing wells to come online faster. Production pad sites can be easily expanded as more wells come online, and the modular components can be removed and repurposed to new facilities as initial production drops off, further reducing capital expense, fabrication, and construction timelines.

With vastly reduced labor requirements, equipment mobilizations, and reduced material use, the ModFlex™ solutions enable enhanced production yield, lower costs, safer assembly, and significant emissions reduction versus traditional stick built well pads. Based on customer input and project feedback, we conservatively estimate that our modular facility solutions can save 15% to 25% in facility equipment costs, including surface equipment and all associated facility operational construction costs. This is done not only via our LEAN approach to facility design, focusing on waste reduction and material optimization, but also through reduction of field operations and logistics optimization. Our ModFlex™ Solutions cost savings translate into tangible emissions reduction for our customers by ~70% versus traditional stick built well pads.¹

Pictured: Petrosmith’s ModFlex™ Solutions.



~70%
Emissions Reduction

15-25%
Cost Reduction

Eliminating Thief Hatch Emissions

Regulations on emissions from well sites has become increasingly stringent for oil and gas producers. Historically, oil storage tanks at production sites have accounted for a significant source of greenhouse gas emissions through thief hatches, also referred to as gauge hatches, which provide physical tank access and support pressure control. While the EPA’s NSPS OOOO regulations have required increased monitoring and reporting of well site tank battery emissions, installing thief hatch gaskets to minimize emissions, and the use of high-performance flares or combustors for residual emissions, thief hatch emissions continue to persist across the industry. To solve this challenge and to enable enhanced emissions reduction for operators utilizing vapor recovery systems, Petrosmith introduced the Tessel™ technology in 2022. This innovative tank technology is a combination of a storage tank and production vessel that eliminates the thief hatch and reduces the risk of any unintentional venting of emissions into the atmosphere.



Pictured: Petrosmith’s ModFlex™ Solutions and emissions control technology.



Pictured: A Petrosmith P&A service rig plugging a customer well.

Emissions Reduction Through P&A

The U.S. Environmental Protection Agency (EPA) estimates that over 2 million inactive, unplugged wells produce between 7 and 20 million metric tons of carbon dioxide emissions equivalent per year.³

Our plugging and abandonment (“P&A”) service division provides specialized rigs to pull casing and tubing from oil and gas wells when they reach the end of their operating life. Our P&A services deploy permanent plugs and seals that prevent hydrocarbons from potentially contaminating freshwater aquifers and leaking into the atmosphere, mitigating environmental risks for our customers and our industry. In 2022, we plugged 184 wells across Texas and New Mexico.

EMISSIONS FOOTPRINT

At Petrosmith, we acknowledge the importance of calculating, reporting, and developing strategies to reduce our own emissions footprint, keeping pace with the changing landscape and emissions priority across the oil and gas industry. In 2022, we began measuring and disclosing our Scope 1 and Scope 2 GHG emissions footprint, with the recent completion of our baseline emissions assessment. We engaged a third party to help us aggregate our operational data, fuel usage, and utility data and convert those operating statistics into tons of carbon dioxide equivalent (tCO₂e). We will continue our emissions reporting efforts annually, including data calculations, estimations, and aggregation to identify opportunities for reporting improvement and emissions reduction.



Pictured: An aerial view of Petrosmith's fabrication facility in Abilene, TX.

SCOPE 1 EMISSIONS

Scope 1 emissions originate from sources that are owned and controlled by our Company. Across our operations, Scope 1 emissions are primarily generated from the mobile combustion of our fleet of light-duty and heavy-duty vehicles which consume gasoline and diesel fuels. In 2022, we estimate that our scope 1 emissions were 8,540 tCO₂e.

SCOPE 2 EMISSIONS

Scope 2 emissions originate primarily from the indirect generation of purchased electricity. Across our operations, the usage of grid electricity to power our facilities is accounted for under Scope 2. Under the location-based method which reflects average emissions intensity of local grids on which our energy consumption occurs, our 2022 electricity consumption produced an estimated 2,536 tCO₂e.

Pictured: Reclaimed OCTG piping for recycling and reuse.



PIPE RECLAMATION & RE-MANUFACTURING

Petrosmith has over three decades of experience in the inspection, reclamation, recycling, threading, and distribution of oil and gas tubing and casing. Our full-service pipe center includes a reclamation process that consists of new and used tubing straightening, cleaning, thread inspection, paraffin removal, water jetting, sand-blasting, bucking collars, CNC threading, coupling modification, hydrostatic testing, burning out of internal coating, and more. We utilize our P&A service division to source used tubing and casing through plugging and abandonment and we also purchase used piping from third party operators and service companies. The used pipe is brought back to our facility where it runs through our complete reclamation process. Our tubing and casing business is a core element to our sustainability program and are pleased to report that we reclaimed over 9,000 tons of casing in 2022. We estimate that 70% of our reclaimed and refurbished casing is reused in the oilfield and the remaining 30% reused across in construction and fencing.

SOCIAL RESPONSIBILITY

Health & Safety

Protecting the safety and well-being of our employees and visitors is a core pillar of running our business and we strive to provide a safe, incident-free work environment for all. As a leading manufacturer in the oilfield services industry, Petrosmith is committed to protecting the health and safety of our employees while simultaneously protecting and preserving the environment in which we live and work. This commitment begins with our upper management and permeates throughout the company to every business unit and employee.

Our managers and supervisors are accountable for the safety of our team and devoted to ensuring they have the proper training for their role, safe working equipment, and required personal protection equipment (PPE). The Petrosmith Environment, Health & Safety (EH&S) Department is staffed by trained and certified professionals with varying ranges of experience in environmental compliance, safety, first aid and medical emergency response.

We strive to conduct our business in accordance with the highest applicable legal and ethical standards, while continually striving to improve upon every component of our operation. We routinely prioritize and integrate EH&S into key business decisions including the design, production, distribution and transportation of our products and services.

2022 SAFETY STATS

1.01 Total Recordable Incident Rate (TRIR)

47% better than our industry's first quartile performance⁴

0.40 Lost Time Incident Rate (LTIR)

43% better than our industry's first quartile performance⁴

0 Vehicle Incidents



Pictured: A Petrosmith employee welding a production equipment vessel.

Workforce Development

Safety Training

Employee safety training is of the utmost importance in meeting our zero incident workplace goals. All new employees receive orientation and training prior to being introduced into the work areas, and ongoing refresher training for all employees is conducted on an annual basis.

We average 15 hours of annual safety training per employee.

- Haz-Com / SDS
- Fire Safety
- JHAs
- Pre/Post Task Plans
- Confined Space Entry
- Fall Prevention
- PPE
- Lock-Out / Tag-Out
- Accident Reporting
- Hazard Recognition
- Machine Guarding
- Permitting
- Spill Prevention
- Respiratory Protection
- Forklift Operations
- Hydrogen Sulfide

Training & Development

We value our employees and want to ensure we provide opportunities for development and advancement. In 2022, 100% of our promotions were filled with in-house candidates versus lateral hires.

Petrosmith offers a variety of training programs for our team members including Mobile Crane training for our rigging and crane operation employees and annual H2S training for our P&A field services employees. Additionally, employees have the opportunity to participate in an eight-week welding program that focuses on the safety and operation of cutting and welding equipment. Once employees complete the program they will graduate with a "Petrosmith American Welding Standard (AWS D.1.1) Certification". The AWS D.1.1. Certification provides "arc-on" time and opportunities to test for other welding certifications such as 3G and 6G position welding. These two certifications are needed to weld ASME vessels and API monogrammed tanks.

Tuition Reimbursement

At Petrosmith we offer tuition reimbursement for employees who are seeking higher education or credits for continuing education. In 2022, over \$40,000 was committed to tuition reimbursements for continuing or higher education programs.



Caring For Our Employees

Our employees are the heart of our business and ensuring our employees and their families have the support they need is essential. At Petrosmith, we are actively seeking ways and adapting our policies to better support our team members. Petrosmith offers competitive health insurance benefits including dental and vision, as well as paid holidays and time off. Additionally, Petrosmith pays for a majority of our health care premiums to ensure that our insurance is affordable to all employees, regardless of role or location.

3
Weeks of
Paid Vacation

10
Paid
Holidays


Annual Performance
Review & Bonus Program


Health Insurance
Coverage for all


Wellness
Programs


Personalized Financial
Planning

Mobile Boot Truck Footwear Program

We understand that approximately 70% of workers experience discomfort in their feet, knees, or back during their shifts. And the amount of lost time and work productivity due to discomfort is nearly double the amount of lost time for an employee due to injury. Most often, worker discomfort is associated with the wrong shoe size. To support this challenge, Petrosmith has implemented the Mobile Boot Truck Footwear Program that provides each employee with a brand-new pair of work boots each year that is custom-fitted. Employees have the option to choose from over 15 brands and styles of work boots and insoles that provide the best comfort and safety during the workday.



Uniform Services

Through a third-party partner, Petrosmith covers the cost of employee uniforms which means that our employees aren't burdened with work-related laundry or uniform purchases. This provides water and electricity savings while maintaining a consistent, professional image for our workforce.



Financial Wellness

Petrosmith promotes financial wellness and has partnered with Fidelity Investments to provide our team members with access to products and services to improve their financial well-being and retirement savings.



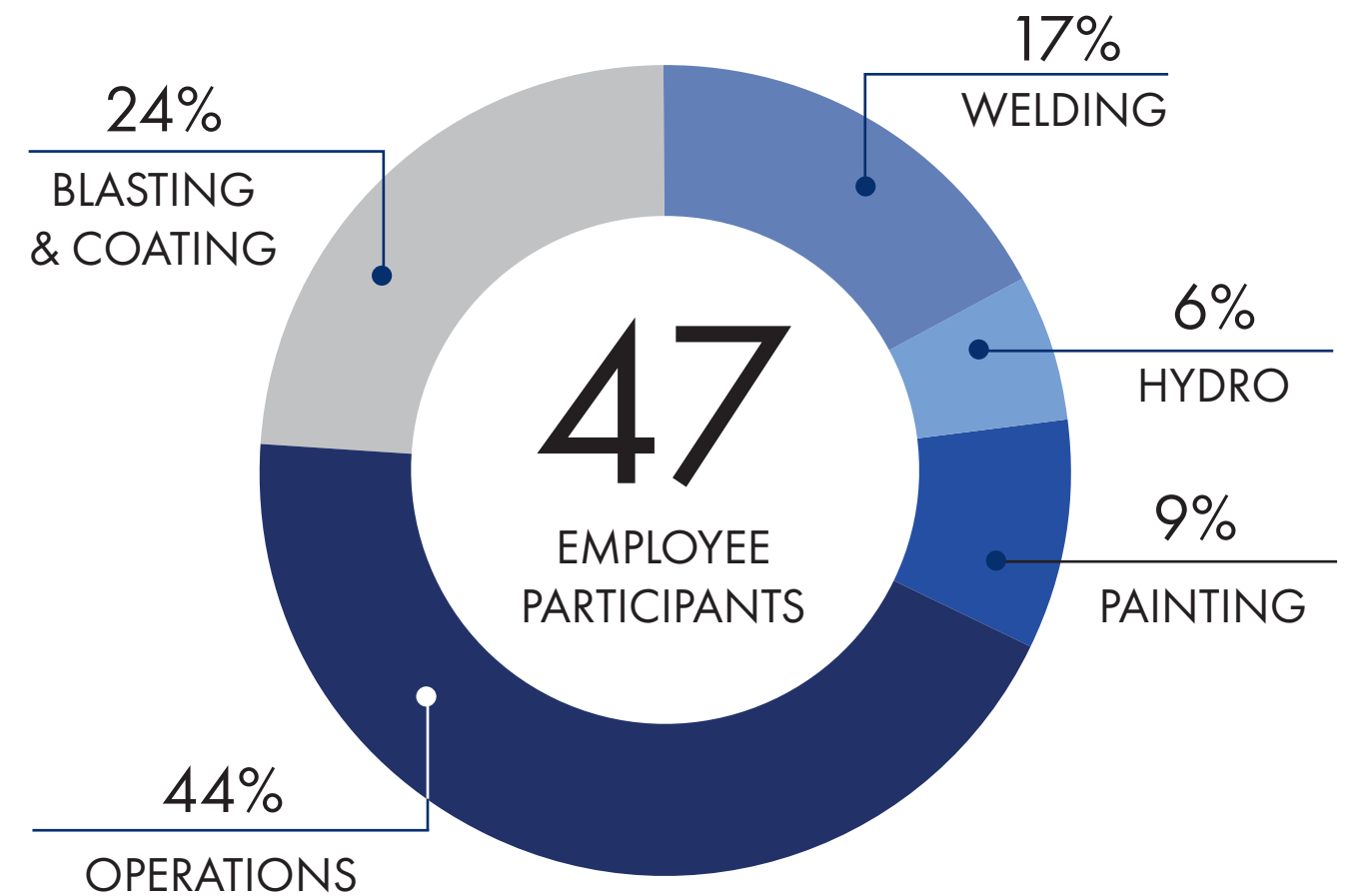
Prescription Glasses

In addition to our employee uniforms, we provide each employee with a complimentary pair of prescription safety glasses to ensure they can perform to the best of their ability and in the safest manner possible.

Community Impact

Petrosmith understands the importance of giving back to the communities in which we operate. As a part of our Second Chance Rehabilitation Program, PetroSmith works with Abilene's Substance Abuse Treatment Facility to offer participants opportunities to merge back into the community with a paid job. Last year, Petrosmith employed 47 participants in the program including three that participated in the welder apprentice program and one who received a promotion.

2022 SECOND CHANCE PROGRAM



Diversity, Equity & Inclusion

Equal Opportunity Employer

Petrosmith provides equal employment opportunities to all employees and applicants for employment without regard to race, color, ancestry, national origin, gender, sexual orientation, marital status, religion, age, disability, gender identity, results of genetic testing, or service in the military. Equal employment opportunity applies to all terms and conditions of employment, including hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation, and training. Our company is dedicated to protecting human rights and abides by all fair labor practices.

Harassment Policy

Petrosmith’s harassment policy and complaint procedures prohibit harassment of our employees by management, supervisors, coworkers, or non-employees who are in the workplace. We will take all steps necessary to prevent and eliminate unlawful harassment. Any retaliation against an individual who has complained about sexual or other harassment or retaliation against individuals for cooperating with an investigation of a harassment complaint is similarly unlawful and is not tolerated at our Company.

Commitment to Diversity

Petrosmith’s commitment to diversity is embodied in our company policy, which guides the way we do business and the way we work together, and with others. Our employees are essential to our business, and we are committed to creating and maintaining a workplace in which all employees have an opportunity to participate and contribute to the success of the business and are valued for their skills, experience, and unique perspectives.

Commitment to Pay Equality

At Petrosmith, we believe our employees should be paid equitably for their work and performance, regardless of their gender, race, religion, or other personal characteristics. We understand the importance of consistency across compensation and regularly review our compensation practices, both in terms of our overall workforce and individual employees, to ensure our pay is fair and equitable.



Charitable Involvement

At Petrosmith, we actively engage and contribute to our communities while also encouraging our employees to establish meaningful community relationships and to make positive impacts in the schools, neighborhoods, churches, and communities in which we live, work, and participate. Over the past several years, Petrosmith has supported a wide variety of charitable and non-profit organizations in communities in which we operate by way of our time, our expertise, and our financial support, including over \$25,000 in charitable donations in 2022. We value our commitments to local non-profit organizations and will continue our contributions with the goal of bringing positive lasting impact to our communities.



Industry Initiatives & Associations

Petrosmith participates in trade associations such as the American Petroleum Institute (API), the American Society of Mechanical Engineers (ASME), and the Pressure Vessel Manufacturers Association (PVMA). Participation in these Associations provides Petrosmith the opportunity for continued education, collaboration on issues that affect the industry, networking with industry peers, and the development of best practices and standards.



GOVERNANCE

Strong corporate governance practices, policies, and leadership are integral in maintaining and building upon our sustainability progress. With a culture of integrity and focusing on creating an increasingly better-performing and sustainable business, we will achieve long-term value for all of our stakeholders.

The Petrosmith Board of Directors is the highest governing body of our organization which oversees our frameworks of policies, oversees our risk management processes, and helps guide our sustainability priorities. Our Board of Directors consists of our CEO, former management members, and Directors from our investor group.

Pictured: Petrosmith manufactured tanks.



Audit Committee

The Audit Committee oversees the integrity and management of the Company's financial reporting, internal accounting, and financial controls. The Audit Committee also oversees the management of Petrosmith's policies with respect to risk management and risk assessment.

Safety Committee

The Safety Committee is responsible for the developing and reviewing of safety procedures and policies, ensuring policies comply with rules and regulations, investigating and reviewing accidents, and communicating safety issues or policies to company employees.

Compensation Committee

The Compensation Committee is responsible for overseeing the performance of Company executives and reviews, approves, and administers our executive compensation program.

Key Governing Policies

- Anti-Corruption & Bribery
- Code of Business Conduct
- Conflicts of Interest
- Comprehensive Safety Handbook
- Cyber Security Training
- Data Security Policy
- Ethical & Legal Conduct Policy
- Hazardous Materials Security Plan
- Journey Management, DOT Regulation
- Stop Work Authority
- Substance Abuse Prevention Policy

Proactive Safety Programs

Petrosmith has a variety of comprehensive health and safety programs.

- Routine OSHA Audits
- Routine Safety Meetings
- Safety Committee

Pictured: Petrosmith ModFlex™ Solutions.



Global Reporting Initiative Index

The Global Reporting Initiative ("GRI") is an international standards organization that helps businesses communicate and disclose their sustainability impact across a common reporting framework.

GRI	Metric / Discussion Item	Disclosure
Organizational Profile		
102-1	Name of the organization	Petrosmith Equipment, LP
102-3	Location of Headquarters	Abilene, Texas
102-4	Location of Operations	Abilene, Texas (headquarters and primary operations); Midland, Texas (yard)
102-6	Markets Served	Page 11.
102-7	Scale of the Organization	491 employees as of December 31, 2022; See pages 10-11.
102-8	Information on Employees and Other Workers	467 male / 24 female employees as of December 31, 2022. The majority of Petrosmith's organizational activities are performed by full time employees versus contractors.
102-9	Supply Chain	Petrosmith maintained a diverse vendor network of ~289 unique suppliers in 2022, predominantly U.S.-based organizations.
Strategy		
102-14	Statement from Senior Decision Maker	Page 5.
Ethics & Integrity		
102-16	Values, Principles, Standards, and Norms of Behavior	Page 8.
102-17	Mechanisms for Advice and Concerns about Ethics	Pages 18, 29.
Governance		
102-18	Governance Structure	Page 28.
102-20	Executive-level Responsibility for Economic, Environmental and Social Topics	Pages 5, 28, 29.
102-26	Role of Highest Governance Body in Setting Purpose, Values and Strategy	Page 28.
102-28	Identifying and Managing Economic, Environmental, and Social Impacts	Petrosmith is committed to providing products and services for our clients and communities that create a positive environmental and social impact. Our strategy focuses on integrating stakeholder priorities to establish a pragmatic, transparent, and actionable ESG strategy.
Reporting Practice		
102-46	Defining Report Content and Topic Boundaries	Reported data throughout this report is in accordance with the guidelines of the Global Reporting Initiative (GRI).
102-47	List of Material Topics	Petrosmith's most material ESG topics are outlined throughout this report and we seek ongoing feedback from internal and external stakeholders to realign on materiality topics annually. We are further informed by the top materiality factors across our industry which include carbon emissions, biodiversity, water stress, health & safety, human capital development, business ethics and governance.
102-50	Reporting Period	January 1, 2022 to December 31, 2022
102-51	Date of Most Recent Report	Sustainability Report published in March 2023
102-52	Reporting Cycle	This Sustainability Report reflects the latest data and metrics covering the fiscal year 2022 (January 1-December 31, 2022).

GRI	Metric / Discussion Item	Disclosure
Emissions		
305-1	Direct (Scope 1) GHG Emissions	8,540 tCO ₂ e
305-2	Indirect (Scope 2) GHG Emissions	2,536 tCO ₂ e (location-based method)
305-4	GHG Emissions Intensity	22.56 tCO ₂ e (Scope 1 & Scope 2) emissions per employee
Occupational Health & Safety		
403-1	Occupational Health and Safety Management System	Pages 20, 22, 23, 24, 25.
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Pages 20, 22, 23, 24, 25.
403-4	Worker Participation, Consultation, and Communication on Occupational Health & Safety	Pages 20, 22, 23, 24, 25.
403-5	Worker Training on Occupational Health and Safety	In 2022, all employees were regularly trained on the occupational health and safety, with an average of 15 hours of training per employee (~7,000 total hours of cumulative health and safety training).
403-9	Work Related Injuries	Fatalities: 0 Recordable Incidents: 5 Total Hours Worked: 993,139 Total Recordable Incident Rate (TRIR): 1.01 Lost Time Incident Rate (LTIR): 0.40

FOOTNOTES AND ASSUMPTIONS

Footnote	Disclosure
1	Emissions Avoidance Management assumptions based on the total installation time and operational requirements of a 12 well production facility. Assumptions compare crew sizes, equipment requirements, project duration, welding requirements, light-duty and heavy-duty truck trips, and diesel consumption across stick built facilities versus the ModFlex™ modular solution.
2	Customer Retention Rate Customer retention rate defined as the number of material customers (\$500,000 or more in annual revenue) that repurchased Petrosmith's products or services in a subsequent calendar year period.
3	Emissions From Inactive, Unplugged Wells Environmental Defense Fund and the United States Environmental Protection Agency. https://www.edf.org/orphanwellmap
4	Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR) Industry Average Our safety performance benchmark compares Petrosmith's TRIR and LTIR to our NACIS industry code's first quartile performance.

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