



# CHAMPIONX

Innovative Solutions for a Better Tomorrow

2022 Sustainability Report





**We are ChampionX.** ChampionX is a global leader in chemistry solutions, artificial lift systems, and highly engineered equipment and technologies that help companies drill for and produce oil and gas safely, efficiently, and sustainably around the world. ChampionX's expertise, innovative products, and digital technologies provide enhanced oil and gas production, transportation, and real-time emissions monitoring throughout the lifecycle of a well. Our employees power our purpose of Improving Lives every day – striving to deliver value for our customers, rewarding careers for our employees, sustainable returns for our investors, and enhanced quality of life in the communities where we live and work.

**CHAMPIONX**



# At a Glance

\$3.8B

FY 2022 REVENUE

40+

MANUFACTURING LOCATIONS

\$329MM

FY 2022 FREE CASH FLOW\*

54%

FY 2022 FREE CASH FLOW TO ADJUSTED EBITDA\*

\$608MM

FY 2022 ADJUSTED EBITDA\*

16%

FY 2022 ADJUSTED EBITDA MARGIN\*

~7,300

EMPLOYEES

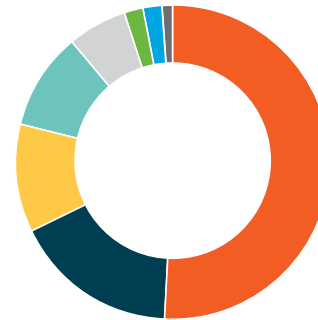
60+

COUNTRIES WHERE WE SERVE CUSTOMERS



**Business Segment**  
FY 2022 Net Sales

- Production Chemical Technologies
- Production & Automation Technologies
- Drilling Technologies
- Reservoir Chemical Technologies
- Corporate & Other



**Areas of Operation**  
FY 2022 Net Sales

- United States
- Latin America
- Middle East & Africa
- Canada
- Europe
- Asia-Pacific
- Other
- Australia

For more ChampionX news and information, visit [www.championX.com](http://www.championX.com).

\*Adjusted EBITDA and free cash flow are non-GAAP measures. A reconciliation of these non-GAAP measures is included at the end of this document.

# A LETTER FROM OUR CEO

At ChampionX, our unified purpose of Improving Lives and Unlocking Energy is reflected in our environmental, social, and governance (ESG) efforts. I am proud to present this ChampionX 2022 Sustainability Report, which shares how we are working to grow our business in an environmentally responsible, people-oriented, community-focused, and ethical manner. This report demonstrates our commitment to pursue and report on the ESG Priorities that help us create value for our customers, employees, shareholders, and other stakeholders. Our approach to ESG is strategic, long-term, and intentional. These priorities are important to our business success and sustainability.

## Embedding ESG

We have built our business and nurtured our culture around doing the right things. We are guided by our operating principles – customer advocates, people oriented, technology with impact, and driven to improve.

To focus our resources on meaningful and value-creating efforts, we set four ESG Priorities addressing key opportunities and risks: Greenhouse Gas (GHG) Emissions, Decarbonization Technologies, Sustainable Innovation and Digital Transformation, and Employee Attraction, Retention, and Development. We have worked to embed our ESG Priorities into our decision-making processes for strategic development, capital allocation, enterprise risk management (ERM), investments, product development, and talent management.

Our products and technologies enhance sustainability by empowering our customers to reduce their GHG emissions as they supply the affordable, reliable energy the world needs. At the same time, we are committed to reducing Scope 1 and Scope 2 GHG emissions from our operations. We are developing systems designed for reliable data collection and reporting, to support setting and meeting appropriate GHG emission reduction targets in the future. In addition, we work to reduce our overall environmental footprint in a variety of ways, from seeking to increase the use of more environmentally-friendly chemicals in our products to initiatives to cut energy consumption in our vehicle fleet and at our facilities.

## Technology Solutions

To help our customers address one of their top concerns – producing energy with the lowest possible carbon footprint – ChampionX is establishing leadership in technologies designed to detect, measure, and reduce methane emissions. We are also transforming the digital oilfield with artificial intelligence, machine learning, and other advanced technologies, including our XSPOC™ production optimization software designed to enable more effective, efficient, and safe operations.

## People Oriented

Our positive culture and leadership in Diversity and Inclusion (D&I) are central to attracting, retaining, and developing the talented workforce we need. We support diversity within our talent pipeline and people leaders<sup>1</sup>, which we believe strengthens our capacity to meet the challenges facing our Company, industry, and communities, at the accelerated pace our industry demands.

Leadership development and training are woven into our culture as a company. One example of this is the training we provide for frontline managers and high-potential employees, which is grounded in our purpose, operating principles, and essential skills. Over 6,000 hours of self-study and facilitator-led Leadership Foundations and Manager Essentials trainings were tracked in 2022, with in-person courses in four U.S. locations, Buenos Aires, Aberdeen, and Dubai, plus a virtual course in North America.

As the chair of our Diversity & Inclusion Council, I am excited about the D&I goals we set in 2022, including to keep growing membership in our nine Employee Resource Groups (ERG). In particular, I want to expand ERG membership so that employees within and beyond our U.S. operations can experience our diverse cultures, unique personal and professional development opportunities, and the sense of belonging our ERGs provide. I was honored to receive the 2022 DEI Champion Award from the Energy Workforce & Technology Council.

Dating back to the earliest days of our Company, we have harnessed the power of open communications across the organization. We believe that when employees feel that their voices are heard and valued by top leadership, they are more likely to be engaged and motivated. Through our Pipeline to the CEO program, employees can and do reach out to me directly. I am grateful to the hundreds of employees who have engaged with me in this way.

I answer each inquiry personally - either directly back to the employee or by posting answers to anonymous questions. By actively listening to employees, ChampionX managers at all levels can demonstrate their commitment to these principles and set an example for others.

Safeguarding our workforce, customers, communities, and the environment is core to our culture, and we work every day toward Goal Zero – zero accidents, zero incidents, and zero environmental releases. In 2022, 81% of our locations achieved zero

<sup>1</sup> People leaders are employees who manage one or more employees.





Around the world, our ChampionX team members do their part to improve the lives of those in the communities where we live and work. From beach cleanups to charity-benefiting bike events, our purpose of Improving Lives is evidence of what it means to be purpose driven.

recordable injuries and 71% achieved zero vehicle accidents. Our efforts to improve our safety performance are ongoing and focused on enhancing hazard identification, competency programs, and our safety culture.

Community involvement remains an important element of our purpose and our employee engagement efforts. We support organizations dedicated to education, health and human services, arts and humanities, and civic projects through direct contributions and employee volunteer activities.

In 2022, we committed to planting over 1,200 trees through the Canopy Project for Earth Day, and contributed volunteer time, funds and needed items to food banks, Junior Achievement, the community-funded water well program WHOlives, and many other worthy organizations.

---

**“ Whether working with our communities or other stakeholders, we are committed to upholding high standards of ethics and integrity. Our hope is that recent additions to our governance program, including our Human Rights Policy and human trafficking awareness training, will further enhance our standing as a company committed to ethical, respectful relationships. ”**

---

### Driving Sustainability

While we anticipate that ChampionX products and services will be needed until the last drop of oil is produced, we are aiming to position our portfolio for sustainable growth by investing in emissions management and reduction technologies, digital solutions, and adjacent pathways. We are identifying opportunities to expand digitally-enabled products and digital revenue streams, and innovating and developing solutions to help our customers improve efficiency and meet their sustainability goals. To drive home the importance of this strategic objective, sustainability is now a factor which impacts our annual executive compensation.

The ChampionX Board of Directors (Board) is vital to growing our Company while staying true to our purpose-driven culture and addressing stakeholder needs. Their expertise in our industry and markets, as well as their broad view of the overall business climate, are invaluable to our progress. Oversight from the Governance and Nominating Committee helps us to appropriately manage ESG risks and opportunities as the global energy industry evolves. In addition, we believe the Board's notable diversity of background and experience is a source of strength and differentiation for our Company.

On behalf of ChampionX employees around the world, thank you for your interest in our ESG journey. We invite your feedback to help us improve our ESG performance and enhance our reporting.

Sincerely,

**Sivasankaran “Soma” Somasundaram**  
President and Chief Executive Officer



## A MESSAGE FROM OUR VICE PRESIDENT, ESG AND INVESTOR RELATIONS

As the oil and gas industry evolves through the energy transition, our stakeholders are assessing ChampionX and our customers on both ESG performance and business performance. ChampionX is committed to appropriately addressing our salient ESG risks and opportunities, and to delivering the technology which impacts our customers' need to meet their production goals and ESG objectives. To help create and protect value for our business, we take a holistic approach to ESG that considers how our actions can impact a broad range of environmental, social, and governance factors, within our Company as well as across our industry and communities.

### The ChampionX ESG Priorities



Throughout 2022, we worked to progress the ESG Priorities that commit us to seek continuous improvement in strategic areas we believe are vital to our sustainability. To this end, we have worked to integrate the foundational ESG Priorities identified by our ESG Working Group's materiality assessment in 2021 (ESG Priorities Assessment) and the associated workstreams into our business. In 2023, we welcomed our Senior Director of Sustainability, and appointed a Sustainability Director in our Chemical Technologies business.

### Customer-centric Solutions

As customer advocates, we are focused on solving our customers' urgent need to reduce methane emissions to meet their targets and comply with regulations. In 2022, thousands of our SOOFIE® ground methane emissions monitoring sensors were in place across nearly all North American basins. The anticipated 2023 commercial launch of our AURA OGI™, a new MidWave InfraRed (MWIR) optical gas imaging camera to detect methane leaks, is our sixth emissions product offering. Our decarbonization portfolio

includes nanotechnology from our Tomson Technologies acquisition designed to enable operators to recover oil with fewer chemicals and downhole trips than conventional chemistries, helping to lower their GHG emissions profile.

“ The rapid expansion of SOOFIE® use and development of the breakthrough AURA OGI™ camera demonstrate how ChampionX can quickly integrate acquisitions – of Scientific Aviation, Inc., in 2021 and the assets of Leak Surveys in 2022, respectively – to help customers and evolve our portfolio.

Sustainable innovation and digital transformation enable our customers to do more with less. We believe digitization can help reduce carbon emissions, cut operating costs, increase production, improve productivity, operating efficiency, and safety. Our business units develop fit-for-purpose digital solutions designed to deliver tangible value from our monitoring, predictive analytics, failure analysis, and optimization products. For example, our XSPOC™ production optimization software uses physics-based diagnostics and artificial intelligence to help our customers maximize well productivity and focus their people on the right assets at the right time.

### People-focused ESG Progress

We seek opportunities to reduce our environmental impact to contribute to healthy communities, as well as to improve our business performance. Through our GHG Emissions Priority, we are committed to tracking and reducing Scopes



1 and 2 GHG emissions from our operations. We have identified our fleet of vehicles and largest facilities as the source of approximately 80% of our Scopes 1 and 2 GHG emissions.

We prioritized attracting, retaining, and developing top talent to help our Company continue to thrive. We believe our positive culture, D&I leadership, and training and development opportunities are building an engaged, innovative workforce dedicated to doing the right thing for our customers, shareholders, communities, and the environment.

ChampionX remains committed to advancing our ESG Priorities to enhance our operational and financial performance, which we believe ultimately will add value for all of our stakeholders.

Sincerely,



**Byron Pope**

Vice President, ESG and Investor Relations

## 2022 ESG HIGHLIGHTS

### GOVERNANCE

- Developed Human Rights Policy
- Enhanced human trafficking training
- 33% of Board members are of Asian or Hispanic descent (as of May 10, 2023)
- Three of our Board members are female (as of February 15, 2023)
- Debuted Compliance Champion program to appoint and train employees within operations as compliance liaisons

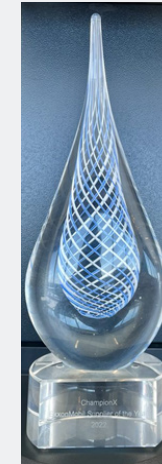
### SOCIAL AND D&I

- 1,400 hours of volunteer service during Days of Improving Lives
- 7 in-person new hire orientation sessions in North America and Europe
- ~1,000 employees and managers participated in second annual Development Month
- 6,000 hours of self-study and facilitator-led leadership training
- In-person leadership essentials training in the U.S., Europe, and Middle East
- 16% of employees were members of an ERG
- At year-end 2022, women accounted for 22.2% of all employees (up 0.6% from 21.6% in 2021) and 23.7% of all managers globally (up 1.4% from 22.3% in 2021).
- 52% of interns were from populations representing diversity of gender, age, economic status, and ethnicity
- 81% of locations achieved Goal Zero for recordable injuries
- Won ALLY Energy<sup>SM</sup> award for Best Energy Workplace for the second consecutive year

### ENVIRONMENTAL

- Received ConocoPhillips Supplier Recognition Award for asset integrity program in Greater Ekofisk Area in Norway
- Trained ~40 Company scientists on green molecules
- Significantly expanded the number of SOOFIE<sup>®</sup> methane detection monitors in use by customers
- Developed breakthrough AURA OGI<sup>™</sup> camera to accurately detect methane, our sixth emissions product
- US Synthetic's proprietary polycrystalline diamond radial bearing technology deployed to capture and convert local, renewable energy from the Kvichak River for the Alaskan village of Igiugig

### ChampionX was named ExxonMobil's 2022 Supplier of the Year



This is the first time ExxonMobil has awarded this honor to one of its suppliers. Launched in 2022, this annual award program recognizes suppliers that achieve a high-performance standard to meet ExxonMobil's business needs.

Nominees are evaluated on a variety of criteria including on-time delivery, safety, responsiveness, service quality, innovation capabilities, and commitment to sustainability and diversity. ChampionX supports global ExxonMobil Upstream activities, including in its U.S. and Guyana operations.

# About ChampionX

ChampionX Corporation (Nasdaq: CHX) is a global leader in chemistry solutions, artificial lift systems, and highly engineered equipment and technologies that help companies drill for and produce oil and gas safely, efficiently, and sustainably around the world. The Company's expertise, innovative products, and digital technologies provide enhanced oil and gas production, transportation, and real-time emissions monitoring throughout the lifecycle of a well.

Our experts and team members around the world deliver forward-thinking innovations, unmatched global supply chain capability, and market-shaping solutions in production, drilling, reservoir, and midstream applications.

ChampionX, founded in June 2020, is based in The Woodlands, Texas, U.S.A.

## GLOBAL LOCATIONS



Our business is organized into four segments:



**Production Chemical Technologies** offers products and services covering a broad range of onshore, offshore and oil sands chemical solutions in production and midstream operations that are built upon our foundation of deep expertise and capabilities in chemical applications across the oil and natural gas value chain. The largest product lines in this segment include corrosion inhibitors, scale inhibitors, emulsion breakers, and biocides. These offerings help enable our customers to achieve their environmental goals through maximizing production, minimizing environmental footprint, reducing emissions, and lowering fresh-water use. We refer to the Production Chemical Technologies and Reservoir Chemical Technologies segments collectively as our Chemical Technologies business.





**Production & Automation Technologies** offers products, technologies, and services that facilitate safe, efficient, and cost-effective extraction of oil and gas. We design, manufacture, market, and service a full range of artificial lift equipment, end-to-end automation and digital solutions, and other production and methane emissions monitoring solutions. Artificial lift equipment is critical for increasing pressure within the reservoir and improving oil and gas production. Our product offerings include electrical submersible pumping systems, gas lift systems, jet pumps, and multiplex surface pumps supporting hydraulic lift, plunger lift equipment, progressive cavity pumping systems, downhole rod lift systems, and methane emissions monitoring solutions.



**Drilling Technologies** offers innovative, industry-leading polycrystalline diamond cutter (PDC) inserts, bearings, valves, and mining tools to help customers drill the world's most demanding oil exploration and development projects, and for use in other industries. We press our own synthetic diamonds that meet the highest standards and match the requirements of the most demanding engineering projects. Our highly-trained team members work with customers to develop custom-designed PDC inserts and bearings through a consultative process to generate the best outcome for their operations. We manufacture long-lasting diamond bearings for downhole drilling motors, pumps, and turbines, and for use in renewable energy applications, mixers, and agitators.



**Reservoir Chemical Technologies** offers chemistry-oriented solutions and technologies to help customers meet their performance, efficiency, sustainability, and financial objectives for well drilling, cementing, fracturing, acidizing, and other well interventions. We design high-performance fracturing additives to improve the customer's operational efficiency, lower chemical program costs, and enhance well productivity. We assist our customers in achieving their sustainability goals while mitigating the impact of fluid problems that can shorten the life of the well. The largest product lines in this segment include fracturing additives, drilling additives, cement additives, and acidizing additives.

## Our History

ChampionX's rich history is built on over a century of experience, dating back to the petroleum industry's infancy. From the early days of sucker rod manufacturing in Tulsa, Oklahoma, to selling drilling mud additives in Sugar Land, Texas, the ChampionX portfolio has evolved to comprehensively serve oil and gas operations worldwide.

### 1955

Dover Corporation, after acquiring Norris as a core business unit, is founded with a philosophy to build a company by acquiring strong businesses with solid fundamentals and market leading positions. Between 1962-2015, Dover acquires the brands that will eventually make up ChampionX Artificial Lift.

### 1956

Champion Chemicals develops its first oilfield chemical product – a scale dissolver.

### 1882

Norris is founded as a manufacturer of sucker rods.

### 1933

Harbison-Fischer is founded in Fort Worth, Texas, as a manufacturer of subsurface and pump rod equipment.

1880 – 1890

1890 – 1900

1900 – 1910

1910 – 1920

1920 – 1930

1930 – 1940

1940 – 1950

1950 – 1960

### 1929

Our Chemical Technologies business establishes itself in the oil industry by beginning operations in Sugar Land, Texas, to sell drilling mud additives.

### 1951

Alberta Oil Tool is founded to provide rod lift equipment to the Canadian market.

### 1953

Champion Chemicals, today part of our Chemical Technologies business, is founded, selling 100-pound sacks of salt to service companies to produce drilling brine.

**1975**

Ferguson Beauregard, which later merged with PCS to form PCS Ferguson, is founded in Tyler, Texas, to manufacture plunger lift systems.

**2014**

Dover Artificial Lift is formed to highlight the company's singular focus on artificial lift technology and services.

**2019**

Apergy announces that Ecolab Inc.'s ChampionX upstream business will be merged with Apergy to become ChampionX Corporation.

1960 – 1970

1970 – 1980

1980 – 1990

1990 – 2000

2000 – 2010

2010 - 2020

**1999**

Oil Lift Technology is founded in Calgary, Alberta, to manufacture and supply equipment for progressing cavity pumping systems.

**2018**

Apergy is formed after spinning off from Dover Corporation, creating a leading provider of highly engineered equipment and technologies for oil and gas operations.

**2020**

Apergy and ChampionX come together to form what is today ChampionX, a global leader in oilfield technology solutions, chemistry programs and services, drilling technologies, artificial lift solutions, and automation technologies for the oil and gas industry.



## We are ChampionX

**Our purpose** is why we exist, and is defined by what we do and why it matters. Purpose describes what ChampionX does in an inspirational way, elevating the brand by communicating how our business results serve the greater good. Our unified purpose is to improve the lives of our employees, customers, shareholders, and communities through our commitment to safely deliver globally sustainable operations.



Our **operating principles** detail how we get things done, efficiently and with focus. They define the culture of ChampionX and how we work.

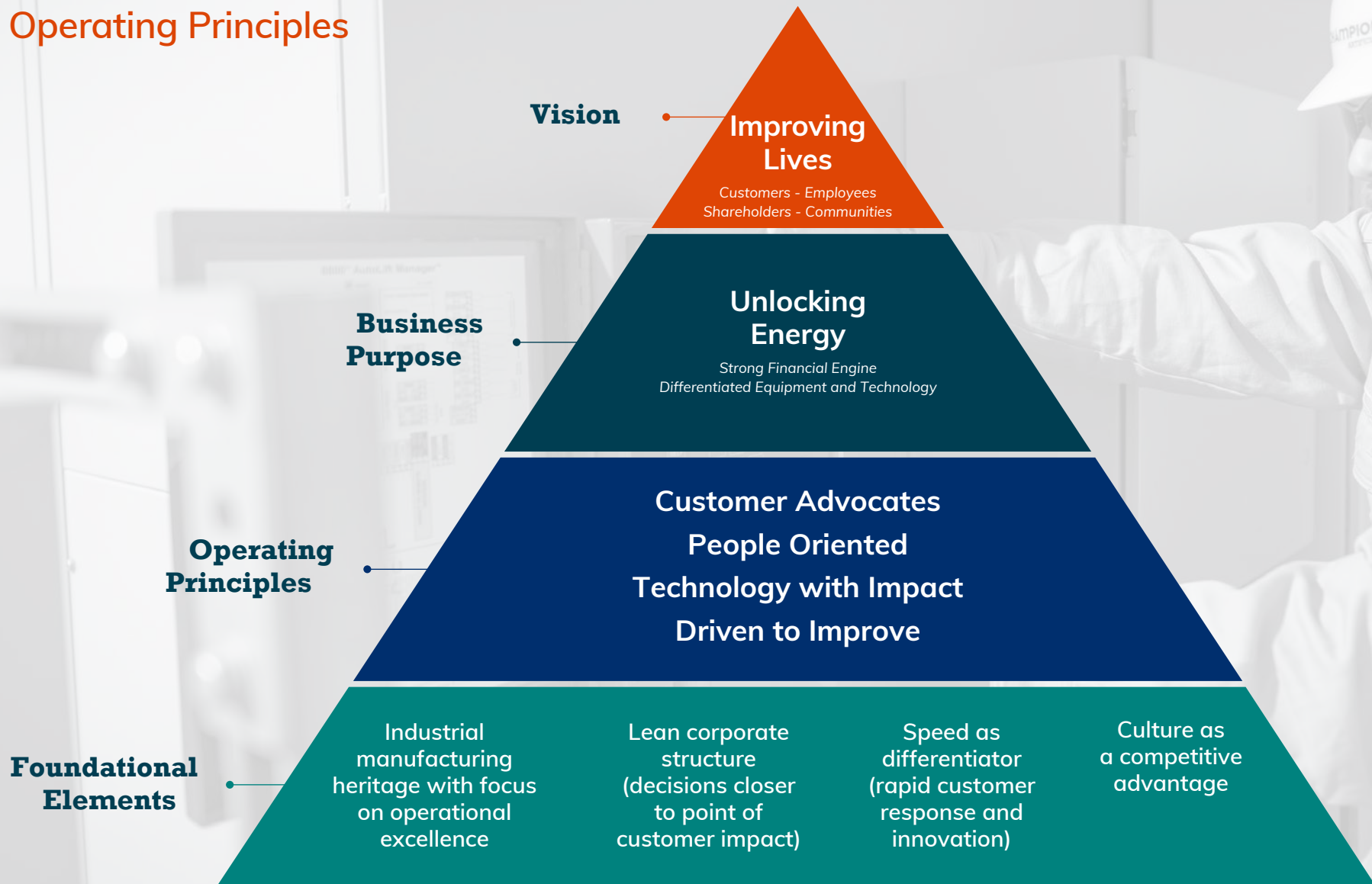
- **Customer advocates**  
We provide value to customers by understanding their challenges and delivering responsive, innovative solutions.
- **Technology with impact**  
We use the power of science, insights, and experience to design and deliver technology with impact.
- **People oriented**  
We prioritize our people and value a culture based on safe, ethical practices, relationships, and empowerment.
- **Driven to improve**  
We are passionate and purposeful about continuously improving our business and delivering energy responsibly.



Our **culture** guides how we work together. These are the fundamental beliefs on which our business is based.

- **Health, safety, and the environment**  
The safety of our employees, customers, shareholders, and communities is vitally important.
- **Corporate responsibility**  
ChampionX believes that our performance as a corporate citizen is important to our success as a purpose-driven company.
- **Diversity and inclusion (D&I)**  
ChampionX is committed to building and fostering a diverse and inclusive workplace where all employees feel a sense of belonging to our organization's culture and purpose.
- **Sustainability**  
At ChampionX, we are passionate and purposeful about the safe and sustainable provision of energy for the world. Through our innovative products and processes, we help our customers and industry partners meet their goals of reducing their carbon footprint, overall waste production, and greenhouse gas emissions.

# Distinctive Strategic Vision and Operating Principles



## Our Strategic Priorities

ChampionX focuses on four strategic priorities that drive our organization and are aligned with our operating principles of being customer advocates, people-oriented, delivering technology with impact, and being driven to improve.

### 1. Drive High-Impact Organic Growth

Uniting around our purpose of Improving Lives helps us drive cultural alignment and high-impact organic growth through innovation, revenue synergies, international expansion, and strong customer service. Our pipeline of production-oriented joint solution opportunities has continued to expand, both in North America and internationally.

We use our collective expertise to bring differentiated chemistry, production, digital, diamond sciences, and emissions monitoring solutions to customers. In 2022, ChampionX generated \$45 million of new customer wins, representing a 41% increase year over year with \$41 million of these wins in North America and \$4 million internationally.

In addition, the total pipeline of identified potential opportunities significantly increased at the end of 2022 compared to the prior year, setting up continued momentum in our revenue synergy realization in the coming years. We are encouraged by customer receptivity to our production solutions approach, and we expect our revenue synergy opportunities will continue to grow this year and beyond.

### 2. Accelerate Digital and Emissions Technologies Growth

We see increasing customer focus on implementing digital technologies. As digital adoption transforms the oilfield, we are innovating and developing fit-for-purpose modular digital and emissions technology solutions designed to help our customers improve efficiency and meet their emissions and sustainability goals. We aim to drive growth by identifying opportunities to expand digitally-enabled products and digital revenue streams into adjacent markets.

In our digital and emissions technology portfolio, we will continue to actively invest in talent and capabilities in this area in 2023. We experienced 36% growth in our digital revenues, including emissions technologies, in 2022. We expect another year of solid growth in 2023.

### 3. Build Enterprise-wide Continuous Improvement Rigor

In 2022, we continued strengthening our culture of continuous improvement, which we believe is a sustainable competitive advantage for ChampionX.

We are working to expand our Operational Excellence model, further integrate productivity improvements, and automate workflows to eliminate waste in business processes. To make this happen, we provide training and build capabilities so our employees can see and solve problems and eliminate waste in their work. Employees are empowered to identify opportunities to deliver better results more efficiently, and drive improvements across the Company to deliver innovative solutions and service to our customers.

This approach is also aimed at reducing operating costs and strengthening the adaptive capabilities needed in an evolving energy market. We have implemented numerous continuous improvement initiatives, including most recently enhancing our financial reporting and disclosure processes, delivering measurable impacts.

At the very core of our continuous improvement culture is growing our people. Investing time and resources in our people development is important for the continued success of ChampionX. One great example of this investment is our annual development month held in May. Approximately 1,000 employees around the world participated in this series of events, many of which were hosted by our Employee Resource Groups on topics ranging from career development to Diversity and Inclusion.

### 4. Evolve Our Portfolio for Sustained Growth

We seek opportunities to leverage our core capabilities across the energy industry and natural adjacencies, and to allocate capital for value creation and long-term success. Our commitment to improve is underscored by our commitment to support decarbonization strategies, while continuing to help our customers meet global demand for affordable, reliable energy amid the energy transition. This is reflected in the additions to our portfolio of emissions monitoring products and services—including advanced methane-detection equipment and services for our customers. Today we are a leading provider of these services in key markets such as the Permian Basin.

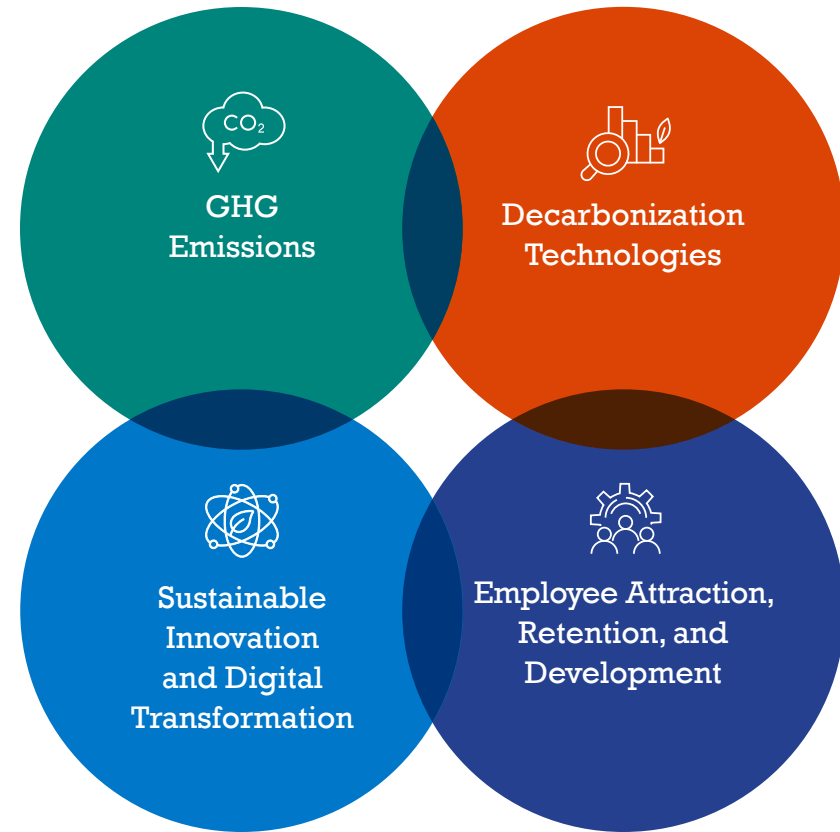


## Our ESG Priorities

ChampionX is driven by our purpose to improve the lives of our customers, employees, shareholders, and communities, through our commitment to deliver sustainable solutions to our customers. We are embedding ESG considerations into our work to help our customers responsibly maximize their operations, as well as to help reduce our Scopes 1 and 2 GHG footprint, implement waste reduction efforts, and innovate solutions for efficient resource use.

Our key stakeholders expect ChampionX to continuously improve our performance on our ESG Priorities. We routinely provide our environmental and safety metrics to customers during the tender process, while striving to create innovative products and processes to help them meet their own sustainability goals. We provide our shareholders with disclosures about our ESG progress, as we believe they are an indicator of our ability to create long-term value. Our employees want to be part of an organization that is not only committed to being a responsible corporate citizen, but also gives them opportunities to support the communities where they live and work.

We view ESG considerations as important to achieving our strategic priority to evolve our portfolio for sustained growth. We have taken a methodical approach to integrating ESG considerations into our corporate purpose and strategic objectives. Based on the ESG Priorities Assessment our ESG Working Group completed in 2021, we are concentrating on four ESG Priorities: GHG Emissions, Decarbonization Technologies, Sustainable Innovation and Digital Transformation, and Employee Attraction, Retention, and Development.



### About This Report

This ChampionX 2022 Sustainability Report summarizes our efforts to advance our ESG strategic priorities and performance. It reflects our commitment to communicate transparently with our stakeholders about our focus on corporate citizenship, which includes ESG matters, to deliver results that increase shareholder value.

This report provides information on our key policies, programs, and results relevant to certain disclosure topics in the Sustainability Accounting Standard Board's (SASB) Oil & Gas Services Sustainability Accounting Standard and Chemicals Sustainability Accounting Standard. ChampionX intends to review our reporting frameworks and selected disclosure topics in the future and update or change them as appropriate to reflect the nature of our business, our ESG progress, or stakeholder needs.

Unless otherwise noted, this report covers ChampionX's operated assets worldwide from January 1, 2022, through December 31, 2022. Calculations and statistics included in this report are estimates and may also be based on estimates, assumptions, and projections, and therefore are subject to change (including as a result of the development of ChampionX's own internal standards and policies). There are estimation uncertainties resulting from the limitations inherent in the methodologies used to calculate ESG information for the subset of our facilities and activities where actual use data is not available.

This report was reviewed and approved by ChampionX internal subject matter experts, Executive Committee members including the President and CEO, and by the full Board of Directors and its Governance and Nominating Committee in its ESG oversight role. This report has not been externally assured or verified by independent third parties.

### ESG Priorities Assessment

ChampionX has taken a methodical approach to developing our ESG roadmap. Under the direction of our Vice President, ESG and Investor Relations, who reports directly to our CEO, senior leaders formed our cross-segment, cross-functional ESG Working Group to advance our ESG journey.

In 2021, the ESG Working Group engaged with customers to understand their sustainability journeys and with shareholders to learn their views on ESG best practices. These informative discussions with external stakeholders represented a key input for the work group and our external consultant. The consultant also benchmarked peers, customers, and industry ESG leaders. Based on this assessment, the ESG Working Group identified four ESG Priorities to guide us on our ESG journey, including how we address our stakeholders' needs for ESG disclosures and ways to monitor our progress. Our ESG Priorities are:

- GHG Emissions
- Decarbonization Technologies
- Sustainable Innovation and Digital Transformation
- Employee Attraction, Retention, and Development

In 2021, the ESG Working Group helped select leaders for ESG workstreams that were formed to embed ESG into our culture and strategic objectives, starting with the critical issues identified in our ESG Priorities Assessment. The goal was to use our ESG framework to increase value for and provide a differentiated offering to our customers, employees, shareholders, and communities. In 2022, we continued to integrate the ESG Priorities into our day-to-day work. We plan to use the ESG Priorities framework to identify and execute opportunities to evolve our portfolio for sustained growth.

# GOVERNANCE AND ESG OVERSIGHT

As a global enterprise, earning the respect and trust of our stakeholders is fundamental to realizing both business success and our purpose of Improving Lives. Our strong corporate governance policies and practices are designed to assist ChampionX in achieving these ends by supporting high standards of ethics and integrity, decision-making, and risk management by our employees, officers, directors, suppliers, and third parties who conduct business on our behalf.





**Board Structure, Independence, and Diversity**

The ChampionX Board oversees management and governance of the Company to help ensure that the long-term interests of shareholders are served. We have a majority independent Board in accordance with Nasdaq Listing Rules and our Corporate Governance Guidelines. The chair of our Board is independent and independent directors hold all chair and member positions of our standing Board committees: Audit, Compensation, and Governance and Nominating. Our CEO serves as the management representative on our Board, a structure that balances internal information and insights with non-management experience, accountability, and risk oversight.

The ChampionX Board believes that diversity in the broadest sense is important for a well-functioning board. Diversity of viewpoints, backgrounds, and experience, including a consideration of gender, race, and age are among other factors considered in evaluating suitability for Board director candidate searches and succession planning.

**As of May 10, 2023, three of our nine directors (33%) were women and three directors (33%) were of Asian or Hispanic descent.**

**Board and Executive Compensation**

The Board’s Compensation Committee designs our executive compensation program to drive behaviors and actions consistent with shareholder interests, prudent risk-taking, and a long-term perspective. The program includes policies and best practices such as pay for performance, clawback, anti-pledging and anti-hedging, and annual review of base salaries.

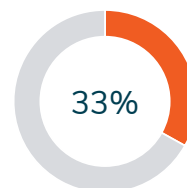
Our named executive officers receive a combination of base salary, and short-term and long-term incentives. Incentive awards are based on achieving Company and segment targets for financial and strategic performance, with adjustments for safety performance. The Compensation Committee has more closely tied executive compensation to the Company’s ESG performance through a discretionary ESG Modifier to our Executive Officer Annual Incentive Plan (EAIP). The ESG Modifier permits the Compensation Committee to increase or decrease the EAIP achievement by up to 10% based on progress of the creation and execution of the Company’s ESG strategy and framework, in recognition of the importance of ESG issues to the Company’s corporate purpose and business strategy. Based on ChampionX’s progress on our ESG Priorities in 2022, including the release

of our first Sustainability Report and the efforts of the ESG Working Group and workstreams, the Compensation Committee increased the EAIP by 10% for all named executive officers. In addition, a Safety Modifier permits the Committee to apply downward discretion on achievement of EAIP awards in the event of extreme safety incidents. In 2022, the Committee exercised the Safety Modifier by applying a 5% deduction to all executive EAIP due to year-over-year deterioration in several key safety indicators.

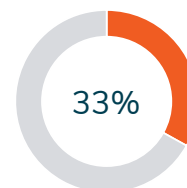
Board compensation includes cash and stock-based incentives to attract and retain qualified candidates. Stock ownership guidelines for executives and non-employee directors further align the interests of our executives and independent directors with our shareholders.

**DIRECTOR HIGHLIGHTS**

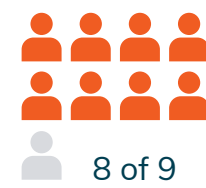
**Gender Diversity**



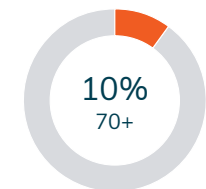
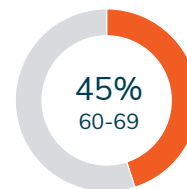
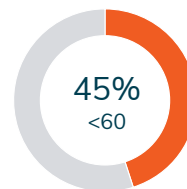
**Racial/Ethnic Diversity**



**Independence**



**Age**



**Tenure**



**Environmental, Social, and Governance Oversight**

It is important that our ESG Priorities align closely with the Company’s corporate strategy and purpose, while meeting our stakeholders’ needs for ESG reporting and disclosures. We have learned through stakeholder engagements that our performance on key ESG issues impacts our standing as a preferred employer, industry-leading innovator, and prudent investment.

The Board’s Governance and Nominating Committee has oversight responsibility for risks related to sustainability and ESG strategy, initiatives, and policies. Quarterly reports on our progress on our ESG Priorities are made to the Committee or the full Board by our Vice President, ESG and Investor Relations. Members of the ESG & Sustainability Working Group include the Vice President, ESG and Investor Relations, Senior Director of Sustainability, Chemical Technologies Sustainability Director, and Manager of External and Community Affairs.

Additional guidance on our ESG-related activities is found in our Global HSE Policy signed by the President and CEO, and other executives, the Code of Business Conduct and Ethics (Code), the Code of Ethics for CEO and Senior Financial Officers, Supplier Code of Conduct, Human Rights Policy, Global Anti-Human Trafficking Policy, and Conflict Minerals Policy. We also maintain certifications to ISO 9001 for Quality Management, ISO 14001 for Environmental Management, and ISO 45001 for Safety Management, and received in 2022 ISO 50001 for Energy Management in Singapore.

**Meeting the stringent ISO certification obligations demonstrates our commitment to sustainability, continuous improvement, and to fulfilling customer requirements.**

**ORGANIZATIONAL STRUCTURE**



**Enterprise Risk Management**

To manage business risks proactively and effectively, our senior management team and relevant subject matter experts maintain a robust enterprise risk management (ERM) process with oversight from the Board and its Audit Committee.

The Enterprise Risk Committee has broad responsibility for identifying material risks and for the risk management process. It is co-chaired by the Chief Compliance Officer and Vice President and Chief Auditor, and includes members of our executive management, corporate compliance, and internal audit teams. This Committee reports regularly to senior management and the Board regarding its processes and the most significant risks to achieving the Company’s objectives, including environmental risk as appropriate.

The ChampionX senior management team is responsible for managing the risks facing our Company and creating appropriate risk management policies and procedures. The Board is responsible for overseeing management’s execution of these responsibilities and, along with its standing committees, regularly reviews material strategic, operational, financial, legal, compensation, and compliance risks with executive officers. The Audit Committee oversees the ERM process, including regularly reviewing major risk exposures and steps management is taking to monitor and control them.



## Driven to Improve Chemical Use

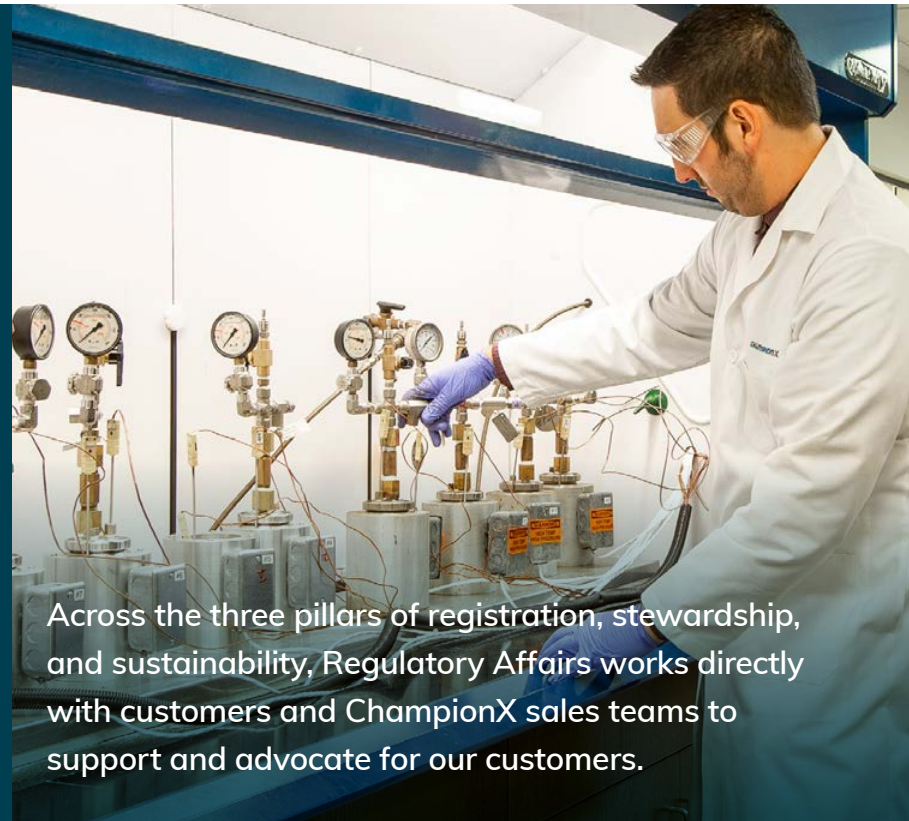
ChampionX offers approximately 7,000 chemical products across the globe to the oil and gas marketplace. Our Regulatory Affairs team supports safe and responsible chemical use in the following ways:

**Registration strategies.** These help ensure compliance with regulatory schemes for chemicals, primarily in the North Sea and Europe, for individual substances used in manufacturing ChampionX products. We maintain approximately 1,800 active chemical registrations. These strategies also support new opportunities and growth as ChampionX evolves our product portfolio for sustainable growth.

**Stewardship efforts.** These include robust hazard communication, including SDS and labels, dangerous goods classification and transportation advice, ingredient approvals in conformance with regulations, and toxicology analysis, classification, and customer support. An ingredient profile is compiled and reviewed for each chemical to determine its hazard. We also require suppliers to complete a form disclosing regulatory information for raw materials.

**Sustainability focus.** Regulatory Affairs identifies environmentally responsible materials to help guide the selection of raw materials for new product development, as appropriate. They also monitor regulations and chemical substances to assess their potential impact on the ChampionX portfolio and provides chemical release prevention programs.

The Regulatory Affairs Ecostrategy is a three-year rolling plan for Chemical Technologies aimed at protecting and growing our business, advocating for customers, building a positive role for ChampionX in the regulatory sphere, and driving internal consistency. The plan includes global and regional initiatives to build and share knowledge. For example, Regulatory Affairs held a week-long training in 2022 for approximately 40 ChampionX scientists covering considerations when designing green chemistries<sup>1</sup> that



Across the three pillars of registration, stewardship, and sustainability, Regulatory Affairs works directly with customers and ChampionX sales teams to support and advocate for our customers.

can reduce or eliminate the use or generation of hazardous substances. In 2023, the courses are being digitized for on-demand viewing on our online training platform.

Through its stewardship efforts, the Regulatory Affairs team shares information with employees, customers, and the industry to support the safe and compliant use and discharge of chemicals. For example, as the chair of the European Oilfield Specialty Chemicals Association (EOSCA), ChampionX works to continuously improve industry performance as well as our own.

<sup>1</sup> Green chemistry, as defined by the EPA, is the design of chemical products and processes that reduce or eliminate the use or generation of hazardous substances, applied across the life cycle of a chemical product, from design, manufacture, use and ultimate disposal.



## Compliance Program

Compliance with all applicable laws, rules, and regulations in the countries where we operate is central to good governance and ChampionX's culture. The Company maintains a robust, risk-based compliance program to establish controls and mitigate risks tailored to our business, including third-party and country-level risks. Our program is designed to meet or exceed regulatory guidance on elements of an effective compliance program.

Managed by the Chief Compliance Officer, our compliance program includes our Code, Anti-Corruption Policy, Antitrust Guidance, Human Rights Policy, Global Trade Compliance Policy, trade sanctions, and other policies and guidelines. Each year, the Chief Compliance Officer reviews and assesses the design of the ChampionX compliance program and its dedicated resources with the full Board. The Board's Audit Committee oversees compliance matters and receives a quarterly update from the Chief Compliance Officer.

Our compliance culture is reinforced in our Code of Business Conduct & Ethics and the training we provide, monthly focused Ethics Spotlights published on our corporate intranet, and integrity moments before meetings.

To further strengthen compliance, in 2022 we began appointing and training employees to serve as compliance liaisons known as Compliance Champions in every country where we have an employee staffing an office. As on-the-ground touchpoints for compliance, these liaisons are approachable and accessible to answer coworkers' questions, share resources, and assist with policy rollouts. Liaisons are nominated by our Human Resources team and leaders and recognized internally. The role is intended to give them a deep grounding in leading with integrity and ethics that helps qualify them for future leadership positions.

Other key compliance activities in 2022 included developing a Human Rights Policy and compliance intranet site, enhancing human trafficking training, and conducting anti-corruption audits of third parties we deemed to be high risk, as well as joint venture risk assessments.

## Human Rights Policy

We recognize that human rights are fundamental rights and freedoms to which every individual is equally and inalienably entitled. It is our responsibility to avoid infringing human rights and to address adverse human rights impacts with which we are involved. With the support and approval of our Board, ChampionX introduced our Human Rights Policy in February 2023. The policy confirms our commitment to respect the rights and dignity of all people, and the requirement that all employees, officers, directors, and others who work for and represent ChampionX respect human rights. The Chief Compliance Officer is the executive sponsor on human rights, which has oversight from the Ethics and Compliance Executive Committee, Audit Committee, and full Board. The other members of the Ethics and Compliance Executive Committee are our President and CEO, Executive Vice President and Chief Financial Officer, Senior Vice President and Chief Human Resources Officer (CHRO), and Senior Vice President, General Counsel and Secretary.

We are committed to operating in a manner that is compatible with and respects the principles and conventions of the core recognized international human rights guidance. These include the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights and its related covenants, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

As discussed in further detail in our Human Rights Policy, ChampionX is committed to the following:

- Promoting a workplace that fosters equal opportunity, free from discrimination and harassment
- Prohibiting child labor, forced and compulsory labor, human trafficking, and slavery and servitude
- Providing fair and equitable wages, benefits, and other conditions of employment in accordance with international covenants and local laws
- Providing safe and healthy working conditions
- Respecting rights to freedom of association and collective bargaining
- Right to water
- Using security arrangements that respect human rights
- Respecting the human rights of local communities, including vulnerable, marginalized, and indigenous groups



**▶ FEATURE STORY**

## ESG Compliance Within our Supply Chain

We want to work with suppliers and other third parties who share our culture, values, and ethical business practices, as well as provide us with high-quality, cost-effective solutions. ChampionX refuses to do business with third parties who violate our high standards or detract from our values.

Our Supplier Code of Conduct explains our expectations and requirements for doing business with ChampionX around the world. Suppliers receive the code during onboarding and are required to read, understand, and follow it. Intermediaries who interact with government agencies undergo third-party screening to identify issues that would disqualify them from working with ChampionX based on our discretion. In addition, certain manufacturing suppliers we deem to be high risk undergo technical or quality audits.

Our commitment to respecting human rights and dignity is demonstrated in our Human Rights Policy that was adopted in 2023. Suppliers are expected to adhere to our Supplier Code of Conduct which addresses human rights and prohibits human trafficking, forced labor, child labor, and slavery. The Supplier Code of Conduct requires that suppliers cooperate with any audits conducted or commissioned by ChampionX to confirm compliance with our policies. Potential violations of these policies must be reported through our internal channels or the ChampionX Global Hotline, and potential disciplinary action for confirmed violations may include termination of the business relationship with ChampionX. All of these supplier resources are available on our website in eight languages.

As we work to further embed ESG performance into all aspects of our business, we are striving to improve our understanding of our suppliers' ESG practices. In 2022, we collected baseline information about the carbon footprint of certain key vendors across



different regions. We review human rights risk assessments, supply chain, conflict minerals, GHG emissions and diversity practices of suppliers from time to time and encourage our suppliers to improve their ESG practices.

The Chemical Technologies procurement team, including our full-time employee responsible for addressing procurement-related ESG issues, is implementing an automated source-to-pay platform intended to facilitate supplier collaboration and onboarding. In preparation for deploying the platform in Canada in 2023, we established a supplier enablement team that is sharing our strategy with each Chemical Technologies supplier in scope to help ensure a smooth transition. We expect deployment to other regions and business segments to continue through 2025. The source-to-pay platform is part of our broader effort to deliver savings for ChampionX through more efficient operations and improved ESG performance throughout our global value chain.

**Our automated source-to-pay platform is intended to help assess ESG risk by collecting our key suppliers' ESG-related information, such as GHG emissions, modern slavery and anti-human trafficking due diligence, and to identify suppliers that are majority owned or controlled by a person from a diverse category (woman-owned, minority-owned, veteran-owned, service-disabled veteran-owned, disability-owned, or LGBTQ-owned).**

ChampionX's Supplier Code of Conduct establishes our expectations for suppliers, contractors, consortium partners, and consultants to act with honesty and integrity and to understand and respect internationally recognized human rights. Our compliance and supply chain organizations are working together to continue to enhance our supplier onboarding process.

In 2023, we are focused on training and engaging employees on modern slavery and human trafficking, and continuously improving employee awareness of human rights through additional short-burst training videos and materials. We expect all employees and Company representatives to promptly report any concerns about human rights through channels described in the Human Rights Policy and Speak Up Policy.

### **Ethics and Integrity**

Ethical business practices are prioritized in the ChampionX culture. Our Code guides us on complying with applicable laws, rules, and regulations; maintaining a safe and healthy workplace; and protecting the Company's assets, information, reputation, and best interests. The Code is available in the eight languages spoken in ChampionX facilities around the world. We also maintain an Anti-Corruption Policy, Global Anti-Human Trafficking Policy, and other policies that drive responsible business practices.

Each employee, officer, and director is responsible for having a basic understanding of the Code and our policies, as well as a detailed understanding of policies that apply to their job. All employees receive training on our Code upon hiring and then at least once a year and must certify to reading and understanding the Code annually.

Employees and all third parties conducting business on our behalf have a responsibility to promptly report any concerns they have about possible Code or policy violations. Concerns may be reported to internal resources or our Global Hotline available via telephone or online. The hotline is available 24 hours a day, 7 days a week, and reports may be made confidentially or anonymously. ChampionX does not allow retaliation for reports made in good faith. Our Chief Compliance Officer is responsible for investigating reports and presenting a quarterly update to the Board's Audit Committee regarding compliance with ChampionX's codes and policies.

### **Cybersecurity**

Technology is essential to operating and growing our business, serving our customers, and continuing our digital transformation. ChampionX's cybersecurity structure and strategic efforts are designed to protect our assets, information, and reputation, as well as the privacy of employee, customer, and supplier data.

The Board's Audit Committee oversees our global cybersecurity risk environment, strategy, and priorities. Our Senior Vice President and Chief Information Officer (CIO), together with other senior leaders, regularly reviews the Company's global information technology (IT) system with the Committee. In 2022, the Audit Committee reviewed the CIO's assessment of our IT and cybersecurity capabilities and continuous improvement plan.

We are committed to deploying recognized cybersecurity systems, methods, and best practices. ChampionX uses the National Institute of Standards & Technology Framework for Improving Critical Infrastructure Cybersecurity (NIST Framework), a toolkit to make an internal assessment of our cybersecurity capabilities and to develop priorities. We take action to assess and manage our technology and cybersecurity environment, including the following:

- An enterprise cybersecurity maturity assessment performed by a qualified third-party entity every three years. This assessment helps us develop a multi-year strategy, investment, and project roadmap focused on improving and enhancing the Company's security posture.
- An annual cybersecurity tabletop exercise and assessment, facilitated by an independent third party, focused on testing our incident response processes and capabilities.
- Regular cybersecurity assessments of various components of our technology environment to help ensure we continuously improve and strengthen our cybersecurity posture.

Our CIO and senior leaders regularly review the results of the assessments, tabletop exercise, cybersecurity roadmap progress, and monthly operational metrics. They share this information with the Audit Committee and ERM Committee as appropriate, together with measures to be implemented to further strengthen our IT infrastructure as the Company grows and evolves.

As explained in our Code, the Global Information and Acceptable Use Policy, and other policies, each employee is responsible for taking proper security precautions when using the Company's network and IT systems. ChampionX provides IT and cybersecurity training to employees at least once a year, regularly distributes cybersecurity tips, and conducts regular education campaigns to heighten employee awareness of phishing and other cybersecurity threats.

## SOCIAL

Our purpose-driven culture inspires ChampionX to have a positive social impact on our employees, customers, communities, and other stakeholders. We believe such impact is important to the success of our business. Our vision is to build and support a diverse and inclusive workplace, and we prioritize the safety and health of our people. We demonstrate corporate citizenship by supporting our communities, which empowers and engages the areas where we live and work, as well as ChampionX employees.





Every day, our operating principles of being customer advocates, people oriented, delivering technology with impact, and being driven to improve propel us toward our purpose. We are guided by our culture to improve lives by incorporating a focus on health, safety, and the environment (HSE), corporate responsibility, diversity and inclusion, and sustainability considerations throughout our work. We believe our purpose and operating culture are a source of competitive advantage for ChampionX.

Our leadership team is passionate about shaping our culture and the employee experience at ChampionX. To reinforce our culture, we invest in training and development, employee experience initiatives and opportunities to help our communities.

All members of our Board have skills and experience in human capital and talent development. The Board's Compensation Committee oversees risks related to talent recruitment, development, and retention. The Senior Vice President and Chief Human Resources Officer (CHRO), a member of the Company's Executive Committee, is responsible for our talent management strategy and results. The CHRO updates the Compensation Committee quarterly on these areas, D&I, and other talent issues.

**ALLY Energy<sup>SM</sup> selected ChampionX as a Best Energy Workplace in 2022 for the second consecutive year based on our culture, employee survey feedback, family-friendly and flex-work programs, D&I efforts, community projects, and other initiatives to be an employer of choice.**

### Employee Attraction, Retention, and Development

Building the ChampionX workforce is so vital to our future that we established employee attraction, retention, and development as an ESG Priority. Across ChampionX and at all levels of the enterprise, we seek to develop a team of talented, motivated employees to support our customers, drive innovation, and create lasting impact. We strive to create a respectful, professional, and inviting work environment where we can do our best work, unlock our full potential, and achieve our strategic objectives and ESG Priorities.

ChampionX's talent policies and practices reflect our commitment to respect the rights and dignity of all people, as described in our Human Rights Policy. As an equal opportunity employer, we comply with all applicable employment laws in the countries where we operate, and strictly prohibit discrimination, retaliation, or harassment.

With the end of COVID-19 restrictions in 2022, we resumed in-person talent management activities, such as campus outreach, new-hire orientation, training and development, and D&I activities. While we continue to provide virtual opportunities, we encourage employees to attend in-person sessions for more effective networking and engagement.

## Employee Attraction, Retention, and Development at ChampionX

### Attraction

- Culture
- Campus outreach and recruiting
- Internships

### Retention

- Culture
- New hire experience
- D&I activities
- ERG membership and programs
- Annual Development Month
- Pinnacle peer recognition program
- Community volunteer activities
- 2023 enterprise-wide engagement survey
- Competitive compensation and benefits

### Development

- Culture
- Year-round talent planning process
- In-person and virtual trainings
- Learning platform with over 500 opportunities
- Leadership Foundations and Manager Essentials training
- LinkedIn Learning
- Career Hub intranet job search marketplace
- Annual Development Month
- Continuous Improvement Conferences
- Employee Resource Groups



### Attraction

Recruiting skilled candidates is an essential part of creating and maintaining our successful culture. We believe a diverse workforce better enables ChampionX to achieve our goal of being the leader in every market we serve and create value for our stakeholders. To build pipelines of diverse talent, in 2022 we recruited at 11 public universities and Historically Black Colleges and Universities (HBCU) in the U.S. and Canada. Our campus outreach included career fairs, special events such as a tailgate party and LinkedIn posts. Starting with the first conversation with a prospective employee, ChampionX is committed to providing a good experience for every candidate.

### Retention

The initial step in retaining our valued employees is the introduction of our culture during new hire onboarding. In 2022, we held five in-person sessions in North America and two in Europe, as well as virtual sessions in North America and Asia Pacific. In addition to learning about our organization and policies, new employees participated in community giving events and teambuilding exercises. We are expanding the experience to new regions in 2023 to accommodate the Company's growth around the world.

---

**“ The program made me feel welcome, part of a team, valued, and definitely made me feel like I have found a company to retire with! – Chemical Technologies, Sales**

---

We believe fair and equitable wages and benefits are a human right and state our commitment to fair pay and employment in our Code. The ChampionX pay philosophy is founded on pay for performance and competitive pay for all employees, irrespective of gender, ethnicity, or other characteristics. We establish new hire pay based on the candidate's qualifications, market competitive factors, and salary ranges for specific roles and levels within each country. ChampionX managers are instructed to make pay decisions based on performance and contributions, not on gender, and salary increases and promotions are based on performance, internal equity, and Company performance.

ChampionX offers competitive benefits and reviews them as appropriate relative to industry practices and to meet our employees' needs. Benefits changes in 2022 included enhanced maternity and paternity leave, a wellness program for U.S. employees, and greater emphasis on mental health awareness.



Engaging employees around our purpose and strategic ESG Priorities is essential to doing business efficiently and with focus. ChampionX reinforces our culture and sparks engagement through our new hire experience, ERGs and other D&I efforts, training and development, the Pinnacle peer recognition program, and community volunteer activities. We offer multiple channels to maintain open communications throughout the organization, including Pipeline to the CEO, where employees can ask questions and get candid answers from our CEO.

To gauge our progress, we are conducting our first enterprise-wide employee survey in 2023. We are also building out our talent analytics capabilities to identify trends and develop dashboards and other resources to strengthen retention.

### Training and Development

Talent development is a partnership of managers and their direct reports at ChampionX, with a focus on developing our frontline leaders. The year-round process encompasses constant empowerment, conversations, feedback, annual performance reviews, and midyear check-ins. To help our managers be effective, we offer training on performance review processes available on our intranet and hosted by human resources.



## On-demand Learning

Our LinkedIn Learning content library enables ChampionX employees to learn when it is convenient for them. Approximately 10% of our employees have actively engaged the tool since its launch in October 2022, with Microsoft Excel, time management, and team leadership being the top content topics viewed.

### LinkedIn Learning Highlights, October 2022-April 2023

717

PEOPLE LOGGED IN

26,158

VIDEO COMPLETIONS

1,337

HOURS VIEWED

~2

HOURS AVERAGE  
TIME PER VIEWER

1,277

COURSE COMPLETIONS



As a people-oriented company, we encourage employees to be proactive about their training and development, and develop tools and resources to help them.

- The ChampionX learning platform offers over 500 opportunities for technical training, behavioral training, leadership development, crucial conversations, and other topics. Trainings are tracked and recorded in our learning management system.
- The Career Hub is a marketplace for internal jobs launched on our intranet in April 2023.
- The internally developed My 70-20-10 tool suggests on-the-job training, networking, mentors, and formal learning for professional and personal development options.

Leadership development for frontline managers and high-potential employees is grounded in our purpose, operating principles, and essential skills. Over 6,000 hours of self-study and facilitator-led Leadership Foundations and Manager Essentials trainings were tracked in 2022, with in-person courses in four U.S. locations, Buenos Aires, Aberdeen, and Dubai, plus a virtual course in North America.

Each May, we host Development Month to encourage personal and professional development, with events and workshops built around themes aligned with our culture and development needs. In May 2022, Development Month addressed more than 30 topics aligned to our operating principles such as growing resilience, continuous improvement, technology overviews, developing a positive mindset, and managing stress. The content was developed and delivered by ERG members, employee volunteers, and human resources professionals. Almost 1,000 employees and managers attended the events in Sugar Land, Houston, Aberdeen, Singapore, Australia, and Angola, as well as virtually.

We continue to focus on growing our talent through opportunities to work in different business segments and on developing well-rounded leaders by enhancing our executive leadership program.

---

**The Oman Society for Petroleum Services (OPAL) recognized ChampionX with its 2022 Best Large Contractor in the Energy Sector award for ongoing efforts to hire, train, and promote Omani citizens at all levels of its business in the country. In 2022, 95% of ChampionX employees in Oman were Omani. We invest in local talent by partnering with institutions like Salalah College of Technology to advance employees' skills.**

---

## ► FEATURE STORY

# Better Together

## Purpose-driven in Our Permian Basin Market

ChampionX has a leading position in the Permian Basin, the largest unconventional basin in the U.S., spanning 86,000 square miles in West Texas and New Mexico. With our portfolio of strong brands, deep experience, and technical expertise, we are striving to improve lives in the region as we grow to meet our customers' needs.

### People oriented

To improve lives for our employees and customers, we are planting roots in our community to help make the Permian Basin a destination for talent. For example, ChampionX provided a summer mobile library to address literacy loss and staffed a food trailer with labor and food for evening meals to fight food insecurity when children are out of school. We also made a donation to the West Texas Food Bank. Other community efforts in 2022 included:

- Donating a trailer to the Odessa Police Department to support their efforts to build bridges with the community
- Raising funds for a school focused on children with special needs
- Participating in the Keep Midland Beautiful campaign by picking up litter and debris around the community quarterly

Investing in our employees and providing a safe workplace are important to our sustainability in the Permian Basin. We updated our office with increased lab capabilities and amenities to improve our employees' work lives. ChampionX provided continuous improvement, leadership development, and customer salesperson training in 2022 for employees supporting our operations in the Permian Basin. Our first Company picnic drew over 650 employees and their family members, which we believe demonstrates strong workforce engagement.

### D&I in the Permian Basin Geo Market in 2022

# 70%

OF NEW HIRES WERE A PERSON OF COLOR<sup>1</sup>

# 60%

OF EMPLOYEES WERE A PERSON OF COLOR<sup>1</sup>

# 37%

OF PEOPLE LEADERS WERE A PERSON OF COLOR<sup>1</sup>

# 18%

OF PEOPLE MANAGERS WERE WOMEN

# 7%

OF EMPLOYEES WERE MEMBERS OF OUR RISE ERG CHAPTER OR THE SEED ERG<sup>2</sup>

<sup>1</sup> Persons of color are those who do not identify as non-Hispanic White.

<sup>2</sup> More information on our ERG program is found on page 30.



The active RISE ERG in the Permian Basin hosted an International Women's Day event and a career lunch and learn. RISE members also attended the West Texas Women event in Midland, where Julia Wright, Senior Vice President, General Counsel and Secretary, ChampionX was a speaker.



### Technology with Impact

The Permian Basin is the fastest growth area for our emissions monitoring business, making the region key to the Company's decarbonization and energy transition efforts. Use of our SOOFIE® continuous ground-based emissions monitoring devices grew significantly in the Permian Basin in 2022 as producers worked to find, measure, and mitigate methane leaks.

With customers also focused on operational efficiency and asset productivity, we launched the UNBRIDLED® ESP Systems' High RISE™ pump in the Permian Basin. This pump is designed to allow customers to increase production with fewer stages and lower costs, and to lessen emissions through greater efficiency. It is made with less metal, which reduces manufacturing and transportation costs. Permian Basin customers use our XSPOCT™ production optimization software, which deploys autonomous control capabilities driven by AI to help maximize asset productivity.

### Continuous Improvement

Through our Better Together approach, we help our customers improve their operational and ESG performance. For example, since adding services focused on emissions reduction and chemicals to the services we deliver for a major Permian Basin operator, we have gained insights into their value chain. As a result, we are looking at partnering with the customer to develop advanced technologies to increase their well productivity and reduce their emissions footprint. In addition, we opened a customer performance center in the Permian Basin where we can demonstrate first-hand the benefits of ChampionX products and services to all of our customers in the region.

As we work to continuously improve our capabilities in the Permian Basin Market, we aim to keep building a workforce with a diversity of backgrounds and experiences, developing our talent, reinforcing our culture, and being a good steward of our community. In turn, establishing ChampionX as the best choice for our customers in the Permian Basin will enable us to keep Improving Lives.





## Diversity and Inclusion

We view diversity as an asset and value the richness of skills, ideas, and backgrounds in our workforce. ChampionX devotes considerable resources to building and fostering a diverse and inclusive workplace, guided by our D&I Council. Our CEO demonstrates his personal commitment to D&I by chairing the council, which also comprises the CHRO, other senior leaders, and three ERG leaders who rotate off the council every two years. The CEO and CHRO update the Board regularly on our D&I progress, and ERG leaders present D&I Council goals to the Board as appropriate. In addition, our Head of Talent Management implements our D&I strategy.

### DIVERSITY & INCLUSION STRUCTURE

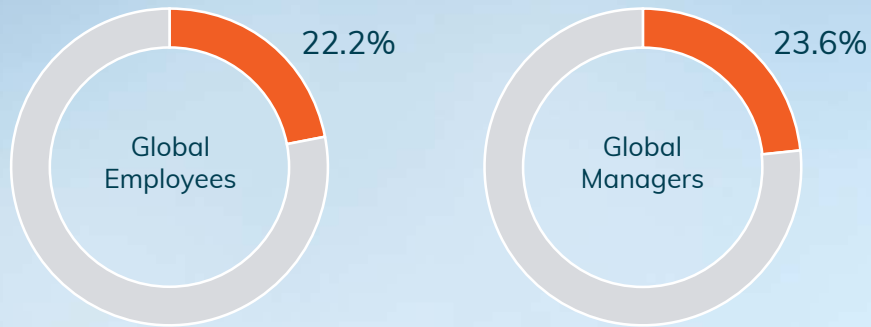


The D&I Council works to diversify our workforce and cultivate an appreciation for all culture, and guides ERGs on D&I activities and initiatives in our communities. Its activities in 2022 were aimed at building a diverse talent pipeline, increasing diverse representation in people management roles, and training and educating Company leaders on D&I. The key accomplishments included:

- Developing a methodology to build diverse applicant pools, which we plan to pilot in 2023.
- 52% of interns hired represented diversity of gender, age, economic status, and ethnicity.
- Creating essential training for all people leaders on building an inclusive culture at ChampionX and unconscious bias that is expected to launch in 2023.



### Female Workforce in 2022

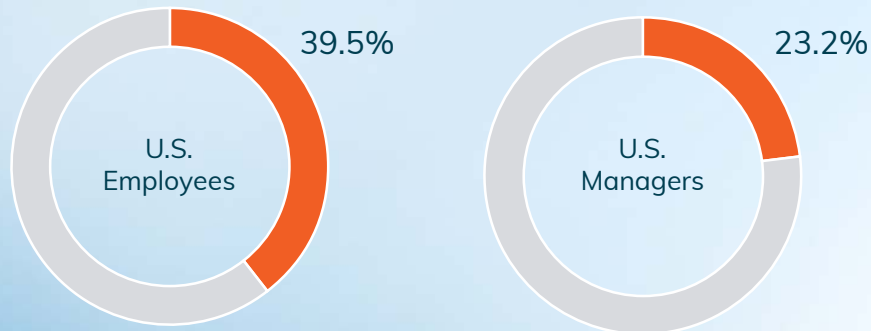


### D&I Metrics

- At year-end 2022, women accounted for 22.2% of all employees (up 0.6% from 21.6% in 2021) and 23.7% of all managers globally (up 1.4% from 22.3% in 2021).
- At year-end 2022, 39.5% of U.S. employees (2.5% increase from 37% in 2021) and 23.2% of U.S. managers (1% decrease from 24.2% in 2021) identified as racially diverse.<sup>1</sup>

<sup>1</sup> Individuals who differ in terms of ethnicity and race and who do not identify as non-Hispanic White

### Racial Diversity in 2022



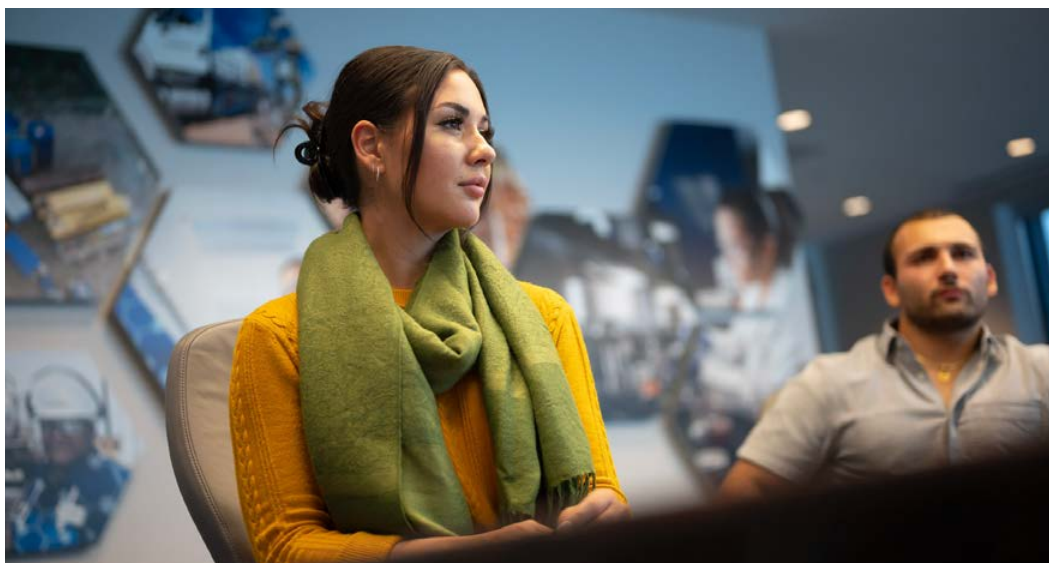
### Employee Resource Groups

ERGs, which represent our employees' cultures, backgrounds, ethnicities, and interests, are a key avenue for creating an inclusive culture and driving D&I progress at ChampionX. The Company provides each group with an executive sponsor, a budget based on membership, and quarterly support meetings for ERG leaders.

ERGs provide members with professional and personal development content, book clubs, technical talks, and other opportunities to connect and learn. The RISE, PRIDE, ARC, Essence, SEED, and PLANT ERGs planned and led sessions during the second annual Development Month, held in May 2022. In addition, SEED is active in building awareness, increasing understanding, and providing education about sustainability to ChampionX employees.

ERG membership is voluntary, popular, and growing. In 2022, new ERG chapters started up in the Permian Basin (MIL-SPEC), Aberdeen (PRIDE and SEED), Canada (ARC), and the Middle East and Europe (RISE). These achievements helped ERG membership grow to 16% of employees in 2022, compared to 14.8% in 2021, with increased membership in every ERG. The D&I Council's aspirational goal remains to increase ERG membership to 25% of ChampionX employees by 2025.

### The ChampionX SEED and Essence ERGs won ALLY Energy<sup>SM</sup> awards for the best ERGs in 2022.



### EMPLOYEE RESOURCE GROUPS CONNECT OUR COLLEAGUES WORLDWIDE

**ASIA** (Asian Society Inspiring Action) – engaging in Asian culture and communities

**ARC** (Appeal Relate Connect) – intergenerational connections

**Essence** – positively influencing all aspects of employment of associates of African descent

**IMPACTO!** – fostering intercultural understanding among those of Hispanic/Latino descent

**MIL-SPEC** (Military Support Program Employee Community) – for veterans, service members, those impacted by military service, and supporters

**PLAN** (Promote Leverage Accelerate Navigate) – building successful careers and gaining expertise

**PRIDE** – strengthening an inclusive culture for everyone, regardless of sexual orientation or gender identity

**RISE** (Recognize Inspire Share Engage) – gender equity

**SEED** (Sustainable Energy Empowers Development) – improving the environmental impacts our business makes on communities and the planet



## Safety Management

ChampionX has a goal of zero accidents and incidents and believes Goal Zero is achievable because all incidents are preventable. Safety is a core value and is considered when we develop technology with impact for our customers.



## Supporting Goal Zero

At ChampionX, safety management starts with our Global HSE Policy that emphasizes employees' personal leadership, engagement, and empowerment in our safety culture. The policy covers our commitment to strive for Goal Zero, exercise Stop Work Authority, manage risk, promote healthy living, and collaborate to improve results.

The ChampionX Global Integrated Management System (IMS), currently used in our Chemical Technologies business, helps us put our HSE, quality, and security policies and principles into action. The IMS encompasses 14 elements intended to help us enhance performance and achieve our objectives by following a Plan, Do, Check, and Act process for continuous improvement.

Protecting the health and safety of our employees, customers, communities, and the environment is a critical success factor at ChampionX. IMS elements drive safe behaviors and operations with a focus on managing risk and preventing personal safety incidents and injuries, process safety events, and environmental incidents like chemical spills. To help address situations in which incidents do occur, the Incident Management System requires planning for emergency preparedness and response; incident reporting, investigation and communication; and business continuity. In 2023, the HSE Council is working to expand our IMS across all business segments, using the Chemical Technologies system and its key principles to establish consistency, while accommodating operational differences among the segments.

To further implement the Global HSE Policy, we provide training, Life Safety Rules to help prevent serious injury or death associated with 10 key hazards, and the Journey to Zero program focused on consistent safety behaviors and practices. Proactive initiatives that support our Goal Zero culture include communicating about safety before meetings, pre-job briefings, and tool-box talks before carrying out job tasks. In addition, we maintain ISO 45001 Safety Management certification to demonstrate our compliance with globally recognized occupational health and safety standards.

## HSE Council

The HSE Council seeks to continuously improve our safety performance and align policies and practices for consistency across the enterprise. The council chair – the Vice President, Chemical Technologies Safety, Health, Environment, and Quality (SHEQ) – reports to the Chemical Technologies president, both of whom serve on the ChampionX Executive Committee. The council evaluates our safety performance twice each month and the chair presents the annual HSE improvement plan and quarterly performance updates to the Board. Representatives from all business segments, multiple levels of regional safety organizations, regulatory affairs, and quality management serve on the council.



**HSE Council activities in 2022 included:**

- Developing a new safe driving policy, including deploying vehicle monitoring systems in Production & Automation Technologies, and aligning driver training across all business segments
- Advancing the aviation safety program for pilots of our aircraft used in emissions detection and quantification by engaging with them to understand their needs. Their feedback was incorporated in an enhanced safety program, including hazard reports, hazard assessments, and flight assessments.
- Conducting incident response exercises in Sugar Land, the UK, and other locations
- Launching an app to track and monitor SHEQ regulatory compliance, increasing rigor and visibility around corrective actions and tracking them to closure

**Safety Performance**

In 2022, 62% of ChampionX locations achieved Goal Zero for safety incidents, 81% achieved Goal Zero for recordable injuries, and 71% achieved Goal Zero for vehicle accidents. However, we experienced a higher frequency of incidents than in the previous two years due to the post-pandemic increase in activity and the related increase in hiring. As a result, we recorded year-over-year increases in the total recordable incident rate, total vehicle accident rate, severe vehicle accident rate, and process safety events.

To address a root cause of safety incidents, in 2023 we plan on piloting the Safe Start methodology for hazard identification in locations in the U.S., Canada, and Latin America. We also plan on conducting competency reviews to identify and launch competency improvement projects, particularly among new employees. We intend to progress toward rolling out our Human Performance/Human Factors program for creating an open and transparent work culture to improve safety.

**GLOBAL IMS CONTINUAL IMPROVEMENT CYCLE****FOUR-YEAR SAFETY METRICS\***

	2019	2020	2021	2022
TRIR - Total Recordable Incident Rate	0.63	0.36	0.48	0.68
LTIR - Lost Time Incident Rate	0.15	0.11	0.20	0.24
Fatality Rate	0	0	0	0
% of locations Goal Zero for Recordable Injuries	N/A	N/A	81%	81%
TVAR - Total Vehicle Accident Rate	2.67	1.79	1.86	1.83
SVAR - Severe Vehicle Accident Rate	0.02	0.06	0.02	0.13
Process/Distribution Safety - Tier 1 events	4	1	1	4
Process/Distribution Safety - Tier 2 events	6	15	13	14
Hours	17,080,905	14,949,828	15,140,027	15,952,691
Miles	57,595,226	50,409,445	51,050,778	61,654,464
Recordable Injuries	54	27	36	54
Vehicle Incidents - All	154	90	95	113
Vehicle Incidents - Severe	1	3	1	8

\*Includes historical data from our Chemical Technologies business acquired in June 2020.

### Quality Management

ChampionX is committed to ensuring the safety and quality of our products and services to earn and keep our customers' trust. To demonstrate our commitment, our manufacturing, quality assurance product development, and quality control operations worldwide are certified to ISO 9001 standards. Each employee is responsible for knowing, understanding, and complying with all applicable laws and Company policies for quality.

We use our Incident Management System to monitor customer, internal, and supplier issues as appropriate, and in our efforts to track corrective actions to closure. Our Chemical Technologies business established a cross-functional Quality Council in 2022, with the purpose of understanding and applying the system's data to prioritize opportunities for improvement and to allocate resources to the highest priority items. Continuously improving product and service quality is vital to being customer advocates, delivering technology with impact, and helping our customers produce energy responsibly.

### Community Involvement

Community involvement is fundamental to realizing our purpose of Improving Lives. Through volunteerism and community engagement, ChampionX harnesses the energy, skills, and excitement of our employees to make a difference in the lives of others around the world. Our purpose drives us and defines us – and helps us focus our activities where they can have a significant and lasting impact.

We rely on our local facilities to identify and respond to the most pressing needs in their communities. In 2022, our efforts focused on four areas of corporate citizenship:

**Food security:** Proper nutrition is vital to the sustainability of society. The rise in food insecurity – lacking enough food to live a healthy, active life – became more pronounced during the pandemic. ChampionX is doing our part in addressing this significant issue in our communities. The Houston Food Bank presented ChampionX the Silver President's Volunteer Service Award to recognize our employees for volunteering just over 300 hours at the nonprofit in 2022. Teams of ChampionX volunteers have also assisted Interfaith of the Woodlands, the Montgomery County, Texas, Food Bank, and On the House in New Zealand in fighting food insecurity.

"Since 2020, the ChampionX team has given 807 volunteer hours to provide 48,416 meals to families in our community. We are grateful for the generous gift of their time and their commitment to helping the Houston Food Bank fulfill its mission of providing food for better lives." – Brian Greene, Houston Food Bank President and CEO

**Human services:** ChampionX is dedicated to helping those who may not be able to help themselves. We support humanitarian services across the U.S., such as home improvement projects in lower-income neighborhoods and meal deliveries for the elderly. ChampionX helped injured veterans regain hope and resilience by sponsoring the Project Hero Ride 2 Recovery Texas Challenge bike ride in 2022. A member of our MIL-SPEC ERG was on hand in San Antonio at the starting point of the annual noncompetitive, therapeutic bike tour. The tour ended six days and 350 miles later at our Production & Automation Technologies plant in Crowley, Texas, where more than 50 employees welcomed the riders with a meal.




**CASE STUDY**

## Renewable Power Systems in Alaska Leverage Innovative Diamond Technologies

ORPC, Inc. and US Synthetic, a ChampionX company, are partnering to develop reliable solutions for capturing and converting hydrokinetic energy from ocean waves and river currents into renewable electricity that does not directly generate air emissions.

### CHALLENGE

Like many remote areas around the world, the Alaskan village of Igiugig on the Kvichak River had limited ability to connect to a centralized power grid or fuel supply pipeline. Expensive diesel fuel was flown or shipped in to power the village, resulting in high electricity costs and environmental challenges.

The hydrokinetic system developed for the Kvichak River had to operate in a harsh environment with conditions which adversely impact rotating equipment, such as damaging sediment, corrosive minerals, and high amounts of fluid pressure.

### SOLUTION

ORPC and US Synthetic teamed up to develop a diamond-based bearing technology to capture and convert locally available, renewable energy from the Kvitchak River and tidal currents into reliable electricity.


The bearing-shaft assembly utilizes diamond-to-diamond bearing surfaces designed to eliminate downtime, reduce typical wear, and eliminate premature failure.

The seal-less, corrosion-resistant diamond bearings can withstand the sediment suspended in the Kvichak River. They provide a durable, maintenance-free solution that helps ensure more consistent electricity and greatly extends the operating life of the system.

### RESULTS

Using US Synthetic's proprietary polycrystalline diamond (PCD) radial bearing technology, ORPC's RivGen® Power System supplies about one-third of Igiugig's electrical needs. Successive generations of the system were deployed in 2014, 2015, and 2019. With the installation of a second RivGen device in 2021, the fully operational RivGen System reduces Igiugig's diesel use by 60-90%<sup>1</sup>, reduces noise pollution, and significantly decreases oil spill risk related to local energy consumption.

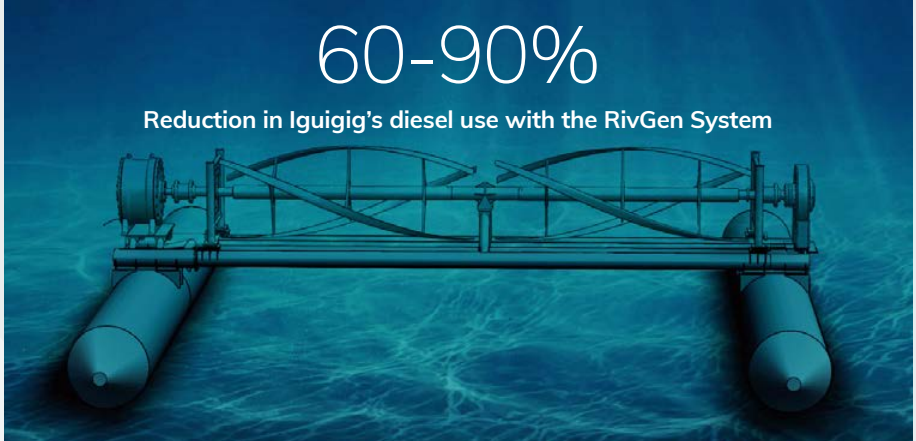
<sup>1</sup> As reported by ORPC, Inc.



When comparing other hydropower/hydrokinetic bearings and bushings, PCD bearing material delivered a number of clear benefits.

# 60-90%

Reduction in Igiugig's diesel use with the RivGen System





**Education:** ChampionX supports educational programs that aid teachers, contribute to building tomorrow's workforce, and provide role models and mentors for students. In Houston, we partner with Genesys Works and Cristo Rey High School on their programs that give local students with limited economic resources an introduction to a corporate business environment. Through Genesys Works, high school seniors worked at a ChampionX facility part-time during the 2022-2023 school year to learn business, technical, and communications skills that support career readiness. This internship model has a positive impact not only on the students, but on their extended families and communities.



“ My internship with ChampionX has shown me what it would be like to work in chemical engineering. This experience has made me even more excited to pursue this career path while in college.”

– Onoke Igwemoh, intern



**Environment and conservation:** ChampionX believes that it is impossible to achieve our purpose without positive initiatives to protect the environment. Every year our employees engage in multiple clean-up and restoration projects to enhance the neighborhoods we call home. In 2022, ChampionX partnered with Texan by Nature to create a STEAM (science, technology, engineering, art, and mathematics) learning experience for public school students who have little access to school excursions. Texan by Nature connected us with a local wildlife center in the Permian Basin, where 20 Company volunteers learned curriculum and taught lessons to 5th and 6th graders, outdoors in the nature preserve. Over the two-day event, we hosted 220 local students.

To celebrate Earth Day in 2022, our SEED ERG planned local, global, and corporate activities around the theme of #InvestInOurPlanet for a green and prosperous future. Based on attendance at SEED's global webinar on a sustainability roadmap, ChampionX committed to planting 1,210 trees through the Canopy Project. This nonprofit plants trees in areas in dire need of rehabilitation and at risk for climate-related environmental degradation. Locally, employees participated in plantings, clean-ups, and other activities to enhance the environment.



## Teaming Up with Customers and Community Partners in Utah

Community service is deeply ingrained in the culture of our US Synthetic team in Utah. In 2022, our volunteers were joined by customers on a WHOlives humanitarian expedition in Kenya. They used the human-powered Village Drill with US Synthetic diamond cutter technology – the same drill bit technology the customer uses – to drill water wells. US Synthetic was a sponsor and partner for the new JA City built for Junior Achievement near our facility. The team's STEM activities included attending the Utah STEM Fest with community partners Utah Underwater Robotics (UUR), Infini-D Learning, Thanksgiving Point, and a customer.



US Synthetic is a corporate partner of CHOICE, whose mission to reduce global poverty dovetails with our purpose of Improving Lives. Employees have supported CHOICE through payroll deductions and working on CHOICE projects in Nepal, Peru, Mexico, Kenya, and Guatemala.



# ENVIRONMENT

At ChampionX, we are passionate about Improving Lives in the communities where our employees live and work, and a clean environment is vital to the health of our communities. We actively seek to conduct our business in a manner that protects the environment by working to reduce our Scopes 1 and 2 GHG emissions, manage waste and resources responsibly, and develop solutions to improve environmental performance in our industry.





Unlocking Energy is our business purpose. Our ESG Priorities to deliver Decarbonization Technologies and Sustainable Innovation and Digital Transformation enhance our focus on meeting our customers' ESG goals. ChampionX technologies are designed to enable our customers to reduce their carbon footprint, fresh-water use, and power consumption as they supply the affordable, reliable energy the world needs. Meeting these fundamental needs also helps us achieve our strategic priorities to accelerate Digital and Emissions Technologies growth and evolve our portfolio for sustained growth.

### Environmental Management

The Board's Governance and Nominating Committee oversees risks related to sustainability and ESG, including environmental matters. Our Executive Committee monitors our environmental performance and helps ensure resources are allocated for continuous improvement. The Vice President, Chemical Technologies SHEQ, is a member of the Executive Committee, chairs the enterprise-wide HSE Council and reports to the Board quarterly on our environmental performance. Regional and local teams are responsible for daily management of our environmental efforts, including regulatory compliance and voluntary improvement programs.

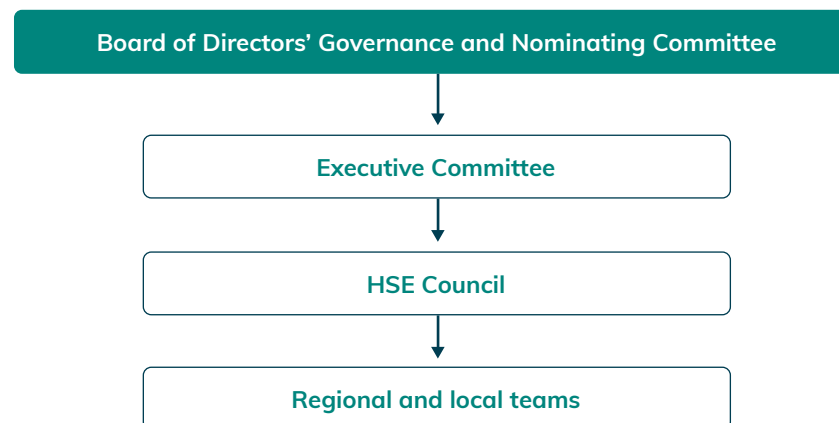
---

**Goal Zero is our belief that zero environmental releases is possible because all incidents are preventable.**

---

Our Global HSE Policy calls for the Company to reduce our environmental footprint, effectively manage the life cycle of our products, promote healthy living, and improve our results. This policy and our Code emphasize compliance with applicable regulations, laws, customer requirements, company policies, and voluntary environmental protection efforts. In the Chemical Technologies business, requirements for the safe production, blending, storage, handling, and delivery of chemicals are described in our Integrated Management System. In addition, we demonstrate our commitment to compliance with environmental laws, regulations, and client requirements by maintaining global ISO 14001 Environmental Management certification. Taken together, our environmental and safety management systems help reduce risk exposure from low-probability, high-impact accidents and emergencies.

## ENVIRONMENTAL PERFORMANCE OVERSIGHT



## Environmental Performance Metrics

### GHG Emissions

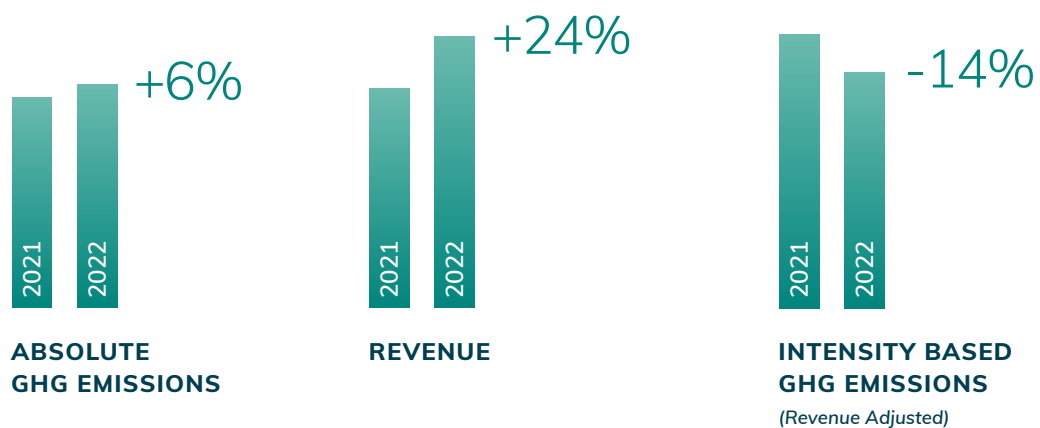
We are committed to tracking and reducing our Scopes 1 and 2 GHG emissions. Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, and vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of its energy use.

Our Scope 1 emissions on an absolute basis increased approximately 15% in 2022 compared to 2021, primarily due to increased fuel emissions from our fleet vehicles as a result of increased business activity. Our Scope 2 emissions on an absolute basis declined approximately 6% year over year, due to reduced electricity consumption, incremental reduction of grid emission factors and reduced consumption of purchased steam. Our total Scope 1 and Scope 2 emissions increased approximately 6% on an absolute basis year over year, while our revenue increased 24%. On a revenue-adjusted basis, total Scope 1 and 2 GHG emissions declined approximately 14% (tonnes CO<sub>2</sub>e/\$million revenue).



## GHG Emissions\* (tonnes CO<sub>2</sub>e)

	2022	2021	2022 Change
<b>Scope 1</b>	96,930	83,923	15%
<b>Scope 2</b>	59,998	63,722	-6%
<b>TOTAL Scope 1 &amp; 2</b>	156,928	147,645	6%
Absolute Increase			
<b>INTENSITY BASIS</b>			
Revenue, \$000	3,805,948	3,074,990	24%
Tonnes per \$MM	41.2	48.0	-14%



\* Scope 1 and Scope 2 data excludes emissions from Russia operations for 2021 and 2022, consistent with the planned exit of that business by ChampionX. Scope 1 emissions for 2021 reflect data improvements and include additional fuel use on well completion rigs in Oman and additional natural gas consumption at our Edmonton, Alberta, and Freeport, Texas, sites.

## Air Quality

To be a steward of the environment, we seek to minimize air emissions by enhancing our operational effectiveness and by maintaining and monitoring pollution control equipment in our manufacturing plants.

Metric	2022	2021
Nitrogen oxides (NO <sub>x</sub> excluding N <sub>2</sub> O), t	120	105
Sulfur dioxides (SO <sub>x</sub> ), t	1.4	0.9
Volatile organic compounds (VOCs), t	136	76
Hazardous air pollutants (HAPs), t	30	32

## Energy Management

ChampionX works to continuously monitor energy consumption at our facilities around the world to reduce our impact on the environment, conserve resources, and save costs.

Metric	2022	2021
Total energy consumed (GJ)	2,236,678	1,975,048
Percentage grid electricity	20.5%	23.9%
Percentage renewable*	0.3%	0.2%
Total self-generated energy (GJ)	0	0

\*Renewable energy is energy sourced from solar panels or is certified as renewable by the provider.

## Water Management

Water is a vital resource that we share with the communities where we operate. ChampionX seeks to consume fresh-water responsibly to shrink our related environmental footprint and thereby support the sustainability of our business and communities.

Metric	2022	2021
Total water withdrawn (thousand m <sup>3</sup> )	916	618
Total water consumed in sold products (thousand m <sup>3</sup> )	99	121
Percentage of water withdrawn from regions with high or extremely high baseline water stress	18%	25%
Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0	0

## Waste Management

Our waste reduction efforts focus on diverting waste and conserving operational resources. All ChampionX manufacturing and distribution sites are expected to manage waste responsibly. We actively seek opportunities to recycle operational materials where possible and within acceptable practice. ChampionX also partners with our vendors to implement recycling programs that allow us to collectively reduce our environmental impact.

Metric	2022	2021
Amount of hazardous waste generated (t)	17,653	22,609
Percentage recycled	11%	8%



## Safety and Environmental Stewardship of Chemicals

As a provider of chemistry programs and services to the energy industry, ChampionX is committed to managing chemicals safely, responsibly, and in compliance with applicable regulations and laws wherever we operate. Requirements for the safe production, blending, storage, handling, and delivery of chemicals are described in our Global IMS. We seek to apply the principles of process hazard communication and evaluation to all phases of chemical use in our business, including making Safety Data Sheets (SDS) available across our value chain. Our facilities that handle, store, or process hazardous chemicals are expected to have programs in place to prevent unintentional chemical releases. The IMS also provides requirements for reporting, investigating, and communicating any chemical-related incidents.

Metric	2022	2021
Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	44%	52%
Percentage of such products that have undergone a hazard assessment	0%	0%




**CASE STUDY**

## UNBRIDLED ESP Systems Help Operator with Electric Utility Compliance

### CHALLENGE

The local electric utility notified a Permian Basin operator of harmonic distortion levels up to 40% and averaging 30% in several fields, more than its maximum allowance of 10%. The high levels occurred mainly in fields where a large number of electrical submersible pumping systems (ESP) are needed to lift oil and water from the reservoir to the surface in each of the producing wells. The utility planned to shut off electricity to several fields if the operator did not reduce the distortion levels that could affect the local power grid and create significant negative impacts for the broader community. This loss of electricity would severely impact the operator's production and revenue.

### SOLUTION

ChampionX dispatched our SMARTEN™ Power Quality Service team to conduct a comprehensive field survey to assess ESP performance in several critical fields. The team identified multiple wells with inoperable or oversized harmonic mitigation equipment and recommended a solution to fit the fields' specific requirements:

- SMARTEN™ variable speed drives and a fit-for-purpose harmonic mitigation solution
- Real-time power monitoring

### RESULTS

The UNBRIDLED® ESP Systems' Power Quality Services solution enabled the operator to meet electric utility requirements for harmonic distortion levels. Tests conducted by the operator's consultant showed the ESP systems were operating continuously below the utility's allowed level with "outstanding performance." The UNBRIDLED® ESP Systems' solution was more cost effective than alternative solutions.



The ChampionX solution reduced harmonic distortion levels, helping the operator avoid potential utility fines and lost production if fields were shut down. It also avoided the negative impact of high distortion levels on the local power grid and the community.



## CASE STUDY

## Breakthrough AURA OGI™ Camera Designed to Reduce Emissions from Oil and Natural Gas Operations

### CHALLENGE

Methane emissions regulations are increasingly complex and stringent, and we believe compliance is more important than ever. Oil and gas producers are required to survey more sites, more often, and comply with more rules regarding the qualifications for optical gas imaging (OGI) field technicians. In addition, site emissions may be scrutinized by regulators, investors, and environmental groups. ChampionX recognized the need for an OGI camera designed to meet current and future emissions monitoring needs, and to accurately detect and document even small methane leaks.

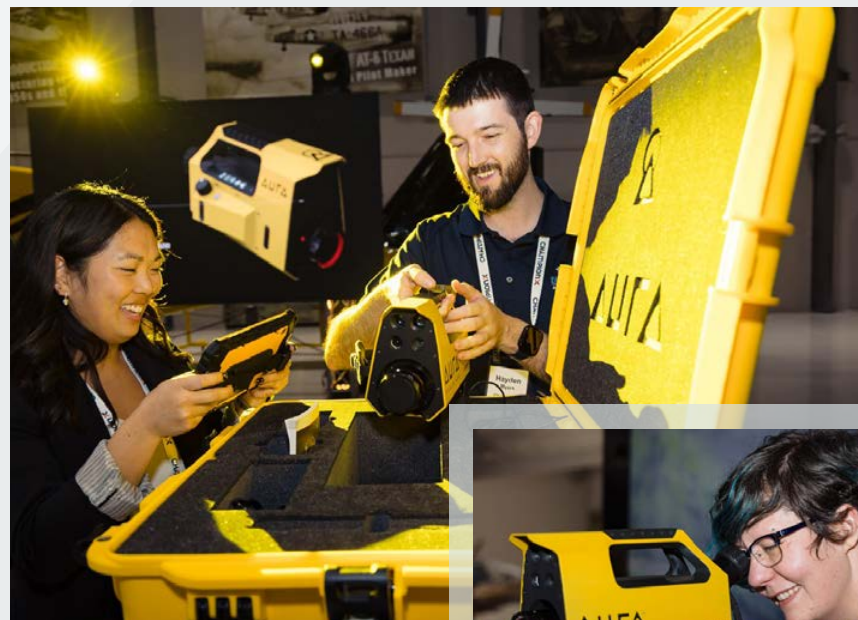
### SOLUTION

After acquiring the assets of Leak Surveys, Inc. in February 2022, ChampionX set out to develop a cutting-edge OGI camera for simpler, efficient, and accurate methane leak detection that complies with evolving regulations. The AURA OGI™ MidWave InfraRed (MWIR) handheld optical gas imaging camera helps customers comply with regulations, including existing and upcoming federal regulations for standards of performance for affected emissions sources.

The rugged AURA OGI™ camera captures images with four times higher resolution than other cameras on the market. The innovative technology is designed to make leak detection more efficient and consistent by using built-in smart routes and navigation. Sensor and metadata encoded into the camera's OGI image files help simplify documentation and compliance.

Built by OGI and leak detection and repair (LDAR) experts for LDAR practitioners, the AURA OGI™ makes it easy for operators with minimal or no training to go into the field and provide high-quality OGI surveys quickly and efficiently. It provides an audit trail that verifies surveys were completed and accurate.

Our team developed the modular AURA OGI™ to reduce unscheduled downtime and increase the time it can be used in the field, making it a more reliable and cost-effective solution for gas leak detection.



### RESULTS

When tested in the lab, the AURA OGI™ has detected emissions at 6 grams per hour per the Environmental Protection Agency's (EPA) Quad-0a standards for oil and gas methane emissions. ChampionX introduced the AURA OGI™ in January 2023 and anticipates full commercialization in the second half of 2023.

**“ChampionX did not want to build a ‘normal’ camera. The first thing that stands out about the AURA OGI™ is that it has four times the resolution of any other camera. This is an innovative tool that I believe will revolutionize the way gas leaks are detected and documented.”**

– David Furry, one of the original creators of OGI technology, former president and founder of Leak Surveys, and current leader of the ChampionX OGI Group responsible for the AURA OGI™



### GHG Emissions – Targeting Continuous Improvement

Reducing GHG emissions is a driving focus for ChampionX customers, investors, and employees. For customers, reducing GHG emissions contributes to their ability to protect air quality, comply with regulations, meet investor expectations, and keep their licenses to operate. We see growth opportunities in effective GHG emissions management, and are expanding our capabilities, organically and through acquisitions, to help meet our customers' urgent need to detect, measure, and reduce methane emissions. In addition, we have continued to develop our nanotechnology platform and explore commercial applications where enhanced efficacy of chemical solutions will lower the carbon footprint and operating expenses of oil and gas production operations.

We believe our largest impact on our overall GHG footprint can come from helping our customers reduce their emissions, but we are also committed to tracking and reducing Scopes 1 and 2 GHG emissions from ChampionX operations.

To develop our Scope 1 and Scope 2 GHG emissions inventory for 2022, data was collected from our operated or controlled facilities and vehicle fleets around the world. Our emissions sources include electricity, natural gas, diesel and propane consumption at manufacturing facilities and other locations, and diesel and gasoline fuel for our fleet of approximately 2,350 owned and leased vehicles for sales, technical service, and product delivery, among others. Our fleet and our largest operational facilities combined accounted for approximately 80% of our Scope 1 and Scope 2 emissions.

To make the highest impact on the Company's GHG emissions, we are focused on initiatives that improve our efficiency and are expected to also deliver reduced emissions in our operations and value chain. Examples of current programs include:

- Deploying digital solutions to optimize delivery routes for our fleet operations in the U.S. and Canada
- Voluntarily partnering with a global leader in logistics technology and services for third-party shippers to optimize transportation modes, aggregate loads, co-load with like shippers, and reduce backhauls. As the implementation ramped up in 2022, we executed changes that have already reduced LTL (less than truckload) shipments and increased consolidation of loads. Going forward, we believe this program will help reduce Scope 3 emissions related to transportation and distribution.
- Working to improve supply chain efficiency of product delivery by localizing production for final product blends. Blending concentrates with water or diluents closer to the point of sale, is believed to help reduce GHG emissions tied to logistics.



ChampionX facilities around the world implement projects to reduce energy consumption and the associated Scope 1 and Scope 2 emissions. For example, in November 2022 we launched a collaborative solar power generation project that provides more than 100%<sup>1</sup> of the electricity needed for our Jebel Ali facility in Dubai, including the manufacturing operation and regional office. The project produces local and renewable energy and supports the Dubai Clean Energy Strategy 2050 to increase the share of clean energy in Dubai to 25% by 2030. The project is powered by 943 photovoltaic (PV) panels mounted on the roof of the plant and warehouse.

<sup>1</sup> As of February 2023. In certain months, the facility may receive credits for solar power returned to the local utility grid in prior months where generated solar power exceeded the needs of the facility.



### Decarbonization Technologies

ChampionX is focused on developing and building technologies and solutions that will help our customers achieve GHG emissions reductions, while creating safer and more efficient operations.

With decarbonization technologies and solutions evolving rapidly, we seek to be closely aligned with our customers and have integrated product features based on their experiences in the field. Many customers want to conduct their own trials to learn the technologies, and we are building out our customer education capabilities to enable them to derive the highest value from using our technologies.

As customer advocates, we are focused on decarbonization pathways that address three primary challenges customers have shared with us: the ability to scale technologies from the lab to the operational level, capacity to service a critical mass number of production wellsites, and the imperative of lowering the cost of emissions reduction. Solving these challenges helps customers to meet their production and sustainability goals, and comply with regulations.



ConocoPhillips presented its 2022 Supplier Recognition Award to the ChampionX Norway operations for our asset integrity program in the Greater Ekofisk Area. The program is helping ConocoPhillips deliver its Triple Mandate of meeting energy transition pathway demand, delivering competitive returns, and achieving net-zero operational emissions ambitions.

We intend to continue strengthening our portfolio with strategic, bolt-on acquisitions, technology investments to accelerate our progress, and by fostering innovation and continuous improvement.

During 2022, we expanded our emissions detection and monitoring business from our Scientific Aviation acquisition in 2021. Deployment of our emissions solutions and the number of emissions customers increased in 2022 as compared to 2021. In the Permian Basin, the fastest growth area for our emissions business, we received a large order in 2022 from a major international oil company (IOC) to deploy our SOOFIE® solution.

In addition to acquisitions, ChampionX invests organically to continue building on our market leadership in methane emissions monitoring. Through our Advanced Emissions Research Lab, we intend to become an industry thought leader and global center of expertise for methane emissions, while growing our range of emissions monitoring solutions.

### Our Emissions Monitoring Offerings

- **Continuous monitoring** – SOOFIE® ground-based continuous methane detection and monitoring offers 24/7 monitoring that provides cost-effective, real-time emissions alerts
- **Aerial optical gas imaging (OGI)** – Helicopter-mounted and handheld thermal imaging camera helping detect and attribute emissions for remediation
- **Drone monitoring** – Providing close-up monitoring, quantification, and diagnosis for emissions hotspots
- **Aerial monitoring** – Uniquely suited for fast and large-area coverage to quantify site-wide operations using fixed-wing aircraft
- **Infrared camera** – Breakthrough AURA OGI™ intelligent MidWave Infrared (MWIR) optical gas imaging cameras (expected to launch commercially in the second half of 2023)
- **Leak detection experts** – On-the-ground OGI camera crews to identify leaks from valves and manifolds





## CASE STUDY

## Product Optimization Reduces Carbon Footprint and Lowers Costs

### CHALLENGE

During the hydrocarbon production process, oil and water emulsions are created that must be separated to send dry oil downstream for processing and to enable reuse of the water. Separating these emulsions efficiently and cost effectively is a major challenge for oil and gas operators. To help address this need, ChampionX delivers a full suite of production chemistry products designed to maximize the operations of upstream oil and gas production systems and are tailored to the characteristics of a given system and operating environment.

### SOLUTION

ChampionX's robust emulsion breaker product line was developed through decades of rigorous lab and field testing and is a critical offering that enables our customers to efficiently separate their oil and water. In the spirit of continuous improvement, we recently optimized one of our emulsion breaker chemistries to further improve the product offering for our customers.

The new formulation maintained the essential active components for optimal oil and water separation performance, but replaced xylene with methanol with the aim of enhancing performance and sustainability while lowering cost.

### RESULTS

The newly developed product lowered costs for the customer and maintained all facility oil and water separation key performance indicators. In addition, methanol generally has lower toxicity, is safer to handle and store, and has lower VOC emissions than xylene, among other health and safety advantages.

Through our continuous improvement efforts, we recognized that the new formulation has the added benefit of lowering the carbon intensity of the emulsion breaker product life cycle. This is the result of methanol emitting less CO<sub>2</sub> upon combustion than xylene and because it partitions mainly to water.



To demonstrate the potential for emissions improvement, ChampionX made the following calculations:

- First, we assumed 100% of methanol and xylene remain in the oil phase during the separation process and eventually are combusted during the oil lifecycle. Based on this calculation, moving to the new product reduces emissions by 6,571 tons of CO<sub>2</sub> annually, which is equivalent to removing 1,429 cars from the road per year.
- Second, we assumed 100% of the methanol remains in the water phase and is recycled by the operator back into the production system, while 100% of the xylene remains in the oil phase and is eventually combusted. Based on this calculation, moving to the new product reduces emissions by 7,944 tons of CO<sub>2</sub> annually, which is equivalent to removing 1,727 cars from the road per year.

Through innovation and continuous improvement, we strive to develop products that help meet our customers' sustainability goals as well as their operational requirements.

### Sustainable Innovation and Digital Transformation

Delivering technology with impact is an operating principle that drives innovation at ChampionX. We seek to develop chemistries, artificial lift equipment, and other products that reduce our customers' Scope 1 and Scope 2 emissions and improve other areas of their environmental performance. We also look for innovative ways to reduce ChampionX's impact on the environment and shrink our footprint.

As ChampionX works closely with our customers to understand their needs and develop effective solutions, we seek to embed ESG considerations into our product and service development. Our collective innovation efforts benefit from customer and internal interactions, research and development processes, internal and external trainings, innovation sessions and symposia, and external conferences.

We offer and design chemical solutions with environmental impacts in mind. For example, more than 80% our products designed and sold to UK customers for North Sea applications meet the most stringent standards for chemical products required by CEFAS (Centre for Environment, Fisheries, and Aquaculture Science) in the UK. These products, once sought only by companies subject to CEFAS requirements in the North Sea, are being adopted by a growing number of customers in West Africa, Canada, and Latin America.

Sustainable innovation in our Chemical Technologies business is focused on decarbonization and water conservation opportunities. For example, we are investigating ways to address customers' requests for information on how we are reducing the carbon footprint of ChampionX products. Our decarbonization offerings include a Tomson Technologies nanotechnology chemical solution designed to lower our customers' emissions profiles by recovering oil with fewer chemicals and less frequent downhole injections than conventional chemistries. In addition, we are exploring ways to increase the use of green chemistries to reduce the emissions profile in our chemical product lines.

In the Canadian heavy oil market, ChampionX chemistry is designed to help our customers recycle 90% of the water they use so that it can go back into the process and be used again. Our products, which assist in removing hydrocarbon, solids, and other components from operational water, can help eliminate the need for water disposal and constant use of fresh-water.

Our Drilling Technologies segment applies a Lean Management approach that considers environmental, safety, health, human rights, and quality factors at the front end of the product design and development process, as appropriate. This approach seeks to identify potentially negative impacts, such as generating waste or requiring the use of conflict minerals, so our products can be designed to avoid them.

At ChampionX, we focus on delivering technology to solve business needs. Digital solutions can have a meaningful impact on customer sustainability by cutting GHG and other emissions, reducing consumption of water and other resources, enabling responsible use of chemicals, and reducing the operational footprint on the environment. Our digital solutions are designed to optimize asset life cycle, increase productivity, improve cost efficiency, and enhance safety.

We also apply our digital knowledge and expertise to address internal needs, such as helping the Chemical Technologies team load delivery trucks to optimize the space, which can reduce emissions and improve safety by cutting drive time. We invest in adjacent technologies, such as Ping Things, Inc., a company that uses data from its nanosecond-precise, time series analysis and AI platform to deliver actionable insights to electric utilities.

Across our business, we develop fit-for-purpose digital solutions that deliver tangible value from our monitoring, predictive analytics, failure analysis, and optimization software products. Our digital portfolio brings together modular solutions for production optimization, asset integrity management, process control, downhole monitoring, and more in a single, easy-to-deploy secure platform.







## Reducing Emissions in our Value Chain

Delivering chemicals to our customers when and where they need them, in the right quantities, requires a large vehicle fleet that generates a significant portion of our Scope 1 GHG emissions. Our Chemical Technologies digital team is innovating to make this highly complex service more efficient and cost-effective and to lower Scope 1 emissions for ChampionX and Scope 3 emissions for our customers.

The team developed an automated optimized delivery process as part of a digital replenishment infrastructure. The aim of the process is to reduce the number of trips to the field and miles driven for chemical delivery to improve efficiency, as well as reduce costs and driving safety risks. The process combines internal proprietary elements with external components and accounts for our large fleet size, variety of vehicles, number and varying volumes of chemical products delivered, and delivery locations with highly specific logistical requirements.

During testing in the Permian Basin in 2022, the automated optimized delivery process cut mileage and hours driven while increasing the volume of product delivered per mile. The system is being expanded to more of our US and Canada operations. We believe optimizing chemical delivery routes in our largest business segment will lower fuel consumption and the Company's emissions and overall carbon footprint.

In 2022, ChampionX began marketing a redesigned SOOFIE® with new architecture and a new digital dashboard designed by our digital team that is earning positive customer feedback. Our Compressor Leak Insights AI model was co-developed with a midstream customer as a commercial off-the-shelf solution that detects 86%<sup>1</sup> of valve leaks up to six weeks before traditional threshold alarms. Maintaining optimum performance on gas compressors directly impacts unplanned shutdowns, thereby reducing emissions.

Our ESP Insights software (for Electrical Submersible Pumps) uses AI to detect 88%<sup>2</sup> of anomalies with a high degree of accuracy, helping to avoid an average of 26 hours of costly downtime per incident. The AI model is augmented with a complete end-to-end solution wherein relevant alerts can be sent to customers, for timely operational intervention, thereby improving yield and reducing operational costs.

Work is ongoing in 2023 to strengthen our edge hardware and emissions monitoring hardware, move some existing solutions to the new platform, and replace older hardware platforms. The digital team hired image analytics experts to explore using camera and satellite images to enhance our image analytics capabilities. Our digital experts are also making progress on producing and deploying solutions to improve our business performance.

### Embedding Sustainability

Improving Lives and Unlocking Energy require new tools and programs with sustainability at their center.

Our internal methodology for calculating our carbon footprint gives us a measurable understanding of the baseline of the emissions we estimate to gauge performance and progress. As a result, we can better understand the carbon impact of our operations, our current and future products and services, and of the transport of products to our customers. As we continue to collect and assess this data in systems and make it readily available, we anticipate it will create insights, innovations, and shared opportunities to deliver value and help reduce GHG emissions across our value chain.

In addition, Company subject matter experts use the ChampionX Sustainability Impact Assessment to identify actionable insights and guidance about an asset's performance that help customers meet their sustainability goals.

1 Calculated as the average of weekly measurements performed on 75 installments with a single customer during an 8-month period.

2 Calculated as the average of weekly measurements performed at 141 wells operated by four separate customers during a 3-month period.





## CASE STUDY

## Reducing Scope 2 GHG Emissions at our Singapore Manufacturing Facility

### CHALLENGE

ChampionX works to manage energy consumption to reduce our emissions, conserve resources, reduce costs, and meet customer requirements. At our manufacturing facility in Singapore, we implemented an energy management system to meet the regulatory requirement to achieve ISO 50001 Energy Management System certification. Developing the system required identifying significant energy users in the plant, setting up energy performance indicators, and monitoring and continuously improving the plant's energy efficiency using a systematic Plan, Do, Check, and Act operational framework.

### SOLUTION

The primary energy savings opportunity we identified involved a control system logic modification in the alkoxylation reactors, which are used to make active ingredients for our final products. The modification resulted in a tighter temperature band for the heating and cooling cycles, which reduced steam consumption<sup>1</sup>. With this improvement, the energy demand on the thermal oil system during alkoxylation reactions is reduced, with no change in batch production cycle time.

### RESULTS

The control system logic modification reduces the steam consumption at the Singapore plant by 14%<sup>2</sup>. On an annual basis, the change is estimated to reduce GHG emissions for purchased steam by approximately 1,000 tonnes CO<sub>2</sub>e. The Singapore plant achieved ISO 50001 certification in November 2022 and, as part of its Energy Management System approach, is examining additional energy efficiency projects.

1 Based on the monthly average steam consumption in 2022 compared to the monthly average steam consumption for the period January 1, 2023, through May 31, 2023.

2 Based on the monthly average steam consumption in 2022 compared to the monthly average steam consumption for the period January 1, 2023, through May 31, 2023.

# 14%

Reduced steam consumption

# ~1,000

Tonnes CO<sub>2</sub>e GHG emissions reduction



The information included in the index below is based on the best available data as of the date of this report and is subject to change. In some cases, data is estimated and is based solely on our interpretation and judgment as described in the endnotes (pages 55 and 56). The index below lists indicators from Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI). We strive to continually improve our data performance reporting and continue to assess alignment with other emerging frameworks. To learn more about these standards, visit [globalreporting.org](https://globalreporting.org) and [sasb.org](https://sasb.org).

## APPENDIX 1

# 2022 ESG Performance Data and SASB Index

### Chemicals

Topic	Accounting Metric	2022 Performance and Disclosures	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Scope 1 emissions: 96,930 t CO <sub>2</sub> -e <sup>1</sup> Percentage covered under emissions-limiting regulations: 0% <sup>2</sup>	RT-CH-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	For discussion related to emissions reduction, see page 37.	RT-CH-110a.2
	Gross global Scope 2 emissions	Scope 2 emissions: 59,998 t CO <sub>2</sub> -e <sup>3</sup>	RT-CH-110a.2
Air Quality	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	(1) 120 t <sup>4</sup> (2) 1.4 t <sup>5</sup> (3) 136 t <sup>6</sup> (4) 30 t <sup>7</sup>	RT-CH-120a.1
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	(1) 2,236,678 GJ <sup>8</sup> (2) 20.5% <sup>9</sup> (3) 0.3% <sup>10</sup> (4) 0 GJ <sup>11</sup>	RT-CH-130a.1
Water Management	(1) Total water withdrawn, (2) total water consumed in sold products, percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress	(1) 916 thousand m <sup>3</sup> <sup>12</sup> (2) 99 thousand m <sup>3</sup> <sup>13</sup> (3) 18% <sup>14</sup>	RT-CH-140a.1
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0 <sup>15</sup>	RT-CH-140a.2
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Not disclosed	RT-CH-140a.3
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Generated: 17,653 t <sup>16</sup> Recycled: 11% <sup>17</sup>	RT-CH-150a.1

Topic	Accounting Metric	2022 Performance and Disclosures	Code
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	For discussion related to this metric, see page <a href="#">33</a> .	RT-CH-210a.1
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) Fatality Rate for (a) direct employees and (b) contract employees	(1) 0.68 <sup>25</sup> (2) 0 <sup>26</sup> See SASB Oil & Gas - Services: Topic - Workforce Health and Safety.	RT-CH-320a.1
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	For discussion related to this metric, see page <a href="#">31</a> .	RT-CH-320a.2
Product Design for Use-phase Efficiency	Revenue from products designed for use-phase resource efficiency	Not disclosed	RT-CH-410a.1
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	(1) 44% <sup>18</sup> (2) 0% <sup>19</sup>	RT-CH-410b.1
	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	For discussion related to this metric, see page <a href="#">42</a> .	RT-CH-410b.2
Genetically Modified Organisms	Percentage of products by revenue that contain genetically modified organisms (GMOs)	0% <sup>20</sup>	RT-CH-410c.1
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Not disclosed	RT-CH-530a.1
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	PSIC: 3 <sup>21</sup> PSTIR: 0.063 <sup>22</sup> PSISR: 0.126 <sup>23</sup>	RT-CH-540a.1
	Number of transport incidents	0 <sup>24</sup>	RT-CH-540a.2
Activity Metric	Production by reportable segment	Not disclosed	RT-CH-000.A



## Oil &amp; Gas - Services

Topic	Accounting Metric	2022 Performance and Disclosures	Code
Emissions Reduction Services & Fuels Management	Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicles and (2) off-road equipment	See SASB Chemicals: Topic - Greenhouse Gas Emissions	EM-SV-110a.1
	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts	For discussion relating to this metric, see page <a href="#">39</a> .	EM-SV-110a.2
	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	Not disclosed	EM-SV-110a.3
Water Management Services	(1) Total volume of fresh water handled in operations, (2) percentage recycled	See SASB Chemicals: Topic - Water Management	EM-SV-140a.1
Chemicals Management	Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities, and impacts	See SASB Chemicals: Topic - Water Management	EM-SV-140a.2
	Volume of hydraulic fracturing fluid used, percentage hazardous	ChampionX does not conduct hydraulic fracturing as part of our contracting services to the oil & gas industry.	EM-SV-150a.1
	Discussion of strategy or plans to address chemical-related risks, opportunities, and impacts	See SASB Chemicals: Topic - Safety & Environmental Stewardship of Chemicals	EM-SV-150a.2
Ecological Impact Management	Average disturbed acreage per (1) oil and (2) gas well site	ChampionX does not own, or lease or operate oil or gas well sites as part of our contracting services to the oil & gas industry, and does not provide drilling, completion, fracturing, or decommissioning services.	EM-SV-160a.1
	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities	For discussion relating to this metric, see page <a href="#">37</a> .	EM-SV-160a.2

Topic	Accounting Metric	2022 Performance and Disclosures	Code
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), (4) total vehicle incident rate (TVIR, or TVAR), and (5) average hours of health, safety, and emergency response training for full-time employees, contract employees, and short-service employees	(1) 0.68 <sup>25</sup> (2) 0 <sup>26</sup> (3) 37.47 <sup>27</sup> (4) 1.83 <sup>28</sup> (5) 3.4 <sup>29</sup>	EM-SV-320a.1
	Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	For discussion relating to this metric, see page <a href="#">31</a> .	EM-SV-320a.2
Business Ethics & Payments Transparency	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	17% <sup>30</sup>	EM-SV-510a.1
	Description of the management system for prevention of corruption and bribery throughout the value chain	For discussion relating to this metric, see page <a href="#">19</a> .	EM-SV-510a.2
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Not disclosed	EM-SV-530a.1
Critical Incident Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks	For discussion relating to this metric, see page <a href="#">17</a> .	EM-SV-540a.1
Activity Metric	Number of active rig sites	ChampionX does not own, or lease or operate any offshore or onshore rig or well sites.	EM-SV-000.A
	Number of active well sites	ChampionX does not own, or lease or operate any offshore or onshore rig or well sites.	EM-SV-000.B
	Total amount of drilling performed	ChampionX does not conduct any drilling operations.	EM-SV-000.C
	Total number of hours worked by all employees	15,952,691 hours <sup>31</sup>	EM-SV-000.D

## APPENDIX 2

## 2022 ESG Performance Data - Additional Metrics

GRI Standard	Disclosure	Location
GRI 2: General Disclosures	2-9 Governance structure and composition	For discussion related to this metric, see page <a href="#">16</a> .
	2-12 Role of the highest governance body in overseeing the management of impacts	For discussion related to this metric, see page <a href="#">14</a> .
	2-13 Delegation of responsibility for managing impacts	For discussion related to this metric, see page <a href="#">15-17</a> .
	2-16 Communication of critical concerns	For discussion related to this metric, see page <a href="#">21</a> .
	2-22 Statement on sustainable development strategy	CEO Letter, page <a href="#">2</a>
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	For discussion related to this metric, see page <a href="#">31</a> .
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	For discussion related to this metric, see pages <a href="#">28-29</a> .

**Disclaimer**

This Sustainability Report contains “forward-looking statements” or information within the meaning of federal securities laws. All statements other than statements of historical fact contained in this report are forward-looking statements. Forward-looking statements are often identified by the words “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” “may,” “estimate,” “outlook,” “guidance,” “potential,” “target,” “forecast” and similar expressions, including the negative thereof. The absence of these words, however, does not mean that the statements are not forward-looking. These forward-looking statements are based on our current expectations, beliefs, and assumptions concerning future developments and business conditions and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate.

All of our forward-looking statements involve risks and uncertainties (some of which are significant or beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause actual results to materially differ from those contemplated in the forward-looking statements including those set forth in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and in Part II, Item 1A, “Risk Factors,” in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023. We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required by law.

The data and information in this Sustainability Report, which has been prepared by ChampionX, are presented for informational purposes only. Nothing contained herein constitutes investment, legal tax or other advice nor is it to be relied upon in making an investment or other decisions. This Sustainability Report should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities. Certain information contained herein relating to any goals, plans, intentions or expectations, including with respect to climate-related goals and related timelines, is subject to change, and no assurance can be given that such goals, plans, intentions or expectations will be met. Similarly, there can be no assurance that our ESG policies and procedures as described in this Sustainability Report will continue; such policies and procedures could change, even materially. ChampionX is permitted to determine in our discretion that it is not feasible or practical to implement or complete certain of our ESG initiatives, policies, and procedures based on cost, timing or other considerations. Further, the receipt of any awards by ChampionX is no assurance that ChampionX’s business objectives, including our ESG- or sustainability-related objectives, have been achieved or successful. Certain information contained herein has been obtained from third parties (and, in certain cases, has not been updated through the date hereof). While these third-party sources are believed to be reliable, ChampionX makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness or completeness of any of the third-party information contained herein and expressly disclaims any responsibility or liability therefore. Case studies presented herein are for illustrative purposes only, and have been selected in order to provide examples illustrating certain of ChampionX’s ESG-related activities and do not purport to be a complete list thereof.



## Reconciliations of GAAP to Non-GAAP Financial Measures

(UNAUDITED)

ChampionX Corporation presents our financial results in accordance with U.S. GAAP. However, management believes that adjusted EBITDA reflects the core operating results of our businesses and helps facilitate comparisons of operating performance across periods. In addition, free cash flow is used by management to measure our ability to generate positive cash flow for debt reduction and to support our strategic objectives.

The following tables reconcile our U.S. GAAP financial information with non-GAAP financial information used in this report for the year ended December 31, 2022.

<i>(in thousands)</i>	<b>Year Ended December 31, 2022</b>
<b>Free Cash Flow</b>	
Cash flows from operating activities	\$ 413,360
Less: Capital expenditures, net of proceeds from sale of fixed assets	(84,791)
Free cash flow	\$ 328,569

<i>(in thousands)</i>	<b>Year Ended December 31, 2022</b>
<b>Net income attributable to ChampionX</b>	<b>\$ 154,969</b>
Pre-tax adjustments:	
Loss on disposal groups <sup>(1)</sup>	18,493
Russia sanctions compliance and impacts <sup>(2)</sup>	928
Goodwill impairment	39,617
Loss on debt extinguishment and modification	6,070
Restructuring and other related charges	65,158
Merger integration costs	10,759
Acquisition costs and related adjustments <sup>(3)</sup>	(17,648)
Intellectual property defense	781
Tax impact of adjustments	(18,903)
<b>Adjusted net income attributable to ChampionX</b>	<b>260,224</b>
Tax impact of adjustments	18,903
Net income attributable to noncontrolling interest	1,594
Depreciation and amortization	241,880
Provision for income taxes	40,243
Interest expense, net	45,204
<b>Adjusted EBITDA</b>	<b>\$ 608,048</b>

(1) For 2022, amounts represent the loss recorded to properly adjust the carrying value of our CT Russia Business to the lower of carrying value or fair value less costs to sell.

(2) Includes charges incurred related to legal and professional fees to comply with, as well as additional foreign currency exchange losses associated with, the sanctions imposed in Russia.

(3) Includes revenue associated with the amortization of a liability established as part of the merger of the Chemical Technologies business, representing unfavorable terms under the cross supply agreement entered into in connection with that transaction.

**ENDNOTES**

1. Scope 1 emissions are derived from utility consumption data for natural gas in global manufacturing sites, utility natural gas consumption data for most small sites in North America, diesel and gasoline and aviation gasoline consumption for fleet vehicles in North America and Latin America, estimated natural gas consumption for small facilities globally (based on headcount or square footage), estimated fuel consumption for fleet vehicles outside North America and Latin America, combined purchasing data and estimates for propane consumption, estimated refrigerant losses from fleet vehicles using EPA methods, actual and estimated refrigerant losses for site assets. Excluded from the 2021 and 2022 data are emissions from Russia operations consistent with the planned exit of that business by ChampionX. Emissions data for 2021 was adjusted to account for a low estimate of diesel consumption for well completion rigs in Oman, and additional natural gas consumption data for our Edmonton, Alberta, and Freeport, Texas, sites.
2. ChampionX does not have operations in any country where GHG emissions are above a threshold that triggers GHG Cap and Trade regulations.
3. Scope 2 emissions are derived from regional emission factors combined with: electricity consumption data for global manufacturing sites, consumption data for most sites in North America, estimated electricity consumption for small sites and office locations globally (based on headcount or square footage), and consumption data for purchased steam at applicable manufacturing sites.
4. NOx emissions combine data from manufacturing sites in countries where regulations require annual reporting (e.g. USEPA Toxic Release Inventory and National Pollutant Release Inventory in Canada) and standard EPA factors for non-GHG emissions for gasoline and diesel vehicles applied globally.
5. SOx emissions reflect data for manufacturing sites in countries where regulations require annual reporting (e.g. USEPA Toxic Release Inventory and National Pollutant Release Inventory in Canada).
6. VOC emissions combine data from manufacturing sites in countries where regulations require annual reporting (e.g. USEPA Toxic Release Inventory and National Pollutant Release Inventory in Canada) and standard EPA factors for non-GHG emissions for gasoline and diesel vehicles applied globally.
7. HAP emissions reflect data for manufacturing sites in countries where regulations require annual reporting (e.g. USEPA Toxic Release Inventory and National Pollutant Release Inventory in Canada).
8. Total Energy consumed includes global site and vehicle consumption of electricity, natural gas, purchased steam, gasoline, diesel, propane, and aviation fuel. See footnote 1 and 3 regarding estimated elements.
9. Percent grid electricity is derived from energy value of electricity consumption relative to total energy consumed. See footnote 1 and 3 regarding estimated elements.
10. ChampionX purchased 100% renewable electricity for operations in Aberdeen, UK, as certified by the provider, and began consumption of solar electricity for the site in Dubai, UAE.
11. ChampionX did not produce electricity for internal consumption at any site in 2022.
12. Water withdrawn data includes consumption data globally for large manufacturing sites and estimates for small sites (based on headcount). For 2022, water data captured more actual data from manufacturing locations in lieu of estimates.
13. Water consumed in sold products is derived from sales volume of chemical products and consumption of water from bill of material data for the majority of our business and estimates for the remaining sites.
14. Water withdrawn in high or extremely high baseline stress locations is derived from water withdrawn data for sites located in high stress zones, as defined and classified by the World Resources Institute's (WRI) Water Risk Atlas tool.
15. ChampionX had no formal enforcement actions taken by regulatory authorities related to water discharge permits at our global sites.
16. Hazardous waste generation captures global data for manufacturing sites and warehouse sites, where hazardous waste is generated.
17. Hazardous waste recycled captures global data per SASB definition (i.e. excluding waste consumed with energy recovery).
18. Revenue from finished chemical products that are classified as GHS Category 1 and 2 normalized to total revenue of ChampionX.
19. ChampionX hazard assessment of chemical products complies with Global Harmonization System SDS requirements rather than the expansive and additive SASB definition of risk assessment and methodologies referenced therein.

20. ChampionX products and operations do not involve genetically modified organisms.
21. Process Safety Events reported globally that meet the Tier 1 definition per ANSI/API RP 754. Additional metrics within the report for Process Safety Events include Delivery Safety Events and also utilize the Tier 1 and 2 definitions per ANSI/API RP 754.
22. Process Safety Total Incident Rate is normalized to 200,000 hours based on our Chemical Technologies business headcount.
23. Process Safety Incident Severity Rate applies the severity-weighted factor for Tier 1 incidents and is normalized to 200,000 hours based on our Chemical Technologies business headcount.
24. ChampionX globally incurred no transportation incidents in our internal fleet operations, nor where ChampionX had direct oversight of carriers which meet the criteria as defined by SASB, nor significant incidents with third-party carriers which meet the criteria of 49 CFR 171.15.
25. Total Recordable Injury Rate includes all global incidents and hours worked for employees and supervised contractors, according to OSHA definitions for recordable injuries, for 2019 through 2022. A related metric within the report for percent of locations with Goal Zero for Recordable Injuries in 2021 and 2022 normalizes the recordable injury events to the number of global company sites that have more than five employees.
26. ChampionX experienced no fatalities in 2019 through 2022.
27. Near Miss Frequency Rate reflects events Company-wide and reported as a Near Miss within the global safety incident reporting system, normalized to 200,000 hours worked basis.
28. Total Vehicle Incident Rate for 2021 and 2022 reflects globally reported vehicle incidents, according to API definitions, per million miles of travel, where miles are calculated from fuel consumption and estimates of gas mileage per vehicle type. Vehicle Incident Rate metrics for prior years use the 2022 approach, but include estimated mileage from headcount ratio changes, and also estimated vehicle incidents for 2019 for certain business segments where data was not available.
29. Average Safety Training Hours per person is conservatively estimated from centralized data for Company-required safety training for Chemical Technologies field-based personnel and excludes additional training that is managed locally or nominated by customers.
30. Calculated from revenue from countries with the lowest 20 rankings in the Transparency International's Corruption Perception Index normalized to enterprise revenue. The index includes revenue from Russia to be consistent with the ChampionX 2022 Annual Report.
31. Hours worked combines work hours data (where available) with monthly headcount data for employees and supervised contractors, where Company-established factors are utilized to estimate work hours per month per job role, consistent with OSHA injury rate reporting.







2445 Technology Forest Blvd.  
The Woodlands, TX 77381

[championX.com](http://championX.com)