



A Berkshire Hathaway Company



**LSPI Sustainability Initiatives**



**Contents:**

CEO Message & Introduction.....3

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Environmental.....4

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Driving Environmental Outcomes in the Pipeline Industry .....4  
Greenhouse Gas (GHG) Emission Reduction with DRA.....4  
Using DRA to Reduce Pipeline Emissions .....5  
LSPIs Product Life Cycle and Corporate Greenhouse Gas (GHG) Assessments .....5  
A Consultative Approach to Supporting Customer Sustainability Goals.....6

Social .....8

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Safety .....8  
People.....10  
Community.....11

Governance .....12

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Ethics & Compliance .....12  
Quality .....13

## CEO MESSAGE & INTRODUCTION

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**Michael W. Brown**  
Chief Executive Officer

At LiquidPower Specialty Products Inc. (LSPI), caring for and protecting our environment, our communities, our partners, and each other stands at the center of everything that we do. Our commitment to delivering benefits and long-term value to each of these groups has set the foundation for our Environmental, Social and Governance (ESG) program.

As a part of LSPI's sustainability strategy, we strive to improve our own footprint, while helping pipeline companies achieve their objectives pursuant to the UN Sustainable Development Goals, including affordable and clean energy, and climate action. Our goal is to drive positive impact in the pipeline industry by reducing energy consumption and facilitating the most cost-effective transition to a low carbon intensity future.

This update on our sustainability program highlights LSPI's commitment to environmental, social and governance responsibilities by sharing customer-focused emissions reduction resources, critical impact assessment outcomes, information on our policies and programs, and the achievements that support long-term sustainability.

# ENVIRONMENTAL

LSPI recognizes the value of the UN Sustainable Development Goals and supports the transformational vision they strive to accomplish. The best way we can support that vision is by focusing on the areas of Affordable and Clean Energy and Climate Action, through which we can help achieve the most significant impact in the pipeline industry that we serve.

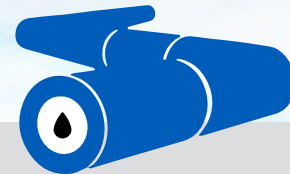
LSPI has developed a program to help pipeline companies quantify their carbon emissions and identify opportunities to cost-effectively reduce them. As a part of this program, LSPI has evaluated our products' environmental impact to help our customers understand the footprint of Drag Reducing Agents (DRA) relative to the emissions reductions that DRA can help pipelines attain.

## Driving Environmental Outcomes in the Pipeline Industry

As an expansion of our full-service DRA model, LSPI seeks to deliver long-term customer value by helping to quantify and lower pipeline CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions.

For many years, pipeline operators have effectively used DRA to increase throughput of constrained pipeline systems and reduce energy costs.

Relative to other potential methods of transporting crude oil and refined products, pipelines are a safe, efficient, and low emission option to transport product, and DRA plays a vital role in helping to reduce emissions even further.

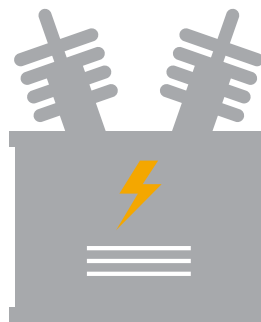


**Pipelines are a safe, efficient, and low emissions option to transport product, and DRA plays a vital role in reducing emissions even further.**

## Greenhouse Gas (GHG) Emission Reduction with DRA

Pipeline operators can effectively measure and communicate their emissions impact in terms of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions per barrel (gCO<sub>2</sub>e/bbl) shipped on their pipelines.

DRA helps to lower the power consumption of the pipeline by reducing the frictional pressure losses caused by the fluid flow. Its deployment provides the added benefit of significantly reducing GHG emissions from purchased electricity consumption, which typically accounts for most of the carbon emissions associated with pipeline operations.



**In most cases, indirect GHG emissions associated with purchased electricity (Scope 2) account for the majority of total pipeline emissions.**

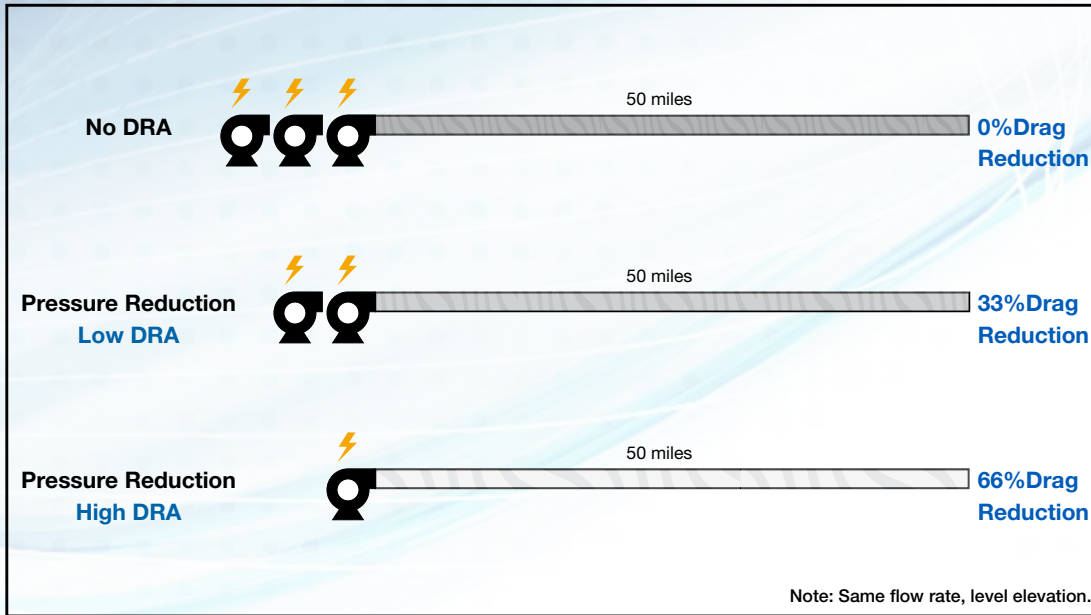
**Using DRA to reduce pressure differentials at individual pump stations or pump station bypassing lowers pipeline carbon intensity.**



## Using DRA to Reduce Pipeline Emissions

As shown in the graphic below, low dosage DRA applications in light crude and refined products typically reduce pipeline emissions by a third, while high DRA dosage can reduce emissions by two thirds.

The same crude throughput is maintained in each of the following scenarios:



33% CO<sub>2</sub>e emissions reduction with DRA

66% CO<sub>2</sub>e emissions reduction with DRA

Legend - Turbulence Level



**6 gallons of LSPI DRA can avoid over 1 tonne of CO<sub>2</sub>e emissions.\***

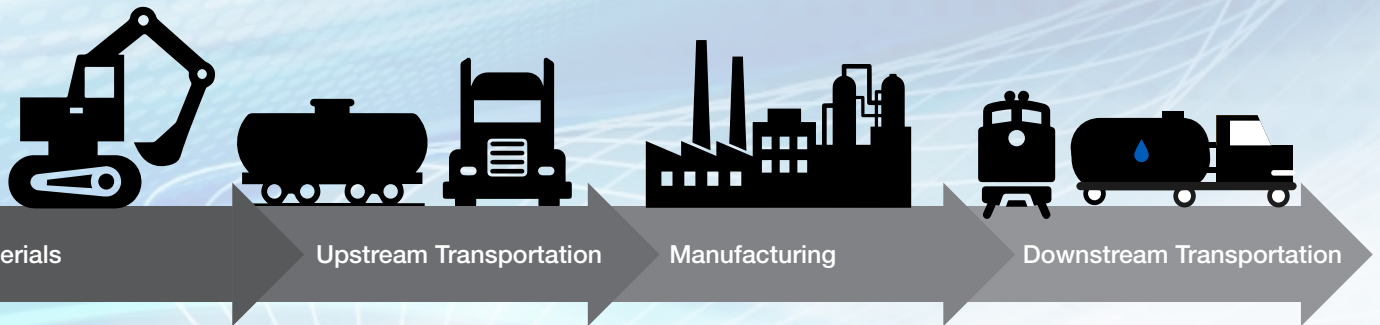
*\*Typical high %DR applications of LP™100 Flow Improver, with a utility source emissions factor of 400gCO<sub>2</sub>e/kWh. Best results achieved in longer pipeline segments (>90-miles); when pumpstations are bypassed.*

## LSPI's Product Life Cycle and Corporate Greenhouse Gas (GHG) Assessments

Within the framework of LSPI's ESG program, we strive to understand and minimize our own impact. In early 2021, LSPI commissioned a product lifecycle assessment (LCA) for several of our key drag reducers to determine the carbon footprint of our products across different stages of the supply chain. The LCA was conducted by Ricardo Energy & Environment, a global engineering and environmental consulting company, following ISO Standards 14040/44, Environmental Management – Life Cycle Assessment.

This year, we are expanding our efforts to understand our carbon footprint by commissioning a Corporate Greenhouse Gas (GHG) assessment, with work currently underway to quantify all emissions arising from company operations.

While we continue to look for opportunities to improve our footprint, it is well recognized that the carbon emissions associated with adding LSPI DRA into pipelines is minimal compared to the volume of carbon emissions prevented through injection of our products.



**LSPI's LP™100 DRA delivered to customers typically adds back less than 3% of the emissions that are avoided.**

With LSPI DRA, typical crude oil pipelines often reduce emissions by one half of what they would have been without DRA and have the potential to achieve up to 80% emissions reduction.

Using LSPI DRA to lower power consumption, with only a fraction of carbon output created through LSPI DRA production and supply, can significantly improve the carbon footprint of the pipeline industry, and it is faster to achieve, more flexible, and often more cost-efficient than capital-intensive alternatives.

LSPI is sharing additional details on the environmental impact of our products with our partners. For more information, please reach out to an LSPI representative, or visit the Contact Us section of our website at [www.liquidpower.com](http://www.liquidpower.com).

## **A Consultative Approach to Supporting Customer Sustainability Goals**

Pipeline operators can highlight their Scope 2 emissions (indirect GHG emissions associated with purchased electricity) reduction practices by emphasizing the CO<sub>2</sub> emissions avoidance that DRA use provides in their systems. Where operators have established targets for GHG reduction, DRA use can be instrumental in using fewer pumps and achieving positive sustainability outcomes, while continuing to maintain throughput volumes safely and efficiently.

To this end, the LSPI Technical Support and Consulting team has developed personalized sustainability-focused modeling to quantify the energy savings and emissions avoidance that DRA deployment can help to achieve, allowing our customers to make optimized decisions about pipeline operations and pump station utilization.

Additionally, LSPI has an educational program available to provide information and resources on how drag reduction impacts emissions and the different strategies that can be implemented to obtain desired environmental goals.



**For more information on how LSPI can help to reduce the environmental footprint of pipeline systems, please reach out to an LSPI representative, or visit the Contact Us section of our website at [www.liquidpower.com](http://www.liquidpower.com).**



## SOCIAL

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LSPI is committed to caring for and protecting our environment, our communities, our partners, and each other by providing a safe working environment, creating an inclusive culture where people feel valued, and giving back to the communities in which we operate.

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## SAFETY

At LSPI, safety is our number one priority. We continually strive to excel in our safety, health and environmental (HSE) performance, improve our systems, and increase the proactive involvement of our employees to ensure that our safety culture remains embedded in the core fabric of our organization.

Maintaining strong HSE performance enables LSPI to ensure continuous and reliable production of DRA, allows us to recruit, develop, and retain the best employees in the industry, and fosters a safety-first operational standard that extends into how we work with our customers.

By championing HSE activities and work processes, and engaging the workforce on HSE issues and concerns, we promote a work environment where employees identify, communicate, and address unsafe acts, conditions, and events. Our processes and procedures also include hazard communication and emergency responses to potentially affected personnel and stakeholders, including our customers, and we carefully consider impacts to our business units, workforce, contractors, customers, communities, and the environment.

To sustain our commitment to make HSE excellence an everyday value and priority, LSPI utilizes an HSE Management System to measure and monitor HSE performance, determine if our objectives are being met and drive continuous HSE improvements both within our organization and our customers' DRA operations.



## Operational Excellence: Safety Performance

LSPI's safety performance is a testament of the progress and effectiveness of the strategies, processes and activities that are in place to control health and safety risks. We are proud of the outstanding safety milestones achieved this year that reflect the extent to which our safety culture permeates across our entire organization.

Research & Development	Manufacturing	Supply Chain
LSPI's Flow Improver Research, Science & Technology (FIRST) Center in Ponca City, Oklahoma, achieved a working safety milestone of <b>18 years without a recordable incident.</b>	LSPI's Liberty plant in Chickasha, Oklahoma reached a milestone of <b>three years without a recordable injury.</b>	LSPI's in-house private fleet, LSP Transport, LLC (LSPT) reached <b>17 million safe miles driven.</b>  The National Tank Truck Carrier (NTTC) also named LSPT the <b>North American Safety Champion</b> of the Sutherland division and awarded <b>Safety Professional of the Year</b> to LSPT's HSE Manager, Joe Maple.
<b>18 years</b> without a recordable incident	<b>3 years</b> without a recordable injury	<b>17 million</b> safe miles driven

Field Service	Eastern Hemisphere
LSPI's field service representative group across North America reached <b>12 years without a recordable incident.</b>	LSPI's Eastern Hemisphere business, responsible for DRA operations in Europe, Middle East, Africa, and Asia Pacific, achieved <b>21 years without a recordable injury.</b>
<b>12 years</b> without a recordable incident	<b>21 years</b> without a recordable injury



At LSPI, safety is our number one priority.

## Safety Training & Programs

Our long-term approach to safety performance and continuous improvements is built on a strong foundation that includes robust programs, tools, and standards to mitigate risks to employees and customers.

### Life Critical Safety Rules

LSPI's Life Critical Safety Rules program is fundamental to our safety culture and it was developed to ensure that everyone who works for and with LSPI goes home safely. All employees are trained on the Life Critical Safety Rules, which bring attention to key safety activities, increase awareness around ways to manage critical risks on a day-to-day basis, and enhance safety performance by preventing injuries.

### LSPI Fire Prevention Month

Since 1922, the National Fire Protection Association has sponsored Fire Prevention Week, during which firefighters provide life-saving public education to drastically decrease casualties caused by fires.



In June 2020, a house fire claimed the lives of one of our employees and her family. To honor their memory and to help prevent another tragedy, we created the annual LSPI Fire Prevention Month, dedicating the entire month of October to fire prevention. As a part of this program, topics, information, and activities are shared with all members of our organization to help prevent fire-related incidents.

**LSPI has a strong foundation that includes robust programs, tools, and standards to mitigate risks to employees and customers.**

## PEOPLE

LSPI is committed to delivering market leading DRA solutions and our employees play a key role in achieving this goal. Creating a culture centered around excellence, collaboration, and innovation, fostering diversity and inclusion, providing robust benefits and well-being programs, and investing in knowledge and skill development fuel our employees' success, drive desired business outcomes, and allow us to continually deliver long-term value to our customers.

We aim to attract and retain exceptional and diverse talent to help us advance our purpose. We are proud to be an equal opportunity employer and to support our employees by creating working conditions where everyone can realize their full potential.



## Working at LSPI at a Glance



Diversity & Inclusion	Benefits & Well-Being	Training & Career Development
<p>Our dedication to diversity and inclusion is reflected throughout the company and starts at the top. The executive leadership team is diverse in race, ethnic backgrounds, nationality and gender - and women and minorities represent about 60% of LSPI's executive team. LSPI's total percent of diverse employees combined exceeds 40%.</p>	<p>We are committed to supporting the physical, emotional and financial well-being of our employees and their families by offering comprehensive and competitive benefits options to support a culture where employees can be their best.</p>	<p>Our people are our most important asset, and we strive to develop skills and competencies that support employee growth and business success through continuous learning and development opportunities. We invest time, energy and financial resources into employee training and development to help them reach their fullest potential.</p>



We are proud that LSPI was named as a 2020 and 2022 Best Place to Work by the Houston Business Journal in the medium category. Our organization was evaluated in areas such as goals and leadership, communication and support, advancement opportunity and skill development, recognition and compensation, tolerance and flexibility, and embracing innovation and ideas.



LSPI was named a Top Workplace in Houston by the Houston Chronicle in 2021. Our organization was ranked based on 24 measures including operating by strong values, communication between employees and management, and efficient innovation and operations.

## COMMUNITY

LSPI aims to have a positive, long-term impact in the communities where we work and live. We strive to be an active corporate citizen by investing in initiatives that enhance social, environmental, and economic well-being in the areas of social services, youth education and services, disaster relief, civic activities, health & human services, environmental and cultural activities.

Our organization has built the Corporate Charitable Contributions Program and encourages employee engagement via our Community Outreach Program, which enables participation in company-sponsored volunteer efforts to support our global community.

# GOVERNANCE

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To ensure that LSPI continues to act responsibly and deliver on our environmental and social goals, our leadership teams actively maintain high ethical standards and comprehensive governance policies and practices. We are committed to acting with integrity and we have invested in ensuring our controls and ways of working comply with ethical and legal standards and provide opportunity for a diverse set of voices.

These programs and capabilities support us in our efforts to be great partners to our communities, customers, and stakeholders, and help us ensure dependable operations and supply of product to our customers. These controls, along with our quality controls, have been effective in ensuring our communities and stakeholders can depend on us.

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## Ethics and Compliance

LSPI has always maintained an unwavering commitment to operate our business at the highest standards of safety, integrity, and compliance. We understand that our reputation and the reputation of Berkshire Hathaway are built upon on how each of our employees chooses to behave and conduct business with our customers, suppliers, peers, and the broader community. Our goal is to ensure every employee is empowered with the tools, knowledge, and contacts to navigate any ethical or legal dilemma with confidence.

We expect every employee to hold themselves and their co-workers to the highest standards, and we encourage everyone to speak up and report concerns if they witness or suspect unethical or illegal behavior. Our employees have multiple avenues internally and externally to report concerns, ask questions, and learn about legal requirements.

**Our goal is to ensure that every employee is empowered with the tools, knowledge, and contacts to navigate any ethical dilemma with confidence.**

To support these goals, we ensure ethical and compliance questions and concerns are treated seriously and confidentially. Our policies and Berkshire Hathaway's policies prohibit retaliation against any person for making good-faith reports of illegal or unethical conduct. Every report is given serious attention and we appreciate every employee who speaks up. Our employees take pride in our reputation and understand that legal compliance is critical to maintain a fair and competitive marketplace, and to ensure we will continue to be a dependable and trusted partner for our customers and communities.



## Quality

LSPI is committed to delivering high performing reliable solutions with collaborative employees dedicated to excellence. We utilize our full-service capabilities to meet or exceed customer needs and strictly adhere to the requirements of our comprehensive Quality Management System. Our focus on operational excellence and quality are important enablers for us to consistently deliver on our environmental and social commitments.



**We will design, develop, manufacture, and deliver product to meet or exceed our customer's expectations for quality and performance.**



LSPI has been ISO 9001:2015 quality certified for over 20 years and has maintained a fundamental commitment to quality throughout the organization, covering design, development, manufacturing, marketing, field testing, distribution, and service of flow improver products.

ISO 9001 provides a framework and set of principles that ensure a common-sense approach to consistently satisfying our customer and stakeholder needs, providing the basis for effective processes and people to deliver product and service to the highest quality standard.





# CONTACT US

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