

DNOW

Driving
Sustainable Value

2023 Sustainability Report

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Introduction

Message from our President & CEO

2023 was a pivotal year for our company as we embarked on an exciting rebranding journey. We unveiled a new logo that represents more than just a visual change; it embodies our vision to redefine DNOW both financially and culturally. Our rebranding is driven by our ethos to “inspire one another, delight our customers and fuel the future.” The new logo tells a story of growth, transformation, sustainability, which define the exciting future that lies ahead for DNOW.

Building on our rebranding momentum, I am pleased to share the highlights of our transformative year in this 2023 Sustainability Report. This past year has been marked by significant achievements and milestones that demonstrate our unwavering commitment to sustainability, growth and creating value for our shareholders. Sustainability remains at the core of our operations, driving both our environmental initiatives and our financial success. Our EcoVapor product continues to play a crucial role in the removal of methane and CO₂ emissions by addressing gas contamination issues and minimizing the flaring of methane gas. This innovation not only supports our sustainability goals but also provides tangible benefits to our customers and the environment.

We remain committed to expanding our business while responsibly minimizing our environmental impact. As we continue to focus on *Driving Sustainable Value*, we are proud to report that in 2023, our total Scope 1 and 2 GHG emissions intensity metrics were the lowest in three years, illustrating a decrease of over 37% from 2021, a solid achievement considering our revenue and activity growth. In 2023, we realized a remarkable 9% year-over-year revenue growth and record earnings, reflecting our strategic focus and the robust demand for our innovative solutions. Additionally, our cash provided by operating activities was \$188 million, underscoring our strong operational performance. In line with our commitment to delivering value to our shareholders, we returned cash through our share repurchase program, with \$50 million in purchases completed in 2023. These financial accomplishments are a testament to the hard work and dedication of our entire team, all while maintaining our commitment to sustainability and long-term growth.

Furthermore, our dedication extends beyond financial and environmental achievements to fostering an exceptional workplace culture. I am proud of all our employee engagement initiatives and the culture we are building upon to ultimately provide world-class customer service to our customers. Our employee engagement survey results are a testament to what we have built, including higher scores in future outlook, manager effectiveness, diversity, equity and inclusion and team dynamics. We also continue to be a bright light in our communities. Complementing these internal achievements, our DNOW Lights initiative had a record year of events and volunteering, highlighting our commitment to giving back to the community and fostering a culture of service and engagement among our employees.

As we look forward to the future, we remain committed to our core values of innovation, sustainability and operational excellence. We will continue to seek opportunities to enhance our ESG performance and *Drive Sustainable Value*.



David Cherechinsky
President & CEO



About DNOW

Our Company

With a rich heritage of over 160 years, DNOW is a worldwide supplier of energy and industrial products and packaged, engineered process and production equipment. Headquartered in Houston, Texas, with approximately 2,600 employees¹ and a network of locations worldwide, we offer a broad set of supply chain solutions combined with a suite of DigitalNOW® offerings that provide customers world-class technology for digital commerce, data and information management.

At DNOW, we are more than just a supplier; we are our customers' partners in innovation, offering advanced supply chain solutions and DigitalNOW® technology for unparalleled digital commerce and data management. We cater to diverse industries, from exploration and production to renewable energy sectors; we are committed to driving progress and supporting the transition to a sustainable future.

Our network of locations across 18 countries provides products and solutions to exploration and production, midstream transmission and storage companies, refineries, chemical companies, utilities, mining, municipal water, manufacturers, engineering and construction, as well as companies operating in the decarbonization, energy transition and renewables end markets.



For more information about DNOW, visit www.dnow.com.

Products & Services

Pumps, Production & Drilling	Pipe	Valves	Fittings & Flanges	Mill, Tool, MRO, Safety & Other
Electrical	Power Generation & Transmission	Artificial Lift	Instrumentation & Measurement	Industrial & Facilities Supplies

Solutions

DigitalNOW® Ecosystem

Digital Solutions & Technology	Supply Chain & Materials Management	eCommerce	eSpec Product Configurator
Engineering, Design & Fabrication	Valve Actuation & Automation	eTrack Asset Management	OptiWatch Pump Monitoring
Safety Services	Turnaround & Shutdown Support	Mercury Valve Management	

Point of Sales Convenience

AccessNOW™ INVENTORY CONTROL - EFFICIENCY - SCALABILITY	Mobile Consignment App

*We are focused on **Driving Sustainable Value** by providing products and services that can help our customers meet their environmental goals*.*

¹Employee headcount as of June 30, 2024.

*Refer to Delivering Sustainable Energy on Page 42 for further details.

Our 2023 Awards²



WHOLESALER
the
News of Plumbing, Heating, Cooling and Industrial PVF

#3 Top PVF Distributors

#9 Wholesaling 100

HOUSTON CHRONICLE



#46 Publicly Traded Companies

#55 Top Global Employers

MSCI
ESG RATINGS
A

A ESG Rating
MSCI 2023

Official Publication of the American Supply Association
SUPPLY HOUSE
TIMES



#2 PVF Segment Leaders

#8 Top Sales Ranking



DNOW Ranked in MDM Top Distributors List 2024

#4 Top Industrial PVF Distributors

#19 Top Industrial Supplies Distributors

#5 Top Fluid Power Distributors

#21 Top MRO Industrial Distributors



Bronze Medal

Ecovadis 2023



#52 Largest Houston-area Public Companies

²Certain awards listed were awarded to DNOW in 2024, based on 2023 performance.

Our 2023 ESG Highlights



ECOVAPOR

Expanded our active rental fleet and sold units of **EcoVapor ZerO2™ technology**, which enables operators to **reduce up to 16,000 annual metric tons of CO₂e emissions**³

 **>37%**


decrease in our Scope 1 & 2 GHG emissions intensity from 2021

16 manufacturing site audits
&
6 desk reassessments of key suppliers

Nearly **100%** carbon-neutral parcel shipments
for three consecutive years through our supplier partnership

ZERO employee fatalities
&
TRIR⁴ lower than BLS⁵ industry averages

 **Higher scores on our employee engagement survey compared to 2022:**

-  **14.4%** higher future outlook score
-  **10.1%** higher manager effectiveness score
-  **9.1%** higher diversity, equity and inclusion (“DEI”) score
-  **8.3%** higher team dynamics score

³Reduction possible through the continual use of one E300 oxygen elimination unit. See Page 42 for further details.

⁴Total Recordable Incident Rate (“TRIR”).

⁵Bureau of Labor Statistics (“BLS”).

Our Sustainability Strategy

Who We Are

Our Guiding Principles

INTEGRITY

We hold ourselves to the highest ethical standards in all that we do.

SAFETY

We act with the highest priority on health and safety in our workplace and communities.

TEAMWORK

We collaborate with our suppliers, our customers and one another to optimize the sum of all individual efforts, while being active participants in the communities where we live and work.

EXCELLENCE

We are passionate about being the best in the industry, making our customers priority one and creating long-term value for our stakeholders.

Our Core Values

WE CARE.

We act with compassion and honesty in all that we do. We respect one another, our customers and our communities.

WE DO WHAT IT TAKES.

We approach every task with energy and passion to make sure the job is done right. We continuously challenge ourselves to provide the highest level of service to our stakeholders.

WE ARE ACCOUNTABLE.

We take pride in our work and are responsible for our actions and the outcomes produced.

Our Ethos



INSPIRE ONE ANOTHER

Foster an inclusive, people-first culture.



FUEL THE FUTURE

Win the market and pursue sustainable growth.



DELIGHT THE CUSTOMER

Be our customers' most trusted partner.

How We Drive Sustainable Value

Our Strategic & ESG Priorities

DELIVER MARGIN DISCIPLINE

High grade product and service offerings, diversify customer base through more balanced energy end-markets, including energy evolution opportunities in renewable energy, decarbonization and CCUS⁶ projects, biofuels and RNG⁷ and adjacent industrial markets.

OPTIMIZE OPERATIONS

Increase efficiency and productivity leveraging technology combined with the continuous optimization of our service network and fulfillment model.

Minimize our impact on the environment.

MAXIMIZE WORKING CAPITAL VELOCITY

Focus capital on high value-add solutions, including development of solutions to help our customers navigate the energy transition.

DRIVE GROWTH THROUGH ACQUISITIONS

Seek margin accretive companies that possess differentiated products and solutions to help our customers meet their emissions reduction targets.

Our ESG Topics

ENVIRONMENT

Delivering Sustainable Energy: [Page 42](#)
DNOW Environmental Performance: [Page 49](#)

SOCIAL

Workforce Health & Safety: [Page 29](#)
Employee Engagement & Development: [Page 32](#)
Workforce Diversity & Inclusion: [Page 34](#)
Bringing Light to Our Communities [Page 37](#)

GOVERNANCE

Corporate Governance Oversight: [Page 13](#)
Managing Risks & Opportunities: [Page 16](#)
Management of the Legal & Regulatory Environment: [Page 19](#)
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Data Security: [Page 25](#)

⁶Carbon capture, utilization and storage ("CCUS").

⁷Renewable natural gas ("RNG").

Our Sustainability Reporting Frameworks

In support of our ESG efforts, we align with leading sustainability organizations and industry peers, which enables us to enhance our reporting and protocols in-line with evolving best practices, ultimately advancing our sustainability impact and increasing our ESG awareness. The specific metrics included in our 2023 Sustainability Report were determined by assessing the most relevant and material areas for DNOW and our stakeholders, and were aligned with recommendations from the organizations below. The ESG disclosures throughout this report are for the years ended December 31, 2023, 2022 and 2021, and include our three reportable segments: United States (“U.S.”), Canada and International, unless otherwise noted.



Sustainability Accounting Standards Board (“SASB”)

This report follows the guidance of the SASB standards of the International Financial Reporting Standards (“IFRS”) Foundation and the applicable recommended disclosure topics for the Multiline and Specialty Retailers & Distributors and the Oil & Gas – Services standards. The SASB standards provide a standardized reporting approach that yields decision-useful metrics to help track progress and supports comparability for our investors and other stakeholders. When evaluating our disclosures in relation to the 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 53](#), which highlights our responses to the suggested SASB accounting metrics and includes the appropriate activity metrics to assess our disclosed data in a meaningful context.



Task Force on Climate-Related Financial Disclosures (“TCFD”)

As we work towards progressing on our overall ESG reporting and assessments, we also focus on understanding and mitigating the risks associated with climate change and optimizing the opportunities it presents. Since introducing our Sustainability Report in 2019, we have integrated and adopted the recommendations from the TCFD to effectively steer and gauge our advancements. Beginning with governance, followed by strategy, risk management and specific metrics, we remain committed to evaluating the influence of climate change on our operations. Our assessment according to the TCFD framework can be found on [Page 57](#) of this report.

United Nations Sustainable Development Goals (“UN SDGs”)

The UN SDGs are a global set of goals, targets and indicators developed by the United Nations to guide countries, communities and organizations in creating a more sustainable future. These goals are intended to address all aspects of sustainable development spanning a wide range of environmental and social initiatives. As part of our commitment to investing in a sustainable future through the solutions we provide to our customers, we seek to advance the UN SDGs that are deemed relevant to our business. Further details on our alignment to the UN SDGs can be found on [Page 59](#) of this report.

The UN SDGs relevant to DNOW include the following:



Governance

Our 2023 Governance Highlights



7/8

independent directors
on our board of directors



3/8

diverse⁸ directors on
our board of directors



16

**manufacturing site
audits**

&



6

**desk reassessment
of key suppliers⁹**
conducted in 2023



ZERO **material data**
security breaches

⁸Diverse indicates directors that are female and/or a member of an underrepresented racial/ethnic group. Board diversity is as of December 31, 2023.





⁹When performing a desk reassessment, we perform an offsite re-audit, whereby we review the manufacturers' processes and documentation. Key suppliers are strategic partners that are in our approved manufacturers list with which we have top spend and other suppliers of products we deem critical.

Corporate Governance Oversight

DNOW's Board of Directors and management acknowledge that a strong governance structure is foundational for fostering an accountable business culture, upholding high standards of ethical conduct and ensuring sustainable stakeholder value creation. Maintaining stakeholder trust and goodwill by upholding our ethical standards and adhering to high controls in both policies and performance remains a centralized focus of our company. We are committed to being responsive to and engaging with our stakeholders on operational, financial, governance, environmental, safety and social matters to create a layer of transparency which ensures consistency in our implementation and enforcement of our approach model to gain commitment and buy-in.



Our Sustainable Governance Structure

OVERSIGHT	 Board of Directors (the "Board")	<p>Comprised of 8 directors with deep industry and leadership expertise, with 7 independent members, including the Chairman of the Board</p> <p>Consists of three committees:</p> <ul style="list-style-type: none"> • Audit Committee • Compensation Committee • Environmental, Social, Governance and Nominating Committee 	<ul style="list-style-type: none"> • Oversees business strategy development, establishment of strong governance framework and integration of ESG factors • Controls risk and opportunity assessment, management and mitigation of priority risks, including risks related to strategic business initiatives including climate-change and other ESG-related matters • Approves annual goals and objectives and reviews quarterly and annual business key performance indicators, including environmental and human capital metrics
STRATEGIC DIRECTION	 Executives / Management Team	<p>Cross-functional leadership team, comprised of representatives from various departments across our company</p>	<ul style="list-style-type: none"> • Develops and executes on overall business strategy, including creating initiatives to integrate ESG throughout our operations • Manages, prioritizes and integrates relevant business risks and opportunities into our strategic focus areas and monitors ESG and compliance performance • Focuses on building ESG concepts and initiatives at the management level for execution down into various functions within the organization
STRATEGIC INTEGRATION & IMPLEMENTATION	 Management-Led ESG Committee	<p>Comprised of representatives from various departments across our company and overseen by members of our executive management team</p>	<ul style="list-style-type: none"> • Develops strategy to address key ESG-related risks and opportunities and implements programs to drive towards our strategic goals • Meets at least quarterly to ensure sustainability metrics and disclosures align with our strategic plan and are communicated to stakeholders • Coordinates with Internal Audit under the oversight of the Audit Committee to conduct risk assessments related to certain key sustainability metrics and disclosures
OPERATIONAL EXCELLENCE & EXECUTION	 Employees	<p>Approximately 2,600 employees¹⁰</p>	<ul style="list-style-type: none"> • Executes and identifies ways to enhance our existing strategy throughout day-to-day operations • Routinely monitors our ESG performance and trends and implements best practices

¹⁰Employee headcount as of June 30, 2024.

Our goals and objectives, which are approved by our Board, are linked to ESG topics such as:

- Defining the Company's sales strategy to provide essential products and services for our customers as they increase energy security, provide access to low cost, affordable energy and expand investments in energy evolution opportunities, such as decarbonization and energy transition projects;
- Offering leading solutions to our customers to lower their scope 1 emissions through innovative products while focusing on lowering our carbon intensity through consolidation and efficiency initiatives;
- Expanding DNOW Lights to engage our employees in direct community service projects and other volunteer efforts to exemplify DNOW values;
- Maintaining Talent Matrix efforts, making talent attraction, retention and development a priority within the business;
- Making diversity, equity and inclusion integral to the culture of the Company and cultivating a culture through employee resource groups and other programs where employees feel the importance of their representation within the organization; and
- Overseeing the Company's enterprise risk management system, cybersecurity monitoring system and ESG monitoring system and reports.

SDG
ALIGNMENT

Board Diversity

Our Board acknowledges the importance of a diverse mix of directors with complementary qualifications, expertise and attributes to effectively fulfill its oversight responsibilities. Although we do not have a formal diversity policy in place for the director nominations, the Board recognizes that diverse candidates with appropriate and relevant skills and experience contribute to the breadth of perspective in the boardroom and considers the diversity of background, viewpoints, professional experience, education, gender, age and culture – including nationality, race or ethnic background. Learn more about our Board governance in our [2024 Proxy Statement](#).





Our Board at a Glance¹¹

We are committed to and recognize the importance of good corporate governance and high ethical standards. Our Board believes that having a diverse mix of directors with complementary qualifications, expertise and attributes is essential to meeting its oversight responsibilities.

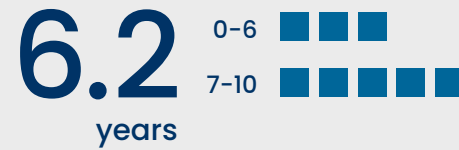
Effective & Independent Board Oversight

- ▶ Independent Chairman of the Board serving as lead director
- ▶ 7/8 director nominees are independent
- ▶ All committee chairs and members are independent
- ▶ Declassified where all directors are elected annually

Director Core Industry Experience



Average Director Tenure



Average Director Age



Other Corporate Governance Highlights

- ✓ Majority voting to elect board members
- ✓ Annual say on pay voting
- ✓ Clawback policy to recover executive compensation
- ✓ Stock ownership guidelines for officers
- ✓ Board engagement with CEO over management succession planning
- ✓ Executive sessions provided for all Board and committee meetings
- ✓ Annual Board and committee evaluations using a third-party facilitator

7 Independent Directors

3 Female Directors

8 Directors with ESG Experience

1 Racially Diverse Director

¹¹ The charts above are representative of DNOW's Board composition as of April 5, 2024, unless otherwise noted.

Managing Risks & Opportunities

The effective management of risks and opportunities is vital to the success of the DNOW business model and our long-term value creation. DNOW recognizes the significant impact of ESG objectives on our core business strategy and implements a “top-down, risk-based” enterprise risk management (“ERM”) program to identify, evaluate and monitor our relevant risks and opportunities. We start with our strategy and continue with the support for its implementation through periodic risk assessment and monitoring. Key elements of our program include:

Identification of risks and opportunities and prioritization according to:

- (1) financial impact
- (2) likelihood of occurrence
- (3) magnitude of consequences



- o Continuous improvement and adjustment of our program to address actual and potential risks and opportunities in the short-, medium- and long-term according to various levels of severity and frequency
- o Development of a response to each relevant risk which outlines how risks will be mitigated, transferred or avoided, and subsequently reviewed and approved by executive management
- o Board oversight of risk management activities, that includes regular meetings with management to discuss strategic initiatives in addressing our priority risks
- o Internal Audit department facilitation of DNOW leaders’ assessment of risk management activities
- o Communication to our Board and management that includes both corporate-wide identification of both non-operational and operational risks as well as the effectiveness of our internal controls
- o Considerations of financial, operational, environmental, social, legal, cybersecurity, supply chain and compliance-related factors and implications to business risks, as applicable



Climate-Related Risks & Opportunities




We recognize the inherent risks associated with climate change and the implications of the global shift toward a low-carbon economy, both for our company and our customers. Our commitment is to tackle these risks and associated opportunities to effectively address this critical issue.

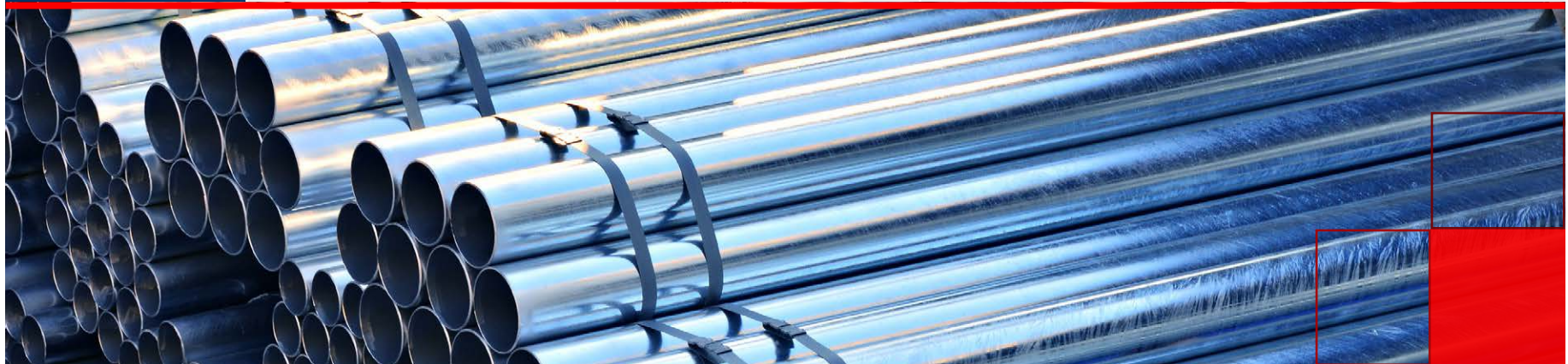
We evaluate our climate-related risks and opportunities in three categories:

- ▶ **TRANSITIONAL** relates to shifts in market forces and consumer preferences, including adjustments industries must make in their business activities and investments to reduce carbon emissions.
- ▶ **REGULATORY** refers to the consequences of legal, regulatory, policy and liability actions associated with climate change.
- ▶ **PHYSICAL** impacts on the environment include acute, event-related and chronic or progressive risks resulting from the effects of carbon emissions released into the atmosphere. Examples include extreme weather events such as abnormal temperatures, floods and destructive storms, as well as changes in weather patterns.



The following table outlines our potential climate-related risks and financial impacts, as well as our mitigation strategies and possible opportunities. For further details on our risk factors, please see Item 1A. Risk Factors in our [2023 Form 10-K](#).

TYPE OF RISK	CLIMATE-RELATED RISKS	POTENTIAL FINANCIAL IMPACTS	MITIGATION STRATEGIES/OPPORTUNITIES
TRANSITIONAL 	Increasing consumer focus on lower-emissions solutions, climate change, sustainability and energy transition matters	Decreased revenues due to reduced demand for products / services	<ul style="list-style-type: none"> Regularly monitor laws and regulations, including those related to climate change and the energy transition that impact our customers' operations Regularly educate customers on the availability of lower emissions solutions Expand our product and service offerings, as well as our complementary suite of digital channels and solutions into emerging energy evolution markets, such as renewable energy and decarbonization
REGULATORY 	Legal, regulatory, policy and liability actions associated with climate change	Increased liabilities and compliance and operating costs	<ul style="list-style-type: none"> Actively monitor developments within the legal and regulatory environment (see <i>Management of the Legal & Regulatory Environment</i> on Page 19) Proactively pursue efforts to reduce our GHG emissions and other environmental impacts across our value chain and improve operating efficiency Seek new markets emerging from regulation or legislation applicable to our current customers around topics such as: emissions capture and reduction, air quality, fuels management, water management, chemicals management, ecological impact management, biodiversity and safety
PHYSICAL 	Adverse weather events or natural disasters	Increased capital expenditures and operating and insurance costs; Interruption of operations and damage to assets	<ul style="list-style-type: none"> Diversify suppliers and geographical areas Ensure operational planning for facility interruptions and maintain adequate insurance protection for assets Ensure the establishment of robust emergency preparedness plans and procedures to effectively respond to unforeseen situations

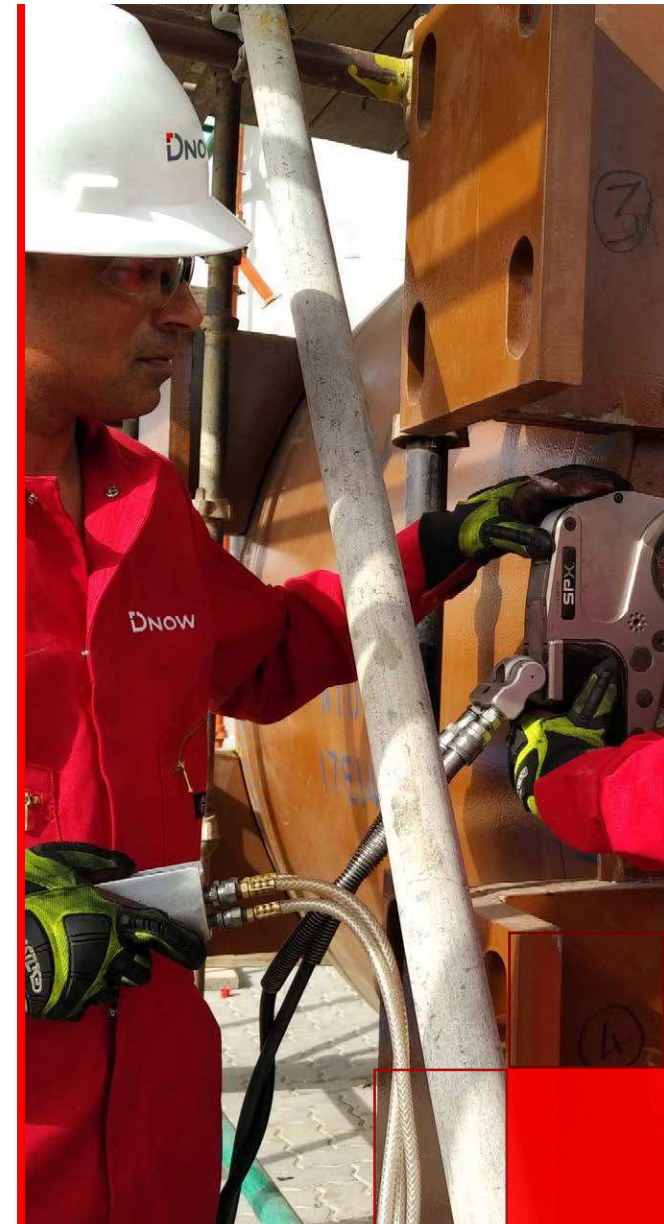


Management of the Legal & Regulatory Environment

The shift towards a low-carbon economy is influencing our business through increased customer demand for renewable energy and cleaner energy sources. Additionally, changes in public policy, geopolitical tensions and the environmental, health and safety laws at the federal, state, local and foreign levels, both where we operate and where our customers operate, influence the products and solutions sought by our customers. These shifts create opportunities for DNOW to explore new markets and expand solutions to both current and potential customers.

In a dynamic legal and regulatory environment, we navigate increased regulations and a heightened focus on emissions. While predicting the impact of legal changes (or their interpretation or enforcement) is challenging, we approach these business opportunities and risks in a highly disciplined manner. Change in political controls, both domestic and internationally, could affect our business through the potential for reduced emissions targets and global climate change regulations on the oil and gas industry. Should environmental laws and regulations (or their interpretation or enforcement) become more stringent, our associated costs or the costs to our customers could increase. Our Board, senior management and relevant departments stay informed of these evolving legal and regulatory landscapes. We address various inherent risks that may impact our business, including but not limited to, financial, market, political, climate, regulatory, compliance, operational, cybersecurity safety and reputational, among others, through strategic planning. One of our primary goals is to maintain competitiveness in our industry and markets and meet our customers' needs, while safeguarding our strategic objectives.

We acknowledge market and reputational risks posed by environmental and social factors, specifically the impact of climate change. Recognizing the geopolitical climate and heightened focus on climate change and adverse effect on the oil and gas industry's reputation, we are adapting our business decisions to limit the environmental impact in the way we do business. As an energy industry distributor, our solutions aim to minimize environmental impact and control the emission of methane and CO₂ in our customers' operations. For further information on how our solutions help our customers reduce their carbon footprint, see [Page 42](#).



Business Ethics & Payments Transparency

DNOW upholds high standards of ethical business conduct and integrity, as outlined in our **Code of Business Conduct and Ethical Standards and other Corporate Compliance Statements and Policies**. These policies document measures, controls and guidance to identify and assess risks, applicable laws and reported concerns and provide substantive parameters in which DNOW operates and expectations both internally and externally for those doing business on behalf of or with DNOW.

Additionally, we have the following policies, practices and Corporate Compliance Statements:

- Governance Hotline
- The U.S. Export & Economic Sanctions Policy
- Policy on Insider Trading & Regulation Fair Disclosure Policy
- Code of Conduct
- Code of Conduct for Directors and Officers
- Supplier Code of Conduct
- Anti-Corruption & Anti-Bribery Policy
- Forced Labor Statement
- Environmental Policy Statement
- Health, Safety and Environment Statement
- UK Modern Slavery Act Transparency Statement
- Canada Modern Slavery Statement
- UK Tax Strategy Statement
- Human Rights Policy

We have implemented and oversee robust internal controls to monitor and track any issues related to potential issues of corruption and bribery in domestic and international markets, including, but not limited to:

- ✓ **A Third-Party Representative Committee** comprised of a cross-functional team of higher management which reviews agent relationships and limited-scope opportunities to ensure a balanced approach in authorizing future business prospects
- ✓ **Annual DNOW Code of Conduct and Ethical Standards training courses** featuring interactive scenario-based case studies that allow employees to better understand their obligations under the Company's Code of Conduct and acceptable responses to ethical challenges
- ✓ **Mandatory annual workplace harassment and discrimination trainings** for all DNOW employees
- ✓ **Anti-Corruption and Anti-Bribery ("ACAB") training and certification** incorporating case studies to support DNOW policy in an effort to expose employees to ethical decision-making in various environments, eliminating risk and ensuring compliance with ACAB laws in all countries where DNOW operates
- ✓ **Annual acknowledgment and acceptance of our ACAB policy** by agents and logistics services providers
- ✓ **Trade Compliance Due Diligence Course** for DNOW employees, managers and officers to identify red flags, boycott language and sanctioned or embargoed end users or destinations emphasizing the importance of reporting such due diligence risks to the proper internal Compliance representatives



The Transparency International Corruption Perceptions Index ("TICPI") scores and ranks countries and territories based on how corrupt a country's public sector is perceived to be by experts and business executives. During the years ended 2023, 2022 and 2021, approximately 0.04%, 0.23% and 0.15% of our revenue, respectively, was derived from products sold directly to countries that have the 20 lowest rankings according to the TICPI for the applicable years.

Supply Chain Stewardship



SUPPLY CHAIN HIGHLIGHTS

- 
Thousands of best-in-class suppliers spanning over 40 countries
- 
Hundreds of thousands of SKUs available to our customers located in approximately 80 countries
- 
Over 165 locations within 18 countries
- 
ISO 9001 quality management systems certified in 12 countries (16 locations)
- 
ISO 14001 environmental management systems certified in 6 locations
- 
ISO 45001 occupational health and safety management systems certified in 1 location

Through our dynamic supply chain management, we source top-tier products and services from partners who align with our commitment to integrity and ethically sustainable business practices. Our rigorous supplier selection and onboarding procedures, as well as our environmentally conscious distribution and fulfillment process, ensure adherence to our high standards and commitment to sourcing best-in-class products and services that fuel our customers' sustainability journeys.

Sustainable and Responsible Procurement

We aim to collaborate with suppliers who embrace our sustainability-driven values, extending the advantages of these best-in-class partner relationships to our customers. Our commitment starts with our supplier selection and onboarding process. Through our Triple Impact Supplier Management Program ("TISMP"), we proactively manage our supply chain to optimize the quality of products and services sourced, ensuring alignment with our values. Our TISMP encompasses our initiatives to manage social and environmental risks associated with suppliers. As part of this program, we conduct **comprehensive supplier assessments that include evaluations of ESG practices within the supply chain.**

In 2023, we audited

16 manufacturing sites

and conducted

6 desk reassessments of key suppliers¹².



Our Approved Suppliers List ("ASL") is one of the most powerful benefits to our customers, some of which have decided to adopt it as part of their own supply chain standards.



SDG
ALIGNMENT

7 AFFORDABLE AND
CLEAN ENERGY



9 INDUSTRY INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



¹²Key suppliers are strategic partners that are in our approved manufacturers list with which we have top spend and other suppliers of products we deem critical.

Our Triple Impact Supplier Management Program

Assessment Process

- Evaluate and distribute questionnaire for ASL qualification
- Admit only market-share-leading companies with strong reputations for quality products and services, safety and environmental stewardship

Approved Suppliers List

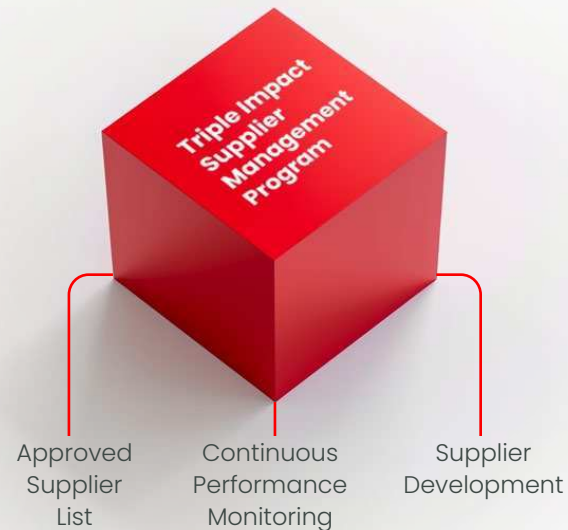
- Evaluate approved suppliers continuously, including review of key quality, health, safety and environmental practices and relevant performance metrics
- Regularly stock prequalified products and offer services from ASL suppliers

Ongoing Supplier Monitoring

- Actively manage and monitor supplier performance and development
- Conduct on-site physical audits of supplier facilities
- Monitor and measure supplier quality continuously, including supplier performance reporting, laboratory tests and inspections/audits

Our **IMPACT** quality goals:

- ✓ Increase employee capabilities
- ✓ Maintain accurate inventory
- ✓ Provide quality products and services
- ✓ Always deliver on-time
- ✓ Continually improve
- ✓ Total customer satisfaction



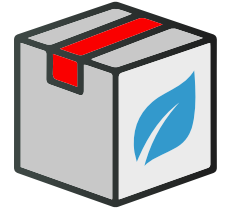
We partner with industry-leading suppliers employing cutting edge technologies to help reduce our customers' carbon footprint. We source a significant portion of our carbon steel pipe from a manufacturer that uses electric arc furnaces to recycle scrap steel into high-performance sustainable steel pipe for our customers.

Sustainable Distribution & Fulfillment

We are committed to *Driving Sustainable Value* and responsible supply chain management. We prioritize an efficient supply chain to minimize our carbon footprint in delivering products to our distribution centers, branches and ultimately, our customers. With a global network of strategic locations near customer operations, we continue to modernize our fulfillment model through further expansions in response to changing market cycles. Our initiatives to drive efficiencies include:

- ◆ Establishing regional distribution Supercenters and orbiting branches to regionalize fulfillment and deepen access to our customers, while optimizing resource use
- ◆ Facilitating direct shipments from manufacturers to end customers, reducing redundant supply chains and fuel consumption
- ◆ Aggregating larger domestic shipments on a weekly or bi-weekly basis and exploring daily aggregation opportunities
- ◆ Implementing recycling / reuse programs to minimize packaging waste, including cardboard, plastic, metal and wood used in packaging
- ◆ Recycling scrap metal and participating in paper and plastic recycling initiatives in relevant municipalities, whenever feasible
- ◆ Compacting waste through use of machinery, such as a “precrusher,” to reduce environmental impact and hauling costs
- ◆ Participating in select parcel carrier carbon neutral shipping and reporting programs to monitor and offset our carbon emissions

For **three consecutive years**, we have achieved nearly **100% carbon-neutral parcel shipments**, offsetting over 581 MT CO₂e in 2023¹³.



DNOW SPOTLIGHT



DNOW holds International Organization for Standardization (“ISO”) 14001:2015 certification in six locations, an international standard for designing and implementing an environmental management system. The certification demonstrates our commitment to managing our environmental responsibilities in a systematic manner and reflects our emphasis on adopting environmental best working practices.

¹³DNOW participates in select carbon neutral shipping programs through our parcel shipment carrier, whereby our parcel shipment carrier will measure our related emissions and purchase offsets from select environmental projects. Parcels are typically smaller and lighter than bulk freight shipments and have a maximum weight limit of 120 pounds per package.

Supplier Code of Conduct

It is crucial for us to engage with suppliers who align with our values and dedication to ethical practices. Our Supplier Code of Conduct aims at ensuring our business partners commit contractually to upholding the foundational aspects of the:

- International Bill of Human Rights,
- International Labor Organization’s Declaration on Fundamental Principles and Rights at Work,
- Organization for Economic Co-operation and Development’s Guidelines for Multinational Enterprises,
- United Nations (“UN”) Guiding Principles on Business and Human Rights, and
- Ten Principles of the UN Global Compact.

In 2023, we deployed phase one of our Supplier Code of Conduct initiative. As part of the first phase of our roll-out, we collected information and distributed the Supplier Code of Conduct to the top spend of our managed suppliers to acknowledge and sign. Our Supplier Code of Conduct conveys our expectations on alignment with DNOW’s ESG-related values and policies, including:

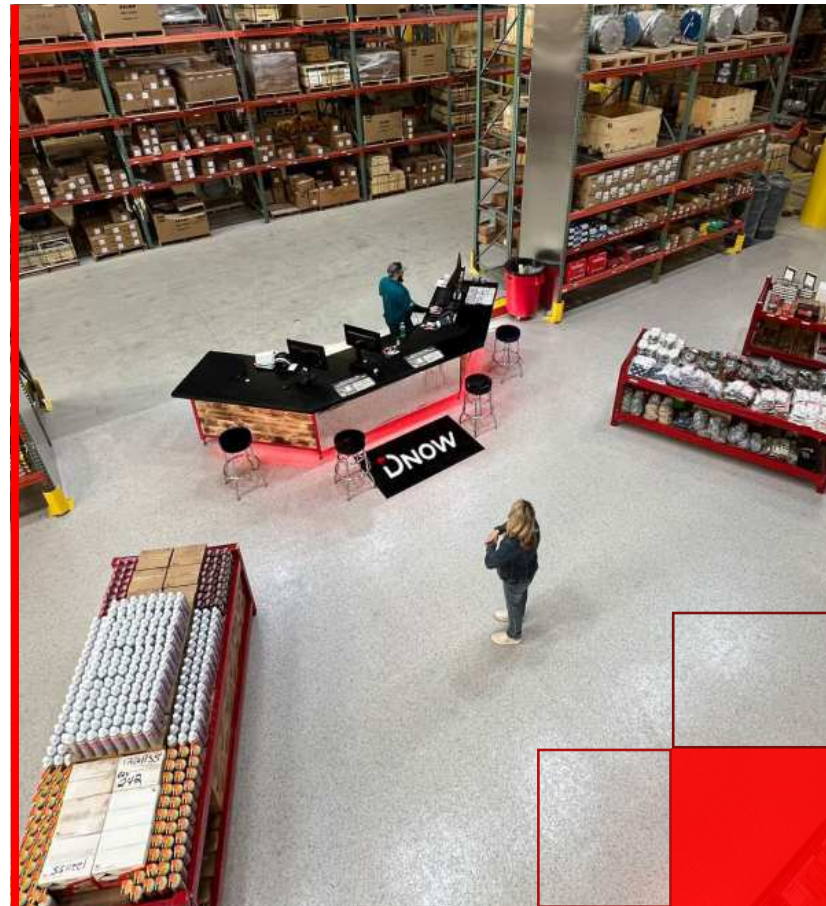
- Anti-discrimination/harassment
- Health, safety and environment (“HSE”)
- Anti-corruption
- Import and export laws
- Antitrust
- Disclosures/confidentiality
- Anti-forced and child labor and other labor practices
- Procedures for reporting violations



We are proud to work with thousands of best-in-class suppliers to stock quality, trade-compliant and responsibly traded products.

Supplier Diversity

At DNOW, we work to cultivate an equitable, diverse and inclusive supply chain, aiding our customers in broadening their own supply networks, while strengthening minority and women-owned businesses. We seek to enable these businesses to qualify as approved suppliers of quality products and services to DNOW.



Data Security

DNOW recognizes the increasing significance of cybersecurity threats in today's business environment and has implemented a cyber risk management program to identify, assess, manage, mitigate and respond to cybersecurity threats. This program is integrated within DNOW's enterprise risk management program and includes a focus on

- (a) regular assessments of cyber risks, taking into account the evolving threat landscape, technological advancements and changes in our business operations;
- (b) proactive identification and mitigation of vulnerabilities in our information systems through regular scanning, testing and patch management; and
- (c) implementing and continuously monitoring security controls, including firewalls, intrusion detection systems, encryption and access controls to safeguard against unauthorized access and data breaches.

Our governance structure is designed to ensure effective oversight and management of cybersecurity risks at both the Board and management level. The Board of Directors regularly receives briefings to ensure cybersecurity matters are aligned to DNOW's strategic goals related to cyber risk management without compromising the overall business strategy. Our approach is designed to safeguard sensitive information, protect critical assets and maintain the integrity of our operations. Our governance structure is designed to adapt to evolving regulatory requirements and industry best practices, and DNOW remains committed to complying with all relevant cybersecurity regulations and standards applicable to our industry.



ZERO

data security breaches

Implemented **advanced tools** to improve our ability to detect, analyze and respond to security threats



Dedicated Managed Security Operations Center provided **24/7 monitoring** and incident response



DNOW prioritizes effectively managing our evolving cybersecurity landscape. We understand the performance of our information systems is vital to our business operations. Our comprehensive defense-in-depth strategy forms the cornerstone of our security framework. It entails the implementation of multiple layers of safeguards, extending from endpoint protection to mitigating risks associated with business email compromise. It includes policies and procedures to protect our data, physical information technology (“IT”) assets and systems and enables us to promptly detect and address potential threats. We have the following measures in place:

- **Ongoing security risk assessment to protect critical data**, leveraging insights from diverse sources such as a managed security operations center, in-house experience, government and private cybersecurity advisories and collaboration with IT consultants
- **Robust risk assessment and adaptive risk response measures** to prevent unauthorized program changes and data access
- **Quarterly reporting on our control effectiveness evaluation and cybersecurity performance** to DNOW’s management and Board
- **Defined incident management and event monitoring procedures** to continuously address threats to our information systems
- **Structured security incident reporting plan** with defined severity-based reporting steps and workflows
- **Regular cybersecurity training required for all employees**, complemented by monthly phishing campaigns and remediation training
- **Obtaining key documentation in order to determine and evaluate the risks associated with our key third-party service providers**, including a vendor questionnaire form, information security policies, relevant certifications, System and Organization Controls reports, and personal data protection and privacy compliance documentation





Social

Our 2023 Social Highlights



ZERO

employee fatalities and **over 13% decrease in TRIR** from 2022, making it our third straight year of a Sub-1 TRIR



355

milestone awards



higher scores on our employee engagement survey compared to 2022:

- **14.4%** higher future outlook score
- **10.1%** higher manager effectiveness score
- **9.1%** higher diversity, equity & inclusion ("DEI") score
- **8.3%** higher team dynamics score



>3,800

volunteer hours

&

>\$391,000

contributed to organizations our company and employees are passionate about

Workforce Health & Safety

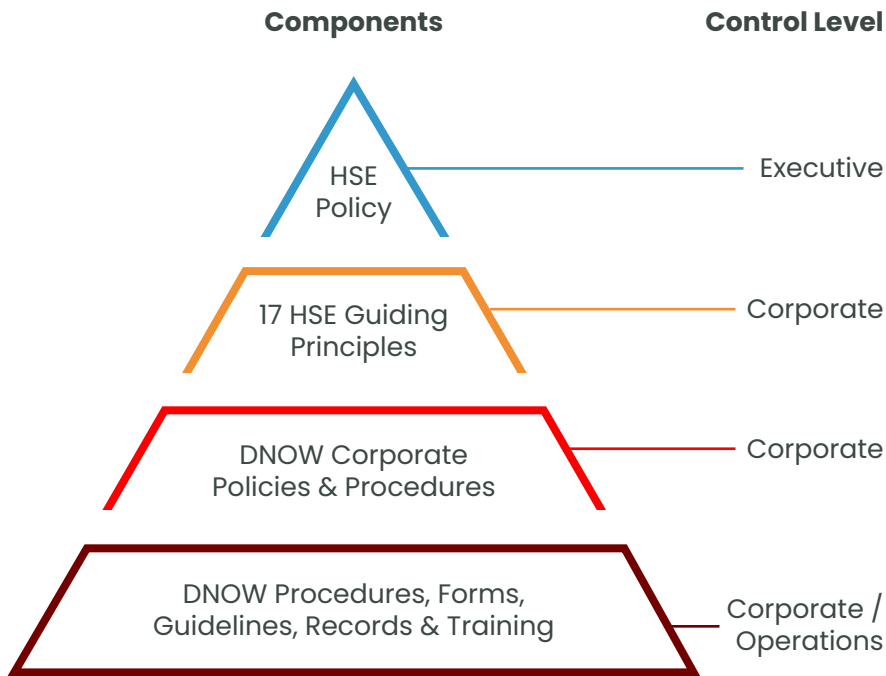

Our safety culture is a cornerstone of how we *Drive Sustainable Value* for our stakeholders. At DNOW, we integrate health, safety and environmental practices into our business model – from day-to-day operations to the integration of business acquisitions, as well as measuring and assessing results while continually improving processes. Our safety culture is instilled as a core value of our organization first and foremost at the leadership level, including engagement from executives, our Board and operational leaders. We take a proactive approach to safety and are continuously working to adapt our safety topics and priorities to the needs of specific business segments and regions.

Our safety culture is driven through our HSE management system, which consists of our HSE Policy Statement, HSE guiding principles and our corporate and business-level policies and procedures.

- **HSE Policy Statement** – a one-page, top-level document, which sets the tone for our organization and outlines our HSE expectations for all employees, vendors, customers, contractors, subcontractors and third parties. This statement establishes the heart of our HSE management system and undergoes review and approval by our General Counsel.
- **17 HSE Guiding Principles** – an essential framework for our HSE management system and safety culture, outlining our minimum corporate safety requirements, as well as how we intend to comply with client and regulatory expectations. Principles such as “Hazard Identification, Risk Assessments and Control Requirements” and “Recordkeeping Requirements” exemplify our commitment.
- **Corporate Policies and Procedures** – broad-based procedures, instructions and restrictions designed to mitigate potential incidents and risks. These policies and procedures offer flexibility to address concerns at the customer, regional and/or global level and apply to all our business units.
- **Business-Level Procedures, Forms, Guidelines, Records and Training** – includes HSE management system controls, documents and procedures tailored for or by a business group or location. These are very specific in scope and are controlled and updated by the business group.

In 2023, we began a project to streamline the 17 Guiding Principles to further align with DNOW’s Ethos and iterate focus on safety evolution and culture. The revised Guiding Principles will place emphasis on critical components of DNOW’s HSE Management System that support DNOW’s strategy, safety prioritization and operational excellence.



ZERO employee fatalities

Over 13% **decrease in TRIR** from 2022

2021-2023 **TRIR rates compare favorably to the BLS industry averages**¹⁴

SAFETY METRICS	2023	2022	2021
Total Recordable Incident Rate ¹⁵	0.81	0.94	0.92
Total Vehicle Incident Rate ("TVIR") ¹⁶	0.43	1.17	0.56
U.S. Bureau of Labor Statistics industry average TRIR rate ¹⁷	2.0	2.1	2.1

¹⁴At the time of report publication, the 2023 rate was not yet available. As such, DNOW's 2023 TRIR was compared to the 2022 BLS rate.

¹⁵TRIR, per 200,000 hours worked.

¹⁶TVIR, per 1,000,000 miles driven.

¹⁷BLS for Industrial Machinery and Equipment Merchant Wholesalers (NAICS 423830).



Our Safety Best Practices

At the time of hire, all employees undergo comprehensive HSE training covering our HSE management system. Job- and site-specific HSE training are provided based on the employee's title, responsibilities and location. All U.S. DNOW branch-level locations conduct mandatory monthly safety meetings to fulfill customer training requirements and address current safety topics. Many U.S. and international facilities conduct more frequent safety meetings on a daily, weekly or otherwise necessary basis. Additional safety best practices include:

- ✓ Facilitating regular operational region meetings to increase HSE exposure
- ✓ Developing relationships with branch employees and throughout all levels in the organization
- ✓ Implementing preventative and corrective actions, where necessary, to increase accountability
- ✓ Conducting application-based, behavior-based safety observations to engage employees and address real-time safety concerns
- ✓ Providing computer-based, in-person and virtual HSE-related trainings to target improvements
- ✓ Engaging in direct communication with Executive Leadership Team for top-level buy-in to drive safety culture and expectations

To ensure standardized, appropriate and timely safety training across our organization, Corporate HSE engages an employee management system, which provides our employees with access to an extensive library of training topics and tracks completed training hours. Our HSE training catalog is globally accessible to all employees. The computer-based training courses also serve as corrective actions, assigned by managers, HSE and Human Resources to reinforce safety principles whenever necessary.



Employee Engagement & Development

We prioritize the growth and development of our employees, fostering opportunities for valued contributions and innovation. We understand that empowering and advancing our team not only drives a better quality of work and life for our employees but also enables us to *Drive Sustainable Value* for our customers, helping us execute on our commitment to be our industry's preferred supplier.



Training & Development

Our team's skill, knowledge and capabilities are integral to our success. To ensure our employees are equipped with the knowledge and tools to deliver exceptional customer service, we utilize the following development and training initiatives:

- ✓ **Formal annual performance reviews** to encourage feedback and foster growth
- ✓ **Annual employee engagement surveys** administered by a third-party to measure, understand and enhance employee engagement
- ✓ **Learning Management System** including a library of e-learning content, courses, resources, webinars and instructor-led training, as well as training transcripts for personal and professional development
- ✓ **Comprehensive onboarding program** aimed at providing a foundation for new employees to acquire the skills and knowledge to become effective contributors to our organization
- ✓ **Professional development tools** through in-person training, webinars and on-demand training designed to meet group-specific needs
- ✓ **Manager training courses** focused on building efficient and effective teams
- ✓ **Leadership townhall sessions** for our team members to obtain updates from leaders and engage in open dialogue
- ✓ **Training and development programs** to recognize performance and grow our talent (refer to *Our Development Programs* on [Page 33](#) for further information)

2023 TRAINING SPOTLIGHT

During 2023, our employees completed:

>2,950

Code of Conduct and anti-corruption and anti-bribery courses

>2,760

anti-harassment & discrimination courses



Our Development Programs

- ✓ **Technical Sales Development (“TSD”) Program** – a year-long program where participants rotate through our organization to gain valuable knowledge about the DNOW business model and develop skills that enable them to provide the highest quality service while advancing within DNOW. The program allows DNOW to identify each employee’s strengths and interests to match to the needs of our company.
- ✓ **High Potential Development Program (“HiPo”)** – targeted training to strengthen specific skills and competencies for ongoing career growth and advancement
- ✓ **Leadership Program** – three custom-designed leadership experiences focused on enhancing leadership capabilities and talents at various career points
- ✓ **Inside Sales Training and Accelerated Sales Training Programs** – multi-week, webinar-based training programs which enable our sales team members to increase their virtual selling skills and learn how to apply cutting edge sales techniques to build stronger customer relationships
- ✓ **Operational Leadership Training** – provides both current and prospective Operations and Branch Managers with the necessary operational knowledge and resources essential for achieving success and career progression
- ✓ **Peer-to-Peer Mentorship Program** – promotes engagement with peers to foster global connections, expand internal network, advance career development, acquire new skills and gain broader perspectives through cross-functional collaboration
- ✓ **Corporate Excellence Rotational Program** – a six-month program for recent graduates to broaden their knowledge of various business areas, while grasping an overview of DNOW’s business model, processes and overall strategy
- ✓ **Sales and Operations Rotational Program** – focused on attracting high-potential recent graduates, providing them with hands-on experience through focused rotations to gain comprehensive insights into DNOW’s operations and strategy within a year

Recognizing Employees

We deeply value the legacy created by employees who have devoted considerable time to our organization. Through our Milestone Service Awards, we honor and recognize employees on each five-year service anniversary, celebrating their dedication, commitment and contributions.



During 2023,
we awarded
355
Milestone
Service Awards.



Workforce Diversity & Inclusion

We prioritize the growth and development of our employees, fostering opportunities for valued contributions and innovation. We understand that empowering and advancing our team not only drives a better quality of work and life for our employees but also enables us to *Drive Sustainable Value* for our customers, helping us execute on our commitment to be our industry's preferred supplier.



In 2023, we expanded from 1 Employee Resource Group (“ERG”) to 3 ERGs, with the launch of our **Women of NOW** and **PRIDE in Action** ERGs.

We understand that the collective sum of our employees’ individual differences, life experiences, knowledge, self-expression, capabilities and talent amplifies our DNOW brand, enables us to drive innovation and enriches our culture. Our DEI mission commits to advancing an inclusive environment where diversity is appreciated and encouraged, and all employees have a sense of belonging and open communication channels throughout our organization. We believe it is crucial to maintain workplace equity and fairness where our differences *Drive Sustainable Value*.

SPOTLIGHT: OUR DEI JOURNEY

The 5 Stages of DEI Maturity¹⁸:

Aware → Compliant → Tactical → Integrated → Sustainable

Within the Five Stages of DEI Maturity, DNOW is well into the tactical phase, where integrating DEI efforts into our business to create a more inclusive experience is a top priority. Our ongoing efforts include a focus on DEI education and awareness, the launch and development of additional ERGs and Inclusion and Safety Moments added to team meetings. As we continue to make progress on our journey, we strive to nurture a culture of inclusion where our people are as innovative, productive and diverse as our business portfolio.

In 2023, DNOW expanded from one ERG (our DEI council) to three ERGs with the launch of two additional fully functioning ERGs: Women of NOW (“WON”) and PRIDE in Action (“PIA”). Each of our ERGs collaborate to establish a charter, mission, vision, platform and by-laws, with a focus on providing networking and development opportunities for employees while linking to sustainable business impacts, such as advancing DEI in our recruiting and employee engagement. The platform for each ERG ensures universal access for all employees, irrespective of location or level.

¹⁸Source: Ella F. Washington, Harvard Business Review Magazine, *The Five Stages of DEI Maturity*, [The Five Stages of DEI Maturity \(hbr.org\)](https://hbr.org).

Our DEI efforts in 2023 were grounded by listening sessions with employees, leaders and DEI experts. In 2023, our employees took leading roles in ERGs. In addition, our ERGs participated in multiple community focused volunteerism efforts, including Boys and Girls Clubs of Greater Houston, the Annual PRIDE Celebration in Casper, Wyoming and National Day for Truth and Reconciliation in Canada.

SPOTLIGHT: COURAGEOUS CONVERSATIONS & MONTHLY AWARENESS TOPICS

Education and awareness remain integral to our DEI strategy. Our Courageous Conversations initiative and Monthly Awareness Topics promote greater empathy and understanding of the diversity within our team. Courageous Conversations creates a safe and comfortable environment for open and candid conversations about different life and work experiences. Our Monthly Awareness Topic events allow employees to celebrate and understand the diverse life journeys of their colleagues. Each event closes with Calls to Action, empowering all employees to initiate changes in their daily lives at work, at home and in their communities, fostering a culture of inclusion and belonging.

Celebrating DNOW Diversity in 2023

To promote DEI education and awareness, we celebrated the following:

- ▶ MLK Day
- ▶ Black History Month
- ▶ International Women’s Day
- ▶ Asian Pacific Islander Heritage Month
- ▶ PRIDE Month
- ▶ Hispanic Heritage Month
- ▶ National Day of Truth and Reconciliation and Orange Shirt Day (Canada)
- ▶ Veterans Day

We Care.

Create an inclusive environment by engaging diverse talent and influencing recruitment, development, advancement and retention

Articulate our DEI progress through proactive communications

Refine workplace equity and equality

Engage employees in DEI through education and awareness with an emphasis on a greater sense of belonging at DNOW

The charts below illustrate the gender and ethnic/racial diversity of our U.S. workforce as of the years ended December 31, 2023, 2022 and 2021.

Gender Representation

Ethnic Representation

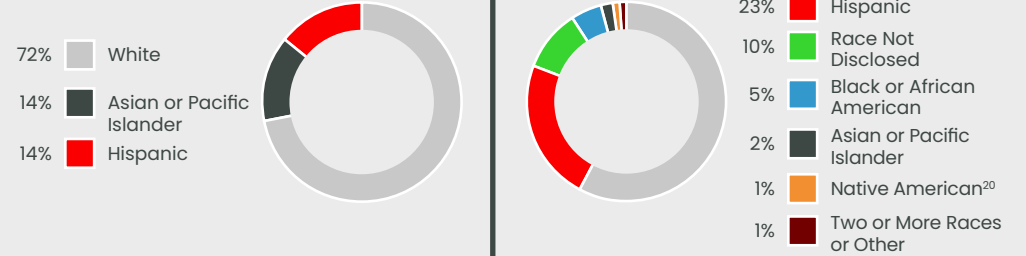
MEMBERS OF MANAGEMENT¹⁹

ALL OTHER EMPLOYEES

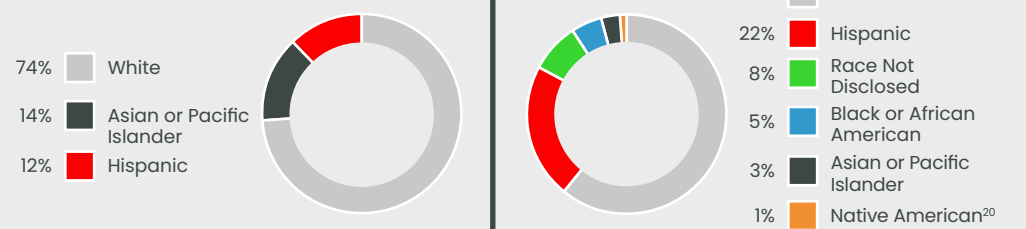
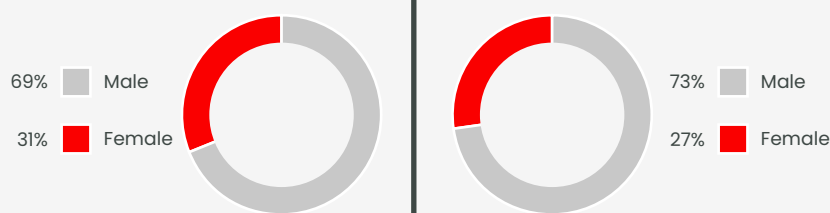
MEMBERS OF MANAGEMENT¹⁹

ALL OTHER EMPLOYEES

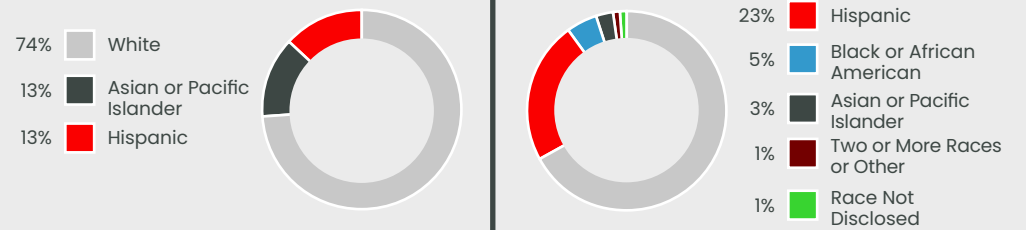
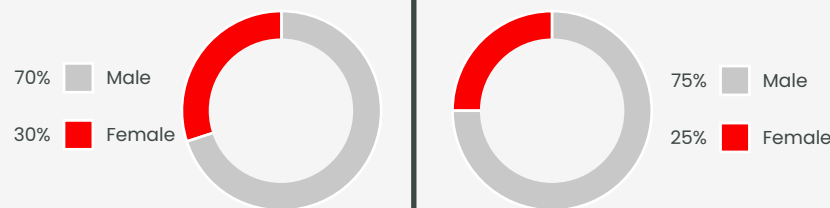
As of the year ended
December 31, **2023**



As of the year ended
December 31, **2022**



As of the year ended
December 31, **2021**



¹⁹Management includes employees that are two levels down from the CEO in the DNOW organizational hierarchy and above.

²⁰Not tracked in 2021.

Bringing Light to our Communities



DNOW is committed to building strong connections with our neighbors and actively contributing within the communities where we operate. By definition, our DNOW Lights program demonstrates our dedication to being a bright light and positive impact within our local communities. Our team regularly supports various organizations through the donation of time and talent, as well as through financial contributions, to cultivate strong connections to the communities we serve. The DNOW Lights program is designed to support and represent the consolidated and strategic philanthropic efforts of DNOW and our employees worldwide and to leverage our organizational influence to make a positive impact.

In 2023, we contributed **over 3,800 volunteer hours** & **\$391,000** to organizations our company and employees are passionate about.

DNOW Lights Charity Golf Tournament

DNOW Lights held a golf tournament in Houston, Texas benefiting the Boys and Girls Clubs of Greater Houston and Sunshine Kids. During the event, we were able to raise over \$165,500 split between both organizations.



Habitat for Humanity

DNOW Lights participated in a Habitat for Humanity event in Tomball, Texas. The mission was to construct two houses for needy families within the local community. Despite their lack of prior construction experience, the dedicated volunteers showcased their impressive skills in tiling, painting and various other trades. Thanks to the comprehensive support and provision of equipment and resources by Habitat for Humanity, the project was completed.



West Texas Food Bank

Employees from the Odessa, Texas Supercenter came together to support the West Texas Food Bank's mission to end hunger. Our fantastic team lent a hand and completed 480 boxes, contributing to the fight against hunger in our community. The West Texas Food Bank fights hunger in the Permian Basin by distributing food to those in need through a network of over 100 partners.



National Alliance on Mental Illness (“NAMI”) Walks

Our DNOW Lights team joined NAMI Walks, an event dedicated to supporting those who experience mental illness and raising awareness about mental health. We walked together at Sam Houston Park, showing our unity and commitment to mental health for all. Our volunteers shared their stories and experiences, bringing light to the struggles of those facing mental health issues. We also learned about resources available to support and care for those with mental health challenges.



DNOW Charity Cornhole Tournament



DNOW Lights organized a charity cornhole tournament in Tomball, Texas to support redM, a group of volunteers who help people affected by sexual exploitation. It was a fun day of competition and community, and we learned more about redM's impact on sex trafficking survivors. Our volunteers had a great time and showed lots of joy and enthusiasm while supporting this vital cause. The tournament raised over \$14,900 for redM.

Jason's Friends Bowling Event

A staggering number of participants gathered to raise funds for the Jason's Friends Foundation, including approximately 1,000 bowlers, donors and sponsors. This charitable organization offers a range of assistance to Wyoming families facing the difficult battle against cancer, brain tumors or spinal cord tumors. The event was declared a resounding success, having raised a substantial sum of money, with 90% of all donations benefiting families currently enrolled in the program.



Cypress Assistance Ministries (“CAM”)



The CAM Food Sorting event took place in Houston, Texas, to support the Cypress Assistance Ministries. This faith-based organization assists individuals and families experiencing financial hardship, those at risk of homelessness, the elderly, the unemployed and anyone seeking hope for a better future. Attendees at the event volunteered to sort food that will aid the organization in providing for those in need.

Casa de Amigos

Our DNOW Lights volunteers teamed up with Chevron’s employees for a truly special event held at the Chevron 1270 Field Office in Odessa, Texas. Together, their mission was to support Casa de Amigos, an organization that tirelessly provides essential services to our community. Casa de Amigos offers an Emergency Food Pantry and Nutrition Center, student clothing, school supplies, holiday and seasonal assistance, as well as casework and referrals to appropriate agencies. Volunteers graciously gathered hygiene items to be donated to Casa de Amigos, demonstrating their unwavering commitment to improving the lives of those in need.



A Bright Light in Our Communities

We take pride in the grassroots initiatives undertaken by our employees to address the needs of their local communities in 2023. Globally, we engaged in numerous events and supply drives to benefit organizations, such as the following:

- Habitat for Humanity
- Boys and Girls Clubs
- Feed the Hunger
- National MS Society
- Inspiration Ranch
- March of Dimes
- National Alliance on Mental Illness
- Casa de Amigos
- Abba’s House
- Montgomery Food Bank
- Poverty Resistance Food Pantry
- Tomball Emergency Assistance Ministries
- Natrona County Suicide Prevention Task Force
- Keep Houston Free
- St. Jude
- Memorial Park Conservancy
- Susan G. Komen Foundation
- The Salvation Army
- Cystic Fibrosis Foundation
- Toys for Tots
- Alzheimer’s Association
- American Cancer Society
- Inn from the Cold
- Root for Trees
- Calgary Food Bank
- West Texas Food Bank
- YWCA Calgary

Environment



Our 2023 Environment Highlights



>37%

decrease in our scope 1 & 2 GHG emissions intensity from 2021



nearly **100%**

carbon-neutral parcel shipments for three consecutive years²¹



deployed over 30 Zero2™ equipment skids across the nation, which have the design capacity to **cut**



480,000

MT CO₂e annually for our customers²²

²¹See Page 23 for further details.

²²As of December 31, 2023, over 30 equipment skids were installed at 28 RNG sites across the U.S. These units can process 9 million standard cubic feet of biogas daily, enabling our customers to cut 480,000 MT CO₂e emissions annually. See Page 42 for further details.

Delivering Sustainable Energy

Our goal is to assume a vital position and seamlessly integrate within our customers' value chain while prioritizing our focus on environmental responsibility. We are actively working on our energy management, conservation initiatives, responsible water usage and recycling whenever applicable to reduce our operational footprint. This commitment is firmly established in our [Environmental Policy Statement](#).

We prioritize addressing our customers' unique energy evolution demands and risks while maximizing value in emerging markets. Our customers face increasing demands to minimize their environmental impact and rely on us for tailored products and process solutions that harmonize with their environmental initiatives and sustainability goals. This includes offering products and services that aid in curtailing environmental footprint, mitigating GHG emissions and fostering sustainable waste and water management practices.

DNOW is committed to being a responsible steward of the environment.



SDG ALIGNMENT

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



DNOW IN ACTION

EcoVapor: Enabling a Pathway to Net-Zero Emissions

DNOW's EcoVapor technology offers an ever-expanding suite of emissions management and biogas purification solutions for the oil and gas and the growing RNG markets. The cutting-edge technology includes a system that converts waste natural gas streams into revenue, while reducing emissions and gas flaring, enabling a pathway to net-zero emissions for our customers.

In the oil and gas sector, our EcoVapor solutions help reduce emissions from storage tank batteries and maintenance outages, including venting of tank vapor and reduction in flaring, which directly reduces methane, volatile organic compounds, NO_x and CO₂ emissions. EcoVapor's patented ZerO2™ technology allows operators to capture and sell gas from storage tank batteries that are normally flared due to oxygen contamination.

We are also increasingly deploying EcoVapor technology to upgrade biogas into RNG, a direct replacement of geologic natural gas. Based on California Air Board research, RNG has a negative carbon footprint as methane sources are removed, while the environmental impact of conventional natural gas is reduced through substitution.

We estimate that the ZerO2™ technology provides **operators with the capability to eliminate up to 16,000 annual metric tons of carbon dioxide equivalent (CO₂e) emissions through the continual use of one E300 vapor recovery unit²³**. To put this environmental impact reduction into perspective, the reduction is equivalent to the impact of approximately four wind turbines running for a year, 3,500 gasoline powered passenger vehicles driven for one year or approximately 2,000 total households' energy use for an entire year²⁴. **Based on current installations in the U.S., we estimate the capacity to reduce CO₂e emissions by 4.5 million metric tons for our customers.**

²³Represents estimated emissions reduction design capacity as calculated by a third-party environmental consultant.

²⁴According to the EPA's Greenhouse Gas Equivalencies Calculator.



Driving Sustainable Value for Our Customers

We are dedicated to *Driving Sustainable Value* for our customers. DNOW's team prioritizes understanding our customers' challenges so our team can adequately evaluate DNOW's proprietary solutions while offering technical acumen and supply chain expertise. We are continually expanding our product and service offerings and leveraging our deep expertise, superior customer service and complementary suite of digital channels and solutions to strengthen the energy value chain. Our solutions aim to diminish environmental impacts and effectively manage the movement of gases and fluids. We offer sustainably produced products, thereby limiting the overall carbon footprint of their offerings (e.g., use of wind power, recycled water, wood pellets, etc.). Additionally, we excel in assembling and fabricating process, production and measurement equipment, contributing to the measurement, detection, prevention and minimization of leaks and emissions.

DNOW SOLUTIONS TO REDUCE ENVIRONMENTAL IMPACT



Oxygen Removal Systems (Zero2™)

Removes hydrogen sulfide from gas stream, allowing gas capture and lowering operator's Scope 1 emissions

Hydrogen Sulfide Removal Systems (Sulfur Sentinel™)

Removes sulfur dioxide from gas stream, combined with ZerO2™, lowering operators' Scope 1 emissions



Biogas Purification (Zero2™)

Treats biogas produced from landfills and agricultural wastes contaminated with hydrogen sulfide, oxygen and water, allowing it to be captured and sold as RNG



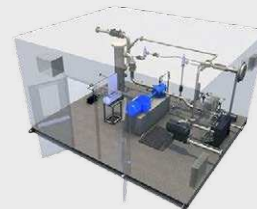
Instrument Air Skids

Uses instrument air instead of wellhead gas to reduce VOCs and GHG emissions



Pump and Compressor Energy Audits

Increases energy efficiency and reduces emissions



Vapor Recovery Units

Captures volatile organic compounds and reduces GHG emissions



DNOW SOLUTIONS TO REDUCE ENVIRONMENTAL IMPACT



Sealless Charge Pumps on Lease Automatic Custody Transfer (“LACT”) Units

Reduces possible leak points and spills of environmentally impactful products



Containment Systems

Reduces possible leaks and captures contaminants



Solar Chemical and Glycol Pumps

Uses solar power instead of electricity or wellhead gas



Gas Recovery Pumps

Recaptures wellhead gas and VOCs



Low-E Rated Valves, Zero-Emissions Process Pumps, High-Performance Spiral Wound Gaskets

Fugitive emissions mitigation and reduction



API 5L Steel Pipe

Produced from a high percentage of recycled steel scrap, utilizing efficient EAF technology



Forged Steel and Bolts

Produced from recycled steel sources



Glass Reinforced Epoxy Piping Systems

Require less energy to manufacture than steel pipe



DNOW IN ACTION


DNOW EcoVapor: Supporting a Leader in Renewable Energy

EcoVapor's ZerO2™ oxygen removal technology is playing a pivotal role in the renewable energy initiatives of Roeslein Alternative Energy (RAE), a leading operator and developer of renewable energy production facilities that convert industrial and agricultural waste into renewable natural gas and sustainable co-products. EcoVapor technology was chosen by RAE to support the conversion of waste into renewable natural gas at numerous swine farms in southwest Kansas and the Texas and Oklahoma panhandles. This collaboration has resulted in the installation of EcoVapor's ZerO2™ equipment at seven swine farm facilities, with plans for expansion in 2024, collectively capable of processing 2.4 million standard cubic feet of biogas daily.

By the end of 2023, over 30 ZerO2 process units have been deployed across 28 RNG sites nationwide, facilitating the treatment of more than 9 million standard cubic feet of biogas daily, based on process design capacity. This effort has led to the removal of up to 480,000 metric tons of CO₂e emissions annually, equivalent to the impact of 126 wind turbines. These achievements underscore the significant contribution towards reducing carbon emissions and advancing sustainable energy practices, reflecting EcoVapor's commitment to environmental stewardship alongside RAE.



DNOW Fiber Glass Systems: The Greener Choice

Our TS&M Fiberglass Glass Reinforced Epoxy ("GRE") piping systems offer a number of advantages to our customers, including providing a low-cost alternative and environmental advantages related to the manufacturing process compared to carbon steel pipe. We are continuously educating our customers on the applications and benefits of fiberglass products, including the potential benefit of aiding in the reduction of their scope 3 carbon footprints. Some benefits include:

- ✓ 31% less energy to produce
- ✓ 65% energy savings throughout a 20-year life cycle
- ✓ Emissions reduction related to travel and shipping due to its lightweight nature
- ✓ CO₂ emissions reduction by up to 77% while shipping pipe via semi-trucks
- ✓ Carbon sequestration effect, as carbon stored in GRE piping systems prevents the same carbon from being emitted into the atmosphere as CO₂
- ✓ CO₂ emissions reduction by 49,000 tons per year by changing current container ship piping systems to fiberglass
- ✓ Pumping energy reduction by having a smoother inner pipe surface

DigitalNOW® Initiatives

We are continuously expanding our innovative digital products suite to deliver greater value for our customers. Through our DigitalNOW® platform, customers can access cutting-edge technology in eCommerce, data management and supply chain optimization. These tools enable them to solve complex operational and product sourcing while maximizing their return on assets and sustainability initiatives.

Expanding DigitalNOW® Initiatives to Drive Customer Efficiencies

OptiWatch monitors the health and operating performance of horizontal pumps by using collected data to predict future maintenance events that could potentially lead to unplanned maintenance, significantly improving runtime and reducing downtime, excessive power draw and CO₂-equivalent consumption.



DNOW IN ACTION



Delivering Solutions to Reduce Methane Intensity

Pneumatic controllers and actuators are one of the largest sources of methane emissions in oil and gas production, transmission and storage applications. We are helping our customers decarbonize by reducing or eliminating routine flaring, as well as eliminating methane used to power gas pneumatic devices by replacing them with industrial-grade compressed air systems. DNOW is working with multiple operators to meet their goals of reducing overall methane intensity.

Solutions to Manage Water Use

We offer a variety of products designed for sustainable water management, including water transfer, disposal and injection packages. These products enable environmentally responsible produced water disposal in permitted areas. Our products and solutions assist production and midstream customers in efficiently using fresh and produced water, including reuse during well stimulation, water cleaning, transfer, disposal and reuse in the field, which reduces fresh water consumption.

DNOW SOLUTIONS TO MANAGE WATER USE



Separators

Efficiently separates produced water from oil and gas streams for future use or disposal in an environmentally responsible manner



Water Transfer

Transfers stored produced water for processing, reuse or disposal in an environmentally responsible manner



Salt Water Disposal (SWD)

Disposes of produced water underground where it originated or via permitted reservoir



Rental Pumps

Allows the movement and transfer of water for a variety of needs



Filtration Vessels

Filters particulates in fresh or produced water for disposal, treatment or reuse



Process Pumps

Used in a variety of services to clean, reuse, transfer or inject liquids



Solutions for Energy Transition

We have a proven track record of serving customers across the energy value chain and are well-positioned to support them as they invest in projects helping to drive the energy transition. These projects encompass carbon capture, utilization and storage (“CCUS”), low-carbon or hydrogen and renewable fuels applications. The CCUS market is experiencing significant growth, with many of our current and potential customers involved in projects advancing the phases of carbon capture, separation, compression and liquefaction, transportation, storage and utilization. As our customers’ projects advance through the funding cycle and new CCUS innovators emerge, DNOW is positioned to provide value through our current product lines, including PVF, electrical, personal protective equipment, pump packages and rotating equipment and fabricated process and production equipment.

By leveraging our robust network of suppliers and global locations, we are poised to expand our offerings to effectively serve the renewable energy market. Our current portfolio includes products supplied to global renewable end-markets such as biofuels, wind, solar and geothermal energy. These products include electrical, personal protective equipment, lubricants, PVF, pump packages and rotating equipment.

DNOW IN ACTION

DNOW Solutions Help Advance Major CCUS Customer Projects

DNOW provides support to several CCUS customers, aiding in the transportation and removal of CO₂ from the atmosphere. We supply products such as high-grade steel pipe, low-emissions valves, fittings, flanges, pumps, instrumentation, electrical supplies and air compressor packages to CO₂ utilization and transmission applications, where the captured CO₂ is used for enhanced oil recovery. We bring extensive product expertise to the evolving CCUS space and are supporting early-stage commercial-scale projects. In 2023, we were successful in providing a variety of products for a natural gas gathering project designed to export LNG in combination with the carbon capture storage project, which could permanently sequester up to 2 million tons per annum of CO₂.



DNOW Environmental Performance

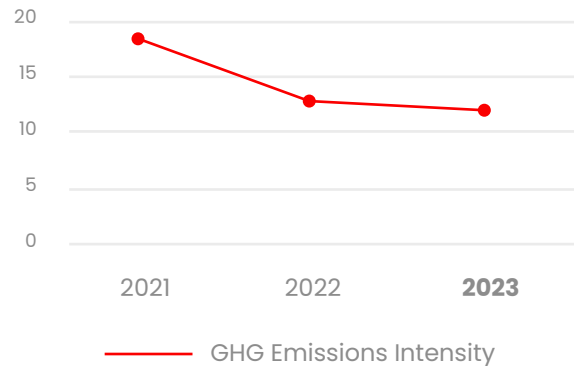
GHG Emissions

As a distributor, we perform minimal manufacturing operations and our energy inputs are primarily related to electricity for lighting, office and warehouse equipment, natural gas for heating and fuels for company sales and delivery vehicles. We are continuously evaluating opportunities to make our operations more efficient while working to optimize the use of these resources in order to reduce emissions. All our energy consumption data, Scope 1 and Scope 2 emissions are reported according to the Greenhouse Gas Protocol.

“Scope 1” emissions are defined as direct GHG emissions from sources that are owned or controlled by a company. Indirect emissions from consumption of purchased electricity, heat or steam are referred to as “Scope 2” and all other indirect emissions constitute “Scope 3.” Indirect GHG emissions are a consequence of the operations of a company but occur at sources owned or controlled by another company. Both Scope 1 and Scope 2 emissions are reported in metric tons of carbon dioxide equivalent (“MT CO₂e”).



Global Scope 1 and 2 GHG Emissions Intensity²³



Global GHG Emissions in MT CO ₂ e	2021	2022	2023
Scope 1 emissions (equipment & vehicle fuel + natural gas)	22,307	19,243	19,582
Scope 2 emissions (electricity consumed)	8,247	7,896	7,629
Total Scope 1 and 2 GHG emissions	30,554	27,139	27,211
Total Scope 1 and 2 GHG emissions intensity²³	18.7	12.7	11.7

Our overall Scope 1 and Scope 2 GHG emissions intensity represents a 37% decrease from 2021 intensity. Emissions intensity has decreased sequentially from 2022 due to a number of operational improvements and optimizations to process workflows, in a year where we have grown revenues without substantial addition of emission generators.

²³Total GHG emissions per \$1 million of total revenues.

Emissions Reduction Services & Fuels Management

DNOW's fuel consumption mostly consists of fuel consumed by vehicles, trucks and other on-road equipment used in our distribution and service operations. We collect data based on fuel type and vehicle type. CO₂e is calculated from emissions factors based on fuel type and country.

Energy Management in Retail & Distribution

DNOW's energy consumption data is derived from electric and gas utility bills at each location. Most locations source their own electric providers, which have their own generation sources. The majority of DNOW's facilities worldwide, including warehouses and distribution centers, monitor electricity and natural gas usage. Because the natural gas consumed by our operations is combusted onsite to heat the buildings, we are including the calculated emissions as Scope 1²⁴.

Reviewing a project to replace all parking lot light fixtures to **LED technology** at our Corporate campus in Houston, Texas.



Converted approximately half of the lighting fixtures to **LED technology** at our Satsuma warehouse in Houston, Texas.

Fuel Consumption ²⁵	2021	2022	2023
Total fuel consumed by equipment and vehicles (GJ)	248,228	216,873	224,011
Total GHG emissions from equipment and vehicles (MT CO ₂ e)	16,624	15,402	15,682
Percentage of fuel used in on-road equipment and vehicles	99.8%	99.8%	99.99%
Percentage renewable fuel	0%	0%	0%

Energy Consumption ²⁶ (MT CO ₂ e)	2021	2022	2023
Electricity consumed	8,247	7,896	7,629
Natural gas consumed	5,683	3,841	3,900
Total energy consumed	13,930	11,737	11,529
Percentage grid electricity ²⁶	38%	45%	44%

²⁴CO₂e emission factors based on country and fuel type source; The Climate Registry and the U.S. Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGRID) publication.

²⁵Since our business operates within a highly cyclical market, our activity fluctuates based on market and customer demand for our solutions. These fluctuations may increase the use of energy in our operations and should be considered when analyzing our data over a several year period.

²⁶Calculated as purchased grid electricity consumption in GJ divided by total energy consumption in GJ, which includes natural gas consumption.

About This Report

The information included in this report is subject to DNOW's policies and requirements surrounding the disclosure of financial and non-financial data. The financial information included in this report was sourced from our Form 10-K filed with the SEC on February 15, 2024. All non-financial data included in this report was not subject to a third-party audit verification process.

Basis of Presentation for Emissions

DNOW has prepared our GHG emissions calculations for the year ended December 31, 2023 in accordance with the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance (collectively, the GHG Protocol):

- Scope 1 emissions have been prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition)
- Scope 2 emissions have been prepared in accordance with the GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard

We present our emissions under the operational control approach, accounting for emissions from operations over which we have the full authority to introduce and implement our operating policies.

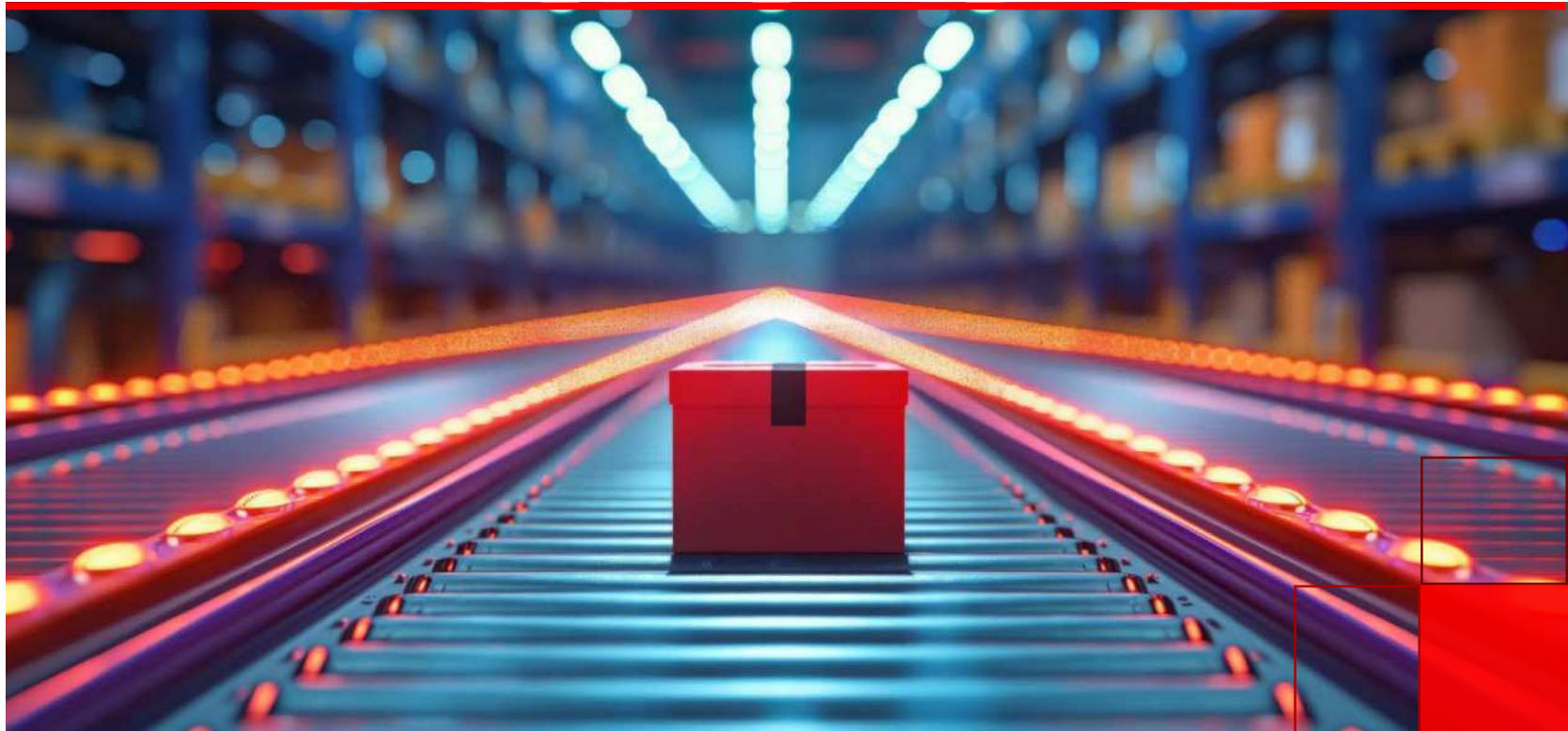
Use of Estimates and Estimation Uncertainties

The presentation of non-financial data within this report requires management to make estimates and assumptions that affect data reported within this report. DNOW bases our estimates and methodologies on historical experience and trends, available information and various other assumptions that we believe to be reasonable. Emissions data presented is subject to measurement and uncertainties resulting from limitations inherent in the nature and methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary. DNOW nor their affiliates or representatives make any representation or warranty (express or implied) with respect to the information contained in this report (including, without limitation, information obtained from third parties) and each of DNOW and their respective affiliates and representatives expressly disclaim any and all liability based on or relating to the information contained in, or errors or omissions from this report, based on or relating to the reader of this report, or any other written or oral communications transmitted to the readers of this report.



Forward-Looking Statements

Certain information contained in this Sustainability Report may constitute forward-looking statements within the meaning of applicable securities laws, including, but not limited to, statements regarding our plans to: move forward with identified climate change opportunities, foster programs regarding diversity and inclusion and plans to seek opportunities to further integrate sustainability factors into investment decisions. 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 DNOW 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. We also describe risks and uncertainties in our reports filed with the SEC, including our Form 10-K for the year-ended December 31, 2023 (under the headings “Risk Factors” and “Information Regarding Forward Looking Statements” and elsewhere) and our subsequent reports, which are available through the SEC’s EDGAR system at www.sec.gov, and on our website at www.dnow.com. DNOW assumes no obligation to update or otherwise revise these forward-looking statements, whether as a result of new information, future events or otherwise.



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 the following two industries:

- Oil & Gas Services (Code EM-SV)
- Multiline and Specialty Retailers & Distributors (Code CG-MR)

According to SASB’s Sustainable Industry Classification System (SICS®), these two industry 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.

Code	Accounting Metric	Unit of Measure	2023 Response	2022 Response	2021 Response
Greenhouse Gas Emissions					
EM-SV-110a.1	Total fuel consumed	Gigajoules (GJ)	224,011	216,873	248,228
		Metric tons carbon dioxide equivalent (MT CO ₂ e)	15,682	15,402	16,624
	Percentage renewable	Percentage (%)	0%	0%	0%
	Percentage used in on-road equipment and vehicles	Percentage (%)	99.99%	99.8%	99.8%
	Percentage used in off-road equipment	Percentage (%)	0.01%	0.2%	0.2%
EM-SV-110a.2	Discussion of strategy or plans to address air emissions-related risks, opportunities and impacts	N/A	Page 49	See 2022 Report	See 2021 Report

SASB Index

Code	Accounting Metric	Unit of Measure	2023 Response	2022 Response	2021 Response
Energy Management					
CG-MR-130a.1	Total electricity consumed	Gigajoules (GJ)	59,868	60,470	69,358
		Metric tons carbon dioxide equivalent (MT CO ₂ e)	7,629	7,896	8,247
	Total natural gas consumed	Gigajoules (GJ)	76,194	74,891	112,104
		Metric tons carbon dioxide equivalent (MT CO ₂ e)	3,900	3,841	5,683
	Total energy consumed	Gigajoules (GJ)	136,062	135,361	181,462
	Percentage energy consumed that is grid electricity ¹	Percentage (%)	44%	45%	38%
Employee Health & Safety					
EM-SV-320a.1	Total recordable incident rate (TRIR)	Rate	0.81	0.94	0.92
	Fatality rate	Rate	0	0	0
	Near miss frequency rate (NMFR)	Rate	Not Disclosed	Not Disclosed	Not Disclosed
	Total vehicle incident rate (TVIR)	Rate	0.43	1.17	0.56
	Average hours of health, safety and emergency response training for (a) full-time employees, (b) contract employees and (c) short-service employees	Hours	Not Available	Not Available	Not Available
EM-SV-320a.2	Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	N/A	Page 29	See 2022 Report	See 2021 Report

¹Calculated as purchased grid electricity consumption divided by total energy consumption, which includes natural gas consumption.

SASB Index

Code	Accounting Metric	Unit of Measure	2023 Response	2022 Response	2021 Response
Labor Practices					
CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Dollars (\$)	\$0	See 2022 Report	See 2021 Report
Employee Engagement, Diversity & Inclusion					
CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Percentage (%)	Page 36	See 2022 Report	See 2021 Report
CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Dollars (\$)	\$0	See 2022 Report	See 2021 Report
Data Security					
CG-MR-230a.1	Description of approach to identifying and addressing data security risks	N/A	Page 25	See 2022 Report	See 2021 Report
CG-MR-230a.2	Number of data breaches	Number	0	0	0
	Percentage involving personally identifiable information	Percentage (%)	0%	0%	0%
	Number of customers affected	Number	0	0	0
Business Ethics					
EM-SV-510a.1	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Percentage (%) of Total Revenues	0.04%	0.23%	0.15%
EM-SV-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	N/A	Page 20	See 2022 Report	See 2021 Report

SASB Index

Code	Accounting Metric	Unit of Measure	2023 Response	2022 Response	2021 Response
Critical Incident Risk Management					
EM-SV-540a.1	Description of management systems used to identify and mitigate catastrophic and tail-end risks	N/A	Page 16	See 2022 Report	See 2021 Report
Product Design & Lifestyle Management					
CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	Dollars (\$)	Not Available	Not Available	Not Available
CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	N/A	Page 23	See 2022 Report	See 2021 Report
Management of the Legal & Regulatory Environment					
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	Page 19	See 2022 Report	See 2021 Report
Activity Metrics					
CG-MR-000.A	Number of retail locations	Number	155	170	180
	Number of regional fulfillment centers	Number	10	9	8
CG-MR-000.B	Total area of retail space	Square meters (m ²)	247,613	267,629	254,958
	Total area of regional fulfillment centers	Square meters (m ²)	95,169	91,552	87,836

TCFD Index

We are committed to increasing transparency and alignment of our reporting with the recommendations established by the Task Force on Climate-Related Financial Disclosures (“TCFD”). The TCFD developed voluntary, consistent climate-related financial risk disclosures for use in providing information to stakeholders. Below is a summary of these disclosures in this report.

Category	TCFD Recommendation	Supporting Recommended Disclosure	Location of Disclosure
Governance	Disclose the organization’s governance around climate-related risks and opportunities.	a) Describe the board’s oversight of climate-related risks and opportunities.	<i>Corporate Governance Oversight, Page 13</i>
		b) Describe management’s role in assessing and managing climate-related risks and opportunities.	
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.	<i>Managing Risks & Opportunities, Page 16</i>
		b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	<i>Management of the Legal & Regulatory Environment, Page 19</i>
		c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	At this time, DNOW has not conducted a 2°C or lower scenario analysis. We are, however, committed to continuing to enhance our understanding of climate-related risks and opportunities and the ways in which they impact our business, strategy and financial planning, and will assess this initiative in the future.

TCFD Index

Category	TCFD Recommendation	Supporting Recommended Disclosure	Location of Disclosure
Risk Management	Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the board's oversight of climate-related risks and opportunities.	<i>Managing Risks & Opportunities, Page 16</i>
		b) Describe the organization's processes for managing climate-related risks.	
		c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics & Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<i>SASB Index, Page 53</i>
		b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We have not yet set climate-specific targets, as we're focused on establishing our GHG emissions baseline and enhancing our approach to ESG data collection. We will continue to evaluate the feasibility and relevance of setting climate-specific targets in the future.

UN SDG Alignment

UN SDG	DNow Goal Progress and Key Performance Indicators	Section, Page #
<p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> • Emphasizing health and safety at work and in the community through support of our robust management systems that prioritize safety at the center of our actions • Ongoing safety performance evaluations, mandatory safety training for employees and regular safety meetings 	<i>Workforce Health & Safety, Page 29</i>
<p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> • Focusing on employee growth through diverse training and development programs tailored to enhance skills and foster personal advancement 	<i>Employee Engagement & Development, Page 32</i>
<p>5 GENDER EQUALITY</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> • Our Board prioritizes diversity through director nominations, aiming for a varied representation of backgrounds and experiences • Embedding DEI initiatives across recruitment, talent development and succession planning, supported by ongoing DEI education that fosters awareness and education across all company locations through our Employee Resource Groups 	<i>Corporate Governance Oversight, Page 13</i> <i>Workforce Diversity & Inclusion, Page 34</i>

UN SDG Alignment

UN SDG	DNow Goal Progress and Key Performance Indicators	Section, Page #
   	<ul style="list-style-type: none"> • Focus on high value-add solutions that advance our customers' environmental goals • Continuous monitoring and managing of our sustainability performance, including ongoing initiatives to modernize our fulfillment model and reduce our overall carbon footprint • Actively minimizing packaging waste through recycling programs and participation in carbon neutral shipping programs • Ensuring our products are sourced, manufactured and distributed in an ethical and sustainable manner through our commitment to supply chain stewardship 	<p><i>Supply Chain Stewardship, Page 21</i></p> <p><i>Delivering Sustainable Energy, Page 42</i></p> <p><i>DNow Environmental Performance, Page 49</i></p> <p><i>Managing Risks & Opportunities, Page 16</i></p>
	<ul style="list-style-type: none"> • Board oversight of sustainable growth plans and management of risks related to climate change and other ESG matters • Robust internal policies and procedures to uphold high ethical standards and integrity, with employees undergoing regular ethics training 	<p><i>Corporate Governance Oversight, Page 13</i></p> <p><i>Business Ethics & Payments Transparency, Page 20</i></p> <p><i>Management of the Legal & Regulatory Environment, Page 19</i></p>
	<ul style="list-style-type: none"> • Alignment with UN SDGs most relevant to our sustainability strategy and continuous identification of opportunities where our improvement can contribute to the advancement of sustainable progress 	<p><i>Our Sustainability Reporting Framework, Page 9</i></p>

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