



**MILESTONE**  
ENVIRONMENTAL SERVICES

CLEANING UP ENERGY<sup>SM</sup>

# DATA DRIVES OUR MISSION



**2021  
SUSTAINABILITY  
REPORT**



**MILESTONE**  
ENVIRONMENTAL SERVICES

For Milestone Environmental Services,  
**2021 was a  
groundbreaking year.**

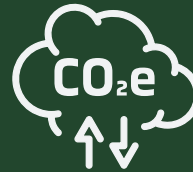
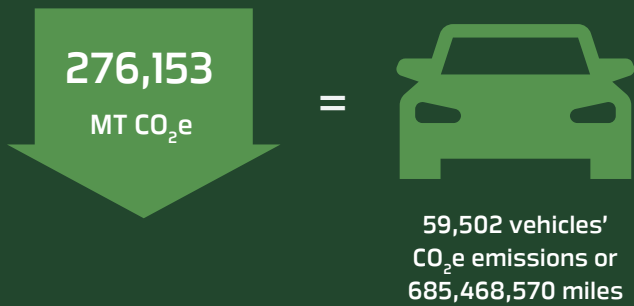
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We made great strides using carbon data to **quantify, verify, and attribute** the carbon we sequester in our energy waste division so that our customers can have a clear understanding of the carbon benefit of sending their waste to us.

OUR  
**MISSION**

To Clean Up Energy<sup>SM</sup>

**2021 TOTAL CARBON  
SEQUESTERED**



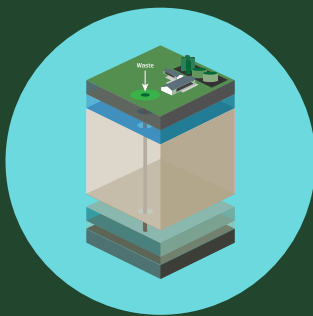
Net negative  
carbon footprint  
**(193,052)**  
in 2021

**TOTAL CARBON SEQUESTERED**



Estimated, based on historical averages and  
volumes received as of April 29, 2022.

Customers trust the carbon benefits of sending their waste to Milestone.



In 2021, an average of  
over 750 metric tons  
of CO<sub>2</sub> per day was  
sequestered through our  
slurry injection process.



We founded Milestone  
Carbon to actively develop  
important projects to  
sequester carbon dioxide  
from industrial sources.



We strengthened our data  
capabilities to quantify,  
verify, and attribute the  
sequestered carbon in our  
energy waste division.

Carbon dioxide equivalent or CO<sub>2</sub>e means the number of metric tons of CO<sub>2</sub> emissions with the  
same global warming potential as one metric ton of another greenhouse gas (source: [epa.gov](https://www.epa.gov/)).

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# LETTER FROM THE PRESIDENT & CEO

Gabriel J. Rio  
President & CEO

## + Advancements in our mission to **Clean Up Energy**<sup>SM</sup>

For Milestone Environmental Services, 2021 was a groundbreaking year. We made great strides using carbon data to quantify, verify, and attribute the carbon we sequester in our energy waste division so that our customers can have a clear understanding of the carbon benefit of sending their waste to us. In 2021, we sequestered an average of over 750 metric tons of CO<sub>2</sub> per day through our slurry injection process. And as a testament to our mission to Clean Up Energy, we created a new business within Milestone – Milestone Carbon<sup>TM</sup> – in 2021 to develop a portfolio of prospective CO<sub>2</sub> sequestration sites near high-purity industrial emitters and existing infrastructure.

Last year Milestone published its inaugural Sustainability Report, which highlighted our activities in 2020. During that year, we worked with third-party engineering firms to calculate our own carbon footprint, which is meaningfully negative. We showed that Milestone is removing hundreds of thousands of metric tons of carbon from the atmosphere per year by permanently sequestering hydrocarbon-rich waste streams produced by the oil and gas industry. These findings were eye-opening to our customers and helped some operators make the wise decision to move away from risky onsite methods of energy waste disposal.

## + **It's a great start. Now it's time to take the next steps.**

Throughout 2021, we deepened our understanding of the carbon we sequester. Through accelerated sampling protocols and careful tracking of carbon quantities in the waste we handle, we have dramatically advanced our data. We now have clearer visibility into the origins of the carbon in our injection streams, and we're able to report **consistent, reliable data directly from our accounting system**, so each customer can see their respective carbon savings by using our advanced proprietary methods.

# LETTER FROM THE PRESIDENT & CEO (CONT.)

## + Hydrocarbons remain essential, which makes Milestone indispensable.

Momentum continues to grow in the energy evolution, and oil and gas remains critical to the global economy. They fuel our transportation, our supply chains, and the creation of products that enable modern life. Global supplies of oil and gas have become less abundant and less certain due to years of underinvestment and policymaking that inhibits fossil fuel development. These factors have been exacerbated by geopolitical instability and war, putting the onus on U.S. operators to provide secure, sustainable energy – while reducing carbon.

Milestone is a ready partner to help operators succeed. We help our customers maintain the critical social license to operate in today's environmentally-conscious environment. Those who regularly dumped their energy waste on-lease via reserve pits and landfarming now have a better option. They're doing better business, reducing their carbon footprint and their liability because of it. Last year, we highlighted how on-lease disposal methods contribute meaningfully to operators' Scope 1 emissions. By using third parties to manage their waste, operators are able to move emissions from Scope 1 to Scope 3, but this doesn't solve the carbon problem. By sending waste to Milestone, they can instead eliminate these emissions entirely, because we geologically sequester the carbon permanently. With us they gain confidence that their waste and liability have been professionally removed, and the data we give them is consistent, reliable, and replicable. You will see this higher level of data precision reflected throughout the pages of this report.

## + We never stop developing, improving, and striving to accomplish our mission.

Milestone will continue to advance forward-thinking environmental infrastructure to serve the industries that help our economy thrive. Through proper management of energy waste, sequestration of carbon, and other developments, Milestone will relentlessly pursue its mission to Clean Up Energy.



**Gabriel J. Rio**



# REPORT OVERVIEW

At Milestone Environmental Services, LLC (“Milestone”), sustainability means achieving financial performance while operating in an ethically, environmentally, and socially responsible manner. We are committed to transparent communication of our sustainability efforts, and we believe that sound Environmental Social and Governance (“ESG”) practices are integral to building resilient businesses and creating long-term value for all stakeholders.

During 2020, we began tracking certain ESG metrics and developed our inaugural Sustainability Report. During 2021, we took steps to enhance the data gathering and monitoring and attribution of carbon in our overall ESG performance, by expanding upon the ESG initiatives we consider impactful to our business. We know we must continue to evaluate the goals and strategies within each ESG area. Milestone’s focus on strategy development, risk management, and the enhancement of measurement and monitoring of key metrics will continue to help us be a forward-thinking company. Through this diligence, we will deliver value to our stakeholders and advance our mission to Clean Up Energy.

# OUR REPORTING FRAMEWORK

The specific metrics in our 2021 Sustainability Report were determined by assessing the most relevant and impactful performance areas for Milestone, our investors, and other key stakeholders. This report follows the guidance of the Sustainability Accounting Standards Board (SASB) of the Value Reporting Foundation. SASB standards provide an accepted reporting framework that yields decision-useful metrics, helps us track progress, and enables comparability for our investors and other stakeholders. Milestone is an energy waste management company that is classified within the Waste Management industry according to SASB's Sustainable Industry Classification System<sup>®</sup>. Given the current nature of our customer base and operations, we also considered relevant disclosures suggested for the Oil & Gas Services industry.

When evaluating our disclosures in relation to SASB standards, users in some cases will need to normalize the data to make meaningful comparisons. As such, we have included certain activity metrics to aid users in their evaluation. Refer to our SASB Index on [page 42](#), which highlights our responses to suggested SASB accounting metrics and includes the appropriate activity metrics to assess our disclosed data in a meaningful context. The information provided within this report is as of and for the years ended December 31, 2021 and 2020, unless otherwise noted.





# ABOUT MILESTONE

## Who We Are

Milestone is a leading, independent carbon sequestration partner focused on responsible energy waste management solutions. We help energy companies mitigate risk, reduce their carbon impact, and enhance their sustainability efforts by delivering an approach to waste management that is environmentally superior, cost-effective, and operationally efficient. From our headquarters in Houston to our field operations throughout Texas, Milestone specializes in the

handling of non-hazardous oil and gas drilling, completion, and production waste. We do this through eight slurry injection facilities and two energy-waste landfills across the Permian Basin and Eagle Ford Shale.

As a business focused on helping customers operate more sustainably and mitigate climate risk, Milestone is reframing the way exploration & production (E&P) companies think about energy waste disposal. We offer our customers a proven, alternate solution that helps them meet their net-zero commitments, advance their ESG initiatives, and play a meaningful role in the energy evolution to a more sustainable future.

We realize additional infrastructure will be needed to handle the demand for professional management of energy waste streams. Effective December 31, 2021, Milestone acquired an energy waste disposal facility in Center, Texas, along with two additional permits for energy waste landfills in Texas. Our decision to acquire these assets was a strategic one that supports Milestone's growth while serving the environmental needs of E&P operators in major U.S. basins.



The map above does not reflect the staffed office in Midland, TX nor the Dilley facility, which was taken offline during the first quarter of 2022, but was in operation as of December 31, 2021.

**We help energy companies mitigate risk, reduce their carbon impact, and enhance their sustainability efforts.**

OUR  
**MISSION**

To Clean Up Energy<sup>SM</sup>

OUR FOUNDING  
**PRINCIPLE**

Milestone was founded to boldly advance sustainability. We do this by delivering best practices that enable the development and production of vital domestic energy while doing the right thing for a better tomorrow. Our values reflect our commitment to the environment, our workforce, our community, and our customers.

OUR  
**VALUES**

+ **Sustain Our Future Safely**

This is the core of our company. Our safe, best-in-class carbon management and energy waste processes help our customers provide essential energy while minimizing impact on the environment.

+ **Lead Forward**

We innovate progressive technologies to protect the environment for all stakeholders and future generations. We ensure our stability to continue to serve all constituents. We evaluate changes to our business holistically, considering the impact on all who depend on us.

+ **Commit to Customers and Employees**

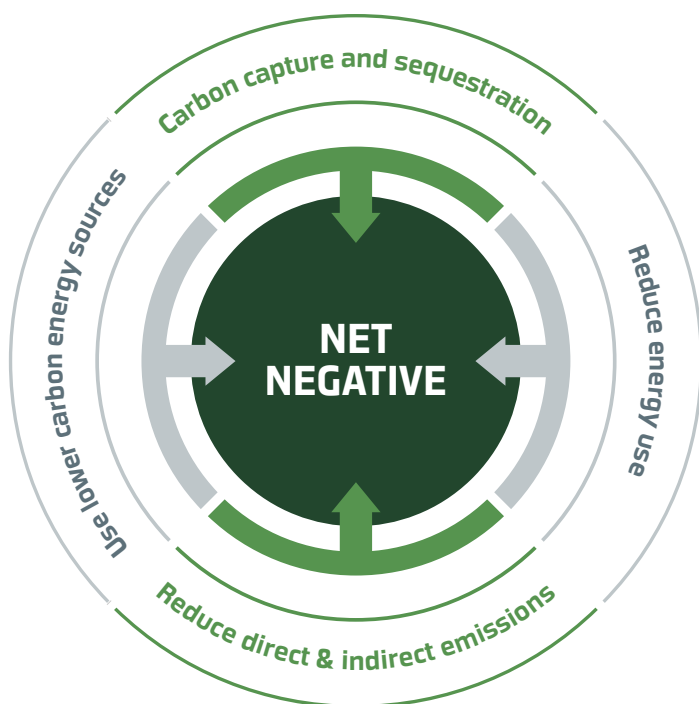
We consistently meet customer needs quickly and efficiently, so they can focus on their core business. We're also committed to being a great place to work. We treat all employees with respect, provide top-tier pay and benefits, offer opportunities for advancement, and maintain a safe workplace.

+ **Be Reliable**

This is crucial to developing and maintaining the trust of our customers, regulators, employees, communities, and investors. They all must be able to count on us to do our part, 24/7/365.

+ **Act With Integrity**

This is foundational to managing sensitive environmental matters and building a successful workplace. We believe in consistently delivering on our promises to all stakeholders and treating everyone with fairness and honesty.



## Evolution of the Energy Industry

Global carbon emissions from fossil fuels have significantly increased in the last 50 years. In 2020, U.S. greenhouse gas (GHG) emissions totaled 5,222 million metric tons (MT) of CO<sub>2</sub> emissions, which is a decrease of 11% as compared to 2019<sup>1</sup>. This decrease was primarily led by lower CO<sub>2</sub> emissions from fossil fuel combustion related to decreased demand for transportation due to the COVID-19 pandemic. Another contributor was the reduction in coal usage in favor of less carbon-intensive resources such as natural gas and renewables.

Although this decrease in CO<sub>2</sub> is a favorable step, energy companies are under increased pressure from investors, governments, and the public to continue reducing their GHG emissions and to increase their transparency around these reduction goals in alignment with a low-carbon economy. One example is the U.S. Securities and Exchange Commission’s (SEC’s) proposed rules issued in the first quarter of 2021 with the objective of enhancing and standardizing climate-related disclosures. These rules, if passed, will require specific disclosures on greenhouse gas emissions, climate-related financial statement metrics, and information about climate-related

<sup>1</sup> Source: <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks>

targets, goals, and transition plans, as applicable. This has the potential to drive companies to develop pathways and set goals for further GHG reductions beyond what is currently possible through available technologies.

It will take multiple concurrent paths to drive towards net-zero emissions and achieve the aggressive goals that have been set. With a primary focus on Scope 1 and Scope 2 emissions, energy companies are seeking technological alternatives to reduce these emissions but may not be accounting for some indirect (Scope 3) emissions. These indirect emissions range from the use of sold and purchased products to the management of waste as part of their operations. Currently, energy waste is not a significant part of the net-zero conversation, but with changes seen in the regulatory environment regarding goals and targets to reduce overall GHG emissions, the management of these emissions can be an important contributor to reducing our overall carbon footprint. Milestone provides an immediately available, proven, and low-cost means to sequester energy waste permanently and reduce carbon impact from the exploration and production of energy. Our solutions give energy producers another lever to pull in their pursuit of net-zero goals.



During November 2021, Milestone proudly accepted Hart Energy’s ESG Award recognizing leadership, performance, and progress toward measurable goals in the private service company category.

# Changing the Perspective on Energy Waste

Drilling fluids, production wastes, and other waste types are inevitable byproducts in the exploration, development, and production of oil and gas. This waste is regulated at the state level by agencies, including the Texas Railroad Commission (TXRRC) and the New Mexico Oil Conservation Division (NMOCD), and is exempt from hazardous designation under the Resource Conservation and Recovery Act of 1978 (RCRA). Regardless of this designation, when not handled properly, these waste streams can do harm. They contain hydrocarbons, water, chlorides, and heavy metals that can contaminate soil and groundwater, and they emit greenhouse gases when exposed to air and sunlight.<sup>2</sup>

While most technologies and processes at drilling sites have advanced, waste management practices have not. E&P companies habitually employ the antiquated practice of reserve pits and land application to dispose of waste. Although regulations in certain states permit these practices, these outdated methods pose enormous environmental and economic risks to our E&P customers and the communities near their operations. E&P companies frequently dump liquid and incidental solid wastes in reserve pits near drilling sites. These pits often have no protective liners, no plan/controls for leachate management, and are not continually monitored for integrity. The other outdated method is called land application, or landfarming. Energy waste is sprayed onto the surface of nearby farm or ranchland and tilled into the soil. This common practice can emit over 300 MT CO<sub>2</sub>e per new well drilled.<sup>3</sup>



Milestone provides a better way. Our solutions allow E&P companies to mitigate the risk of soil and groundwater contamination and reduce operational carbon impacts. Our business gives energy companies a path to go beyond minimum regulatory compliance with a cleaner, more responsible way to address this waste.

Milestone manages a variety of energy waste streams for its customers, including drilling fluid (mud), drill cuttings, other slurries, produced and flowback waters, production tank bottoms, and contaminated soils. Milestone's customers primarily generate these waste streams in the drilling, completion, and production phases of the oil and gas extraction lifecycle. See diagram on page 14 for how Milestone manages waste in the Energy Lifecycle.

An aerial view of reserve pits in the Permian Basin



<sup>2</sup> Source: Guidelines for Commercial Exploration and Production Waste Management Facilities, March 2001, [https://www.api.org/-/media/Files/EHS/Environmental\\_Performance/E\\_P\\_Waste\\_Guidelines.pdf](https://www.api.org/-/media/Files/EHS/Environmental_Performance/E_P_Waste_Guidelines.pdf)

<sup>3</sup> Assumes a horizontal well design with three strings of casing, 10,000-foot productive lateral length, and 60% recycling of oil-based drilling mud. See methodology for measuring the carbon content and conversion to GHG emissions in CO<sub>2</sub>e in Appendix II.

# Managing Waste in the Energy Lifecycle

as shown in diagram on page 14

## + Drilling Waste

E&P companies pump drilling mud down the drill string to lubricate the bit during downhole rotation. Drilling mud is comprised of an oil or water base, emulsifiers, brine, dispersants, and/or gels. As the bit rotates, circulation and pressure of the fluid system moves rock fragments up the wellbore to the surface, where it is processed in a nearby reserve pit (or in a series of storage and separation tanks in a “closed-loop” regulatory system). Approximately 20% of drilling mud is recycled back into the fluid system for future use. Depending on the jurisdiction, the remainder is either disposed of onsite via the reserve pit or land application, or it is transported to a permitted disposal facility.

Milestone’s state-of-the-art Class II slurry injection facilities are designed to handle drilling waste that is primarily liquid. Our surface equipment extracts a small fraction of incidental solids from the mud and slurry volume we receive, which we send to our landfills or others nearby. Our landfills handle both incidental solid and liquid waste streams. To prevent leakage at our landfills, we utilize advanced liner technologies and monitoring systems. Liquid waste delivered to the facilities also undergoes a dehydration or bulking process before disposal.

## + Completion and Production Waste

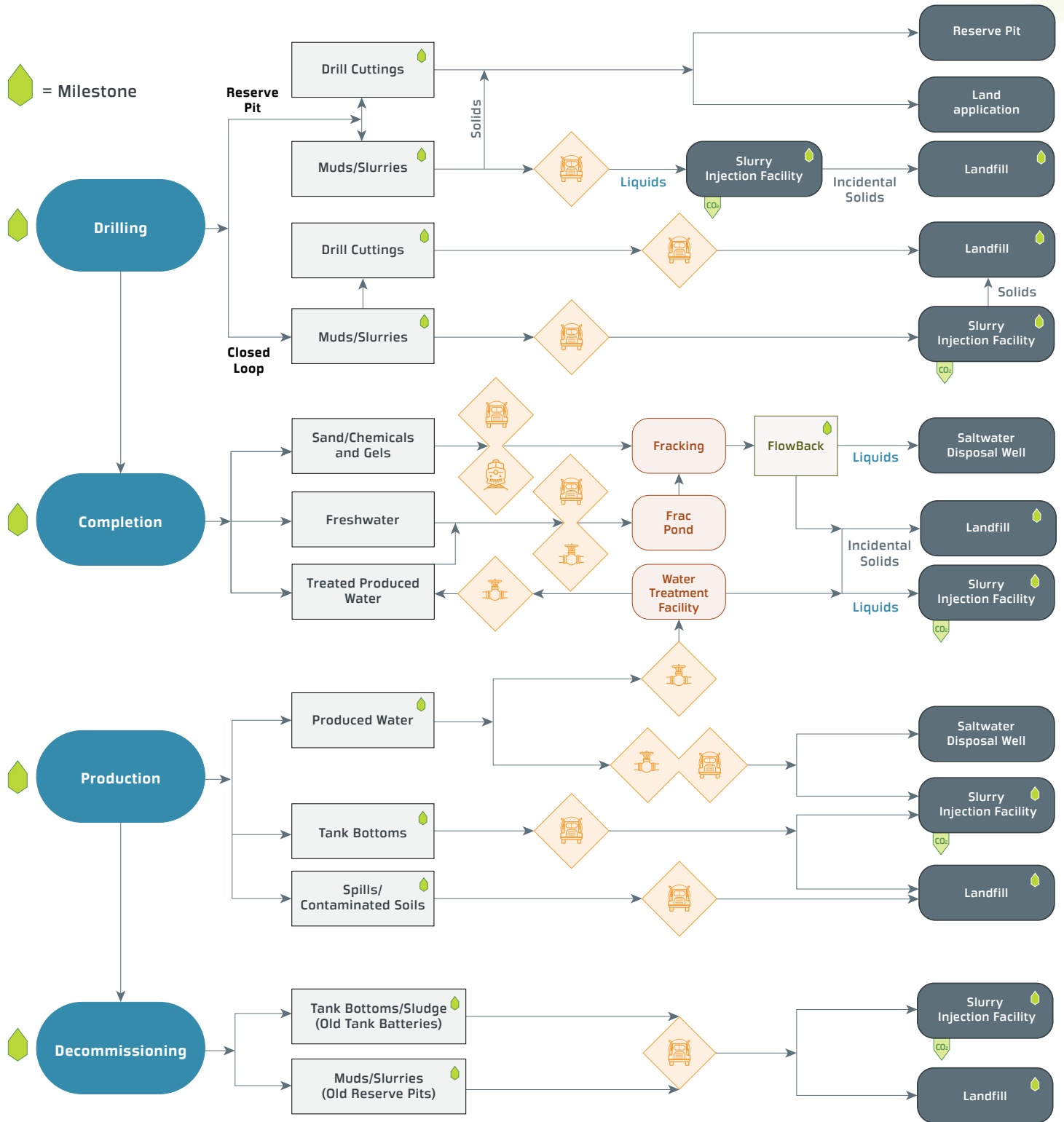
Most E&P companies use a reservoir stimulation technique called hydraulic fracturing, commonly known as fracking. This process pumps a mixture of water, chemicals, and sand at high pressures into the downhole geologic rock formations through perforations in the wellbore. The pressures fracture the rock so the oil and gas can flow from the reservoir. The resulting production stream—comprised of hydrocarbons, completion fluid flowback, and produced saltwater—rises to the surface, where hydrocarbons are separated from the waste byproducts. E&P companies often send a portion of produced saltwater and flowback to an in-field water treatment facility for reuse in future fracking operations. Sediment and water regularly accumulate at the bottom of storage tanks and require periodic removal. These wastes are known as tank bottoms. Our customers send drilling mud, tank bottoms, other slurries, produced saltwater, and flowback to one of our technologically advanced underground injection control (UIC) wells for disposal.<sup>4</sup> Milestone’s slurry injection facilities carry both UIC Class II and incidental solid waste management permits issued by the TXRRC and NMOCD.



+ Slurry injection site in Pecos, Texas

<sup>4</sup>Vacuum trucks are used for transportation of produced water and flowback if production tank batteries are not connected to a water pipeline system.

# MILESTONE MANAGES WASTE IN THE ENERGY LIFECYCLE



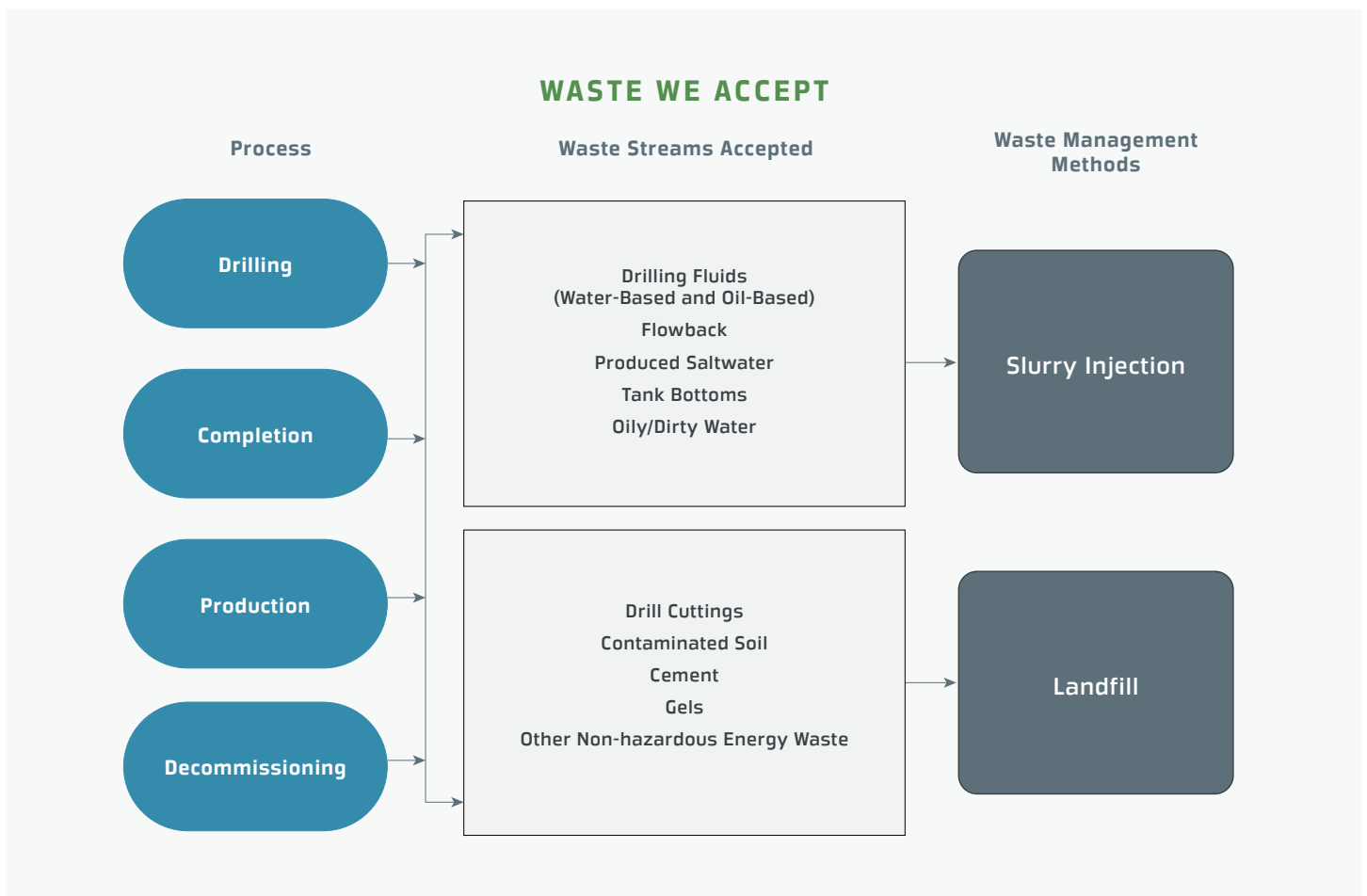


**ENVIRONMENTAL**

# ENVIRONMENTAL

## Sequestration: Our Innovative Business Model

Milestone provides customers an easy and effective way to execute on their own ESG strategies and mitigate climate-related risks by substantially decreasing their GHG emissions through energy waste sequestration. Our innovative business model securely and safely manages RCRA-exempt energy waste streams through our patented treatment and injection disposal process and best-in-class landfills.





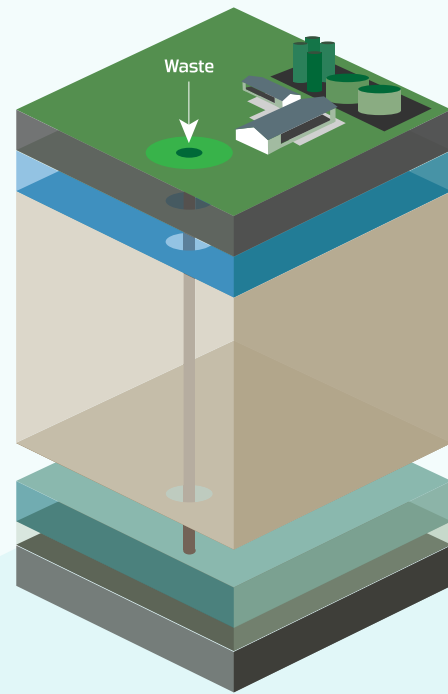
## + Milestone's Slurry Injection Process

Our patented and proprietary slurry injection process is a proven, environmentally secure, and economically efficient method for energy waste management. Our process differs from traditional saltwater injection because we are able to inject slurries with incidental solids that are uninjectable with traditional methods. Milestone's superior facility design and engineering, along with active, routine maintenance of our wellbores, enhances the durability and safety of our injection wells. We are proud to have provided this low-cost, environmentally secure energy waste management solution to our customers since our inception in 2014.

We receive RCRA-exempt, non-hazardous liquid and slurry waste streams, including drilling muds, tank bottoms, flowback, dirty water, and produced saltwater at our conveniently located surface facilities. We inject these waste streams into deep, geological strata thousands of feet below the earth's surface and usable groundwater. The injection area is contained by solid, impermeable layers of rock or shale called the confining zone. Together the confining zone and the thousands of feet of earth and rock above it protect critical groundwater sources. During initial construction of the injection well, once we've reached target depth, multiple layers of steel casing are installed down the length of the wellbore and cemented in place. These measures create a secure, impermeable barrier isolating the wellbore from groundwater and other surrounding strata. Milestone's operational procedures and testing protocols support the long-term integrity of our wellbores.

## CARBON SEQUESTERING

Helping Our Customers Achieve Net Zero



With our patented slurry injection process, liquid waste streams are injected thousands of feet below the water table, permanently sequestering carbon and preventing GHG emissions and ground contamination.

Due to our substantial injection of hydrocarbons, Milestone had a negative carbon footprint of ~193,000 MT CO<sub>2</sub>e during 2021.

### ADVANTAGES OF SLURRY INJECTION WELLS:

- Environmentally superior to landfarming
- Reduces carbon emitted into the environment
- Reduces liquids deposited into landfills
- Conserves land while minimizing visible environmental disruption
- Conserves multiples of landfill airspace



+ Waste injection reduces carbon emitted into the environment and is the environmentally superior solution to land application.



+ State-of-the-art landfill facility at Milestone's Upton County location just south of Midland, Texas

**Better, safer, smarter, easier, more cost effective, and more responsible – these are all key components of our business model. While our solutions are clearly better for the environment, they also make great business sense for our customers. We give the energy industry an effective way to sequester carbon at approximately the same cost as using risky reserve pits or land application.**

#### + Milestone's Energy Waste Landfills

Our landfills are positioned to minimize potential Scope 3 emissions associated with the transport of waste from our slurry injection sites. Milestone landfills are designed and operated to minimize wait times and optimize truck traffic flow to save time, reduce transportation emissions, and decrease costs. Our landfills are built using the most advanced protective technologies and materials. All details, including redundancy liners, leak detection systems, and groundwater monitoring wells, meet or exceed the latest permitting requirements to keep waste streams in the landfill and out of the surrounding environment. In short, Milestone's landfill design is

comparable to the same industry standards as RCRA Class 2, non-hazardous waste. We adhere to rigorous maintenance standards to help ensure our landfills remain in top-tier condition.

## Milestone's Negative Carbon Footprint

Slurry injection is the core component of our business. Our slurry facilities utilize a closed-loop disposal well system to inject liquid E&P waste streams into highly permeable geological strata, completely contained within impermeable formations thousands of feet below usable groundwater. This system prevents the hydrocarbons contained in our customers' waste from volatilizing or otherwise degrading into fugitive emissions, and instead permanently sequesters them beneath the earth's surface. If these waste streams had been disposed of through traditional practices, such as reserve pits or land application, the fugitive emissions would otherwise occur naturally over time through reactions between the hydrocarbons and other physical, physio-chemical, and/or biological elements at the surface (otherwise known as weathering). Milestone has the largest slurry injection installed capacity base in the U.S. We sequester far more emissions than we directly and indirectly generate through our operations. Milestone, therefore, has a materially negative carbon footprint.

## + Direct Emissions

Scope 1 emissions are defined as direct GHG emissions from sources that are owned or controlled by a company. We present our emission values for traditional GHG (CO<sub>2</sub> and methane). Additionally, we disclose the carbon dioxide potential from non-methane volatile organic compound (NMVOC) emissions from potential atmospheric oxidation after the initial fugitive release. We believe this increased transparency enhances the comparability of our operations with traditional land application disposal methods in terms of total carbon impact.

Milestone's gross Scope 1 emissions, which exclude any sequestration impact from slurry injection, come from three primary sources. First, at our slurry facilities, the waste we receive contains a small portion of non-injectable incidental solids. We separate these incidental solids at the surface and send them to a nearby Milestone or third-party landfill for disposal. The remaining slurry waste is blended with produced saltwater, injected underground, and permanently sequestered. During this process, minor fugitive GHG emissions and other NMVOCs occur during receipt, handling, and temporary storage of waste prior to injection. We account for the GHG and NMVOC emissions from our slurry injection facilities by using known customer-specified waste inputs and federal and state approved guidance and methods in accordance with our facility air permits from the Texas Commission on Environmental Quality (TCEQ). During 2021, these GHG emissions amounted to 116 MT of total carbon dioxide potential (CO<sub>2</sub>e) when accounting for the potential atmospheric oxidation of NMVOC emissions.

Second, our landfills can generate gross Scope 1 emissions that are fugitive in nature. In addition to

combustion and fugitive emissions of GHGs, aerobic volatilization and degradation of NMVOCs occurs when landfill waste is received, handled, and temporarily stored before internment in the landfill cell. Once inside the cell, anaerobic degradation of remaining hydrocarbons takes place over time through a reduction process (interaction of carbon molecules with hydrogen and other organic matter in the landfill cell). Compared to municipal solid waste (MSW) landfills, the organic matter in energy waste landfills such as ours is considerably more homogeneous in chemical composition. Heterogeneity of organic matter in MSW landfill waste causes much faster anaerobic degradation of matter into GHGs, primarily methane. Thus, on a volumetric basis, an energy waste landfill generates substantially less (if any) landfill gas per time interval than a similarly sized MSW landfill. We account for the GHG and NMVOC emissions of our landfills in accordance with our facility air permits from the TCEQ, using known customer-specified waste inputs as well as federal and state approved guidance and methods. Based on this methodology, our fugitive emissions of GHG are de minimis, and the entirety of landfill fugitive emissions consists of NMVOCs.<sup>5</sup> During 2021, these GHG emissions amounted to 66 MT of total carbon dioxide potential. Milestone is planning to evaluate and understand the nature of fugitive emissions contributed by our landfill(s). In 2022, we are exploring the use of drone technology and ambient collection to support this understanding.

Lastly, while we do not have the vehicle fleet commonly associated with many waste management competitors, our field personnel routinely utilize approximately 29 diesel-fueled pickup trucks and other off-road equipment. We include emissions from these vehicles and equipment, amounting to 1,847 MT CO<sub>2</sub>e, in our total gross Scope 1 emissions calculations.

<sup>5</sup>Our landfill emissions were calculated by a third-party engineering firm registered within the state of Texas. These volumes were calculated using equations and programs approved by the U.S. Environmental Protection Agency (EPA) and TCEQ to support Milestone's air permit applications.

## + Indirect Emissions

Indirect GHG emissions are a consequence of the operations of a company but occur at sources owned or controlled by another company. Indirect emissions are referred to as either Scope 2 or Scope 3. Our Scope 2 emissions are generated by the utility companies that provide the electricity we use in our operations. During 2021, all electricity consumed in our operations originated from the Electric Reliability Council of Texas (ERCOT) grid.

Scope 3 emissions represent all indirect GHG emissions, not included in Scope 2, that occur in our value chain, including both upstream and downstream emissions. Given the nature of our business, vehicle fuel consumed by our contracted transportation comprises essentially all of our material Scope 3 emissions.

The table below shows our gross and net emissions for the year ended December 31, 2021.



+ We are focused on reducing the carbon impact of energy companies.

## GLOBAL GREENHOUSE GAS EMISSIONS IN METRIC TONS OF CO<sub>2</sub>E

Emissions avoided through carbon sequestration <sup>6</sup>	(199,798)
Scope 1 direct emissions	2,029
Scope 2 indirect emissions from electricity consumed	3,564
Scope 3 other indirect emissions <sup>7</sup>	1,153
<b>Net Negative Carbon Footprint</b>	<b>(193,052)</b>

<sup>6</sup> See "Milestone's Net Negative Carbon Emissions."

<sup>7</sup> Milestone's emissions for 3rd party-trucks consist of two components: (1) ton-miles traveled and (2) engine idle time. Each round trip will have elements of both depending on the Milestone facility location and trucks' destinations.



+ Leachate recovered is being blended into other solid waste and reinterred in our landfill.

## + Milestone's Net Negative Carbon Emissions

In 2020, Milestone conducted a sequestration analysis of samples collected from our slurry injection stream to determine the average total petroleum hydrocarbon (TPH) content. The analysis examined the carbon sequestration impact of Milestone's slurry injection disposal practices in comparison to the traditional practice of land application disposal. Through collaboration with SCS Engineers (SCS)—a Low Carbon Fuel Standard (LCFS) certified environmental consulting firm based in California—we developed a methodology for estimating this comparison. In 2021, we collaborated with SCS to implement a comprehensive waste sampling protocol that offers Milestone and our customers improved insight in understanding the GHG impact of all E&P types of waste.

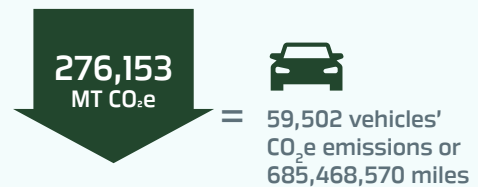
In 2021, Milestone collected, analyzed, and verified samples categorized by waste types, i.e., produced water, flowback, oil-base mud, water base mud, tank bottoms, etc. Based on SCS's analysis of these samples, the average barrel of slurry waste (i.e., excluding produced saltwater and flowback water) injected by Milestone contains approximately 49 kilograms of CO<sub>2</sub>e per barrel (kg CO<sub>2</sub>e/bbl).<sup>7</sup> One hundred percent of the TPH contained in our injection stream is permanently sequestered

<sup>7</sup> Per our historical volume data, approximately 3.5% of slurry receipt volume consists of non-injectable incidental solids (e.g., cuttings) that are removed via surface equipment and sent offsite for disposal.

<sup>8</sup> Net emissions (sequestration) figure reflects gross CO<sub>2</sub>e emitted less gross CO<sub>2</sub>e sequestered.

<sup>9</sup> Based on a 39 kg increase in gross emissions per barrel of slurry waste generated if disposed of via land application, or approximately 80% of the TPH content per barrel.

### 2021 TOTAL CARBON SEQUESTERED

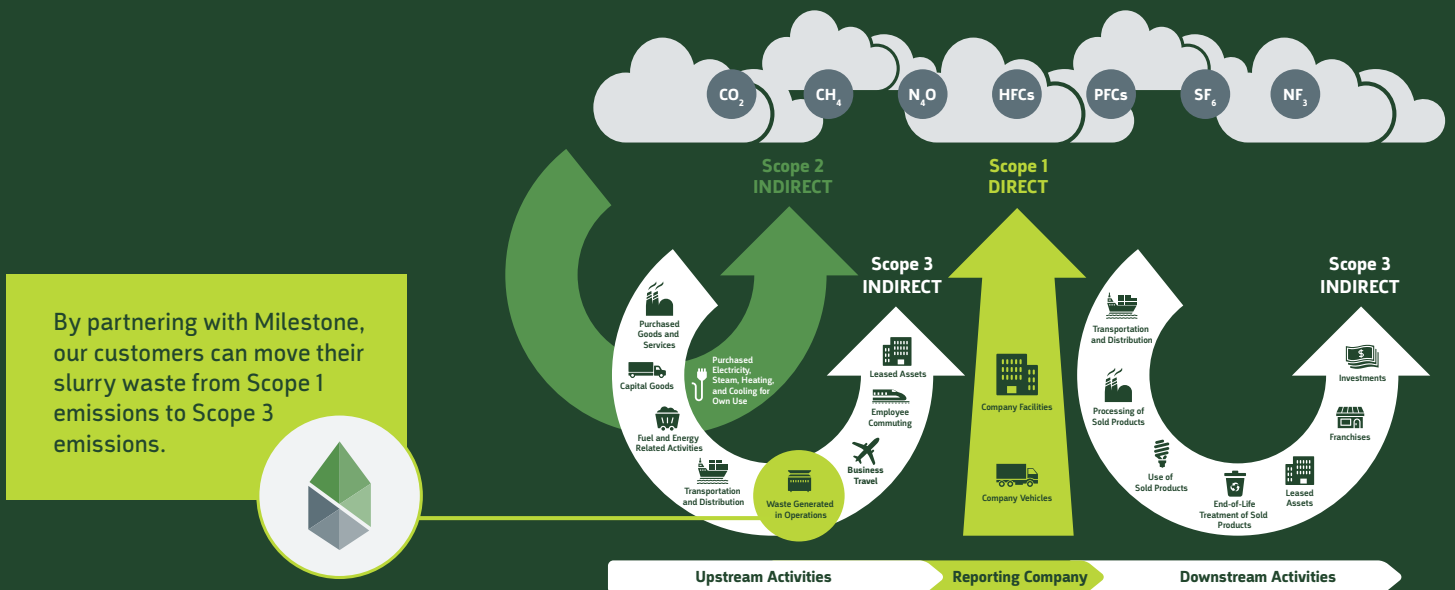


in deep, geologically secure formations. During 2021, Milestone sequestered approximately 276,000 MT CO<sub>2</sub>e contained in the slurry waste via our slurry injection operations.<sup>8</sup> If our customers had used traditional land application disposal for their slurry waste instead of Milestone's closed-loop injection system, we estimate their collective gross emissions would have been greater by approximately 200,000 MT CO<sub>2</sub>e.<sup>9</sup>

See Appendix III for an executive summary of the study we conducted with SCS, which outlines our measurement methodology for the emissions and sequestration impacts of our slurry injection process.

# HELPING OUR CUSTOMERS ACHIEVE NET ZERO

Overview of GHG protocol scopes and emissions across the value chain\*

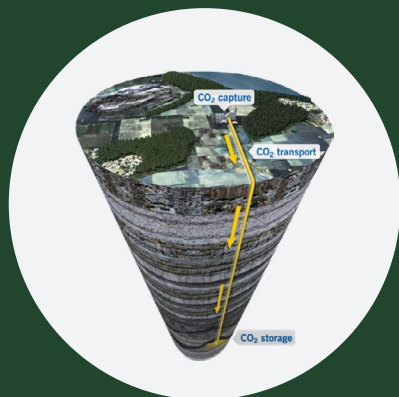


\*Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Milestone Carbon, LLC, a subsidiary of Milestone, offers turnkey solutions for the permanent geological sequestration of CO<sub>2</sub>—including design, permitting, development, and operations—for midstream and other significant industrial emitters.



## HIGHLIGHTS OF MILESTONE CARBON STRATEGY



Provided by the Global CCS Institute

Focus on lower complexity projects

Faster carbon capture project development and execution than competitors

Projects capable of sequestering 500,000 – 3,000,000 MT per year of CO<sub>2</sub>

## Air Quality

Milestone's facilities are permitted through the TCEQ, the state-level equivalent of the U.S. Environmental Protection Agency (EPA). Milestone claims several permit-by-rule (PBR) authorities with the TCEQ. PBRs are allowable air permit authorizations that require facilities to meet certain general and specific requirements. There are more than 100 PBRs that may be claimed or registered within the TCEQ's air permitting program. Milestone's PBR claims are satisfied using EPA- and TCEQ-approved emissions estimation methods and published guidance. Based on the application of Milestone's known inputs for these estimation methods, we satisfy all applicable PBR requirements per the TCEQ. To date, our operations have had zero incidents of non-compliance. In addition to trace amounts of traditional GHGs, Milestone's air emissions include relatively small amounts of NMVOCs and other hazardous air pollutants (HAPs) emitted during the receipt, handling, temporary storage, processing, and disposal of waste at our slurry facilities and landfills.

The table below shows air emissions by compound for the year ending December 31, 2021:

### AIR EMISSIONS IN METRIC TONS

Nitrogen oxide ("NO <sub>x</sub> ") (excluding N <sub>2</sub> O)	not meaningful
Sulfur oxides ("SO <sub>x</sub> ")	not meaningful
Volatile organic compounds	49.56
Hazardous air pollutants	4.49



## Ecological Impacts

At Milestone, sustainability is integrated into every element of our business. Our processes and facilities are designed to have minimal environmental impact and provide one-stop waste management solutions for our customers' incidental solid and liquid wastes. We build our slurry injection facilities and landfills close to our customers' field operations to minimize transportation costs and environmental impacts. Moreover, our proximity to customers' operations reduces third-party vehicle traffic and associated road safety risks. Milestone facilities are not situated within areas of dense population and are several kilometers from any residential populations.

**Our key performance indicators are an important tool to ensure we are managing the environmental impacts of our operations.**

- + Volume of waste received
- + Load and truck washout count
- + Waste type
- + Wait time
- + Mass of carbon sequestered
- + Mass of fugitive GHG emissions avoided

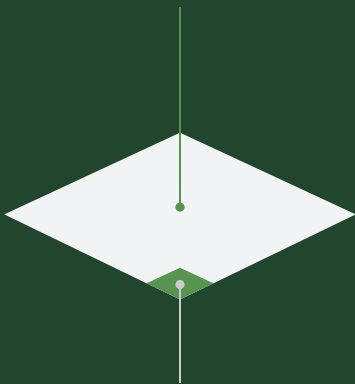
Our sites receive non-hazardous E&P waste directly from customers' field locations primarily via third-party vehicles, including vacuum trucks, rear-end dumps, and liquid storage vehicles. We manage energy waste streams at two types of facilities: our Class II UIC slurry injection wells and carbon-sink landfills. At our slurry facilities, we separate non-injectable incidental solids at the surface and send them to our technologically advanced landfills. Meanwhile, drilling mud and other slurries are blended with produced saltwater and flowback water and injected into our wells. Our landfills are designed to manage both solids, such as drill cuttings, and liquids, such as drilling muds.

# ECOLOGICAL IMPACTS

Sustainability is integrated into every element of our business.

Unlike landfill-only competitors, most of the liquid waste received at our landfills is directed to our slurry injection facilities, reducing the need for solidification material and saving landfill airspace.

Total Landfill Surface Area



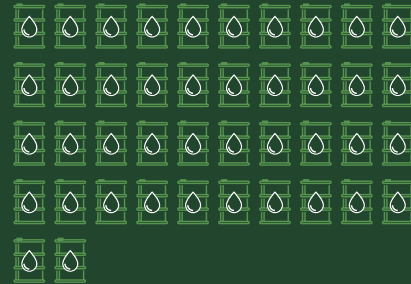
Total Slurry Surface Area

## LAND CONSERVATION

Our slurry injection facilities utilize a surface area that is approximately 1% of that used by a typical energy waste landfill.

2021

4.2 million barrels of waste injected



## EFFICIENT USE OF LANDFILL AIRSPACE

During 2021, Milestone injected approximately 4.2 million barrels of waste that otherwise would have been solidified and dumped in a landfill.

Our key performance indicators are important to manage the environmental impacts of our operations.

Volume of waste received

Load and truck washout count

Waste type

Wait time

Mass of carbon sequestered

Mass of fugitive GHG emissions avoided

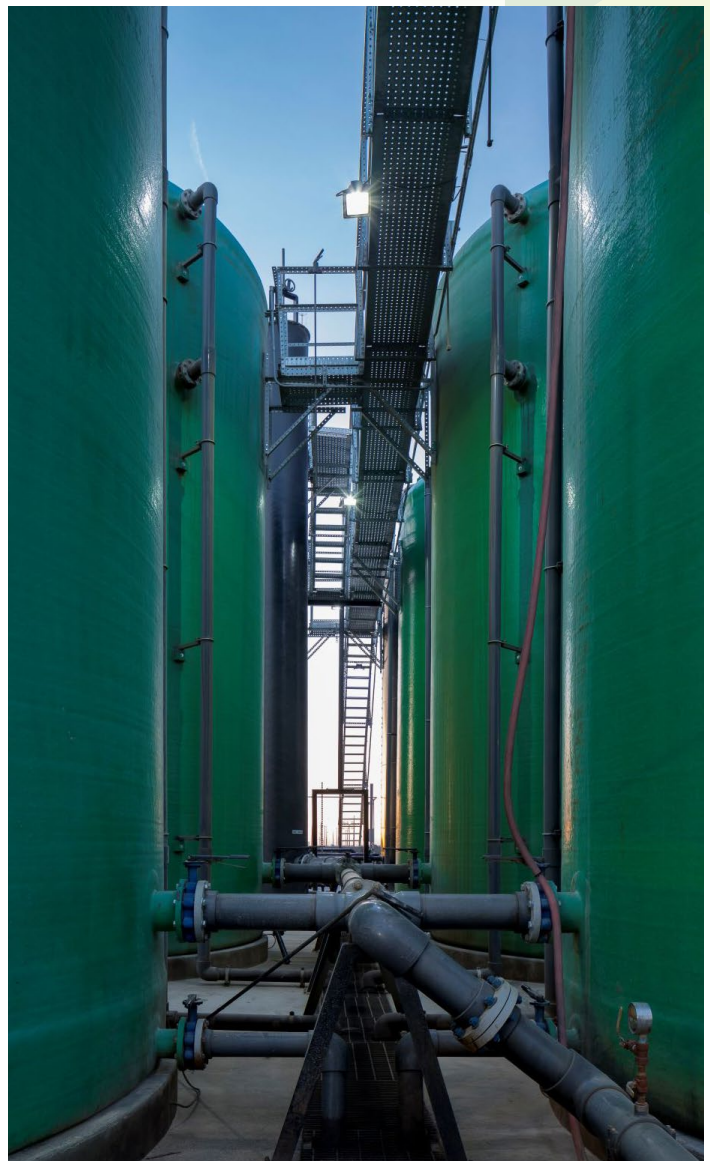


Our integrated, multi-solution business model utilizes both slurry injection and landfill facilities to maximize resource efficiency, while simultaneously reducing the cost and environmental impact of each waste stream we handle. Most of the liquid waste received at our landfills is directed to our slurry injection facilities, allowing us to minimize the use of landfill airspace through reduced use of added solidification material, compared to landfill-only competitors.

### + Designed for the Environment

Milestone works to mitigate ecological impacts in all phases of activity, including pre-construction evaluations and ongoing operations. When selecting our slurry injection sites, we target receptive, permeable formations bounded by thousands of feet of stable confining layers. We also seek locations that minimize the total number of active and inactive wells permitted in the same target injection formation. If we are considering a site near an inactive or closed wellbore, we complete our due diligence to ensure that the wellbore has been correctly plugged and cemented. During our facility permit reviews with the various state agencies, we go through a rigorous process to demonstrate how our methods and technologies are proven to help to reduce overall environmental impact. Lastly, we seek to minimize our overall site footprint while maximizing our operational potential.

Every aspect of our engineering design has been considered to minimize Milestone's environmental footprint. Our offloading bays and pits feature concrete floors and containment walls to prevent soil contamination. Our overhead and underground piping are appropriately coated to minimize the potential for friction and breakage. Our fiberglass and steel storage tanks are coated with specially designed materials to reduce potential fugitive emissions sources. As we expand operations and evaluate new facilities, we integrate design improvement opportunities identified from existing operations.



We seek to be at the forefront of operations in the industry, and we pride ourselves on minimizing our footprint and maintaining good housekeeping to guard against impacts to the surrounding environment. Our teams complete daily, weekly, and monthly housekeeping inspections of all facility operations and immediately address issues to ensure we continue operating as a top-tier facility. The North American Industrial Classification (NAICS) and the Standard Industrial Classification (SIC) identifies Milestone's facilities for "Oil and Gas Field Services, not elsewhere classified" so they are not covered under the U.S. Environmental Protection Agency's Toxic Release Inventory (TRI) regulations. However, we do maintain an active list of stored oil-containing materials, including those greater than 55-gallons, to ensure compliance with other federal and state programs.

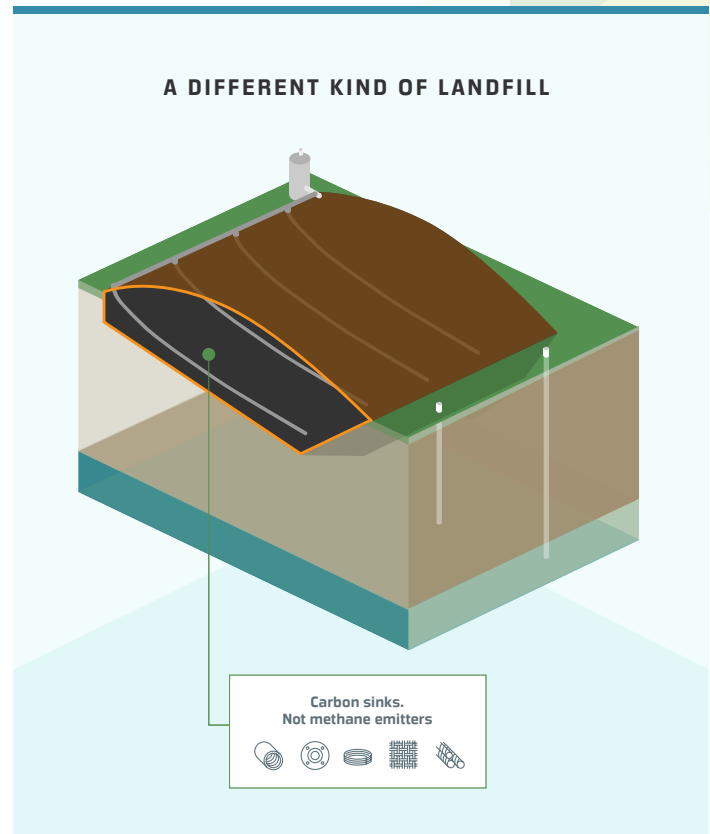
## + A Different Kind of Landfill

For waste management companies, a core environmental consideration is designing landfills to contain and manage leachate, non-hazardous waste, and hazardous waste. Milestone's two landfills are designed as carbon sinks, with sophisticated liner systems to protect against leachate leaks and advanced technology to monitor groundwater. The RCRA-exempt waste in these landfills includes but is not limited to incidental solid wastes generated within an oil and gas exploration lease, contaminated soil, drill cuttings, and other E&P related exempt slurry waste that is not suitable for injection via our slurry facilities. Any waste recovered in the leachate systems is either returned to our slurry facilities through a sealed pipeline, where it is permanently sequestered via injection, or it is solidified with other forms of solid waste and sequestered in the landfill.

During 2021, Milestone had **zero** incidents of non-compliance associated with environmental impacts and **zero** corrective actions implemented for landfill releases.

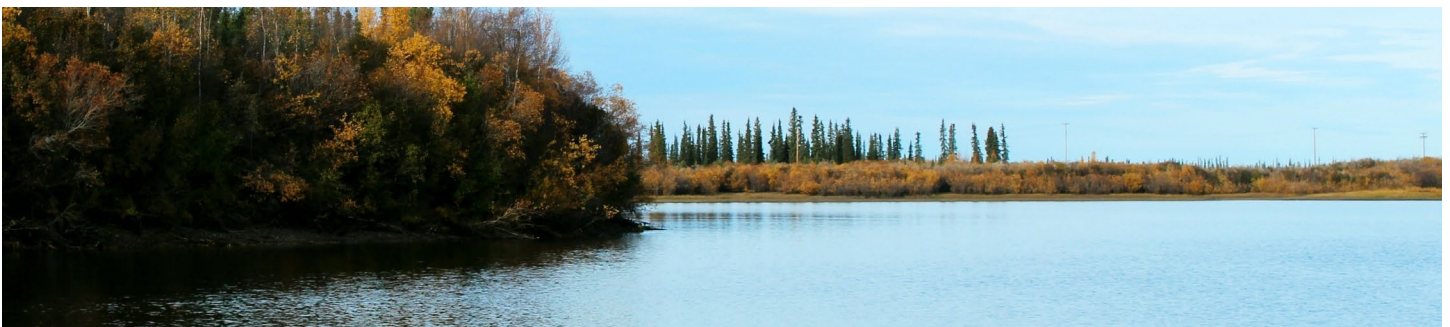
## + Sustainable Practices for Water Management

Water is an important component in Milestone's operations. We make every effort to re-use water from appropriate sources while minimizing use of freshwater. Most of the water we utilize in our slurry injection operations is produced saltwater and flowback from our E&P customers. For example, we use produced saltwater for our truck washout services, which greatly reduces freshwater use while simultaneously sequestering our



customers' produced saltwater in an environmentally sustainable manner. Saltwater assists our slurry filtration process to manage suspended solids prior to injection. In limited instances, when we do use freshwater, it is either delivered or extracted from non-potable groundwater sources. To avoid extracting more water than allowable under our agreements with local landowners, we have installed flow reducers and real-time meter systems on all freshwater well sources.

As a member of the energy ecosystem, Milestone shares our customers' commitment of using resources responsibly and seeking ways to continually reduce the impact of our business.





**SOCIAL**



# SOCIAL

## Investing in Our People

The Milestone team is our most valuable asset. Our priority is to engage, develop, retain, and reward our employees effectively. This commitment enables us to fulfill our purpose to offer customers a premium energy waste service while providing dedicated, focused customer service across our organization.

We attract and retain high-talent professionals by fostering an inclusive, collaborative environment where everyone can flourish. Milestone has many intangibles that create a positive work environment, and we are competitive in our hiring practices. We offer top-tier compensation and benefits packages, including retirement and health savings, paid time off, medical, dental, and life insurance, employee wellness and assistance programs, and paid parental leave.

### 2020 + 2021 SAFETY RECORD

Our commitment to safety is reflected in our outstanding safety record:

- + **ZERO** Total Recordable Incident Rate
- + **ZERO** Fatality Rate

## Workforce Health & Safety

The welfare of our employees, customers, contractors, and communities is our number one priority. Milestone is committed to driving a safety culture that empowers employees and contractors to act as needed to work safely and to stop the job if conditions are deemed unsafe. We strive every day to be incident-free and to achieve our goal of ZERO recordable incidents. We have a consistent record of meeting this goal for both 2020<sup>10</sup> and 2021, and we remain diligent in our efforts to maintain our industry-leading safety culture.

Milestone's culture of safety begins with a leadership and governance structure that sets the tone for participation, respect, accountability, and continuous improvement. Through our comprehensive health, safety, and environment (HSE) programs, we advance our commitment to safety by ensuring roles and responsibilities, performance expectations, and operating procedures are clearly defined for every level of the organization.

We believe there is a safe way to perform every job and that effective teamwork and communication are the key to preventing injury. Each member of our team plays a vital role in creating a safe working environment. We ensure every new employee thoroughly understands our safety policies and procedures from day one by requiring participation and completion of our mandatory safety orientation training and our Short Service Employee (SSE) program.

<sup>10</sup>2020 Industry rates per 100 full-time workers was 3.5 for waste management and .5 for oil and gas extraction as per the U.S. Bureau of Labor Statistics.

The SSE Program allows for adequate in-field training and exposes the new employee to Milestone's work culture, safety expectations, and established procedures. Following the completion of this program, continuing employees "graduate" and are established as non-SSE or established employees. This program ensures potential employees are adequately trained and have a full understanding of Milestone's safety policies and procedures.



We ensure our employees are up to date on safety matters by holding weekly, monthly, and quarterly safety meetings and training sessions that brief our personnel on safety alerts, changes in policies and procedures, best practices, and key areas for improvement. Our weekly meetings are known as "Toolbox Talks" and they are utilized to communicate safety topics or general information regarding operations at a facility. On average, our operations personnel receive approximately 20 hours of safety education and training each year. Contractors and visitors receive a facility orientation that highlights the operation, task-specific hazards, and general hazards associated with the facility.

Our facilities are subject to routine internal HSE inspections and audits, which are important tools we use to evaluate whether safety protocols are being followed and to identify potential hazards. Each month, site managers grade their operations against a standard

inspection checklist and make improvements and corrections as needed. At field sites, Milestone utilizes behavioral-based safety, whereby employees observe others doing their jobs and provide both positive and negative feedback as to whether observed actions are safe or at risk. By involving employees and giving them the responsibility to observe others, safe actions are recognized immediately, while potentially unsafe actions are addressed immediately. We reward site managers for their efforts to ensure their facilities pass quarterly audits. We use the results of our inspections and audits to pinpoint areas of non-compliance to be remedied, opportunities for process improvement, and topics to be further discussed in training. Additionally, Milestone has a Stop Work Authority policy that empowers and expects individual employees to stop work immediately if they encounter a potentially unsafe condition. All Milestone employees have the authority and responsibility to stop any task or operation where concerns or questions exist regarding the control of health, safety, and environmental risks. No work shall resume until all issues and concerns have been adequately addressed.

## Employee Diversity & Inclusion

At Milestone, we strive to make diversity, equity, and inclusion a part of our culture. As a company, we value our employees' differences in age, color, ethnicity, family and marital status, gender identity and expression, national origin, physical and mental abilities, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make each of our employees unique. The collective sum of our employees' individual differences, life experiences, knowledge, self-expression, capabilities, and talent contribute not only to our culture as a company, but also to our reputation and achievements.

Milestone encourages diversity and inclusion through our practices and policies regarding recruitment and selection, compensation and benefits, professional development and training, and promotions and transfers. We aim to ensure equal opportunity in recruitment and hiring practices. We broaden our pool of diverse candidates by utilizing a digital recruiting program which posts available employment opportunities to websites.

## COMPOSITION OF OUR WORKFORCE

	As of April 30, 2022		As of December 31, 2021	
	Management	Non-Management	Management	Non-Management
Female	14%	13%	7%	11%
Male	86%	87%	93%	89%
White	74%	26%	82%	26%
Hispanic	17%	56%	11%	55%
Black or African American	6%	14%	7%	15%
Asian or Pacific Islander	3%	2%	0%	3%
Native American	0%	1%	0%	0%
Two or More Races & Other	0%	1%	0%	1%

Our Human Resources team has made it a priority to focus and partner with others to ensure that Inclusion and Diversity are aligned with the growth of the company. We are proud to share the results of our ongoing efforts to increase our diversity metrics, as of April 30, 2022.

Furthermore, we are committed to promoting an inclusive environment that recognizes and respects diversity and encourages respectful communication and cooperation between all employees.

It is a fundamental principle at Milestone that all employees are treated with dignity and respect at all times. Milestone expects all employees to exhibit conduct that reflects inclusion during work, at work functions on and off the work site, and at all company-sponsored events. It is the responsibility of every Milestone manager and employee to create a workplace that is free of all forms of harassment and discrimination. Beginning in 2022, we are working on developing and formalizing diversity and inclusion initiatives so we can continue to educate our workforce on our commitment to adding value through a diverse team.

## Community Engagement

Milestone firmly believes it is our responsibility to give back to the communities in which we operate, and we are committed to making a lasting impact in the areas our customers, employees, and other stakeholders live and work. Throughout 2021, the company partnered with several nonprofit organizations to help tackle local hunger and homelessness, and support families in financial need. We also made direct contributions in support of community STEAM (Science, Technology, Engineering, Art, and Math) education events for children and participated in fundraising for first responders and veteran assistance programs.

Milestone is focused on helping communities in West Texas where the majority of our team members and customers live and work. However, we also partner with service organizations in Houston, Texas, and other parts of the state we call home. Due to the ongoing COVID-19 pandemic, in-person volunteer hours remained constrained during the year. As an alternative, the company reached out to nonprofit community partners to discuss how we could help most effectively in a socially-distanced community environment. The result was a blend of direct monetary donations, sponsorships, and limited in-person events throughout the year. The following are some examples of Milestone's community impact initiatives.

## + Fighting Hunger



During 2021, Milestone joined the fight against hunger by making contributions to the **West Texas Food Bank** and

**Houston Food Bank**, which provided approximately 37,000 meals to children, families, and seniors. The West Texas Food Bank serves an area covering 19 counties and is the largest nonprofit in the Permian Basin. This area was particularly hard hit by the COVID-19 pandemic with layoffs throughout the energy industry. Milestone's \$10,000 donation helped provide meals to many families in the oilfield business. The Houston Food Bank was supported through the purchase of honor cards that were sent to customers during the Holiday season that supplied three meals for every dollar donated.

## + Helping Energy Industry Families in Need



**Oilfield Helping Hands (OHH)** is a nonprofit organization that helps oilfield families who are in financial crisis. Historically,

Milestone has supported OHH in its efforts to aid families impacted by unforeseen events such as medical injuries, illnesses, and natural disasters like flooding and fires. Milestone makes an annual donation and is a gold-level corporate sponsor. Many of our employees are actively engaged in OHH's Houston and Permian Basin chapters. Additionally, we sponsored the OHH Permian Basin Golf Classic, which helped raise money for this worthy cause.

## + Promoting STEAM Education

**The Museum of the Southwest** aims to immerse visitors in experiences that transform their universe through exploration and interaction with art, science, history, and culture. In 2021, Milestone gifted funds to the museum that supported free access to a Christmas Open House for children and their families, promoting educational enrichment and holiday joy. Future planned events include Milestone's sponsorship of a STEAM event for kids, as well as a summer outdoor concert series at the museum. Through these activities, Milestone hopes local children and teenagers will develop an interest and become more involved in science, technology, and the arts.



## + Tackling Homelessness



Many families in the Permian Basin have lived through some very difficult times, and Milestone aims to help those that are experiencing homelessness as a result. Milestone supports displaced residents through a contribution to **Family Promise of**

**Midland**, which is focused on transforming the lives of homeless families. Additionally, Milestone contributed to **The Field's Edge**, an organization in Midland that builds tiny homes for the chronically homeless and partners to help get people emotional and psychological help.

## + Veteran Outreach



We have a long-standing history of supporting **Boot Campaign**, a national veterans advocacy and support organization. In our

various fundraising efforts, including merchandise sales and silent auction events, we have donated 100% of the proceeds to Boot Campaign. These funds are invested in programs that assist veterans, members of the armed services, and their families through individualized, life-improving programs.

## + Supporting First Responders and Law Enforcement

Milestone took part in the 17th annual **Bad Boy Blast**, a clay shooting event that supports Andrews, Ector, Howard, and Midland County Volunteer Fire Departments and the Odessa Crime Stoppers. A group of Milestone employees hosted a station at the event and cooked meals for event participants. Milestone also participated in the **Bustin' for Badges** sporting clay tournament, which benefits the Midland and Ector County sheriffs' departments and the Midland and Odessa police departments..



# GOVERNANCE





# GOVERNANCE

**At Milestone, we believe that strong corporate governance is essential for sustainable and ethical business operations.**

Effective governance helps Milestone deliver value, protects our reputation, and helps us better understand and respond to the varied needs of our stakeholders. We consider corporate governance to be more than a set of written principles and practices – it is embedded in our culture and demonstrated daily in our actions.

## Oversight & ESG Review

Milestone is a portfolio company of Amberjack Capital Partners (Amberjack), a specialized private equity firm that invests in and partners with entrepreneurs and business owners to build market leaders serving the infrastructure, energy, and industrial end markets. To foster Milestone's long-term success, Amberjack maintains a strong presence on Milestone's Board of Directors (Board), which is comprised of five members: two executive, two non-executive, and one independent. Our management team collaborates with our Board to develop the overall business strategy and integrate relevant ESG factors into our business processes. We report on significant ESG issues and provide details of ongoing ESG developments during each quarterly Board meeting. This information is used by our Board and Amberjack to measure Milestone's success in achieving the objectives outlined in our ESG program and the impact on our overall financial performance. Our reporting and disclosures are designed to highlight financial and operating risks of our activities and commitments. With direction from our Board, we maintain the appropriate level of oversight in the areas of financial controls, audit, cybersecurity, risk management, and business activities.



+ Left: Frank Schageman, EVP/CFO;  
Right: Jason Larchar, VP of Engineering

## Advancing Our Strategy

As one of the largest independent providers of energy waste sequestration services in the U.S., Milestone continues to execute on our strategy and advance our environmental efforts. We align our innovative business model with a commitment for integrating sustainability across our business. This commitment rests on a foundation that includes our impact on the planet, the community, the customers, and our people—the employees and investors. Sustainability is the core focus in all areas of our operations, and we believe a firm focus on ESG is important to creating value for all our stakeholders. We

have worked hard to develop a culture of integrity and of being a good steward of the resources we are impacting. We do this while leading the effort to improve the environmental performance of our customers, while achieving sustainable growth and long-term financial performance.

The following table summarizes the specific topics we believe are significant to our sustainability approach and to our overall business strategy:

### SUSTAINABILITY STRATEGY

Milestone Business Strategy		ESG Topics
Become the industry leader in safe, secure, reliable sequestration of GHG-emitting energy waste streams	E	Greenhouse Gas Emissions
Offer premium, environmentally-sustainable solutions for energy waste management		Air Quality
Reduce our clients' carbon footprints through the geological sequestration of carbon-based waste streams		Management of Leachate & Hazardous Waste
Improve the environment in the communities where we work by reducing use of disposal options like reserve pits and land application		Ecological Impact
Operate with ZERO recordable incidents	S	Workforce Health & Safety
Be a destination employer and considered a great place to work by our employees and the marketplace		Diversity & Inclusion
Develop infrastructure that supports our customers in producing vital domestic sources of energy	G	Governance
Optimize locations for customers in the largest energy-producing basins in the U.S.		Risk Management
Create value for our shareholders by deploying capital into high-return greenfield projects and opportunistic accretive acquisitions		Management of the Legal & Regulatory Environment
Protect the value of our assets by building and maintaining a fortress balance sheet with conservative use of debt and leverage		

# Risk Management

Our Chief Executive Officer and Chief Financial Officer (CEO, CFO, or collectively, Executive Officers) have primary responsibility for managing risk at Milestone. Through regular interaction with other management team members and subject matter experts, our Executive Officers proactively identify the existing and potential emerging risks to our company, including financial, market, political, compliance, operational, reputational, cybersecurity, climate, and other risks that are inherent in or may affect our business.

We prioritize risks and opportunities according to magnitude of consequence, likelihood of occurrence, and financial impact. This process of identifying and prioritizing enables us to drive informed business decisions about resource allocation, align our organizational priorities with identified risks, and monitor emerging issues that may shape our future risk exposure. We ensure that the active management of all material financial and operational risks, including ESG risks, are reflected in our risk management assessments and are actively and appropriately monitored as part of our overall risk management profile.



+ Stanton, Texas

Our Executive Officers report to our Board and take a leadership role on risk matters, while the management team members address specific risk items and risk mitigation in their core areas of responsibility. Our Board provides oversight for the most material risks and opportunities and oversees risk management activities to ensure that the risk management processes designed, implemented, and maintained by our executives are functioning as intended.

As part of our risk management process, we consider and continue to develop our understanding of climate-related risks and opportunities that can affect our business in

## CLIMATE-RELATED RISKS AND OPPORTUNITIES

There are three categories of climate risk:

- + **Transitional:** Risks related to technology changes, market responses, and reputational considerations related to the shift from fossil fuels to zero-carbon energy sources. Transitional risks reside in how the industry must adapt or exploit business activities and investments to mitigate carbon emissions.
- + **Physical:** Risks that impact the physical environment, including (acute) increased severity of extreme weather events, as well as (chronic) longer-term shifts in precipitation and temperature, and increased variability in weather patterns. Examples of physical risks include droughts, floods, and destructive storms which may impact a company's operations and assets.
- + **Regulatory:** Risks related to policy actions and changes in legislation and permitting requirements related to GHG emissions.

both the near and long term. Our customers operate within the carbon-intensive oil and gas industry and are increasingly subject to changes in public policy and by federal, state, and local laws and regulations limiting and reducing the environmental impact of their operations. Furthermore, as part of the energy transition, oil and gas companies are committing to reduce the emissions intensity of their lifecycle and are setting net-zero targets. Through innovative waste sequestration technologies, we have capitalized on the opportunity to provide our customers a means to mitigate their Transitional and Regulatory risks and achieve their carbon emissions-reduction goals.

Waste management companies must consider regulatory risks originating from policy or regulations to curtail GHG emissions. While Milestone benefits from a business that results in a net negative carbon footprint, we still monitor and manage these regulatory risks and their possible effect on our overall business strategy objectives.



## Critical Incident Risk Management

At Milestone, we proactively work to prevent and prepare to respond to any emergency that may occur onsite. We have established safety policies, procedures, and manuals, and we are dedicated to continuous improvement in all aspects of our daily activities, especially with the safety of the environment, the public, and our employees. We pride ourselves on putting safety first. Our extensive HSE program provides the foundation for our critical incident risk management program. Our safety training, protocols and procedures, and routine site inspections help us to establish an industry-leading safety culture with a strong emphasis on minimizing risk in our operations, mitigating such risks, and identifying key performance indicators to continue to refine our programs.

Our operations are centered on the safe disposal of non-hazardous energy waste and associated materials.

Inherent to managing energy wastes are certain health and safety risks, including those related to transportation, handling, and regulatory compliance.

As part of our operations, we assume and seek to reduce to an acceptable level, the risk and liability associated with the disposal of our customers' energy waste.

To manage these and other risks, we have standard operating procedures (SOPs) that govern and prescribe the protocol for accepting and rejecting customer energy waste on a delivery-by-delivery basis. These SOPs provide clear guidance on the safe handling of any waste accepted by our company.

We recognize not every incident can be prevented. Our comprehensive incident response plan establishes a clear chain of command and incident reporting requirements. Our incident response plans are reinforced by our Storm Water Pollution Protection Plan (SWPPP) and Spill Prevention Control & Countermeasures (SPCC) Plan, which serve to protect the environment. Our Emergency Evacuation and Shelter-in-Place Plans protect the health and safety of our employees and customers. We believe that these processes will enable us to expand our preparations for unplanned events.

Our Executive Officers and company-wide management team maintain an open line of communication and stand ready to address any critical incidents and risks to Milestone's business operations or employees.

## Management of the Legal & Regulatory Environment

Our business is subject to extensive federal, state, and local environmental and occupational health and safety laws and regulations. As policies and regulations related to these matters evolve, Milestone takes a proactive approach to monitoring issues that can affect our operations and our workforce.

We stay at the forefront of emerging legislation and policy by monitoring the activities of legislative and regulatory bodies at all levels, and by participating in industry organizations and associations such as the Energy Workforce & Technology Council (formerly known as the Petroleum Equipment and Services Association), the Texas Oil & Gas Association, and the Permian Basin Petroleum Association. Keeping close watch on such developments allows us to advocate for our company and industry before laws and regulations are passed by the authoritative bodies. Milestone has developed strong relationships with regulators and is transparent when engaging with them regarding compliance activities. We regularly respond to invitations for comment and participate in public forums, meetings, and information sessions held by regulatory agencies discussing matters relevant to our operations. This effective monitoring allows us to anticipate changes to industry regulations and modify our SOPs to maintain the safety of our employees, operations, and the public.

As a good steward of the industry, we seek to educate our clients and the public on the nature of our operations. We routinely provide tours of our facilities to clients, third-party auditors, and regulatory agencies to show that we are meeting the standard of an industry-leading company. At public event forums, we seek to enhance the public's knowledge of our practices, allowing them greater comfort in knowing their neighbor is working hard to keep them and company employees safe.



# ABOUT THIS REPORT

The information included in this report has been subjected to the company's policies surrounding the disclosure of financial and non-financial data. The information included in this report is as of and for the years ended December 31, 2021 and 2020, unless otherwise noted. Certain information for 2020 has been restated as noted throughout the report. Any data included in this report was not subject to a third-party audit verification process.

## + Forward-Looking Statements

Certain information included in this sustainability report may constitute forward-looking statements within the meaning of applicable securities laws, including but not limited to statements regarding Milestone's plans to move forward with identified environmental, social, or governance opportunities. Readers are cautioned not to place undue reliance on forward-looking statements as they are subject to a number of assumptions and known and unknown risks and uncertainties that may cause the actual results, performance, or achievements of the company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. The forward-looking statements contained herein are made as of the date of this document. Milestone assumes no obligation to update or otherwise revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

# APPENDIX I: PERFORMANCE METRICS

METRIC	UNIT OF MEASURE	SASB CODE	2021	2020
<b>GREENHOUSE GAS EMISSIONS</b>				
Direct GHG emissions (same as gross global Scope 1 emissions)	Metric tons CO <sub>2</sub> e	IF-WM-110a.1	2,029 <sup>1</sup>	1,451 <sup>2</sup>
Indirect Scope 2 emissions from electricity consumption	Metric tons CO <sub>2</sub> e		3,564	3,258 <sup>3</sup>
Other indirect Scope 3 emissions	Metric tons CO <sub>2</sub> e		1,153	464
Total Operated Direct + Indirect GHG Emissions	Metric tons CO <sub>2</sub> e		6,746	5,173
Emissions avoided through carbon sequestration	Metric tons CO <sub>2</sub> e		(199,798) <sup>4</sup>	(231,764)
Net Negative Carbon Footprint	Metric tons CO <sub>2</sub> e		(193,052)	(226,591)
Scope 1 emissions intensity	kg CO <sub>2</sub> e/bbl		0.169 <sup>5</sup>	0.173
Scope 2 emissions intensity	kg CO <sub>2</sub> e/bbl		0.297 <sup>5</sup>	0.389
Scope 3 emissions intensity	kg CO <sub>2</sub> e/bbl		0.096 <sup>5</sup>	0.055
Total Operated Direct + Indirect GHG Emissions Intensity	kg CO <sub>2</sub> e/bbl		0.562	0.617
Total sequestered	Metric tons CO <sub>2</sub> e		(276,153)	(278,805) <sup>7</sup>
Total fuel consumed	Gigajoules (GJ) Metric tons CO <sub>2</sub> e	EM-SV-110a.1	26,171 <sup>1</sup> 1,847	18,224 1,270 <sup>2</sup>
<b>ENERGY MANAGEMENT</b>				
Total energy consumed	Gigajoules (GJ) Metric tons CO <sub>2</sub> e		32,498 <sup>1</sup> 3,564	27,689 3,258

<sup>1</sup> Total GHG emissions increased from 2020 to 2021 due to an increase in activity related to the disposal of more barrels of waste, which requires more electricity, fuel, and contracted support.

<sup>2</sup> Scope 1 emissions and related CO<sub>2</sub>e from fuel consumption restated for 2020 due to updated emissions factors and categorization of equipment.

<sup>3</sup> Scope 2 emissions for 2020 restated for consistency in reporting methodology used for 2021.

<sup>4</sup> Total emissions avoided through sequestration decreased from 2020 to 2021 due to the mix of waste received from customers (i.e., Milestone received more oil-based waste in 2020 vs. more water-based waste in 2021).

<sup>5</sup> Emissions intensity calculated as follows: [Emissions ÷ (Liquids managed + Incidental Solids managed)]. Solids converted from cubic yards to barrels using 4.81 bbl/yd<sup>3</sup>.

<sup>7</sup> Activity metric, total volume of incidental solids managed restated for 2020 based on a prior misapplied application of conversion factors.

METRIC	UNIT OF MEASURE	SASB CODE	2021	2020
<b>AIR QUALITY</b>				
Nitrogen Oxide (NO <sub>x</sub> ) emissions	Metric tons	IF-WM-120a.1	not meaningful	not meaningful
Sulfur Oxide (SO <sub>2</sub> ) emissions	Metric tons	IF-WM-120a.1	not meaningful	not meaningful
Volatile organic compounds	Metric tons	IF-WM-120a.1	49.56	49.11 <sup>6</sup>
Hazardous air pollutants	Metric tons	IF-WM-120a.1	4.49	4.45 <sup>6</sup>
Slurry Emissions	Metric tons CO <sub>2</sub> e		115.99	119.21
Landfill Emissions	Metric tons CO <sub>2</sub> e		66.14	61.67
Number of facilities in or near areas of dense population	Number	IF-WM-120a.2	0.0	0.0
Number of incidents of non-compliance associated with air emissions	Number	IF-WM-120a.3	0.0	0.0
<b>MANAGEMENT OF LEACHATE &amp; HAZARDOUS WASTE</b>				
Number of correction actions implemented for landfill releases	Number	IF-WM-150a.2	0.0	0.0
Number of incidents of non-compliance associated with environmental impacts	Number	IF-WM-120a.3	0.0	0.0
<b>WORKFORCE HEALTH &amp; SAFETY</b>				
Total recordable incident rate (TRIR)	Rate	IF-WM-320a.1	0.0	0.0
Fatality rate	Rate	IF-WM-320a.1	0.0	0.0
Near miss frequency rate (NMFR)	Rate	IF-WM-320a.1	0.0	0.0
Number of road accidents and incidents	Number	IF-WM-320a.3	0.0	0.0
Total vehicle incident rate (TVIR)	Rate	EM-SV-320a.1	0.0	0.0

<sup>6</sup> Air quality VOC and HAP concentrations for 2020 restated to reflect consistency in reporting methodology.

METRIC	UNIT OF MEASURE	SASB CODE	2021	2020
<b>DIVERSITY - MANAGEMENT</b>				
Gender Representation				
Female	Percentage		7%	12%
Male	Percentage		93%	88%
Racial/Ethnic Group Representation				
White	Percentage		82%	84%
Hispanic	Percentage		11%	12%
Black or African American	Percentage		7%	4%
Asian or Pacific Islander	Percentage		0%	0%
Native American	Percentage		0%	0%
Two or More Races & Other	Percentage		0%	0%
<b>DIVERSITY - NON-MANAGEMENT</b>				
Gender Representation – Non-Management				
Female	Percentage		11%	15%
Male	Percentage		89%	85%
Racial/Ethnic Group Representation – Non-Management				
White	Percentage		26%	28%
Hispanic	Percentage		55%	55%
Black or African American	Percentage		15%	16%
Asian or Pacific Islander	Percentage		3%	0%
Native American	Percentage		0%	0%
Two or More Races & Other	Percentage		1%	1%



METRIC	UNIT OF MEASURE	SASB CODE	2021	2020
<b>ACTIVITY METRICS</b>				
Number of customers	Number	IF-WM-000.A	736	669
Active landfills	Number	IF-WM-000.C	2	2
Active slurry injection facilities	Number	IF-WM-000.C	8	7
Total volume of liquids managed	Barrels	IF-WM-000.D	10,772,319	8,004,221
Total volume of incidental solids managed	Cubic yards	IF-WM-000.D	256,175	79,112 <sup>7</sup>

<sup>7</sup> Activity metric, total volume of incidental solids managed restated for 2020 based on a prior misapplied application of conversation factors.

# APPENDIX II: SASB INDEX

The Sustainability Accounting Standards Board (SASB) framework aims to provide a standard for companies to disclose financially-material and decision-useful ESG information to investors and other stakeholders. The index below maps our performance under each of the suggested disclosure topics for both the Oil & Gas – Services (code EM-SV) and Waste Management (code IF-WM) sustainability accounting standards. According to the SASB’s Sustainable Industry Classification System®, the combination of these standards most accurately reflect our business operations. Other topics disclosed throughout this report beyond the scope of these standards are not reflected in this index.

SASB CODE	METRIC	UNIT OF MEASURE	2021	2020	Page
<b>GREENHOUSE GAS EMISSIONS</b>					
IF-WM-110a.1	Gross global Scope 1 emissions <sup>1</sup>	Metric tons CO <sub>2</sub> e	2,029	1,451	
	Scope 1 coverage under emissions-limiting regulations	Percentage (%)	0%	0%	
	Scope 1 coverage under emissions-reporting regulations	Percentage (%)	0%	0%	
IF-WM-110a.2	Total landfill gas generated	Million British Thermal Units (MMBtu)	not applicable	not applicable	
	Landfill gas flared	Percentage (%)	not applicable	not applicable	
	Landfill gas used for energy	Percentage (%)	not applicable	not applicable	
IF-WM-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 and lifecycle emissions, emissions reduction targets, and an analysis of performance against those targets	n/a			16-21
EM-SV-110a.1	Total fuel consumed	Gigajoules (GJ) Metric tons CO <sub>2</sub> e	26,171 1,847	18,224 1,270	
	Percentage renewable	Percentage (%)	0%	0%	
	Percentage used in on-road equipment and vehicles	Percentage (%)	41%	39%	
	Percentage used in off-road equipment	Percentage (%)	59%	61%	
EM-SV-110a.2	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts	n/a			23

<sup>1</sup>SASB Code IF-WM-110a.1 Gross global Scope 1 emissions includes MT CO<sub>2</sub>e for EM-SV-110a.1 "Total Fuel Consumed."

SASB CODE	METRIC	UNIT OF MEASURE	2021	2020	Page
<b>AIR QUALITY</b>					
IF-WM-120a.1	NO <sub>x</sub> (excluding N <sub>2</sub> O)	Metric tons	not meaningful	not meaningful	
	SO <sub>x</sub>	Metric tons	not meaningful	not meaningful	
	Volatile organic compounds (VOCs)	Metric tons	49.56	49.11	
	Hazardous air pollutants (HAPs)	Metric tons	4.49	4.45	
IF-WM-120a.2	Number of facilities in or near areas of dense population	Number	0	0	
IF-WM-120a.3	Number of incidents of non-compliance associated with air emissions	Number	0	0	
<b>MANAGEMENT OF LEACHATE &amp; HAZARDOUS WASTE</b>					
IF-WM-150a.2	Number of correction actions implemented for landfill releases	Number	0	0	
IF-WM-150a.3	Number of incidents of non-compliance associated with environmental impacts	Number	0	0	
<b>ECOLOGICAL IMPACT MANAGEMENT</b>					
EM-SV-160a.2	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities	n/a			23-24
<b>WORKFORCE HEALTH &amp; SAFETY</b>					
IF-WM-320a.1	Total recordable incident rate (TRIR)	Rate	0.0	0.0	
	Fatality rate	Rate	0.0	0.0	
	Near miss frequency rate (NMFR)	Rate	0.0	0.0	
IF-WM-320a.3	Number of road accidents and incidents	Number	0	0	
EM-SV-320a.1 <sup>2</sup>	Total vehicle incident rate (TVIR)	Rate	0.0	0.0	
	Average hours of health, safety, and emergency response training for employees	Number	Not disclosed	Not disclosed	
EM-SV-320a.2	Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	n/a			28-29

<sup>2</sup> SASB Code EM-SV-320a.1 also suggests disclosure of TRIR, Fatality Rate, and NMFR which are included above in IF-WM-320a.1.

SASB CODE	METRIC	UNIT OF MEASURE	2021	2020	Page
<b>CRITICAL INCIDENT RISK MANAGEMENT</b>					
EM-SV-540a.1	Description of management systems used to identify and mitigate catastrophic and tail-end risks	n/a			36
<b>MANAGEMENT OF THE LEGAL &amp; REGULATORY ENVIRONMENT</b>					
EM-SV-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	n/a			36

ACTIVITY METRIC	UNIT OF MEASURE	2021	2020
Number of customers	Number	736	669
Active landfills	Number	2	2
Active slurry injection drilling waste disposal facilities	Number	8	7
Total volume of liquids managed	Barrels	10,772,319	8,004,221
Total volume of incidental solids managed	Cubic yards	256,175	79,112

# APPENDIX III: MEASURING MILESTONE'S CARBON IMPACT

## + Background

Committed to updating the 2020 collaborative carbon sequestration analysis (the "Analysis"), Milestone and SCS Engineers (SCS) focused on expanding the sampling protocol and developing a robust dataset to reliably estimate the carbon impact of E&P wastes by waste type. The 2021 Analysis provides methods and calculations for estimating the gross carbon sequestered per waste type and provides Milestone the ability to attribute sequestered carbon to customers. The data evaluation performed by SCS included a review of laboratory analytical reports for samples collected in 2021 from incoming streams across Milestone's network of facilities and the Total Petroleum Hydrocarbon (TPH) content of typical slurry and water waste types (as defined below) injected at our slurry facilities. Through a sequence of supportive formulas and calculations, SCS derived both the total Carbon Dioxide Equivalent (CO<sub>2</sub>e) per injected barrel per waste type and the gross/net GHG emissions from light, medium and heavy hydrocarbon chain NMVOCs under two scenarios: slurry injection and land farming. We present these estimates in the *Milestone's Negative Carbon Footprint* section of this report on [page 18](#).

## + Sampling and Lab Testing

To promote homogeneity and quality control, composite samples were collected directly from incoming trucks prior to unloading at the facility. Hundreds of total samples were collected from across Milestone slurry facilities providing insight into the characteristics of 12 different waste categories - including Milestone's internally generated solids - and submitted to a National Environmental Laboratory Accreditation Program (NELAP) accredited third-party laboratory (Eurofins-Xenco in Midland, Texas) for the analysis of TPH via Texas Method 1005 (TX1005). This method examines the speciation of TPH into light (C6-C12), medium (C12-C28), and heavy

(C28-C35) hydrocarbon chains. The laboratory provided analytical reports and SCS derived GHG equivalent (in CO<sub>2</sub>e) estimates of NMVOCs in each of Milestone's types of slurry and waters injected at our slurry facilities.

## + Measuring TPH Carbon Content

SCS categorized each waste type sample as "slurries" (i.e., drilling mud, pit waste, tank bottoms and other slurries) or "water" (i.e., produced saltwater or flowback). SCS calculated the average measures of the carbon content (percent of total sample mass) and light hydrocarbon chain mix (percent of total carbon content) by sample category. SCS estimates that our average blended injection stream is approximately 4.5% carbon (C) by mass - versus 6% from 2020 - in the form of petroleum hydrocarbons, implying an average 28 kg CO<sub>2</sub>e/bbl injected - versus 29 kg CO<sub>2</sub>e/bbl injected in 2020; 35% of this carbon content consists of light hydrocarbon chains, 60% consisting of medium hydrocarbon chains, and the remaining 5% of carbon attributable to heavy hydrocarbon chains.<sup>1,2</sup>

## + Emissions and Sequestration: Scenario Analysis

SCS then derived the emissions and sequestration effects of two scenarios, which illustrate the differences between handling slurry via traditional land application disposal and our state-of-the-art slurry injection processes. For purposes of the Analysis, SCS used a mass balance model that sums the incoming carbon (i.e., customer wastes brought to Milestone for disposal), subtracts the outgoing carbon (i.e. carbon from internally generated solids hauled to landfills and the carbon from oil sales), providing Milestone with the estimated carbon injected downhole. This approach allows Milestone to estimate the carbon impact on a per-customer basis.<sup>3</sup>

<sup>1</sup> Based on (i) the carbon content and light carbon mix factors calculated by SCS, (ii) volume-to-mass conversion factors by waste stream per Milestone, and (iii) a weighted average waste type mix during 2021.

<sup>2</sup> Carbon mass converted to CO<sub>2</sub>e using a standard relative molecular weight ratio of 3.67 CO<sub>2</sub>/C.

<sup>3</sup> Both scenarios assume all water volumes injected into Class II UIC wells.

The various hydrocarbon chains of TPH react to the processes within these two scenarios differently. Light hydrocarbon chains volatilize into CO<sub>2</sub> and non-CO<sub>2</sub> GHG emissions after limited atmospheric exposure (i.e., weathering), while medium and heavy hydrocarbon chains degrade through aerobic anaerobic processes over time. SCS cited a recent academic article that estimates 70% of the remaining TPH (medium and heavy hydrocarbon chains) could reduce and become CO<sub>2</sub> within approximately one year of landfarming activity.<sup>4</sup>

## + Key Findings

Based on the Analysis, SCS estimates that one barrel of slurry waste disposed of through land application generates approximately 39 kg CO<sub>2</sub>e of gross emissions per barrel of slurry waste in the first year or less from light hydrocarbon chain volatilization and aerobic/ anaerobic degradation of the remaining TPH. Under the slurry injection scenario, the same barrel of slurry waste would generate no further emissions once in the injection pipeline, resulting in sequestration of all 49 kg CO<sub>2</sub>e/bbl contained in each barrel of slurry waste on average.

<sup>4</sup> SCS cited the recent academic article by Guarino et al. "Assessment of three approaches of bioremediation (Natural Attenuation, Landfarming and Bioaugmentation - Assisted Landfarming) for a petroleum hydrocarbons contaminated soil." Chemosphere vol. 170 (2017): 10-16. doi:10.1016/j.chemosphere.2016.11.165, which estimates that 70% of the remaining TPH (medium and heavy chains) becomes CO<sub>2</sub> through bioremediation in the first year.