



FY2022

SUSTAINABILITY



ANNUAL REPORT

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# OVERVIEW

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## MESSAGE FROM OUR CEO & PRESIDENT

I wish the letters ESG would go away. I really do!

If you operate in the corporate business world on any level, be that through the company you own, the company for whom you work, or simply with your personal finances, you are probably finding it hard to ignore these three letters. But frankly, I do not want to use the letters anymore. Far too often these three letters are thrown around as a battle cry, a trigger statement, a virtue measurement for groups that cannot even agree amongst themselves.

It can be debated the first time ESG came on to the business scene. One of the first, if not the first serious mentions of ESG was in the 2006 United Nation's Principles for Responsible Investment (PRI) report consisting of Freshfields Bruckhaus Deringer 2005 UNEP Finance Initiative Report and a report created by a joint initiative of financial institutions called *Who Cares Wins*. This was in the wake of some world changing events such as 9/11, the Enron collapse and the politization of global warming from such films as *An Inconvenient Truth*. The world was changing rapidly. A significant point of this thesis is not to say that the birth of ESG was unjustified but rather to say at its original onset, the ESG movement was a noble cause aimed at ensuring that institutional investors viewed the corporate world from a multitude of lenses rather than just on a singular lens focused on corporate profitability.

Fast forward nearly twenty years and sadly E.S.G. has been politicized to the point that you have to be careful who you are speaking if you choose to enter a conversation about "ESG." This politization of ESG and endless compromises have shattered the illusion of integrity.

Lately we have the fundamental pillars being hijacked by agenda-oriented groups to push political ideology and confuse and confound what should be a positive reminder about how we should act in our daily lives and in business.

Environmental extremists have hijacked the "E" in an attempt to create regressive economic policies of the Green Movement. The "S" has been hijacked by the social warriors that wish to uproot all traditional values and societal norms. The "G" has been hijacked by overwrought politicians to push for the hobbling of capitalism for a more socialist form of economy and governance.

The hijacking of a noble cause has corrupted what I believe was initially the true intention of ESG. This true intention is the very reason we at BLPS embarked on this endeavor.

So, am I saying that we are giving up and BLPS is abandoning our efforts for sustainability and our efforts to positively affect our environment, communities, and employees? Are we going to change or de-emphasize our commitment to proper corporate governance and the commitment to legal, ethical, and moral business practices?

The resounding answer is “Hell No!”

When we embarked upon utilizing ESG as a basis to build a sustainability plan for BLPS, our intention was not to join a political movement, or for social signaling purposes or to “go along to get along.” We quickly recognized that the original principles of ESG largely mirrored the core values of our company.

### **BLPS Core Values**

Do the Right Thing

Exercise Inclusiveness

Be Humble

Teamwork

Demonstrate Integrity and Respect

These principles are not unlike the things our parents taught us as children as they tried to mold us into better human beings.

**Environment:** “Clean your room.”

“Pick up your trash.”

“Turn out the lights when you leave.”

- Mom and Dad

**Social:** “Say ‘Yes Sir’ and ‘Yes Ma’am’ ”

“Don’t judge a book by its cover.”

“Do unto others as you would have them do unto you.”

- Mom and Dad

**Governance:** “Don’t steal”

“We don’t do that because it’s against the law.”

“It’s your responsibility.”

- Mom and Dad

All these lessons our parents gave us molded us into better human beings, but as adults do we need to have rules and regulations to make sure we “Do the right thing”? Maybe not as individuals however a company is often like a family and if we establish core values based on certain principles, a structured approach to ensure we live up to our core value potential can only help the company.

This is a purposeful journey for B&L Pipeco Services. We will build a best-in-class company that lives, practices, and executes based on our core values.

In this our second annual Sustainability Report, we present a comprehensive guide to our employee's efforts to affect positive change for our company. We hope you recognize the noble efforts of our employees to help build a company based on our core values and in doing so positively affect our employees' lives, our community, our stakeholders, and our customers.

In closing, I would emphasize that though going forward you will not hear us talk much about ESG, we will continue to talk about sustainability. I am wildly excited about the strides we have made to develop a lasting sustainability strategy. I am equally excited that these strategies are rooted in many of the original tenants of the ESG movement.



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

Steve Tait

President and CEO, B&L Pipeco Services

## MESSAGE FROM OUR STEERING COMMITTEE

On behalf of B&L Pipeco Services, we are pleased to present our FY2022 Sustainability Report, which highlights the achievements of our organization through the efforts directed by the employee volunteer committee. As you will see, our commitment to adding value to the supply chain and long-term sustainability has been unwavering, and we are proud of the progress we have made to date.

Our program has gained awareness as a leader in sustainability efforts amongst our peers. Through our ongoing efforts we realize clients, suppliers, and key stakeholders value sustainability and are interested in working with a company that prioritizes it.

Our volunteer committee was established two years ago with the goal of promoting people, prosperity, partnership, and planet practices within our organization and encouraging sustainability in all aspects of our operations. Since then, we have seen incredible dedication and commitment from our employee volunteers, who have worked tirelessly to drive positive change throughout our organization.

One of the key accomplishments of our volunteer committee has been the introduction of a new sub-committee structure. This has allowed us to focus our efforts more effectively, with each sub-committee responsible for a specific area aligned to our principle objectives, such as strategic sustainability oversight, responsible supply chain management, workforce development, governance, ethics, culture, and community engagement. This approach has been instrumental in helping us to achieve our sustainability targets.

In addition, we are proud to report the new sub-committee structure has helped us increase employee engagement. Our employee volunteer numbers have increased by 114% entering the third year of the program. This is truly a testament to the commitment and passion of our employees, who have shown a deep interest in promoting sustainable practices within our organization. We are grateful for their ongoing commitment to sustainability.

Looking ahead, we remain committed to our long-term sustainability goals and will continue to work tirelessly to achieve them. We believe that our volunteer committee of employees is an integral part of this effort, and we are excited about the progress we will continue to make together.

Thank you for taking the time to review our latest Sustainability Report, and we look forward to continuing to work to build a more sustainable future for our organization, for our stakeholders, and for the communities we serve.

Sincerely,



Executive Vice President



Director Digital & BI



Consultant



Supervisor Sustainability

B&L Pipeco Services' Sustainability Steering Committee

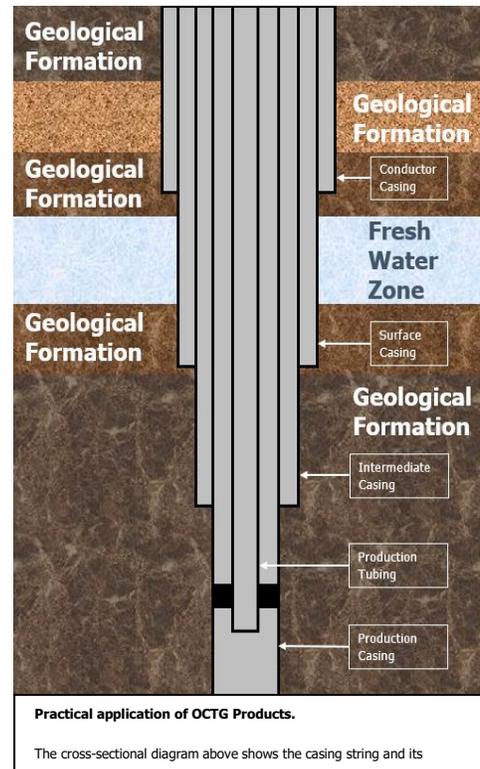
## ABOUT US

B&L Pipeco Services (BLPS), a subsidiary of Sumitomo Corporation of Americas (SCOA), headquartered in Houston, Texas, is an upstream products and services company providing customized solutions through our strong network of world class manufacturers 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 strategic planning 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.

Originating as a regional distributor to the oil and gas industry in 1935 the company has evolved into a national service provider across all oil plays in North America. The experience we have gained from working in these unique areas has prepared us for the cyclical swings that are all too common in the oil industry. Global need for Energy Security combined with adding renewable energy sources that are environmentally friendly, pose new opportunities for companies to provide solutions to end users.

Acknowledging the many challenges that fossil fuels are facing, BLPS is prepared to contribute products and services that offer solutions. Through our supply of high quality OCTG an energy drilling company can confidently execute their drilling operations knowing they are protecting water zone contaminations, sealing off high pressure zones and preventing drilling fluid loss and much more.

The new technologies being developed today for alternate energy sources and providing storage for GHG (Green-House Gas) emissions will require the use of OCTG. Two areas that BLPS is currently participating in are Carbon Sequestration and Geothermal Energy. These areas along with Hydrogen production and transportation will require a high grade of pipe, a product BLPS can access. Read more about this in our Innovative Products and Services section.



BLPS is continuously evaluating products and services that add to the value chain. We are committed to developing strategies that contribute to the long-term success of our company.

### NOTE:

1. The terms "we", "us", "our", "the company", "the organization", "BLPS" and "B&L Pipeco Services" as used in this Sustainability Report refer collectively to B&L Pipeco Services, Inc. and its subsidiaries unless indicated otherwise.
2. Oil Country Tubular Goods (OCTG) refers to the casing, tubing, and piping used in the petroleum industry. These tubular products are the foundation of oil and gas well design.

**About Sumitomo Corporation of Americas ("SCOA")** – SCOA pursues productive trade, marketing, and investment partnership opportunities with businesses throughout the region through offices in North, Central and South America and full access to Sumitomo Corporation's immense global network of business enterprises in more than 65 countries. The company is guided by its founder's precepts to create new value and realize prosperity by engaging in sound business practices and building relationships of trust among our customers, suppliers, and partners.

**About Sumitomo Corporation ("SC")** – SC is a leading Fortune 500 global trading and business investment company with 111 locations in overseas countries/regions and 20 locations in Japan. The entire SC Group, in which SC is a member, consists of approximately 900 companies and more than 70,000 personnel. SC conducts commodity transactions in all industries utilizing worldwide networks, provides related customers with various financing, serves as an organizer and a coordinator for various projects, and invests in companies to promote greater growth potential.

## SUSTAINABILITY

B&L Pipeco Services is moving forward with plans that are mindful of the challenges associated with helping the global community, our business partners, shareholders, and employees. It is our responsibility to conduct business in line with our core values of operating with high ethics, integrity and respect for our employees and contractors, the environment we all share, and the communities in which we live and work. As part of our “do the right thing” approach, our goal is to manage our business in a way that minimizes risk and ensures financial stability while considering the effects of our decisions on society, and the environment.

We are steadfast in our evaluation of the leading reporting methodologies and seek the most effective approach to communicate with transparency, inclusivity, accountability, and sustainability with our internal and external stakeholders. In 2021, B&L Pipeco Services committed to publish our initial plan for long-term sustainability using globally recognized reporting frameworks. Recognizing there are efforts to consolidate and “standardize” guidelines for reporting conformance, we remain fluid in our reporting. We determined a hybrid standards alignment with Global Reporting Initiative (GRI), the reporting framework of our parent company, with an emphasis on Value Reporting Foundation of IFRS Foundation (previously SASB Standards) for its reporting guidance for its industry-specific focus.

B&L Pipeco Services identifies key industry aspects and links them to our Principle Objectives (diagram below) to construct a framework which complements the organization’s core values and vision for a sustainable supply chain.



This integrated approach ensures the organization is addressing Financial Governance, Environmental Responsibility, and Social Responsibility. Our annual report and mid-year target update are an opportunity to be transparent in our commitment to be a sustainable company, aligned with our Shareholder (Sumitomo Corporation of America) medium term commitment to reduce the Group’s CO2 emissions 50% or more by 2035 (compared to 2019).

As our reporting evolves, we anticipate incorporating UN Global Framework to assist in measuring and reporting our progress against targets.

# STRATEGIC SUSTAINABILITY OVERSIGHT



Change is inevitable for strategic sustainability. As predicted, the reporting landscape continues to evolve due to factors such as consolidation, political influence, and regulatory reporting. In 2022 B&L Pipeco Services’ teamwork approach contributed to our strategic sustainability program.

*"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**

Every employee at BLPS is encouraged to contribute to our sustainable efforts. The fundamentals established early in the program have led to program success. The committee has implemented the Green Chair Award, a process to routinely recognize employees whose efforts bring to fruition ideas aligned to our Principle Objectives.



### Green Chair Award

*An example of a program to recognize employees whose efforts bring to fruition ideas aligned to our Principle Objectives.*

- Environmental Restoration Opportunity.
- Social Impact of over 400 lives through Salvation Army Angel Tree.
- Championed satellite location Sustainability Program adoption.



Prior to 2021, the Executive team at B&L Pipeco Services identified and evaluated factors that would contribute to the successful longevity of the company and develop strategies to deal with the issues. B&L Pipeco Services’ Principle Objectives compliment these internal plans where, aligned with FY2023 succession planning change, our sustainability efforts are introduced into the organizations reporting structure.

## THE SUSTAINABILITY COMMITTEE

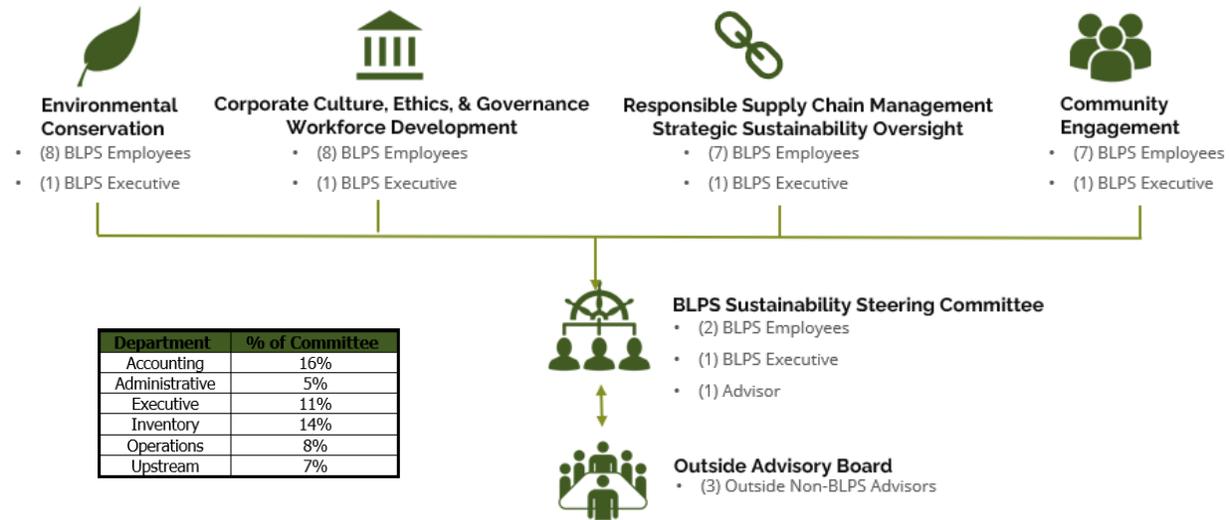
The committee seeks opportunities for improvement through continuous evaluation. The committee architecture is a voluntary program, led by employees, with guidance by the Steering Committee and external Advisory Board.

During 2022 the Steering Committee identified an opportunity to enhance our structure to further align with our Principle Objectives. To meet the demands of our unique distribution model BLPS expanded its committee structure to underscore the importance of our Responsible Supply Chain Management and Strategic Sustainability Oversight objectives. The results of these committee efforts will benefit our customers, suppliers, shareholders, and company. The Advisory Board supported the Steering Committee recommendations, the structure changes are in process.

### Sustainability Committee Evolution

- 👏
114% volunteer growth heading into FY2023
- 👥
Leadership amongst peers
- 💬
Diverse voice of the organization

# Sustainability Program Committee Structure



The committee model offers opportunity for increased voluntary involvement across the organization while maintaining the fundamental strength of leadership amongst peers. Through the transformation the committee grew by one-hundred fourteen percent for year three of the program further fortifying a diverse voice for establishing targets.

B&L Pipeco Services has furthered its commitment to its long-term success by dedicating personnel and department scope to sustainability. We expect to enrich the oversight of our program, reporting, and budget.

The Steering Committee seeks to increase internal sustainability awareness through continued monthly committee meetings, bi-annual seminars, and monthly company-wide reporting, independent of quarterly state of the company meetings. The steering committee also verifies the sub-committee established targets align with B&L Pipeco Services Principle Objectives.

### ABOUT OUR ADVISORY BOARD

- +17 years average professional experience
- 66% Advance Accreditations: CPA, MS, Ph.D.
- Professional Highlights: Entrepreneur Technology Business Owner, Major University Associate Dean, CPA, Unit Head – Digital Transformation, ESG, & Energy Transition Business Development
- 33% non-white ethnicity
- 33% Female

Strengthening our program, by providing direction and oversight, B&L Pipeco Services continues to employ an Advisory Board of diverse experience of senior professionals to validate our strategy. All Advisory Board members remain engaged for FY2023.

# RESPONSIBLE SUPPLY CHAIN MANAGEMENT



Our sustainability initiative benefits our employees, investors, customers, suppliers, community, and other stakeholders. It is integral to our procurement process. For our customer, this strategic sustainability initiative helps ensure the availability of essential products in the production of hydrocarbons. As a leader in the energy product and service industry, we have a responsibility to mitigate supplier risk that could affect the well-being of the supply chain as well as our long-term sustainability. BLPS strives to create value as we continue to investigate opportunities that improve our business practices and operations while increasing productivity and efficiency within the supply chain.

**2022 ACCOMPLISHMENTS**

- Repurposed 4,333 tons of steel.
- Emission reduction through new tank design.
- Providing Activity Tracking to Customers
- Building Surplus Channels via eCommerce
- Expanded Thread Protectors Recycling Program
- Established Business Development Department to explore new ventures.
- SIP Stocking Yard Opened
  - Yard Consolidation
  - Rail Spur reduced carbon footprint.

We endeavor to conduct all contracting and procurement activities in an ethical manner. Through our efforts to expand our sustainability goals throughout the supply chain, we have witnessed the commitments and investments made by our major suppliers toward sustainability initiatives. The mills dedication to improvement is witnessed by a 50% increase in available data since 2019. We expect to do business with qualified suppliers that have demonstrated ethical business practices and business procedures.



Aligning customer demand with supply is the primary function of Responsible Supply Chain Management.

## INNOVATIVE PRODUCTS & SERVICES

B&L Pipeco Services is one of the largest OCTG suppliers in the U.S. providing access in every active drilling region. As our core product line, we provide an array of seamless and welded OCTG products, premium connections, and tubular accessories. Due to the success of our pipe programs, we have developed a loyal customer base that has now come to rely on us to provide solutions for additional products and services.

**Sustainable Products & Services Diversification**

- Energy Storage
- Carbon Capture and Sequestration (CCS)
- Responsibly Sourced Tubulars™
- Canopy Professional Services' Customer Asset Management
- Geo-thermal Energy
- Logistics Emissions Reduction
- Clean Facilities Construction & Design
- Storage Emissions Monitoring

In addition to minimizing our own carbon footprint, we are also focusing strongly on the development of sustainable solutions and products that help our customers to achieve their sustainability targets and make use of resources as economically and efficiently as possible.

### *Business Development*

BLPS established a Business Development group to leverage its network, expertise, and existing operations to identify new business opportunities and technologies. Using our portfolio of partners throughout the energy value chain we collaborate and assist in the development and incubation of technology that support Sumitomo's ESG & ENERGY TRANSITION goals.

The focus of our work has centered around GHG emissions, energy storage, and energy and water conservation. Carbon emissions have doubled since 1990, projections showing we need to capture 800 gigatons of CO<sub>2</sub>. Products conventionally used in drilling activities are essential in the capture-transport-storage value chain for Carbon Capture and sequestration (CCS). Future projects BLPS has partnered on will capture and store 95% of annual carbon dioxide emissions during the fermentation process before it can be released into the atmosphere. BLPS has also furnished OCTG to be used in carbon-sequestration injection wells.

Continuing our drive for portfolio diversity as we move into 2023, we launched Engineered Services. B&L Pipeco Services has partnered with Petra Consultants, Inc. to provide 80% of the products and services needed during a production facility project. Petra will work with third party vendors to provide the remaining 20% of the necessary products and services which will include: Dirt Work and Surface Infrastructure, Contract Labor, Rental Equipment, Pipeline Non-Destructive Testing, Automations Equipment, and Pumps.

Over the past decade our management team has focused a great deal on long-term sustainability. We made it our goal to diversify our portfolio not only to ensure future success but to also meet the additional needs of our customers. Established in 2016, the Upstream Products and Services Division was created and has evolved its offering of leading products and services.

### *Production and Storage Tanks*

BLPS is an exclusive distributor for SteelMation, a highly automated API and ASTM certified storage tank manufacturer. Having gained the confidence of our customers and the ability to provide exceptional quality tanks we were asked to help lower emissions by creating a new tank design. These tanks provide more pressure capacity with the option for lock-down thief hatches, EPRVs, and/or thief hatch elimination. Our desire to create innovative products led to this advancement. Due to the flexibility this design provides, emissions are reduced at the tank battery.

### *Incompass Logistics*

The transportation of products is fundamental to supply chain operations. From manufacturing to the final destination, a great deal of coordination and communication is required. Every order that we process is affected by trucking. This transportation mode applies not only to our business but to most manufactures and consumers. To have more control over this aspect of business and to add to the diversity of the company we established Incompass Logistics.



**Renewell** is a new clean energy storage startup that B&L Pipeco Services collaborated with to complete its first pilot project. Their mission is to convert idle wells into highly flexible gravitational energy storage.

Incompass Logistics provides the resources to transport BLPS products to the designated destinations. Along with this Incompass solicits business from third party companies to support an area of need. With the driver shortage and truck availability the Incompass business model of owning trucks and brokering trucks should offer solutions to general freight customers. Accounting for the need to grow a new experienced president has been added to the team to provide leadership and direction.

*"Chris brings a wealth of financial and logistics experience."* – **Steve Tait**  
 when asked about Chris Black assuming the role of President – Incompass Logistics

### *CANOPY Professional Services*

Since its inception, CIMS has allowed customers to run equipment analysis, reused parts, liquidate scrap items, and establish recycling programs. In addition to these services, we offer support with oil and gas accounting functions. We found during 2022 that our customers needed more assistance than were currently offered in the CIMS program. It has always been our intention to provide solutions and avoid saying *no* when a customer turned to us when needing assistance. Due to this growth, CIMS program will now evolve into CANOPY Professional Services. The new name CANOPY reflects our ability to cover all our customers’ requirements as it relates to inventory management. This year we plan to launch our auction site to help with the “circular economy solution” by posting all BLPS and customer surplus for resale.

**CANOPY’s Impact**

- 25% growth over previous year in facilities analyzed.
- Identified over 2,400 tons of steel products for repurpose or scrap recycle market through yard audits.
- Customer Asset recovery value of \$1.5 million.



## RESPONSIBLY SOURCED TUBULARS™

Asset management is the key driver for any distribution company. The products a company purchases and promotes may reflect their procurement ethics philosophy. Our ability to provide valuable products and services is what drives us to this initiative. BLPS strives to be the industry leader along with our customer and supplier partners. Through the Responsibly Sourced Tubular™ (RST™) program it is our intent to greatly improve on the impacts our supply chain delivers when providing energy supplies to the global community.

Ethical procurement is fundamental to our company. In 2021 when we committed to reporting on our sustainability efforts, we began to assess our OCTG manufacturers, processors, and suppliers. This effort validates our intent to make ethically responsible decisions.

**“Responsibly Sourced Tubulars™ is about making a positive difference.”**

BLPS is committed to looking for ways to improve the entire OCTG supply chain as it affects the environment and the global community.



Through the process of collecting and organizing the data it has been rewarding to see the commitment our major mills have to sustainability. As a result of meaningful feedback from our supply chain partners we are presently enhancing the program. We are confident through the continued collaboration with our customers and suppliers we will be able to better demonstrate the efforts the industry is committed to in protecting the planet and society.

## ENVIRONMENTAL CONSERVATION



As a responsible company, we continue to develop our approach towards Sustainability and how we affect the environment. BLPS is committed to environmental protection and conservation of natural resources. A substantial portion of our business decisions consider the direct effects we will have on the environment. We aim to diligently manage risks and are devoted to innovative environmentally sustainable business practices.

We strive to be an industry leader in new innovative, responsibly sourced products and services providing us with not only a competitive advantage but adding to our long-term strategy to achieve a sustainable supply chain. We are committed to improving our local environment with corporate office initiatives that reduce our direct energy usage and waste. We have established an annual carbon footprint review where we measure our Scope 1, 2, and 3 impact. Through these efforts, we intend to positively impact the environment and support the efforts of our parent company, SCOA.



**Sheldon Lake State Park: Giving Back One Tree at a Time**

To help keep this area and its wildlife thriving restoration of the tall grass prairie in the park was needed, volunteers make an enormous impact by planting native trees, grasses, and aquatic plants. Without this healthy and abundant habitat, plant and

## ENVIRONMENTAL IMPACT REDUCTION

B&L Pipeco has instituted new policies at our corporate office to reduce our direct impact on emissions and waste. These Environmentally Conscious Initiatives have been embraced by our senior management, Sustainability committee, and company. We strive to expand and review our internal initiatives annually.

### ENVIRONMENTAL 2022 ACCOMPLISHMENTS

- Improved office lighting energy efficiency by 75% through an LED technology upgrade.
- Removed non-recyclable materials from corporate and satellite offices.
- Voluntary Environmental Conservation Projects.
- Reduced emissions and energy consumption as a result of Work From Home program.
- Established purchasing guidance for office consumables be produced and shipped using recycled materials in FY2023.

## MANAGEMENT OF EMISSIONS

B&L Pipeco Services, with the support of our parent company, Sumitomo Corporation of Americas, has realized the importance of quantifying and managing emissions. The data gathered will assist BLPS in our efforts to reduce emissions and to accommodate our customer base in their reporting requirements. In 2021 B&L Pipeco started to measure and quantify our operational emissions (Scope 1 & 2) and our supply chain emissions (Scope 3). B&L Pipeco strives to increase the accuracy and type of data collected in future years to pinpoint hotspots to drive reduction initiatives.

This year we are publishing our 2020 FY data and 2021 FY emissions data. The data was calculated using the Sphera software package and verified using the third-party Intertek. This information is available to customers upon request.

GHG Emissions Snapshot



Oil and Gas exploration saw a large increase of activity during this time-frame directly impacting our Scope 3 emissions. Though in comparison to FY20, FY21 emissions increased it is noteworthy to recognize it was at a rate less than the activity growth.



**Factors Impacting Our FY2021 Emissions**

- Scope 1 - Increased Houston office space
- Scope 2 - Increase in consumption of power attributed to return to office
- Scope 3 - Improved shipping lanes
- Scope 3 - Reduced number of stocking yards
- Scope 3 - Improved Employee Commute through work from home opportunities

**Scope 3**  
Indirect Emissions



# CORPORATE CULTURE, ETHICS, & GOVERNANCE



Corporate Governance is the system and structure of rules, practices, and processes by which B&L Pipeco Services is directed and controlled, goals and purposes are set, and performance is measured. The principles of corporate governance are based on transparency, accountability, integrity, responsibility, and fairness; they are also a primary driver of sustainability. B&L Pipeco Services

will continually evaluate and adapt policies that ensure genuine and fair governance throughout our organization.

## GOVERNANCE

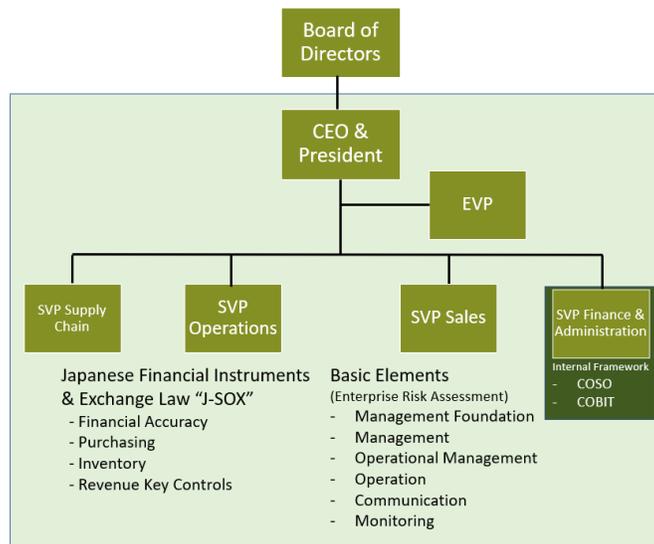
As a responsible energy service company, we take a sustainable approach to managing and developing our business into the future. We are committed to risk management while evaluating the effects of our decisions on the global community. To implement governance management incorporates multiple fundamental 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 established 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.



Corporate Office – Sustainability Race 2023

Our Governance sub-committee hosted the second annual sustainability luncheon.

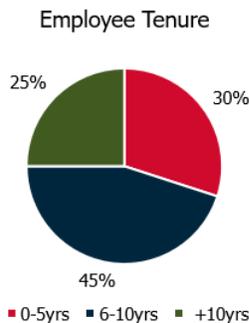
Our corporate financial governance is guided by International Financial Reporting Standards (IFRS) which is in line with SCOA guidance.



## CORPORATE CULTURE

Culture is a source of pride for B&L Pipeco Services. Our culture affects our decision making and how that reflects on the image we want to portray. A “work-family spirit” is promoted, and we strive to enhance this atmosphere in many ways as each employee is a reflection of the company. For this reason, it is critical to have a united workforce promoting the company’s message. Through company functions we cultivate our culture, team build, and recognize employee efforts. We aspire to promote a culture that displays the professionalism of our organization and instills a feeling of pride in our employees that is noticeable to the industry.

### COMPETITIVE BENEFITS



BLPS (B&L Pipeco Services) employees are the key to our success. As the backbone of the company, B&L Pipeco Services is best served by investing in the health and well-being of our team. Being the industry leader in customer service and satisfaction, it is vital to us that our employees are offered wages and benefits that provide a strong reciprocating commitment.



**2022 Health & Fitness Challenge  
Winners Becky Wagner and Brent Altazin**

Participants collectively lost 353lbs over 12 weeks. The benefits reaped from this program paired with the commitment to promote employee health, have incentivized BLPS to continue the program in 2023.

### Benefits

- Competitive Compensation
- Medical Benefits
- Work Life Balance
- Long-Term Savings
- Added Holidays
- Life Insurance
- Maternity / Paternity Leave

## CORPORATE ETHICS

BLPS employees are entrusted with a great deal of decision-making authority. Insuring all employees have the base to support the BLPS “Demonstrate Integrity and Respect” values, we set meaningful annual training targets. In 2022, we targeted mandatory bi-annual training seminars as a tool to enhance each employee’s reasoning abilities. BLPS promotes a safe work environment as well as a workplace free from harassment and potential legal violations. All employees are expected to participate in training videos. BLPS strongly enforces our Code of Conduct and require annual review and acceptance from all our employees.



**Montgomery County  
Food Bank’s 2022  
Shootout Hunger**

This year’s event raised over \$206,000. This will provide more than one-million meals for the thousands of children, families, and seniors facing hunger throughout Montgomery County.

## IT AND CYBER SECURITY

B&L Pipeco Services understands the importance of IT security and the value it presents to the company in conducting business as technological integration has evolved into most aspects of the business. Understanding that efficiency is a business driver BLPS has identified Information Systems are crucial in driving the business forward.

At its core, information systems are implemented through governance constructed on sound industry standards. Through policies and procedures, the IT steering committee manages the infrastructure and data security and add value in alignment to the organizations strategic plans. This network of policies and procedures govern the use of infrastructure, including operational applications (supply chain and financial), and data assurance enabling the organization to communicate and collaborate, providing the organization with the tools to perform their duties.

	 <b>Infrastructure - Data Accessibility</b>				 <b>Data Assurance - Cyber Security</b>			
 <b>Governance IT Policy &amp; Procedure</b>	Business Continuity - Backup & Recovery Testing and Disaster Recovery	Network Standards			Infrastructure Patch Management	Network Security Standards	Antivirus	
<b>Task</b>	Annual IT Steering Committee Review	Identify Critical infrastructure	Management & Resiliency		Release Management	Account Authentication	Email Security	Computer Security
<b>FY2022 Result</b>	Key personnel assigned satellite phones	Hardened datacenter hosts business critical VPN and financial applications	Geographically diverse backup servers	Offsite and air-gapped backup locations	Timely validation of available update	Heightened account authentication	Protect against malicious email & phishing campaigns	Upgraded to more proactive EDR (Endpoint Detection and Response) solution
<b>Cyber Risk Mitigation</b>	Strengthen recovery plan			Safeguard from ransomware & hacking attempts				

The timely delivery of information is vital to making informed decisions driven by data. Data accessibility design integrates a sophisticated blend of infrastructure and applications where accessibility is essential. We aim to provide a best-in-class environment which requires ongoing evaluation and upgrading. Our production infrastructure, VPN, and financial software are hosted in a hardened data center along with three levels of backup servers while backup locations are geographically diverse and “air gapped.” These measures protect data recovery processes from ransomware and hacking attempts. The addition of satellite phones for our business continuity procedure mitigates communication risks if faced with local catastrophe.

### Practices at Work

**EMPLOYEE AWARENESS**

- Zero viruses detected since establishing training.
- 87% of employees recognize the importance of cyber security training.

**IT ENHANCEMENTS**

- Protected, on average, 50 phishing emails a month.
- 800 Malware attempts blocked in FY2022.

**INFRASTRUCTURE**

- Annual backup procedures tested successfully.
- Zero Lost Workdays since establishing backup procedures.

Cyber Risk Mitigation influences data assurance practices. During 2022 user account credentials were strengthened when implementing two-form authentication. Email allows the business to effectively communicate internally and externally. Recognizing the risk of malicious emails and phishing campaigns Cybergraph was implemented, establishing an additional layer of protection and more proactive EDR (Endpoint Detection and Response) anti-virus solution was deployed.

This holistic approach to providing essential application services creates a more productive and efficient culture.

# WORKFORCE DEVELOPMENT



B&L Pipeco Services is committed to supporting and developing the industry’s finest workforce. We believe that investing in our staff’s development is critical to the long-term success of the company. BLPS assesses and provides the tools to enable employees to hone their strengths, learn new skills and create an environment of growth. It is an

area of great importance and essential to the company. This mindset better equips them in their current roles, prepares them for future roles and drives the company to success.

One of the areas of focus concerning employee development relates to company and individual goal setting. The two-part approach the company has adopted allows the employees to pinpoint areas of personal development they believe are essential to their growth in company leadership. Along with this, supervisors present team targets and the supervisor’s goals for their team members. We have found this initiative opens the line of communication between the employee and the supervisor to identify areas of improvement and growth for both the individual and their functional department.

**Developing Success**

- ✓ Leadership Program
- ✓ Interactive Performance Appraisals
- ✓ Third-party training programs
- ✓ Vendor Interaction
- ✓ Industry & Job-related Seminars

Leading our drive for Operational Excellence we focus on our internal talent. The “Strike for Success” initiative gives employees the platform to communicate their own goals and ideas as they relate to our



company sustainability targets. The program has identified topics such as department workflows, computer proficiency, and vendor communications as areas for potential improvement. By utilizing seminars and vendor interaction, our intentions are to understand supply chain operations and streamline the process. The program introduces employees to cross-company operations, as well as familiarizing employees with product and processes. The vision is to provide a foundation for potential internal promotions.

B&L Pipeco Services has witnessed the benefits of providing Leadership and Development training to employees. In an ongoing effort, BLPS utilizes a professional third-party instructor, offering a course curriculum dealing with skill development, teamwork and building confidence in the development process. Stemming from this course the employees developed, Goal Getters, to continue working on ideas to support the sustainability targets of the company.

Mitigating business disruptions is critical to operations. As part of a work life balance, the company recognizes the need for employees to work from home on certain occasions. Management developed a program to allow employees to work from home on a limited basis.



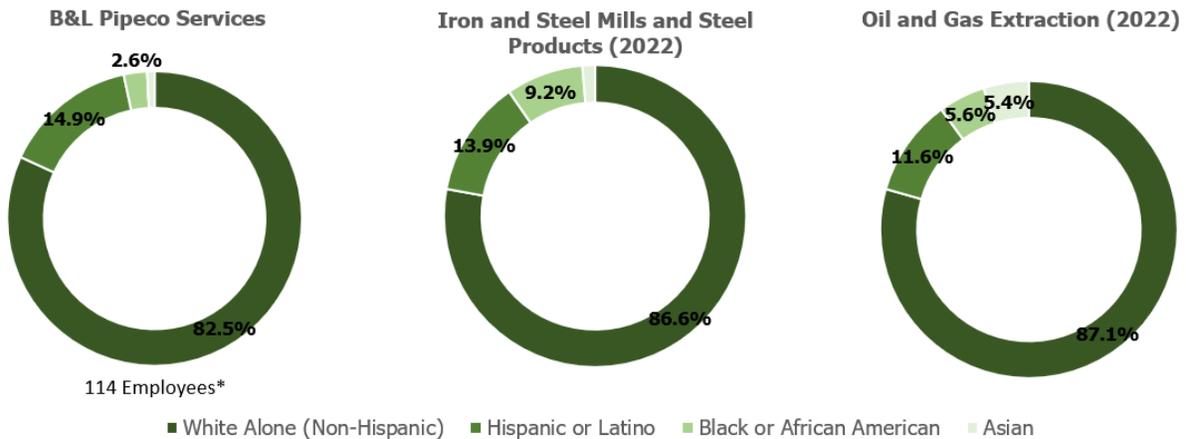
**2022 Christmas Party for all employees and their guests.**

## DIVERSITY & INCLUSION

A company's core values reflect a great deal about their philosophy and culture. B&L Pipeco Services intends to continue operating with complete diversity and inclusiveness throughout the company. These areas are imbedded together as one of BLPS' five core values and are continually evaluated as we make business decisions. BLPS is an equal opportunity employer.

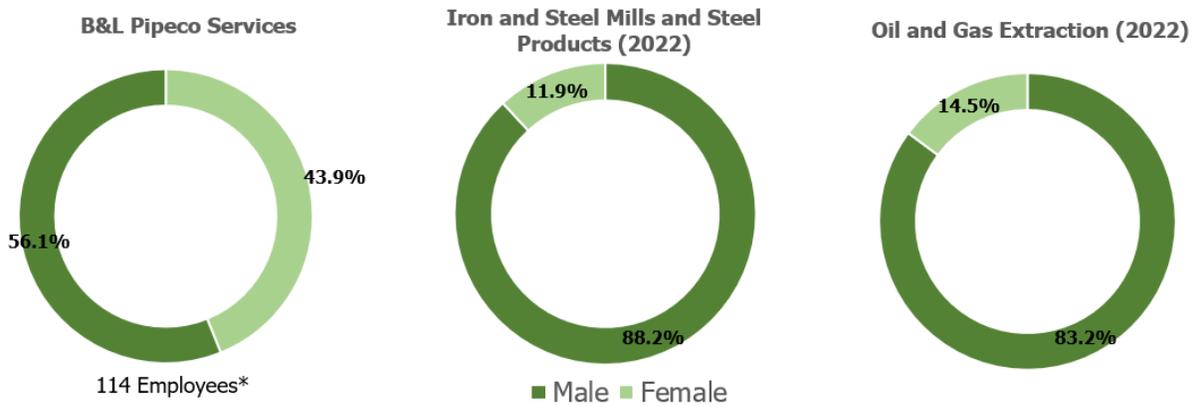


### Leading the Industry



\*Data as of 3/1/23 Source - Bureau of Labor Statistics - 2022

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.



\*Data as of 3/1/23 Source - Bureau of Labor Statistics - 2022

# COMMUNITY ENGAGEMENT



The Company and its employees consider social and community involvement to be essential to organizational and personal fulfillment. B&L Pipeco Services endeavors to commit resources to positively impact the welfare of our community and our environment. This includes dedicated financial contributions and employee involvement to achieve intended targets directed towards our local community.

To assist in realizing this goal, the organization has established "Volunteer Leave Hours." This flexibility to serve charities during work hours encourages employees to become active in their own communities. The system inspired a 15% increase in employee commitments helping to foster community engagement during FY2022.

Our community is part of 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 seek opportunities for locally associated philanthropy and are committed to increased spending with minority owned companies. B&L Pipeco Services worked with over 400 vendors and attained our goal of increasing business with minority and female owned businesses.



**Volunteer Leave Hours – Ducks Unlimited**

Wetlands conservation contributes greatly to the environment. Wildlife habitat, preventing soil erosion, protecting coastal waters, mitigating storm damage, and sequestering carbon are critical that benefit from Ducks Unlimited's mission. Through donations and volunteer efforts BLPs helped the Tomball / Magnolia chapter raise \$298K to go to these causes.

## MINDFUL OF THE FUTURE

### *The Vital Role of Oil and Gas*

B&L Pipeco Services identified the need to provide education on the positive aspects of the oil and gas industry to people outside the field. We have an important responsibility to help educate future generations on the benefits oil and gas provide to the global community. Our initial effort targeted junior and senior high school students from Humble High School's T-STEM academy. We sponsored 30 students and attended guided tours at the Ocean Star Offshore Drilling Rig and Museum in Galveston, TX. The students left with a better understanding of the value delivered from a strong domestic oil and gas industry.



### *The Well STEAM and Literacy Center*



Our support of The Well STEM and Literacy Center, located in Pampa Texas, was identified during our satellite office's sustainability program adoption. The curriculum offered by this institution helps prepare our future leaders with the base skills they will need in their decision-making process. The Well offers programs in literacy and math, along with STEM activities, summer camps and weekly programs, and home school support. The program provides scholarships so students can receive financial support allowing them to participate in their academic programs. We were honored to establish a matching scholarship program and expect to complete the full match in early 2023.

# SNAPSHOT

Principle Objective	Measure	Target	2022 Performance	Page #
 <b>Environmental Conservation</b>	Energy conservation	Expand paper-free transaction initiative to our vendors and customers	●	<a href="#">14</a>
		Enhance Review Process of Annual Environmental Impact	●	<a href="#">14</a>
	Natural Resource Conservation	Pursue an increase in Global Water and Air Purity Initiatives	●	<a href="#">14</a>
		Continue financial and volunteer support to protect resources and wildlife	●	<a href="#">14</a>
 <b>Workforce Development</b>	Leadership Development	Commit to annual Leadership (entry to executive level) Program	● *	<a href="#">19</a>
		Investigate performance opportunities	● *	<a href="#">19</a>
	Continuing Education of Employees	Provide elective business classes and industry focused on individual development	● *	<a href="#">19</a>
		Establish Onboarding & Orientation Process	◆	<a href="#">19</a>
 <b>Community Engagement</b>	Diverse Community Vendor Spending	Procurement awareness to develop opportunities for diverse suppliers	● *	<a href="#">20</a>
	Community Outreach	Establish scholarship fund by EOY 2022	★	<a href="#">21</a>
	Expand on Volunteer Program	Increase employee community engagement by 15% by EOFY	◆ *	<a href="#">21</a>
		Identify opportunities for personal time dedicated to community service	●	<a href="#">21</a>
		Engage our customers and suppliers in joint community engagement events	●	<a href="#">21</a>
	Energy Awareness	Promote the benefits of a strong domestic oil and gas industry	●	<a href="#">21</a>
 <b>Responsible Supply Chain Management</b>	Responsible Sourced Tubulars	Source Products from Responsible Manufactures	●	<a href="#">13</a>
	Renewable Projects	Advance the evaluation of leading-edge technologies for designated projects	● *	<a href="#">11</a>
		Establish portfolio diversification through business development	●	<a href="#">11</a>
	Supply Chain Collaboration	Identify the goals of our supply chain partners to achieve targeted results	◆	<a href="#">10</a>
		Support Circular Supply Chain	◆	<a href="#">10</a>
	Expanding Canopy Program for Sustainable Projects	Improve Operational Processes to enhance internal workflows	●	<a href="#">10</a>
 <b>Corporate Culture, Ethics, &amp; Governance</b>	Workforce Diversity	Continue the internal evaluation of hiring policies to insure effectiveness	● *	<a href="#">20</a>
	Technology and Cyber-Security Resiliency	Maintain security based awareness and training	● *	<a href="#">18</a>
	Corporate Ethics Awareness	Provide Bi-annual Training Seminars	◆ *	<a href="#">17</a>
 <b>Strategic Sustainability Oversight</b>	Sustainability Framework	Enhance Sustainable Committee	★	<a href="#">8</a>
	Monitor Global Sustainability Measurement Standards	Utilize for Annual Reporting	● *	<a href="#">7</a>
	Company Communication	Continue Internal Sustainability Education	● *	<a href="#">9</a>
Quarterly State of the Company Meetings		●	<a href="#">9</a>	

Status: ★ Target Achieved ● On Track ■ Not Achieved ◆ New Goal FOR 2023 \* Achieved Ongoing Annual Goal

# APPENDIX

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## POLICIES AND PROCESSES

### *CORPORATE*

Anti-trust

Business Continuity

Corporate Security

Credit Monitoring

Anti-corruption and Political Contributions

Disaster Response Plan

Travel

### *EMPLOYEE ENGAGEMENT*

Employee Handbook

Core Values

Job Descriptions

Departmental Desktop Procedures

### *INFORMATION TECHNOLOGY*

IT Roles and Responsibilities

Segregation of Duties

IT Steering Committee

Operations Management

Facilities Management

Electronic Communications

Remote Access

Application Authorization & User Provisioning

Project and Enhancement

Change Management

IT Procurement

Vendor Access

Database Access

Network Security Standards

Anti-Virus

Backups

### *ASSET MANAGEMENT*

Procurement

Inventory Management

## ADVISORY BOARD

**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**

**Unit Head – Digital Transformation, ESG, & Energy Transition Business Development**



- Oklahoma State University – MS, Industrial Engineering and Management (focus on Quality & SCM)
- GHG data collection and reporting
- ESG business development
- 17 yrs experience developing, implementing, and leading Supply Chain Management projects.

**Chris Pace**

**Centre Technologies**

**Founder and CEO**



- Texas A&M University – Business Administration
- The Business Report – [“Top 25 Business Leaders of Houston for 2022”](#)
- 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 organizations 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.



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.



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.



[American Petroleum Institute](#) (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.



Today [Independent Petroleum Association of America](#) (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 [Energy Workforce & Technology Council](#) (EWTC) 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.



**SALVATION ARMY ANGEL TREE**

BLPS has participated for 11 years in this program where over the holiday season we have provided gifts and essentials for over 450 people in need.

**SCHOOL SUPPLIES DRIVE**

Inaugural Annual School Supply Drive for Magnolia ISD's Bear Branch Intermediate.



**1ST ANNUAL HALLOWEEN BLOOD DRIVE**

Partnered with Gulf Coast Regional Blood Center - Replenishing the need for blood.

**PARSONS HOUSE**

A local retirement community in Houston, TX Volunteering and sponsoring activities.



**PROJECT C.U.R.E.**

BLPS started a new partnership with Project C.U.R.E. providing medical supplies for people in need around the world.

**MEALS ON WHEELS**

BLPS started a new partnership with Meals on Wheels in Pampa, TX. Impacting the community by making weekly deliveries.

