



## 2022 ESG REPORT

# The Promise in Action





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# Letter from Our CEO

**In this inaugural ESG report, *The Promise in Action*, I am excited to share how we provide our customers with solutions that enable economic, environmental, and safety benefits, and how we manage our direct environmental and social impacts.**



In everything we do, our primary objective is to provide effective solutions to challenges faced by our customers. Currently, our products play a pivotal role in helping customers reduce their GHG emissions and water intensity through increased efficiency, while also optimizing productivity and optionality throughout the lifespan of a well. Our solutions support customers in shifting their focus from short-term returns to long-term value creation. Looking to the future, our patented technologies are proving to be adaptable to emerging applications that facilitate the energy transition such as carbon capture projects, geothermal energy extraction, and solution mining to recover critical minerals. We will continue to innovate and support our customers' changing needs and the evolving energy industry.

While NCS has changed in many ways over the years – becoming a publicly traded company, continually enhancing the capability and market presence of our flagship product line, and growing through strategic acquisitions and partnerships – one thing that hasn't changed is the NCS Promise. The Promise is a set of principles and commitments that serve as a guiding force behind everything we do, from decisions in the field to how we govern our company. The Promise guides us as we listen to and invest in our people, integrate safety and environmental stewardship into every facet of our operations, demonstrate ethical and responsible behavior with all stakeholders, and continuously design, deliver, and enhance innovative products and services. These commitments lie at the very core of our business. In this report, you will find examples that demonstrate how we embrace and uphold The Promise. These values and the accompanying culture are the driving force behind our success, what makes NCS a special place to work, and the reason we've titled this report "The Promise in Action".

I believe we are only as good as our people. NCS employees are exceptional at identifying needs in the field and developing solutions for our customers. They continue to unleash creativity in the organization year after year, bringing new products and services to market. It is the combined talents of our people and our portfolio of proprietary technologies that position NCS for growth. We have now established entities in Norway and Argentina and continue to introduce our patented technologies to new markets around the world. I look forward to delivering even more exceptional technology and service to our customer base in the years to come.

2022 was a year of significant personal change as I moved into the CEO role, taking over from NCS founder Robert Nipper. I am thankful to Robert for his distinguished leadership during his 15-year tenure at the company and for his guidance and mentorship since I joined NCS. As CEO, I am committed to building on Robert's legacy and am deeply honored to work with this talented team to advance our business strategy and capture the significant opportunities that lie ahead.

I want to thank, first and foremost, the outstanding team at NCS. As the company evolves, our people remain the source of our creativity and innovation, and their focus on service has earned us our unparalleled reputation. I also want to thank our customers who continue to challenge and support us, and our board members for their guidance.

**Ryan Hummer, Chief Executive Officer**



# Who We Are

**NCS Multistage Holdings, Inc. is a premier provider of advanced products and services designed to optimize oil and gas well construction, completions, and field development strategies. Our offerings primarily cater to exploration and production companies, assisting in both onshore and offshore wells, particularly those drilled with horizontal laterals in unconventional and conventional formations.**

Our corporate headquarters are in Houston, Texas, U.S., and NCS's common stock is traded on the Nasdaq Capital Market under the symbol "NCSM." Additional information is available on our website, [www.ncsmultistage.com](http://www.ncsmultistage.com).

Our 50 percent owned joint venture, Repeat Precision (Repeat), manufactures and sells composite frac plugs, disposable setting tools, perforating guns, and related products directly to oil and gas and service companies in the U.S. and through NCS in Canada. Additionally, Repeat provides high-quality manufacturing services for NCS products.

## Significant Changes in Company Leadership

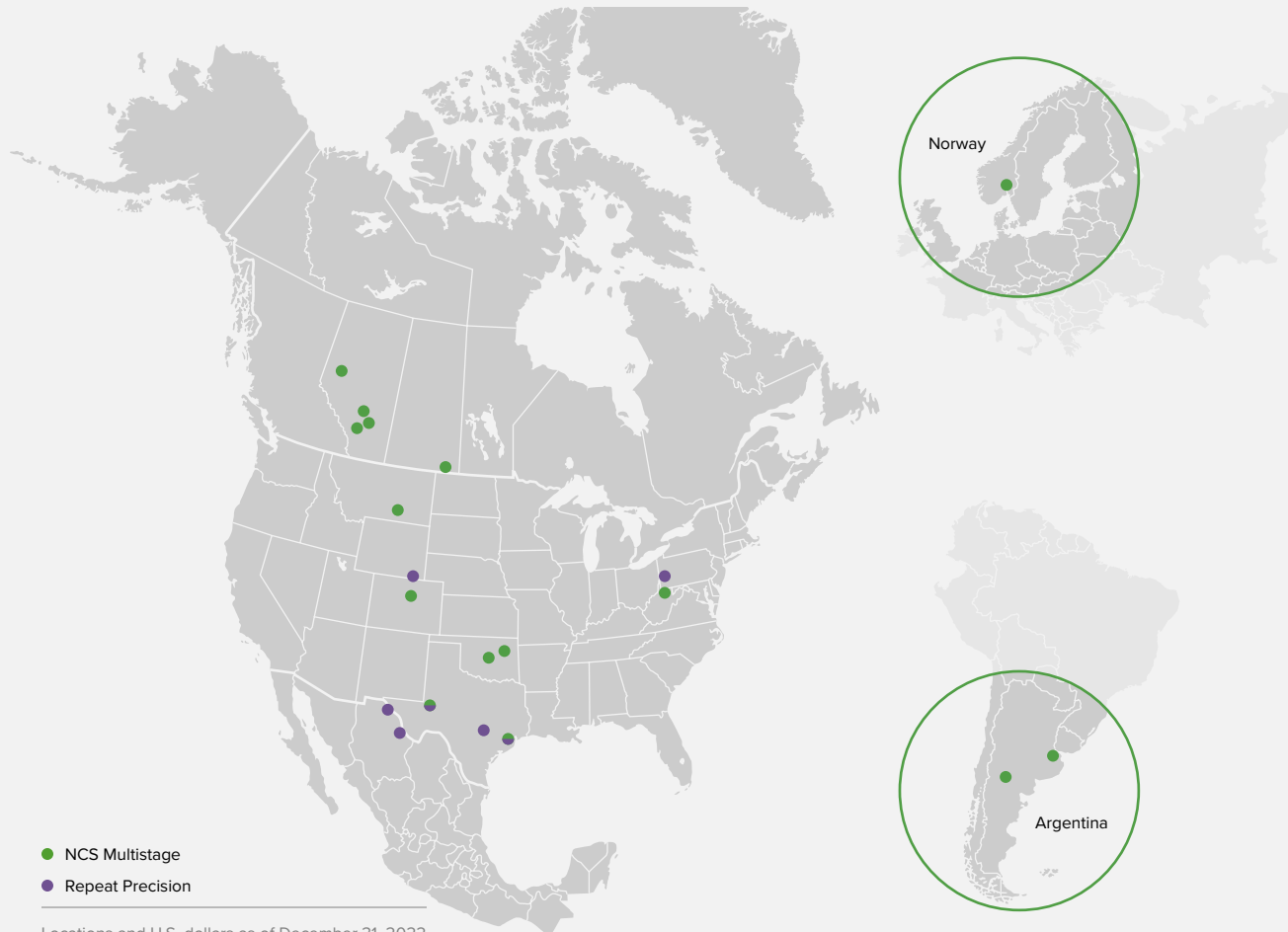
- Effective November 2022, Ryan Hummer was appointed chief executive officer (CEO) and director on the NCS Board, following the retirement of founder and CEO Robert Nipper.
- Mike Morrison joined NCS in October 2022 and was appointed as chief financial officer (CFO) effective November 3, replacing Ryan Hummer.





# Where We Operate

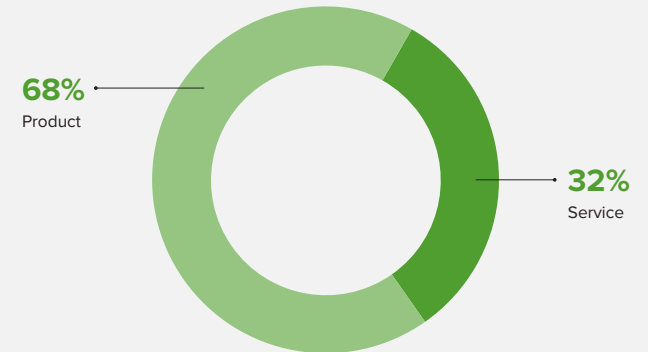
To best support our customers, our offices and facilities are strategically located near the most active oil and natural gas basins in the U.S. and Canada, with international service centers in Argentina and Norway. Through our joint venture Repeat Precision, we operate two manufacturing facilities in the state of Chihuahua, Mexico, along with two offices and three distribution centers in the U.S.



## KEY STATS

### REVENUE BY PRODUCT AND SERVICE | U.S. DOLLARS

**\$155+** million in revenue



### REVENUE BY REGION

**245+** customers | **14** countries



Our customers are primarily exploration and production companies in oil and natural gas basins throughout North America and in select international markets including Australia, Indonesia, China, the Middle East, the North Sea, and Argentina.



# What We Do

NCS Multistage designs and manufactures sophisticated products and provides specialized services to enhance the optimization of oil and gas well construction, completion, and field development strategies. Our solutions help minimize environmental and social impacts of operations. Leveraging our strong customer and supplier relationships, technical prowess, and industry expertise, we execute the following key activities in the energy sector:

## OUR ACTIVITIES



### Research and Development

We develop and test new products and enhance existing product lines at our Global Technology Center in Calgary, Alberta, Canada. Tracer research and development activities are conducted from our Calgary and Tulsa, Oklahoma lab facilities.



### Manufacturing

**Repeat Precision** – Our plug-and-perf fracturing products and some NCS frac sleeves are manufactured and assembled by our joint venture, Repeat Precision, in Mexico.

**Third-Party Manufacturers** – Some of our products and components are manufactured through third-party companies, primarily located in the U.S. and Canada.



### Assembly

Manufactured items from Repeat Precision and third parties arrive at our facilities in the U.S. and Canada where our employees and contractors assemble products that are sold and shipped to customers.



### Field and Tracer Services

At our service centers, our field employees assemble and redress service tools, manage and deploy inventory, and store and distribute tracers in support of customer operations. At our Calgary and Tulsa lab facilities, our tracer chemists and technicians analyze well fluids to provide diagnostic services. Our tracer teams mix and ship tracers at a facility co-located with our Tulsa lab.



### Support

At our office facilities, we oversee sales and logistics, and provide technical and customer support.

## OUR COMPANY

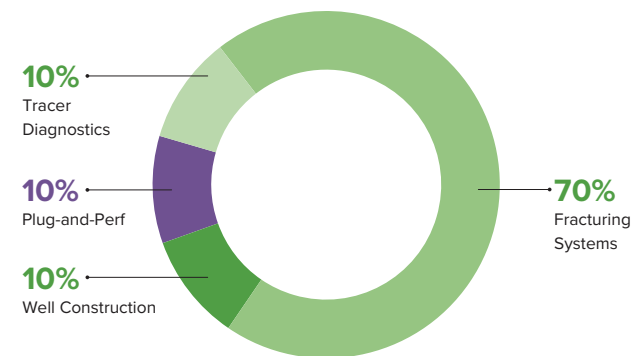
**\$155+**  
million in  
revenues

**474**  
employees

- 261 NCS
- 213 Repeat Precision

## OUR SOLUTIONS

### Revenue by Product Line



Our products and services help our customers optimize oil and natural gas production, while reducing the impact of their operations.

For details on these solutions and their economic, environmental, and social benefits, see [pages 12-16](#).

Figures as of December 31, 2022





# Our Approach to ESG

**The goal of our first Environmental, Social and Governance (ESG) report is to provide shareholders, customers, and employees with information about our ESG activities and performance.**

Since our founding, we have remained committed to our stakeholders and to taking ESG factors into consideration. “The Promise” (right) guides our relationships with our employees, customers, vendors, and other stakeholders, and affirms our commitment to technological advancement, quality, and safety. The Promise reflects our culture of ethics, hard work, growth, positive attitudes, and teamwork through collaboration.



## The Promise: Who We Are and What We Do

**Employees** – We will invest in our employees, our most important resource, by providing coaching and training that enables them to learn and grow to their full potential. Together, we will maintain a culture that promotes teamwork and an environment that is challenging, rewarding, and fun. We will listen to our employees, treat them with respect, and support them when they make decisions that are aligned with The Promise.

**Health, Safety, and the Environment** – We will provide leadership, tools, and training to empower our employees, customers, and vendors to remain healthy and safe. We will integrate environmental stewardship into our business activities and respect the communities in which we operate.

**Customers** – We will treat our customers as partners and operate in a fair and honest manner. We will listen to our customers, set clear, common expectations, and respond with execution excellence.

**Technology** – We will deliver reservoir analysis, insights and technologies that support our customers’ development strategies and resource recovery objectives. We will develop technology and processes to drive improvement in our products and services.

**Quality** – We will continuously improve our processes and systems in order to strive to meet or exceed all applicable quality requirements.

**Vendors** – We will treat our vendors as partners, stand by our commitments to them, and expect the same from them.

**Stakeholders** – We will ethically and responsibly increase stakeholder value by focusing on innovation, sustainable growth, and strong financial performance.

# Materiality Assessment

We conducted a materiality assessment in late 2022 to identify and prioritize our material ESG topics. These topics determine the content for this report. Topics were sourced from two Sustainability Accounting Standards Board (SASB) standards: *Oil & Gas – Services* and *Industrial Machinery & Goods*. Further topics were selected based on NCS’s business model and through review of select industry peers. We engaged key internal and external stakeholders, including customers and shareholders, in the assessment process. Results of the assessment were reviewed and approved by our executive team and the resulting material ESG topics are covered in this report. The terms “material” and “materiality” are used in the context of ESG standards and do not imply financial or legal materiality.

## Our Material Topics

### Our Solutions

- Environmental and Social Benefits
- Energy Transition

### Our Operations

- Energy Use
- Water Use
- Waste Management

### Our People

- Employee Health and Safety
- People Practices
- Community Investment

### Our Business Practices

- Corporate Governance
- Ethics
- Anti-corruption
- Responsible Value Chain
- Cybersecurity

## Reporting Scope

- The terms “NCS”, “our”, “we”, “us”, “the company”, and “the organization” refer to NCS Multistage Holdings, Inc. and, as applicable, its subsidiaries.
- The term “Repeat Precision” or our “manufacturing” refers to Repeat Precision, LLC (our 50 percent owned joint venture) and its subsidiaries.
- We report our environmental and social performance based on operational control, meaning that we report 100 percent of environmental, safety, and HR metrics and describe practices from any facilities or operations that we control, regardless of percent of ownership. This means that we report 100 percent of Repeat Precision’s metrics. Due to data availability, we currently do not report utility information (energy, natural gas, and water) for the facilities we lease.
- This report describes initiatives related to our material ESG topics and supporting metrics for the year ended December 31, 2022 (unless otherwise specified). When available, three years of historical data are provided for reference.
- Financial data is in U.S. dollars (unless otherwise specified) and environmental data is in metric units.
- Metrics included in this report are based on available data, are calculated on a good faith basis, and have not been externally assured. We anticipate our data collection and disclosure will be refined in future reports.







## OUR SOLUTIONS

# How We Deliver Value to Our Customers

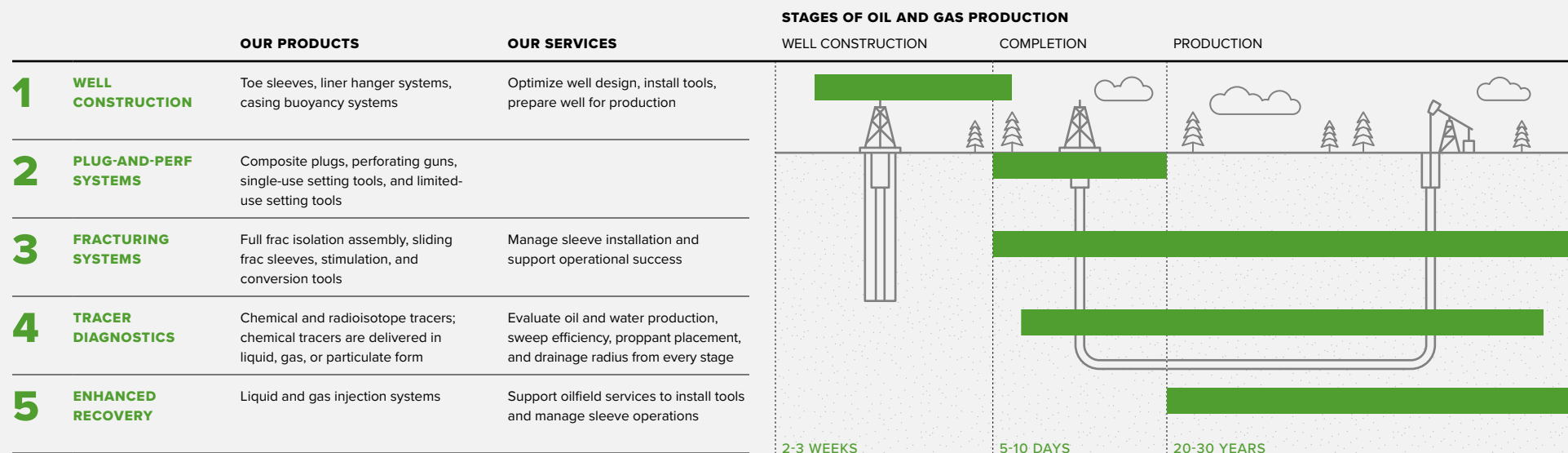
# About Our Solutions

Many of our customers operate in regions requiring unconventional well completion methods such as multi-stage hydraulic fracturing or acidizing in deep wells with long laterals. In these operations, the choice of technology and service provider can be key differentiators in the profitability of an asset over time. In addition to meeting economic targets, our customers also face two additional imperatives: maximizing production as safely and efficiently as possible, and reducing the life-of-well environmental impact of what is an inherently resource-intensive process. Our focus is to improve operational efficiency for our customers, providing reliable products and services with repeatable outcomes.

Our technologies are developed by our engineering team at the NCS Global Technology Center in Calgary. These technologies require detailed design, prototyping, and extensive shop and field testing. Whether delivered alone or together with our data-driven field services, our solutions contribute to enhanced economic outcomes for our customers through increased efficiency and reliability, and optimized production. Our solutions also provide direct and indirect environmental and social benefits. See the following pages for details.

Our solutions include well construction technologies and services, plug-and-perf fracturing systems, fracturing sleeve systems and services, tracer diagnostic services, and enhanced recovery technologies. Our value proposition extends beyond the drilling and completions stage with adaptable, customized solutions aimed at maximizing production and efficiency throughout the lifecycle of a well, while also helping to reduce the negative impacts of resource exploitation (see illustration below).

## OVERVIEW OF NCS SOLUTIONS THROUGHOUT THE LIFECYCLE OF A WELL





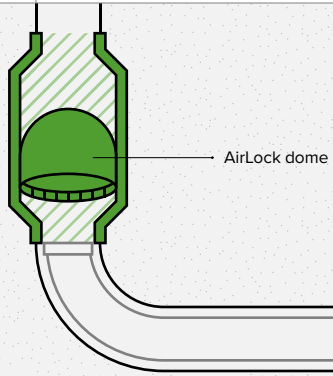


# Environmental and Social Benefits of Our Solutions

We work with our customers to improve how we measure the economic, environmental, and social benefits we enable for their operations. These include economic benefits such as reduced costs and time, as well as environmental and social benefits such as reduced water, chemical, or energy consumption and lower safety risks.

Our technology and services offer **many benefits** to our customers.





**14,000+** AirLock systems installed

**99%+** success rate landing casing the first time

Air-filled section

Toe

## 1 WELL CONSTRUCTION

**An important step in well construction is the casing process, where steel pipe (casing) is installed inside a recently drilled well.**

### How Does Casing Work?

Once a well is drilled, metal casing is installed to support the structural integrity of the well and isolate it from outside forces and fluids. Casing is lowered into the well one joint (section of casing) at a time, usually by a casing contractor on a drilling rig. Field personnel use tools to grip, lift, make up connections, and guide the casing downhole. With operators drilling deeper wells with longer laterals, installing casing is becoming more complex, time consuming, and costly.

### Our Solution

#### What is Our Solution?

We provide well construction solutions including casing buoyancy systems, liner hanger systems, toe sleeves, and float equipment and centralizers. Our team of engineers and well construction specialists help customers optimize their well design, install NCS tools, and prepare the well for completion.

#### Featured Product

##### AirLock® Casing Buoyancy System

Our patented AirLock assembly creates an air-filled chamber within the casing. This reduces drag as the casing is driven past the vertical portion of the well, through the bend, and into the horizontal leg of the well. Operators place fluid above the AirLock assembly to add weight and drive the casing to the toe (furthest lateral point) of the well. Operators increase the pressure to burst the AirLock dome, removing it as a restriction and readying the well for the next stage of operations.

### Benefits to the Customer



**Safety** – Once casing is installed and the AirLock dome is ruptured, no further intervention or operation is required by field employees. Faster casing installation and the absence of casing restrictions reduces injury risks related to prolonged or difficult casing installations.



**Economic** – The AirLock system has allowed our customers to land casing at the toe on the first attempt more than 99 percent of the time<sup>1</sup>, reducing the rig time needed to manipulate casing to the bottom of the well. One operator's use of our AirLock system saved an average of 10 hours of rig time per well compared to traditional casing methods, providing almost \$15 million in savings over three years and 576 wells.<sup>1</sup> In another case study we conducted, our AirLock system allowed an operator to extend their well length to 28,000 feet, 47 percent longer than the side-by-side comparison to traditional casing methods. Enabling longer laterals helps our customers reduce the surface footprint of their operations.



**Emissions** – By reducing the amount of time equipment must run to place casing in a well, the Airlock system helps reduce fuel use and associated emissions.



<sup>1</sup> Unique AirLock buoyancy system cuts casing running time, cost, and risk



6 to 8 minute drillout

175,000+ composite plugs run since 2018



## 2 PLUG-AND-PERF SOLUTIONS

**Plug-and-perf completion is the most common hydraulic fracturing technique in the oil and gas industry.**

### How Does Plug-and-Perf Work?

Operators use specialized cables (wireline cable) to deploy a setting tool and a series of plugs into the well. At each stage, when the setting tool and plug are in the designated location, an explosive power charge in the setting tool is fired, setting the plug in the casing. This seals off the well below the plug so fracturing can take place above it. Perforation guns follow on the same cable, using highly explosive, specially shaped charges to perforate the casing and adjacent reservoir rock. In the fracturing phase, fluid and proppant are pumped through the perforations to hold the fractures open and create pathways for oil to flow to the surface. Once all stages are plugged, perforated, and fractured, the plugs are drilled out to allow the oil or gas to flow freely.



Product details

### Our Solution

#### What is Our Solution?

Through Repeat Precision, we manufacture and sell solutions for plug-and-perf fracturing including disposable setting tools, composite plugs, and perforating guns.

#### Featured Product

##### PurpleSeal Express™

Our patented PurpleSeal Express system combines our PurpleSeal composite plugs and disposable setting tool in one pre-assembled product. PurpleSeal plugs are made of a lightweight composite material that helps ensure uniform performance and durability while facilitating rapid drill outs.

### Benefits to the Customer



**Economic** – Our PurpleSeal™ composite plugs can typically be drilled out in approximately six to eight minutes<sup>2</sup>, which is a fraction of traditional metal plug drillout times. Additionally, the short, compact nature of the PurpleSeal plug allows for a reduction in “wash time”, taking as little as 30 minutes compared to competitor plugs that can take up to an hour. Getting plugs to the desired placement quicker and being able to drill through the plugs more efficiently saves operators money by minimizing the amount of time completion teams are on site.



**Water Reduction** – Our PurpleSeal composite plugs are designed to require less water to move the plug down the well to setting depth.



**Safety** – Our PurpleSeal Express product arrives with the plug and disposable setting tool pre-assembled, requiring minimal on-site intervention. This eliminates safety risks associated with assembly, inspection, and redress on site. In addition, after the plug is set, the setting tool releases pressure downhole, making it safer to retrieve and recycle the tool.

<sup>2</sup> PurpleSeal™ PS-C all-composite frac plug

~30 to 50% less  
fluid loading<sup>3</sup>

330,000+ sleeves  
stimulated since 2010

Closed sleeve

Open sleeve

## 3 FRACTURING SLEEVES

**Fracturing sleeves (frac sleeves) enable accurate and consistent fracturing, support increased production during the life of a well, and are available with convertible options that can support enhanced oil recovery.**

### How Do Frac Sleeves Work?

NCS frac sleeves are installed along the well casing during well construction. During a fracturing operation, the ‘frac isolation assembly’ (FIA) tool is deployed downhole to selectively locate and open the fracturing sleeves, exposing a series of holes called frac ports. Fracturing fluid is pumped through the frac ports, creating fractures in the adjacent reservoir rock at the desired location. After completing the fracture, the frac ports can be closed and the FIA is moved to the next sleeve, repeating the process. Operators can generally open and close each sleeve in any order as needed throughout the life of the well.

### Our Solution

#### What is Our Solution?

We design, assemble, sell, and install patented fracturing systems including NCS frac sleeves. In addition, we have developed proprietary tools and services for operation of our fracturing sleeves downhole. Our field operations team is dispatched to wellsites to support the goals of our customers during installation, fracturing, and production.

#### Featured Product

##### Innovus™ Fracturing System

Our patented Innovus fracturing system uses sleeves and a frac isolation assembly tool to provide enhanced control over fracture location, fracture sequence, and the amount of fluid and proppant used to fracture each stage. This allows for more consistent fractures and improved well performance.

### Benefits to the Customer



**Water** – Our frac sleeve systems allow operators to treat a single fracture at a time, significantly reducing water consumption. When used with coil tubing, operators can reduce fluid volumes by about 30 percent compared to annular fracturing and 50 percent compared to ball drop systems<sup>3</sup>.



**Waste** – The re-closable capability of Innovus frac sleeves enables the “Shift-Frac-Close” process where sleeves are reclosed immediately following each frac treatment. Doing so has been shown to eliminate future interventions to clean out produced frac sand (up to 22 tonnes of sand per well in a recent [case study](#)).



**Emissions** – Eliminating wellbore cleanouts avoids emissions from transporting water to location for the cleanout, operational emissions (pumping) for the intervention, and transporting wastewater and recovered sand from the cleanout for disposal.



**Seismicity** – Operators can design the well to segment and stimulate each well stage separately and in any order. This gives operators the ability to allow time for each fracture to stabilize, which can help reduce the risk of seismic events.

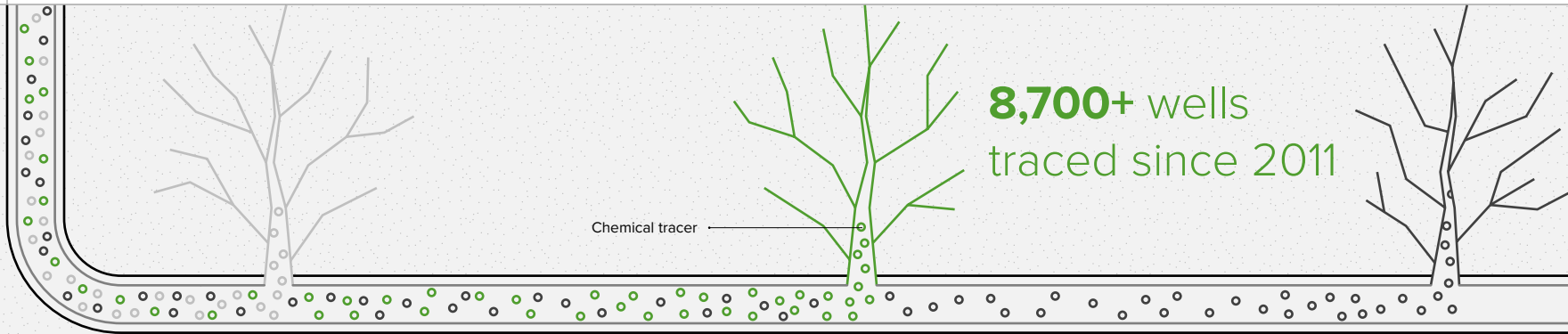


**Beyond Fracturing** – The ability to re-close and re-open our frac sleeves leads to environmental benefits beyond the initial fracturing operation. Operators can shut off undesirable production that can negatively impact primary recovery, refracture stages to reverse production declines, and convert the sleeve to a regulated injection mode to improve injection conformance during secondary and tertiary recovery to maximize ultimate oil recovery throughout the life of the well.



Product details

<sup>3</sup> Reducing Water Volume in Multistage Fracturing Using Sliding Sleeves and Coiled-Tubing-Deployed, Resettable Frac Isolation



## 4 TRACER DIAGNOSTICS

Producers want to optimize oil and gas production as much as possible. Tracers provide producers with data on well performance – such as fluid flow paths, proppant distribution, and fracture connectivity – that can be used to identify areas of opportunity for enhanced production and to guide field development decisions. Tracers can be used at any stage of a well’s lifecycle, from drilling to enhanced recovery.

### How Do Tracers Work?

Tracers are chemicals or radioisotopes that are added in small amounts to fracturing fluid to track the flow of substances such as water, hydrocarbons, and gas throughout a well and reservoir. Because each of our tracers is unique, operators can compare what is pumped downhole to what is produced back up the well, providing valuable information about what is happening below the surface. This allows operators to map out the reservoir, identify sections with high water content or depletion, and determine if and where wells are linked to one another.

### Our Solution

#### What is Our Solution?

We offer liquid, gas, particulate, and radioisotope tracer products and services. NCS tracer teams work with customers to understand their needs, recommend the best diagnostic approach, conduct quality assurance and control analysis of our tracer products, administer tracers on site, analyze well samples, and compile data and reports to provide a visualization of customer well performance.

#### Featured Product Tracer Diagnostics

Our range of tracer products and diagnostic services provide data that help clients better understand their well performance, evaluate completion strategies, and guide field decisions to improve resource recovery.

[Product details](#)

### Benefits to the Customer

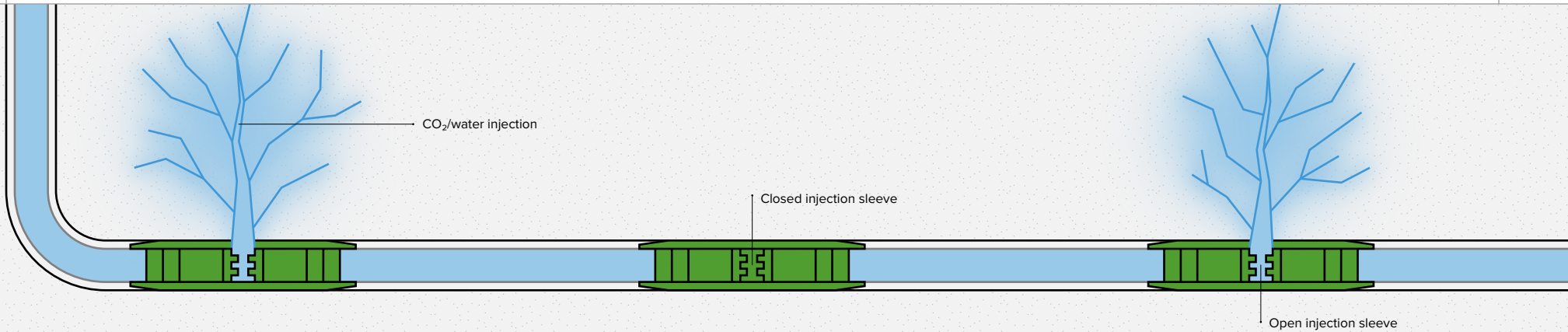


**Water Treatment** – During oil and gas production, water is often produced along with oil and gas. Using tracers to locate water-producing zones within a well enables operators to adjust their production techniques (e.g., close sleeves to shut off specific zones) to avoid bringing up large amounts of water which must be treated and properly disposed of.



**Economic** – Tracers facilitate better understanding of how fractures and wells are connected, either intentionally or unintentionally. Understanding how oil flows within these areas helps operators adjust their approach to fracturing and production for future wells in the same area, which can reduce pump inputs including water and sand. It can also support optimized placement of future wells and reduce the total number of wells drilled.





## 5 ENHANCED RECOVERY

**Extracting hydrocarbons after exhausting primary recovery methods can extend a field's productive life through recovery of additional resources.**

### How Does Enhanced Recovery Work?

When oil stops flowing in volumes that are economical, producers use a variety of techniques such as waterflooding (secondary recovery) or enhanced oil recovery (tertiary recovery) to improve flow. Waterflooding involves pumping water down an injector well near to the original production well. Injected water "floods" into the reservoir, increasing and maintaining reservoir pressure and sweeping the remaining oil toward a nearby production well. When waterflooding is no longer effective, tertiary recovery techniques can be used to inject gases (CO<sub>2</sub>, nitrogen, or natural gas), steam, or chemicals into the well to further increase recovery. This helps extend the productive life of the well, delaying the abandoning of the existing infrastructure and drilling of a new well.



Product details

### Our Solution

#### What is Our Solution?

Our patented Innovus Convertible and Terrus injection systems help operators recover oil and gas that would otherwise be left behind in the reservoir.

#### Featured Product

##### Terrus™ Injection System

Our Terrus system helps operators optimize production by selecting specific flow rates for each zone of the wellbore. In addition to being customizable, our Terrus system can be designed as closeable when water injection is no longer required.

### Benefits to the Customer



**Water** – Our Terrus system helps maximize the effectiveness of injected water by directing it precisely where it can produce more oil.



**Emissions** – Our Terrus system can also be used to inject CO<sub>2</sub> during tertiary recovery. Much like waterflooding, CO<sub>2</sub> injection is used to recover oil by maintaining reservoir pressure and sweeping oil towards production wells. CO<sub>2</sub> injection, however, has the added benefit of sequestering a proportion of the injected CO<sub>2</sub> in the reservoir, helping to lower the carbon footprint of each barrel produced during enhanced recovery operations compared to waterflooding alone<sup>4</sup>.

<sup>4</sup> Dual Benefits of Enhanced Oil Recovery and CO<sub>2</sub> Sequestration: The Impact of CO<sub>2</sub> Injection Approach on Oil Recovery

# Solutions to Support the Energy Transition

**Our passion for tackling new challenges and solving complex problems positions us well to support the energy industry and society’s transition to adopt lower-carbon sources of energy. We are innovating with our oil and gas customers to improve their operational efficiencies while reducing their environmental impacts. Beyond our traditional markets, we are also applying our technologies and expertise to the geothermal and solution mining industries, areas seeing increased demand as interest in alternative energy sources gains momentum. The level of downhole control and data capture our technologies provide to operators is a distinct advantage as they pioneer in the energy transition space.**

## Geothermal

**The Opportunity** – Geothermal energy is a renewable fuel that is created by extracting heat from the earth. One method of harnessing geothermal energy is by creating or accessing water reservoirs deep underground using hydraulic fracturing techniques. This water, heated by the Earth’s core, is circulated to the surface through a system of pipes, where the heat is used as an energy source. Water can also be circulated back into the reservoir where it is reheated and circulated to the surface again. The cost of infrastructure to capture geothermal energy is high, and the depths required to access certain reservoirs are significant. A recent study estimates that applying techniques and tools from the oil and gas industry to geothermal development could reduce the cost of geothermal projects by 20 to 43 percent<sup>5</sup>. NCS Multistage takes pride in providing geothermal operators with innovative, industry-proven solutions to facilitate the harvesting of this renewable heat source.

**How NCS can Participate** – Geothermal well completions require control, precision, and temperature-resistant tools. Our engineering team is currently prototyping and testing downhole tools and technology from NCS Multistage that are adapted to withstand the high temperatures common to most geothermal wells. These solutions offer high levels of control to operators because of the ability to open and close sleeves and regulate fluid injection rates.

**What NCS is Doing** – In 2019, we began upgrading the design of existing fracturing equipment to handle high geothermal temperatures. We piloted this new technology in 2020 with a geothermal operator in Canada<sup>6</sup>. Since our first success in 2020, we have continued to adapt our technology to support geothermal operators. To date, our downhole solutions have been applied in geothermal wells in Canada and the U.S.

## Mineral Extraction

**The Opportunity** – Minerals such as copper and lithium are critical to the energy transition and are required to power many new energy technologies such as solar panels, electric cars, and batteries. While demand for these minerals has grown considerably, extraction through traditional surface mining methods can present environmental concerns including land disturbance, significant production of greenhouse gas (GHG) emissions, and excessive water use.

**How NCS can Participate** – Current NCS technology such as frac sleeves and enhanced oil recovery products can be adapted for use in downhole solution mining operations to recover minerals from subsurface fluids. The application of this technology in the critical minerals mining industry could dramatically reduce the amount of land disturbance compared to traditional surface mining techniques. If the solution mining approach is successful, it could save time, minimize personnel safety hazards, and reduce additional environmental impacts of critical mineral mining activities.

**What NCS is Doing** – We have conducted a successful pilot for a solution mining application and are in discussions with additional mineral extraction operators to better understand the requirements for similar applications.

<sup>5</sup> [The Future of Geothermal in Texas](#)

<sup>6</sup> [Optimizing Geothermal Energy Extraction from Hot Sedimentary Aquifers Using Proven Cross-Industry Technology](#)



## OUR OPERATIONS

# Driving Responsible Innovation



# Energy Use



These icons are used throughout the report to indicate the activities covered in the discussion. For details on what these activities mean, see [page 6](#).

We strive to reduce our operational impacts on the environment in many ways, including how we manage energy usage in our facilities. While each facet of our business has unique energy needs, we work across all areas to be efficient in our energy use, from manufacturing and product testing to traveling to and from customer sites.



## Energy Use at Manufacturing Facilities

Our Repeat Precision joint venture owns two manufacturing facilities in Mexico. Electricity provides the majority of energy consumed in those locations and is primarily used to run manufacturing equipment including automated lathes and mills, hand and power tools, and other machinery on the shop floor. These facilities also consume energy to control climate and lighting to help protect the health and safety of employees. To reduce energy use, Repeat Precision shuts down power to areas not in operation and has replaced many lights with energy-efficient LED bulbs.



## Energy Use in Other Facilities

We maintain facilities across Canada and the U.S., including field offices, tracer labs, a research and development center, and two corporate offices. Our tracer lab and research and development facilities account for most of our energy use, powering pressure and temperature testing equipment, instruments for chemical analysis of liquids and gas, and other required tools. We also use energy in our offices and field facilities to power lights, computers, and equipment to support day-to-day activities. In some of our locations, we use propane or diesel-fueled forklifts to move material within our facilities. In addition, we use small quantities of natural gas primarily in the heating of our Canadian facilities.

Our energy conservation strategies include, but are not limited to, consolidating operational facilities, transitioning to LED light bulbs, and introducing motion-detection lights in some locations. We plan to continue this approach across our locations.



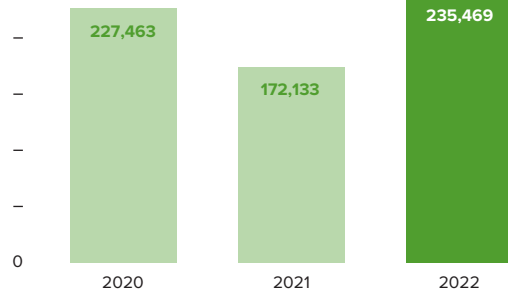
## Energy Use in Our Fleet

To provide our products and services to customers, we maintain a fleet of approximately 110 pick-up trucks – 60 in Canada and 50 in the U.S. As many of these trucks function as mini offices for our team members and power equipment on customer sites, some vehicle idling is required, and we focus on minimizing this idle time to manage our fuel consumption. We implement a 15-minute idle limit for our Canadian teams and encourage all NCS employees to use customer power sources where available. In addition, we fit U.S. tracer team vehicles with inverters to power employee computers and other electronics, while other employees work out of wellsite trailers supplied with energy from on-site generators when possible.

### OUR PERFORMANCE

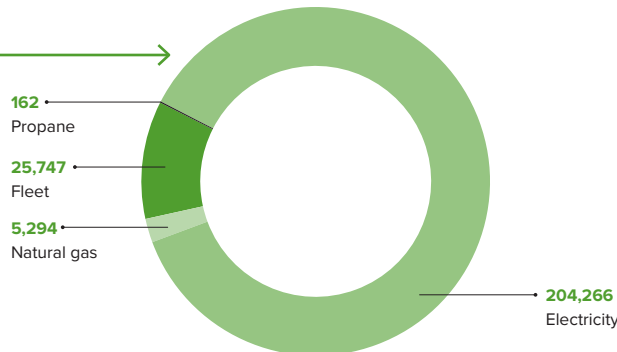
#### ENERGY USE | GJ

250,000



Our overall energy use increased in 2022 due to a rise in activity to support increased industry activity.

#### 2022 ENERGY USE BY TYPE



#### Notes:

- Assembly of our frac sleeves is completed by NCS employees at third-party shops. Energy used in these activities is provided as part of the service and not the responsibility of NCS.
- Fuel use tracking is only done for NCS fleet vehicles. Fuel used on site for hydraulic fracturing activities is the property and responsibility of the customer or other service providers.
- Although we currently do not calculate our greenhouse gas (GHG) emissions, understanding our energy consumption is the first step towards quantifying them.

# Water Use

Water is a critical shared resource and we aim to use it efficiently, prioritizing reuse where feasible. Although many of our products support hydraulic fracturing, which is a water-intensive process, the water is supplied by the customer and often managed by a third-party oilfield service provider. At our facilities, water use and use reduction practices vary, with much of our water use supporting our assembly, service activities, and manufacturing.



## Water Use in Manufacturing

Repeat Precision primarily uses water as a coolant for CNC machines (automated lathes and mills), our phosphate plant, and for final cleaning of our products.

In addition, we use water-cooled air conditioning given the high temperatures of some facility areas. We reuse recovered water from plug manufacturing to cool machinery. When water is no longer suitable for reuse, we send it to a third party for treatment and recycling.

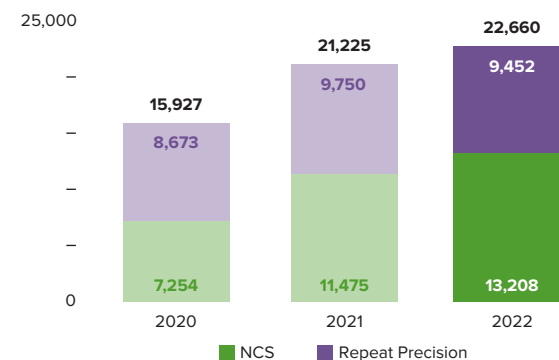


## Water Use in Other Facilities

Throughout our offices, labs, service centers, and research and development facility, we use water in various ways to support our activities. Much of our water use is in research and development, supporting the engineering, development, and testing of products. Our tracer teams mix water with raw tracer components to create liquid water tracers at our facility. Our service teams also use water to clean tools after use at customer sites, skimming any residual oil from the used water before reusing it for further cleaning.

### OUR PERFORMANCE

#### WATER USE | M<sup>3</sup>



Our water use has increased due to a rise in activity to support increased industry demand. We do not maintain reporting of water use for our assembly activities, as they take place in leased facilities.

# Waste Management

We are committed to reducing the impact of our operations on the environment through prudent waste management and responsible recycling practices. Our manufacturing activities create the majority of our waste, with our assembly and field activities contributing minimal amounts of solid, liquid, and hazardous waste.



## Waste from Manufacturing

Most of the waste generated from manufacturing is from non-hazardous steel. Small pieces of scrap metal are created in the manufacturing and machining process, an unavoidable source of waste for manufacturing operations. To help minimize waste, Repeat Precision implements lean manufacturing processes. For example, to avoid overproduction, we only begin production of products upon receipt of purchase orders and maintain a monitoring forecast to inform our manufacturing schedule.

We account for 99 percent of the steel received for manufacturing as either finished products or waste, as required by law, sending any steel waste from manufacturing to a scrap recycler. In 2022, Repeat Precision recycled 93 percent of its waste. If a product is defective and cannot be sold, we aim to rework or reuse parts of the product before sending it for recycling.



## Waste from Other Facilities

### Non-hazardous Waste

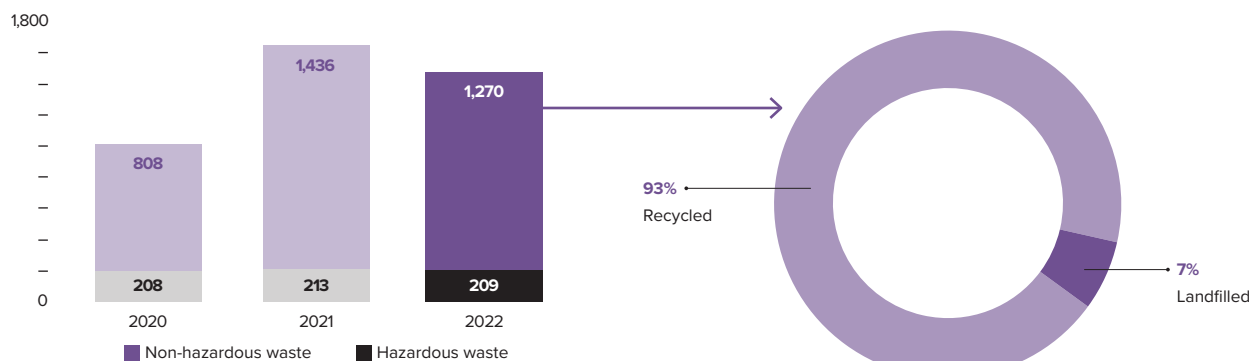
When steel parts, tools, and products no longer meet our stringent standards for reuse, we scrap, destroy, and sell them to third-party recyclers. We also reuse lead storage containers, used to safely transport radioactive materials, for many years before we return them to the manufacturer for rework or recycling. Throughout NCS, wood pallets are reused until the end of their life, at which point they are returned to third-party vendors for recycling, disposal, or rework.

Additionally, NCS collects and disposes of grease used in the assembly process through reputable waste management service providers. Customers account for and dispose of any liquid waste created during installation and product use on site, typically containing small amounts of produced water and excess fracturing liquid.

## OUR PERFORMANCE

### WASTE FROM MANUFACTURING (REPEAT PRECISION ONLY) | TONNES

### 2022 WASTE BY DESTINATION



These numbers *only* include our manufacturing facilities/Repeat Precision. At this point in time, we do not track waste from our other facilities. We report hazardous waste as defined by the local jurisdiction.

In 2022, Repeat Precision recycled **93%** of its waste.



# Waste Management

## Hazardous and Chemical Waste

Although we do not yet quantify waste from all NCS facilities, we estimate that hazardous waste is a small proportion of our overall waste profile and is primarily related to our tracer products and laboratory activities. After we pump tracer downhole at a customer site, any unused tracer is returned to inventory to be used on future jobs. Waste from tracer manufacturing and well samples from completed projects are disposed of in accordance with applicable regulations including the *Canadian Environmental Protection Act*, the U.S. Environmental Protection Agency, and provincial or state guidelines.

In the U.S., part of our tracer business involves the use of radioisotope tracer products which are minimally radioactive, similar to medical tracers used in health care. NCS obtains and complies with radioactive materials licenses and disposes of any waste radioisotope product or materials that have been exposed to the product in accordance with regulations established by the U.S. Nuclear Regulatory Commission and other state agencies. Specifically, we store these small volumes of waste, which may include gloves, paper, plastics, and other disposable materials, in steel or plastic containers underground at our Midland/Odessa facility. This allows the material to safely decay in storage. It remains in storage for a period of approximately two years, after which we send it for safe disposal. We must dispose of these materials properly in accordance with the terms of our licenses. Read more about procedures for the safe handling of tracers on [page 26](#).



## Product End of Life

Many of our products, including fracturing sleeves and enhanced recovery systems, are part of the permanent well infrastructure and become the responsibility of the operator.

As our steel products feature proprietary technology, we return any unused product or steel waste generated on customer sites to our facilities to where it is broken down and recycled through a third party. Composite plugs are drilled out after fracturing activities, contributing a small amount of solid waste accounted for by our customer.







## OUR PEOPLE

# Investing in Our Future



# Employee Health and Safety

**Our employees are NCS's greatest strength. We are committed to providing safety leadership and training, and promoting a safety culture that keeps all employees safe, whether they are on a customer or vendor site or in one of our facilities.**

## Safety Foundations

Creating a safe workplace across our facilities begins with a strong foundation of clear policies, extensive training, and a robust safety culture.

### Policies

Our Health and Safety Policy outlines the responsibility of NCS and our employees to ensure we conduct business in a way that protects our employees, vendors, and customers. This includes NCS's commitment to provide job-specific training and the responsibility of employees to perform their tasks in a safe manner and in compliance with applicable laws. Repeat Precision also maintains its own Health and Safety Policy for their employees.

### Training

All employees are required to complete a safety orientation that includes emergency response training. We also provide job-specific training to mitigate risks unique to employee activities (read more on the following pages). Field employees are assigned 30 additional hours of training on topics such as hazard assessment and control, incident reporting, and appropriate personal protective equipment (PPE).

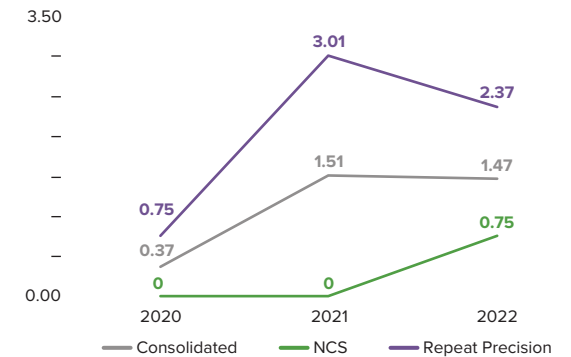
## Building a Safety Culture

Our goal is for all employees to have the information they need to safely assess potential hazards, and the support and resources to take corrective or preventative action. To continue building a strong safety culture across NCS, we do the following:

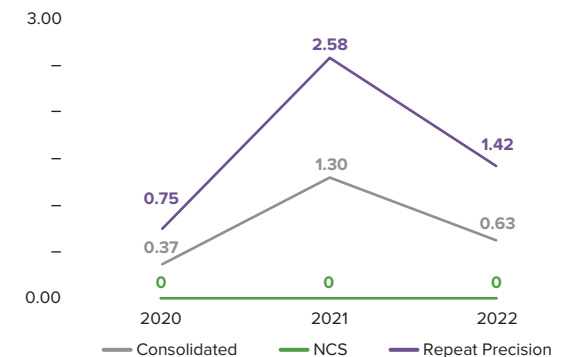
- We strive to eliminate safety hazards where feasible and enact control measures such as engineering a safer space and providing the required PPE for each job.
- We empower NCS employees to protect themselves and others through Stop Work Authority, giving every employee the right to stop work at any time or work location when they believe an activity or condition is unsafe.
- We require employees to complete Field Level Hazard Assessments to identify, document, and evaluate potential hazards before the start of any job at a customer's site or at an NCS facility.
- We require employees to complete incident reports for events that did or could have caused harm or damage. Our Health & Safety team analyzes these reports, and trends or key indicators are reviewed during monthly safety meetings for learnings along with other relevant safety topics.
- Leaders observe employees at work, documenting both safe and unsafe behaviors, providing feedback, and developing safety improvement plans.
- We conduct several emergency response drills throughout the year and field employees review emergency procedures at every job before work commences.

## OUR PERFORMANCE

### RECORDABLE INJURY RATES | INCIDENTS PER 200,000 WORKED HOURS



### LOST TIME INJURY RATES | INCIDENTS PER 200,000 WORKED HOURS





# Employee Health and Safety

## Targeted Safety Programs

Our team members face different risks depending on their role and location of work. We take a targeted approach to managing these potential safety issues by providing specialized training, mentoring, and maintaining procedures specific to each role.



### Driving Safety

Our field and tracer teams are regularly on the road to deliver services at customer sites, collectively driving nearly four million kilometers in 2022. Our fleet undergoes monthly vehicle inspections to ensure safe operations. Additionally, our drivers take regular courses to assess and improve their safe driving skills. Our U.S. employees take courses through the Smith System Driver Improvement Institute, while our Canadian drivers complete defensive driving courses through the Alberta Motor Association.

Our teams face potential driving risks due to fatigue, road conditions, weather, wildlife in remote areas, and other factors. To protect our employees, team members planning to drive more than 100km are trained to complete a trip risk assessment using our journey management app, to determine their fitness to drive and whether conditions allow for safe travel.

### OUR PERFORMANCE

VEHICLE INCIDENTS	2020	2021	2022
Total Vehicle Incidents	23	19	17
Recordable Vehicle Incidents	0	0	0

Depending on the results of the assessment, employees may be required to discuss trip adjustments with their supervisor or postpone the trip to ensure safety. When on the road, we encourage employees to take breaks, check in, and assess their state of mind and road conditions throughout their journey.

## To protect themselves and others, all employees have Stop Work Authority.



### Safety at Customer Sites

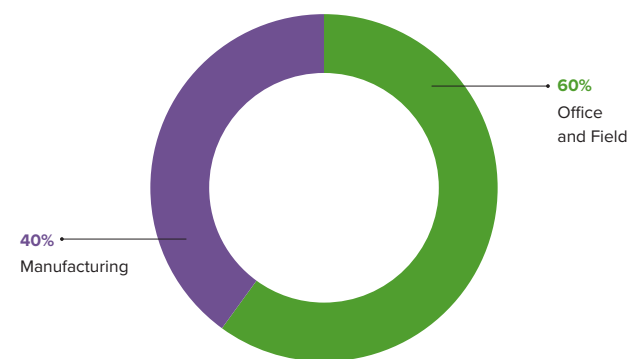
Product installation and field service support requires NCS employees to attend customer sites to conduct work that may range from a one-day shift to approximately one month of daily work, exposing them to site-related hazards that are out of our direct control. To mitigate these risks, we require our employees to complete and sign off on a Field Level Hazard Assessment and take appropriate safety measures before commencing work. These can include using proper PPE, good communication with crews and operators, confirmation of limitations on all surface equipment, location of work hot zones, and reminders of stop work authority. Our employees also participate in customers' safety meetings each day they are on site to help ensure they understand site safety rules and guidelines such as no-go zones and emergency response procedures.



### Safety During Product Assembly

The primary safety risk for our employees who work in assembly locations is physical injury due to moving equipment, use of hand tools, and testing with fluids under pressure. Forklifts, pressure testing, and machinery running throughout the day requires employees to be aware of their surroundings and any potential safety issues. All shop employees receive hand, power, electrical, and pneumatic tool training, covering the risks of each tool and how to protect against injury, including the use of PPE. Operations personnel conduct regular safety inspections of Emergency Hazard Information, material handling and storage, machine safeguards, protective equipment, and any other hazard conditions that may apply at our assembly shops. Members of our senior management team carry out additional observations and interviews twice each year to affirm safe conditions and behaviors are practiced and enforced.

### 2022 EMPLOYEE BREAKDOWN



Manufacturing includes Repeat Precision employees working in manufacturing facilities in Mexico. Office and Field includes NCS employees and Repeat Precision employees working in our Houston office.

# Employee Health and Safety



## Safe Handling of Tracers

Our product and service offerings include tracer diagnostics, which provides customers with reliable data and information about their reservoirs. These tracers contain small amounts of chemicals to facilitate the detection and tracking of fluids, such as water and hydrocarbons, through the reservoir. Tracers arrive at NCS as solids or liquids, depending on the type of tracer. Some tracers are manufactured by a third party, while others are processed and bottled by the tracer team. Products are stored at our central warehouse or field offices and are transported to the customer's site as required by the job design. Chemical tracers are transported according to Department of Transportation regulations by field personnel who receive extensive training in chemical storage procedures, handling, loading, and pumping techniques, and emergency response and remediation. We ensure proper labels indicating the chemical ingredients and associated safety data sheets and Workplace Hazardous Materials Information System (WHMIS) information are in place on tracer storage and transportation containers going to customer sites.

We offer a tracer product that contains small amounts of radioisotopes, or radioactive chemical elements. The radioactivity of these products is minimal<sup>7</sup>, similar to tracers used in other industries such as health care and agriculture. Available only in the U.S. and select international regions, we store these tracers in our Odessa/Midland facilities.

Employees handling these products undergo specialized orientation training, perform 200 hours of training with a certified mentor, complete a certification course, and must pass a proficiency test before working alone with the product. In addition, tracer employees wear radiation film badges to measure any radiation exposure, which our safety teams inspect monthly.



## Safety at Manufacturing Sites

At Repeat Precision, the most common injury risks in our manufacturing operations include pinch points, cuts, and scrapes during use of machinery. Each Repeat Precision employee at our manufacturing locations receives more than 50 hours of health, safety, and emergency response training per year. To help maintain awareness of safety, we begin each shift with a safety meeting, highlighting risks and recognition of safety hazards and featuring rotating safety topics throughout the year. We believe our employees working on the manufacturing shop floor know best what issues require attention and the changes we can make to improve safety. We use the Kaizen Action Sheet system to support our safety approach. Using these sheets, employees identify safety issues observed during their work, the root cause of the issue, and suggest solutions to resolve the situation. The safety team reviews every safety-related Kaizen action sheet and, where applicable, works to implement a corrective action.



## Safe Handling of Explosives

Repeat Precision sells perforating guns – used to perforate a well's casing – directly to other oilfield services companies that act as distributors and ultimately convey the tools downhole for their customers. Because perforating guns contain explosive charges, we are subject to extensive environmental, health and safety laws and regulations. This includes guidelines and regulations for the purchase, manufacture, handling, transport, import, storage, and use of explosives issued by the Bureau of Alcohol, Tobacco, Firearms and Explosives, the U.S. Department of Transportation's Federal Motor Carrier Safety regulations, and the Safety Library Publications of the Institute of Makers of Explosives. In addition to abiding by the health and safety guidelines and regulations of these governmental agencies, Repeat Precision maintains its own comprehensive standard operating procedures and specialized orientation and annual training for employees handling these products.

<sup>7</sup> Tracer employees are exposed to an average of 12.5 millisieverts (mSv) per year; natural background radiation in the U.S. is 3.11 mSv per year. [Source](#)

# People Practices

**Our team of innovative and talented employees is the cornerstone of our success. We have worked to build a culture we are proud of – one that encourages teamwork, strong connections, loyalty, and trust. We strive to uphold this culture by supporting employee development, fostering a respectful and inclusive workforce, and emphasizing employee engagement.**

## Employee Development

We encourage our employees to reach their full potential and aim to provide opportunities for growth through clear expectations, educational support, and coaching.

### Clear Expectations

To help our employees envision a potential career path, we openly communicate and share requirements for career progression by developing career ladders and documenting competencies for certain roles. Career ladders outline the technical skills, experience, education, and competencies required to be eligible for certain positions within NCS. These documents help employees better understand the requirements for roles within their unit and plan their career progression, while providing transparency across the company. Career ladders are currently available for the most common roles at NCS. We have also documented the competencies required for roles at NCS, including leadership competencies such as coaching and developing others, change management, and strategic thinking. These competencies help define employee development goals and guide our internal promotion process.

### Educational Support

NCS provides targeted support for education that promotes employee development and growth, and promotes a pipeline of skilled workers. This includes the following:

**Engineering Internships** – The next generation of thinkers, designers, and innovators represent a pool of future talent for NCS. Our research and development center in Calgary, Alberta runs four- to eight-month paid engineering internships for students interested in gaining valuable experience in the areas of design, manufacturing, and testing of downhole tools for the energy industry. To date, we have provided 25 internships.

**Educational Assistance Policy** – We believe education is critical to innovation in all areas at NCS. NCS employees are eligible for financial assistance to complete educational programs related to their career path at NCS.

## OUR PERFORMANCE

### WOMEN REPRESENTATION

% OF EMPLOYEES	2020	2021	2022
Total	29%	27%	26%
NCS	22%	20%	21%
Repeat Precision	36%	35%	32%

The percentage of women employees remains relatively stable and standard for the industry. We will continue to work to create a workplace that is respectful and inclusive to all.







# People Practices

## Diversity and Inclusion

To foster an inclusive, supportive, and respectful workplace our employees want to be a part of, we provide clear expectations for respectful behavior and ethical conduct through formal policies and training.

**Anti-harassment Policy** – Our [Code of Business Conduct and Ethics](#) outlines our expectations for respectful behavior and our zero tolerance for harassment, as well as procedures for timely, constructive responses to allegations of policy violations. In addition, through our Anti-Harassment Policy, we work to ensure all individuals are treated with respect, given equal opportunities, and have access to a formal reporting procedure if required to address workplace harassment claims.

**Harassment Prevention Training** – Formal training on discrimination, diversity, and other key workplace issues is available to all employees through a third-party provider, featuring employee- and management-specific courses. This training includes content on gender, race, and sexual orientation. Completion of this training is required for newly hired employees and at least every two years for all employees.

**Respectful Workplace** – In 2022, our Canadian division piloted a third-party Respectful Workplace training, covering interpersonal interactions, workplace bullying, and answering attendee questions.

## Employee Engagement

At NCS, we believe that everyone does their best work when they feel heard and valued. To promote employee engagement, we foster a culture of support and respect, and focus on creating opportunities to hear feedback from our employees and acknowledge their successes.

### Employee Survey

We conduct an annual internal survey to gauge employee engagement and satisfaction, and to understand employee perspectives on our work culture, leadership, and safety. The executive team reviews the results and addresses key issues and areas for improvement. Our 2022 survey results were positive overall, with an 88 percent response rate and high scores related to job satisfaction, NCS culture, and pride in their workplace. One area for improvement was clarity on paths for job progression. In response, we developed career ladders for key roles. See [page 27](#) for details on career ladders.

### Employee Recognition

Our volunteer Employee Recognition Committee bolsters our culture of recognizing and acknowledging the achievements and contributions of our employees through various activities. We use Kudos, a digital platform, to encourage peer recognition across NCS. Using this platform, employees can share a thank-you across the company to one or more coworkers for their hard work, assistance, or other positive contribution to NCS and our success. We also celebrate service anniversaries across our units to show appreciation for the dedication of our employees.

## Employee Mental Health

Our commitment to supporting our employees includes promoting mental wellness, an important component of overall well-being and engagement. We encourage our team members to take their mental health seriously, discussing the topic and potential triggers such as fatigue and stress in our regular safety meetings. In addition, our U.S. teams host lunch-and-learn sessions about mental health risks and responses, and all NCS employees have access to an employee assistance plan that includes mental health resources.

### FROM OUR 2022 EMPLOYEE SURVEY

**92%** of survey respondents indicated they are proud to work at NCS.

# Community Investment

**We are committed to respectful interactions with the communities in which we live and work. Our community investment activities are employee-driven and location-based, empowering our teams to give back and provide support in ways meaningful to their communities.**

## Corporate

As a company, we are committed to supporting those in our communities who need it most through organizations providing crucial resources. Over the years, we have supported groups such as Hockey Helps the Homeless, STARS, Habitat for Humanity, and cancer research foundations.

Using our Kudos platform, the NCS Gives Back program facilitates employee-driven donations, directing a \$500 donation twice a year to the charity of choice for the team that submits the most Kudos.

## Regional

Our team members work in diverse regions across the U.S. and Canada, and we recognize each location has differing needs and opportunities for community engagement. Each region supports the causes that mean the most to them and have the greatest impact in their location. This includes toy drives, food bank donations, community sport fundraisers, and local recreation centers.

## Repeat Precision: Providing Fair Employment in Mexico

As one of the largest employers in Ojinaga and Praxedis, Repeat Precision provides economic benefit to the local communities through local procurement and hiring. All of our employees are local, and women comprise 32 percent of Repeat Precision's total workforce.

### Compensation and Benefits

All of our compensation and benefit structures follow the government regulations of Mexico. This includes competitive compensation, yearly bonuses, food stipends, and payments into social security benefits. We also provide a savings plan (not required by law). The lowest paid employee at Repeat Precision earns roughly 34 percent more than the average weekly salary in Mexico.

### Labor Rights

We take the rights of our employees seriously and Repeat Precision works to provide a supportive and respectful workplace. We have a strong anti-harassment policy in place and all employees receive anti-harassment training upon hiring. We abide by all human and labor rights regulations in Mexico and confirm all Repeat Precision employees are aged 18 or above. We respect the right of our employees to join a union. Currently, no Repeat Precision employees belong to a union.





## OUR BUSINESS PRACTICES

# Acting with Integrity



# Corporate Governance

**We benefit from a skilled, experienced Board of Directors as we continue our path of innovation, sustainable growth, and strong financial performance.**

The NCS Board of Directors (Board) is responsible for managing and directing the affairs of NCS in the best interest of the company and its shareholders. The Board evaluates and approves strategic plans, oversees our financial objectives, and provides guidance and oversight to the executive team to whom it delegates day-to-day management of the company. In addition to regularly scheduled meetings (minimum of four per year), our Board also conducts informal meetings at least four times a year.

## Board Structure

As of December 31, 2022, our Board was composed of 10 members, seven of which are independent<sup>8</sup>. To support the Board in fulfilling its mandate, we have two standing committees on our Board: the Audit Committee and the Compensation, Nominating, and Governance Committee. Annually, we conduct a formal, anonymous self-evaluation survey of the board and each committee to determine and discuss ways to continuously improve our processes and structure.

## Board Skills

We have a comprehensive board assessment process and strive to maintain a Board with diverse experience and knowledge to support our company. Director criteria include integrity, objectivity, independence, leadership skills, and diversity of experience (e.g., gender, ethnicity, and skill). To preserve institutional knowledge, we do not have term limits or set retirement ages for Board members.

### DIRECTOR SKILLS AND EXPERIENCE

Senior Management (CEO)	8
Finance (CFO)	4
Corporate Governance	3
Oil and Natural Gas	10
Engineering/Technology	6
Sales/Marketing	9
International	10

## Governance for ESG

We aim to responsibly increase stakeholder value by focusing on innovation, sustainable growth, and strong financial performance. Currently, governance of ESG matters lies with the whole Board to encourage a broad perspective. Our Board participated in our 2022 materiality assessment, with the opportunity to review and provide feedback on selected material topics.

### GOVERNANCE INFORMATION | AS OF DEC. 31, 2022

#### SHAREHOLDING

Share Ownership Requirements for Directors	Yes
Share Ownership Requirements for Executive Officers	Yes

#### ETHICS

Code of Conduct for Directors, Officers, and Employees	Yes
Policy on Share Trading and Hedging	Yes

#### BOARD COMPOSITION AND INDEPENDENCE

Size of Board	10
Number of Independent Directors	7
Independent Chair	Yes
Board Meetings Held in 2022	6
Meeting Attendance in 2022	100%

#### BOARD RENEWAL AND DIVERSITY

Annual Board Assessment Process	Yes
Average Age of Directors	59
Mandatory Retirement Age	No
Average Director Tenure	7.8 years
Diverse <sup>7</sup> Board Members	20%
Board Diversity Policy	No

<sup>8</sup> As defined under NASDAQ rules.

# Ethics and Anti-corruption

**NCS is committed to honest and ethical behavior in all of our interactions with stakeholders. We protect our reputation by having policies and training in place, and by adhering to all relevant legislation and regulation. We prioritize our ethical responsibilities throughout NCS.**

## Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics (Code) outlines the responsibility of NCS as a whole and of each employee to conduct all business activities honestly, lawfully, and ethically. This code also identifies potential ethical concerns and conflicts of interest employees may encounter in their work and how to appropriately respond to or report these activities. We require employees to acknowledge the Code each year, and we maintain public access to the Code on our website. Our Audit Committee reviews the Code annually to ensure it includes the most up-to-date and relevant guidance.

## Reporting Ethics Concerns

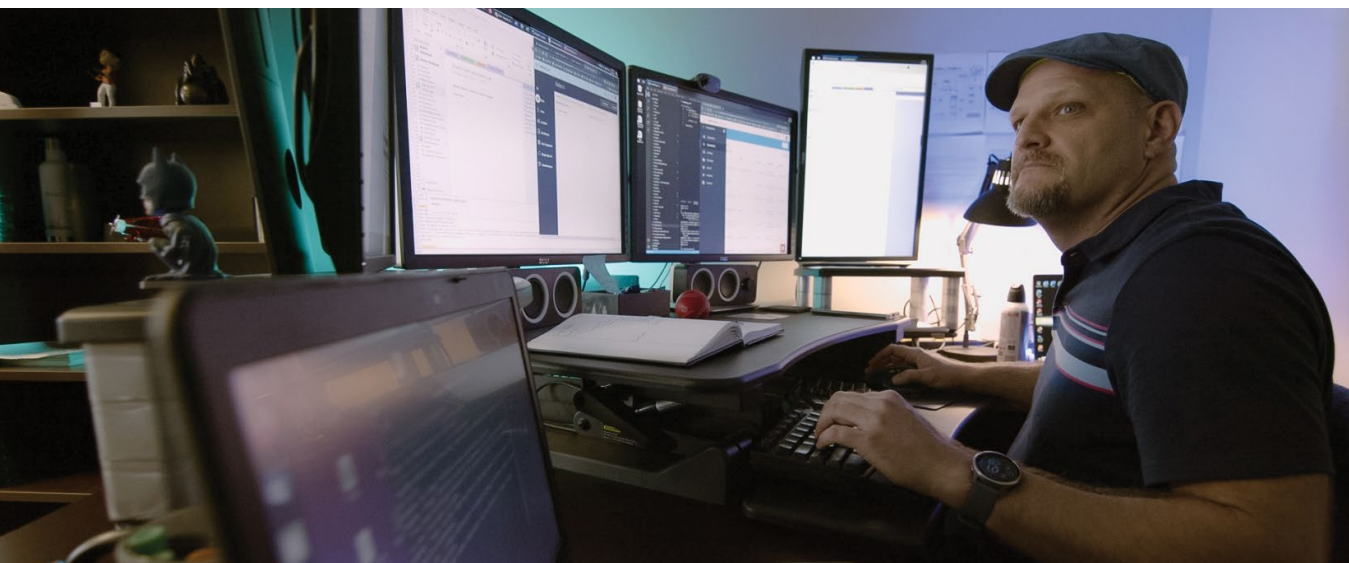
We maintain a third-party whistleblower hotline for all team members to report unethical or unlawful behavior. While we rarely see issues or complaints through the hotline, we have a formal process to resolve concerns and are committed to a timely and fair resolution. In addition to our anonymous hotline, we encourage all employees to approach a manager, supervisor, human resources, the legal department, or an executive with concerns as soon as an issue is apparent.

## Anti-corruption Training

NCS conducts business internationally and we take corruption risks seriously. NCS prohibits giving or promising anything of value, directly or indirectly, to any employee, official of a government (including state-owned companies), political party, candidate for office, or any person performing public duties or state functions, in order to obtain or retain business or to secure an improper advantage with respect to NCS's business. NCS and Repeat Precision team members working in high-risk units, such as international business or finance, undergo annual anti-corruption training. The training teaches attendees about anti-corruption laws and how to identify 'red flags' or unintentional violations. In 2022, 51 NCS employees completed this training.

## Human Rights and Labor

We take a strong approach to protecting the human and labor rights of our team members across our business. We abide by all state, provincial, and federal labor jurisdictions in our activities and work to ensure employees are aware of their rights. We respect the rights of all our employees to join a union. Currently, four of our employees in Argentina are union members.



# Responsible Value Chain

**At NCS, we are committed to acting with integrity in all our relationships, including our suppliers. Through communication of our expectations and due diligence, we promote responsible practices in procurement activities with our manufacturers and customers.**

## Procurement

We treat our vendors and customers as partners, working to maintain our reputation by operating in a fair and honest manner. Throughout our business, we aim to work with respectful, responsible suppliers and customers in the following ways:

### Manufacturing

Third-party companies in the U.S. and Canada manufacture the majority of our fracturing sleeve products, while plug-and-perf products and some select fracturing sleeve products are manufactured in Mexico through our Repeat Precision joint venture. We have operational control of our Repeat Precision joint venture and provide oversight of their processes and procedures. We regularly review our other goods suppliers for human and forced labor rights, denied-party status, and restricted party screening.

### Transportation

We use a combination of ground, air, and ocean transportation to deliver our products to our customers. We ship our products to customers operating in areas including the Middle East, the North Sea, Asia, and South America. Overseas shipments are received by an NCS distribution center, an agent, or the end-use customer, depending on their needs and local regulations. Most of our shipments are steel parts or tracers. Due to the radioactive nature of some of our tracers, we use trusted, experienced freight forwarders who are specialized and licensed in the transportation of dangerous goods to transport these products.

## Agents

NCS's agents are mostly located in areas where only locally owned businesses can sell within the country. We complete due diligence reports on agents, ensuring they align with our ethics and policies. Agents handle any required storage of radioactive materials until needed by the customer and are suitably certified to do so.

## Customers

We screen all new customers to verify they are not on a denied parties list and do not operate in countries with sanctions. We also conduct daily denied party screenings of end-use customers using third-party software. These screenings include identification of any human rights violations or sanctions placed upon the end user.



# Cybersecurity

**NCS takes its responsibility to protect data seriously, including its own intellectual property and customer data. Cyberattacks have the potential to seriously impact our business, so it is critical that we protect all NCS-held data through comprehensive planning, secure systems, and risk awareness across our company.**

## Systems

Protecting our data begins with implementing secure systems. We align our systems and protocols with the National Institute of Standards and Technology (NIST) Cybersecurity Framework and the Center for Internet Security (CIS) Top 20 Critical Security Controls, enacting multiple solutions to safeguard our business against attacks. Steps taken to improve our cybersecurity include:

- Implementation of multi- and two-factor authentication protocols.
- Maintaining comprehensive wireless protocols for those connecting in the field and limiting VPN activities to reduce the risk of those outside NCS gaining access to our network.
- Using an email security provider that allows for comprehensive oversight by our IT team, including the ability to auto-remove malicious emails.
- Application of robust back-up systems to preserve business continuity and data access.
- Conducting annual assessments and vulnerability scans of our systems.

## Awareness

Phishing schemes are becoming more advanced, presenting an increased risk of individuals falling victim and unintentionally providing access to confidential information or data. To protect our company from these attackers, we regularly educate our employees on how to recognize phishing scams. We run two phishing tests for all employees per quarter and update team members on known scams as needed to highlight specific risks and warning signs of phishing schemes.

## Cyber Response

To support our cybersecurity activities, NCS maintains a cyber risk response plan and a business continuity plan. We conduct regular tabletop exercises for both plans, led by our cyber response team, which includes executives and members from our IT, legal, and intellectual property teams.

**NCS takes its responsibility to protect data seriously.**

## Supplier Assessment for Cyber Risks

To enhance our cybersecurity protections, we are in the process of implementing a supplier management plan.

Suppliers include providers of technological products or services, such as hardware, software, or hosting capabilities, for NCS. These tools are integral to keeping our company running. However, if a supplier suffers a data breach or hack, it puts our company at risk as attackers could gain access to NCS systems or disrupt the service and therefore our ability to operate as expected.

The first step in our supplier cyber management plan is to conduct supplier assessments to identify potential vulnerabilities in their systems that could have a negative effect on our business. We began this process in 2022 by mapping and understanding the risks of attacks on suppliers to our business.

In 2023, we intend to categorize our suppliers into tiers based on risk and how critical they are to our business. These risk-based categories will inform our future supplier selections.





# Appendices





# Performance Table

OPERATIONS	UNITS	2020	2021	2022
FINANCIAL METRICS				
Total Revenues	\$ thousands	106,977	118,502	155,632
Revenues from Products	\$ thousands	75,197	83,223	105,859
Revenues from Services	\$ thousands	31,780	35,279	49,773
Assets	\$ thousands	138,678	142,325	138,599
ENVIRONMENT				
ENERGY CONSUMPTION				
Total Energy Consumed	GJ	227,463	172,133	235,469
Electricity Consumed in Facilities	GJ	201,302	149,811	204,266
Fleet (Gasoline and Diesel)	GJ	19,743	17,427	25,747
Natural Gas Consumed in Facilities	GJ	6,235	4,759	5,294
Propane for Forklifts	GJ	183	136	162
Total Electricity Consumed	MWh	55,917	41,614	56,741
Other Facilities	MWh	54,539	39,863	54,908
Manufacturing	MWh	1,378	1,751	1,833

ENVIRONMENT CONTINUED	UNITS	2020	2021	2022
FUEL CONSUMPTION				
Gasoline	litres	577,267	509,563	752,841
Diesel	litres	53,360	74,620	76,321
Propane	litres	7,228	5,370	6,404
WATER USE				
Water Use	m³	15,927	21,225	22,660
WASTE (REPEAT PRECISION ONLY)				
Waste Generated by Type	tonnes	1,016	1,649	1,479
Hazardous Waste	tonnes	208	213	209
Non-hazardous Waste	tonnes	808	1,436	1,270
Waste Generated by Destination	tonnes	1,016	1,649	1,479
Landfilled	tonnes	72	118	96
Recycled	tonnes	945	1,531	1,383



ABOUT NCS	APPROACH	SOLUTIONS	OPERATIONS	PEOPLE	BUSINESS PRACTICES	APPENDICES
PERFORMANCE TABLE	SASB INDEX	FORWARD-LOOKING STATEMENTS	TRADEMARKS	CONTACT DETAILS		

# Performance Table

SAFETY	UNITS	2020	2021	2022
EMPLOYEE HEALTH AND SAFETY				
Total Number of Hours Worked by All Employees	hours	1,074,881	925,350	953,441
Total Recordable Incident Rate (TRIR)	injuries per 200,000 hours worked	0.37	1.51	1.47
Lost Time Injury Rate (TRIF)	injuries per 200,000 hours worked	0.37	1.30	0.63
Recordable Injuries	injuries	2	7	7
Lost Time Injuries	injuries	2	6	3
Fatalities – Employees and Contractors	number	0	0	0
LEADING INDICATORS (ONLY CANADA AND U.S.)				
Safety Observations	count	29	53	94
Facility Inspections	count	49	158	115
Near Misses	count	30	44	67
DRIVING SAFETY				
Total Vehicle Incidents	incidents	23	19	17
Recordable Vehicle Incidents	incidents	0	0	0
KM Driven	km	N/A	N/A	3,937,500

HUMAN RESOURCES	UNITS	2020	2021	2022
HUMAN RESOURCES				
Total Number of Employees	headcount	456	442	474
NCS	headcount	210	224	261
Repeat Precision	headcount	246	218	213
WOMEN PERCENT				
Percentage of Women, Company-wide	percent	29%	27%	26%
NCS	percent	22%	20%	21%
Repeat Precision	percent	36%	35%	32%
TRAINING				
Total Hours of Safety Training Taken by Employees	hours	3,057	4,239	3,754
Average Hours of Safety-related Training for Employees	hours per person	6.7	9.6	7.9
GOVERNANCE				
Amount of Net Revenue in Countries that have the 20 Lowest Rankings in Transparency International's Corruption Perception Index	\$	0	0	0
Number of Employees who Completed Additional Anti-corruption Training	number	NR	48	51

## Notes

- NR = not reported
- HR and safety data includes data from employees who work in assembly activities.
- Due to data availability, environmental data excludes utility data (energy, water and natural gas) from assembly shops as these are leased facilities.



# SASB Index

Below are the metrics and references to qualitative descriptions in this report that align with two Sustainability Accounting Standards Board (SASB) standards: Oil & Gas – Services and Industrial Machinery & Goods. Note that in some cases a metric aligns with both SASB standards.

SASB REFS	SASB SUGGESTED DISCLOSURES	2022
RT-IG-130a.1	(1) Total energy consumed (GJ)	235,469
RT-IG-130a.1	(2) Percentage grid electricity	87%
RT-IG-130a.1	(3) Percentage renewable	NR
EMISSIONS REDUCTION SERVICES & FUELS MANAGEMENT		
EM-SV-110a.1	Total fuel consumed (GJ)	25,909
EM-SV-110a.1	Percentage renewable	NR
EM-SV-110a.1	Percentage used in on-road equipment and vehicles	99%
EM-SV-110a.1	Percentage used in off-road equipment	NR
EM-SV-110a.2	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts	NR
EM-SV-110a.3	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	NR

SASB REFS	SASB SUGGESTED DISCLOSURES	2022
FUEL ECONOMY & EMISSIONS IN USE-PHASE		
RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	NR
RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	NR
RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	NR
RT-IG-410a.4	Sales-weighted emissions of: (1) <i>nitrogen oxides (NOx)</i> , for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	NR
RT-IG-410a.4	Sales-weighted emissions of: (2) <i>particulate matter (PM)</i> , for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	NR
WATER MANAGEMENT SERVICES		
EM-SV-140a.1	Total volume of fresh water handled in operations (thousand m <sup>3</sup> )	Not applicable
EM-SV-140a.1	Percentage fresh water recycled	Not applicable
CHEMICALS MANAGEMENT		
EM-SV-150a.1	Volume of hydraulic fracturing fluid used (thousand m <sup>3</sup> )	Not applicable
EM-SV-150a.1	Percentage of hydraulic fracturing fluid considered hazardous	Not applicable
EM-SV-150a.2	Discussion of strategy or plans to address chemical-related risks, opportunities, and impacts	

Note

– NR = not reported





# SASB Index

SASB REFS		SASB SUGGESTED DISCLOSURES	2022
ECOLOGICAL IMPACT MANAGEMENT			
EM-SV-160a.1		Average disturbed acreage per oil well site (acres)	Not applicable
EM-SV-160a.1		Average disturbed acreage per gas well site (acres)	Not applicable
EM-SV-160a.2		Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities	NR
WORKFORCE HEALTH AND SAFETY			
EM-SV-320a.1	RT-IG-320a.1	Total recordable incident rate (TRIR)	1.47
EM-SV-320a.1	RT-IG-320a.1	Fatality rate	0
EM-SV-320a.1	RT-IG-320a.1	Near miss frequency rate (NMFR)	NR
EM-SV-320a.1		Total vehicle incident rate (TVIR)	NR
EM-SV-320a.1		Average hours of health, safety, and emergency response training for (a) full-time employees	8
EM-SV-320a.1		Average hours of health, safety, and emergency response training for (b) contract employees	NR
EM-SV-320a.1		Average hours of health, safety, and emergency response training for (c) short-service employees	NR
EM-SV-320a.2		Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	page 24-26

SASB REFS	SASB SUGGESTED DISCLOSURES	2022
BUSINESS ETHICS AND PAYMENTS TRANSPARENCY		
EM-SV-510a.1	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	0
EM-SV-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	pages 32-33
MANAGEMENT OF THE LEGAL AND REGULATORY ENVIRONMENT		
EM-SV-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	NR
CRITICAL INCIDENT RISK MANAGEMENT		
EM-SV-540a.1	Description of management systems used to identify and mitigate catastrophic and tail-end risks	NR
ACTIVITY METRICS		
EM-SV-000.A	Number of active rig sites	Not applicable
EM-SV-000.B	Number of active well sites	Not applicable
EM-SV-000.C	Total amount of drilling performed (metres)	Not applicable
EM-SV-000.D	Total number of hours worked by all employees	953,551
RT-IG-000.A	Number of units produced by product category	NR
RT-IG-000.B	Number of employees	474



ABOUT NCS	APPROACH	SOLUTIONS	OPERATIONS	PEOPLE	BUSINESS PRACTICES	APPENDICES
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# Forward-Looking Statements

**The information in this report includes “forward-looking statements” that are subject to risks and uncertainties. All statements, other than statements of historical fact included in this report, regarding our strategy, financial guidance, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this report, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.**

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause our actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following: declines in the level of oil and natural gas exploration and production activity in Canada, the United States and internationally; oil and natural gas price fluctuations; significant competition for our products and services that results in pricing pressures, reduced sales, or reduced market share; our inability to successfully develop and implement new technologies, products and services that align with the needs of our customers, including addressing the shift to more non-traditional energy markets as part of the energy transition; inability to successfully implement our strategy of increasing sales of products and services into the U.S. and international markets; loss of significant customers; our inability to protect and maintain critical intellectual property assets; losses and liabilities from uninsured or underinsured business activities and litigation;

our failure to identify and consummate potential acquisitions; our inability to integrate or realize the expected benefits from acquisitions; loss of any of our key suppliers or significant disruptions negatively impacting our supply chain; our inability to achieve suitable price increases to offset the impacts of cost inflation; risks in attracting and retaining qualified employees and key personnel or related to labor cost inflation; risks resulting from the operations of our joint venture arrangement; currency exchange rate fluctuations; uncertainties relating to the recent bank failures and Federal Deposit Insurance Corporation response; impact of severe weather conditions; restrictions on the availability of our customers to obtain water essential to the drilling and hydraulic fracturing processes; changes in legislation or regulation governing the oil and natural gas industry, including restrictions on emissions of greenhouse gases; our inability to meet regulatory requirements for use of certain chemicals by our tracer diagnostics business; change in trade policy, including the impact of tariffs; our inability to accurately predict customer demand, which may result in us holding excess or obsolete inventory; failure to comply with or changes to federal, state and local and non-U.S. laws and other regulations, including anti-corruption and environmental regulations, guidelines and regulations for the use of explosives; the financial health of our customers including their ability to pay for products or services provided; loss of our information and computer systems;

system interruptions or failures, including complications with our enterprise resource planning system, cyber-security breaches, identity theft or other disruptions that could compromise our information; impairment in the carrying value of long-lived assets including goodwill; our failure to establish and maintain effective internal control over financial reporting; the reduction in our ABL credit facility borrowing base or our inability to comply with the covenants in our debt agreements; and our inability to obtain sufficient liquidity on reasonable terms, or at all.

For the reasons described above, as well as factors identified in the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, under the section entitled “Risk Factors” and other filings with the Securities and Exchange Commission, we caution you against relying on any forward-looking statements. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this report. Except as otherwise required by applicable law, we disclaim any duty to update and do not intend to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date specified in this report.

This ESG report is not incorporated by reference into any NCS’s public filings, specifically the Annual Report on Form 10K as of December 31, 2022.



## TRADEMARKS

**AirLock®** is a registered trademark of NCS Multistage Inc.

**PurpleSeal Express™** is a trademark of Repeat Precision

**PurpleSeal™** is a trademark of Repeat Precision

**PurpleFire™** is a trademark of Repeat Precision

**PurpleFire Express™** is a trademark of Repeat Precision

**Innovus™** is a trademark of NCS Multistage Inc.

**Terrus™** is a trademark of NCS Multistage Inc.

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