ARCHROCK 2022 Sustainability Report

# WEPOWERA CLEANER ANERICA<sup>M</sup> Safely. Efficiently. Sustainably.



# **2022 SUSTAINABILITY** AT A GLANCE

## ENVIRONMENTAL

-12% Emissions Intensity Scope 1 and 2 Emissions 2022 v. 2021

**\$18 MM** Investment in Electric Drive Compression

METHANE MONITORING Acquired 25% Equity Stake in ECOTEC Solutions

METHANE CAPTURE Filed Patent for Compressor Device

-3%

Emissions Intensity Compression Horsepower 2022 v. 2017

DIGITAL TRANSFORMATION

Integrating telematics and mobile-enabled service tools

SOCIAL

**0.32** Total Recordable Incident Rate

> ZERO Lost Time Incident Rate

**33%** Female in Executive Management

**29%** Ethnically Diverse Employees

+11%1 Paid Time Off to Volunteer Hours 2022 vs 2021

**DIVERSITY AND INCLUSION** Implemented Policy and Launched Training

## GOVERNANCE

**20%** Quantifiable ESG Metrics in Incentive Program

> **3/7** Female and Ethnically Diverse Independent Board Members

**37** Consecutive Quarters of Cash Dividends

**100%** Independent Board Committees

**100%** Cybersecurity Training Completion Rate

> BUSINESS CONTINUITY Developed and

Implemented Plan

WE POWER A CLEANER AMERICA Safely. Efficiently. Sustainably.

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## TO OUR **STAKEHOLDERS**

# **Archrock**

We are pleased to publish our 2022 Sustainability Report for our employees, customers, shareholders and communities.

Reflecting on 2022, the natural gas demand rebounded as we continued to emerge from the global Covid-19 pandemic. U.S. natural gas production set an annual record in 2022<sup>1</sup> and global events also reinforced the realization that a more diverse energy mix is needed to satisfy energy demand and preserve energy security. With the U.S. ideally positioned to satisfy both domestic natural gas demand, as well as global LNG demand, the EIA continues to project that consumption of natural gas will grow, through 2050, even as renewable energy continues to be the fastest-growing U.S. energy source.<sup>2</sup>

These are exciting trends for our core business. At the same time, we continue to acknowledge that more progress must be made to address the emissions intensity of the natural gas industry. And, as the leader in U.S. natural gas compression, we play a critical role in transporting affordable and cleaner energy, for the benefit of America and the world, and we believe we have a duty to continue doing so in a safe and environmentally responsible way.

We've built a resilient business over 68 years and our focus in 2022 was further embedding sustainability in our corporate strategy and everything we do. In the dynamic and evolving world of energy, for Archrock, this meant embracing a new purpose:

## WE POWER A CLEANER AMERICA

Throughout this report, you'll read about how we are high-grading our asset base, harnessing our upgraded technology platform and prioritizing opportunities to help our customers with emissions management. I am proud of the work we accomplished in 2022, including:

- Exceeding our safety targets for Total Recordable Incident Rate and Preventable Vehicle Incident Rate, and delivering a zero Lost Time Incident Rate, for the second straight year.
- Achieving a 12% year-over-year reduction in our 2021 Scope 1 and Scope 2 CO2 emissions intensity.
- Investing in electric drive compression horsepower, securing a minority investment in a methane emissions monitoring company and developing a patent-pending methane capture technology.
- Developing and adopting a comprehensive diversity and inclusion policy; and
- Doubling the weight of safety and sustainability within our 2022 short-term incentive plan to 20% compared to 2021.

This report further details these initiatives as well as other ESG efforts that we believe are essential to delivering long-term value for our stakeholders.

Archrock's 2022 Sustainability Report continues to align with the Sustainability Accounting Standards Board (SASB) midstream reporting framework. For the first time, the report also includes disclosures based on the Task Force on Climate-related Disclosures framework (TFCD).

With gratitude for your interest in Archrock, I invite you to learn more about our sustainability approach, performance, and continued commitment with respect to environmental, social and governance matters.

Brad Childers President and Chief Executive Officer



<sup>1</sup> EIA, Today in Energy. <u>https://www.eia.gov/todayinenergy/detail.php?id=54959</u>

<sup>2</sup> EIA, Annual Energy Outlook 2022. <u>https://www.eia.gov/outlooks/aeo/</u>

## **ARCHROCK** COMPANY PROFILE

## **OUR CORE VALUES**

Safety · Service · Integrity · Respect · Pride

## WE POWER A **CLEANER AMERICA**<sup>TM</sup>

Archrock (NYSE: AROC) is a publicly-traded energy infrastructure company with a primary focus on midstream natural gas compression and a commitment to helping our customers produce, compress and transport natural gas in a safe and environmentally responsible way. With a history spanning more than six decades, we are the leading provider of natural gas compression services to customers in the energy industry throughout the U.S. and a leading supplier of aftermarket services to customers that own compression equipment in the U.S.

Our business supports a must-run service that is essential to the production, processing, transportation and storage of natural gas. Our mission is more critical than ever: to help our customers deliver natural gas, an affordable energy source that is cleaner than other conventional fossil fuels,<sup>1</sup> to a variety of critical industries, to generate electricity and to directly heat and power our homes.

As our name implies, at Archrock we bridge the gap for our customers – from challenge to solution. Our leadership in the compression industry is made possible because we seek to employ and develop the industry's most qualified and highly-skilled field employees.

Our expert field service technicians and shop employees have an excellent safety record, which is a primary focus for us and for our customers.



Note: As of 12/31/2022 <sup>1</sup>EIA, November 2022. Natural Gas Explained. <u>https://www.eia.gov/energyexplained/natural-gas/natural-gas-and-the-environment.php</u>

WHO WE ARE	WHAT WE DON'T DO		
U.SCENTRIC			
We support energy production as a midstream service provider in substantially all major production regions in the U.S.	We do not have operations outside the U.S., and therefore, we are generally not directly subject to international risks that are more commonly found outside the U.S.		
FOCUSED SERVICES			
We provide natural gas compression services and aftermarket services. Gas compression is a must-run service employing equipment that moves gas through infrastructure systems to consuming markets, from the wellhead to distribution. Compression also enhances the efficiency of oil production through gas lift.	We do not provide drilling or hydraulic fracturing services or engage in downstream operations (e.g., storage or refining) or deep-sea operations.		
NON-OWNER OPERATOR			
The wells, refineries, pipelines and storage facilities we support are typically owned or leased and operated by our customers. In addition, the natural gas we compress and the liquids we lift are owned by our customers or their customers.	We do not own or lease the land upon which we provide our services, nor do we own or operate the wells, refineries, pipelines or storage facilities that our services support. We do not own or have any interest in the natural gas that we compress or the liquids we lift.		
VALUED PARTNER			
We partner with our customers to help them meet or exceed business requirements to the extent within our control, including with respect to meeting emissions standards, other environmental requirements and safety goals.	We do not typically bear the responsibility for obtaining or maintaining licenses or permits related to our customers' operations, such as air emission permits, since those permits relate to our customers' broader operations beyond just our services.		



## NATURAL GAS COMPRESSION

**Compression moves gas.** Compression is required for the transportation of natural gas through pipelines from the production fields to and through gathering systems, processing facilities, storage facilities, and along intrastate and interstate pipelines to the end markets. The natural gas we help transport satisfies demand from electricity generation, heating and cooking, the industrial and manufacturing sectors and global LNG.

**Midstream applications (79% of our operating compression fleet).** The infrastructure investments we make in compression equipment are critical to our customers' ability to transport their natural gas to market. During the life of a natural gas well, reservoir pressure typically falls below the line pressure of the natural gas gathering or pipeline system used to transport the natural gas. Compression equipment is applied in both field and gathering systems to boost the pressure levels of the natural gas flowing from the well, allowing it to be transported to market. Compressors may also be used in combination with natural gas production and processing equipment to process natural gas into other marketable energy sources.

**Gas lift (21% of our operating compression fleet).** Compression is used to reinject natural gas into producing oil wells to help lift liquids to the surface, which is known as natural gas lift. These applications utilize low- to mid-range horsepower compression equipment located at or near the wellhead, or large horsepower

- Gas compression is a mustrun service with 24/7/365 operations
- Compression equipment moves natural gas through infrastructure systems to consuming markets
- Compression is used for natural gas lift
- Gas compression is required across the energy value chain, from the wellhead to distribution
- Producers can reduce or eliminate flaring with the aid of compression

compression equipment of over 1,000 horsepower for a centralized gas lift system servicing multiple wells.

**Compression is critical to help minimize flaring.** During the production of oil and natural gas, flaring can occur when there is insufficient gathering and processing capacity. The midstream infrastructure investments we make in compression equipment are critical to our customers' ability to minimize flaring and reduce waste of natural gas and natural gas liquids.

## We provide compression services predominately for midstream applications



## STAKEHOLDER ENGAGEMENT

Active stakeholder engagement is key to our sustainability commitment. Through our stakeholder engagement efforts, we strive to foster relationships, understand priorities and identify collaboration opportunities. We regularly engage with our stakeholders in a range of ways as we work to understand their diverse perspectives, enhance our performance and improve our disclosures.

STAKEHOLDER	ENGAGEMENT
Customers	<ul> <li>Daily work on customer locations</li> <li>Daily communications via emails, calls and meetings</li> <li>Frequent on-site customer visits</li> <li>Performance assessments and reports</li> <li>Social media</li> <li>Compressor telematics to support uptime and service</li> </ul>
Employees	<ul> <li>Intranet for up-to-date communications</li> <li>Quarterly Town Hall meetings</li> <li>Performance management</li> <li>Training and development, including safety and compliance</li> <li>Archrock Cares and RockFit programs</li> <li>Employee recognition programs</li> <li>Mobile-enabled communication and service tools</li> </ul>
Stockholders	<ul> <li>Quarterly earnings calls</li> <li>Regular investor calls and meetings</li> <li>Annual Meeting of Stockholders open to all stakeholders</li> <li>Attend multiple conferences and non-deal roadshows</li> <li>Annual Sustainability Report</li> </ul>
Industry Groups and Non-Governmental Organizations	<ul><li>Participate in meetings and educational events</li><li>Sponsor and participate in advocacy activities</li><li>Participate in data gathering and analytics</li></ul>
Communities	<ul> <li>Local career opportunities and community involvement</li> <li>Volunteer opportunities</li> <li>Charitable contributions</li> <li>Social media engagement</li> </ul>
Suppliers and Contractors	<ul><li>Robust selection and contracting processes</li><li>Direct communication and collaboration</li></ul>

Our regular engagements with the aforementioned stakeholders, along with industry research and benchmarking, provide us with valuable input on sustainability topics of importance. This feedback drives our sustainability priorities, which include:

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul> <li>Emissions Mitigation and Reduction</li> <li>Energy Intensity</li> <li>New Ventures</li> </ul>	<ul> <li>Health and Safety</li> <li>Customer Service and Satisfaction</li> <li>Employee Attraction, Retention and Development</li> <li>Diversity and Inclusion</li> <li>Economic Impact and Community Enrichment</li> </ul>	<ul> <li>Ethics and Integrity</li> <li>Financial Performance and Capital Allocation</li> <li>Regulatory Compliance</li> <li>Emergency Preparedness/Cybersecurity</li> <li>Corporate Governance and Board Quality</li> </ul>

## SUSTAINABILITY **PRIORITIES**

Based on our review of our stakeholders' feedback, we believe the following points of focus are the most critical and impactful to our operations and long-term sustainability, and ultimately, to our stakeholders:

## **ECONOMIC IMPACT**

By providing superior service to improve our customers' operations, we play a critical role in the delivery of cleaner and affordable natural gas. Our operations bring job opportunities and financial benefits to communities across the U.S. In addition, we are focused on capital discipline, cash flow generation and returns to our stockholders. We also foster a culture that is committed to sharing our time and resources for the betterment of our communities.

## CUSTOMERS AND THE ENVIRONMENT

Our mission to be the premier provider of compression services is the bedrock of our operating strategy. This demands the delivery of high quality services, a compression fleet of nearly 4 million available horsepower to help meet the gas compression services requirements of hundreds of customers throughout all major U.S. energy producing regions, and the commitment to partner with our customers to help them meet evolving emissions standards and future emissions reductions.

## SAFETY

With nearly 500 field service technicians deployed across the U.S., operating safely must be and is a core value. Our talented technicians and mechanics are equipped with the support, tools and skills to perform their jobs safely, efficiently and in an environmentally-conscious way. Safety is a performance metric that has been a material part of our annual short-term incentive program for over 16 years.



We take pride in operating and maintaining superior equipment, but it is our people who truly make the difference, providing best-in-class customer service to the energy industry on a 24/7/365 basis. To hire, retain and develop the top people in the industry, we have made it a priority to create a work environment based on integrity, respect and inclusion. We also offer training programs for career advancement and continuous improvement as well as compensation and other programs that fairly reward and recognize employee contributions.

## LEADERSHIP AND GOVERNANCE

We believe that solid corporate governance practices are the foundation for lasting performance, and we are committed to maintaining best practices in governance, with appropriate Board oversight of strategy and risk, including environmental and social risks and opportunities. We believe our history bears out the value we ascribe to corporate governance and the effectiveness of our corporate governance structure and processes.

### OUR SUSTAINABILITY GOVERNANCE

Our sustainability program is supported by the efforts of various individuals and teams at all levels of the company from the Board to our employees.

The Board has an active role, as a whole and through its committees, in exercising oversight of our ESG strategy and risk management, including initiatives and risks associated with emissions.

On certain ESG topics, the Board has delegated regular oversight to specific committees and the Board is regularly informed through committee reports. In addition, it is our practice that all directors are invited to committee meetings and all independent directors do customarily attend. This helps facilitate coordination among the committees and the full Board with respect to issues that may impact multiple disciplines, including those related to ESG.



## LEADERSHIP AND GOVERNANCE

We are actively committed to maintaining the highest standards of corporate governance and business ethics. Our Board is comprised of nine Directors, seven of whom are independent and all of whom have extensive energy industry experience. We have adopted formal policies that guide us in running our operations and supporting all stakeholders with utmost integrity. These policies provide directives for our Board, define our corporate Code of Business Conduct and promote oversight of our accounting and financial reporting processes, which adhere to U.S. Generally Accepted Accounting Principles.

## GOVERNANCE HIGHLIGHTS

- Separate Chairman and CEO
- Majority independent Board
- 100% independent Board committees
- 3 of 7 independent Directors are female (2) or a member of an underrepresented racial/ethnic group (1)
- 2 of 3 committee chairs are female





Anne-Marie Ainsworth Chair, Governance Committee

Francis Hawes Chair. Audit Committee



Will Honeybourne



James Lytal Chair, Compensation Committee





Gordon Hall Independent

Brad Childers President & CEO





Jason

Rebrook

Leonard

Mallett



Edmund Segner

- All Directors are subject to annual election by our public stockholders
- Our Committee Charters and Corporate Governance Principles are reviewed by the Board and its committees annually
- The independent Directors meet regularly without management present
- The Board and its committees conduct annual self-evaluations
- The Board engages in succession planning and has adopted a succession policy in the event of an unanticipated vacancy in the chief executive officer position
- Our Directors have full access to management
- The Board has adopted stock ownership guidelines for Directors and executive officers
- The Board has adopted a policy prohibiting the hedging or pledging of our securities
- We use a plurality vote standard and have adopted a majority vote resignation policy that requires a director to tender his or her resignation to the Board for consideration in the event of a greater number of "withheld" votes than "for" votes
- Our stockholders enjoy equal share voting rights and representation

## KEY POLICIES **AND PRACTICES**

We maintain a comprehensive system of policies that guides our behavior and supports our mission, vision and values. The following are just some of the policies and practices that are relevant to conducting ourselves with the highest level of ethics, supporting safe and environmentally sound operations and acting in the best interests of our stakeholders.

Code of Business Conduct and Related Training	Our Code of Business Conduct (Code) applies to all Archrock Directors, officers and employees, as well as our suppliers, vendors, contractors and partners. The Code sets forth key principles related to conflicts of interest, business ethics and fair dealing, compliance with laws and a commitment
	to effective workplace practices, including with respect to equal employment opportunities, anti- discrimination and health and safety.
	Compliance training covering one or more Code topics is the foundation of our compliance program and is provided annually to all employees. Compliance training provides the opportunity to continually update our training to reflect best practices and it regularly reinforces our core principles and requirements. Targeted compliance training topics have included anti-harassment and anti-discrimination, cybersecurity, intellectual property, fraud prevention, anti-corruption, antitrust policies, trade controls and insider trading.
Compliance Hotline	Our Compliance Hotline and web-based reporting tool, available 24/7/365, is managed by an independent third-party provider. Reports to the Compliance Hotline may be made anonymously. All complaints are thoroughly investigated. Where deemed appropriate, corrective action may include termination of employment, counseling, additional training, revised procedures and ongoing monitoring.
Diversity and Inclusion	Our policy sets out our commitment to embracing a culture of diversity and inclusion that ensures our employees feel safe and valued. Our policy is grounded in the strategic pillars of talent, culture, community and conduct. We comply with the letter and spirit of Equal Employment Opportunity laws and therefore prohibit discrimination based upon personal characteristics protected under federal, state and local laws.
<u>Human Rights</u>	Our policy expresses our commitment to respect, support and promote human rights.
Health, Safety and Environment (HSE)	Operating in a safe and environmentally sound manner is a core value. Our HSE standards and procedures set forth our approach, which includes personal responsibility and accountability.
Compliance with Anti-Bribery and Anti-Corruption Laws	This policy sets forth our commitment to comply with the spirit and letter of the laws where we conduct business.
Related Party Screening	We recognize that transactions with related persons can present potential or actual conflicts of interest and create the appearance that decisions are based on considerations other than our and our stockholders' best interests. We have adopted a written policy on related party transactions to provide guidance and set standards for the approval and reporting of transactions between us and individuals with a direct or indirect affiliation with us, and to ensure that those transactions are in our best interest.
Public Policy Advocacy	We prohibit corporate political contributions. We have selectively engaged in non-partisan advocacy efforts, focused on state and federal regulations that have a direct impact on our business, to protect the interests of our stakeholders and to ensure fair and appropriate regulatory oversight and policies. These activities are reviewed quarterly by our Audit Committee.
Securities Trading	Our policy prohibits the hedging or pledging of Archrock securities by all employees and members of our Board. Key employees are subject to quarterly trading blackouts and our executives and Directors are required to obtain advance approval to trade in the open market.
Stock Ownership Guidelines	As communicated in our proxy statement, the Board has implemented stock ownership guidelines for itself and senior management to align interest with our stockholders.
Suppliers Code of Conduct	Our Suppliers Code of Conduct sets forth our standards and expectations that our suppliers operate in a manner that supports our mission and values.

## BOARD **OVERSIGHT**

#### **Strategy and Financial Health**

We are focused on effectively managing debt, deploying capital strategically to maximize performance and returning capital to our stockholders through quarterly dividends. Our Board and management team regularly review past performance and market behavior, and they consider, on an ongoing basis, anticipated near-term and long-term market expectations. The Board approves an annual business plan and monitors performance against that plan on a quarterly basis.

#### Compliance

The Audit Committee Chair receives monthly updates on the Compliance Hotline and other complaints. Our Audit Committee approves our annual compliance program and receives quarterly updates on our compliance initiatives, including the status of investigations of Compliance Hotline reports and other complaints, compliance training and matters related to trade controls. Our internal audit function reports directly to the Audit Committee and the Audit Committee meets privately with internal audit, independent auditors and certain members of management each quarter.

#### Cybersecurity

The Audit Committee is responsible for overseeing our cybersecurity risk management and practices. Our Chief Information Officer reports to our ELT and provides updates to and interacts directly with the Board regarding our cybersecurity risk assessment and response on a quarterly basis, or more often if deemed necessary.

Our cybersecurity program is designed to monitor, detect, prevent and respond to cyber threats. Our internal information technology (IT) team has dedicated resources to continually review and enhance our cybersecurity program, work with internal and third-party experts to determine and implement appropriate controls, partner with our compliance team to provide employee training and awareness, and stay abreast of emerging potential threats and best practices. In addition, our IT team monitors ratings applied to our security environment by outside firms and responds accordingly.

During 2022, we continued to utilize an industry standard IT security and cybersecurity control framework to promote best practices and reduce the risk of a successful cybersecurity attack. We also continuously assess our cybersecurity program and prioritize initiatives against the National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity.

During 2022, to complement our existing enterprise risk assessment program we:

- Engaged a third party to assist in the development and implementation of a comprehensive Business Continuity Plan that includes our planned response in the event of a significant cybersecurity incident. We maintain detailed cybersecurity procedures covering crisis management, emergency response and incident communication.
- Engaged an independent third-party specialist to conduct a cybersecurity penetration test.
- Began implementing multi-factor authentication to enhance user access and application protection.

Archrock's IT Policy communicates our internal guidelines for our IT infrastructure and services, baseline controls that help safeguard the security of our operating environment, and reporting and escalation protocols. Our IT security training program is designed to help our employees recognize and report suspicious activity. The program includes mandatory cybersecurity training on an annual basis; our online cybersecurity training had a 100% completion rate. We also conduct frequent phishing simulations and provide additional exercises for employees who have difficulty recognizing a potential threat. Cybersecurity awareness and education is further emphasized through a company-wide education campaign during National Cybersecurity Awareness Month.

#### **Emergency Preparedness and Business Continuity**

The Audit Committee assists the Board with oversight of risks associated with business continuity. Archrock's Crisis Management Plan includes an established framework whereby the company is able to properly manage emergency or crisis incidents, situations and scenarios that might arise. To further enhance our emergency preparedness and Crisis Management Plan, in 2022 we engaged a third-party expert to help us develop a Business Continuity Plan to enhance resilience in the event of a crisis situation. As part of the development of the Business Continuity Plan, we considered and developed a plan for numerous scenarios that could result in significant disruptions to normal business operations, including the event of a technology disruption. The Business Continuity Plan has been developed to provide a framework that will enable Archrock to improve operational resilience thereby minimizing the likelihood of disruption to critical activities, as well as resume critical activities efficiently and effectively to minimize the impact on the company and customers during any incident.

During 2022, employees received business continuity training specific to their roles. A desktop drill to test the Business Continuity Plan is planned for 2023 and we intend to incorporate key learnings and opportunities for further refinement in the future.

#### Sustainability and Climate Change

The Board has responsibility for the oversight of key sustainability strategies and policies and ESG risks, including emissions-related risks. Based on our size, primary midstream focus and geographic footprint, in lieu of forming a separate committee, the Board has delegated ESG oversight responsibility to the Nominating and Corporate Governance Committee. To reflect the importance of these responsibilities, the committee changed its name to the Governance and Sustainability Committee. The committee receives regular reports from management and provides oversight of material ESG-related policies and practices, as well as related disclosure. With our focus on continuous improvement, during 2022, we began evaluating alignment with the Task Force on Climate-related Financial Disclosures reporting and have included an initial index of the framework's recommended disclosure, where applicable, for the first time with this report.

#### **Enterprise Risk Management (ERM) and Risk Matrix**

The Board has an active role, as a whole and through its committees, in oversight of the Company's risks consistent with the principles outlined in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2017 framework and is assisted by management in the exercise of these responsibilities. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. The involvement of the Board in reviewing, approving and monitoring our fundamental financial and business strategies, as contemplated by our Corporate Governance Principles, is important to the determination of the types and appropriate levels of risk we undertake.

Management is responsible for identifying risks and opportunities along with the associated risk response which may involve implementing processes and procedures intended to mitigate risks which can range from risk avoidance or acceptance to reduction or transfer depending on the facts and circumstances. Archrock engages an outside consultant on a periodic basis to assist management with the identification of short-, intermediate- and long-term risks and provides insight into emerging trends and best practices. Identified risks are ranked based on likelihood of occurrence and potential impact. The assessment considers the Company's risk response and mitigating factors, resulting in the assignment of a management effectiveness score. Risk exposure is considered in the development of our annual and long-term business planning and executive compensation program and informs our approach to business continuity and cybersecurity planning and compliance and human resource programs. Validation of management's risk response occurs through internal audits or resources independent of the functional area, our disclosure controls and procedures and with respect to financial reporting, external auditing. While management presents their findings on risk exposure and our response, the Board has the authority to override management on any risk matter.

Risk management is a continuous process comprised of the five intertwined components; strategy and objective setting, performance, review and revision, information, communication and reporting and governance and oversight. Through these activities, regular reports are provided to the Board and its committees.

Full Board	<ul> <li>Strategic, financial and execution risks associated with the annual performance plan and long-term plan, including major operational and sustainability initiatives</li> <li>Risks associated with capital management, including financing, dividends and capital expenditures</li> <li>Mergers, acquisitions and divestitures</li> <li>Major litigation, disputes and regulatory matters</li> <li>Management succession planning</li> <li>Emissions-related risks and opportunities that may impact our business strategy</li> <li>Oversight of the ERM program</li> </ul>
Audit Committee	<ul> <li>Financial reporting, disclosure, accounting and internal controls, including oversight of the internal and independent audit functions</li> <li>Assists the Board with oversight of the ERM process for identifying key risks and assessing management's response</li> <li>Assists the Board with oversight of business continuity</li> <li>Cybersecurity risk and prevention</li> <li>Compliance, litigation and tax regulatory matters</li> <li>Director of Internal Audit reports to the Audit Committee</li> </ul>
Compensation Committee	<ul> <li>Risks related to the overall effectiveness and cost of our compensation and benefit programs</li> <li>Risks associated with the design of executive compensation, including the mix of short-term and long-term incentive compensation that does not encourage excessive risk-taking</li> <li>Performance management as it relates to our executive officers</li> <li>Approach to human capital management</li> <li>Executive management succession planning</li> </ul>
Governance and Sustainability Committee	<ul> <li>Risks associated with corporate governance, board composition and effectiveness and director succession planning</li> <li>Monitoring and disclosure of material safety and ESG risks and integration of our company-wide response, including review of annual Sustainability Report prior to publication</li> </ul>

Responsibility for risk oversight is spread among the Board and its committees as follows:

The involvement of the Board in reviewing, approving and monitoring our fundamental financial and business strategies is important to the determination of the types and appropriate levels of risk we will undertake. The Board's committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk and are all comprised solely of independent Directors.



# SAFETY

As a core value, our goal is to achieve and sustain zero safety events or injuries, zero vehicle incidents and zero environmental incidents. We are fully committed to continual improvement for the benefit of our employees, customers and the communities in which we operate. Safety performance is used as a key measure of success throughout our organization and has been included as a metric in our short-term incentive program for over 16 years. We actively promote the highest standards of safety behavior and environmental awareness, and we strive to meet or exceed applicable local and national regulations.

Understanding that personal safety, incident prevention and environmental protection are the responsibilities of everyone, employees are empowered to identify risks and develop solutions to those issues. Our management team fully supports our employees' right to "Stop the Job" if they have any concern about safety. In 2022, we achieved excellent safety performance

## TRIR of 0.32 and PVIR of 0.24

While no incidents are acceptable, the incidents we experienced were minor in nature and resulted in **Zero Lost Time.** 



## **TARGET ZERO**<sup>™</sup> PROGRAM

We believe that all incidents are preventable, and that through rigorous training and drills, planning and hazard recognition, we can achieve a TARGET ZERO workplace – a workplace with zero incidents. TARGET ZERO highlights our culture of personal commitment and responsibility, leading to a mindset that integrates safety into every work process at Archrock.

We have developed and implemented a plan to provide the tools, equipment and training needed to achieve this ambitious goal. Included are over 90 safety and environmental procedures, establishing industry best practices for maintaining high levels of execution, hazard mitigation and accountability. Our procedures are based on applicable regulations, customer requirements, internal requirements and industry leading best practices. Based on our size, primary midstream focus and geographic footprint, we have not sought ISO safety certification. However, the ISO framework and principles, as well as a behavior-based safety approach and focus on leading indicators, provide the overarching foundation for our HSE management system.



#### SAFETY TRENDS

**TRIR** – Total Recordable Incident Rate

LTIR – Lost Time Incident Rate

**GCA TRIR** – Gas Compressor Association Total Recordable Incident Rate Average

Note: GCA TRIR average excluded from 2022 due to the timing of data availability

In each case, per 200,000 hours worked

We analyze, review and revise our safety procedures at least every two years for clarity and continued applicability and to reflect new learning and regulatory changes. Further, our HSE function reports directly to our CEO and presents quarterly reports to our Board.

#### **BEST PRACTICES**

Our collective safety and environmental performance is pivotal to the success of the entire organization and is of primary importance to our customers. In addition to an average of 4 hours per month of in-house safety training in the field, each field service technician also completes customer specific training such as HSE orientations and site-specific safety requirements. Our on-line interactive HSE training using the AxonifyTM platform provides significant flexibility for our field personnel by allowing them to conduct their mandatory training at any time throughout the month from the convenience of their laptop. During 2022, based on feedback from our field employees, we expanded and enhanced our training through AxonifyTM, providing more interactive training and distributing our safety newsletter through the platform. Through our Job Hazard Analysis process, our field and shop worksites are reviewed for potential hazards before we commence our work and appropriate actions are taken to reduce the risk of incidents and injuries before they can occur. Field service technicians working offshore or in inland waters complete additional specialized training to prepare them for the hazards that exist in those environments. We supply all required PPE and supplement other field-related PPE with additional cash allowances for speciality items such as prescription safety eye wear.

We use Intelex<sup>®</sup> as our system of record for internal tracking, reporting and auditing of our safety and environmental performance. This system allows us to analyze each business unit's progress towards implementing and adhering to proper environmental, health and safety procedures. We utilize company-wide stand-downs on a quarterly basis to refocus our organization on safety and on an ad hoc basis when deemed necessary. Additionally, environmental and safety assessments are scheduled and conducted annually, and we continued our practice of performing regular HSE local field inspections during 2022. In the event of a workplace incident, the TapRooT<sup>®</sup> methodology is utilized for conducting an investigation into the root cause and to identify corrective measures.

#### **Approach to Contractors and Suppliers**

We highly value our contractors and suppliers and strive to maintain true partnership-style relationships that are mutually beneficial to all. We work closely with our supply partners to mitigate supply chain disruption, reduce cost and maintain the highest quality standards with a focus on safety and the environment.

To protect the interests of our customers and all other stakeholders, we carefully review our contractors' scope of work and characterize them as either higher or lower risk services. Contractors providing higher risk, safety-sensitive services are required to have an account in ISNetworld® (ISN). As part of our comprehensive screening process, ISN provides us with important insight into the performance of our key contractors and suppliers, including safety performance, insurance coverage, HSE compliance and fair labor practices. Our suppliers are also screened for financial viability. We have utilized ISN for over 20 years as a tool to select contractors who share our core values and exhibit strong performance. The majority of the contractors we use carry an "A" or "B" rating. Poor performance with respect to safety, a material degradation in financial stability and accusations of misconduct, fraud or failure to adhere to our Code are considered grounds for re-evaluating and potentially terminating the business relationship. We also work with our customers to adhere to their supplier requirements, including maintaining profiles with both PEC Veriforce and Avetta and responding to customer questionnaires as requested.



In 2022, we implemented a Suppliers Code of Conduct, which sets forth our standards and expectations that our business partners conduct themselves in a manner that is consistent with Archrock's mission and values. During 2022, we began distributing our Suppliers Code of Conduct to our vendors and requiring adherence to it in new master service agreements.

#### Approach to Background and Substance Abuse Screening

We believe that a substance abuse-free workplace is a key component to a safe workplace and we use a comprehensive Department of Transportation (DOT) and comprehensive non-DOT drug and alcohol testing program. The program is monitored and managed by an independent third-party administrator. All newly-hired employees are subject to both background screening and drug testing and all employees, regardless of position, are subject to random, post-incident and reasonable suspicion drug testing.

#### **Approach to Training**

Our mandatory North America Field Operations (NAFO) training targets all safety-sensitive new hire positions, including field service technicians, supply chain and shop employees. Safety training goes beyond basic regulatory requirements to focus on the specific hazards that might be encountered in our operations that have serious incident potential (e.g., driving, hydrogen sulfide and energy isolation). New employees also complete a Technical Knowledge Assessment, which results in a personalized technical development plan for each student. This significant commitment of resources ensures that all new field service technicians, supply chain and shop employees receive



consistent, high-quality training and messaging to position them for success. Employees in safety-sensitive roles are also enrolled in positionbased annual training, which again targets the potential hazards and mitigations applicable to our industry, as well as regulatory requirements, internal operating procedures and expectations, and local and customer requirements. Our training facility in Victoria, Texas allows us to deliver high-quality in-person training courses that we believe are industry leading.

Reflecting our continuous improvement culture, we made the following enhancements to our NAFO program:

- With the recovery in our business during 2022, and the resulting increase in labor demands to support a resumption of growth, we began offering NAFO every two weeks, to maintain our high standards for onboarding new FSTs.
- Completed a pilot for implementing a second week of NAFO focused on more immersive and hands-on training; we intend to begin offering this second week during 2023.

As a key component of our technology transformation initiative over the past two years, we adapted much of our in-person training to a virtual format by developing a training ecosystem that puts continuously updated information in the palm of our field service technicians' hands. The adoption of new learning methodologies has enabled Archrock to provide important troubleshooting training that addresses urgent business needs in real time and supports information retention. This, coupled with our in-person training, provides comprehensive, continuous learning opportunities.

	AVERAGE ANNUAL SAFETY TRAINING HOURS PER EMPLOYEE					
Field Employees	HSE Compliance	NAFO	Customer-Provided Offshore Specific Tota			
Land-based	49	_	3	_	52	
New Hire	45	32	3	_	80	
Inland Waters and Offshore	49	_	3	69 - 87	121 – 139	

## ARCHROCK 2022 Sustainability Report



#### Approach to Driving

We utilize the Smith System<sup>®</sup> as our tool for behavioral driver training. To gauge the effectiveness of training, all Archrock vehicles are equipped with GPS-based driving monitors. In addition, we include a toll-free "How's My Driving" number decal on the back of our vehicles.

Proactive monitoring helps to promote safe driving habits by comparing individual driving statistics with benchmarks related to the driving skills instructed in the Smith System® and against other Archrock employees. The MixTelematics® graph illustrates the number of our field service technicians who were rated Red (exceeding 10% of reporting threshold), Amber/yellow (within 10% of threshold) or Green (below reporting threshold), and measures driving behavior over 13.2 million miles monitored by MixTelematics. In late 2022, we migrated our fleet monitoring and management to Geotab, which provides better real-time monitoring and reporting tools to help our employees continue to hone their driving skills. The following bar chart shows trends in our vehicle incident rate.





MixTelematics data for 2022 excludes December data due to vendor change.



#### **PVIR and RVIR Trends**

**PVIR** – Preventable Vehicle Incident Rate

RVIR – Recordable Vehicle Incident Rate

**GCA PVIR** – Gas Compressor Association Preventable Vehicle Incident Rate Average

Note: GCA TRIR average excluded from 2022 due to the timing of data availability.

In each case, per million miles driven.

## PEOPLE

#### OUR **EMPLOYEES**

Archrock employed approximately 1,100 people in 15 states, including remote areas, and conducted business in 41 states at year end 2022. We consider our employees to be our greatest asset, and we consider ourselves a member of every community in which we operate.

#### **Diversity and Inclusion**

Archrock believes that a diverse workforce and culture of inclusion are critical to the company's long-term success and sustainability. For Archrock, diversity and inclusion means:

- **Identifying and Recruiting** the best group of employees for the job, and connecting them to the organization so that they can use their unique skills to make us the best in our space.
- **Creating** a workplace where people of all backgrounds feel welcome and included, where employees are able to have a great career in a supportive and respectful environment.
- Welcoming hardworking people with a mix of different opinions, backgrounds, experiences and knowledge that brings exceptional value to our business, and where people feel valued in return.
- **Committing** to a diverse workforce which mirrors the local community, while selecting the best candidate for each role.
- **Believing** that diverse backgrounds and perspectives make us better; we strive to have a workforce that reflects the community from which we recruit.
- **Striving** to create an open and inclusive work environment and culture in which all people feel valued, respected and supported.



Archrock's Governance and Sustainability Committee oversees the company's policies and practices promoting diversity and inclusion within the company.





Indicative of its importance to management and the Board, diversity and inclusion was included as one of Archrock's strategic initiatives for 2022 and the adoption of a diversity and inclusion policy was included as a metric in the company's 2022 short-term incentive program. Continued diversity and inclusion progress during 2022 included:

- Archrock engaged a global third-party diversity and inclusion consultant to assist the executive leadership team define and develop a diversity and inclusion strategy roadmap
- Archrock developed and adopted a comprehensive Diversity and Inclusion Policy
- As part of our leader-led approach to diversity and inclusion, during 2022, the top 45 leaders of our company received training and education on diversity and inclusion, including its importance and expectations for leaders; we intend to roll out diversity and inclusion training more broadly across the organization in 2023. In addition, online training regarding respect, anti-harassment and discrimination in the workplace is periodically included in our compliance program.
- We completed a job description review project aimed at removing unintended biases from career postings.

In 2023, we plan to conduct a diversity and inclusion and culture survey as part of a broader employee engagement study to help measure progress, and support Archrock continuing to become a more inclusive and safe environment.

In addition to complying with the letter and spirit of applicable Equal Employment Opportunity laws, we support diversity in hiring and pay equity, and have historically conducted regular pay equity reviews. We actively review our employee demographics, methods to further promote diversity in hiring and tools to support inclusion and professional development.

#### Bonus, Health and Welfare Programs

During 2022, we offered our full-time permanent employees:

- health and welfare benefits for our employees and their family members, including for same-sex partners
- a health savings plan
- a 5% match on 401(k) plan contributions
- an employee stock purchase plan
- participation in an annual or quarterly performance-based bonus program (further described below)
- paid time off program which includes nine paid holidays as well as bereavement leave and paid time off for voting, jury service and volunteer activities
- employee assistance program
- tuition reimbursement (up to \$5,250 per year) for employees and college tuition sponsorship for children of our employees (up to \$8,000 per child), subject to certain restrictions and successful completion of the applicable courses

#### **Compensation and Performance Program**

The median income of our full-time, part-time, seasonal and temporary employees in 2022, in aggregate but excluding our chief executive officer, was approximately \$117,758 (based on, as applicable, base salary, bonus, overtime and commissions). All full-time employees are eligible to participate in either our annual short-term incentive program, which is based on corporate, operating unit (where applicable) and individual performance, or our quarterly bonus program, which is generally made available to our field and shop employees and is based on regional performance metrics and individual performance. Our policy is to provide all employees with a mid-year and annual performance review.

Indicative of Archock's commitment to ESG, Archrock doubled the weight of ESG-focused metrics in our 2022 short-term incentive program to 20%, with the incorporation of three metrics 1) quantifiable safety targets 2) the development of a diversity and inclusion policy and 3) a quantifiable and targeted reduction in miles driven per operating horsepower.

Additional information on executive and performance-based compensation can be found in our proxy statement.



#### **Talent Acquisition**

Our objectives are to provide equal opportunities for internal and external candidates and to employ a workforce that reflects the diversity of the communities in which we work. We strive to ensure our recruitment and selection process is bias-free and identifies the best candidates with the most suitable knowledge, skills and experience through inclusive interviewing and selection training.

We work with colleges, technical schools and veteran organizations with the goal of bringing the best and brightest into the energy industry and increasing the diversity of our hiring slate. In 2022, we expanded our network of relationships with the goal of supporting diversity, fostering inclusion and achieving a more technically-proficient workforce. These programs provide strategic and multifaceted support, which includes internships, supplies and equipment for training and instruction and student organization support.

#### **Veterans Program**

Archrock's Veterans program includes policies, programs and services to support National Guard and Reserve employees in meeting the specific needs related to any ongoing military commitment. This enables us to successfully recruit, retain and develop Guard and Reservists, as well as military veterans, veterans with disabilities and military personnel transitioning to civilian life who have the leadership skills and technical expertise so highly valued by Archrock.



#### Workforce Development

Our Training and Development team supports the organization and our employees by providing flexible and customizable learning opportunities in a wide range of formats that suit all learning styles and needs, that can be accessed when and where needed to cultivate and retain highly competent employees. We take a holistic approach to training and development, focusing not just on technical skills, but also on manager training and broad-based leadership and development.

New hire field employees enter our short service employee (SSE) program upon completion of NAFO training. Entering the field, each SSE is assigned an experienced mentor so that they may safely apply classroom teachings to a real world setting, under direct supervision. During the program, an SSE must work at all times under the direction of their mentor. The SSE mentorship has an average duration of six months but varies based on when the SSE is deemed competent to safely work alone. Our focus on training also includes working closely with Ariel, Waukesha and Caterpillar on training programs for our field service technicians. We also offer a number of non-technical, targeted skills-based and career enhancing training programs, including technical orientation for non-technical employees, supervisor coaching, performance management and conflict resolution.



Archrock provides people skill and other soft skill developmental opportunities for our employees through in person, webinar, and our on-demand Percipio learning platform. In addition, we also provide employees the opportunity to learn more about Archrock through recorded lunch and learn sessions, School of Rock LIVE!

Archrock utilizes talent reviews as a tool to maximize each employee's full potential, ensure long-term business sustainability and support succession planning. The Compensation Committee oversees the management of risk relating to executive management succession planning.



#### Recognition

We believe recognition is a key element to talent retention and fostering a performance-based culture. Archrock's employee reward programs includes:

**CEO Pinnacle Award** Our quarterly and annual CEO Pinnacle Awards are designed to recognize, reward and celebrate employees who demonstrate – in a tangible way – an exceptional commitment to our core values. These awards include both CEO recognition as well as a monetary award. The awards cover the following distinct categories:

- exercise unique problem solving skills that have a significant IMPACT on our operations;
- provide SERVICE excellence to our customers or suppliers; or
- exhibit outstanding leadership as a champion of SAFETY.

**CEO Service Awards** Our CEO Service Award celebrates 25 years of service, loyalty and commitment. The employee is presented a watch by our CEO in a celebratory gathering amongst peers and other business leaders.

**Milestone Service Awards** To say thank you for the hard work and committed service to our company, our employees are celebrated in 5 year increments of continuous company service. Recipients are invited to select a gift from the Archrock's Service Award catalog, and an Archrock-branded jacket.

**Everything Archrock Awards** During 2023, we launched this program to give recognition for our employees who are off-cycle from an official Milestone Service Award through a pre-selected branded gift.

Managers are encouraged to recognize team members with monetary awards for exceptional contributions on an ongoing basis through our **Spot Bonus Program**.



#### **COMMUNITY:** EMPLOYEE INITIATIVES AND CORPORATE SUPPORT

We have a presence in 48 communities across the U.S., which presents the opportunity to provide careers, make an economic impact at the local level and enrich and support these communities through volunteer and charitable contributions of both time and money.

Our community outreach is sourced from and directed by our employee-led "Archrock Cares" and RockFIT Wellness Programs, along with financial and moral support of Archrock's management team.

**Archrock Cares** prioritizes and coordinates much of our involvement in community enrichment initiatives and directs the allocation of our annual corporate-funded charitable donations.

Our employee-formed **RockFIT Wellness Program** focuses on employee wellness, inclusive of fitness, happiness, health and charity/ volunteerism, and is funded through our health insurance provider's annual wellness stipend. Since its formation in 2016, RockFIT has distributed in excess of \$150,000 of those wellness funds to our employees through, for example, wellness challenge awards, wellness gear, fitness memberships and flu vaccine vouchers. In 2022, RockFIT sponsored its "Step Challenge 3.0," motivating employees to get healthier steps and take on other healthy habits through weekly "Spot Challenges" and challenge-end awards acknowledging both participation and results.

To further support those programs and to encourage employee community involvement even outside of them, the "Archrock Gives" initiative allows employees 16 hours per year as "paid time to volunteer" (PTV.) In 2022—our second full year of the Archrock Gives initiative—Archrock employees utilized over 335 hours of PTV to volunteer in their communities, representing an 11 percent increase compared to 2021.



In 2022, these programs—and other regionally initiated efforts—touched our communities through endeavors that benefited the environment as well as our employees' and others' health, safety and wellness. A few 2022 examples include:

- Blood Drives: Hosted three community blood drives at its Houston headquarters.
- Highway Clean-Ups: Through Texas' Adopt-A-Highway program, organized two cleanups of the 2-mile stretch of farm to market road west of Archrock's headquarters, which was adopted by Archrock employees in 2019.





# Archryck

• Cancer Awareness: Through the employee-formed PINK OUT Committee, Archrock supported its annual company-wide fundraising and awareness campaign during National Breast Cancer Awareness Month. Employees raised money through donations in exchange for PINK OUT mugs and the auction of department created, donated and themed baskets; funds raised were donated to WIG OUT, a charitable organization that donates wigs and scarves to financially disadvantaged cancer patients undergoing chemotherapy.

# houston**food**bank Filling pantries. Filling lives.

• Reducing Food Insecurity: For the second year in a row, Archrock participated in the Houston Food Bank's "Food from the Bar" competition, which pits law firms, law schools and in-house corporate legal departments like Archrock's against one another to see which can donate the most food, time and money. Archrock exceeded its already impressive inaugural results from 2021 by, for example, earning 1st place in the "Per Capita Award" (most employee support) and "Spirit Award" (most volunteer hours) categories. In so doing, Archrock also earned its first Bronze President's Volunteer Service Award. Via Food from the Bar, the Houston area legal community raised over \$150,000, volunteered 746 hours and donated 19,000 pounds of food, equating to over 500,000 meals for the food insecure. At year end—as part of Archrock Cares and RockFIT's "Season of Giving"—our volunteers manned the ABC Channel 13's "Share Your Holidays" phone bank at the Houston Food Bank, assisting members of the community register for holiday food boxes.





- Wellness & the Environment: For the 6th year in a row, Archrock fielded a team for the Hess Houston Corporate 5k Walk/Run benefiting the Memorial Park Conservancy. Archrock is one of only 15 inaugural sponsors.
- Hearing Safety & Education: After learning about the lack of individual earbuds for students, which are essential to reduce classroom noise and enhance the quality of online learning, the Archrock Permian Team donated earbuds for students enrolled in General Franks Elementary in Midland, Texas.
- The Homeless & the Abused: RockFIT donated winter apparel to the Houston Area Women's Center (aids victims of domestic and sexual violence) and Matthew's Light (helps feed and clothe the homeless).

These efforts and many more by Archrock employees and the support by Archrock's management team are living embodiments of our core corporate values, including **Service, Integrity, Respect and Pride.** 

## **CUSTOMERS** AND THE ENVIRONMENT

## **ENVIRONMENTAL MANAGEMENT** SYSTEM

We are committed to a culture of responsible environmental stewardship. Archrock's comprehensive environmental management system (EMS) establishes environmental awareness and accountability internally as well as a framework implemented to monitor our environmental performance, minimize our environmental impact and comply with regulations. It also establishes HSE training requirements for employees and contractors. Our EMS includes policies, procedures, standards, and reporting requirements with regard to air emissions, hazard communication, waste management and reduction, spill response, local habitats, and energy and water conservation. We also document the potential consequences for non-compliance with our requirements and believe all employees are accountable for compliance. We utilize Intelex® for internal tracking, reporting and auditing of our environmental performance.

As the largest owner and operator of natural gas compression equipment in the U.S., we are known in the energy industry for our expertise in natural gas engines, including their operation and emissions compliance. Our staff of full-time environmental professionals includes air quality professionals who provide technical support to our field operations and our customers in relation to emissions compliance. As regulatory requirements and technology evolve, we will continue to be a good steward of the environment.

## AIR QUALITY, ENERGY USE AND EMISSIONS MANAGEMENT

Management of our operations in compliance with all applicable air quality and emissions requirements is an integral part of our overall environmental strategy.

#### **Regulations Governing Gas Engine Emissions**

Our air quality professionals closely monitor and advise on regulations that are applicable to our equipment. These regulations have grown increasingly stringent and are designed to prevent the waste of saleable gas as well as eliminate or reduce leaks of air pollutants, including nitrous oxide, methane and carbon monoxide and dioxide. In 2010, federal emissions regulations began requiring newly manufactured gas engines to meet a standard of 1.0g NOx, prompting the use of better emissions controls as well as more efficient engine designs. In the following years, many states adopted regulations more stringent than the federal requirements, leading to even more advanced controls and engine efficiency improvements. Newly-manufactured engines are now designed to meet 0.5g NOx or better, and newly-set engines are generally required to be equipped with controls to meet the same limit.

We provide natural gas compression services to our customers almost exclusively on a contract basis and our services are typically one component of a customer's midstream service application. Although compliance with applicable air quality regulations and reporting is the direct responsibility of our customers, we work to support our customers in meeting or exceeding their compliance obligations through tailored compression equipment design and our routine and preventive maintenance programs.



Our new equipment purchases and maintenance programs adhere to the requirements of NSPS Quad J, NSPS Quad O/Oa and NESHAP Quad Z.

#### Methodology for Estimating our Carbon Footprint:

The first step to reducing emissions is to understand the volume and the source. In midstream applications, this is challenging. Emissions are not tracked at the compression unit level and are instead included in facility-level reports required by the EPA and submitted by our customers. In 2020, our engineering and air quality professionals began collaborating on a methodology for estimating emissions from our operations. We also work with our key original equipment manufacturer (OEM) suppliers to further refine our estimates; any future refinements will be applied consistently across all years reported. These estimates provide a baseline for evaluating performance and reduction opportunities.

#### **Scope Emissions**

Emissions Category	Archrock Emissions Primarily Comprised of:
SCOPE 1	
Direct emissions from company-owned and controlled resources	Emissions from our truck fleet used to service our compressor operations.
SCOPE 2	
Indirect emissions associated with the purchase of electricity, steam, heat or cooling	Emissions from the generation of purchased electricity for our corporate headquarters, facilities and shops.
SCOPE 3	
Emissions that are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain	Emissions resulting from our compression fleet, which are Scope 1 emissions for our customers. We work with our customers and invest in technologies to help them with their emissions reduction objectives.



#### **Initiatives to Reduce Energy Use and Emissions**

Our initiatives and strategy to reduce emissions of pollutants such as NOx and SO2, as well as CO2 and methane, include the following:

#### Vehicles (Scope 1)

All Archrock vehicles are equipped with tools, including telematics, which allow us to monitor vehicle energy consumption and driving habits. Not only do these tools provide the feedback necessary to achieve safe and efficient driving behaviors, but they also help us reduce unnecessary miles driven and idling time.

#### Facilities (Scope 2)

Our corporate headquarters building is "LEED Silver Certified" by the U.S. Green Building Council and further carries a "Well Health-Safety" rating.

Since 2019, we have annually reviewed and rationalized our office and shop utilization, resulting in a 11% reduction of our facility footprint in 2022, following a 9% reduction in 2021. Our intent is to reduce our real estate footprint as much as possible, as well as associated energy use and Scope 2 emissions.

#### Compressors (Scope 3)

Our compressors are generally powered by natural gas produced at the site. The use of natural gas as a power source for compression, as opposed to diesel fuel, results in a lower emissions footprint. In addition, we are able to utilize local and existing natural gas available at the compressor site, eliminating the need for fuel transportation.

• Electric compression. At our customer's request and conditioned upon access to electricity at the site, we provide electric-powered compression represents a small portion of our fleet today, we believe it offers a growth opportunity over the long term. During 2022, we pursued more electrification of our fleet both by converting some of our existing units to electric motor drive as well as building new electric units. During 2022, demand for electric motor-drive compression expanded into additional geographies, horsepower categories and customers. We invested approximately \$18 million in electric motor-drive compression horsepower in 2022 and plan to invest approximately \$30 million in electric drive compression horsepower in 2023.

During December 2022, we completed our largest-ever electric drive compression installation in the Permian Basin. These two 5,500 horsepower compressor units are part of our customer's multi-year plan to reduce the carbon intensity of their midstream operations while continuing to maximize runtime performance. An incremental five 5,500 horsepower compressor units are planned to be set at two additional compressor stations with the same customer during 2023.



- Leak detection and management: Field service technicians are equipped with leak detection equipment. In compliance with our safety training and environmental policy, compressors are tested for leaks during all scheduled and unscheduled site visits, and, if found, leaks are remediated before any additional work is performed with those compressors.
- **Customer partnerships:** We are engaged with many of our customers in ongoing efforts to reduce emissions. In addition to the leak detection and mitigation activities mentioned above, we engage with customers on reengineering efforts around the various systems on location to reduce emissions, flaring and blowdowns.

#### • High-graded fleet:

- Through capital investments and acquisitions of newer units, coupled with the divestiture of certain units discussed below, our compression fleet has become newer and more fuel efficient on a per horsepower basis, which has resulted in improved emissions performance.
- We have systematically reviewed our existing compressors to identify and retire or sell units which no longer serve our strategic objectives. In 2022, we divested approximately 1,200 predominately smaller horsepower compressor units representing approximately 340,000 horsepower compression. Divestitures of smaller operating horsepower in 2020, 2021 and 2022 drove an increase in our large operating horsepower as a percentage of our total operating fleet from 74% as of year-end 2019 to 84% as of December 31, 2022.



• Telemetry on compression units: At year-end 2021, we completed several major phases of our technology initiative which included equipping our compression fleet to remotely monitor engine performance and efficiency. During 2022, with the goal of reducing equipment downtime, we began to operationalize our telemetry investment and began leveraging the vast amount of data received from our equipment into basic analytic models to identify potential problems and address them in a more scheduled manner. Additionally, we established several pilot projects for various remote control aspects of our operations to help address unnecessary shutdowns and maximize the efficiency of our operating equipment. Over time, as telematics continues to be more broadly leveraged across our operations, we expect the project will drive efficiency in scheduling preventive maintenance, reduce ad hoc call outs and improve supply chain performance, resulting in reduced vehicle mileage, a quantifiable corporate goal.

#### • New Ventures: Early Wins on Methane Management

Since 2020, Archrock's New Ventures Team has been tasked with exploring new opportunities and adjacent businesses with the following guiding principles: evaluate existing and emerging emissions reduction technologies for our existing business and installed asset base, identify ways to monetize our differentiated technological capabilities, and analyze complementary new venture services aligned with our skillsets and competencies. 2022 brought a few early wins for the New Ventures Team with methane management:



**ECOTEC minority investment.** During 2022, we agreed to acquire a 25 percent minority stake in ECOTEC, a company with impressive and tested technology for continuous methane emissions monitoring and management, and completed the acquisition in January 2023. ECOTEC provides a comprehensive ecosystem of methane solutions for its customers, helping them identify, quantify and manage their emissions. The combination of cutting-edge instrumentation and software provides accurate and directly-measured emissions data, which is auditable by third-party organizations. ECOTEC management has more than thirty years of expertise in the natural gas, biogas, carbon credits and air quality industries and the partnership with Archrock is anticipated to help to accelerate ECOTEC'S recent expansion into the oil and gas industry.

During the second half of 2022, we assisted ECOTEC in successfully demonstrating their proven suite of solutions in oil and gas applications at a couple of customer locations. This further validated the value of ECOTEC's comprehensive approach to methane mitigation through the notification, identification and quantification of emissions. These pilots will help inform the commercialization phase of the product rollout to the industry, which is underway in 2023.

#### **ECOTEC's Proven Suite of Solutions**



**Proprietary Methane Capture Technology.** Building on the success with ECOTEC, we also announced in November 2022 the successful completion of a field pilot of Archrock's patent-pending methane capture technology on a United Production Partners (UPP) gathering facility in the Barnett Shale. EnerVest is the contract operator for UPP. The field pilot followed extensive testing of the technology in a lab setting. Archrock's methane capture device is a solution for fugitive emissions reductions from compressor operations, including unit blowdowns and compressor packings. The device is a skid mounted solution for natural gas powered and electric motor driven compressor packages that can be used for both existing compression facilities, as well as greenfield locations. We have already engaged with multiple customers across all basins on the technology, have received positive reception and commenced full marketing efforts in late 2022.

#### Digital Transformation: targeting customer service, employee satisfaction, sustainability and profitability

Between 2019 and 2021, we invested in a digital transformation, capped by the achievement of several important technology milestones at the end of 2021. During 2022, our focus shifted to the integration of our process and technology transformation project into our operations which we expect will result in improved operating efficiencies, reduced internal costs and improved profitability, as well as reduced emissions on a per horsepower basis.

#### **Recent Milestones**

- Completed installation of expanded telematics across fleet
- Implemented cloud-based ERP system
- Launched a suite of leading-edge mobile tools for field services technicians

#### **Expected Benefits**

- Increased asset uptime
- Improved efficiency of field service technicians
- Optimized supply chain and inventory management
- Reduced miles driven and carbon footprint
- Improved profitability

#### Improvements in Emissions Intensity

Archrock's strategy to upgrade its compression fleet to newer and higher horsepower units has resulted in a fleet that is more efficient and produces fewer emissions on a per horsepower basis. The following charts show improvements in our emissions intensity from 2018 through 2022.<sup>1</sup>



For more information on potential risks associated with climate legislation and regulatory initiatives applicable to us, see our 2022 Annual Report on Form 10-K.

<sup>1</sup> CO2 and NOx emissions are estimates based on internal analysis of operating horsepower and engine configurations, applied consistently across all years reported.

## WASTE MANAGEMENT

Our waste management program is rooted in the waste hierarchy of Reduce, Reuse, Recycle. Management teams at each facility are accountable for developing site-specific waste management plans to identify tasks that produce waste and establish goals for waste reduction within each task.

#### **Spill Prevention And Fluids Management**

In general, we do not store petroleum products in volumes that are subject to the EPA's Spill Prevention, Control and Countermeasure (SPCC) regulations. In a few of our make ready shops, larger volumes of used oil are stored and we have developed and implemented SPCC regulations as required. We did not experience any reportable quantity spills during 2022.

We recycle 100% of the lube oil, our largest consumable, that we recover and return to our facility during the preventive maintenance process. In addition, we continue to operate an oil sweetening program, which is designed to reduce the use of lube oil. Oil sweetening installations have been made on over 1,200 compressor engines, and we continue to add installations as appropriate when units undergo shop maintenance, with expansion of the program totaling approximately 300 additional units planned for 2023.

#### Recycling

In addition to lube oil recycling discussed above, our recycle program and efforts include the following:

- Following a precious metals recycling pilot in our Rockies business unit during 2021, we expanded the initiative to all of our business units during 2022, focusing on palladium, platinum and rhodium extracted from catalysts that cannot be redeployed.
- We utilize only reputable, fully licensed and permitted waste vendors to recycle operational consumables that are returned to our facilities (e.g., oil, oil filters, coolant and batteries).

## HABITAT AND WATER

Our operational footprint does not have a significant direct impact on biodiversity and habitat. However, as part of our best-in-class services, we support our customers' efforts to reduce their environmental impacts by housing our units in buildings, equipping them with sound mufflers and providing netting in wildlife-sensitive areas for additional wildlife protection.

Our operations do not rely on a significant level of water consumption from operations, nor do we produce a measurable amount of waste water. We use a minimal amount of water in our operations, primarily for cleaning and maintenance of our compression equipment, as well as for general use in our facilities and corporate headquarters.



## ARCHROCK 2022 Sustainability Report



## **ECONOMIC IMPACT**

Fundamentally, we strive to improve the lives of our stakeholders – investors, employees, suppliers, communities and both direct and indirect customers, the end-users of the energy generated through the extraction of natural gas. We play an integral role in the delivery of affordable, cleaner natural gas, and we are committed to exploring ways to improve our environmental impact while delivering solid operational and financial performance.

Market volatility in the energy industry brings additional challenges, including the need to quickly and effectively adjust operations to match market conditions in what is typically a capital-intensive business. Along with continued emphasis on environmental performance, we see renewed focus on energy affordability and security. The need to innovate and control costs is a daunting challenge. We have made significant progress in assessing potential solutions that we believe are commercially viable and have potential to improve emissions performance. We remain determined to lead our business through market volatility, and industry cycles, while adding value for our stakeholders.

	2022 ECONOMIC IMPACT
INVESTORS	<ul><li>\$90 million in dividends</li><li>Capital discipline and solid governance practices</li></ul>
EMPLOYEES	<ul> <li>Approximately 1,100 employed in 15 states</li> <li>Competitive base salary and bonus program</li> <li>Full complement of benefits</li> <li>Focus on safety and training</li> </ul>
SUPPLIERS	<ul> <li>\$419 million cost of sales</li> <li>\$146 million in growth capex</li> <li>Conducted business with over 1,600 vendors</li> </ul>
COMMUNITIES	<ul> <li>Offices, warehouses and shops in 48 communities across the U.S.</li> <li>Community involvement and charitable giving coordinated by employee-run committees</li> <li>Paid time to volunteer</li> </ul>
CUSTOMERS - DIRECT	<ul> <li>\$846 million in revenue</li> <li>3.7 million available horsepower</li> <li>Over 800 field service technicians and shop employees</li> <li>Partner to meet environmental requirements</li> <li>Over 20 year average length of relationship with top 10 customers</li> </ul>
CUSTOMERS - INDIRECT	• Natural gas is affordable, plentiful and can contribute to the reduction of emissions when displacing the use of coal or other more emissions intensive fuels for energy generation

#### NATURAL GAS AFFORDABILITY<sup>1</sup>

Regions in the U.S. with a higher penetration of natural gas used in electric power generation saw prices rise at a slower rate since 2008. In addition to higher prices, regions with a lower share of natural gas used in electric power generation experienced more extreme seasonal price fluctuations.

#### PRODUCER PRICE INDEX FOR RESIDENTIAL ELECTRIC POWER BASED ON DEGREE OF NATURAL GAS UTILIZATION



#### NATURAL GAS AVAILABILITY<sup>2</sup>

It is estimated that over 2,900 trillion cubic feet (Tcf) of technically recoverable resources (TRR) of dry natural gas is available in the United States as of January 1, 2020.

Assuming the same annual rate of U.S. dry natural gas production in 2020 of over 30 Tcf, the United States has enough dry natural gas to last about 89 years. The actual number of years the TRR could last depends on the actual amount of dry natural gas produced and on changes in natural gas TRR in future years.



 <sup>1</sup> W.McClain, U.S. Bureau of Labor Statistics, May 2021. Trends in electricity prices during the transition away from coal, Beyond the Numbers: Prices & Spending, vol. 10, no. 10. https://www.bls.gov/opub/btn/volume-10/trends-in-electricity-prices-during-the-transition-away-from-coal.htm
 <sup>2</sup> EIA, February 2023. FAQs – How much natural gas does the United States have, and how long will it last? https://www.eia.gov/tools/faqs/faq.php?id=58&t=8#.~:text=The%20U.S.%20Energy%20Information%20Administration.gas%20in%20the%20United%20States

## REDUCTION OF CO2 EMISSIONS FROM COAL TO NATURAL GAS SWITCHING<sup>1</sup>

As the cleanest-burning fossil fuel, the growing abundance of natural gas has helped to meaningfully reduce emissions from the electric generation sector by displacing coal-fired generation, and continues to contribute to emissions reductions where coal continues to be displaced. According to the EIA, between 2006 and 2021, natural gas production has increased by 87% while energy CO2 emissions have declined by 17%. And the International Energy Agency has stated that, as of 2019, "coal-to-gas switching had been responsible for nearly one-fifth of total U.S. emissions savings since 2010."<sup>2</sup>



The reduction in energy demand caused by the global pandemic in 2020 resulted in lower emissions, but at what we believe to be a significant economic and human cost. According to the World Bank, extreme poverty rose in 2020, for the first time in over 20 years, as a result of the COVID-19 pandemic, with poverty reduction efforts still hampered into 2022 as a result of the pandemic, inflation, and the effects of the war in Ukraine.<sup>3</sup> A report on progress on the UN Sustainable Development Goals (SDG7 Report) notes that energy access is tied to poverty reduction and other livelihood improvements.<sup>4</sup> However, this requires energy that is both affordable and reliable, such as natural gas. And natural gas can also help to reduce emissions impacts from energy insecurity. For example, the SDG7 Report explicitly notes that access to cleaner cooking fuels, such as natural gas, "must be a top priority in the coming years."<sup>5</sup> However, the ongoing war in Ukraine has resulted in surging demand for fuels that are less environmentally sound, such as coal, as communities are faced with insufficient quantities of natural gas.<sup>6</sup> These environmental and social impacts highlight the importance of balancing and achieving all aspects of energy generation and societal needs, that is, for energy to be affordable, reliable and cleaner.

<sup>1</sup> EIA, December 2022. U.S. Energy-Related Carbon Dioxide Emissions. <u>https://www.eia.gov/environment/emissions/carbon/, https://www.eia.gov/energyexplained/natural-gas/natural-gas-and-the-environment.php</u> and <u>https://www.eia.gov/dnav/ng/hist/n9070us2A.htm</u>. At the time of publication of this report, 2022 energy emissions data was not available. At the time of publication of this report, 2022 energy emissions data was not available.

- https://iea.blob.core.windows.net/assets/cc35f20f-7a94-44dc-a750-41c117517e93/TheRoleofGas.pdf
- <sup>3</sup> World Bank, April 2022. Pandemic, Prices, and Poverty.
- https://blogs.worldbank.org/opendata/pandemic-prices-and-poverty\_

<sup>4</sup> IEA, International Renewable Energy Agency, United Nations Statistics Division, The World Bank and World Health Organization, 2022. Tracking SDG7: The Energy Progress Report.

https://trackingsdg7.esmap.org/data/files/download-documents/sdg7-report2022-full\_report.pdf

<sup>6</sup> Bloomberg, 2022. Russia's War is Turbocharging the World's Addiction to Coal.

https://www.bloomberg.com/news/articles/2022-04-25/coal-prices-soar-as-russia-war-energy-crisis-risk-global-climate-goals#xj4y7vzkg

<sup>&</sup>lt;sup>2</sup> IEA, July 2019. The Role of Gas in Today's Energy Transitions.

<sup>&</sup>lt;sup>5</sup> Id.

## **DATA** TABLE

	Units	2018	2019	2020	2021	2022
	Econom	ic <sup>1</sup>				
Adjusted EBITDA	\$ (in millions)	352.3	416.5	414.8	360.8	363.3
Dividends Paid	\$ (in millions)	58.3	78.5	88.8	89.3	90.3
Dividend Per Share	\$	0.504	0.554	0.58	0.58	0.58
Dividend Coverage	Ratio	3.0x	2.8x	2.9x	2.2x	1.9x
Leverage	Ratio	4.4x	4.2x	4.2x	4.3x	4.4x
Capital expenditures Growth Maintenance Other	\$ (in millions)	251.6 49.7 17.8	300.5 58.6 26.1	79.1 32.0 29.2	37.2 47.3 13.4	146.3 84.2 9.4
Political contributions <sup>2</sup>	\$ (in millions)	0	0	0	0	0
Public Policy Advocacy Spending <sup>2</sup>	\$ (in millions)	0.1	0.1	0.1	0.1	0.1
Operating horsepower at year end	Horsepower (in thousands)	3,530	3,926	3,388	3,247	3,448
Average operating horsepower <sup>3</sup>	Horsepower (in thousands)	3,003	3,314	3,185	3,011	3,099
	Governa	nce				
Number of directors Female Ethnically/racially diverse Independent	Count	8 2 0 7	9 2 0 7	9 2 0 7	9 2 1 7	9 2 1 7
Director attendance (aggregate Board and committee meetings)	%	99%	99%	96%	100%	99%
Compliance Hotline		Yes	Yes	Yes	Yes	Yes
Quarterly compliance reports to Audit Committee		Yes	Yes	Yes	Yes	Yes
	Energ	V				
Fuel consumption (vehicle fleet)	Gigajoule (GJ) (in thousands) GJ per Vehicle	391 386	388 377	317 346	254 347	236 352
Office/shop facilities at year end Electricity consumption (facilities)	Sq Ft GJ (in thousands)	NPT NPT	1,058 NPT	948 49.2	864 45.9	842 43.1
Fuel consumption (compression fleet) <sup>4</sup>	GJ (in thousands)	172,460	189,310	180,890	169,580	173,701
Total energy consumption <sup>5</sup>	GJ (in thousands)	NPT	NPT	181,256	169,880	173,980
Energy Intensity <sup>6</sup>	Ratio to Revenue Ratio to HP	NPT NPT	NPT NPT	0.25 56.9	0.26 56.4	0.26 56.1

	Units	2018	2019	2020	2021	2022
	Environm	ent				
HSE Policy		Yes	Yes	Yes	Yes	Yes
Average number of vehicles in fleet during year	Count	1,011	1,029	918	733	670
Direct (scope 1) emissions from vehicle fleet $^7$	Tonnes CO2	29,948	29,725	24,231	19,458	18,676
Indirect (scope 2) emissions from facilities <sup>8</sup>	Tonnes CO2	NPT	NPT	5,316	4,949	4,681
Emissions (scope 1 and 2) intensity $^{\rm 9}$	Tonnes CO2 Per Million \$ of Revenue	NPT	NPT	33.8	31.2	27.6
Emissions (scope 3) from compression and production equipment <sup>4,10</sup>	Tonnes CO2 (in millions)	12.1	13.3	12.7	11.9	12.2
Emissions (scope 3) per operating horsepower <sup>4, 10</sup>	Tonnes CO <sub>2</sub>	4.03	4.01	3.99	3.95	3.93
Groundwater withdrawal from operations $^{\mbox{\scriptsize 11}}$	Cubic Meter (m3)	N/A	N/A	N/A	N/A	N/A
Fresh water consumed <sup>11</sup>	Cubic Meter (m3)	N/A	N/A	N/A	N/A	N/A
Waste water generated from operations	Cubic Meter (m3)	0	0	0	0	0
Number of reportable spills <sup>12</sup>	Count	0	0	0	0	0
Volume of reportable spills <sup>12</sup>	Cubic Meter (m3)	0	0	0	0	0
Regulatory fines	\$	0	0	0	0	0
	Health and S	afety <sup>13</sup>				
Integrated Health and Safety Policy and Program		Yes	Yes	Yes	Yes	Yes
Number of hours worked (contractor and employee)	Hours (in millions)	5.0	5.6	4.8	4.1	4.4
Total recordable incident rate <sup>14</sup>	Cases per 200,000 hours worked	0.40	0.54	0.21	0.10	0.32
Lost-time injury frequency <sup>14</sup>	Cases per 200,000 hours worked	0.04	0.18	0.04	0.00	0.00
Miles driven	Miles (in millions)	38.0	38.1	27.4	23.6	21.1
Total preventable vehicle incident rate <sup>15</sup>	Cases per 1,000,000 miles driven	0.63	0.32	0.25	0.13	0.24
Total reportable vehicle incident rate <sup>15</sup>	Cases per 1,000,000 miles driven	O.11	0.21	0.07	0.00	0.00
Safety fines and penalties	\$	2,700	26,000	12,000	0	0

	Units	2018	2019	2020	2021	2022
Social <sup>16</sup>						
Full time permanent employees	Count	1,685	1,657	1,242	1,095	1,076
Part time employees	Count	11	9	6	4	6
Corporate (full/part time) employees	Count	327	330	300	280	273
Field (full/part time) employees	Count	1,369	1,336	948	819	809
Contract/temporary employees	Count	91	126	140	238	203
Male	%	86	86	85	84	84
Female	%	14	14	15	16	16
Employees who self-identify as Caucasian	%	74	72	72	69	71
Employees who self-identify as members of underrepresented racial/ethnic groups	%	26	28	28	31	29
Women in management/supervisor positions	%	12	12	14	14	16
Women comprising executive management	%	33	33	33	33	33
Employees under age 30	%	13	14	10	11	13
Employees aged 30 to 50	%	53	52	56	53	52
Employees over age 50	%	34	34	34	36	35
Median employee compensation, excluding CEO <sup>17</sup>	\$	72,135	77,762	96,773	106,297	117,758
Operational/technical training <sup>18</sup>	Hours Trained	NPT	NPT	19,672	32,561	40,978
	Employees	N/A	N/A	N/A	N/A	N/A 4,070
	Enrollments	NPT	NPT	1,650	2,542	
Total safety training sessions offered <sup>19</sup>	Count	47	47	52	71	71
Compliance training <sup>20</sup>	Total minutes	67,854	68,478	70,338	43,010	42,268
Average minutes per employee trained	Avg minutes	50	51	61	42	39
Participation rate	%	100%	100%	100%	100%	100%
Compliance hotline complaints		Yes	Yes	Yes	Yes	Yes
Board review of compliance hotline complaints		Yes	Yes	Yes	Yes	Yes



#### Footnotes

Certain prior year amounts have been changed to conform with the current year methodology. If it was not practical to recalculate a prior year number based on the current year methodology, the prior year number was changed to NPT (not previously tracked).

#### Economic

- <sup>1</sup> For more information on financial performance and economic value distributed among operating costs, employee compensation and benefits, providers of capital, stockholders, government and retained earnings, see our Annual Reports on Form 10-K for each year ending December 31, 2018 through 2022 (our "Annual Reports").
- <sup>2</sup> We prohibit political contributions. Expenses related to public policy advocacy include a minimal amount of lobbyist fees and related expenses that are non-partisan and are focused on state and federal regulations that directly impact our business; the remainder is related to trade memberships in the Texas Taxpayer and Research Association, Texas Oil & Gas Association, Louisiana Oil & Gas Association and the Council on State Taxation.
- <sup>3</sup> Based on average monthly operating horsepower of compression and production equipment (operating assets such as cooler packages); excludes horsepower that is on standby and generating revenue. Because of the adjustments necessary to calculate emissions and energy use, this number differs from Average Operating Horsepower reported in our Annual Reports.

#### Energy

- <sup>4</sup> Compression fleet energy use and emissions are estimated based on average monthly operating horsepower of compression and production equipment, OEM specifications, as well as internal estimations (applied consistently year-over-year) with regard to quality of fuel source, customer-initiated downtime and customer loading. We continue to refine our estimates based on internal review of our data and information from key OEMs; changes are applied consistently across all years.
- <sup>5</sup> Includes all components of energy use: gasoline for our vehicle fleet, electricity used to power our offices and estimated natural gas and electricity to power our compression fleet and production equipment.
- <sup>6</sup> Energy Intensity is calculated as the total energy required for our operations (fleet, facility and compression equipment) divided by (a) contract operations revenue as stated in our Annual Reports and (b) average operating horsepower for the year.

#### Environment

- <sup>7</sup> Estimated by Mason Anderson & Gautam Boggavarapu Business Intelligence and Analytics based on the number of vehicles in our fleet, the manufacturer emissions information based on the make, model, age and fuel source of each vehicle and miles driven.
- <sup>8</sup> 2020 through 2022 emissions were calculated using U.S. Environmental Protection Agency Power Profiler Emissions Tool (Version 11.1, dated May 13, 2022). The tool calculates emission factors from the U.S. Environmental Protection Agency eGRID2020 based on kWh energy use for all facilities that we own and lease.
- <sup>9</sup> Emissions intensity is calculated as the sum of Scope 1 and Scope 2 emissions divided by total revenue (in millions) as stated in our Annual Reports to derive intensity per million dollar of total revenue.
- <sup>10</sup> Scope 3 emissions are only comprised of estimated emissions resulting from our compression fleet, which are Scope 1 emissions for our customers.
- <sup>11</sup> Our operations do not involve a measurable amount of fresh water usage and consumption is limited to what is typically required to support shop and office staff.
- <sup>12</sup> Reportable spills are defined by the applicable regulatory body for the jurisdiction in which a release occurs.

#### Health and Safety

- <sup>13</sup> Metrics include employees and contractors.
- <sup>14</sup> Calculated pursuant to OSHA guidelines: Total number of recordable incidents (for TRIR) or lost time injuries rate (for LTIR) x 200,000/divided by total hours worked during the year covered.
- <sup>15</sup> Calculated pursuant to API guidelines: Total number of preventable vehicle incidents (for PVIR) or recordable vehicle incidents (for RVIR) x 1,000,000 miles/divided by mileage driven during the year covered.

#### Social

- <sup>16</sup> All demographic numbers in this section are as of December 31 for each year reported.
- <sup>17</sup> As reported in our proxy statement and calculated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act and Regulation S-K.
- <sup>18</sup> The lower training hours in 2020 are a result of COVID, reductions in field personnel and the transitioning of our training approach as part of our technology transformation project. Certain previously formalized courses were replaced with more targeted micro-learning and learning on demand approaches. Employees may elect numerous training opportunities based on interest and need; therefore, we have adjusted our reporting from "number of employees trained" to "number of enrollments."
- <sup>19</sup> For additional information on our approach to safety, see pages 17-20.
- <sup>20</sup> Compliance training covering one or more Code topics is foundational to our compliance program and is provided annually to all employees. The specific compliance training topics may change from year to year as a result of, among other things, changes in law, best practices and Archrock experiences, and have included anti-harassment, fraud, anti-discrimination, cybersecurity, intellectual property, FCPA/anti-corruption/anti-bribery, antitrust, trade controls and insider trading. Time spent on compliance training (in the aggregate as well as the average per employee) decreased in 2021 due a number of variables, including reduced employee count and the high demands of our technology initiative. The trend continued in 2022 for similar reasons, as well as covering topics with shorter training modules.

## **SASB** PERFORMANCE TABLE

Торіс	Code	Disclosure	
Greenhouse Gas Emissions			
Gross Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	EM-MD-110a.1	As discussed on page 3, our customers are responsible for track and reporting air emissions associated with their operations, whi – include gas compression equipment provided by us. Emissions	
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	EM-MD-110a.2	reported in the Data Table on page 33 are associated with our field services truck fleet. See also page 27.	
Air Quality			
Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM10)	EM-MD-120a.1	As discussed on pages 3 and 24, our customers are responsible for tracking and reporting air emissions associated with their operations, which include gas compression equipment provided by us. We continuously work to improve the performance of our compression fleet with respect to air emissions and work with our customers to help them meet or exceed federal, state, and local requirements (see pages 23-27).	
Ecological Impacts			
Description of environmental management policies and practices for active operations	EM-MD-160a.1		
Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat	EM-MD-160a.2	As discussed on pages 3 and 24, our customers own or lease the land where they operate and are responsible for tracking and	
Terrestrial acreage disturbed, percentage of impacted area restored	EM-MD-160a.3	reporting environmental incidents and restoring acreage disturbed. As a primary gas compression services provider, our ecological impact is limited in scope. See also the Data Table on page 33.	
Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas, and volume recovered	EM-MD-160a.4		
Competitive Behavior			
Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations	EM-MD-520a.1	Not applicable. We do not own pipeline or storage assets.	

Operational, Safety, Emergency Preparedne	ss & Response		
Number of reportable pipeline incidents, percentage significant	EM-MD-520a.1		
Percentage of (1) natural gas and (2) hazardous liquid pipelines inspected	EM-MD-540a.2	Not applicable. We do not own pipeline, storage or rail transportation assets.	
Number of (1) accident releases and (2) non- accident releases from rail transportation	EM-MD-540a.3		
Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles	EM-MD-540a.4	See pages 11, 13-16, and 23.	
Activity Metric			
Total metric ton-kilometers of: (1) natural gas, (2) crude oil, and (3) refined petroleum products transported, by mode of transport	EM-MD-000.A	Not applicable. We provide compression services only and do not engage in the physical transport of these products.	



## **TCFD** PERFORMANCE TABLE

Торіс	Metric / Response			
	GOVERNANCE			
a. Describe the board's oversight of climate-related risks and opportunities.	The Board has an active role, as a whole and through its committees:			
	<ul> <li>Our Board is responsible for oversight of our ERM program, which includes ESG and emissions-related risk and opportunities that may impact our business strategy.</li> </ul>			
	• Our Audit Committee assists the Board with oversight of our ERM process for identifying key risks and assessing management's response.			
	• Our Compensation Committee has taken steps that link ESG and emissions-related performance to our short-term incentive compensation program for employees and executives.			
	• Our Governance and Sustainability Committee oversees the disclosure of material safety and ESG performance metrics, risks and response, including through a review of this report.			
	See also our committee charters.			
b. Describe management's role in assessing and managing climate- related risks and opportunities.	Our ELT is responsible for executing the Company's strategy and ERM program, including as it relates to ESG and emissions-related issues, as approved by our Board. Our ELT and other members of management regularly report to the Board and committees on these topics. Implementation of our ESG and emissions-related objectives and responsibilities is led by:			
	• Our Sustainability Committee, a cross-functional team that manages data and analysis, monitors trends and drives supportive practices related to ESG and emissions; this committee is sponsored by our Senior Vice President, General Counsel and Secretary.			
	• Our New Ventures team reports to our Senior Vice President, Sales and Operations Support, a nd is comprised of dedicated full-time engineering, operations and sales employees who analyze and pursue potential new services and product lines focused on customer service, profitability and support of our customers' emissions reduction goals.			
STRATEGY				
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<b>Risks</b> A full description of climate-related risk factors can be found in our <u>2022 Annual Report</u> on Form 10-K.			
	<ul> <li>Opportunities</li> <li>Commercial and revenue opportunities driven by our New Ventures efforts as we work with our customers on solutions to help reduce their emissions intensity.</li> <li>Our focus on improving operational efficiency that could benefit cost reduction and minimize environmental impact.</li> </ul>			

STRATEGY (CONTINUED)			
Торіс	Metric / Response		
b. Describe the impact of climate- related risks and opportunities on the organization's businesses, strategy, and financial planning	<ul> <li>We continuously monitor regulatory and governmental policy changes affecting our industry and business.</li> <li>Regulatory risk is monitored and evaluated through internal expertise, participation in trade and other industry associations, as well as through additional third-party legal and policy expertise.</li> <li>Our New Ventures Team has dedicated resources to analyze and pursue potential new services and product lines focused on customer service, profitability and support of our customers' emissions reduction and sustainability goals.</li> <li>We invested ~\$50 million over three years in a technology transformation project, which, over the long-term, we believe will result in improved operating efficiencies, reduced internal costs and improved profitability. We also believe it will facilitate emissions intensity reductions and inform and direct our future goals for environmental performance and sustainability</li> <li>We have proactively and strategically positioned our fleet in the most stable part of the compression market, large horsepower, large horsepower is more fuel efficient on a per horsepower basis, which has resulted in improved emissions performance.</li> <li>We employ a prudent and rigorous capital allocation process that considers the company's cash generating capabilities and the appropriate amounts of business investment, debt reduction and shareholder return. We have expanded the electrification of our capital allocation process.</li> </ul>		
c. Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios, including a 2°C or lower scenario.	Archrock has not conducted a climate scenario analysis at this time.		
RISK MANAGEMENT			
a. Describe the organization's processes for identifying and assessing climate-related risks.	We directly integrate ESG risks, including emissions-related risks, into our ERM Program. See pages 11-12 of this report for more detail on our ERM program.		
b. Describe the organization's processes for managing climate- related risks.	See discussion in Strategy (b) above		
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	See discussion in Risk Management (a) above		

METRICS AND TARGETS		
a. Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process.	<ul> <li>We internally track the amount of capital expenditures, operating and overhead costs spent on developing, building and deploying the technology and equipment behind our lower-emissions operations and services, specifically electric compression and new ventures.</li> <li>Through vehicle telematics, we track vehicle idle time and the miles driven to monitor vehicle energy consumption and emissions.</li> <li>We track and quantify our estimated Scope 1, Scope 2 and Scope 3 emissions on an absolute and intensity basis (pg. 33)</li> </ul>	
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	• We track our estimated Scope 1 (vehicle fleet), Scope 2 (facilities) and Scope 3 (compression and production equipment) on an absolute and intensity basis (pg. 33)	
c. Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets.	<ul> <li>The company's 2022 short-term incentive program includes a quantifiable targeted reduction in miles driven per operating horsepower, which should positively impact our Scope 1 emissions.</li> <li>Emissions resulting from our compression fleet are Scope 3 emissions for Archrock and are Scope 1 emissions for our customers. Because the compression services we provide are largely dictated by the needs of our customers, our approach to risk management and opportunities for emissions from our compression fleet has been to primarily focus on developing solutions to help our customers achieve their emissions reduction objectives.</li> </ul>	



## NOTES ABOUT THIS REPORT

This Sustainability Report contains forward-looking statements that may state Archrock's or its management's intentions, beliefs, expectations or predictions for the future. Such forward-looking statements are subject to certain risks, uncertainties and assumptions, and typically can be identified by the use of words such as "will," "may," "could," "expect," "estimate," "anticipate," "forecast," "plan," "believe" and similar terms. Although Archrock believes that its expectations are reasonable, it can give no assurance that these expectations will prove to be correct, and actual results may vary materially. Factors that could cause actual results to differ from those implied by the forward-looking statements include, but are not limited to, challenges, assumptions, and methodological considerations associated with Archrock's various ESG aspirations and efforts, as well as the Risk Factors set forth in our most recent Annual Report on Form 10-K, quarterly and other periodic reports, current reports and other filings with the Securities and Exchange Commission at www.sec.gov. This report has been reviewed internally by subject matter experts, our Disclosure Committee and Internal Audit, with oversight from the Board. While we aim to update this report annually, following the availability of data for the most recently completed fiscal year, we cannot guarantee that future years' reports will cover the same topic or apply the same methodologies or assumptions used in this report, given that priorities and methodologies in this space continue to evolve. Moreover, Archrock undertakes no obligation, and expressly disclaims any duty, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Additionally, this report contains ESG-related statements based on hypothetical scenarios and assumptions as well as estimates that are subject to a high level of inherent uncertainty, and these statements should not necessarily be viewed as being representative of current or actual risk or performance, or forecasts of expected risk or performance. In addition, historical, current, and forward-looking environmental and social-related statements may be based on standards and metrics for measuring progress, as well as standards for the preparation of any underlying data for those metrics, that are still developing and internal controls and processes that continue to evolve; while these are based on expectations and assumptions believed to be reasonable at the time of preparation, they should not be considered guarantees. Moreover, Archrock's disclosures based on any standards may change due to revisions in framework requirements, availability of information, changes in Archrock's business or applicable governmental policies, or other factors, some of which may be beyond Archrock's control. For example, we currently estimate Scope 3 emissions using certain operational measures and emissions factors, which may over- or underestimate our Scope 3 emissions associated with reported categories. Our approach to measuring and assessing our GHG emissions and establishing targets for the reduction of our emissions, as well as the characterization of our activities, may ultimately be deemed to be inconsistent with future regulatory requirements or best practices. The terminologies and taxonomies associated with some of our activities, including the extent to which activities can be characterized as "green," "sustainable," or "renewable" in nature, or similar terms, maybe subject to interpretation, reinterpretation and regulation in the future, and there can be no guarantee that our interpretation of such terminologies and taxonomies will be consistent with how such matters are characterized in the future. To the extent we change, or are required to change, our approach or process for measuring our emissions, our responses to climate- or other ESG-related matters, or our disclosures and other statements regarding our products and/or operations, it may materially impact our progress on our ESG efforts or profile.

The events, scenarios, and efforts discussed in this report, including both forward-looking statements and other statements, may be significant; however, the inclusion of such statements is not an indication that these contents are necessarily material for the purposes of complying with or reporting pursuant to the U.S. federal securities laws and regulations, even if Archrock uses the word "material" or "materiality" in this document in relation to those statements or in other materials that Archrock may release from time to time in connection with the matters discussed herein. Moreover, given the uncertainties, estimates and assumptions required to make some of the disclosures in this report, and the timelines involved, materiality is inherently difficult to assess far in advance. In addition, given the inherent uncertainty of the estimates, assumptions and timelines contained in this report, we may not be able to anticipate in advance whether or the degree to which Archrock will or will not be able to meet its plans, targets or goals.

Website references throughout this document are provided for convenience only, and the content on the referenced websites is not incorporated by reference into this document.

ARCHROCK 2022 Sustainability Report



## WE POWER A CLEANER AMERICA

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