



T I E R 1

Tier 1 green  
is more than  
just the colour  
of our logo™

2021 ESG  
ENVIRONMENT  
SOCIAL  
GOVERNANCE  
REPORT



A portrait of Rob Sutherland, CEO, smiling and wearing a dark suit, white shirt, and blue patterned tie. The background is a light-colored wall with vertical lines.

## Letter from Rob Sutherland, CEO

The global pandemic has challenged our operations, our employees, the communities we live and work in, and our stakeholders to learn faster, continuously improve, and adjust to ever changing targets over the past two years.

Tier 1 has always been focused on doing better, for our clients, employees, and shareholders. It is ingrained in our culture and our values. Our commitment to innovation and continuous improvement is what led Tier 1 to start telling our ESG story in 2021. Last year, we set out to understand our impact on the environment and the communities within which we operate. As we looked at the data and considered what is truly important to us, our communities, our customers and the environment, our sustainability objectives became clear. With this understanding in mind, it is with bold confidence that Tier 1 set 2035 as a net zero emissions goal.

Our employees have always focused on bringing innovation to the energy services industry, and it is through our continuous innovation that Tier 1 will meet our net zero objectives by 2035. In our inaugural ESG report, we start to tell our story, explaining what we are doing to make a difference in the world today to enable a better future. In our first year of reporting, we established a ESG Committee to steward the development of ESG strategies and objectives; we took a hard look at our policies and made improvements to ensure Tier 1 is a diverse and vibrant organization. We provided training to enable us to better understand the communities in which we work, we continued to innovate, and took steps to ensure our suppliers are aligned with our ESG objectives.

This year's report is an introduction to how Tier 1 will continue to hold itself accountable and share our progress as we contribute to the sustainability of the energy industry. By working together with our customers and suppliers, Tier 1 will continue to be an industry leader. Our ESG Report highlights many of the major accomplishments Tier 1 has made, reducing our environmental footprint, and improving our operating conditions, initiatives that we have been working on for years before recognizing and disclosing our sustainability efforts.

A handwritten signature in black ink that reads "RSutherland".

**Rob Sutherland, CEO**

*This year's report is an introduction to how Tier 1 will continue to hold itself accountable and share our progress as we contribute to the sustainability of the energy industry.*

—  
**Rob Sutherland, CEO**



# Sustainability & Technology

Tier 1 is a privately owned, solutions focused oilfield service company. With operations throughout Western Canada, Texas, and Oklahoma. We provide advanced wireline, completions, multi-stage, artificial lift, and liner solutions to the oil and gas industry.

We provide the people, technology, expertise, safety, and equipment required to improve operational efficiencies and productivity in the well life cycle, and we do it with a green mindset.

Our green mindset is more than just the colour of our logo; it is a key part of our culture. It is why we embrace continuous improvement and actively seek out, develop, innovate, and promote technologies and opportunities that are solutions based, safety focused, and environmentally sound.

The services we provide and the operations we undertake have a positive impact on the environment, people, and communities we work in. We believe our actions today will create a better future for tomorrow.

At Tier 1, our goal is to be the best in service quality, delivering solutions to our clients that resolve their operational challenges, beyond their expectations. We do this by partnering with companies that supply leading technologies, which complement our portfolio of equipment; through our commitment to quality, health, safety, and the environment, and by actively investing in our people, so our clients are confident in the professional

services we offer. This foundation is the building block of our strong operational and engineering fundamentals, which allow us to prototype, innovate, deploy, implement, and commercialize our product lines and workflow processes.

Our approach to innovation coupled with our commitment to sustainability have resulted in an energy services company that brings flexible and responsive solutions to today's energy supply challenges. Tier 1's commitment to being an industry leader in the areas of Environmental Social Governance (ESG) is providing a competitive advantage as a leader in new and emerging market segments.

## SUSTAINABILITY COMMITMENT:

*As an active oil and gas industry service provider, Tier 1 is committed to the protection of life and property in all that we seek to achieve. Our goal is to ensure the health and safety of our people, the environment, and the communities we work in.*

## E-SKID™ EFFICIENCIES

Safer, quieter, fewer emissions, the Tier 1 E-Skid is a win, win, win for our customers, our staff, and the environment. The electrically powered E-Skid significantly reduces onsite noise levels and emissions of greenhouse gases (GHGs) when connected to onsite natural gas fired generation or to the electrical grid.



GHG emissions reductions of up to 200 CO<sub>2</sub>eT per year (equivalent to ~45 cars per year off the road)



Decrease in fuel consumption of over 25% vs a conventional wireline unit



Increased visibility and safer ground level access for the operator

## E-SET™ EFFICIENCIES

The Tier 1 E-Set tool eliminates the release of noxious gas from plug setting operations, creating a healthier atmosphere for our employees. This approach also eliminates the consumption, and disposal, of approximately 17,500 aerosol cans of cleaning agent/year and expendable components by over 52,000 units/year.



Eliminates the release of nearly 4,400 kilograms of noxious gas per year



Eliminates the consumption of over 7,000 litres of oil per year



Eliminates the need for explosive material resulting in a safer work environment

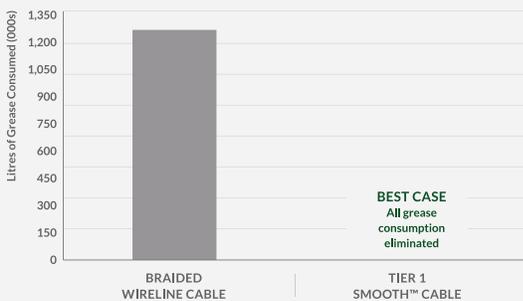


# Environment

## TIER 1 SMOOTH™ CABLE EFFICIENCIES

In 2021, the advent of smooth greaseless cable wireline technology has eliminated the consumption and disposal of over 1.2 million litres of grease from Tier 1's operations. In addition to the grease, this change resulted in 30,000 kilograms of plastic pails and totes being diverted from landfill disposal. By eliminating grease from wireline operations, safety hazards such as slippery gloves, and slips, trips, and falls have been significantly reduced.

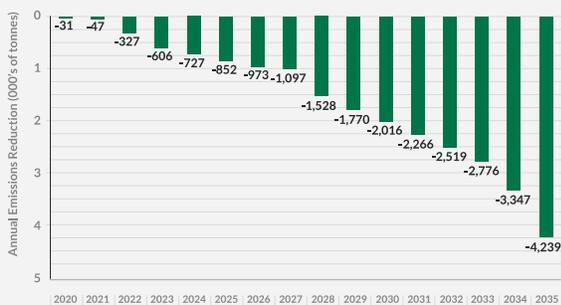
**Annual Grease Consumption**  
Braided Wireline cable vs. Smooth™ Cable



## EMISSIONS DATA

This year we began measuring the emissions across our business, with a focus on our fleet and associated field equipment. Our 2021 fleet footprint amounted to 2,675 metric tons of CO<sub>2</sub>e. In 2022 we are going to expand our emissions measurements to include other sources such office utilities, and business related travel.

**Annual Emission Reduction Objective (2020 - 2035)**



## ELECTRONIC DOCUMENT SHARING

By transitioning to Docusign to administer new hire employment packages and utilizing the electronic forms function within the Lighthouse HSE Management Software platform, in 2021 Tier 1 was able to realize the following savings:



## PATHWAY TO NET ZERO

Building on our successful environmental initiatives to date, Tier 1 believes that a path to Net Zero is achievable as current technology is more broadly adapted and other technologies become available. We believe that by focusing on the most carbon intensive aspects of our operations, we can achieve our net GHG reduction objectives as early as 2035.

Addressing climate change and the GHG emissions that contribute to it, requires long-term commitment and strategies. Tier 1 is committed to adopting effective and achievable measures to meeting its GHG reduction goals and objectives.

As an industry leader, Tier 1 has an important role to play in this effort through its ongoing focus on broader utilization of its proprietary technology and the continual evolution of environmentally responsible behaviour, including GHG reduction business strategies, one of our founding core values.

### TIER 1 WILL ACHIEVE NET ZERO BY:

- Transitioning the heavy vehicle fleet to low-carbon, no-carbon alternatives
- Moving from a light vehicle fleet to battery electric vehicles
- Reducing VOC emission through broader adaption and utilization of "tireless" technology such as E-Skid™
- Reducing and eliminating venting emissions of nitrous oxides (N<sub>2</sub>O) and Strontium Oxide (SrO) gases during field operations



# Social and Safety



## SAFETY HIGHLIGHTS



0.76

Total Recordable Incident Rate (TRIR)



0

Motor Vehicle Accident (MVA)



7,962,777

Kilometers Traveled



308

Employees



1,058,119

Hours Worked

## OUR COMMUNITIES

A key value at Tier 1 is working to make our communities better, from participating in local community events such as Christmas parades, to supporting youth sports, preparing meals for community members, to helping in times of need, Tier 1 is a valued neighbor.

Our Grande Prairie team actively volunteers with the local Meals on Wheels organization to deliver hot, nutritious meals to the client's door. Since 1972 this organization has been helping seniors, disabled, and the convalescent.

Recently Tier 1 was able to co-host an event which raised \$10,000 to allow for a sick child's Make-A-Wish dream to come true. Make-A-Wish creates life-changing wishes for children with critical illnesses and has made over 350,000 wishes come true in Canada and the United States since 1983.

## SAFETY CULTURE

The Tier 1 Safety Culture is one of empowerment and accountability. Our leadership team continually demonstrates that safety is an overriding value and priority; they remain vigilant to new challenges and act quickly to mitigate risk.

All employees are empowered directly by the CEO to stop the job and exercise their Right and their Responsibility to prevent incidents. Employees are encouraged to be part of the solution by bringing forward safety concerns through our internal reporting system and recognizing opportunities to mitigate risk. The success of Tier 1 can only be measured by ensuring the safety of our people while servicing our clients without incident.





# Governance



As part of insuring Corporate Social Responsibility compliance, Tier 1 undertook several significant initiatives in 2021.

This included Indigenous Awareness Training for all leadership and supervisor staff, and a comprehensive review and update of policies affecting inclusion, discrimination, harassment, procurement, and ethics.

As part of this work a survey of the top 46 vendors was undertaken representing 81% of Tier 1's annual spend, to gauge alignment with Tier 1 policies, practices and sustainability goals. The results of this survey are shown to the right.



## SUSTAINABLE DEVELOPMENT AT TIER 1

The United Nations Sustainable Development Goals (SDGs) summarize a global call to action to end poverty, protect the planet, and improve the lives and prospects of everyone, everywhere. For Tier 1, the SDGs represent a recognized standard for which to align our ESG objectives.

### WORKING WITH SHARED ESG VALUES

*As Tier 1 continues to improve upon its sustainability performance it is important that we align with vendors and supplies that share our commitment to achieving industry leading Environmental Social Governance (ESG) performance.*

### GOVERNANCE HIGHLIGHTS



94%

of Tier 1 suppliers had a formal environmental policy or system in place to reduce environmental impacts



82%

used Key Performance Indicators (KPIs) to track continuous environmental improvement



97%

had guidelines of ethical and social conduct



91%

had a code of business ethics in place

### THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

- |                              |   |   |
|------------------------------|---|---|
| 1 No Poverty                 | 7 Affordable & Clean Energy             | 13 Climate Action                       |
| 2 Zero Hunger                | 8 Decent Work & Economic Growth         | 14 Life Below Water                     |
| 3 Good Health and Well-being | 9 Industry Innovation & Infrastructure  | 15 Life on Land                         |
| 4 Quality Education          | 10 Reduced Inequalities                 | 16 Peace, Justice & Strong Institutions |
| 5 Gender Equality            | 11 Sustainable Cities & Communities     | 17 Partnerships for the Goals           |
| 6 Clean Water & Sanitation   | 12 Responsible Consumption & Production |   |

# The Pursuit of Excellence

## WE ARE COMMITTED TO SUCCESS THROUGH OUR SERVICE QUALITY

Our Mission is to be recognized as an industry leader by excelling in what is truly important to clients, employees and shareholders. As a company we strive to be a respected business partner, one that is responsible in our actions. We are committed to success through our service quality and will not compromise on Health and Safety to succeed. As citizens, we will conduct ourselves in a manner to protect the environment in which we live and conduct our business.

## TIER 1 CORE VALUES

The Tier 1 culture leads by excelling in what we do and delivering on our promises. We are made up of people who genuinely enjoy their work and each other, who motivate others to reach their own goals as well as the goals of the company.

We value and invest in each team member, ensuring our people align with our client first attitude and our shared vision of where the company is heading. Our culture rewards bright and driven people who make time for laughter and fun and celebrate the extraordinary efforts our people make. It's about bringing together individuals that you can rely on.

Health, Safety and Environment: **T**otal Commitment Without Compromise

Innovation: Provide **I**nnovative Solutions

Exceed: **E**xceed Expectations

Respect: Earn the **R**espect of our Business Partners

Service: **1**st in Service Quality





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2021 ESG REPORT

TIER1ENERGY.CA

**DISCLAIMER** Forward-looking statements in this Report are based on the company's current assumptions regarding future business including financial performance, environmental technologies (such as availability of low carbon and zero carbon heavy and light vehicles), access to capital, labour market conditions and general business conditions. These assumptions are by their nature uncertain and to varying degrees beyond the companies' control. Any change in external conditions might warrant a change in assumptions that could affect the attainability of objectives and goals set out in this Report.