Summary Findings from 2022 Final Report and Recommendations Prepared for Tex-Isle by Cornerstone

Cornerstone, an ESG and sustainable development advisory services provider, was engaged by Tex-Isle, Inc. (Tex-Isle), a Texas-based manufacturer of oil country tubular goods (OCTG), line pipe, and standard pipe, to determine and analyze Tex-Isle's direct and indirect facility emissions and the carbon intensity of its products. Cornerstone also benchmarked Tex-Isle environmental performance against its peers and identified opportunities for continued improvements in the future. The report's findings show that Tex-Isle offers an industry-leading low-carbon steel pipe product to the market.

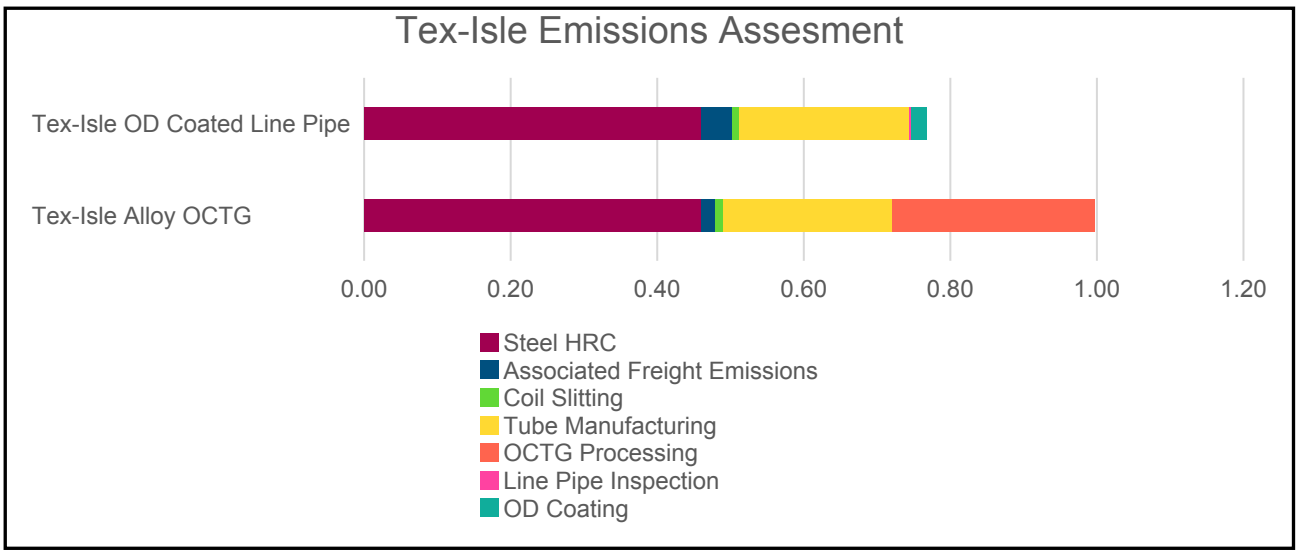
Tex-Isle's commitment to best practices places it in the top quartile of steel pipe providers in terms of Scope 1 and Scope 2 emissions. Tex-Isle's sourcing of low-carbon steel and adoption of best practices, including using only recycled steel, utilization of electric arc furnace technology, near 100 percent fully electric facilities, and proximity to its raw material supplier and customers, position the company as a top industry performer.

As a result of Tex-Isle's investments in being a low-carbon provider of steel products, the company's emissions performance significantly outperforms the industry average. Specifically, in 2019 the industry average CO2 emissions for steel production was 1.85 tons of CO2 per ton of crude steel cast. By comparison, the projected emissions associated with the final steel product that Tex-Isle will deliver to its customers from its Robstown pipe mill in 2022 range from ~0.7 to ~1.0 tons of CO2 per ton of produced pipe. This is based off data gathered from 2019 production at Tex-Isle's Robstown Processing and George West Coating divisions, as well as projected emissions from the new Robstown pipe mill. The steel sourced for Tex-Isle's products will average 0.46 tons of CO2 per ton of hot rolled steel.

Carbon intensity of purchased steel is the largest driver of Scope 1 and 2 emissions. Tex-Isle's sourcing of steel from domestic EAF producers provides it with an early competitive advantage given the low-carbon technologies that domestic steel producers utilize in their operations. Additionally, Tex-Isle has adopted and executed best practices that make it a strong performer in terms of carbon intensity and potential ESG performance, including using recycled steel and utilization of the electric arc furnace process.

While its steel pipe coating, processing, and threading business currently make it a top performer, Tex-Isle is primed to be an environmental performance leader in manufacturing once the Robstown steel pipe mill becomes operational. Although Tex-Isle's carbon footprint is currently competitive, continual improvements in waste reduction, scrap recycling, and low or zero carbon purchase power agreements (PPA) will allow it to maintain a competitive position in terms of the climate footprint of its products.

Based on data supplied by Tex-Isle, the graph below reflects the company's life cycle footprint, from steel sourcing to end product. It underscores the importance of sourcing for steel pipe production in determining the CO2 intensity for final products leaving Tex-Isle's facilities. The graph also reflects that power consumption is the greatest contributor to Robstown's CO2 intensity, which Tex-Isle has identified as a potential opportunity for improvement. Lastly, it shows that the George West coating facility's historic use of natural gas ovens represent another opportunity for improvement.



Tex-Isle consumes significant amounts of power and natural gas in its operations. The CO2 intensity of natural gas combusted in its facilities accounts for the largest share of Tex-Isle's emissions from production. Additionally, Tex-Isle uses large amounts of electricity which contributes to indirect emissions.

Looking ahead, Tex-Isle will review all the company's future energy needs, transportation logistics, and process technologies at its facilities to ensure maintenance of its top quartile performance and continued improvements in operational performance related to efficiency, emissions and other ESG factors. For instance, the growth in renewable power in Texas and the U.S. at large provides Tex Isle with an opportunity to source green electricity for its facilities. This could reduce Tex-Isle's Scope 2 emissions by more than 9,000 tons per year.

With natural gas being the single largest scope 1 emissions source for Tex-Isle, future electrification including the use of induction ovens will improve emissions performance. To further improve upon electrification, a cleaner power portfolio will deliver verifiable results in terms of CO2 intensity. Tex-Isle will evaluate all related solutions when developing its plans for facility upgrades.

Tex-Isle's efforts are well-aligned with global steel industry goals to achieve global net zero emissions by 2050.