



ESG REPORT

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ELEMENT'S APPROACH TO ESG

At Element Technical Services inc. (Element), we believe responsible operations are essential to long-term success. Our Environmental, Social, and Governance (ESG) approach is grounded in safety, accountability, and respect for our people, our communities, and the environments in which we operate.

We are committed to continuous improvement and practical, measurable actions that support sustainable operations across our business.

CULTURE



We care about the safety of each other and the environment.



We succeed through the quality of our people.



We are operationally driven, customer focused, and offer unique expertise.



We approach work professionally.



We are passionate – we care about the quality of our work.



We have mutual respect with our customers and regulators.



We are motivated to achieve our best.



We offer assistance, cooperation and support to all our people.



We value teamwork and work ethic.



We take pride in maintaining and operating our equipment.

CYBERSECURITY

The use of technology in the oil and natural gas industry makes companies vulnerable to cyberattacks that could significantly disrupt operations, impact revenue, and reputation with customers.

Element's Board of Directors, as a whole, oversees cybersecurity. Element recognizes the importance of cybersecurity and the risks associated with digital technology, and is committed to safeguarding its digital assets, information, and people from cyber threats. The company is constantly striving to meet and exceed the industry's information security standards by creating and maintaining resilient information systems and digital assets and fostering a culture of security awareness and compliance throughout the organization.

ELEMENT HAS IMPLEMENTED, AND IS FOCUSED ON CULTIVATING, THESE CORE AREAS OF SECURITY, GOVERNANCE, AND COMPLIANCE:

- ✓ Security awareness, education and testing;

- ✓ Sophisticated next-generation security solutions;

- ✓ Multifactor authentication;

- ✓ Vulnerability assessments and patch management;

- ✓ Business continuity and disaster recovery management;

- ✓ Cybersecurity insurance risk coverage; and

- ✓ Acceptable use and privacy policy

SECTION 1: ENVIRONMENT



ENVIRONMENTAL RESPONSIBILITY

We recognize our responsibility to minimize environmental impact while delivering reliable services to our customers.

Our environmental focus includes:

- **Fluid management:** responsibly managing chemicals through responsible product selection, optimized usage, and handling practices to protect people and the environment while delivering efficient operational performance.
- **Ecological impact management:** preventing environmental harm by maintaining compliant operations, rigorously inspecting and maintaining equipment, and training employees to minimize the risk of spills and unintended releases.
- **Water management:** reduces freshwater use by optimizing fluid systems, enabling alternative water sources like produced water, and developing safe, efficient chemical and nitrogen-based solutions that lower water demand and environmental risk.





FLUID MANAGEMENT

OUR APPROACH

Element is committed to safe and responsible fluid management and recognizes that it can support its customers in minimizing their on-site risks associated with chemicals. Element ensures the appropriate safeguards are in place so that our equipment and systems minimize the use of chemicals of concern while producing the most efficient customer outcomes.

Element's fluid handling approach uses real-time QC methods to provide monitoring and optimize flow regimes. Assessing the rheology of the downhole fluid allows Element to optimize the chemicals required to encourage efficient water usage and optimal pumping.

FLUID MANAGEMENT AND STORAGE

The Element team works closely with suppliers and customers to develop effective downhole chemical systems intended to result in minimal exposure to the handlers and the environment throughout the chemical handling process. Our approach is outlined below:

- **Chemical Suppliers:** Element procures its chemicals from qualified and certified vendors that provide responsible quality control and testing of their products.
- **Storage:** Appropriate containers are used that are designed for handling and transport to prevent potential spills and avoid environmental harm.
- **Transportation:** All chemical products have safety data sheets that are made available to employees, transporters, and customers, outlining guidelines for safe methods of handling and potential hazards if exposed.
- **Handling:** Procedures for chemical use are developed through Element's operations, HSE, and technical departments that comply with hazardous materials regulations. Personnel in charge of chemical handling are provided with the proper training to do so. Additionally, all personnel are trained in pressure control safe work practices, and equipment is certified and inspected to reduce the likelihood that unintended releases of chemicals occur. Personal protective equipment training and application are provided through Element's HSE team.
- **Compatibility and Optimization:** Chemicals are lab tested alongside customer fluids for compatibility and optimization. The use of Element's chemical vans on-site is intended to provide precise and optimized chemical usage.



ECOLOGICAL IMPACT MANAGEMENT

OUR APPROACH

Element is committed to meeting its responsibilities to protect the environment wherever it provides services to its customers and takes the required steps to operate in compliance with customers' environmental policies and legislation in the jurisdictions in which it operates. Element follows best practices for spill prevention and aims to minimize spills through preventative maintenance, in-shop and on-site inspection, and testing of equipment to reduce the likelihood that unintended releases of hydrocarbons or chemicals occur. The actions outlined are all supported by employee training:

PREVENTATIVE MAINTENANCE

- Element adheres to the annual Commercial Vehicle Inspection Program, which is regulated in Alberta.
- Element has developed rigorous individualized maintenance programs for each piece of heavy-duty equipment.
- Internal Seasonal Maintenance Intervals are focused on preventing equipment breakdowns.
- Element obtains third-party certification of pressure control and well-control equipment.

INSPECTION AND TESTING OF EQUIPMENT

- Element's equipment is inspected by its mechanical and electrical teams, which correct issues before they become hazardous or inefficient.
- Element conducts on-site pressure testing of its equipment before use. Employees are required to check for leaks before commencing operations.

WATER MANAGEMENT

Element is committed to supporting its customers with their objectives to reduce water and fresh water. ETS provides equipment, chemicals, and processes that minimize and optimize the use of fresh water and allow for the use of alternative water sources, including produced water, where possible.

Element is consistently reviewing our chemical portfolio to remain relevant to industry challenges. Produced water for hydraulic fracturing continues to be a critical focus for our customers, and we support them by developing fluid systems to handle water that is otherwise unusable.

OUR APPROACH

Element's chemical systems, as discussed in Fluid Management, allows Element to optimize the chemicals required to encourage efficient water usage. Element also assesses the compatibility of chemicals, which is intended to reduce the hazard potential with produced water and protect the safety of our employees, customers, equipment, and the environment. Finally, Element utilizes nitrogen on certain jobs, which can reduce the amount of water used. Nitrogen provides an alternative to using 100% water as a fracturing medium. Nitrogen is an inert, naturally occurring gas and is not a contributor to GHG emissions.

SECTION 2: SOCIAL



SOCIAL RESPONSIBILITY

Our people are the foundation of our success. We are committed to creating a safe, inclusive, and respectful workplace while contributing positively to the communities where we live and work.

Our social commitments include:

- **Workforce health and safety:** a strong safety culture supported by training, procedures, and accountability
- **Employee well-being** through competitive compensation, benefits, employee assistance programs, and employee recognition initiatives
- **Training and development** to support career growth, technical competency, and leadership development
- **Community relations**, including support for non-profit organizations, local initiatives, and youth sports
- **Indigenous relations:** supporting indigenous communities in the areas in which we operate





WORKFORCE HEALTH AND SAFETY

OUR APPROACH

Workers in the oilfield service sector may face health and safety risks and may be exposed to potential hazards on a daily basis. It is critically important to Element that its employees work in a safe and healthy environment within the communities in which we operate. Element's operations consist of driving large industrial equipment and light-duty vehicles, as well as working on-site at customers' well sites, doing complex and highly specialized work.

Safety is the foundation of Element's vision and mission. Element's goal is to conduct business in a manner that maintains the health and safety of its employees and industry colleagues. Element's health and safety practices are underpinned by its Health and Safety Policy.

Our commitment to upholding a strong foundation of safety starts from the top. Element's HSE team is responsible for overseeing and monitoring Element's compliance with its legal, industry, and community obligations about health and safety. In addition, Element's HSE Committee is responsible for overseeing and monitoring management's activities to ensure Element is establishing appropriate health and safety policies and has procedures in place for maintaining management

systems to monitor compliance. The HSE team is also responsible for the review and approval of Element's Health and Safety Policy.

On an annual basis, the HSE team and Board of Directors review and approve the health and safety targets and goals for Element. Element's operational management team regularly monitors and discusses safety metrics and performance against these targets and goals. Every quarter, management reports on health and safety performance to the HSE Committee. Improvement, process change, and consequences of non-compliance are discussed, and necessary actions are taken by the management team.



EMPLOYEE WELLBEING

OUR APPROACH



Competitive compensation for all employees and career growth opportunities through skill development programs.



Work-life balance initiatives for employees ensure adequate hours of rest and promote a balanced lifestyle.



Comprehensive benefits package to ensure health coverage for employees and their families.



Employee recognition through milestone service awards, safety awards, and training rewards.

COMMUNITY RELATIONS

OUR APPROACH

Element has chosen to be a longstanding supporter of and contributor to charitable and non-profit organizations through financial donations, including:

- STARS
- Classroom Champions
- University of Calgary UCeed Neuro Fund
- Hockey Helps The Homeless
- Various children's athletic teams within our communities
- Various food banks within our communities

Element has been a proud supporter of STARS, recognizing the vital rescue services that STARS provides to the oil and natural gas industry and the residents of western Canada.

INDIGENOUS RELATIONS

OUR APPROACH

Element's Indigenous Peoples Policy reflects that Element is committed to consult, engage and work collaboratively with Indigenous peoples and their communities to identify new – and underpin existing – efforts and initiatives to advance cultural understanding and respectfully contribute to improve the lives and livelihoods of Indigenous people and their communities. Element believes that through considerate and consultative engagement of Indigenous peoples, the Company and Indigenous peoples can foster mutually beneficial relationships that demonstrate support and understanding of Indigenous peoples' beliefs, culture, and traditions.



SECTION 3: GOVERNANCE

GOVERNANCE

Good governance underpins trust, transparency, and accountability across our organization.

Our governance principles include:

- **Ethical business practices:** guided by integrity and professionalism.
- **Clear policies and procedures:** governing financial controls, procurement, safety, and conduct.
- **Strong internal controls:** to ensure accurate financial reporting and responsible decision-making.
- **Regulatory compliance:** across all jurisdictions where we operate.



OUR COMMITMENT GOING FORWARD

ESG at Element is not a static checklist; it is an evolving framework that reflects our values, our industry, and our responsibilities. We are committed to reviewing, improving, and strengthening our ESG practices as our business grows.

Through safe operations, ethical leadership, and respect for people and the environment, Element aims to build a resilient and responsible organization for the long term.



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