

NINE ENERGY SERVICE

# EMPLOYEE HANDBOOK



Nine

## Company History

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### **A Different Kind of Company. For a Different Kind of Person**

Nine Energy Service, Inc. is a leading North American onshore completion and production services provider that targets unconventional oil and gas resource development. Nine brings years of experience partnering with customers across all major onshore basins in both the U.S. and Canada to design and deploy downhole solutions and technology to prepare horizontal, multistage wells for production. The Company focuses on providing customers with cost-effective and comprehensive completion solutions designed to maximize production levels and operating efficiencies. Nine's success is a product of the culture, which is driven by our intense focus on performance and wellsite execution as well as a commitment to forward-leaning technologies that aids in the development of smarter, customized applications that drive efficiencies.

Nine provides comprehensive completion solutions across a diverse set of well-types, including on the most complex, technically demanding unconventional wells. The Company offers a variety of completion applications and technologies to match customer needs across the broadest addressable completions market ranging from cementing the well at the initial stages of the completion, preparing the well for stimulation, isolating all the stages of an extended reach lateral, and drilling out plus and performing remedial work as production comes online. These completion techniques are specifically tailored to the customer and geology of each well. Nine provides customers with both plug-and-perf or pinpoint frac sleeve system technology to complete any lateral across North America. Our services also include upgraded coil units and workover rigs that are capable of reaching the farthest depths for the removal of plugs and cleaning of the wellbore to prepare for production.

Nine is headquartered in Houston, Texas, with operating facilities in the Permian, Eagle Ford, MidCon, Rockies, Barnett, Bakken, Marcellus, Utica and throughout Canada.

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## YOUR EMPLOYMENT

### Nine Energy Service

We call Nine Energy Service (the “Company”) a team because we must all work together. Our customers keep our business thriving, and they have come to expect a standard of excellence and courteous service. Our reputation as a business, worthy of their patronage, depends on the efforts of every team member; as we see it, the way you respond to a customer either may maintain the Company’s high standards or might potentially harm the Company’s reputation. Consequently, your understanding and compliance with this Employee Handbook affects the livelihood of the Company for all of us. The whole team is counting on you!

### Open Door Policy

It is important that you discuss and resolve any work-related problems or questions quickly, before serious conflicts and misunderstandings develop. If you want to discuss company concerns, feel free to speak to your supervisor or contact a member of the Human Resources Department (either by phone, via email, in writing or in person).

It is also important to respect the chain of command so that your supervisor will be aware of the situation and have the opportunity to resolve it with you first. However, if the problem concerns the supervisor and you are not comfortable bringing the problem to his/her attention, contact the Human Resources Department.

### Handbook Overview

As we mentioned, the Nine Energy Handbook (also the “Employee Handbook” or “Handbook”) provides a general guide to Company policies and procedures that support our culture, our values and promote a positive working environment for all employees. This Handbook applies to all employees within Nine Energy Service.

All employees are encouraged to read the Handbook thoroughly and retain it for future use; signing the acknowledgement indicates that you have reviewed the Handbook and understand the Company rules. The most current version of the Handbook will always be available on ADP. From time to time, the Handbook may be updated. Updates will be communicated to employees via electronic communication methods, and it is the responsibility of the employee to review and abide by any updates or changes to the policies addressed in this handbook. Please note, the Handbook contains only a summary of the Company’s policies. In some cases, policies for some of the Company’s locations may be modified to comply with operations and requirements of state or local law. Some policies may be provided in separate pages, as may be referenced in here, or they may be published to you separately, as issues or topics may arise.

Since our business is constantly changing, the Company reserves the right to change, delete, deviate from, or add policies contained in this Handbook, at any time as it deems necessary to maintain our business practices. However, this right to change, delete, deviate from, or add does not apply to the Company’s Confidentiality and Dispute Resolution Agreement, which is discussed

within; nothing in this Handbook can or will modify or amend this agreement. The Company will notify you of changes by posting them on ADP, sending an email, and/or providing a hard copy of the new or revised policy to all employees. Once you have received such notification of change, each employee will be expected to comply with the new or revised policy as of the date it becomes effective. Changes will be effective on the dates determined by the Company. Your continued employment after such changes or additions are made indicates your agreement to follow such new or revised policies.

As mentioned, and aside from the Confidentiality and Dispute Resolution Agreement, discussed within, which are separate binding agreements, this Handbook is intended only as a guide and does not constitute a contract or an employment agreement for a fixed or defined term and creates no contractual rights between employees and the Company.

At-will Employment: Employment with the Company is on an “at-will” basis for both the employee and the Company. Accordingly, just as an employee has the right to leave the Company at any time for any reason or no reason, the employer has the right to terminate the employee’s employment at any time with or without cause, for any reason or no reason, as long as not in violation of any law. No one is authorized to provide any employee with an employment contract or special arrangement concerning terms or conditions of employment unless the contract or agreement is in writing and signed by the President and CEO.

Please note that, while at-will employees are free to resign at any time, if you do not give at least two weeks’ notice, it may prevent you from being rehired (further discussion within).

Please also note that any salary figures verbally stated to an employee in annual or monthly terms or amounts, are stated for the sake of convenience or to facilitate comparisons, and are not intended to create an employment contract for any specific period of time.

This Employee Handbook replaces all previous handbooks, and supersedes all oral and written information about the Company and its policies unless otherwise incorporated into this handbook (with the exception of the Company’s Confidentiality and Dispute Resolution Agreement, which are separate contracts and are not superseded or modified by this Handbook). However, this Handbook does not change the terms of any policy or agreement not mentioned as being changed by these policies. For instance, this Handbook does not change the Company’s Confidentiality and Dispute Resolution Agreement, or any employment agreement, which exist independent of this Handbook and are enforceable regardless of what this Handbook or any other policy says. Should any statement in this Employee Handbook conflict with federal, state, or local law, the relevant legal requirements shall supersede these policies.

Independent contractors of the Company are required to adhere to the policies in this Handbook, and other policies, procedures and guidelines of the Company issued from time to time, in the same manner required of employees. However, the Company’s provision of this Handbook or the independent contractor’s acknowledgment of receipt of this Handbook, or the Company’s provision of policies, procedures and guidelines to the independent contractor, does not establish an employer-employee relationship, and the Company expressly disclaims any employer-

employee relationship with any independent contractor receiving this Handbook or any policies, procedures and guidelines. Further, provision of this Handbook to an independent contractor is not intended to and does not confer any additional benefit upon an independent contractor, beyond those expressly agreed to between the Company and the independent contractor in any independent contractor agreement.

Finally, nothing in this Handbook is intended as legal advice about employee rights or Company obligations under the law. Further, the Handbook is not intended to interfere with, restrain, or prevent concerted activities as protected by the National Labor Relations Act, including employee communications regarding wages, hours, or other terms or conditions of employment. Company employees have the right to engage in or refrain from such activities, in the manner permitted by the National Labor Relations Act. Thus, the statements in this Handbook are not intended to be, and should not be read as being, in conflict with any contract of employment, should one come into existence for any individual or a group of employees (*i.e.*, through collective bargaining), or with any law or laws that govern employee relations, such as Title VII and other laws prohibiting discrimination, or the Fair Labor Standards Act, among several others. To the extent that any law – federal, state, or local – overrides the at-will relationship or provides more rights for or obligations on Company employees, than what may be specifically written in this Handbook, those laws would, of course, supersede any policy or guideline herein, and they govern our relationship with our employees. Thus, you should be aware that you may have additional rights under these laws.

Questions regarding this Handbook or any Company policy or benefit should be directed to the Human Resources Department.

## Definitions

Unless otherwise stated, when the term “premises” is used in this Handbook the word is referring to all work-sites, warehouse areas, offices, and any space or items in them, the property surrounding these locations, the parking lots, and Company vehicles.

When the term “Supervisor” is used in this Handbook, the reference is to employees designated as a Manager or Supervisor.

## Communicating Your Concerns

Proper administration of employment policies and procedures is the responsibility of all employees designated as “Supervisors,” but it is also the responsibility of every employee to help enforce these policies. This is another aspect of teamwork expected of every employee.

Unless otherwise stated in this Handbook, the chain of command should be followed in all matters, meaning that employment-related concerns (not involving the supervisor) should first be discussed with your supervisor.



Always follow up with your supervisor when you make a report to another member of management (unless the report involves your supervisor's conduct).

Once you have in good faith allowed a reasonable period of time for your supervisor to resolve the problem and he/she has not done so, you may then proceed to the next level of supervision. If your problem is not resolved at this level, or you deem a matter to be of an emergency nature, or the problem involves any of the direct supervisors, then you may report the situation directly to the Human Resources Department.

**At any time, any employee may also take any matter directly to the Human Resources Department, by contacting the local Human Resources contact, or report concerns anonymously to the ethics reporting line. The number for the ethics reporting line is 844-699-NINE (6463), by email at [TELLNINE@GETINTOUCH.COM](mailto:TELLNINE@GETINTOUCH.COM), or online at [WWW.INTOUCHWEBSITE.COM/TELLNINE](http://WWW.INTOUCHWEBSITE.COM/TELLNINE).**

### Violation of Policies and Practices

The Company reserves the right to discipline any employee for any violation of any policy set out in this Handbook, even if the specific policy violated does not indicate discipline may follow a violation. The Company also reserves the right to discipline any employee for any conduct or behavior which the Company deems is inappropriate and unbecoming to an employee of the Company, even if such conduct or behavior is not the subject of a written policy or employment practice.

Discipline may include, for example, counseling, suspension, written warning, probation and/or termination at the sole discretion of the Company.

### Legal Conformity

It is the intent of the Company that all policies and actions of the Company be compliant with all laws and other governmental mandates regarding your employment relationship. In the event a law or regulation is created or amended, which contradicts or changes a policy of the Company, that policy shall be interpreted in accordance with the law or regulation until such policy can be amended. It is not the intent of the Company to violate federal, state or local laws or regulations. In all instances where a Company policy contradicts a law applicable to the situation, the law in effect will control.

## SAFETY

### Commitment to Safety

Protecting the safety of our employees and visitors is the most important aspect of running our business.

All employees have the opportunity and responsibility to contribute to a safe work environment by using common sense and by following Company rules and safe practices; employees are expected to notify management immediately when any health and/or safety issues are present.

Safety is a team goal. All employees are encouraged to partner with management to ensure maximum safety for all.

### **Safety is Your Responsibility**

The health and safety of employees and others on company property are of critical concern to the Company. The Company intends to comply with all health and safety laws applicable to our business. To this end, we must rely upon employees to ensure that work areas are kept safe and free of hazardous conditions. Always “think safety.”

Employees are required to be conscientious about workplace safety, including proper operating methods; employees are expected to recognize dangerous conditions or hazards, report same, and take appropriate action to remediate such conditions/hazards, per our Company rules. All unsafe conditions or potential hazards should be reported to your supervisor immediately. If you are unsure if a correction to a problem has been made or that it is sufficient, please let your supervisor know. Do not assume — instead report! If you have any suspicion of a danger, concealed or not, present on the Company's premises, or in a product, facility, piece of equipment, process or business practice for which the Company is responsible, that danger should be brought to the attention of your supervisor immediately. If a supervisor is not available, immediately report any safety concern to the Human Resources Department or the location's Health, Safety and Environmental (HSE) representative.

Periodically, the Company may issue rules and guidelines governing workplace safety and health. The Company may also issue rules and guidelines regarding the handling and disposal of hazardous substances and waste. All employees should familiarize themselves with these rules and guidelines, as strict compliance will be expected.

Any workplace injury, accident, or illness must be reported to the employee's supervisor as soon as possible, regardless of the severity of the injury or accident. Employees are expected to cooperate with the Company or its designated representative in any safety or accident investigation.

### **Vehicle Use**

Nine Energy Service, Inc. and applicable subsidiaries recognize that providing Company vehicles, auto allowances, or mileage reimbursement for business use of personal vehicles is a necessity to perform the basic functions of our business. The purpose of this policy is to establish clear and defined expectations for any employee that is subject to any of these three scenarios.

A company vehicle is provided as a tool to assist you in performing the required functions of your job. All commercial motor vehicles (> 10,000 lbs GVWR) and smaller vehicles used for field service will display Company logos on each side of the vehicle and DOT #'s when applicable.

Other than reasonable commuting (<100 miles) with local management's prior written consent, personal use of vehicles displaying a Company logo is not permitted unless prior written consent is provided by the Divisional President or higher within Nine Energy Service. Smaller vehicles, typically assigned to manager and supervisor level employees, can be used for reasonable personal use (vacation use prohibited), subject to applicable IRS regulations. Mileage and fuel use will be monitored and abuse of reasonable personal use may result in installation of GPS system or loss of personal use privileges.

Allowing non-employees to operate a company vehicle is strictly prohibited. Loaning a vehicle to another Nine employee requires your supervisor's approval.

At no time shall you transport strangers or hitchhikers in a company vehicle.

Using a company vehicle for any of the following is strictly prohibited:

- Towing of personal trailers including but not limited to utility, boat, and recreational vehicles,
- For hire
- Travel outside of the U.S.

Employees using personal vehicles on behalf of the business shall provide a certificate of insurance from their personal auto carrier with minimum limits of \$100/300/100 or \$300,000 CSL, naming Nine Energy Service as additional insured. Submit these certificates to the Director of Fleet and DOT Compliance in Houston, TX.

To qualify to drive any company vehicle or personal vehicle for business purposes, the following requirements must be met at all times:

- Possess a valid driver's license for the type of vehicle being operated
- Maintain an acceptable driving record and a score of less than 20 points on the Driver Risk Evaluation (DRE) Form
  - Anyone reaching or exceeding 20 points on the DRE will be subject to having driving privileges removed. If this results in an inability to perform the required functions of their current position, they are then subject to reductions in job bonuses, reassignment to another position if available, or termination of employment.
- All applicable employees will complete and submit to their respective DOT Coordinator, a Notification of Violations / Suspension form within 24 hours of receiving a moving violation or license suspension. The employee will be responsible for updating the DOT Coordinator on the status of the violation/suspension until it reaches final resolution of conviction or dismissal. Driving privileges during the time from violation until conviction will be reviewed on a case-by-case basis considering driving history, risks associated with continued driving, severity of offense, etc.

Employees are not permitted, under any circumstances, to operate a company vehicle or a personal vehicle for company business when any physical or mental impairment causes the employee to be unable to drive safely. Additionally, employees shall not operate any company vehicle at any time or operate any personal vehicle while on company business while using or

consuming alcohol, illegal drugs, or prescription medications that affects their ability to drive safely. These prohibitions include circumstances in which the employee is temporarily unable to operate a vehicle safely or legally because of impairment, fatigue, illness, medication or intoxication.

It is company policy that seat belts be used at all times, not only by the driver but by all passengers as well. Drivers are responsible for wearing and enforcing the proper use of safety restraints by all occupants. Drivers are prohibited from overloading and/or overcrowding a vehicle that may result in unsafe operation. It is the guideline to not carry more passengers than the number of occupant safety restraint systems in the vehicle. No passengers are allowed to ride in the bed of a moving pickup.

As a driver of a company vehicle, you are responsible to ensure that the vehicle has a valid registration, inspection, and permits if applicable prior to operating the vehicle on public roadways. The vehicle must also have a complete Crash Kit which is required to be completed by the driver anytime the vehicle is involved in a crash.

Driving is a full-time job. Avoid all distraction. Concentrate on the other driver by assuming that person will not do what is expected.

Roads are crowded. Consider all vehicles as potential accidents looking for a place to happen.

Beware when entering intersections. Always count to two (2) before entering an intersection from a stoplight or stop sign.

Do not insist on the right-of-way. Assume the other driver will.

During winter driving, use caution as bridges are slippery and freeze before roads because they lack the warmth of the ground under them.

Drivers must operate a vehicle only at a speed appropriate to the road, traffic and weather conditions.

Loose items in the passenger or cargo areas of vehicles should be secured before driving as they can become projectiles during a crash.

Under no circumstances are the use of radar detectors permitted.

All Federal, state, and local laws must be obeyed.

Employee is responsible for prompt payment of any fines levied against them or the Company for violation of any law that the employee could have prevented.

Vehicles should be locked when parked on the premises, job sites, stopping temporarily such as at convenience stores or anytime that the vehicles are left unattended.

Securement of personal and/or business items from view outside of the vehicle when the vehicle is parked shall be practiced to reduce the risks of vandalism. Nine does not provide insurance coverage for loss of personal items.

The company reserves the right to search and inspect all company vehicles at any time without cause & without notice.

Tobacco use of any kind is strictly prohibited in a company vehicle. Damage due to the use of tobacco products will be charged back to the employee.

To ensure maximum vehicle performance for safety, operating efficiency and extended life of the vehicle, employees with assigned light-duty company vehicles are responsible for obtaining the required state safety inspections, that the vehicle is kept clean inside and out, and that the following preventative maintenance schedule is followed:

- Oil Change/Service – 7,500 miles (or sooner if prompted by vehicle diagnostic system)
- Tire Rotation – 15,000 miles

### **Distracted Work and Driving**

This policy addresses limitations on practices that can cause distraction in the workplace and while driving. Distractions while working or driving may interfere with the proper and safe use of motorized vehicles, equipment, and machinery, leading to accidents and injuries.

This Policy applies to all Nine Energy employees and locations, but may be superseded or supplemented by more restrictive local laws/regulations or client requirements.

### **Definitions**

<b>Term</b>	<b>Definition</b>
Company business	Activities are necessary for an employee to perform their assigned job responsibilities. <ul style="list-style-type: none"><li>▪ Company business typically excludes personal travel and commuting between home and office (if applicable).</li></ul>
Company property	Facilities and other property owned, leased, or otherwise controlled by Nine Energy Service.
Company vehicle	Any motorized vehicle owned, leased, or rented by Nine Energy Service, as well as personal vehicles used for company business when the employee is reimbursed or compensated for its use.
Engage in a call	To speak into or listen to a hand-held mobile telephone; does not include holding a hand-held mobile telephone to activate, deactivate, or initiate a function of such telephone.
Hand-held mobile electronic device	Any portable electronic equipment with which a user engages in a call using at least one hand to hold the device to, or in the immediate proximity of, the user's ear.
Hands-free accessory	An attachment, add-on, or built-in feature of a mobile telephone, whether or not permanently installed in a motor vehicle, that enables the driver to keep both hands on the steering wheel.
Hands-free operation of mobile telephone	Use of a mobile telephone that is equipped with a hands-free accessory, by which a user engages in a call without the use of either hand.

Term	Definition
Mobile electronic devices	Any hand-held or other portable electronic equipment, including mobile telephones, electronic laptop, notebook and tablet computers, pagers, global positioning devices, portable media players and other similar electronic communication devices. <ul style="list-style-type: none"><li>▪ Mobile electronic devices include those that are company property or company-subsidized, as well as personal property.</li><li>▪ For the purposes of this policy, two-way radios that are only capable of simplex communication (push to talk), are excluded from the definition of mobile electronic devices.</li></ul>
Personal vehicle	A motor vehicle that is privately owned and operated for non-company business.
Using or use	Initiating and receiving calls, texting, reading email, and using any other interactive application, such as manually selecting music recordings or configuring a GPS service.

It is strictly prohibited for drivers to use *hand-held* mobile electronic devices to make or receive calls, send text messages, or perform other functions under these conditions:

- While operating a company vehicle.
- While operating a motor vehicle on company or client property.

Hands-free operation of mobile telephones while operating a motor vehicle is allowed, provided the driver is seated and restrained by a seat belt, and the equipment accommodates the use of hands-free accessories that provide voice-prompt activation or single touch button controls — comparable to using instrument panel functions, such as the radio or climate control system.

- If the mobile telephone is not close to the driver and operable while restrained by seat belts, the driver is considered to be reaching for the mobile phone, which is prohibited.
- If the device includes an earpiece, that earpiece may be worn in one ear only and must be placed in the ear before driving.

Drivers may use mobile electronic devices (built-in or portable) as navigational aids for turn-by-turn directions via audible speech from the device.

- Any manual activation or manipulation of these devices by the driver while operating the motor vehicle is strictly prohibited.
- Manual activation or manipulation of these devices, which may be required for route setup or for redirecting, must be conducted when the motor vehicle is safely parked.
- Placement of any device on the dash or windshield must not obscure the driver's vision.

Drivers are discouraged from using mobile telephones to place or receive voice calls under any of these conditions, regardless of whether a hands-free feature is used:

- Driving in a school or construction zone.
- Driving in heavy traffic.
- Driving in inclement weather.
- Driving in an unfamiliar area.

In situations involving imminent danger to personal or public safety, an employee may use a mobile telephone while operating a vehicle to communicate with emergency personnel or any person that has the ability to immediately report or mitigate the danger or risk.

Under no circumstances may an employee have a video image displayed within view of the driver unless the image displays pictures, information, or data solely designed to assist the driver in the safe operation of the vehicle.

- In such cases, the device must be installed so that it is securely fixed to the motor vehicle and in a manner that does not obstruct the driver's view of the front or sides of the motor vehicle, or interfere with the safety or operating equipment of the motor vehicle.

Other practices that must be avoided while operating motorized vehicles, equipment or machinery include:

- Reading printed materials.
- Taking notes.
- Attending to personal hygiene or grooming.
- Eating.

It is strictly prohibited to use mobile electronic devices while operating any tools, equipment, or machinery.

Violation of this policy may result in disciplinary action, up to and including termination of employment.

- If an employee witnesses a violation of this policy, the employee is obligated to report the violation to their immediate supervisor, without fear of reprisal.
- If reporting the violation to the immediate supervisor is not appropriate, the violation may be reported to an HR, DOT, or HSE representative.

### Operation of Company Vehicles

The Company has vehicle safety policies that set forth the obligations, responsibilities and requirements concerning employee use of vehicles owned or leased by the Company as well as the use of private vehicles in pursuit of company business. The purpose of these policies is to

promote safety, and to communicate expectations for the proper use and maintenance of vehicles.

It is the employee's responsibility to operate Company vehicles or private vehicles used for Company business in a safe manner; and to drive defensively to prevent injuries and/or property damage. As such, the Company endorses all applicable state motor vehicle regulations relating to driver responsibility. Employees are to comply with all current motor vehicle traffic laws, including, but not limited to, laws relating to driving while intoxicated and driving under the influence. You are also prohibited from possessing, storing, using, manufacturing, distributing, transporting, or selling any illegal substance in any Company vehicle. Further, you are strictly prohibited from driving a Company vehicle under the influence of illegal drugs or alcohol. Note that all employees are subject to random drug testing. Finally, you are also prohibited from using any electronic or other device while driving; all phone calls are to be taken only if you have a hands-free system in your vehicle. It is strictly prohibited to text or manipulate any such device in any way while driving in a Company vehicle or for a Company purpose.

Any violation of the vehicle safety policies shall be grounds for disciplinary action up to and including termination. In addition, the employee may be held personally and financially responsible for all associated costs attributable to damages to Company property, injury, or damage to the property of others resulting from such action. Driving for any Company purpose and/or using any Company vehicle is a privilege, which the Company may deny at any time. Certainly failure to comply with Company requirements for safe vehicle operation and/or the causing of any accident, whether involving a person or property, may result in both immediate drug and alcohol testing and/or the revocation of Company driving privileges, as well as other possible disciplinary measures.

No one but the Company employee to whom the vehicle is assigned is allowed to drive or use a Company vehicle. Further, employees must go through a qualifying process in order to operate any Company vehicle. When using any Company property, employees must exercise care, perform required maintenance, follow all operating instructions, safety standards and guidelines, and operate the vehicle in a professional and courteous manner at all times.

Any employee who is involved in an accident while operating a motor vehicle may affect their fitness for duty, or result in a loss of driving privileges, or affect their coverage under the Company's auto insurance policy. If you operate a Company vehicle, you must immediately report any traffic citation to your immediate supervisor and the Transportation Department to include the details of the incident and the outcome of the citation received. If you receive multiple traffic violations, you may lose the use of a Company vehicle. Failure to promptly report accidents or motor vehicle law violations may result in disciplinary action, up to and including termination, for anyone who operates a vehicle on behalf of the Company.

Employees in positions where driving is required must have a current, valid driver's license in possession at all times. If your driver's license has been suspended or revoked, you must immediately notify your supervisor and the Transportation Department, and you will be removed



from driving duties until further notice. If you become uninsurable per the Company's insurance carrier, you may be terminated from employment as unqualified for your job.

Anyone who operates a vehicle on behalf of the Company is subject to a periodic license check which is required by the Company's insurance carrier.

Employees are expected to follow the Company's Vehicle Use Policy. To review the Company's Vehicle Use Policy, employees should review the policy on ADP.

### Reporting Accidents and Injuries

The most important thing to remember when dealing with an accident involving any injury is making sure the injured person, if any, receives prompt and appropriate medical care. Dial 9-1-1 if there is any doubt or concern for safety.

Field Personnel: As soon as possible, report any accident or injury, which occurs on Company or customer premises, or during Company work time, to a supervisor and/or to the HSE representative (as time permits). The HSE representative will contact other members of management as appropriate. Report any job-related injury or accident as soon as it occurs, but no later than the end of your shift. Remember that even minor wounds are to be reported and treated promptly to prevent infection and speed the healing process.

Office Personnel: As soon as possible, report any accident or injury, which occurs on Company or customer premises, or during Company work time, to your supervisor, who will report it to the HSE representative. Report any job related injury or accident as soon as it occurs, but no later than the end of your shift. Even minor wounds are to be reported and treated promptly to prevent infection and speed the healing process.

This reporting requirement includes reporting accidents and injuries involving you, other employees, customers, or other members of the general public, as well as Company and other property, in any environment, as long as the accident or injury happened as a part of your work at the Company. Failure to immediately report accidents and/or injuries is excused only in the case of an emergency. Should an employee fail to report any type of accident or injury in a timely manner, he/she may receive disciplinary action or the benefits carrier may not cover cost incurred for treatment due to late reporting.

No employee may interfere with an employee's right to seek medical treatment or report injuries or illnesses the employee believes to be associated with his/her work.

As an employee of the Company, you are required to cooperate with the Company and any persons the Company designates to investigate the accident. No employee has authority to speak on behalf of the Company about any accident or injury. If a false statement is made regarding any workplace accident, injury or illness, it may be considered grounds for disciplinary action, up to and including termination.

## Workers Compensation Leave

This policy applies to all regular full-time and regular part-time employees of Nine Energy Service (“Nine” or “Company”).

This policy is intended to provide uniform guidelines for eligibility and use of workers’ compensation leave in compliance with applicable laws.

“Work-related” refers to an injury or illness that arose from or occurred during the course and scope of employment.

“Workers’ compensation” refers to an insurance benefit designed to cover an employee’s lost wages and medical expenses due to a workplace injury or illness.

“Carrier or Insurance Company” refers to Nine’s workers’ compensation carrier

### **Eligibility**

Employees are responsible for immediately notifying their supervisor/manager of any injury or illness that has occurred during the course and scope of their employment with the Company. Additionally, employees are responsible for reviewing the applicable leave policies to apply for the appropriate leave program such as Family and Medical Leave Act (FMLA).

#### **a. FMLA Eligible Workers’ Compensation Leave**

If an employee who is injured within the course and scope of their employment is taken off work by a physician and the employee is eligible for FMLA, the employee will have the absence counted against the family and medical leave entitlement wherein the workers’ compensation injury meets the definition of “serious health condition”. Any injury or illness that qualifies as both workers’ compensation and FMLA will have both leaves run concurrently. In addition to providing a workers’ compensation form from the employee’s attending physician, the Company may also request the employee provide a medical certification form to determine if the injury meets the definition of “serious health condition”. If the workers’ compensation injury is also eligible for FMLA, then the job protection afforded by FMLA will apply.

### **Pay During Leave**

If an employee is injured within the course and scope of their employment, a claim will be filed with Nine’s Insurance Company. Eligibility for pay while on worker’s compensation leave will be determined through the insurance company, and all payments will be made directly by the insurance company.

### **Benefit Continuation**

Whether the Workers’ Compensation Leave is eligible to be covered by FMLA or not, employee medical, dental and vision benefits will be covered by the company for a period of up to 1 year while the employee is off work. Once the employee returns to duty, the employee will resume

responsibility for their portion of these premiums. If the employee does not return to work after the period of 1 year, coverage will be terminated and COBRA will be offered.

### **Return to Work**

Worker's Compensation leave may continue for the maximum period of up to one (1) year. All employees on workers' compensation leave will require a doctor's release to return to duty. Additionally, employees returning from workers' compensation leave will require a fit-for-duty clearance. If an employee has been out of work longer than 30 days, the Company will also require a drug/alcohol test to return to work.

#### **b. Restricted/Light Duty**

Nine will review all physician recommended restrictions on a case-by-case basis and make an effort to return the employee to light duty, if available. The Company will comply with all applicable federal and state laws with regards to an employee's return to work including any accommodations that may be necessary based on work restrictions as they relate to the Americans with Disabilities Act (ADA).

### **Check-in During Leave**

Employees who are out on an approved worker's compensation leave are required to check in biweekly with their direct manager and/or Human Resources. The date/time of check-in will be discussed once the request for leave is approved. This allows the company and the employee to keep in contact and have timely discussions regarding any urgent items.

### **Exceptions, Laws & Regulations**

If an injury is determined not to have occurred within the course and scope of employment, leave will not be permitted to continue under this policy. This policy is subject to applicable local laws and regulations. To the extent that this policy conflicts with local laws of regulations, the policy shall, for application within relevant jurisdiction, be deemed to be amended so as to comply with local laws and regulations. Questions regarding conflict of laws and this policy should be addressed with the Director of Human Resources. Exceptions to this policy must be approved by the Director of Human Resources.

### **Return to Work (RTW) Policy**

The Company policy is to provide employees who are temporarily restricted by their medical provider from performing some or all of their regular job duties, due to a work-related injury or other injury or illness, an opportunity to return to the workplace and contribute whenever reasonably practicable, as long as such return is not an undue hardship on the Company. Each employee's situation will be reviewed on a case-by-case basis to ensure compliance with the program and other state and federal regulations.

Thus, restricted employees will be granted a reasonable accommodation when doing so will not cause undue hardship to the Company in accordance with the American with Disabilities Act

Amendment Act (ADAAA). One such accommodation includes a return-to-work / transitional work program in which the employee may temporarily be assigned to perform transitional work or job duties other than those to which he/she is normally assigned. Normally, transitional work can last up to ninety (90) days. The feasibility of long-term or permanent accommodations will be determined on a case-by-case basis as required by the ADAAA and other applicable state and federal laws, such as FMLA.

While on transitional work assignment, if available, you will earn the same base wage rate as that of your pre-injury position and you will continue to accrue all available forms of paid leave.

If you experience a work-related injury or other injury or illness, you will be asked to follow this RTW placement process for transitional work when it is believed that you may be able to perform the essential functions of an available position:

- You will be asked to provide your health care provider/attending physician with both a copy of your position description.. Your health care provider/attending physician should provide you with a written return-to-work release
- If restrictions are indicated, you, your supervisor, and the Human Resources Department will review the physician's restrictions along with the position functions to verify that the restrictions meet the transitional functions.
- To ensure that both you and your immediate supervisor understand your work restrictions and transitional work assignment, the Company will compose a correspondence outlining the transitional work assignment and return to work date. Failure to return to work as stated on the correspondence may result in the loss of workers' compensation benefits and/or your position.
- You and your supervisor must make every effort to ensure you do not exceed your physician's restrictions.
- Transitional work assignments may require you to change shifts to accommodate any restrictions. Therefore, employees working on transitional duty must be available to work any shift, as necessary.
- You are expected to participate in all treatment that medical professionals deem reasonably essential to promote your recovery, including but not limited to keeping all scheduled appointments. You agree to provide intermittent status reports from your physician to the Human Resources Department. Non-compliance may result in an interruption of benefits and could jeopardize your ability to remain at work under this program.
- You must report all changes in your restrictions and transitional work status immediately to your supervisor and the Human Resources Department along with the appropriate medical documentation.
- Upon receiving the Maximum Medical Improvement (MMI) Report, you will be released from transitional work.

Employees and supervisors must contact the Human Resources Department for guidance regarding additional requirements specific to an injury or illness, utilizing benefits received through workers' compensation insurance and the Family and Medical Leave Act (FMLA).

## Substance Free Workplace

Nine Energy Service, hereafter “Company”, is committed to providing a drug and alcohol-free work environment for all employees. The Department of Transportation (DOT) Federal Motor Carrier Safety Administration (FMCSA) regulations require an alcohol and controlled substances testing program, which the company has adopted as the basis for this program.

This program applies to all salaried, hourly, full time, part time, and temporary employees of Nine Energy Service companies, subsidiaries, and affiliates, as well as consultants, temporary agency workers, and candidates for hire working for the company within the United States.

The Company maintains a zero tolerance policy with regard to substance abuse. Employees are required to report to work in an appropriate mental and physical condition to perform their job in a satisfactory manner at all times.

*Employees who are in violation of any conditions of the Substance Free Workplace program are subject to immediate termination of employment.*

While all employees are subject to drug and alcohol testing during the course of their employment, all drivers who operate commercial motor vehicles that require a commercial driver's license under *FMCSA 49 CFR 383* are subject to the drug and alcohol regulations in *FMCSA 49 CFR 382*.

The Company explicitly prohibits:

- The use, possession, solicitation, distribution, or sale of legal or illegal drugs, synthetic drugs, or prescription medication without a current & valid prescription while on company or customer premises, operating company equipment, or driving a company vehicle.
- Possession or consumption of alcohol on company or customer premises, on or within company property, or while on the job (excluding safety sanctioned events that do not include safety sensitive work activities).
  - Alcohol or alcoholic beverages means any beverage that has an alcoholic content and that is subject to state regulatory control for distribution as an alcoholic beverage.
- The presence of any detectable amount of a prohibited substance in an employee's system while at work, while on the premises of the Company or its customers, while operating company equipment, while driving a company vehicle, or while on company business.
  - Prohibited substances include illegal drugs, synthetic drugs, or prescription drugs not taken in accordance with a current & valid prescription given to the employee. See 21 CFR 1308.11 Schedule I.
- Use of marijuana by all DOT and other employees that results in a positive drug test.
  - Approved medical marijuana by a state or local legislation is not approved by Nine Energy Service.
- Refusal by any employee to submit to an alcohol or controlled substance test.
  - No manager shall permit an employee who refuses to submit to such tests to perform or continue to perform safety-sensitive functions.
- Any CMV driver performing safety-sensitive functions, or any other employee performing work related functions, within four hours after consuming alcohol.

- Any manager having actual knowledge of a CMV driver or any other employee's use of alcohol within up to four hours before reporting for duty, regardless of the amount of alcohol in the body, to allow the employee/CMV driver to operate a company vehicle or a CMV.
- Any employee reporting for duty, remaining on duty, or performing safety-sensitive functions if the employee tests positive or has an adulterated or substituted a test specimen for controlled substances.
- Possession, use, solicitation, distribution, or sale of legal or illegal drugs away from the Company or customer premises, if such activity or involvement adversely affects the employee's work performance, or the safety of the employee or of others, or puts at risk the Company's reputation.
- Being impaired or under the influence of legal or illegal drugs or alcohol away from the Company or customer premises, if such impairment or influence adversely affects the employee's work performance, or the safety of the employee or of others, or puts at risk the company reputation.

The Company requires:

- Any employee undergoing medical treatment by a physician, dentist, or other healthcare professional that includes the use of any drug or medication capable of affecting the employee's mental or physical ability to perform the essential functions of the job, or to otherwise work in a safe manner, must communicate to their HR representative that he/she is taking the medication and determine work eligibility.
- When an employee begins a course of medications that are capable of affecting the employee's physical or mental ability to perform the essential functions of the job, or to otherwise work in a safe manner, the employee must consult with the physician and explain the job requirements.
  - The employee must provide a release to work to their HR representative from the treating physician before returning to work. The release must address any work-related restrictions imposed by the physician based upon the medications. The HR representative will then determine their return to work eligibility.
- In keeping with federal law, DOT drivers must be in compliance with the Company alcohol policy while the driver is performing safety-sensitive functions, just before, or just after performing safety-sensitive functions.

**Definitions**

Term	Definition
CMV	<p><i>Commercial motor vehicle</i>, a motor vehicle or combination of motor vehicles used in commerce to transport passengers or property, if the vehicle:</p> <ul style="list-style-type: none"> <li>○ Has a gross combination weight rating or actual gross combination weight of 26,001 pounds or more, whichever is greater, inclusive of a towed unit(s) with a gross vehicle weight rating or actual gross vehicle weight of more than 10,000 pounds, whichever is greater.</li> <li>○ Has a gross vehicle weight rating or actual gross vehicle weight of 26,001 or more pounds, whichever is greater.</li> <li>○ Is designed to transport 16 or more passengers, including the driver.</li> <li>○ Is of any size and is used in the transportation of materials found to be hazardous for the purposes of the Hazardous Materials Transportation Act (49 U.S.C. 5103(b)) and which require the motor vehicle to be placarded under the hazardous materials regulations.</li> </ul>
DER	<p><i>Designated employer representative</i>, an employee authorized to take immediate action(s) to remove employees from safety-sensitive duties, and to make required decisions in the testing and evaluation process. The DER also receives test results and other communications on behalf of the company.</p>
Direct observation	<p>An observer, of the same gender as the employee, requests the employee to raise his or her shirt, blouse, or dress/skirt, as appropriate, above the waist; and lower clothing and underpants to show, by turning around, that he/she does not have a prosthetic device. After observer has determined that the employee does not have such a device, he/she may permit the employee to return clothing to its proper position for observed urination. The observer must watch the employee urinate into the collection container. If the employee declines direct observation, this will be considered a refusal to submit to test. DOT 49 CFR Subpart E 40.67</p>
DOT Safety-sensitive employee	<p>A commercial driver's license (CDL) holder who operates a CMV with at least a 26,001 lbs. gross vehicle weight rating, or operates a vehicle that is designed to carry 16 or more passengers including the driver, or a vehicle of any size transporting hazardous material required to display a DOT placard. This includes, but is not limited to, full time, regularly employed drivers; casual, intermittent or occasional drivers; leased drivers; and independent owner-operator contractors.</p>

Term	Definition
DOT Safety-sensitive function	<p>All time from the moment a driver begins to work or is required to be in readiness to work until the moment he/she is relieved of work and all responsibility for performing work. Safety-sensitive functions include:</p> <ul style="list-style-type: none"> <li>○ All time at an employer or shipper plant, terminal, facility, or other property, or on any public property, waiting to be dispatched, unless the driver is relieved of duty by the company.</li> <li>○ All time inspecting equipment as required by FMCSA 49 CFR 392.7 and 392.8 or otherwise inspecting, servicing, or conditioning any commercial motor vehicle at any time.</li> <li>○ All time spent at the driving controls of a commercial motor vehicle in operation.</li> <li>○ All time, other than driving time, in or upon any commercial motor vehicle, except time spent resting in a sleeper berth (a berth conforming to the requirements of FMCSA 49 CFR 393.76).</li> <li>○ All time loading or unloading a vehicle, supervising, or assisting in the loading or unloading, attending a vehicle being loaded or unloaded, remaining in readiness to operate the vehicle, or in giving or receiving receipts for shipments loaded or unloaded.</li> <li>○ All time repairing, obtaining assistance, or remaining in attendance upon a disabled vehicle.</li> </ul>
DOT test	See <i>Screening test</i> .
Drug	Any chemical substance that produces physical, mental, emotional, or behavioral change or impairs the user. Drug or alcohol misuse or abuse is the use of a drug or alcohol for other than medicinal purposes, which results in impaired physical, mental, emotional, or social well-being of the user. Drug misuse or abuse includes the use of prescription drugs not in accordance with the prescribing physician's order; use of another individual's prescription drug; and the inappropriate use of over-the-counter drugs.
Hair Testing	<i>Hair testing analyzes a hair sample for parent drugs and their metabolites. A hair specimen, collected from a donor's head or body, is sent to the laboratory and is screened for illicit substances.</i>
MRO	<i>Medical review officer, a licensed physician responsible for receiving, reviewing, and evaluating laboratory results generated by the employer's drug testing program.</i>
Non-DOT tests	See <i>Screening test</i> .
Quick cup Rapid drug test cup	An on-the-spot drug test that provides instant results.



Term	Definition
Refusal to submit to test	<ul style="list-style-type: none"> <li>○ Failure to appear for a test within a reasonable time, as determined by the company.</li> <li>○ Failure to remain at the testing site until the testing process is complete.</li> <li>○ Failure to provide a urine specimen (or a sufficient amount of urine without adequate medical explanation) for any drug test.</li> <li>○ Failure or declining to take a second test when requested to do so by the company or collector.</li> <li>○ Failure to undergo a medical examination or evaluation as directed by the MRO as part of the verification process.</li> <li>○ Failure to cooperate with any part of the testing process.</li> <li>○ Submission of an adulterated or substituted specimen, as verified by the MRO.</li> </ul>
Schedule I drugs	<p>Drugs and substances the FMCSA prohibits a driver from using when performing a safety-sensitive function. <a href="#">DOJ 21 CFR 1308.11 Schedule I</a>. <a href="#">Furthermore, the Company prohibits any employee from using any drug identified in this Schedule.</a></p>
Screening test	<p>In drug testing, a test to eliminate negative urine specimens from further analysis or to identify a specimen that requires additional testing for the presence of drugs.</p> <ul style="list-style-type: none"> <li>○ In alcohol testing, an analytical procedure to determine whether an employee may have a prohibited concentration of alcohol in a breath or saliva specimen.</li> <li>○ DOT tests are those required by parts 40 and 382 of the DOT-FMCSA safety regulations for safety-sensitive employees.</li> <li>○ Non-DOT tests are those administered to all other employees or when DOT tests are not permitted under DOT regulations.</li> </ul>
Secondary DER	<p>An employee, in addition to the DER, designated to locally execute the immediate action(s) to remove employees from safety-sensitive duties, and to ensure required random testing is performed within the designated time frame while maintaining a level of strict confidence.</p>
Stand-down	<p>The practice of temporarily removing an employee from the performance of safety-sensitive functions based only on a report from a laboratory to the MRO of a confirmed positive test for a drug before the MRO has completed verification of the test result. This practice is not allowed for required DOT tests.</p>
SAP	<p><i>Substance abuse professional</i>, a person who evaluates an employee that has violated a DOT drug and/or alcohol regulation and makes recommendations concerning treatment, follow-up testing, and aftercare.</p>

Term	Definition
Synthetic drugs	Drugs that are created by humans, not plant-derived. Also, a combination of substances manufactured to mimic the effects of specific illegal drugs.
Third party administrator	A service agent who provides or coordinates the provision of drug and alcohol testing services to employers. They typically perform administrative tasks concerning the operation of the employers' drug and alcohol testing programs.
Trained supervisor (DOT and non-DOT)	A person designated to supervise drivers and employees who receives at least 60 minutes of training on alcohol abuse and at least an additional 60 minutes of training on controlled substance abuse. The training helps supervisors determine whether reasonable suspicion exists to require an employee to undergo testing.

### **Testing Pools**

Each employee must be enrolled in at least one of these testing pools:

- FMCSA – Also referred to as DOT, employees with CDLs and driver qualification files that are subject to driving CMVs of more than 26,000 pounds, or that transport 16 or more passengers including the driver, or that are of any size and transport hazardous material requiring placards.
- Exploration & Production Contractors Consortium (EPCC) – A pool required by a select group of our customers for employees that visit production facilities. Excludes drivers enrolled in the FMCSA pool unless otherwise required by specific customer requirements.
- Corporate – All other employees not enrolled in either of the above two pools. (Also used for non-DOT post-incident testing of FMCSA drivers.)
- Hair Follicle – All employees will be enrolled in this pool in addition to one of the other three pools. In the event an employee is unable to provide a hair follicle test due to a medical condition, the collection will be substituted with a blood or other acceptable testing sample.

### **Types of Testing**

#### **Pre-Employment**

Applicants for all positions are required, once offered a position, to successfully pass a drug and alcohol test as a condition of employment. A positive drug or alcohol test, or any effort to tamper with a specimen or to alter a test result, disqualifies an applicant from employment. The applicant can then reapply upon providing documented proof that they have successfully complied with the prescribed education and/or treatment issued by a certified SAP.

The Company conducts pre-employment tests each time an employee returns to work after the employee was removed from random controlled substances testing for more than 30 days or has

been employed by another entity, as well as when existing employees are transferred into the FMCSA or EPCC testing pools.

### **Reasonable Suspicion**

Employees must submit to a drug and/or alcohol test when a trained supervisor or manager has reasonable suspicion of prohibited drug and/or alcohol use. Reasonable suspicion must be documented on the reasonable suspicion documentation form and must not be based on rumor, speculation, or unsubstantiated information.

Only one trained, qualified supervisor or company official is required to witness the conduct of the employee; however, it is recommended to have at least two trained, qualified supervisors or company officials witness the conduct.

DOT reasonable suspicion alcohol testing is permissible only if the trained supervisor's observations are made during, just preceding, or just after the employee is performing safety-sensitive functions or is attempting to perform safety-sensitive functions; however, the company may also test an employee for controlled substances under reasonable suspicion based on observations at any time the employee is working.

In the event of a reasonable suspicion test, the suspected employee will either be transported to a collection site by a supervisor or secondary DER for completion of the tests, or arrangements will be made to have a mobile collector come to the employee's location for administration of the tests.

### **Post-Incident**

All employees who are involved in an incident during work time, while on company business, or on company property are subject to one of these drug and alcohol tests:

- DOT drug and alcohol testing must be performed only when a CMV crash involves an FMCSA enrolled employee and meets at least one of these criteria:
  - There is a fatality.
  - The Nine Energy driver receives a citation and there is bodily injury to a person who, as a result of the injury, immediately receives medical treatment away from the scene of the accident; or one or more motor vehicles incur disabling damage as a result of the accident, requiring the vehicle(s) to be transported away from the scene by a tow truck or other vehicle.

*If the above criteria are not met, non-DOT tests must be administered.*
- Non-DOT drug and alcohol testing must be performed when the criteria for a DOT test is not met and an incident involves the operation of a company-owned or supplied industrial powered vehicle, including cranes, fork lifts, man lifts, or scissor lifts, and results in any of the following:
  - Fatality.
  - Medical treatment beyond basic first aid (if the incident resulting in an injury includes facts that indicate that the use of drugs and/or alcohol likely contributed to the incident).

- Property damage in excess of \$500, as determined by the immediate supervisor.

No employee subject to a post-accident/injury test may use alcohol for eight hours following the accident/injury, or until he/she undergoes a post-accident test, whichever occurs first.

### **Random**

All employees are subject to random, unannounced drug and alcohol testing. All employees have an equal probability of being neutrally selected for such testing. The Company will not waive the selection of any employee who is randomly chosen for a drug and/or alcohol test.

The Company's random selection uses third-party administrators approved by DOT to help ensure the random selection is truly random and meets DOT guidelines. The third-party also ensures each collector is trained and ensures confidentiality is maintained. During the collection process, to ensure accuracy, the employee is required to sign a seal confirming that it is their specimen that is being submitted.

Each employee who is notified of selection for random alcohol and/or controlled substance testing must proceed to the test site immediately. For safety-sensitive employees, random alcohol tests are conducted only just before, during, or just after the employee performs a safety-sensitive function. Generally, employees will not be called in on time off, whether scheduled or paid time off, to conduct a random drug and alcohol test.

### **Post-Rehabilitation**

If an employee voluntarily self-identifies as having a substance or alcohol dependency and seeks assistance for substance abuse *before* being selected for any drug and/or alcohol test, *before* performing any safety sensitive function (i.e. prior to reporting for duty), *and* does not perform any safety sensitive function until the company is satisfied that the employee has been evaluated and has successfully completed education or treatment requirements as described in FMCSR 382.121, the Company will provide the employee with assistance per the benefits plan. The employee must contact their HR representative to voluntarily self-identify and seek the Company provided assistance. This must be done PRIOR to being selected for any type of drug and/or alcohol test. The employee may only use the voluntary self-identification program one time. The HR representative will then contact the Primary DER to ensure that all requirements are met.

Subject to applicable federal and state laws, any employee who is eligible to return to work after receiving the education or treatment, as required by a state-certified substance abuse professional, is required to sign a return to work agreement and pass a drug/alcohol test before returning to duty. Such an employee is subject to periodic unannounced drug/alcohol tests for a period of 24 months after returning to duty, or as required by the substance abuse professional (SAP), whichever is greater.

### **Wall to Wall**

Employees are subject to unannounced en masse testing for controlled and synthetic substances where approved by state law (non-DOT test only).

## **Other**

Employees are subject to drug/alcohol testing when requested or required by the client or by contract and pursuant to applicable law (non-DOT test only).

## **Positive Test**

Any employee whose drug/alcohol tests are positive will be terminated pursuant to the Company's requirements and applicable federal and state laws.

If, after a contingent offer of employment, an employee tests positive, the offer of employment will be withdrawn.

## **Refusal of Test**

Any refusal to submit to a drug and/or alcohol test, regardless of collection procedure, is treated as a positive test, resulting in immediate termination of employment.

## **Testing Procedures**

The Company follows specific written procedures for specimen collection, testing, storage, and laboratory urinalysis, based on federal and state requirements. These requirements are available for review and can be requested from any supervisor or the company's Human Resources representative who will request the requirements from the designated employer representative (DER).

The testing procedures ensure integrity of the testing process, safeguard the validity of the test results, and ensure the results are attributed to the correct employee (including post-accident information and instructions). The Company follows strict DOT requirements to ensure every part of the process is done correctly.

## **Third-Party Services**

Our third-party administrator, DISA Global Solutions (DISA) provides drug and alcohol testing and management services to the Company, including medical review officers (MROs) and management of the random selection process.

The third-party administrator provides notification to the DER of all individuals selected randomly for drug and/or alcohol tests.

The Company selects collection sites and/or laboratories, certified by the U.S. Department of Health and Human Services, appropriate state agencies, and the third-party administrator to conduct drug/alcohol tests. The collection sites and/or laboratories must agree to conduct tests in accordance with applicable state and federal laws and regulations.

## **Testing Costs**

All costs of drug/alcohol tests that are required by the Company are paid by the company. All employee assistance program-related tests are paid for by the employee. The cost for split-specimen tests will be reimbursed to the company by the employee requesting the additional test.

Those return-to-duty and follow-up tests required by a SAP will also be reimbursed by the employee to the company.

### **Employee Requirements**

Employees are required to report to the drug/alcohol testing location designated by the Company immediately after notification from the Company. Generally, drug/alcohol tests are scheduled immediately before, during, or after an employee's work hours. Employees are given a maximum of 30 minutes plus travel time after notification to report to the testing facility. If the employee requires additional time, he/she is required to provide the reason for the request for the time extension immediately to his/her supervisor or manager. The supervisor or manager must document the reason and forward the documentation to the DER.

Employees are required to provide a specimen without undue delay upon initiating the specimen collection procedure.

Any employee or applicant who is unable to provide a specimen within three (3) hours of the first attempt to provide such specimen for a drug test will be treated as refusing to cooperate and will not be considered for employment or will be subject to disciplinary action, up to and including termination. An employee or applicant who is unable to provide a drug specimen within three (3) hours, and/or cannot provide a sufficient amount of breath for an alcohol test due to a medical condition or illness must notify the DER immediately.

Employee conduct is very important regarding this program. Any employee who fails to cooperate in the administration of this program is considered in violation and is subject to discipline up to & including termination.

### **Breath Alcohol Tests**

All breath alcohol tests must be administered by a certified technician.

### **Rapid Test Cups**

Rapid drug testing cups (or quick cups) may be used to provide a quick test result to facilitate the decision to proceed with the hiring process, but only **AFTER** the normal specimen has been collected that will be submitted through DISA's labs, and when authorized by state law or local legislation. Note that quick cup testing is not recognized by FMCSA so employees subject to FMCSA testing must not be tested with quick cups.

If a quick cup is used:

- A separate specimen must be collected AFTER the normal specimen has been collected, and cannot be one-in-the-same.
- A result from a quick cup is never considered positive. If there is a presence of drugs detected, the result is considered non-negative.
- Non-negative specimens will be confirmed through the normal testing procedures that are submitted through DISA's labs and MRO evaluation (if confirmed positive).
- Required confirmation of negative test results required for hiring must only be based on the normal specimen submitted through DISA.

## **Direct Observation**

Directly observed specimen collection will be performed under these circumstances:

- An employee provides a specimen and the temperature is out-of-range.
- An employee leaves the testing area without the approval from the DER.
- There is clear and convincing evidence that an employee is trying to substitute one specimen for another specimen.
- An employee gives a specimen that is too diluted to test.
- A client requests that all drug test collections be witnessed.
- An adulterant is detected in an employee's specimen.
- An observed collection is requested by the collector or MRO.
- All return-to-duty and follow-up test collections.

The third-party observer must be the same gender as the employee being observed.

## **Timing**

These are the timing requirements for post-incident and reasonable suspicion drug and alcohol testing:

- Post-incident - Post-incident tests must be performed as soon as possible.
  - Drug tests must be performed within 32 hours following the incident.
  - Alcohol tests must be performed within two hours of the incident.
  - If an alcohol test is not administered within two (2) hours following the incident, the supervisor/manager must prepare and forward to the DER a record using the DOT post-accident drug and alcohol testing decision form stating the reason the test was not promptly administered.
  - If an alcohol test is not administered within eight (8) hours or a controlled substances test is not administered within 32 hours following the accident, the supervisor/manager must cease attempts to administer the test and must prepare and submit the same record.
- Reasonable suspicion - Drug/controlled substances tests should be performed as soon as possible following the observation, but no later than within 32 hours
  - If the alcohol test is not administered within two (2) hours following observations triggering the request to test, the trained supervisor or company official must prepare and submit to the DER a record stating the reasons the alcohol test was not done promptly.
  - If the test is not conducted within eight (8) hours of the observations triggering the request to test, attempts to administer the test must cease, and the trained supervisor or company official must indicate in the record the reason the test was not conducted.
  - If the test is not conducted within eight hours, the employee must not be allowed to work for 24 hours.

## **Specimens**

Adulterated, substituted, or diluted urine specimens from which the analytical laboratory cannot obtain a result, as determined by the MRO and in accordance with state and federal requirements, are treated as positive specimens; an employee who submits such a specimen is subject to disciplinary action, up to and including termination.

Any re-testing of an employee because of an unsuitable or invalid urine specimen submission must be done in accordance with the time of submission requirements outlined herein and may require direct observation of collection. In the event that a specimen's temperature is out-of-range, a directly observed collection will be administered when allowed by federal, state, or local law. If the specimen's temperature is out-of-range after the directly observed collection, it will be considered as a refusal to provide a valid specimen.

Diluted specimens at the lab will be tested at level of detection. Any employee who has a dilute/negative drug test result will be treated as negative; if the drug test result is dilute/positive then the employee will be treated as positive and subject to disciplinary action, up to and including termination.

## **Results**

- If a quick cup shows non-negative, the employee may be in violation of the program and must be relieved of duty without pay pending investigation. Note that quick cup testing is not recognized by FMCSA so employees subject to FMCSA testing must not be tested with quick cups.
- Any test with a breath alcohol concentration level of 0.04 or greater is considered a positive test result, subjecting the employee to disciplinary action, up to and including termination.
- Negative diluted drug screening results with a creatinine of 5 mg/dL and less than 20 mg/dL are treated as a negative result.

All creatinine of 2mg/dL and less than 5 mg/dL must be immediately recollected under direct observation.

## **Notification and Rebuttal**

Every employee has the right to inspect or obtain a copy of the positive drug/alcohol test.

Any employee who has a positive drug/alcohol test result (pursuant to the minimum cutoffs designated by the Company or client, or otherwise provided by applicable federal or state law) will be notified of a positive test result by their HR representative or Manager. The consequences of a positive test result and procedures for appealing the positive test result will be explained to the employee before any disciplinary action is taken.

Any employee may rebut the drug or alcohol test result to the extent an opportunity to rebut is provided under applicable state or local law. The employee should contact the MRO to discuss, explain, or contest the test results within the appropriate time period under state or local law.



## **Removal From Work**

Any non-DOT employee whose reasonable suspicion or post-incident test result is pending final analysis confirmation by the MRO may immediately be removed from the work site until final results are available. DOT employees can only be removed from their normal safety-sensitive work duties and temporarily reassigned to non-safety-sensitive work duties if they continue to receive their normal rate and level of compensation.

Any employee who has a breath alcohol concentration level between 0.020 and 0.039 must be immediately removed from any work-related duties with the Company for a minimum of 24 hours following administration of the test.

If upon being selected for a reasonable suspicion test, the DOT or non-DOT employee refuses to be taken home by a member of supervision, every reasonable effort should be made to ensure the employee does not try to operate a motor vehicle. Reasonable efforts include contacting a family member of the employee to take the employee home or contacting law enforcement officials.

Under no condition should an employee under reasonable suspicion be allowed to return to work until the Company has determined to its satisfaction that no violation occurred.

## **Appeals**

Any employee who desires to appeal a drug test result can have the original split specimen re-tested. Employees must request re-test within 72 hours (or the specific time period pursuant to local or state law if different) of receiving initial notice of test result from the MRO, by contacting DISA Return-To-Duty Department at 281-673-2390.

- The re-test will only be completed on the original split specimen that yielded the positive result. A second specimen will not be collected in an appeal case.
- The cost of the re-test will be reimbursed to the Company by the employee (unless prohibited by law).
- The re-test will be completed at a Substance Abuse and Mental Health Services Administration (SAMSHA) certified lab of the employee's choice.

The employee must send the name and address of the SAMSHA certified lab to the clinic before the specimen can be re-tested.

The result of the re-test will serve as the final determining result regarding the appeal process.

No further retesting is allowed.

An employee whose employment is terminated, or an applicant who is denied employment as a result of a positive drug or alcohol test will be eligible to apply for re-employment within the company upon completion of an educational and/or treatment plan as required by a state-certified substance abuse professional. This re-application opportunity is only available after the first occurrence of a positive test, and not after any subsequent occurrences.

## **Personal Time and On-Call Employees**

Employees who have been drinking alcohol on their personal time and are called in for emergency work must declare to their supervisor that they have been drinking alcohol; employees who declare to their supervisor that they have been drinking alcohol on their personal time are not subject to disciplinary action.

Any on-call employee that is called into work and is found to be under the influence of alcohol is subject to disciplinary action, up to and including termination.

## **Confidentiality**

Individual privacy and confidentiality must be carefully respected before, during, and after testing is complete.

Any information obtained through drug/alcohol testing unrelated to the use of drugs and/or alcohol must be held in strict confidence by the MRO and not released to the Company. With the exception of the testing laboratory, MRO, and substance abuse program administrator (or other individuals designated by the Company to receive and evaluate test results and resulting employment decisions), the results of individual drug tests must not be released to anyone without the express written authorization of the tested individual, except as ordered by a court or governmental agency.

Results that are reported to the Company by the MRO as positive must also be held in strict confidence.

Unless an employee gives written consent, the employee's drug/alcohol test records must not be released to a subsequent employer absent a court order or unless required by federal or state law.

## **Searches and Inspections**

The Company may at any time conduct searches and inspections when there is reason to believe an employee may be in possession of prohibited substances.

The Company has the right to inspect an employee's personal property on company or customer premises for the purpose of determining if the employee is in possession of, using, transporting, or concealing any prohibited items or substances.

Searches and inspections may be conducted without prior announcement. Submission to a search or inspection is a condition of employment. Failure to cooperate results in immediate suspension and is grounds for disciplinary action, up to and including termination.

If an illegal substance is found on company or customer premises, the supervisor/manager, and the Human Resources representative must be contacted immediately; one of these individuals must contact the appropriate authorities. The person who discovered the illegal substance must thoroughly document the finding.

In addition, the employee shall furnish a physician's name and/or prescription for confirmation of any prescription of a controlled substance found in his or her possession.

### **Criminal Drug Conviction**

Any employee who has had a criminal drug conviction for a drug offense or driving under the influence of drugs or alcohol must notify the Human Resources representative immediately of that conviction.

An employee convicted (meaning a finding of guilt or imposition of sentence, including a plea of nolo contendere) of a drug offense or driving under the influence of drugs or alcohol who fails to notify the Company of such conviction is subject to disciplinary action, up to and including termination.

### **Consent and Reservation of Rights**

All employees are required to sign a drug testing consent form as a condition of employment or continued employment. The Company reserves the sole right to interpret, change, suspend, amend, modify, or cancel at any time, with or without notice, all or any part of this program.

Although compliance with this program is a condition of continued employment, nothing in this program alters an employee's status as an at-will employee, and nothing in this program constitutes a contract or promise of employment.

Employees remain free to resign their employment at any time for any reason, without notice, and the Company retains the right to terminate any employee at any time, for any reason, without notice.

### **Education on Misuse of Alcohol and Use of Controlled Substances**

The Company provides educational materials through the *Substance Free Workplace* program to meet the DOT requirements on alcohol misuse, use of controlled substances, information, training and referrals.

- All employees receive a copy of the updated Nine Energy Service Company Substance Free Workplace program.
- Human resources, secondary DERs (at each work location), and the corporate DER are designated to answer questions about the educational material regarding alcohol and drugs.
- The Company will issue updates to this policy as needed and have employees sign a statement that they have received a copy.
  - The secondary DERs and the corporate DER will hold meetings to present policy revisions and updates, and answer all questions regarding the policy.
  - Handout information will be issued to employees when any revision to the Nine Energy Service Substance Free Workplace program is issued.
  - The handouts consist of the effects of alcohol and controlled substances use on an individual's health, work, and personal life, referral to any employee assistance program, and referral to management.

## **Training**

A *trained supervisor* of drivers and other employees must receive at least 60 minutes of training on alcohol abuse and at least an additional 60 minutes of training on controlled substance abuse. The training helps supervisors determine whether reasonable suspicion exists to require an employee to undergo testing.

## **Record-Keeping**

Written drug and alcohol test records must be stored in locked containers or in a secured location. Such records must not be made part of individual personnel files.

DOT post-accident drug and alcohol testing decision forms must be forwarded to the DER for retention.

<b>Record Type</b>	<b>Retention Period</b>
Driver alcohols tests indicating concentration of .02 or greater	Five years.
Driver verified positive controlled substance	Five years.
Documentation of refusal to submit to drug or alcohol testing	Five years.
Alcohol and controlled substance testing program administration	Five years.
Annual calendar year summary	Five years.
Alcohol and controlled substance collection process (except calibration of breath testing devices)	Two years.
Negative and canceled controlled substance test results; alcohol concentration of less than .02	One year.
Education and training of supervisors and drivers (related to drug and alcohol abuse and testing)	Indefinitely.

Records stating the reason the alcohol test was not done promptly must be forwarded to the DER for retention.

**CERTIFICATION AND AGREEMENT FOR EMPLOYEES RETURNING FROM SUBSTANCE ABUSE  
COUNSELING/REHABILITATION**

I have completed a substance abuse evaluation or rehabilitation program from a state-certified substance abuse professional and/or program on \_\_\_\_\_ [date of completion].

I seek to resume my duties with Nine Energy Service ,and agree that I will be subject to periodic unannounced testing for a period of 24 months as a condition of my employment and/or to the parameters set by the substance abuse professional.

I understand and agree that Nine Energy Service will deduct the actual cost incurred for any return-to-duty and/or follow-up tests as required by the SAP from my next payroll check following when they are invoiced for the cost of the test(s).

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*Employee Social Security number*

---

*Date of policy violation verified by human resources*

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*Employee name (print)*

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*Human Resources representative name (print)*

---

*Employee signature*

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*Human resources representative signature*

---

*Date*

---

*Date*

	<b>HSE Programs</b>	Document number: 00-DOT-F002	Revision number: 2	Next review date: January 2020
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**CMV DRIVER ALCOHOL AND DRUG CERTIFIED RECEIPT**

Driver (print name): \_\_\_\_\_ Company/department: \_\_\_\_\_

I certify that I have been provided educational materials required by FMCSA 49 CFR 382.601 and company policy with respect to meeting those requirements. The materials include detailed discussion of the checked items below:

- 1. The designated person to answer questions about the materials.
- 2. The categories of drivers subject to FMCSA 49 CFR 382.
- 3. Sufficient information about safety-sensitive functions and periods of the workday during which compliance is required.
- 4. Specific information concerning prohibited driver conduct.
- 5. Circumstances under which a driver will be tested.
- 6. Test procedures, driver protection, integrity of the testing processes, and safeguarding test validity.
- 7. The requirement that tests are administered in accordance with FMCSA 49 CFR 382.
- 8. An explanation of what is considered refusal to submit to a test, and the consequences thereof.
- 9. The consequences of violation of FMCSA 49 CFR 382 Subpart B, including removal from safety-sensitive functions, and related procedures under FMCSA 49 CFR 40 Subpart O.
- 10. The consequences for drivers found to have an alcohol concentration of 0.02 or greater but less than 0.04.
- 11. Information on the effects of alcohol and controlled substance use on individual's health, work, and personal life; signs and symptoms of an alcohol or controlled substance problem (the driver's or a co-worker's); and available methods of intervening when an alcohol or controlled substances problem is suspected, including confrontation, referral to any employee assistance program, and referral to management.
- 12. Optional information: \_\_\_\_\_

\_\_\_\_\_  
*Driver's signature*

\_\_\_\_\_  
*Date*

*File original in driver qualification file.*

**RECEIPT OF SUBSTANCE-FREE WORKPLACE POLICY**

By signing below, I acknowledge receipt of the most recent version of the Substance-Free Workplace Policy, revision date of January 1, 2018.

\_\_\_\_\_  
*Employee or applicant signature*

\_\_\_\_\_  
*Company representative signature*

\_\_\_\_\_  
*Printed name*

\_\_\_\_\_  
*Printed name*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Date*

**DOT POST-ACCIDENT DRUG AND ALCOHOL TESTING DECISION**

Section I: General Information		
Date of accident:	Time of accident: <input type="checkbox"/> AM <input type="checkbox"/> PM	Business unit:
Office location:	DOT CDL driver name:	Driver's CDL:
Section II: DOT Drug and Alcohol Testing Decision Questions		
A.	Was there a fatality?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, DOT drug and alcohol tests are required; if no, skip to E and F.
B.	Did company CDL driver receive a citation?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, answer C and D; if no, skip to E and F
C.	Did company CDL driver receive a citation AND did an individual involved in the accident suffer bodily injury and immediately receive medical treatment away from the scene of the accident?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, DOT drug and alcohol tests are required.
D.	Did company CDL driver receive a citation AND did the company commercial motor vehicle (CMV) or any other vehicle involved in the accident sustain <u>disabling damage</u> requiring any of the vehicles to be transported away from the scene by a tow truck or other vehicle?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, DOT drug and alcohol tests are required.
E.	Did company CDL driver NOT receive a citation BUT an individual involved in the accident suffered bodily injury and immediately received medical treatment away from the scene of the accident?	<input type="checkbox"/> Yes <input type="checkbox"/> No
F.	Did company CDL driver NOT receive a citation BUT the company CMV or any other vehicle involved in the accident sustained disabling damage requiring any of the vehicles to be transported away from the scene by a tow truck or other vehicle?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If you checked yes for question A, C or D, DOT post-accident drug and alcohol tests are required. If DOT timing protocols for the tests are not met, complete G and/or H.		
Section III: DOT Drug and Alcohol Testing Timing Protocols		
G.	If DOT alcohol test is required and not conducted within two hours after the accident, document the reason for the delay. If no alcohol test is administered within eight hours, cease all efforts to have the test administered and document reasoning below.	
H.	If DOT drug test is required and not conducted within 32 hours after the accident, cease all efforts to administer the drug test and document the reason why the test was not administered below.	
I.	Did the company driver indicate recent use of prescription or over-the-counter medication? <i>Do not ask the employee the reason they were/are taking a specific drug. However, if the employee volunteers the information, document it.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, identify the substance and usage below.
Section IV: Review and Verification		
Company official completing form (print):		Title:
		<input type="checkbox"/> AM <input type="checkbox"/> PM
Company official signature	Date	Time
Supervisor/manager:		



**REASONABLE SUSPICION DOCUMENTATION**

<input type="checkbox"/> Employee is reporting for duty		<input type="checkbox"/> Employee is already on duty	
Employee name:		Date of observation:	
Location:		Time of observation:	from <input type="checkbox"/> AM <input type="checkbox"/> PM to <input type="checkbox"/> AM <input type="checkbox"/> PM
<b>Observed Personal Behavior (check all applicable items)</b>			
Breath (alcohol odor)	<input type="checkbox"/> Strong <input type="checkbox"/> Moderate <input type="checkbox"/> Faint <input type="checkbox"/> None		
Eyes	<input type="checkbox"/> Bloodshot <input type="checkbox"/> Clear <input type="checkbox"/> Dilated pupils <input type="checkbox"/> Glassy <input type="checkbox"/> Heavy eyelids <input type="checkbox"/> Constricted pupils <input type="checkbox"/> Normal		
Speech	<input type="checkbox"/> Confused <input type="checkbox"/> Accent <input type="checkbox"/> Slurred <input type="checkbox"/> Incoherent <input type="checkbox"/> Stuttered <input type="checkbox"/> Mumbled <input type="checkbox"/> Cotton-mouthed <input type="checkbox"/> Fair <input type="checkbox"/> Coherent <input type="checkbox"/> Good <input type="checkbox"/> Other:		
Attitude	<input type="checkbox"/> Excited <input type="checkbox"/> Indifferent <input type="checkbox"/> Carefree <input type="checkbox"/> Polite <input type="checkbox"/> Combative <input type="checkbox"/> Talkative <input type="checkbox"/> Profane <input type="checkbox"/> Drowsy <input type="checkbox"/> Cooperative <input type="checkbox"/> Insulting <input type="checkbox"/> Uncooperative <input type="checkbox"/> Other:		
Unusual activity	<input type="checkbox"/> Fighting <input type="checkbox"/> Crying <input type="checkbox"/> Belching <input type="checkbox"/> Hiccapping <input type="checkbox"/> Vomiting <input type="checkbox"/> Inappropriate laughing <input type="checkbox"/> None <input type="checkbox"/> Other:		
Balance	<input type="checkbox"/> Falling <input type="checkbox"/> Swaying <input type="checkbox"/> Needs support <input type="checkbox"/> Unsteady <input type="checkbox"/> Good <input type="checkbox"/> Other:		
Walking	<input type="checkbox"/> Falling <input type="checkbox"/> Swaying <input type="checkbox"/> Staggering <input type="checkbox"/> Unsteady <input type="checkbox"/> Good <input type="checkbox"/> Other:		
Turning	<input type="checkbox"/> Falling <input type="checkbox"/> Swaying <input type="checkbox"/> Staggering <input type="checkbox"/> Hesitant <input type="checkbox"/> Good <input type="checkbox"/> Other:		
Other	<input type="checkbox"/> Significant decline in job performance <input type="checkbox"/> Unexplained absences from work station <input type="checkbox"/> Significant change in personality <input type="checkbox"/> Changes in personal hygiene <input type="checkbox"/> Excessive absenteeism/tardiness <input type="checkbox"/> Operates equipment Any other unusual observed actions or statements by the employee:		
<b>Test</b>			
Reasonable suspicion test performed? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, give reason test was not performed:			

\_\_\_\_\_  AM  PM  
*Trained Supervisor (print name)*      *Supervisor signature*      *Date*      *Time*

\_\_\_\_\_  AM  PM  
*Witness (print name)*      *Witness signature*      *Date*      *Time*

Supervisor must have completed Reasonable Suspicion training prior to conducting assessment

## Tobacco-Free Workplace

No use of tobacco or tobacco substitutes is allowed inside any Company offices, kitchens, warehouse areas, waiting areas or vehicles. This prohibition includes smoking, use of cigarettes, electronic cigarettes or vaping, and cigars, lit or unlit. Tobacco use is only authorized in designated areas. Consult with local management on the location of designated areas.

If an employee does chew tobacco, it is important that it is done in a clean and concealed manner in order to respect the other individuals around you. By clean and concealed the Company means that you are not to spit in a cup/bottle while in a meeting or speaking to co-workers, always ensure that any remains thrown in the trash are sealed up or covered. While this does not list all scenarios of those who chew tobacco, it does provide a general idea of what the Company expects of its employees.

## SECURITY

### Weapons and Firearms

I understand and acknowledge that Nine Energy Service, Inc. (“Nine” or “Company”) prohibits all applicants, vendors, clients, and employees of the Company from using or possessing weapons of any kind, concealed or otherwise, at any time while on the premises of the Company and/or in the course and scope of conducting business on behalf of the company.

Firearms and ammunition are not permitted in a Company vehicle, whether leased or owned, to and from job sites or on Company property. All employees of the Company are strictly prohibited from carrying a weapon on a client’s property. Employees participating in events with firearms while conducting company business with clients or potential clients are permitted with manager approval.

The term “weapon” will be interpreted broadly to include any lethal weapon and includes without limitation, rifles, handguns, ammunition, knives, fighting weapons, explosives, stun guns, and any item that might be considered dangerous or that could cause harm. Note this does not include knives with blades two (2) inches and shorter.

In some states a person may be issued a permit to carry a concealed weapon. These same states allow employers to prohibit a person licensed under these laws from carrying concealed weapons on Company property.

I understand that Nine retains the sole right to search any employee, personal belongings, locker, desk, or any Company and where permitted personal vehicle for the presence of a weapon in the possession of an employee on Company property as defined above.

Any employee who violates this policy or refuses to promptly permit a search under this policy is subject to disciplinary action up to and including termination without warning.

This document may not be changed, altered, or amended without the written consent of an officer of Nine and the undersigned.

This policy is administered and enforced by the human resource (HR) department. Anyone with questions or concerns specific to this policy should contact the HR department.

### **Video Surveillance System**

The Company makes use of video surveillance systems on its premises. Video surveillance systems are primarily used to record access at building and warehouse entrances in the exterior of the building. Video surveillance cameras are never used in areas where employees would have an expectation of privacy, such as restrooms.

The primary purpose of the video surveillance systems is for safety purposes and to assist with after the fact investigation of crimes committed against the Company. Should the need arise, the system may also be used to assist in investigations of certain types of alleged misconduct or HSE issues.

### **Theft**

Employee theft of money, inventory, supplies, or other Company property, customers, or a co-worker by any means or conspiring to commit theft against the Company is grounds for termination and will not be tolerated. Instances of theft may be investigated internally or may be reported to local police authorities for investigation and possible prosecution.

If you suspect theft in your workplace, contact your supervisor or the Human Resources Department. All employees are expected to cooperate in any investigation. Failure to fully cooperate may result in discipline, up to and including termination.

The Company will not tolerate retaliation against any employee who makes a good faith report of theft.

### **Searches and No Expectation of Privacy**

The Company reserves the right to require employees while on Company premises, or on client property, to agree to the inspection of their persons, personal possessions and property, personal vehicles parked on Company premises or client property, and work areas. This includes, but is not limited to, lockers, vehicles, desks, cabinets, work stations, packages, handbags, briefcases and other personal possessions or places of concealment.

Employees are expected to cooperate in the conduct of any search or inspection. All property on Company or clients property are subject to search or inspection. Thus, employees should have no expectation of privacy whatsoever with regard to (i) offices, desks, vehicles, lockers, or other areas, storage or any equipment provided by the Company, (ii) briefcases, bags, containers or other personal possessions brought onto Company premises or client property, (iii) personal vehicles located on Company premises or client property, or (iv) information stored on Company owned technology.

Note you are expected to assist in investigations of Company policy violations. The Company may ask local authorities to investigate in instances involving potential crimes and may grant entry

to law enforcement officers to conduct searches of the premises. Your refusal to submit to a search may lead to disciplinary action, up to and including termination.

From time to time and without prior announcement, inspections or searches may be made of Company or of other property on Company or client property. Refusal to cooperate in such an inspection or search is grounds for termination.

The purpose of such examinations, searches, or inspections is to determine whether any employee is in violation of Company policies and to promote the safety of employees and the security of Company facilities.

Since even a routine inspection or search might result in the viewing of an employee's personal possessions, employees are encouraged not to bring any item of personal property into the workplace that they do not want searched. Any illegal or otherwise prohibited materials found in an employee's possession during an inspection or search will be collected and placed in a sealed container or envelope and possibly turned over to appropriate law enforcement agencies. If, after further investigation, the collected materials prove not to be prohibited, they will be returned to the employee and the employee will sign a receipt for the contents.

### Company Property

The Company provides some employees with certain equipment and property to assist them in performing job duties outside the workplace. This equipment includes, but is not limited to, computers, laptops, phones (landline and cellular), printers, and/or all other auxiliary equipment. Employees who are provided with Company-owned equipment or property have a responsibility to protect that equipment or property from being tampered with, lost, damaged, or stolen. Notify your supervisor if any of the equipment assigned to you has been tampered with, lost, damaged, or stolen.

Employees also are prohibited from any unauthorized use of the Company's intellectual property, such as audio and video tapes, printed materials and software. Improper, careless, negligent, destructive, or unsafe use or operation of Company equipment can result in discipline, up to and including termination.

Upon request of the Company, the equipment must be returned to the Company in acceptable condition. Failure to do so may result in disciplinary action, repayment of Company property, or termination of employment.

### Security and Keys

All outside doors to any Company office, vehicle, shop, or storage facility must remain locked for safety and security reasons after normal business hours, on weekends and as otherwise required. Only management and certain designated employees will have keys, fobs and/or key cards for such premises. In the event you lose or misplace a key, fob or key card, notify your supervisor immediately.

If an employee loses, misplaces or damages their fob, a replacement will be given and the cost will be Payroll deducted.

## Computer and Telecommunications Acceptable Use

The purpose of this policy is to provide guidelines for the acceptable use of computer and telecommunications equipment and systems for Nine Energy. These guidelines are intended to reduce the risks associated with inappropriate use of these systems. Inappropriate use can result in loss of availability of systems and services, compromised or lost data, and legal issues.

This policy will apply to all employees, contractors, consultants, and temporary staff at all locations of Nine Energy.

This policy applies to all equipment that is owned or leased by a Nine Energy company including but not limited to Internet/Intranet/Extranet systems, servers, ERP Systems, personal computer equipment (desktop and laptop), software, operating systems, storage media, e-mail, Internet browsers, FTP, voice mail, instant messaging systems, cell phones, smart phones, handheld computing equipment, and any other type of computer or telecommunications equipment.

All computer and telecommunications equipment and the data contained on them are the property of Nine Energy Service.

### **Policy Summary:**

This policy intends to reduce the risk associated with computer/telecommunications usage in the following areas:

- Avoidance/protection from malicious content.
- Avoidance of threats posed by unauthorized system access.
- Avoidance of legal risks.
- Protection of data stored on non-network storage media or devices.
- Assurance that business use of services and systems are not adversely affected by non-business use.

### **Responsibilities:**

This policy must be adhered to by all parties listed in the scope. It is the responsibility of every user to read and understand these guidelines and to conduct their activities using these systems accordingly.

If an employee has questions about whether specific usage constitutes a violation of this policy, these concerns should be discussed with the employee's supervisor. If the supervisor needs clarification, these concerns will be discussed with the VP of Information Technology.

It is the responsibility of Human Resources (or other employees authorized by Human Resources) to have every hired employee receive a copy of this policy (via ADP); that representative is responsible for the proper filing of those records.

It is the responsibility of the supervisor of non-employees being granted system access (contractors, consultants, temporary employees, third party employees) to print and have the user sign an acceptable use form, and to submit it to Human Resources (or the authorized employee for the location) for archiving.

It is the responsibility of the Information Technology department to review this policy annually and maintain documentation of review, to propose adjustments if necessary based on changing business needs and company structure. This review will include obtaining feedback from operational units.

Changes to this policy must be approved by the VP of Information Technology. The revised policy will be posted to the electronic site (ADP) and maintained within ADP; the notification of policy replacement will be sent to the e-mail group set up for this type of notification.

### **Policy Details:**

#### **Avoidance/protection from malicious content**

All system users have an obligation to help protect the network and their equipment from malicious content that may be encountered through Internet browsing or e-mail attachments.

- E-mail from unknown sources should not be opened while logged into the Nine Energy network or while using Nine Energy equipment.
  - Opening spam/emails from unknown clients can lead to a data breach or systems failure (infected Trojan, malware)
- Any computer that connects to any Nine Energy network or Intranet site must continually execute approved virus scanning software with current virus signatures.
- If files are transferred from any portable storage device to any Nine Energy network, the user must ensure that the files are virus free.
- IT will be contacted if the user is notified that the antivirus software detected a problem, so that they can ensure that the viral threat has been properly remedied. The user should contact IT via a service ticket request for any issues pertaining antivirus software.
- Users should not access non-business Internet sites that are likely to expose the network to malicious content.
- Any introduction of unauthorized scripts, code, or programs into the network is strictly prohibited.

#### **Protection from unauthorized system/data access.**

Only authorized users will have access to Nine Energy computer and telecommunications systems. The following rules apply when accessing the Nine Energy network or using Nine Energy equipment:

- Passwords must be unique, kept confidential, conform to password requirements, and not be shared with others. When working remotely, the user must ensure that others not affiliated with the company (including family members and friends) cannot access Nine Energy systems.
  - Do not leave any system unlocked while unattended; For more information regarding password protection, please reference the following: NINE-IT-009 Password Policy.
- Passwords used to protect work documents (Word, Excel, etc.) must be shared with the user's supervisor, so that documents can be accessed in the user's absence.
- Smart phones used for company business or containing company data must be password protected.
- All data created on Nine Energy systems becomes property of Nine Energy Service.

- If a user has been granted access to confidential information belonging to Nine Energy, they are required to ensure that this information is not made available to unauthorized personnel outside the Organization. Some examples of confidential information include but are not limited to the following: corporate strategy, financial data, competitor sensitive data, trade secrets, product/service-related specifications, customer lists, employee information, and research data. Any breach of this dissemination policy can adversely affect the health of the Organization. However, this prohibition will not be interpreted to prohibit employees from: 1) disclosing confidential information when compelled to do so by law 2) making a good faith report of possible violations of applicable law to any governmental agency or entity or 3) making disclosures that are protected under the whistleblower provisions of applicable law.
- E-mailing of confidential data is discouraged, but if necessary, a notice of the confidential nature of the data must be included at the beginning of the body or the footer of the e-mail.
- Nine Energy's confidential information may not be stored on computer or telecommunications equipment that is not owned or leased by Nine Energy.
- Unauthorized review, duplication, dissemination, removal, or alteration of files, passwords, or programs obtained by unauthorized means is prohibited.
- Circumventing user authentication of security of any host network or service is prohibited.
- Executing any form of network monitoring which will intercept data not intended for the employee's host is prohibited unless authorized by the respective Supervisor.
- Using any program, script or command for sending messages with the intent to interfere with or disable a user session via any means is prohibited.
- IT must be notified immediately if a smart phone or laptop computer containing company information is lost or stolen so that the company network connection for the device can be disabled in a timely manner.

### **Avoidance of legal risks**

Under no circumstance is an employee of Nine Energy authorized to engage in any activity that is illegal under local, state, federal, or international law.

- The company reserves the right to retrieve and read any message or document composed, sent, or received on any Nine Energy system or stored on Nine Energy equipment or servers. The company also reserves the right to disclose such content to law enforcement or other third parties without the consent of the sender or receiver. Users have no expectation of privacy with respect to information stored on or transmitted through or with Nine Energy systems or equipment.
- Internet usage logs may be reviewed. Users should limit their non-business related use of Nine Energy systems or equipment during work time. Users should not use Nine Energy systems or equipment to access web sites containing illegal, obscene, sexually explicit, or excessively violent content.
- Employees may not use company resources to create voicemail, e-mail, instant messages, web content, and on-line postings that may constitute unlawful harassment, illegal activity, or discrimination. Inappropriate content includes but is not limited to: sexual content or images, jokes, racial slurs, threats, comments on age, gender, sexual orientation, religion, political beliefs, national origin, disability, veteran status, physical attribute, and any classification protected by federal, state, or local laws.

- Any form of harassment by frequency or size of messages is prohibited.
- Solicitation of e-mail for any e-mail address other than that of the user account with the intent to harass is prohibited.
- When using computerized communication, users are representing the company. All communications (e-mail, voice mail, instant messaging, on-line postings, etc.) will be professional, ethical, and lawful. It is important to follow internal/external communication standards when representing the Organization in business discussions.
- In order to ensure that the company does not violate software applications license regulation, software will not be loaded to any company owned or leased desktop or laptop computer except by IT personnel who are responsible for maintaining software licensing inventories or other authorized employees who will communicate changes to the appropriate parties.
- Users of Nine Energy computer systems must respect all copyright and other intellectual property laws. For Nine Energy's protection as well as users' own, it is critical that users show proper respect for the laws governing copyright, fair use of copyrighted material owned by others, trademarks, and other intellectual property including Nine Energy's own copyrights, trademarks, and brands.
- Exporting software, technical information, encryption software, or technology in violation of international or regional export control laws is illegal. The appropriate management personnel will be consulted prior to the export of any material that is in question.
- Making fraudulent offers of products, items, or services is prohibited. Respect the laws regarding copyrights, trademarks, rights of publicity, and other third-party rights. To minimize the risk of copyright violation, you should provide references to the source(s) of information you use and accurately cite copyrighted works you identify in your online communications. Do not infringe on Nine logos, brand names, taglines, slogans, or other trademarks.
- Making statements about warranty (expressed or implied) on behalf of Nine Energy, unless part of the user's normal job duties, is prohibited.
- Sending unsolicited commercial advertising to individuals who did not request such information is prohibited. Soliciting to clients regarding personal interests/matters is prohibited.
- Forging of e-mail header information is prohibited.
- Creating or forwarding chain letters, ponzi, or pyramid schemes of any type is prohibited.
- Nothing in this section is intended to prevent employees from using social media or other websites to discuss the terms and conditions of their employment as permitted under the National Labor Relations Act.

### **Protection of data stored on non-networked storage media or devices**

- Users are required to know/understand how to properly backup electronic devices (laptops, desktops). If a user is unsure of how to properly backup his/her computer, he/she needs to contact IT for assistance.
- Confidential data on laptops should be kept to a minimum and removed or saved to an appropriately secured network directory when no longer required on the laptop.
- Care must be taken when company data is stored on USB flash drives to ensure that they are not lost, misplaced or left in the computer being used to access the data. Confidential data must not be stored on these devices.



- Confidential information must not be stored on equipment not owned/leased by Nine Energy.
- Laptop computers are especially vulnerable to theft or loss. Laptops must never be left in unattended automobiles. When offsite, laptops must be secured and out of sight when not in use after normal business hours. When travelling with a laptop or other portable computer device, the user must be vigilant about keeping the device in his or her possession. You are responsible for ensuring the protection of assigned Nine Energy assets which includes taking reasonable steps to ensure the security and integrity of company assigned assets. Promptly report any theft of Nine Energy assets to the IT Department.
- All PCs, PDAs, laptops, and workstations are the employee's personal responsibility. If a loss or damage is reported, the employee may be responsible for the cost of the company owned asset. This will be addressed on a case by case basis.

**Assurance that the business use of services and systems are not adversely affected by personal use or intentional acts.**

Computer and telecommunications systems are in place to support business activities. Personal usage of these systems must be kept to a minimum to ensure adequate bandwidth and storage is available for business purposes. Authorized Nine Energy representatives may monitor equipment, systems, and network traffic at any time.

- Users will keep non-business use of systems to a minimum. If there is any uncertainty about the reasonableness of personal use, the employee should discuss with his or her supervisor or manager.
- Users must not use non-business streaming audio or video or circulate e-mails with large volume multi-media attachments; if any use of such audio, video, or attachments could reasonably be expected to harm, compromise, or adversely affect company systems.
- Internet usage logs may be reviewed to determine whether the amount of time spent using the Internet during normal business hours interferes with the employee's productivity.
  - Nine Energy reserves the right to monitor any business system/personnel in order to ensure compliance with Organizational standards.
  - Nine reserves the right to increase/decrease the amount of available bandwidth for each user based on bandwidth consumption habits.
- Effecting security breaches or disruptions of network communications such as network sniffing, pinged floods, packet spoofing, denial of service, and forged routing information for malicious purposes is prohibited.
- Port scanning or security scanning is expressly prohibited unless prior notification is made to IT management.
- Storage of personal music, data, or photo files on any Nine Energy network or computer is prohibited.
- IT will not allocate support resources of any kind pertaining to personal music stored locally on desktop or laptop computers or the tools used to download such files.

Any exceptions to implementation of this policy must be approved by the VP of Information Technology.

Violation of the terms of the policy can result in a range of disciplinary action up to and including termination. Violations will be reported to the VP of Information Technology. The company may also advise the appropriate authorities of any legal violation.

### Recording in the Workplace

Due to the nature of Nine Energy Service's (the "Company") business, confidential trade secrets and other confidential proprietary business information, data, and knowledge of the Company and its customers ("Confidential Information") will be present and accessible in the Company's workplaces in many forms, including physical documents, drawings, photographs, and other print information and images; electronic system screens, displays, information, and printouts; tools, equipment, products, and prototypes and models of same; verbal and other audible statements and communications among personnel; and others.

To perform their workplace duty to perform work in a safe, secure, and productive manner while protecting Confidential Information, it is important for employees to minimize distraction and interruption from matters not pertaining to the business of the Company and to take reasonable steps not to compromise Confidential Information. The Company also takes seriously matters such as compliance with state laws, to the extent applicable, prohibiting invasions of privacy and the recording of another person without his or her consent.

The purpose of this policy is to provide guidelines for the acceptable use recording devices in the workplace. These guidelines are intended to reduce the risks associated with inappropriate use of these recording devices. Inappropriate use can result in compromised or lost data and legal issues.

This policy intends to reduce the risk associated with workplace recording in the following areas:

1. Avoidance of taking, distributing or posting pictures, videos or audio recordings while on working time or of work areas whether on the Company's or a customer's property.
2. Maintaining compliance with state laws, to the extent applicable, prohibiting invasions of privacy and the recording of another person without his or her consent.

If an employee has questions about whether specific usage constitutes a violation of this policy, these concerns should be discussed with the employee's supervisor. If the supervisor needs clarification, these concerns will be discussed with the Director of Human Resources.

It is the responsibility of Human Resources (or other employees authorized by Human Resources) to have every employee receive a copy of this policy (via ADP); that representative is responsible for the proper filing of those records.

It is expected that the supervisor of non-employees (contractors, consultants, temporary employees, third party employees) being granted system access print and have the non-employee sign this policy, and to submit it to Human Resources (or the authorized employee for the location) for archiving.

The Human Resources department is responsible for reviewing this policy annually and maintain documentation of review, to propose adjustments if necessary based on changing business needs and company structure. This review will include obtaining feedback from operational units.

Changes to this policy must be approved by the Director of Human Resources. The revised policy will be posted to the electronic site (ADP) and maintained within ADP; the notification of policy replacement will be sent to the e-mail group set up for this type of notification.

### **Avoidance of use of recording devices in Company workplaces**

In order to further the Company's commitment to providing a workplace in which employees act in a lawful manner to protect the interests as described above and in an effort to comply with the safety policies and procedures of our customers:

- Employees are not permitted to take, distribute or post pictures, videos or audio recordings while on working time or of work areas, whether on the Company's or a customer's property.

### **Maintaining understanding and compliance of applicable state laws**

Employees are expected to exercise good judgment in the following:

- Understanding applicable state laws and complying with them as it concerns the making of any such recordings.

Nothing in this policy limits the responsibility of an employee to make recordings if part of the employee's job duties assigned by the Company, such as the job of certain safety personnel to take pictures with respect to safety incidents.

Additionally, nothing in this policy limits the ability of an employee to make a recording lawfully and in good faith for the purpose of engaging in any right protected by law, such as the taking of pictures of health, safety or working condition concerns or of other work-related concerns.

Any questions regarding the interpretation of this policy or whether any recordings are allowed under or prohibited by this policy should be directed to the Company's Director of Human Resources.

Violation of the terms of the policy can result in a range of disciplinary action up to and including termination. Violations will be reported to the Director of Human Resources.

### **Personal Identifying Information**

The Company has implemented and maintains reasonable business procedures to protect and safeguard sensitive personal information and personal identifying information (collectively referenced herein as "Information"). This privacy policy is intended to prevent identity theft and potential claims against both the Company and you for the unauthorized use and disclosure of Information.

A person may not obtain, possess, transfer, or use Information of another person without the other person's written consent and with intent to obtain a good, a service, insurance, an extension of credit, or any other thing of value in the other person's name. All records, in any form, containing Information that has been provided to the Company, have been provided confidentially for the exclusive use of the Company, and the benefit of the Company and the person who provided the Information.

All records in the Company's possession containing Information are the Company's exclusive property, and subject to its exclusive control. Therefore, only authorized persons are allowed access on a need to know basis to such Information. All personnel records or other records containing any personal identifying information must be destroyed in accordance with the Records Retention and Destruction Procedure Policy.

The Human Resources Department shall have access to such information and the right to release it for business reasons, such as to counsel in the defense of a lawsuit or other claim. Employee information lists should never be posted in public areas where non-employees could access such Information or sent to any outside party.

As previously noted, this Handbook is not intended to interfere with, restrain, or prevent concerted activities as protected by the National Labor Relations Act, including employee communications regarding wages, hours, or other terms or conditions of employment. Company employees have the right to engage in or refrain from such activities, in the manner permitted by the National Labor Relations Act. Thus, the statements in this Handbook are not intended to be, and should not be read as being, in conflict with any law or laws that govern employee relations, such as Title VII and other laws prohibiting discrimination, or the Fair Labor Standards Act, among several others. To the extent that any law – federal, state, or local – overrides the at-will relationship or provides more rights for or obligations on Company employees, than what may be specifically written in this Handbook, those laws would, of course, supersede any policy or guideline herein, and they govern our relationship with our employees. Thus, you should be aware that you may have additional rights under these laws.

### **Breach of Security**

In order to maintain systems integrity, protect the Company network, confidential information and personal identifying information, no employee should divulge any user names and/or passwords used to access any Company computer database. Further, no employee may allow a non-employee or employee without authorization to access the computer nor should any employee leave a computer or any other form of electronic data system unattended. All employees are required to establish automatic settings for logging off, if your computer is idle.

Should you discover that there has been a breach of the Company's Communication System or other records or it is reasonably believed that an unauthorized person has acquired Information, you must immediately notify the your supervisor and the Information Technology Department. If an unauthorized person has acquired employee information, employees will be notified as quickly as possible, unless the Company is requested by a law enforcement agency to delay notification, or as necessary to determine the scope of the breach and restore the reasonable integrity of the communication system.

To preserve the confidentiality of information, the Company will destroy or arrange for the destruction of records containing Confidential Information by shredding, destroying, or otherwise modifying the Information in the records to make the information unreadable or undecipherable through any means.

## Social Media

The Company understands that social media can be a fun and a rewarding way to share your life and opinions with family, friends and co-workers around the world. However, use of social media also presents certain risks and responsibilities.

Social media includes all means of communicating or posting information or content of any sort on the internet. When posting content on the internet, please keep in mind the following guidelines:

- Be fair and courteous to fellow employees, customers, suppliers or individuals who work on behalf of the Company. Workplace complaints need to be handled through the Company's Open Door Policy, as set forth in this Handbook.
- Be honest and accurate when posting information and if you make a mistake, correct it quickly.
- Maintain the confidentiality of the Company's trade secrets and private or confidential information.
- Do not use something that is not yours unless you obtain written permission to do so.
- Identify yourself when commenting and express only your opinions. Never represent yourself as a spokesperson for the Company.

Ultimately, you are solely responsible for what you post online. Use your best judgment and exercise personal responsibility. Your content and postings need to be consistent with the Company's policies. Inappropriate postings that may include discriminatory remarks, harassment, and/or threats of violence, or similar inappropriate or unlawful conduct will be reviewed by the Company, and may subject you to disciplinary action, up to and including termination. Remember that anything posted on any social media site is permanent even after deleting it.

Remember, your responsibility to the Company does not end when you leave therefore, this applies to both Company hosted social media sites and personal use as it relates to the Company.

Again as noted before, nothing in this policy or in the Handbook generally is meant to, nor should it be interpreted to, in any way limit your rights under any applicable federal, state, or local laws, including your rights under the National Labor Relations Act to engage in protected concerted activities with other employees to improve or discuss terms and conditions of employment, such as wages, working conditions, and benefits.

## Background Checks and Investigations

The Company recognizes the importance of maintaining a safe and productive workplace with honest, trustworthy, qualified, reliable and non-violent employees who do not present a risk of serious harm to their co-workers or others around them. For the benefit of all employees and the Company in furthering these interests and enforcing the Company's policies, the Company may perform, or request that third parties perform background checks or other types of investigations. These background checks may be performed at the Company's discretion, during the hiring process or anytime during an employee's employment, as permitted by state, federal and local law.

The background checks may include, but are not limited to, social security verification, criminal history, employment history verification, education verification, driver license status, credit history and record verification. Further, the Company reserves the right to refuse employment or

terminate employment of persons whose criminal background check indicates they may not be suited for the position in which they are working. The Company has the sole discretion to make this determination; however, our customers may also have policies prohibiting you from entering their premises based on your background check. Protecting the Company from the loss of business due to a person's conviction is a valid business reason for disqualifying individuals with certain convictions, depending on the circumstances. The Company reviews the data from every background check individually, making a determination of whether a person may be hired or work in a certain position, depending on all the facts and circumstances, including the particular job in question. If the background check reveals data about a criminal conviction, the Company will consider the nature of the crime, when it occurred, and any other factors, and the Company will balance that data in light of the job in question and expected work of that candidate or employee.

If you have misrepresented your criminal history, such misrepresentation will be grounds for termination, whenever discovered.

The background checks will be conducted under the guidelines of the Fair Credit Reporting Act (FCRA), for information regarding your rights under the Fair Credit Reporting Act (FCRA), contact the Human Resources Department.

## ATTENDANCE AND LEAVE

### Attendance and Punctuality

Regular attendance and punctuality are a necessity and contribute greatly to the efficiency and smooth operation of the Company. Attendance is an essential function of all Nine Energy work. All employees are expected to arrive on time, ready to work, every day they are scheduled to work.

The Company does recognize, however, that there are times when absences or tardiness cannot be avoided. In the event of an absence, you personally, not friends or family (notice from relatives or others are accepted only in an emergency) are expected to notify your supervisor as early as possible, but no later than the start of your work day. In the event of tardiness, notify your supervisor by phone at least one (1) hour before your scheduled workday or shift, explaining why you will be late and when you expect to report to work. If unavoidable circumstances cause you to be late, you are expected to notify your supervisor immediately. Tardiness, which is not caused by uncontrollable or unforeseen circumstances, is not acceptable. Voice mail, text messages and e-mail messages are not acceptable except in certain emergency circumstances.

Excessive absenteeism or tardiness, regardless of the reason (except, for example, absences permitted as PTO or a holiday or under a legally required leave, such as that under the Family and Medical Leave Act), disrupts work schedules, prevents the Company from providing customers the quality of service to which they are entitled and places an undue burden on your co-workers. It is important that you remember you were hired to do a job that is considered important and necessary, and that you report to work timely. Excessive absenteeism or tardiness may subject an employee to disciplinary action, up to and including termination.

### **Excused Absence from Work**

If you learn in advance you will be absent from work for whatever reason, notify your supervisor at least six (6) hours before the start of your scheduled shift that you will be absent, explaining why and when you expect to report for work. Calls from relatives and others will be accepted only in emergency situations.

If your absence is due to illness, injury or an emergency relating to you or a member of your immediate family, it will be excused. Further, if you are eligible, absences for these reasons may qualify for PTO and/or may qualify for Family and Medical Leave. Speak to the Human Resources Department about certification for approved leave of absence.

If you have been absent from work for three (3) or more days due to an illness or injury, you must present your supervisor and the Human Resources Department with a written statement from the health care provider/attending physician regarding the reason for the absence. You will be asked to provide your provider/physician with both a copy of your position description.. You must return the release to the Human Resources Department before you may return to work indicating whether or not you have any restrictions. Failure to provide a written statement from your provider/physician may result in delaying your return to work or the loss of your position.

If your absence is due to the illness of a family member, provide you supervisor with an excuse from the treating physician.

### **Unexcused Absence from Work**

As noted, if you are absent from work and do not personally report to your supervisor an excusable reason for your absence on or before the close of your assigned shift, the absence will be considered unexcused. It is your responsibility to ensure that your absence is properly reported.

Three (3) consecutive unexcused absences will be considered a voluntary resignation. This policy also applies to employees who have been released to return to work from any approved leave of absence or family and medical leave, but fail to timely report to work.

### **Inclement Weather**

Due to the nature of our business, the Company makes every effort to remain open and operational on all regularly scheduled workdays. Nevertheless, the Company recognizes that there are times when inclement weather (defined here as hurricanes, floods, tornados, blizzards, snow or ice storms, and other severe weather related disturbances that cause a major disruption to transportation or business operations) may necessitate the closure of the effected Company premises during regularly scheduled work hours.

If there is any question regarding hours of work during severe weather conditions, employees are responsible for contacting their supervisor regarding opening and closing hours. Employees may not assume that any office is closed, unless the employee's supervisor confirms that data or the Company sends out an electronic or telephone message to the employee.

## Leave of Absence Overview

This policy applies to all regular full-time and regular part-time employees of Nine Energy Service.

To provide a high level overview of the types of leave available to employees of Nine Energy Service (“Nine” or “Company”). Each leave will be addressed by a separate policy to allow for a thorough description of the leave, eligibility, benefits and what is needed to return to work.

Nine will permit all legally required leaves of absence as required by applicable federal, state and local laws. A leave of absence is considered to be a period of time during which an employee needs to be away from their job yet maintain the status of an employee. The following is a snapshot of the types of leave Nine has in place for employees.

### Types of Leave Available

- **Family Medical Leave Act (FMLA) – Document NINE-HR-007**
  - FMLA provides eligible employees of covered employers the opportunity to take unpaid, job-protected leave for specific family and medical reasons. Under FMLA, healthcare benefits and coverage continue with the same terms and conditions as if the employee had not taken leave.
- **Worker’s Compensation Leave – Document NINE-HR-008**
  - Workers’ compensation is generally an insurance benefit for employees to cover lost wages and medical expenses due to a workplace injury or illness. Unlike FMLA, workers’ compensation is not a leave benefit. FMLA and workers’ compensation may run concurrently depending on the injury/illness and whether it is covered by FMLA.
- **Maternity Leave – Document NINE-HR-009**
  - Maternity leave is a temporary period of absence from employment granted to expectant or new mothers during the months immediately before and after childbirth. Maternity leave is aimed at supporting the mother’s full recovery from childbirth and facilitating a strong mother-child bond.
- **Military Leave of Absence – Document NINE-HR-010**
  - USERRA is a federal statute designed to protect the rights of individuals who voluntarily or involuntarily leave their occupation to commence military service. It provides protection for military personnel from workplace discrimination based on their military service and requires employers in certain circumstances to reinstate individuals after completion of their military obligations. The Secretary of Labor along with the Secretary of Defense oversees implementation of the law as it applies to state, local government and private employers.
- **Personal Leave – Document NINE-HR-011**
  - A personal leave comprises circumstances in which an employee is not considered to be eligible for Family Medical Leave Act (FMLA), Worker’s Compensation, Maternity Leave or Military Leave. This leave is most commonly used for medical reasons when an employee does not qualify for FMLA.

Each type of leave of absence referenced in *Section 1* is accompanied by a complete policy document. Once this overview document has been reviewed, refer to the applicable policy for eligibility, requirements and complete details.



## Personal Time-Off

This policy is applicable to all regular, active, full-time employees of Nine Energy Service (“Nine”, “Company”) in the U.S. (except international assignees on U.S. payroll) who are regularly scheduled at least 40 hours per week. This policy supersedes all time-off policies in the Company as of the latest revision date of this policy.

The policy outlines the eligibility requirements, process and responsibilities for utilizing Personal Time Off (PTO).

Nine Energy Service provides regular, active, full-time employees with paid Personal Time Off (PTO) on an annual basis to be used for periods of rest and relaxation away from the work environment. PTO can also be used while on approved leave of absence to supplement and/or allow for payment while on leave.

PTO will be available for regular full-time employees, who are regularly scheduled to work a minimum of 40 hours per week after completing 180 days of employment. Part-time, temporary and/or seasonal workers are not eligible for PTO.

### **Rotational Employees**

Employees who work a rotational schedule are only eligible for PTO if their rotational “off days” are equal to, or less than, 7 days. For example, an employee who is regularly scheduled to work 14 days in a row, followed by 7 days off, would be eligible for PTO. However, an employee scheduled to work 14 days in a row followed by 14 days off would not be eligible for PTO under this policy.

### **Accrual**

The PTO policy year is the same as the calendar year, January 1 through December 31. On January 1st, annual PTO allowances are advanced to reflect the PTO that may be credited in that calendar year. The annual allowance of PTO and biweekly vesting rate (the rate at which advanced PTO is accrued) is based on completed years of service as outlined below. Employees may be given credit for career and industry experience, and executive management must approve all exceptions to the accrual schedule below.

<b>Completed Years of Service</b>	<b>Annual Hours</b>
Less than 5 years	80
5 years but less than 10 years	120
10 years but less than 20 years	160
20 or more years	200

- **Current Employees**
  - The annual allowance of PTO hours are updated on January 1<sup>st</sup> based on completed years of service or approved allowance. The hours are credited on a biweekly basis throughout the year.

- **New Hire, Rehire, or Employee Transfers onto U.S. Payroll**
  - After the beginning of the calendar year (January 1), the employee will receive a pro-rated annual advance of PTO based on service date and remaining biweekly payrolls. The service date will be the employee's hire date, rehire date or transfer (into U.S.) start date. The service date for rehires or transfers onto U.S. payroll within 12 months will be the employee's original hire date.

### **Payment of PTO**

PTO is paid at base wage rates for normally scheduled workdays. It does not include overtime, premiums, bonus, or any other special forms of compensation and does not count as hours worked for the purpose of calculating overtime.

### **Scheduling of PTO**

PTO can only be taken on regularly scheduled work days and cannot be applied to normal non-work days (e.g. Saturday, Sunday, Holiday). In the event of an applicable alternate work schedule, PTO hours may be taken consistent with scheduled hours. The maximum daily allowance for PTO is eight (8) or greater hours. PTO days taken by employees must be requested in advance and entered in the HR Time-Off system prior to (or during) the pay period in which the PTO occurs. Once an employee has accrued more than 3 weeks of PTO, the employee is required to take at least one full week concurrently.

### **Approval of PTO**

PTO is taken at the convenience of both the employee and the Company. Advance approval by the employee's supervisor is required for scheduling and taking PTO. This allows for arrangements to be made to cover the employee's duties while the employee off work. The employee's manager has the discretion to allow or deny requested PTO based upon business needs.

### **Unplanned Absences**

PTO must be applied to all excused absences taken by the employee. To utilize PTO for unplanned absences, the employee must notify his/her supervisor in advance of the scheduled shift start time to advise you will be absent from work. Management has discretion to allow or deny the use of PTO in this situation.

### **Leave of Absence and use of PTO**

- **Short-term Disability (STD)**
  - Employees are required to take available PTO during the elimination period for STD (7 days). Once STD is approved and the elimination period is completed, employees may elect to supplement the STD payment up to 100% of normal wages utilizing their available PTO.
- **Family Medical Leave Act (FMLA)**
  - Employees on approved FMLA leave and not receiving benefits from STD or Workers' Compensation, will be required to exhaust all available PTO prior to continuing on unpaid leave.

- **Accrual of PTO During Leave of Absence**
  - Accrual of PTO does not continue during leave of absence, however resumes accruing once an employee returns from leave.

### **Payment in Lieu of PTO**

The purpose of PTO is to provide employees with paid time off for personal reasons or for a period of rest and relaxation, which the Company believes is essential to health and morale. For this reason, payment instead of using earned PTO is not permitted. Donating PTO to other employees is also not permitted.

### **Unused PTO at end of the Calendar Year**

Any PTO earned by employees, including those on leave of absence, not used by the end of the calendar year, will expire, unless prohibited by state law.

### **PTO and Termination of Employment**

Any unused PTO will not be paid out at the time of termination of employment, for any reason, with or without cause, unless required by state law. Any used and unearned PTO will be deducted from the terminating employees' last paycheck except in the case of a layoff or the death of the employee, in which case no deduction will be made.

### **Exceptions, Laws & Regulations**

This policy is subject to the applicable local and state laws and regulations. To the extent that this policy conflicts with local and state laws and regulations, the policy shall, for application within the relevant jurisdiction, be deemed to be amended so as to meet any minimum requirements of local and state laws and regulations. Questions regarding conflict of laws and this policy should be addressed with Human Resources. Any exceptions to this policy must require written approval from Human Resources.

## **Family and Medical Leave**

This policy applies to all regular full-time and regular part-time employees of Nine Energy Service ("Nine" or "Company").

This policy is intended to provide uniform guidelines for eligibility and use of Family Medical Leave Act (FMLA) in compliance with applicable federal and state laws. It is also meant to provide employees with a general description of their FMLA rights.

Employees at Nine are eligible for unpaid leave under this policy if they meet the following qualifications:

- Have been employed by Nine for at least twelve (12) months. The twelve (12) months need not to have been consecutive. Separate periods of employment will be counted provided the break in service does not exceed seven (7) years.
- Have worked at least 1,250 hours during the twelve (12) month period immediately preceding the beginning of the leave.
- Work in a worksite where fifty (50) or more employees are employed by Nine within 75 miles of that office or worksite.

If an employee desires to take FMLA leave, the employee must notify the Human Resources Department either verbally or in writing of the intention to take leave at least thirty (30) days prior to the expected leave. If an employee fails to give thirty (30) days' notice for predictable leave with no reasonable excuse for the delay, leave may be delayed until thirty (30) days after the date such notice is provided. When an employee becomes aware of a need for FMLA leave less than thirty (30) days in advance, the employee must provide notice of the need for the leave either the same day or the next business day. When the need for FMLA leave is not foreseeable (such as a medical emergency), the employee or their designated representative must contact the Human Resources Department as soon as possible.

Within five (5) business days after the employee has provided a request of leave, the Human Resources Department will complete and provide the employee with the Notice of Eligibility and Rights. Additionally, the Human Resources Department will contact the employee with additional information, resources and procedural documents.

### **Qualifying for FMLA**

To qualify for FMLA leave under this policy and consistent with applicable laws, the employee must be taking leave for one or more of the following reasons:

- An employee's own serious health condition (as defined above) which prevents the employee from being able to perform the essential functions of their job.
  - The birth of the employee's child or to care for the employee's newborn child.
  - The placement of a child with the employee for adoption or foster care.
  - To care for an immediate family member (as defined above) with a serious health condition.
  - A "qualifying exigency" (as defined above) arising out of the fact that the employee's spouse, child, or parent is a member of the National Guard or Reserves or a regular component of the Armed Forces who is on active duty or is called to active duty in a foreign country.
  - To care for a U.S. service member or veteran with a serious illness or injury incurred or aggravated while on active military duty provided the employee is the spouse, son, daughter, parent or next of kin to the service member or veteran.  
NOTE: this FMLA leave is referred to as "military caregiver leave".
- Right to a Second Opinion
    - Nine reserves the right to request a second opinion regarding the serious health condition of an employee or employee's family member in accordance with the regulations under FMLA. In the case of a second opinion requested, Nine will choose the health care provider and will pay the associated cost. Should the first and second opinions differ for any reason, a third opinion may be required. Any health care provider giving a third opinion will be chosen by both Nine and the employee. The third opinion will be binding and final for both parties and Nine will incur the cost of the third opinion.

### **Amount and Duration of Leave**

An eligible employees may take up to twelve (12) work weeks of unpaid, job protected leave during any "rolling" twelve (12) month period, measured backward from the day the employee uses any leave under this policy. Each time the employee takes leave, the Human Resources

department will compute the amount of leave the employee has taken under this policy in the past 12 months and subtract it from the 12 weeks of total available leave. The balance remaining is the amount of leave the employee is entitled to take at that time.

- **Military Caregiver Leave**
  - If FMLA is taken to care for a U.S. service member or veteran, an eligible employee may take up to twenty-six (26) work weeks of unpaid, job protected leave during a single twelve (12) month period, measured forward from the first day an employee takes military caregiver leave to twelve (12) months after such date. FMLA leave already taken for other FMLA circumstances will be deducted from the total 26 weeks available.
- **Spouse Employment and Leave Entitlement**
  - If both the a husband and wife work for Nine and each desire to take leave for the birth of a child, adoption or placement of a child in foster care, or to care for a parent with a serious health condition, the husband and wife may only take a combined total of twelve (12) work weeks of leave. In the case of a husband and wife both wishing to take leave to care of a covered injured or ill service member, the husband and wife may only take a combined total of twenty-six (26) work weeks of leave. FMLA leave for the birth or placement of a child for adoption or foster care must be concluded within twelve (12) months of the birth or placement of the child.

### **Pay During Leave**

Qualifying FMLA time off is unpaid. However, an employee may be eligible for Short-Term Disability and/or Long-Term Disability based upon their specific need for requesting leave. Short and Long Term Disability are part of Nine's benefits program. To get eligibility information and resources, please contact the Human Resources Department. Any family and medical leave, whether paid, unpaid, or a combination thereof, will be counted toward the twelve (12) week leave entitlement.

- **Personal Time Off**
  - An employee granted FMLA time off must exhaust all accrued, unused personal time off (PTO) before continuing leave on an unpaid basis.

### **Intermittent Leave of Reduced Work Schedule**

Although an employee may take FMLA in twelve (12) consecutive work weeks, the employee may also use the leave intermittently (take a day periodically when needed over the year) or under certain circumstances, use the leave to reduce the work week or workday. The FMLA leave still may not exceed a total of twelve (12) work weeks or twenty-six (26) work weeks if caring for an ill or injured service member over a twelve (12) month period.

- **Accommodations**
  - Nine may temporarily transfer an employee to an alternative available position with equivalent pay and benefits should it better accommodate the intermittent or reduced schedule, if the leave is foreseeable and for planned medical treatment. Should the employee request an alternative schedule, Nine and the employee must mutually agree to the schedule before the employee may take the leave intermittently or work a reduced schedule. Intermittent leave or a reduced schedule

may not be available at all locations for all positions. Nine will make every effort to work with the employee to accommodate these types of requests.

### **Benefit Continuation**

Employee benefits will continue during the approved FMLA leave period at the same level and same conditions as if the employee had continued to work, provided the employee maintains their portion of the premium payments. This payment must be made either in person or by mail. The payment must be received at the Nine Corporate office within 2 weeks of the pay period in which the payment was due. If the payment is more than thirty (30) days late, the employee's health care coverage may be dropped for the duration of the leave. The employer will provide fifteen (15) days' notification prior to the employee's loss of coverage. If the employee elects not to continue coverage while on leave, coverage can be reinstated effective the first of the month following the employee's return to work.

### **Check-in During Leave**

Employees who are out on an approved FMLA leave are required to check in periodically with Human Resources. The date/time of check-in will be discussed once the request for leave is approved. This allows the company and the employee to keep in contact and have timely discussions regarding any urgent items.

### **Return to Work**

When an employee returns to work after a qualifying leave of absence under this policy, the employee will be restored to the same or to an equivalent position with equivalent status, pay, benefits and other employment terms. There will be no loss of benefits accrued prior to leave.

- **Required Documentation & Testing**
  - An employee who takes leave under this policy may be asked to provide a fit for duty clearance from a Company designated health care provider. This requirement will be included in the employer's response to the FMLA request. Typically, these tests are required to prove ability to perform the essential functions of the employee's position. Nine will also require a drug/alcohol test prior to returning to work if the employee has been out of work for longer than 30 days.
  
- **Failure to Return to Work**
  - An employee who does not return to work at the end of an authorized leave is subject to termination of employment. In addition, an employee returning from FMLA leave may be denied reinstatement if:
    - The employee's employment would have been terminated (e.g. by layoff, job elimination, conclusion of temporary employment, etc.) had the employee continued to be actively employed during the FMLA leave period;
    - The employee is no longer qualified for the position due to the employee's inability to satisfy the requirements of the position (such as training, licensing, certification, etc.) as a result of the leave, and the employee fails to fulfill those requirements after being given a reasonable opportunity to do so; or
    - The employee is no longer able to perform the essential functions of the job and there is no reasonable accommodation that can be made for the employee without undue hardship.

This policy is subject to applicable local laws and regulations. To the extent that this policy conflicts with local laws of regulations, the policy shall, for application within relevant jurisdiction, be deemed to be amended so as to comply with local laws and regulations. Questions regarding conflict of laws and this policy should be addressed with the Director of Human Resources. Exceptions to this policy must be approved by the Director of Human Resources.

### **Personal Leave of Absence**

This policy applies to all regular full-time employees of Nine Energy Service (“Nine” or “Company”).

This policy is intended to provide uniform guidelines for eligibility and use of personal leave.

“Personal leave” refers to an unpaid leave that may be available to employees who do not qualify for other qualified leave of absences including Family Medical Leave (FMLA), Military Leave (USERRA), Workers’ Compensation Leave, and/or Maternity Leave.

The Company may provide an unpaid personal leave to allow employees to attend to personal situations beyond their control while simultaneously maintaining recognized continuous service with the organization. Employees must have completed at least one hundred eighty (180) days of continuous service with Nine prior to requesting a personal leave of absence.

- FMLA
  - If applicable, a personal leave may not be taken until a FMLA leave has been exhausted.

#### **Notice of Intent**

If an employee desires to take a personal leave, the employee must notify the Human Resources Department in writing of the intention to take leave at least thirty (30) days prior to the expected leave. Extenuating circumstances will be taken into account if the employee is unable to provide advance notice of their leave request.

#### **Amount and Duration of Leave**

An employee may be granted thirty consecutive calendar (30) days of unpaid personal leave. The employee’s direct manager and Human Resources must approve a personal leave of up to thirty (30) days. An extension of leave over 30 days may be granted at management discretion, up to a maximum of 90 days. Unpaid personal leave between 31 and 90 days must be signed-off on by the Segment Head of the employee’s work region as well as the employee’s direct manager and Human Resources. In the event that the employee is requesting more than 90 days of unpaid personal leave, the CEO must give approval.

Personal leave is not guaranteed and all requests will be granted at management discretion.

Requests must be made in writing, for a specified period of time and be approved by the employee’s direct manager and Human Resources.

## **Pay During Leave**

Although Personal Leaves are unpaid by the Company, an employee may be eligible for Short-Term Disability based upon their specific situation. Short and Long Term Disability are part of Nine's benefits program. To get eligibility information and resources, please contact the Human Resources Department.

- Personal Time Off
  - All accrued personal time off must be exhausted by the employee prior to continuing on an unpaid leave of absence.

## **Benefit Continuation**

Employees will be responsible for paying contributions for insurance and other benefits they are eligible to continue during the personal leave. The payment must be made either in person or by mail. The payment must be received at the Corporate office within 2 weeks of the pay period in which the payment was due. If the payment is more than thirty (30) days late, the employee's health care coverage may be dropped for the duration of the leave. The employer will provide fifteen (15) days' notification prior to the employee's loss of coverage.

## **Check-in During Leave**

Employees who are out on an approved personal leave are required to check in periodically with Human Resources. The date/time of check-in will be discussed once the request for leave is approved. This allows the company and the employee to keep in contact and have timely discussions regarding any urgent items.

## **Exclusions**

Personal leave will not be available or will be discontinued under the following circumstances:

- Employee engages in other full-time or part-time employment for any other employer that is considered by the Company to constitute an actual or potential conflict of interest.
- If a determination is made the employee will be unable or has chosen not to return to work.
- Employee applies for state unemployment compensation benefits.

The Company reserves the right to restrict a personal leave or the duration of said leave if the leave will cause undue hardship on the business or departmental operations. Nine will generally reinstate an employee from a personal leave into the same or similar job as previously held as long as the employee returns before or at the agreed upon end time of the leave. Reinstatement is not guaranteed.

## **Return to Work**

If an employee is returning to work from a personal leave for medical reasons not covered by FMLA, the employee must provide a release to return to work from their healthcare provider. The employee will also be required to take a fit-for-duty exam. If the employee has been out of work for 30 days or longer, a drug/alcohol test and background check will be required prior to returning to work. Employees returning for other reasons should be able to provide any supporting documentation requested by the Human Resources Department to establish they are fit for work. The Company will make every effort to reinstate an employee at the end of the leave period in either the same or comparable job but does not guarantee reinstatement.



- **Failure to Return to Work**
  - Employees who neglect to return to work at the completion of an approved personal leave of absence, including any potential extension of leave time, will be considered to have voluntarily resigned their employment from the Company.

### **Americans with Disabilities Act**

Nothing in this policy is meant to restrict leave consideration as an accommodation under the Americans with Disabilities Act (ADA). If you need to request an accommodation under the ADA, please contact Human Resources.

### **Exceptions, Laws & Regulations**

This policy is subject to the applicable local laws and regulations. To the extent that this policy conflicts with local laws of regulations, the policy shall, for application within relevant jurisdiction, be deemed to be amended so as to comply with local laws and regulations. Questions regarding conflict of laws and this policy should be addressed with the Director of Human Resources. Exceptions to this policy must be approved by the Director of Human Resources.

### **Military Leave of Absence (USERRA)**

This policy applies to all regular full-time and regular part-time employees of Nine Energy Service (“Nine” or “Company”).

This policy is intended to provide uniform guidelines for eligibility and use of military leave in compliance with the Uniformed Services Employment and Reemployment Act (USERRA) and all applicable state laws.

“USERRA” refers to the 1994 federal law designed to protect those who serve or have served in the Armed Forces, Reserves, National Guard or other “uniformed services” against discrimination based on past, present or future military service, right to reemployment upon return from duty and not disadvantaged in their civilian careers due to service.

### **Military Leave Request (Active and Reserve Service)**

When an employee is called to military service, USERRA requires the employee to provide advanced written or verbal notice to their employer, unless military necessity prevents such notice or it is otherwise impossible or unreasonable. The employee should submit a Leave of Absence request form to their supervisor/manager with any supporting documentation as soon as possible. The employee’s supervisor /manager will then notify Human Resources of this request and Human Resources will contact the employee to provide additional resources, information and procedural documents.

### **Amount and Duration of Leave**

A military leave of absence will be granted for up to five (5) years in accordance with USERRA.

### **Pay During Leave**

The company will continue the employee’s pay for up to 30-days for employees on a military leave of absence. For hourly employees, this includes pay for a regularly scheduled work week (up to a 40-hour maximum) at the employee’s regular rate of pay. Employees may use any accrued

Personal Time Off (PTO) for absences over 30 days, and will continue on unpaid leave once PTO is exhausted.

### **Continuation of Benefits**

Eligible employees taking military leave under USERRA have the right to continue their existing employer-based medical healthcare benefits as set forth by USERRA. For individuals performing military duty of more than thirty (30) days, they can elect to continue coverage for up to 24 months. For military service of less than thirty-one (31) days, healthcare coverage is provided as if the service member were actively employed and working.

Employees who are out on leave for over thirty (30) days and elect to continue coverage will be responsible for paying contributions for insurance and other benefits. The payment must be made either in person or by mail. The payment must be received at the Corporate office within 2 weeks of the pay period in which the payment was due. If the payment is more than thirty (30) days late, the employee's health care coverage may be dropped for the duration of the leave. The employer will provide fifteen (15) days' notification prior to the employee's loss of coverage.

### **Return to Work**

- For an employee to be eligible for protection under USERRA, the employee must return to work or apply for reemployment within the following guidelines:
- If the employee was on military leave for fewer than 31 days, the employee is required to return to work for the first regularly scheduled workday or shift after the end of service. Allowances will be made for reasonable travel time plus an adequate rest period.
- If the employee was on military leave for longer than 31 days but less than 181 days, the employee must notify Human Resources of their intention to return to work within fourteen (14) days after the completion of service.
- If the employee was on military leave for longer than 180 days, the employee must notify Human Resources of their intention to return to work within ninety (90) days after completion of service.
- The employee must provide military discharge documentation to Human Resources upon notification of intention to return to work. This will serve to establish the timeliness of the reinstatement request.

### **Position and Benefits**

An employee returning from military leave will be placed in the position they would have attained had they remained continuously employed or in a comparable position depending on the seniority the employee had at the beginning of their military leave. In addition, employees will be treated as though they were continuously employed for the purpose of determining benefits based on length of service. Time spent on active duty will be counted towards eligibility for FMLA once the employee has returned to work.

- **Testing and Documentation Requirements**
  - If the employee has been out of work for 30 days or longer, a drug/alcohol test and background check will be required prior to returning to work. Employees should be able to provide any additional supporting documentation requested by the Human Resources Department to establish they are fit for work. Employees who neglect to return to work at the completion of an approved military leave of absence, will be considered to have voluntarily resigned their employment from the Company.

This policy is subject to applicable local laws and regulations. To the extent that this policy conflicts with local laws of regulations, the policy shall, for application within relevant jurisdiction, be deemed to be amended so as to comply with local laws and regulations. Questions regarding conflict of laws and this policy should be addressed with the Director of Human Resources. Exceptions must be approved by the Director of Human Resources.

### **Military Family and Caregiver Leave Under FMLA**

The Company fully complies with the National Defense Authorization Act (NDAA) which provides up to twelve (12) weeks of leave in certain circumstances (in the event that the spouse, son, daughter, or parent of an eligible employee is on active duty, or has been notified of an impending call to active duty status). The NDAA also provides for up to twenty-six (26) weeks of leave in a single 12-month period to care for the service-member who is recovering from a serious illness or injury sustained in the line of duty while on active duty.

If you meet the provisions of the NDAA, you must notify your supervisor in writing of the need for such leave and provide appropriate documentation. Upon approval, you are entitled to all the rights and protection of the NDAA for the appropriate period of time. Unless you receive approval, any leave of absence will be considered a Personal Leave.

During an approved NDAA leave, many of your employee benefits (Basic Life/AD&D, Voluntary Life/AD&D, Medical, Dental and Vision) will continue and the Company will make the same contribution as for active employees. While receiving pay (*i.e.*, PTO days), your contribution for these benefits will continue through payroll deduction. After that time, you must make arrangements with the Human Resources Department to continue making your contribution for your coverage, or the coverage may end for failure to pay your portion of the benefit costs.

If you return to work within the provided time, you are guaranteed the same job to the extent such position still exists (*i.e.*, job has not been eliminated). If you return to work after the provided time, the Company cannot guarantee your position, but will make every effort to provide a comparable position. If the Company is unable to locate a position or you decline such position, employment will be terminated.

A growing number of states provide leave for family members of service members. The entitlements for such leave differ from state to state. Our policy is to comply with such laws in any circumstances where they apply to employees of our Company.

### **Pregnancy, Adoption & Foster Care**

FMLA leave may be used for serious health conditions related to pregnancy, as well as for time off needed for the adoption of a child or placement of a child in your care as an adoptive or foster parent. You can use family and medical leave for such events as home studies, meetings with your attorney, court hearings, and medical appointments both before and after the birth or placement. Absences due to these reasons may be covered by family and medical leave for up to one (1) calendar year from the date of birth or placement.

The Human Resources Department can help you determine how much leave you are entitled to take.

## Maternity Leave

This policy applies to all regular full-time employees of Nine Energy Service (“Nine” or “Company”).

This policy is intended to provide uniform guidelines for eligibility and use of maternity leave in compliance with applicable federal and state laws.

Employees at Nine are eligible for leave under this policy if they meet the following qualifications:

- The employee has been employed by Nine for at least 180 consecutive days;
- The employee is requesting maternity leave due to the birth of the employee’s child or to care for the employee’s newborn child for the first 12 weeks of the child’s life.
- The employee is requesting leave due to the placement of a child with the employee for adoption or foster care for the first 12 weeks after placement of the child with the employee.

### **Notification of Intent to take Leave**

If an employee desires to take maternity leave, the employee must notify the Human Resources Department, in writing of the intention to take leave at least thirty (30) days prior to the expected leave.

### **FMLA and Maternity Leave**

If the employee qualifies for FMLA, maternity leave under this policy and FMLA will be run concurrently. The employee is also required to apply for and comply with Nine’s FMLA Policy.

### **Amount and Duration of Leave**

An eligible employee will be permitted to take up to twelve (12) weeks of leave under this policy.

### **Pay During Leave**

The employee will receive payment of full, regular wages for up to twelve (12) weeks of a designated maternity leave. This payment will be made through Short-Term Disability, company payroll, or a combination of both.

- Short-Term Disability
  - Short-Term Disability is a company-paid benefit provided to all Nine employees, which may pay up to 60% of the employee’s wages in qualifying circumstances. If the employee requesting maternity leave is giving birth, that employee will be required to apply for Short-Term Disability and can do so up to 30 days prior to the anticipated birth of their child. The company will cover wages during the 7-day waiting period, as well as the additional percentage of wages that is not paid by Short-Term Disability payments. The company will be notified once an employee has applied for Short-Term Disability and whether the application was approved or denied. At that time, payment of additional wages will be reconciled and the

employee will receive the remaining percentage of regular wages through normal payroll procedure.

- Adoption/Placement in Foster Care
  - In the case of adoption, or where an employee may be requesting leave and not giving birth, the company will pay full regular wages through normal payroll procedures.
  
- Non-Exempt Employees
  - Non-Exempt employees will be compensated for a 40-hour work week at their standard hourly rate, which will be reconciled with any disability payments as described in section V, part a of this policy.

### **Benefit Continuation**

Employee benefits will continue during the approved maternity leave period at the same level and same conditions as if the employee had continued to work, provided the employee maintains their portion of the premium payments. Since a portion of wage payment during maternity leave is made through normal payroll procedures, the employee's portion of benefit premium will continue to be deducted through payroll. In the event wages paid through normal payroll procedures does not cover the full benefit premium, the employee will be responsible for making payment to Nine. This payment may be made either in person or by mail. The payment must be received at the Corporate office within 2 weeks of the pay period in which the payment was due. If the payment is more than thirty (30) days late, the employee's health care coverage may be dropped for the duration of the leave. The employer will provide fifteen (15) days' notification prior to the employee's loss of coverage.

### **Return to Work**

If the employee has been out of work for 30 days or longer, a drug/alcohol test and background check will be required prior to returning to work. Employees should be able to provide any additional supporting documentation requested by the Human Resources Department to establish they are fit for work. Employees who neglect to return to work at the completion of an approved maternity leave of absence will be considered to have voluntarily resigned their employment from the Company.

### **Exceptions, Laws & Regulations**

This policy is subject to applicable local laws and regulations. To the extent that this policy conflicts with local laws of regulations, the policy shall, for application within relevant jurisdiction, be deemed to be amended so as to comply with local laws and regulations. Questions regarding conflict of laws and this policy should be addressed with the Director of Human Resources. Exceptions to this policy must be approved by the Director of Human Resources.

### **Bereavement Leave**

This policy is applicable to all regular, active full-time employees of Nine Energy Service ("Nine", "Company") in the U.S.

The policy outlines the objective and process for utilizing Bereavement leave and time off from work.

“Immediate Family Member” is defined as spouse, child, father, mother, siblings, grandparents and grandchildren of the employee or their spouse.

The Company takes into consideration the personal needs that arise from the death of an immediate family member. Full-time employees of Nine will be allowed to take time away from work to give the employee time to take care of arrangements, legal matters and family obligations. The Company shall pay for this time away from work as bereavement pay.

### **Pay**

Approved bereavement leave may be up to three (3) paid days away from work. Exceptions must be reviewed and approved by the employee’s immediate supervisor. In certain circumstances, additional time off may be needed. Please review the personal leave of absence policy, as absence over three (3) days will be classified as a personal leave of absence. Bereavement pay is paid at base wage rates and the leave does not count towards the calculation of overtime. Bereavement pay will not be granted to employees attending a funeral during periods when, for other reasons, they are not at work, such as weekends, vacation, holidays, illness, or if the employee is out on a previously approved leave of absence.

This policy is subject to the applicable local and state laws and regulations. To the extent that this policy conflicts with local and state laws and regulations, the policy shall, for application within the relevant jurisdiction, be deemed to be amended so as to comply with local and state laws and regulations. Exceptions to this policy must be approved by the Director or Human Resources.

### **Jury Duty Leave**

This policy is applicable to all regular, active full-time employees of Nine Energy Service (“Nine”, “Company”) in the U.S.

The policy outlines the objective and process for the employee’s civic responsibility of serving Jury Duty.

“Jury Duty” is defined as time off regularly scheduled work duties to respond to a valid jury summons, including time spent serving on a jury. This benefit cannot be applied to any court appearance other than Jury Duty.

### **Documentation of Jury Duty**

The employee must provide their supervisor with a valid summons to serve on a jury prior to time the employee is scheduled to serve and must furnish the supervisor with evidence of having served on a jury for the time claimed. Typically, the juror will be provided a signed release form from the judge presiding on the case.

### **Pay During Jury Duty**

If an employee is required to serve Jury Duty, the company will pay regular base wages for days served. A maximum of 8 hours per day and an attendance receipt is required to receive payment. Payment made to the employee by the court jury service may be kept by the employee.

- **Non-Exempt Employees** - Non-Exempt employees are required to report jury duty absence on their time sheet or time card. Time spent on Jury Duty will not be counted as hours worked for the purpose of computing overtime pay.

### **Early Release**

If an employee is released from court early, the employee is expected to come to work unless travel time or distance makes this impractical. In the event of an early release, employees are expected to call their supervisor to advise him or her of status.

This policy is subject to the applicable local and state laws and regulations. To the extent that this policy conflicts with local and state laws and regulations, the policy shall, for application within the relevant jurisdiction, be deemed to be amended so as to comply with local and state laws and regulations. Questions regarding conflict of laws and this policy should be addressed with Human Resources and all exceptions to this policy must be approved by the Director of Human Resources.

### **Voting Leave**

The Company encourages its employees to vote in every election; however, the Company does not provide time off for voting with or without pay. Employees should make arrangements to vote prior to or following normal working hours. This policy may be modified to be compliant with state voting regulations.

## **STANDARDS OF CONDUCT**

### **Professional Conduct**

To maintain the Company's excellent public image, we have established the following rules and policies describing the type of professional conduct each employee is expected to display while on Company premises, customer locations or while wearing a Company uniform. As an employee, you pledge to:

- Report to work on time and be diligent in the performance of your duties.
- Maintain a professional level of personal conduct, both on and off the job.
- Use Company supplies, equipment, facilities or property for no other purpose than conducting Company business and exercise care and consideration in the use of Company property and funds.
- Render courteous treatment to our fellow co-workers, our customers, and the general public.
- Refrain from using your position to secure special privileges or exceptions for yourself or others, from using information gained by reason of your position or employment for personal gain or the benefit of others.
- Respect and protect the confidential nature of the Company business.

- Refuse gifts or other favors that might influence the discharge of your duties, or give the impression of such influence and avoid situations, which may create or appear to create a conflict of interest.
- Act in good faith, honestly, and fairly to all concerned and avoid making negative or unfounded comments about the Company, your co-workers, our vendors, or our customers.

As an oilfield service company, the Company will have our customers visit our premises frequently. Therefore, conduct yourself with the upmost professionalism in everything you do.

### **Equal Opportunity Employment**

This policy applies to all applicants, employees, and non-employees (who may be connected through business purpose) of Nine Energy Service (“Nine” or “Company”).

Nine Energy Service is an Equal Opportunity Employer. This means that we fully support and comply with federal law and the laws of the states in which we do business. We do not tolerate unlawful discrimination or harassment of our employees or applicants by co-employees, supervisors, managers, or non-employees. It is our belief and Company policy that all individuals should be treated equally in hiring, promotion, discharge, pay, job training, classification, and all other aspects of employment without regard to race, color, national origin, religion, age, gender, sexual orientation, marital status, pregnancy, veteran status, disability, genetic information, or any other category or classification protected by federal, state, or local law or ordinance. The Company is committed to eliminate, where possible, obstructions that interfere with true equal opportunity in employment.

### **Discrimination**

The Company will recruit, hire, train and promote persons in a nondiscriminatory manner. Decisions will be made based upon skills, abilities, performance and merit. In addition, all compensation, benefits, training, discipline programs and procedures, and any other terms and conditions of employment, will be administrated in a nondiscriminatory manner. Company management at all levels is responsible for preventing unlawful discrimination in the workplace, for taking immediate corrective action to stop discrimination in the workplace and promptly contacting the Human Resources Department to ensure investigation of any allegation of work-related discrimination. Employees who feel they have been subject to unlawful discrimination must follow the complaint procedure in Section VI of this policy.

### **Harassment**

It is the intent of the Company to maintain a quality working environment for all employees so they work free from intimidation, humiliation and insult. Unlawful harassment will not be tolerated. This includes, but is not limited to, slurs, inappropriate jokes and other verbal, graphic, or physical conduct, which would be considered offensive by a reasonable person, relating to an individual’s race, color, national origin, religion, age, gender, sexual orientation, marital status, pregnancy, veteran status, disability, genetic information, or any other category or classification protected by federal, state, or local law or ordinance and has the purpose or effect of substantially interfering with a person’s employment or which creates an intimidating, hostile or offensive employment environment.

Prohibited harassment by employees or others includes, but is not limited to, behavior such as:



- Verbal conduct such as epithets, derogatory comments, jokes or slurs based on an individual's membership in a protected category;
- Visual conduct such as derogatory posters, photography, cartoons, screensavers, drawings or gestures based on an individual's membership in a protected category;
- Sending e-mail that contains discriminatory and/or harassing content based on a protected category.

This policy prohibits all acts of harassment, as defined by the law, and also prohibits encouraging others to commit such acts. Company management at all levels is responsible for preventing unlawful harassment in the workplace, for taking immediate corrective action to stop harassment in the workplace and promptly contacting the Human Resources Department to ensure investigation of any allegation of work-related harassment. Employees who feel they have been subject to unlawful harassment must follow the complaint procedure in Section VI of this policy.

### **Sexual Harassment**

The Company prohibits sexual harassment of any kind by any employee(s). Sexual harassment is intimidating, can be an abuse of power and is inconsistent with the Company's policies, practices, and management philosophy.

- **Types of Sexual Harassment**

In general, the law recognizes two forms of sexual harassment. These are "quid pro quo" and hostile work environment.

- **Quid Pro Quo Sexual Harassment**

- "Quid Pro Quo" is derived from a Latin term that means "this for that." This form of sexual harassment involves a supervisor, manager, or some other person who holds power over another employee, attempting to extract a sexual or romantic favor by either giving or withholding a job benefit.

- **Hostile Environment Sexual Harassment**

- Hostile environment sexual harassment can be perpetrated by a supervisor, manager, or co-worker. This type of harassment consists of verbal or physical conduct or communication of a sexual nature, which has the purpose or effect of substantially interfering with an individual's employment or which creates an intimidating, hostile or offensive work environment. Hostile environment sexual harassment assumes that the conduct is unwelcome by the victim. It might consist of vulgar language or jokes, graphic pictures or cartoons, or any insulting and derogatory references. It may include unwelcome advances to a co-worker, after the co-worker has made it clear that the attention is unwanted. This type of sexual harassment takes many forms, but it always makes the workplace uncomfortable or offensive on account of one's gender. You should assume that such conduct is always unwelcome in the workplace.
- Company management at all levels is responsible for preventing sexual harassment in the workplace, for taking immediate corrective action to stop sexual harassment in the workplace and promptly contacting the Human Resources Department to ensure investigation of any allegation of sexual

harassment. Employees who feel they have been subject to sexual harassment must follow the complaint procedure in Section VI of this policy.

### **Retaliation**

Retaliation against an individual making a complaint or any individual who cooperates in an investigation will not be tolerated. Disciplinary action may also be taken against any individual who fails to fully and honestly cooperate in the investigation of a complaint of discrimination, harassment or sexual harassment, or who files a complaint of such in bad faith. Sometimes persons are reluctant to make a complaint of, or report, discrimination, harassment or sexual harassment, or to participate in the investigation of such complaint because they fear they will be retaliated against. Retaliation is against the law and retaliation against any individual for reporting a claim of harassment or discrimination in good faith, or cooperating in the investigation of a claim of harassment or discrimination, will not be tolerated, and will itself be subject to appropriate discipline, up to and including termination. If you feel that you have been retaliated against or threatened with retaliation, you should immediately notify your Supervisor/Manager, Human Resources or the Company's anonymous, toll-free hotline for reporting complaints at 844-699-NINE.

### **Workplace Violence**

The Company prohibits any act or threat of violence by a Company employee against any other employee including supervisors, managers, or non-employees in connection with the employer's business. For the purposes of this policy, workplace violence includes, but is not limited to, the following:

- Injuring another person physically;
- Engaging in behavior that creates a reasonable fear of injury in another person;
- Engaging in behavior that subjects another individual to extreme emotional distress;
- Possessing, brandishing, or using a weapon while on Company premises or engaged in Company business;
- Damaging property intentionally;
- Threatening to injure an individual or damage property;
- Committing injurious acts motivated by, or related to, domestic violence or sexual harassment;
- Stalking

### **Reporting Responsibility**

It is critically important for all employees to understand that workplace violence is typically preceded by a threat or a warning of some type by the perpetrator. All threats of physical harm or violence, even if they do not seem serious or imminent, should be considered potentially dangerous and must be reported. If an employee believes they may be at risk of a violent act by another employee or non-employee, they should report it by informing their supervisor or contacting law enforcement. In addition, any employee, including Supervisors and Managers, with knowledge of a claim, concern, incident or questions involving workplace violence, should report it to their Departmental Manager and the Director of Human Resources. Failure by a member of supervision or management to immediately communicate information of this nature will be deemed a failure to uphold the duties of their position. The Company will immediately take the necessary corrective action when such information is brought to its attention. Retaliation against a person filing a complaint will not be tolerated.

## **Complaint Procedures**

Nine Energy Service has established the following procedure for filing a complaint of discrimination, harassment, sexual harassment, retaliation or workplace violence.

- If you ever feel that you are being or have been subjected to discrimination, harassment, sexual harassment, workplace violence or retaliation by a co-employee, supervisor, manager, contractor, or other outside party doing business with the Company, you are encouraged to notify the Human Resources department or the Company's anonymous, toll-free hotline for reporting complaints at 844-699-NINE immediately.
- The individual filing the complaint must provide the name of the offender and any persons who may have knowledge of the situation. The report should also provide the dates and details of any and all incidents.
- All complaints will be promptly and thoroughly investigated, by a fair and impartial investigator appointed by Human Resources. The assigned investigator will document all the facts for the employee's review and verification. All information received will be treated discreetly to the extent possible. In those cases where an individual is found to have engaged in any form of prohibited actions or behaviors, that individual will be disciplined as appropriate, up to and including termination of employment.
- If you do not feel that the reported incident was adequately investigated or resolved, you should contact Human Resources or the Company's anonymous, toll-free hotline for reporting complaints at 844-699-NINE to discuss the incident further.

## **Confidentiality**

To the greatest degree possible, and to the extent permissible under the law, the confidentiality of all parties involved in an investigation, complaint, allegation or charge will be preserved.

## **Manager and Supervisor Responsibility**

As noted throughout the policy, Management and Supervisory personnel of the Company, who become aware that discrimination, harassment, sexual harassment, workplace violence and/or retaliation is occurring from their own personal observation, are required to report their observations to Human Resources to assure that they are acting responsibly in maintaining a work environment free of discrimination, harassment, sexual harassment, workplace violence or retaliation. If a Supervisor/Manager becomes aware that discrimination, harassment, sexual harassment, workplace violence or retaliation is occurring as a result of an individual coming forward and making a complaint OR hearing a rumor of such, they are required to immediately report it to Human Resources to assure that the complaint or rumor is promptly and thoroughly investigated.

## **Disciplinary Action**

- The Company regards the failure by a Supervisor/Manager to take appropriate action to stop existing discrimination, harassment, sexual harassment, workplace violence or retaliation or to report an employee complaint of such to the Human Resources Department to be as serious an offense as the discrimination or harassment itself and appropriate disciplinary action, up to and including termination, will be taken.

## **Exceptions, Laws & Regulations**

This policy is subject to applicable local laws and regulations. To the extent that this policy conflicts with local laws or regulations, the policy shall, for application within relevant jurisdiction,

be deemed to be amended so as to comply with local laws and regulations. Questions regarding conflict of laws and this policy should be addressed with the Director of Human Resources.

### **Resources for Reporting**

Human Resources	(281) 730-5100
Anonymous Employee Reporting Line	1-844-866-NINE
Email	<a href="mailto:TELLNINE@getintouch.com">TELLNINE@getintouch.com</a>
Web	<a href="http://WWW.INTOUCHWEBSITE.COM/TELLNINE">WWW.INTOUCHWEBSITE.COM/TELLNINE</a>

### **Americans with Disabilities Act and Reasonable Accommodation**

The Company is committed to complying fully with the Americans with Disabilities Act (ADA), as amended by the ADA Amendments Act (ADAAA), and any similar, applicable state and local laws, and ensuring equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis, and all employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

The Company will make reasonable accommodations for known physical or mental limitations of any qualified applicant or employee who is disabled, as defined by the American with Disabilities Act, to enable such person to perform the essential job duties of the position, unless such accommodation would impose an undue hardship to the operation of the Company.

The Company reserves the right to determine the appropriate accommodation after engaging in this interactive process with the requesting employee (or a candidate). Employee accommodation requests and related information will be treated as confidential to the maximum extent feasible. Employees and candidates also have the right to refuse an offered accommodation but, if no alternative accommodation can be agreed upon, the employee (or candidate) must accept the possible consequences of being found not qualified for the job, which may mean that the employee (or candidate) is foreclosed from that particular work.

The Company prohibits harassment or discrimination against persons with disabilities. The Company also prohibits retaliation against persons who have made a complaint of harassment or discrimination or who have made a good faith request for accommodation. If you believe you have been subjected to harassment, discrimination, or retaliation on the basis of a disability, please immediately report the incident to your supervisor or the Human Resources Department. Violation of this policy against harassment, discrimination, and retaliation may result in disciplinary action, up to and including termination.

As explained in the Company's Equal Opportunity Employment Policy in this Handbook, the Company will not allow any form of retaliation against individuals who request an accommodation under this policy or report that a violation of this policy has occurred.

### **Genetic Information Nondiscrimination Act**

Consistent with the Genetic Information Nondiscrimination Act ("GINA"), the Company prohibits the use of genetic information in making employment decisions, including hiring, firing, pay, job

assignments, promotions, layoffs, training, fringe benefits, or any other term or condition of employment; genetic information is not relevant to an employee's or applicant's current ability to work.

Genetic information includes information about an individual's genetic tests and the genetic tests of an individual's family members, as well as information about the manifestation of a disease or disorder in an individual's family members (i.e. family medical history). Genetic information also includes an individual's request for, or receipt of, genetic services, or the participation in clinical research that includes genetic services by the individual or a family member of the individual, and the genetic information of a fetus carried by an individual or by a pregnant woman who is a family member of the individual and the genetic information of any embryo legally held by the individual or family member using an assisted reproductive technology. No employee may make an inquiry into or request or require the disclosure of genetic information relating to any employee or applicant.

Medical information concerning employees is confidential under state and federal laws and may not be discussed at any time with any person under any circumstances, unless an employee needs to do so in order to carry out his/her job duties, or unless the person discussing the information is talking or otherwise communicating with the subject of the information at that person's invitation. If medical information is obtained in connection with making a reasonable accommodation or an employee's request for leave, such information should be maintained as confidential, and should not be disclosed to persons who are not involved in the accommodation or leave process. If an employee is concerned about a possible medical condition on the part of a co-worker, the employee must not discuss such concern with anyone other than the Human Resources Department.

Any employee who is found to have discussed medical information about another employee with anyone else in violation of this policy, or who is found to have released such information without authorization, will be subject to disciplinary action, up to and possibly including immediate termination from employment. In addition, state and federal laws may subject such an employee to both civil and criminal action in a court of law. It is also against Company policy to harass a person because of his/her genetic information or retaliate against someone who opposes discrimination prohibited by GINA.

### Appropriate Attire

The Company provides a casual yet professional work environment for its employees and every employee contributes to the Company's overall image during working hours for our customers, vendors, visitors, and co-workers. Appropriate attire and personal hygiene enhances an employee's effectiveness in providing superior service. Each employee personally represents the Company and is required to dress and care for themselves in a manner appropriate with prevailing business style for his/her position and location.

Examples of attire in the office setting include, but are not limited to:

- Casual shirts: All shirts with collars, business casual crewneck or V-neck shirts, blouses, and golf and polo shirts. Examples of inappropriate shirts include T-shirts, shirts with inappropriate slogans, tank tops, muscle shirts, camouflage and crop tops.

- **Pants:** Casual slacks, trousers and jeans without holes, frays, etc. Examples of inappropriate pants include shorts, and pants worn below the waist or hip line and tights.
- **Footwear:** Casual slip-on or tie shoes, dress sandals, and clean athletic shoes. Examples of inappropriate footwear include flip-flops.

The Company does not object to employees having reasonably long hair if it is groomed. Nor does it object to mustaches and/or beards if they are kept trimmed and do not hinder the employee's job performance or safety on the job. Note that employees who report to or work at customer locations must abide by their dress and/or grooming requirements. There may be instances where the dress code and hygiene requirements may be established by individual business units based on safety requirements in specific locations.

Reasonable accommodations will be made for dress or grooming directly related to religion, ethnicity, or disabilities to the extent the accommodation does not create an undue hardship for the Company or other employees.

Supervisors are expected to promptly address any and all violations directly with the employee. Dress code violations that are exceptionally unprofessional or unsafe can be cause for immediate action including sending the employee home without pay to change their attire. Repeated violations can result in disciplinary action, up to and including termination.

Any questions or complaints regarding the appropriateness of attire and personal hygiene should be directed to the Human Resources Department.

### **Outside Employment**

Employees are permitted to work a second job outside of the Company; however, it may not interfere in any way with an employee's assigned schedule or the services that the Company provides to its customers or be in conflict with the needs of the Company. And any such employment may not be a conflict of interest with the Company's activities or violate any other policy of the Company. Responsibility to the Company is always the employee's primary obligation.

Employees must inform their supervisor prior to engaging in any outside employment in writing. The Company is not obligated to accommodate an employee's outside work schedule and employees are expected to work their assigned schedules. Should an employee's Company work schedule be altered, with or without approval, the employee must perform their assigned duties for the Company during the scheduled time. Failure to do so will lead to immediate termination.

A second job outside of the Company will not be considered an excuse for poor job performance, absenteeism, tardiness, leaving early, refusal to travel, or refusal to work overtime or a different work schedule. Should outside work activity cause or contribute to job-related problems, it must be discontinued, or the employee may be subject to disciplinary action, up to and including termination.

### **Trade Secrets / Confidential Information**

The Company believes trust is improved when employees know what is going on, good or bad, and the Company trusts our employees will keep sensitive information confidential. At the time of

your hire, you should have signed the Confidentiality and Dispute Resolution Agreement (the “Confidentiality Agreement”), which is a separate policy and agreement, which this Handbook neither supersedes nor modifies. Whether an employee signs the Confidentiality Agreement or not, they agree to its terms by continuing employment with the Company. If you have questions about the Confidentiality Agreement, please see the Human Resources Department.

The Confidentiality Agreement requires that you maintain the confidentiality of Company information you obtain. The Company prohibits the disclosure of its trade secrets and confidential information. **Your obligation to maintain the confidentiality of such information continues even after you are no longer an employee of the Company.**

Generally speaking, trade secrets are information, which has been developed by the Company, which is not known by the general public. It is the knowledge that gives the Company an advantage in the industry and has value. For instance, you might know about company earnings, procedures, or plans to buy or sell other products or property. These are examples of sensitive business matters considered confidential and proprietary trade secrets.

All of the following information should also be protected from disclosure to non-employees:

- Copyrighted information
- Information relating to patents and patent applications
- Intellectual property, such as schematics, drawings, formulas, research and development techniques, processes, computer programs, software, electronic codes, mask works, inventions, innovations, patents, patent applications, discoveries, improvements, data, know-how, formats, test results, and research projects
- Interoffice memos
- Training materials
- Financial statements and budgets
- Operating forms
- Information about costs, profits, markets, sales, contracts
- Lists of current and prospective customers
- Business, marketing and strategic plans

Access to such information is limited to employees who have a need to know such information. All outside inquiries about such information must be referred to the Vice President of Administration and People Operations.

Confidential information also includes, but is not limited to, the discussion of any information relating to threatened legal claims or lawsuits against the Company. Such information may also be privileged from disclosure. Administration will advise you of persons with whom you are expected to speak regarding a lawsuit or claim. If you are contacted about Company business by an attorney or an investigator, please refer such persons to the Vice President of Administration and People Operations, even if the person states he/she represents the Company. Develop a healthy suspicion. Do not let anyone trick you into disclosing the Company’s confidential information. Be particularly suspicious if you are asked to ignore identification procedures.

Talking about confidential information may cause harmful results to the Company and its business. If trade secrets or confidential information is revealed, the result could be the loss of a

business advantage. You have the duty to keep all sensitive business information confidential, regardless of how you come to learn about it.

Do not discuss confidential information about the Company with former employees, friends or family members only with persons who have a need to know. Do not discuss confidential information in public places or where it may be overheard by persons who do not have a need to know. Destroy hard copies of documents that are not filed or archived and secure confidential information in desk drawers and cabinets, as well as laptops. Do not leave your laptop or other stored information or briefcase in an unattended vehicle or other location where it may be stolen. Monitor and supervise visitors in the workplace. Any visitors requesting a tour of any of the Company's facilities must be approved in advance by the departmental manager.

The Company will take all legal actions necessary to protect its proprietary, confidential and trade secret business information. If you become aware of an unauthorized taking, copying, or communication of the Company's trade secrets, or a breach of the Company's information systems, notify the Vice President of Administration and People Operations promptly.

This provision is not intended to, and should not be interpreted to, prohibit employees from discussing wages and other terms and conditions of employment if they so choose.

### Prohibited Conduct

The greatest asset the Company has is an outstanding group of dedicated employees. The positive attitude and work ethic of our employees contributes significantly to the successful operations of the Company. Our success depends, to a great extent, upon the quality of our services and how we treat our customers. Our customers must be treated with dignity and respect at all times. If you are not friendly and courteous to any customer or member of the public, it reflects badly upon the entire Company and affects the Company's reputation.

You may also be counseled or disciplined for a poor work attitude because it impacts the work environment for all your co-workers as well. If you repeatedly display a bad temper or foul demeanor, it will be presumed you do not enjoy your work with the Company, and need to find other employment. It is the desire of the Company that you enjoy your work and the people with whom you work with. Legitimate complaints should be addressed initially to your supervisor and the Human Resources Department and will be investigated. The work rules that follow in this section have been established to promote and improve efficiency and productivity, but not to protect flagrant and repeated violations of these policies. At any time, the Company may elect to skip progressive discipline and terminate an employee.

The Company sincerely hopes the procedures in this section will not be needed, but is prepared to deal with any significant employee problem(s). The Company believes employees prefer to know the consequences of their actions and that by having written policies we help ensure there is fair and consistent treatment of each employee. The following is a list of some actions on the part of an employee that will be considered cause for disciplinary action, up to and including termination:

- Stealing property from the Company, another employee, a customer or visitor, or a vendor, including removing property from Company premises without permission.



- Insubordination and refusing to obey orders of Company management during working hours or on-call duty, or to otherwise fail to perform your work as assigned or required.
- Destroying, misusing or abusing Company or customer property, or the property of another employee, including posting, defacing or removing notices, signs or writings on Company premises without authorization.
- Conduct at work which, in the Company's reasonable judgment, is dangerous to others or interferes with the work of others, including, without limitation, "practical" jokes, horseplay, throwing things, shouting unnecessarily, or generally causing confusion.
- Reporting to work or working while "under the influence" of alcohol, controlled substances (other than valid personal prescriptions), or impaired by non-controlled substances, such as spray paint, glue, etc. or illegal substances, or in any manner violating the Company's Drug Free Workplace Policy.
- Making or receiving unauthorized loans of Company monies, including the misuse of Company credit/fuel cards or using such cards for personal or other disallowed purchases.
- Misappropriating funds or other theft from the Company.
- Sabotaging Company property, including information, or the unauthorized disclosure of confidential business information or trade secrets by dispensing or providing unauthorized access to such protected information.
- Disclosing confidential personnel records, personal identifying information, or medical information to any person who is not authorized to receive such information.
- Conviction of any felony or any crime involving moral turpitude affecting your ability to perform your job in a trustworthy fashion, or engaging in immoral or indecent conduct which adversely affects the Company or while engaged in Company business or on Company premises, which may include while you are on-call.
- Falsifying records relating to you or any employee or applicant or to any Company business, including, but not limited to, submitting false information on employment applications, payroll records, expense records, driving records, or shop reports, supplying misleading information for such records, falsification of time records, billing records, reports pertaining to absence from work, claims pertaining to accidents or injuries occurring on or off Company premises, claims for benefits provided by the Company or other personnel records, no matter when such falsification is discovered by the Company.
- Fighting or making threats of physical violence while on Company premises, or to a Company employee, customer, vendor, supplier, supervisor, or officer of the Company, or made during work hours to any individual, or striking another employee or customer in connection with any matter related to your employment.
- Intentionally interfering with or restricting production or output of work or influencing others to fail to maintain production standards.
- Temporarily or permanently removing from the Company premises any Company property, equipment, tools, books, records, correspondence, or other documents of any kind without permission or refusing to return such property after the permitted use.
- Re-entering or accessing secured areas when you are not scheduled or assigned to work or are not on the premises as a customer.
- Using Company vehicles or equipment, without permission or for an unauthorized purpose.
- Taking or giving away inventory or other products to customers/friends/relatives prior to obtaining Company authorization.
- Using obscene, vile, threatening, indecent, or abusive language or gestures toward any employee, customer, vendor, or supplier made during work hours.
- Unlawful possession of weapons on Company property or violation of the Weapons Policy.
- Aiding, abetting, compelling, coercing, or conspiring to terminate or cause another employee to be demoted, denied a promotional opportunity, or to resign because of race, color, religion,

sex (including gender identity), pregnancy, national origin, ancestry, age, disability, genetic information, veteran status, spousal affiliation or any protected status under federal, state or municipal laws.

- Harassing or discriminating or retaliating against an employee for filing or reporting claims for work-related injury or illness, violations of law, or discrimination.
- Smoking in designated non-smoking areas, in unauthorized places, or at prohibited times.
- Failing to own and carry a valid and current driver's license while operating Company vehicles or while driving on Company business.
- Originating, perpetuating, or publicizing malicious gossip, or slandering fellow employees.
- Engaging in improper, careless, mischievous, or negligent work on Company premises, in vehicles, or on Company time which results in injury, loss, damage or destruction to the public, the Company, another employee, a customer, or vendor.
- Leaving your job or company premises during working hours without prior permission from your supervisor.
- Failing to inform the Company at least six (6) hours prior to your scheduled starting time that you are not able to work on a scheduled workday.
- Repeated tardiness with or without excuse.
- Three (3) or more unexcused absences.
- Excessive socializing while on duty, particularly when it disrupts workflow.
- Sleeping during working hours.
- Failing to report an accident or injury occurring on company premises, vehicle or in the course of the Company's business.
- Falsifying any time card or timekeeping record.
- Failure to maintain your uniform in good and clean condition or to wear all pieces of your uniform or to repeatedly refuse to refrain from wearing unauthorized apparel.
- Careless, unsafe, or negligent practices or carelessness endangering the life or safety of yourself or another person.
- Engaging in unethical conduct or any other conduct which the Company deems a conflict of interest.
- Abuse of the meal policy or break periods, or taking additional time without permission.
- Altering or falsifying financial reports, including but not limited to, sales and inventory records, administrative reports, billing and expense reports.
- Failure to report damage to property, breakage or mechanical failure.
- Disclosing trade secrets or confidential Company information.
- Repeated failure to meet stated performance goals.
- Failure or refusal to attend assigned training.
- Violating any Company policy or employment practice, such as the Corporate Credit Card Policies and Procedures as well as the Travel and Expense Policy.

Disciplinary action is not limited to the above-stated infractions. The Company reserves the right to discipline employees for actions not on this list as well. It is your responsibility to know the policies contained in this Handbook and to abide by them and to use good judgment in performing your work and interacting with co-workers, customers and/or vendors. Questions concerning personal conduct or rules should be discussed with your supervisor. If the conduct involves your supervisor, contact the Human Resources Department.

### Gossip and False Reports

Passing on information about the personal details of other people's lives, unrelated to your work or working conditions, whether rumor or fact, especially when malicious, is gossiping and will not be tolerated. Gossiping negatively affects working relationships and the work environment and may offend customers. False reports about your co-workers may be considered retaliatory and result in disciplinary action, up to and including termination.

If you have work-related concerns, address them with your supervisor or with the Human Resources Department, so that they can be addressed.

As previously noted, nothing in this Handbook is intended to interfere with, restrain, or prevent concerted activities as protected by the National Labor Relations Act, including employee communications regarding wages, hours, or other terms or conditions of employment. Company employees have the right to engage in or refrain from such activities, in the manner permitted by the National Labor Relations Act.

## EMPLOYMENT PRACTICES

### Immigration Reform and Control Act

In compliance with the federal Immigration Reform and Control Act of 1986 (IRCA), our Company is committed to employing only individuals who are authorized to work in the United States.

Each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present original documentation establishing identity and employment eligibility. If these documents cannot be presented on the employee's first day of employment, then proof of application for the documents must be presented within three (3) business days. Failure to provide documentation as required under IRCA, will result in immediate termination of employment. If the Company learns that an employee whose documentation appeared to be in order for the Form I-9 purposes and is not actually authorized to work, the Company may request another review of appropriate documentation. If the employee is unable, under such circumstances, to provide satisfactory documentation will result in immediate termination of employment.

### Training

The Company believes in ongoing employee training and development for successful on-the-job performance for all its employees. You are expected to be diligent in applying the information and methods you are shown, and to do your best to learn as quickly as possible. You should ask questions about any training or procedure you do not understand.

Specific training and development requests must be made to your supervisor.

### Advancement

Success and advancement at the Company depends entirely on you. Employees demonstrate aptitude and interest for broader responsibility when they have (1) mastered the tasks and skills required in their current position; and (2) demonstrated interest and success in participating in a

broader role beyond their current specific responsibilities. A transfer will be based on such factors as quality and quantity of work, prior job performance, experience, educational background, attendance record, safety record and the ability to work well with others.

The Company believes in promoting from within and wants employees to have the opportunity for a promotion within the Company. At the same time, the Company may need to recruit and hire outside the Company to attract the most qualified individual for a particular opening, and reserves the right to do so when it deems necessary.

The Company will strive to post job openings in a manner that provides Company employees with an opportunity to apply for such positions, to strongly encourage promoting from within. When possible, new or vacant positions will be filled by transferring a qualified employee on the basis of ability, performance, experience, efficiency, and leadership, as determined by your supervisor and Company management.

### Transfers

Any employee who is working for the Company and is performing at a satisfactory level may be determined eligible to transfer. In most instances, if your performance is (1) considered unsatisfactory, or (2) subject to a written letter of warning or probation or subject to a performance improvement plan, or (3) you have had unexcused absences, the request will be denied until your performance is improved. Part-time employees and interns are not eligible to transfer into a full-time position without competing in the recruitment process. The requesting employee should inform his / her current manager of the request prior to initiating discussions with the Human Resources Department or hiring manager.

If a position is open, the department manager must submit a requisition to the Human Resources Department along with a position description for review and to obtain the required approvals. The Human Resources Department will post the position on the company website, which includes current open positions within the Company. If you are interested, you can apply by sending an email to the Human Resources Department expressing your interest in such position. The Human Resources Department will then send you the position description along with required information.

Requests for transfers will be considered on a case-by-case basis. The Company reserves the right to exercise its discretion in making the determination of whether an employee will be transferred based upon circumstances which affect the Company as well as the employee and his/her qualifications and experience. Any transfer requires a commitment by the employee to continue working for the receiving location for a minimum of six months. This requirement has no effect on at-will employment. All such requests should be directed to the Human Resources Department.

Transfers should be treated like other personnel actions; information regarding the reasons for the transfer of an employee should be treated as confidential. Only persons with a need to know will be notified of the reasons for a transfer or the location to which the employee is transferred.

### Separation from Employment

If you decide to leave the Company, we ask, though it is not a requirement of your employment that you provide your supervisor at least two weeks prior to your date of separation so that an orderly transition can be made, including hiring and/or training your replacement. Holidays and paid time off will not be counted towards the two weeks' notice. Employees who provide the requested amount of notice will be considered to have resigned in good standing and generally will be eligible for rehire. Notification should be in writing so that your intentions are clearly communicated.

All Company property entrusted to your care, such as keys, fobs, credit cards, uniforms and equipment, must be returned on the last day of your employment to the Company.

### **Exit Interview**

An employee planning to leave the Company may be asked to participate in an exit interview to discuss their decision to leave the Company with the Human Resources Department. In addition, you will be provided with information on the continuation and conversion of employee benefits (if applicable). If you are terminated from the Company for cause, you are requested to return all property (keys, fobs, credit cards, equipment, tools, uniforms, etc.) to the Company at that time.

At the time of the exit interview, matters relating to final pay and other applicable considerations may be discussed and/or arranged.

Should it become necessary because of business conditions to reduce the number of employees or work hours, exit interviews will be done at the discretion of the Company.

### **Returning Company Property**

The Employees will sign an acknowledgement form upon receipt of any Company property including but not limited to a laptop, printer, keys, fobs, credit cards, or other Company authorized property. All such items issued remain the property of the Company even after they are assigned to you. You are solely responsible for the condition of all property you are issued and for its continued good condition. You are never to give any property to a non-employee, or even to another employee, unless the transfer of the property has been preauthorized. You may not alter or otherwise intentionally damage any Company property.

If you cease to work for the Company, all company-issued property must be returned in a good and clean condition, and will not be accepted otherwise. By acknowledging receipt of this Employee Handbook, you agree that if you fail to return any item in a good and clean condition by the end of your last scheduled shift, that the Company has authority to deduct up to the full fair market price of the property issued to but not returned by you. Transfer of use without authority may result in loss or damage for which you will be held responsible.

### **Employee Work References**

The Human Resources Department will coordinate the process of providing work references about a current or former employee. The Company will confirm the date of hire, date of separation, position of former employee, and status (full-time, part-time, or temporary). Salary and documented job-related information will be released to a prospective employer only with the

employee's written consent and request. Employee records will not be released otherwise unless subpoenaed.

## Personnel Records / Confidential Information

The contents of employee personnel files are confidential, and access is limited to persons authorized to work with such information. Personnel records are maintained for each employee and contain information that is necessary to conduct business or to comply with federal, state, or local laws. The Human Resources Department will protect all personnel records and the information they contain from disclosure and will not share such information with persons who do not have a right or need to know.

All records maintained by the Company relating to any aspect of your employment are the sole property of the Company. While employed, you may request to inspect your employment records, by making a written request to the Human Resources Department. The Company reserves the right to deny access to records, even if the employee is the subject of such records.

All personnel records are kept for the length of time required by law. It is against Company policy for any person who does not have authority and a need to know to review, remove, alter, or destroy any employee's records or files, including their own. Such conduct may subject an employee to disciplinary action, up to and including termination.

Representatives of government or law enforcement agencies, in the course of their duties, may be allowed access to certain file information. Additionally, from time to time, the Company may have to respond to subpoenas for records; in that case, the Company will advise current employees when it receives such requests, as a matter of courtesy due to the confidential nature of the records.

## Change in Status

All employees are requested to promptly report changes in their status as listed below to the Human Resources Department via the ADP Self Service Portal:

- Name, address, telephone number, marital status;
- Name, birth date, relationship and/or total number of dependents;
- Formal education, courses completed and other training and/or skills acquired;
- Names, address, telephone numbers and relationship of persons to notify in case of emergency; and
- Insurance beneficiary, if applicable.

## Employee Concerns

It is Company policy to give employees fair and equitable treatment, to provide employees with an easily accessible procedure for expressing concerns, and to foster sound employee-management relations through communication and the prompt resolution of work-related problems. However, this cannot be achieved without your cooperation. Your work-related complaints or problems are of concern to the Company, and the Company wants to provide you with an effective and acceptable means for bringing your complaints or problems to the attention of persons who can help you resolve them.

If you have a complaint or problem about your job or a condition of employment or the actions of your supervisor, please discuss it with your supervisor first. Your supervisor knows more about you and your job than any other member of management and, generally, is in the best position to handle your complaint or problem properly and quickly.

If your concern is about a specific incident, it is best to talk with your supervisor as soon as possible after the incident occurs so that the matter can be addressed promptly. Supervisors are required to take prompt action to answer questions and to resolve complaints or problems.

If your complaint involves your supervisor's conduct or for any other personal or confidential reason, you may take your complaint directly to the Human Resources Department. If you wish to remain anonymous, you may report concerns anonymously to the ethics reporting line. The number for the ethics reporting line is 844-699-NINE (6463), by email at TELLNINE@GETINTOUCH.COM, or online at WWW.INTOUCHWEBSITE.COM/TELLNINE.

You will not be criticized or penalized in any way for honest, good faith, and straightforward attempts to reconcile problems. The Company will not allow any form of retaliation against individuals who file a good-faith complaint that a violation has occurred.

### Customer Relations

Our customer relationships are among our organization's most valuable assets. Every employee represents the Company to our customers and the public. The way we do our job presents an image of our entire organization. Customers judge all of us by how they are treated with each employee contact. Therefore, one of our first business priorities is to assist any customer or potential customer by being courteous, friendly, helpful, and prompt in the attention you provide.

Our personal contact with the public, our manners on the telephone, and the communications we send to customers are a reflection not only of ourselves, but also of the professionalism of the Company. Positive customer relations not only enhances the public's perception or image of the Company, but also pays off in greater customer loyalty.

## WAGES, HOURS AND BENEFITS

### Employment Classifications

For the purposes of this Employee Handbook, all employees fall within one of the classifications listed below. You will be informed of your classifications upon hire and informed of any subsequent changes to your classifications throughout your employment.

A full-time employee is defined as an employee who works forty (40 does not match other places noting FTE) or more hours per week on a regular basis. Full-time employees are eligible for Company benefits and Company-observed holiday pay.

A part-time employee is defined as an employee who works fewer than forty (40) hours per week on a regular basis. Part-time employees are not eligible for Company benefits or Company-observed holiday pay, unless otherwise required by law.

A temporary employee is defined as an employee who is hired for a specific short-term project, or on a short-term freelance basis, per diem, or for work that occurs on an intermittent (irregular) basis or seasonal (recurring annually) work schedule. Temporary employees are not eligible for Company benefits or Company observed holiday pay, unless otherwise required by law.

Employees are further categorized as either "exempt" or "non-exempt" for purposes of federal and state wage and hour laws.

Salaried (Exempt) employees do not receive overtime pay; they generally receive the same weekly salary regardless of hours worked subject to certain limited legally permitted deductions.

Hourly (Non-Exempt) employees are paid hourly and are entitled to overtime for hours worked over forty (40) in a week. Hourly paid employees also receive special consideration for on-call duties, if they are assigned.

### Hours of Operation

Generally, subject to differing local practices, the hours of operation for the Company's locations are from 8:00 a.m. to 5:00 p.m., Monday through Friday. Employees are assigned a work schedule and are expected to begin and end work according to the schedule at their assigned work location on a regular basis. The needs of our business may dictate a change in individual work schedules on either a short-term or long-term basis. If this occurs, the Company will provide employees ample notice of such change.

Based on your work schedule, it is your responsibility to keep track of when you are scheduled to work and to notify your immediate supervisor of your unavailability as soon as it is known. Repeated unavailability may result in disciplinary action.

### Pay Periods

The Company's official workweek extends from 12:01 a.m. Sunday to midnight on the following Saturday. You will be paid bi-weekly for all the time you have worked during the past pay period. Should a payday fall on a federal holiday, employees will receive their paycheck on the preceding workday. Paychecks are directly deposited into your checking and/or savings accounts.

Your payroll stub itemizes deductions made from your gross earnings. By law, the Company is required to make deductions for social security, Medicare, federal income tax and any other appropriate taxes. These required deductions may also include any court-ordered garnishments or other legally required deductions. Your payroll stub will also differentiate between regular pay received and overtime pay received.



If you believe there is an error in your pay, bring the matter to the attention of the Human Resources Department or your supervisor immediately so the Company can resolve the matter quickly.

### Overtime Pay

As our business demands grow, the Company will experience periods of extremely high activity. During these busy periods, additional work is required from each of us which may require us to work more than forty (40) hours in a work week. Your supervisor is responsible for monitoring business activity and will make every effort to provide you with adequate advance notice in such situations.

Exempt employees are not eligible for overtime. Non-exempt employees are entitled to payment for overtime, according to the overtime rules set forth below and applicable federal and state law. Employees outside of the Materials Management and Field Completions Team will not be eligible for "On-Call Duty Pay."

- All overtime work must be approved in advance by the employee's supervisor. Working overtime without permission violates Company policy and may result in disciplinary action.
- For purposes of calculating the number of hours an employee has worked in a day or week, our standard workweek begins on Sunday 12:01 a.m. and ends on midnight on the following Saturday.
- Generally, under the federal Fair Labor Standards Act, any time of actually worked hours in excess of forty (40) hours in the Company's designated workweek, will be paid overtime as required by law (generally, overtime is 1.5 times the regular rate of pay in a given week). Additionally, the Company will comply with any variances in overtime requirements, as may be mandated by state law
- Paid leave, such as holiday, PTO and bereavement time does not apply towards time worked for the purposes of calculating overtime.

### Job Bonus Plan

This policy applies to all employees who are eligible for any of the Nine Energy Service ("Nine" or "Company") job bonus plans.

This policy establishes guidelines and expectations for employees receiving any type of job or service bonus ("job bonus") on behalf of Nine Energy Service or its subsidiaries (the "Company"). Namely, this policy establishes eligibility and procedures for the payment of job bonuses for field operations personnel. Any bonuses related to sales commissions or annual management bonus are excluded from the purpose of this policy.

Individual business units have the responsibility for determining how and if job bonuses are to be paid. Commonly, job bonuses are either based on a percentage of the job ticket, a set dollar figure per job or per day based on the job completed and the position level of employee involved. Details of how each business unit within Nine currently pay bonuses are included in the chart below.

Business Unit	Bonus Calculation	Position Eligibility
Cementing	Fixed amount based on job completed	Cementing Supervisors
Wireline	Percentage of service ticket	Field Service Personnel
Downhole Tools	Fixed amount based on job completed	Field Service Personnel
Pressure Control	Percentage of service ticket	Field Service Personnel
Coiled Tubing	Fixed amount based on job completed	Field Service Personnel
Workover	Not Eligible	Not Eligible

### **Eligibility for Job Bonus**

Certain positions are eligible for a job bonus. This bonus is either a percentage of the job ticket, a set dollar amount based on the job performed or a fixed dollar amount based on daily work. To be eligible for payment of a job bonus, an employee must be in a position that is approved for such a bonus.

### **Satisfactory Performance**

Satisfactory performance is required in order for the employee to be eligible to receive a job bonus. The job must be performed to Nine management's satisfaction. Generally, this means successful completion of the job within the prescribed Nine operating standards without failures or downtime.

Additionally, job bonuses may be held for other areas of unsatisfactory performance, such as damaging company assets or failure to follow procedure.

### **Payment of Job Bonus**

Job bonuses are paid with the regular payroll, either biweekly or monthly. Job bonuses will be paid after the completion of the job rather than when the company receives payment for the work completed. Job bonuses are subject to regular payroll withholdings. Job bonuses are not eligible for 401k contribution through the company's plan.

The employee is required to be employed at the time of bonus payout to be eligible for any form of bonus.

### **Job Bonus Terms**

The Nine supervisor on the job is responsible for submitting the completed job tickets to district management on a weekly basis, at a minimum. District Management is responsible for calculating and submitting to payroll the job bonus payouts for eligible employees on a biweekly or monthly basis, in accordance with the payroll schedule.

The employee is responsible for successful execution of the job assigned to be eligible for payment of any bonus. Job bonuses will only be paid for jobs that are successful and performed to management's satisfaction as defined above.

## Timekeeping Procedures

Nine Energy is committed to paying all employees correctly. Non-exempt employees must record on a daily basis all actual work hours including any compensable travel time, and the Company will pay for all compensable time. All employees are required to approve all pre-populated time, and any time manually entered into the timekeeping system each pay period to verify the accuracy of those entries. Altering, falsifying, or tampering with time records is prohibited, and subjects the employee to discipline, up to and including termination.

Non-exempt employees may not start work until their scheduled starting time. It is your responsibility to verify your time record to certify the accuracy of all time recorded. Any errors in your time record should be reported immediately to your supervisor.

Accurate time reporting is essential for proper payment of compensation for all hours worked. Consistent with this principle, non-exempt employees should never perform any "off-the-clock" work. "Off-the-clock" work is work an employee performs, but fails to report it on their time record. Instructing or allowing employees to work "off-the-clock" is also a violation of this policy and will be subject to discipline, up to and including termination. If an employee ever believes that he/she is being asked, encouraged, or pressured to perform "off-the-clock" work or to otherwise not accurately report his/her time, that employee is expected to immediately report that conduct to his/her supervisor and the Human Resources Department, who will promptly investigate the matter. The Company wants to ensure that each employee is properly paid.

## Travel Time for Non-Exempt Employees

Travel from home to work and travel from work to home generally is non-compensable. However, at times, non-exempt employees may be required to travel for business needs. Below are general guidelines as to whether such time is compensable in those situations. These guidelines are subject to applicable state law. The guidelines below are just that, brief guidelines, and do not address every situation that may arise. If you ever have any questions, please contact the Human Resources Department.

Employees must be paid in full for any work they do at any time, including work that is done during otherwise non-compensable travel time. Employees will not be paid for breaks (including meal periods) that are at least thirty (30) consecutive and uninterrupted minutes in length, even if the break is taken during otherwise compensable travel time, except as required by applicable law.

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When business needs require that a non-exempt employee must travel overnight for a trip out of town, travel time is considered time worked for compensation purposes if it occurs within the employee's regular work schedule. As a result, if an employee regularly works from 8 a.m. to 5 p.m. from Monday through Friday the travel time during these hours is compensable work time on Saturday and Sunday as well as on the other regular working days. Time spent in a hotel once the employee has arrived at the out-of-town location is non-compensable, unless the employee is completing work during this time. All compensable time during travel or at out-of-town locations should be reported under the Company's time-reporting policies.

When business needs require that a non-exempt employee travel out of town and back during the single day, all travel time is compensable, regardless of whether during or outside of regular

work hours with two exceptions: (i) if an employee travels via public transportation; and (ii) if an employee drives, an employee may be compensated for his/her travel time less the amount of time employee regularly spends commuting to his/her work site.

### Corrections to Your Pay

The Company takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled paydays. If you forget to clock in or out, or make an error, notify your supervisor immediately and he/she will make the necessary correction(s).

Clocking in or out for another employee or misrepresenting your own time records is prohibited and may be grounds for immediate termination.

If you are not paid for your work hours, or for overtime for hours worked in excess of forty (40) in the Company's designated workweek or if there is a question about receiving proper pay, contact the Human Resources Department to look into the matter and correct, if necessary. The Company appreciates your honesty by bringing the problem to our attention and is committed to correcting wage over/under payments promptly.

### Direct Deposit

All Company employees are encouraged to sign up for direct deposit. As a new employee, who is being set up for direct deposit through the Company's system, you will go through the pre-note process to confirm all information provided is correct. If for some reason there is an error, you will be contacted to provide the Human Resources Department with the correct information obtained from your financial institution.

Any Company employee adding a new or changing an existing bank account will not go through a pre-note process.

The pre-note process will require one full pay cycle to process before an employee may begin receiving funds directly deposited into their new account. This means all new bank account setups will have funds direct deposited into that account with no waiting period.

### Payroll Deductions

By law, the Company is required to deduct from your pay federal withholding tax, social security tax, Medicare tax and any amounts for which the Company receives a garnishment order. Voluntary contributions such as the 401(k) plan, insurance premiums, and other amounts to which you have agreed to in writing, may also be withheld.

In addition, federal and state laws require the Company to report basic information about new employees, including your name, address, and social security number to a state agency designated as the State Directory of New Hires. The state collects this information in an effort to enforce child support orders. If the state determines that you owe child support, they will send us an order requiring us to withhold money from your paycheck to pay your child support obligations. The Company is required to comply with such orders as a matter of federal and state law.

As permitted by state and federal law, the Company may also deduct from your payroll check for damage to Company property, repayment of shortages caused by you, and repayment for employee theft, but will not do so without your prior express written authorization. However, damage to property, theft, and shortages may also result in corrective action, up to and including termination, regardless of whether you authorize the deductions.

The Company will not make deductions which are prohibited by the Fair Labor Standards Act ("FLSA") or any other law from its salaried exempt employees pay. If you question a deduction, please promptly contact the Human Resources Department for review.

If you have questions about deductions from your pay, please contact the Human Resources Department. If you believe you have been subjected to any improper deductions or your pay does not accurately reflect your hours worked, you should immediately report the matter to your supervisor and/or the Human Resources Department.

Every report will be fully investigated and corrective action will be taken, if necessary. In addition, the Company will not allow any form of retaliation against individuals who report alleged violations of this policy or who cooperate in the Company's investigation of such reports.

### **Wage Garnishments**

A wage garnishment is an order from a court or a government agency directing us to withhold a certain amount of money from an employee's paycheck and send it to a person or agency. Depending on applicable state and federal law, wages can be garnished, for among other reasons, to pay child support, spousal support or alimony, tax debts, outstanding student loans, or money owed as a result of a judgment in a civil lawsuit.

If the Company is instructed by a court or agency to garnish an employee's wages. Please note that the Company is legally required to comply with these orders. If you dispute or have concerns about the amount of a garnishment, you must contact the court or agency that issued the order.

### **Holidays**

The Company observes ten (10) paid holidays each year. The holidays that are granted as paid time off to all full-time employees and are outlined annually in the benefit summary located on ADP.

In order to serve customers, some operations may remain open during the holidays.

Holiday pay is eight (8) hours paid at the employee's current regular hourly rate or its equivalent for salaried employees. It is not used in calculating and is not included in the calculation of overtime, unless the employee actually works the holiday.

The following provisions apply with regard to holidays observed by the Company:

- If a holiday falls on a Saturday or Sunday, its observance will be on Friday or Monday and will be at management's discretion.

- An employee who is on unprotected, unpaid leave status does not qualify for holiday pay.
- If you are a part-time employee, you will not receive holiday pay.
- If you are separated from the Company, voluntarily or involuntarily, you will not receive holiday pay.

If a holiday occurs while an employee is on PTO, the employee will be paid for the holiday(s) allowing the employee to schedule an equal number of PTO hours at another time.

## CORPORATE COMPLIANCE

### Ethical Guidelines

Our business exists to help each person in our workforce gain satisfaction from work accomplished here and to grow with integrity in knowledge and skill. To succeed in this means there must be a spirit of trust between all of us in the workplace. The only way to establish and continue this trust is for each of us to speak and act honestly, fairly, respectfully and ethically. Management pledges to act and work in ways that foster such trust. The Company requires each person in our workforce to always speak and act honestly, fairly, respectfully and ethically.

### Code of Business Ethics

The Board of Directors (the “Board”) of Nine Energy Service, Inc. (the “Company”) has adopted this Corporate Code of Business Conduct and Ethics (this “Code of Conduct”), which provides basic principles and guidelines to assist directors, officers, employees, contractors, agents and other representatives (collectively, “Stakeholders”) of the Company and of its subsidiaries and affiliates (collectively, the “Company”) in complying with the legal and ethical requirements governing the Company’s business conduct.

This Code of Conduct covers a wide range of business practices and procedures, but does not cover every issue that may arise. Company Stakeholders must also comply with the Company’s other corporate compliance and ethics policies.

The Company reserves the right to add to, modify and rescind this Code of Conduct or any portion of it at any time. This Code of Conduct governs in the event of any conflict or inconsistency between this Code of Conduct and any other materials distributed by the Company. However, if a law conflicts with a policy in this Code of Conduct, you must comply with the law.

### **Statement of Principles**

#### **Basic Standards**

The Company’s fundamental policy is to conduct its business with honesty and integrity in accordance with the highest legal and ethical standards. The Company and its Stakeholders must comply with all applicable legal requirements of the State of Delaware, the United States and each country in which the Company conducts business.

## **Individual Responsibility and Compliance**

This Code of Conduct provides guidance for specific situations that may arise. However, each Company Stakeholder has the responsibility to exercise good judgment so as to act in a manner that will reflect favorably upon the Company and such Stakeholder, particularly in his or her capacity on behalf of the Company.

All Company Stakeholders must comply with the spirit as well as the letter of this Code of Conduct; they must not attempt to achieve indirectly, for example through the use of intermediaries, what is prohibited directly by this Code of Conduct.

Please see Annex A for specific compliance and complaint procedures, as well as the Company's Policy for Compliant Procedures.

## **Implementation**

### **Condition of Employment**

Each officer and employee of the Company, regardless of level, must become familiar with and agree to comply with this Code of Conduct as a condition of such employee's employment. All officers and employees must be provided with a copy of this Code of Conduct at the time their employment commences with the Company; provided, however, that individuals already employed by the Company at the time of the adoption of this Code of Conduct must be provided with a copy of this Code of Conduct shortly after its adoption. All supervisors are responsible for promoting compliance with this Code of Conduct by all employees under their supervision, regardless of level, and for ensuring that those employees are familiar with this Code of Conduct and understand their responsibility for full compliance with it.

### **Condition of Director Appointment/Election**

Each member of the Company's Board of Directors must become familiar with and agree to comply with this Code of Conduct. All directors must be provided with a copy of this Code of Conduct at the time of their appointment or election to serve on the Board.

### **Association with Unaffiliated Enterprises**

The Company's employees associated with enterprises not controlled by the Company (including vendors, suppliers, contractors, lawyers and accountants) must be guided in their conduct by this Code of Conduct's provisions. Such persons must attempt to influence those enterprises to conduct their activities in conformity with all applicable laws and this Code of Conduct and must report violations of this Code of Conduct to the Company's General Counsel.

### **Letter to Vendors, Suppliers and Contractors**

The Company may periodically, as it deems necessary and appropriate, send to its significant vendors, suppliers and contractors a letter that:

- Advises that it is against the Company's policy for directors, officers or other employees to accept gifts or entertainment of more than nominal value from any entity that does, or is seeking to do, business with the Company;
- States that the provision of any gifts and/or entertainment is not, and will not become, a condition of doing business with the Company; and

- Requests the recipient to identify any director, officer or other employee or representative of the Company who pressures or solicits the recipient for gifts, entertainment or other special favors.

### **Interpretation Questions**

Any questions on how to proceed or interpret this Code of Conduct may be directed to the Company's General Counsel or another member of the Company's Legal Department.

Please see Annex A for specific compliance and complaint procedures, as well as the Company's Policy for Compliant Procedures.

### **Violation of Policy**

Compliance with this Code of Conduct is essential. Violations of this Code of Conduct will result in disciplinary action, up to and including dismissal of any stakeholder where warranted.

### **Conflicts of Interest**

#### **General**

A conflict of interest occurs when an individual's private interest interferes in any way with the interests of the Company as a whole. This situation can arise when a Stakeholder takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when a Stakeholder, or a member of such person's family or household, receives improper personal benefits as a result of the Stakeholder's position with the Company. A conflict of interest is deemed to exist whenever, as a result of the nature or responsibilities of his or her relationship with the Company, a Stakeholder is in a position to further any personal financial interest or the financial interest of any member of such person's family.

No Stakeholder is permitted to engage in any business or conduct or enter into any agreement or arrangement that would give rise to actual or potential conflicts of interest. Stakeholders should not permit themselves to be placed in a position that might give rise to the appearance that a conflict of interest has arisen.

While it is not possible to describe all circumstances where a conflict of interest involving a Stakeholder exists or may exist, the following situations may involve actual or potential conflicts of interest:

- An interest in, or position with, any supplier, customer or competitor of the Company (except for an investment in publicly traded securities as described below).
- The acceptance of gifts or favors of more than nominal value (including by a member of a Stakeholder's immediate family) from an actual or prospective customer, supplier or competitor of the Company or any governmental official or other employee. This does not preclude the acceptance by a director, officer or employee of reasonable business entertainment (such as a lunch or dinner or events involving normal sales promotion, advertising or publicity).
- The disclosure or use of confidential information gained by reason of employment with the Company (or, in the case of a director, election or appointment to the Board) for profit or advantage by a director, officer or other employee or anyone else.
- Competition with the Company in the acquisition or disposition of rights or property.
- The following situations likely do not give rise to conflicts of interest:



- Ownership of publicly traded securities of a supplier, customer or competitor of the Company that do not confer upon the holder any ability to influence or direct the policies or management of the supplier, customer or competitor.
- A transaction with one of the Company's banks, where the transaction is customary and conducted on standard commercially available terms (such as a home mortgage or bank loan).
- A transaction or relationship disclosed in accordance with this Code of Conduct and determined by outside legal counsel not to be a prohibited conflict of interest.

These examples are given only to guide Stakeholders in making judgments about conflicts of interest. If any Stakeholder finds himself or herself in a situation where a conflict of interest exists or may exist, he or she should immediately report the matter as provided below.

### **Reporting Conflicts of Interest Involving Non-Officer Employees**

Actual or potential conflicts of interest involving a non-officer employee, or a member of such person's immediate family, must be reported in writing by the affected person (or by others having knowledge of the existence of the actual or potential conflicts of interest) to the employee's immediate supervisor or the Human Resources manager, who shall consult with the Company's General Counsel to determine whether a conflict of interest actually exists and to recommend measures to be taken to neutralize the adverse effect of the conflict of interest reported, if such measures are available or appropriate under the circumstances. This procedure will be applied so as to minimize its effect on the personal affairs of employees consistent with the protection of the Company's interests. The matter may also be referred to the Board for its approval or rejection.

### **Reporting Conflicts of Interest Involving Directors or Officers**

An actual or potential conflict of interest involving a director or officer, or a member of such person's immediate family, must be reported by the affected person (or by others having knowledge of the existence of the actual or potential conflict of interest) to the Company's General Counsel, who shall promptly disclose the possible conflict of interest to the Board at the earliest time practicable under the circumstances. The Board will determine whether the possible conflict of interest indeed constitutes a conflict of interest. The Board's approval will be required prior to the consummation of any proposed transaction or arrangement that is determined by the Board to constitute a conflict of interest.

Any member of the Board or any officer having a possible conflict of interest, either directly or indirectly, in any proposed transaction or arrangement is not permitted to vote (in the case of a member of the Board) or use his or her personal influence on the matter being considered by the Board. Finally, any member of the Board or any officer having a possible conflict of interest, either directly or indirectly, must be excused from any meeting of the Board during discussion (subject to the exception set forth in the paragraph below) and vote on the particular matter (in the case of an interested director). The minutes of the Board meeting should reflect the disclosure, the absence from the meeting of the interested director or officer, and the abstention from voting (in the case of an interested director).

The foregoing requirements do not prohibit the interested director or officer from briefly stating his or her position on the matter or from answering pertinent questions of the disinterested members of the Board, as the interested director's knowledge may be of assistance to the other Board members in their consideration of the matter.

### **Record Keeping**

## Company Books and Records

***Books and Records.*** The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. As such, the Company's books, records, disclosures and accounts must accurately and fairly reflect the Company's transactions in reasonable detail and in accordance with the Company's accounting practices and policies. The following examples are given for purposes of illustration and are not intended to limit the generality of the foregoing in any way:

- No false or deliberately inaccurate entries (such as overbilling or advance billing) are permitted for any reason. Discounts, rebates, credits and allowances do not constitute overbilling when lawfully granted. The reasons for the grant should generally be set forth in the Company's records, including the party requesting the treatment.
- No payment shall be made with the intention or understanding that all or any part of it is to be used for any person other than that described by the documents supporting the payment.
- No undisclosed, unrecorded or "off-book" funds or assets are permitted.
- No false or misleading statements, written or oral, shall be intentionally made to any internal accountant or auditor or the Company's independent registered public accounting firm with respect to the Company's financial statements or documents to be filed with the U.S. Securities and Exchange Commission ("SEC") or other governmental or regulatory authority.
- Internal Accounting and Disclosure Controls. The Company's principal executive officer and principal financial officer are responsible for implementing and maintaining a system of internal accounting and disclosure controls sufficient to provide reasonable assurances that:
- Transactions are executed in accordance with management's general or specific authorization;
- Transactions are recorded as necessary to: (a) permit the preparation of financial statements in conformity with generally accepted accounting principles or any other applicable criteria and (b) maintain accountability for assets;
- Access to assets is permitted only in accordance with management's general or specific authorization;
- The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and
- The Company's public disclosures timely and accurately reflect known material matters required to be disclosed by applicable regulations and guidance.

***Ethical Conduct.*** No Stakeholder is permitted to willfully, directly or indirectly:

- Falsify, or cause to be falsified, any book, record, disclosure or account of the Company;
- Make, or cause to be made, any materially false or misleading statement or omit to state, or cause another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which the statements were made, not misleading to an accountant in connection with (a) any audit or examination of the Company's financial statements or (b) the preparation or filing of any document or report required to be filed by the Company with the SEC or other governmental agency; or
- Take any action to fraudulently influence, coerce, manipulate or mislead the Company's independent registered public accounting firm.
- Stakeholders must exercise reasonable due diligence in order to avoid the events described above. All financial officers shall also comply with the Company's Financial Code of Ethics.

**Compliance Procedures.** The Company proactively promotes ethical behavior and is committed to achieving compliance with all applicable laws, rules, regulations, standards and policies, including securities laws and regulations, accounting standards, accounting controls and audit practices. Enforcement of sound ethical standards is the responsibility of every Stakeholder, and each Stakeholder is obligated to promptly report any unethical conduct or violations of applicable laws, rules and regulations, this Code of Conduct or any other Company compliance-related policy to appropriate personnel, as set out in the Company's Policy for Compliant Procedures.

Please see Annex A for specific compliance and complaint procedures.

### **Payments of Amounts Due to Customers, Agents or Distributors**

**Payments for Third Party Services.** All commission, distributor or agency arrangements shall be in writing and provide for the services to be performed and for a fee that is reasonable in amount and reasonably related to the services to be rendered.

**Manner of Payment.** All payments for commissions, discounts or rebates should be made by the Company's check or draft (not by cashier's check or in currency) in the name of the agent, distributor or customer and should be (a) personally delivered to the payee in the country in which the business was transacted or (b) sent to the payee's business address or designated bank in the country in which the business was transacted.

**Payments Outside the United States.** When the payee represents in writing or presents a written opinion from a reputable local counsel that a payment outside the country in which the business was transacted does not violate any law of that country, that payment may be permitted upon approval from the Company's principal financial officer or other applicable officer.

**Accounting Records.** All payments or discounts, rebates and commissions shall be disclosed in the Company's accounting records. Proper documentation of contracts and agreements shall be maintained.

### **Use of Company Property and Resources**

#### **Protection and Proper Use of Company Assets**

The use of any Company funds or assets for any unlawful or improper purpose is prohibited. All employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be reported immediately for investigation. Company equipment should not be used for non-business related purposes, though incidental personal use may be permitted (such as occasional use of the Company's stationery, supplies, copying facilities or telephone when the cost to the Company is insignificant).

The obligation of employees to protect the Company's assets includes an obligation to protect the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information violates Company policy, and it could also be illegal and result in civil or criminal penalties.

## Questionable or Improper Payments and Gifts

***Payments or Gifts Made.*** No payments or gifts from the Company's funds or assets shall be made to or for the benefit of a representative of any domestic or foreign government (or subdivision thereof) or government-controlled entity, labor union or any current or prospective customer or supplier for the purpose of improperly obtaining a desired government action or any sale, purchase, contract or other commercial benefit. This prohibition applies to direct or indirect payments made through third parties and employees and is also intended to prevent bribes, kickbacks or any other form of payoff.

***Payments or Gifts Received.*** Directors, officers and other employees of the Company shall not accept payments or gifts of the kinds described in this Section V.

***Gifts to Government Personnel.*** In the United States, nothing of value (for example, gifts or entertainment) may be provided to government personnel unless permitted by law and any applicable regulation. Commercial business entertainment and transportation that is reasonable in nature, frequency and cost is permitted. Reasonable business entertainment or transportation includes, without limitation, a lunch, dinner or occasional athletic or cultural event; gifts of nominal value (approximately \$100 or less); entertainment at the Company's facilities or other authorized facilities; or authorized and reasonable transportation in the Company's vehicles. In addition, reasonable business entertainment covers traditional promotional events sponsored by the Company.

***Proper Documentation.*** All arrangements with third parties (such as distributors or agents) should be evidenced or memorialized in a written contract, order or other document that describes the goods or services that are in fact to be performed or provided and should be for reasonable fees or costs.

***Extension of Credit by the Company.*** No director, officer or employee may seek or accept from the Company credit, an extension of credit or the arrangement of an extension of credit in the form of a personal loan. Any personal loan existing at the time of adoption of this Code of Conduct shall not be materially modified, extended or renewed.

## Corporate Opportunities

Subject to the Company's Certificate of Incorporation, without the written consent of the Board, directors, officers and other employees are prohibited from taking for themselves an opportunity that is (1) a potential transaction or matter that may be an investment or business opportunity or prospective economic or competitive advantage in which the Company could reasonably have an interest or expectancy or (2) discovered through the use of Company property, information or position. In addition, subject to the Company's Certificate of Incorporation, directors, officers and other employees are prohibited from using Company property, information or position for personal gain and competing with the Company directly or indirectly. Subject to the Company's Certificate of Incorporation, directors, officers and other employees of the Company owe a primary duty to the Company to advance its legitimate interests when the opportunity to do so arises.

## Business and Trade Practices

## Compliance with Laws, Rules and Regulations (Including Insider Trading Laws)

***Compliance with Laws.*** Obeying the law, both in letter and in spirit, is the foundation upon which the Company's ethical standards are built. All directors, officers and other employees must respect and obey the laws of the cities, states and countries in which the Company operates. Although directors, officers and other employees may not know every law that is applicable to the Company, it is important that directors, officers and other employees know enough to ask questions and seek advice from supervisors, managers, the Legal Department or other appropriate Company personnel if they have any doubt regarding the legality or compliance with this Code of Conduct of an action taken, or not taken, on behalf of the Company or by any Stakeholder.

***Insider Trading.*** Purchasing or selling, whether directly or indirectly, the Company's securities while in possession of material non-public information is both unethical and illegal. Directors, officers and other employees also are prohibited by law from disclosing material non-public information to others who might use the information to directly or indirectly place trades in the Company's securities. Directors, officers and other employees also shall not recommend the purchase or sale of the Company's securities. All directors, officers and other employees shall comply with the Company's Insider Trading Policy. Material non-public information includes any information that has not been widely publicly disseminated and which may affect the investment decision of a reasonable investor. Directors, officers and other employees should be aware that violation of insider trading regulations may lead to significant civil and criminal penalties against individuals and the Company.

***Section 16 Reporting.*** Pursuant to Section 16 of the Securities Exchange Act of 1934, as amended, most purchases or sales of the Company's securities by directors, executive officers and 10% shareholders must be disclosed within two business days of the transaction. Please see the Company's Section 16 Reporting Policy for more information.

### Fair Dealing

Directors, officers and other employees should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. No director, officer or other employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other practice involving unfair dealing.

### Confidentiality

Directors, officers and other employees shall maintain the confidentiality of information entrusted to them by the Company or its customers, suppliers or employees, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that, if disclosed, might be of use to competitors or harmful to the Company or its customers. Confidential information also includes written material provided and information discussed at all meetings of the Board or any committee thereof and all information that is learned about the Company's suppliers and customers that is not in the public domain. The obligation to preserve confidential information continues even after employment or agency with the Company ends. Any documents, papers, records, or other tangible items that contain trade secrets or proprietary information are the Company's property.

## **Health, Safety and Environmental Policy**

The Company is committed to conducting its business in compliance with applicable health, safety and environmental laws, rules and regulations in a manner that has the highest regard for the health and safety of human life and the environment. Each employee has the responsibility for maintaining a healthy, safe and environmentally-friendly workplace by following health, safety and environmental laws, rules and regulations and reporting accidents, injuries and unsafe equipment, practices or conditions.

Directors, officers and other employees should be aware that environmental and health and safety laws may provide for significant civil and criminal penalties against individuals and the Company for the failure to comply with applicable requirements. Each director, officer and other employee must comply with all applicable environmental and safety and health laws, rules and regulations, including occupational safety and health standards.

Employees should report to work in a condition allowing them to perform their duties free from the influence of drugs, alcohol or other controlled substances. The use of illegal drugs in the workplace will not be tolerated.

Violence, harassment and threatening behavior are not permitted.

## **Retention of Documents and Records**

It is the Company's policy to cooperate with all governmental investigative authorities. Each director, officer and other employee shall retain any record, document or tangible object of the Company that is known to be the subject of an investigation or litigation.

It is a violation of this Code of Conduct for any director, officer or other employee to knowingly alter, destroy, mutilate, conceal, cover up, falsify or make a false entry in any record, document or tangible object with the intent to impede, obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any state, federal department or agency or any bankruptcy, or in relation to or contemplation of any such matter or case.

## **Preparation and Certification of 1934 Act Reports**

### **Internal Control Report**

The Company's Annual Report on Form 10-K shall contain an internal control report that (1) states the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; (2) contains an assessment, as of the end of the Company's most recent fiscal year, of the effectiveness of the Company's internal control structure and procedures for financial reporting; (3) includes a statement that the Company's independent registered public accounting firm has issued a report on the Company's internal controls and procedures for financial reporting; (4) includes the report of the Company's independent registered public accounting firm; and (5) otherwise complies with Section 404 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder by the SEC.

### **Disclosure Controls**

It is the Company's policy to promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in other public communications made by the Company.

## **Certifications**

The Company's principal executive officer and principal financial officer shall make the certifications required by Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, the text of which are set forth in Item 601(b)(31) and (32) of Regulation S-K promulgated by the SEC.

## **Employment Practices and Work Environment**

### **Employee Relations**

All directors, officers and other employees, regardless of position, shall do their best to work together to meet the following objectives:

- Respect each employee, worker and representative of customers, suppliers and contractors as an individual, showing courtesy and consideration and fostering personal dignity;
- Make a commitment to and demonstrate equal treatment of all employees, workers, customers, suppliers and contractors of the Company without regard to race, color, gender, gender presentation, genetic information, religion, age, pregnancy, family status, national origin, citizenship status, military service or reserve or veteran status, sexual orientation or disability;
- Provide a workplace free of harassment of any kind, including on the basis of race, color, gender, gender presentation, genetic information, religion, age, pregnancy, family status, national origin, citizenship status, military service or reserve or veteran status, sexual orientation or disability;
- Provide and maintain a safe, healthy and orderly workplace; and
- Assure uniformly fair compensation and benefit practices that will attract, reward and retain quality employees.
- In addition to the objectives set forth above, members of the management team are expected to:
- Use good judgment and exercise appropriate use of their influence and authority in their interactions with employees, customers, suppliers, contractors and partners of the Company; and
- Keep other employees generally informed of the Company's policies, plans and progress through regular communications.

### **Non-Discrimination Policy**

The Company values the diversity of its employees and is committed to providing an equal opportunity in all aspects of employment to all employees without regard to race, color, gender, gender presentation, genetic information, religion, age, pregnancy, family status, national origin, citizenship status, military service or reserve or veteran status, sexual orientation or disability. Directors, officers and other employees should use reasonable efforts to seek business partners for the Company that do not discriminate in hiring or in their employment practices, and who make decisions about hiring, salary, benefits, training opportunities, work assignments, advancement, discipline, termination and retirement solely on the basis of a person's ability to perform the tasks required by their position.

## **Freedom of Association**

The Company recognizes and respects the right of employees to exercise their lawful rights of free association, including joining or electing not to join any association. The Company expects its business partners to also adhere to these principles.

## **Harassment**

The Company will not condone any type of harassment, abuse or punishment of an employee by a director, officer or other employee or any partner, customer or supplier of the Company.

## **Reporting Violations**

The Company proactively promotes ethical behavior and is committed to achieving compliance with all applicable laws, rules, regulations, standards and policies, including securities laws and regulations, accounting standards, accounting controls and audit practices.

Directors, officers and other employees should report any known or suspected unethical conduct or violations of applicable laws, rules and regulations (including, without limitation, the listing requirements of the New York Stock Exchange (“NYSE”), as applicable), this Code of Conduct or any other code, policy or procedure of the Company (including, without limitation, the Company’s Financial Code of Ethics) to appropriate personnel identified in this Code of Conduct. Any employee of the Company may submit a good faith complaint regarding a violation or suspected violation to the Company’s management without fear of dismissal or retaliation of any kind. The Company will not retaliate, and prohibits all directors, officers and other employees from retaliating, against any employee who in good faith reports known or suspected unethical conduct, violations of laws, regulations or Company policies. Please see Annex A for specific compliance and complaint procedures and the Company’s Policy for Compliant Procedures.

Directors, officers and other employees are expected to cooperate in internal investigations of misconduct.

## **Waivers of this Code of Conduct**

Any waiver of a provision of this Code of Conduct may be made only by the Board or a committee thereof and will be promptly disclosed if and as required by law and the listing requirements of the NYSE, as applicable.

## **Amendments to this Code of Conduct**

Any amendment to this Code of Conduct shall be made only by the Board or a committee thereof. If an amendment to this Code of Conduct is made, appropriate and timely disclosure will be made in accordance with legal requirements and the listing requirements of the NYSE, as applicable.

## **Posting Requirement**

The Company shall post this Code of Conduct on the Company’s website as required by applicable rules and regulations. In addition, the Company shall disclose in its proxy statement for its annual meeting of shareholders or, if the Company does not file a proxy statement, in its Annual Report on Form 10-K, that a copy of this Code of Conduct is available in print to any shareholder who requests it as well as on the Company’s website and provide the website address.



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*This document states a policy of Nine Energy Service, Inc. and is not intended to be regarded as the rendering of legal advice.*

## ANNEX A CODE OF BUSINESS CONDUCT AND ETHICS COMPLIANCE PROCEDURES

Nine Energy Service is committed to maintaining the highest ethical and legal standards. We strive to comply with both the letter and spirit of applicable laws and regulations. We conduct our day-to-day business with our employees, customers, representatives, suppliers, competitors, governments, and the public in an honest and ethical manner. Trust, integrity and accountability are critical elements of our culture as an organization.

We understand that there may be times when you personally experience or witness an activity or course of conduct that may not be compliant with the Company's policies or procedures or applicable law. Since not every situation that will arise can be anticipated, it is important to have a way to approach a new question or problem. When considering these situations, you should:

1. **Consider what you specifically are being asked to do and whether it seems unethical or improper.** This will enable you to focus on the specific question and the alternatives you have. If something seems unethical or improper, it probably is.
2. **Discuss the problem with a supervisor.** In many cases, supervisors will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is the responsibility of supervisors to help solve problems and ensure that the Company complies with the legal and ethical requirements governing the Company's business conduct. However, if you are uncomfortable discussing the issues you have addressed with your supervisors, the Company has other resources, as discussed in this Annex A, through which you may report to the Company's Human Resources Department, Legal Department, or confidentially through the [*Company's hotline*].
3. **Seek help from Company resources.** Generally, you should consider your direct management team (immediate chain of command) and the Company's Human Resources Department as your first source of communication for questions or complaints regarding most matters because, in most cases, they are in the best position to address your concerns. If that is not appropriate or if a satisfactory resolution is not obtained, you can contact any member of the Company's Legal Department (including via email at [*email*]).

Questions or concerns regarding compliance, legal and ethical matters can also be submitted directly to the Company's General Counsel at [*email*]. The Company has established an anonymous, confidential reporting hotline, administered by an independent third-party provider, for the purpose of permitting concerned parties to anonymously report compliance, accounting or ethical concerns. Reports may be submitted to the hotline online at [*contact information*].

4. **Report violations in confidence and without fear of retaliation.** You will not be retaliated against for reporting information, in good faith, that you reasonably believe relates to possible misconduct, unethical acts and/or securities law or accounting violations. Retaliatory conduct includes discharge, demotion, suspension, threats, harassment, and any other manner of discrimination in the terms and conditions of employment because of any lawful act you may have performed in connection with such reporting. The Company takes claims of retaliation seriously. We will investigate allegations of retaliation, and anyone found responsible for retaliating against an employee who made a good faith report will be subject to disciplinary

action, up to and including termination of employment and possible legal action. Anonymity will be protected whenever possible.

5. ***Always ask first, act later.*** When unsure of what to do in any situation, you should seek guidance and ask questions before the action in question is taken.

## **Fraud**

Fraud, or the potential of fraud, compromises the integrity of our financial reporting system and the safety of our assets, both physical and intellectual.

If you suspect fraud or become aware of allegations of fraud, embezzlement, or theft in any amount, committed by any employee, you should promptly report the information to the Human Resources Department, any other member of management with whom you feel comfortable bringing such a complaint, or report concerns anonymously to the ethics reporting line. The number for the ethics reporting line is 844-699-NINE (6463), by email at TELLNINE@GETINTOUCH.COM, or online at WWW.INTOUCHWEBSITE.COM/TELLNINE.

The Company prohibits retaliation against persons making good faith allegations of fraud. The Company will not allow any form of retaliation against individuals who file a complaint that a violation has occurred.

## **Travel and Expense**

This policy applies to all employees who travel or entertain on behalf of Nine Energy Service (“Nine” or “Company”) or are issued a Company Credit Card.

This policy establishes guidelines and expectations for employees incurring expenses, business travel and entertainment expenses on behalf of Nine Energy Service or its subsidiaries (the “Company”). In the event that an expense is not outlined in the policy, it is the responsibility of the employee to gain approval from his or her supervisor prior to incurring the expense.

### **Responsibility**

The Employee is responsible for incurring only those expenses that are reasonable and necessary to conduct Company business and for complying with the requirements of this Policy. Employees should be mindful and good stewards of the Company’s resources. Employees who do not comply with this Policy may be subject to delay or withholding of reimbursement and may be subject to disciplinary action, up to and including termination of employment.

Staff travel must be authorized. Travelers should verify that planned travel is eligible for reimbursement before making travel arrangements. The responsible manager shall review the Expense Report to ensure the expenses incurred were reasonable, accurately coded, supported with sufficient documentation and in compliance with this Policy.

The Business Line Vice President or above is responsible for approving deviations from this Policy.

### **Travel for Nine Energy Service**

All travel must be pre-approved by the employee’s supervisor prior to committing to travel or incurring expenses.

### **Companion Travel**

Traveling with a companion while on Company business requires prior approval from the employee’s supervisor. All expenses incurred by the companion will be the responsibility of the employee.

### **Flight Reservations**

Employees receiving authorization for travel should prioritize booking flights at least 14 days prior to travel and up to 30 days for optimal cost savings. Booking flights less than 7 days prior to travel should be avoided if at all possible due to increased rates.

### **Personal Trip Insurance**

Employees should not purchase personal trip insurance. If purchased, the expense will not be reimbursed.

### **Air Travel**

Advanced purchase, penalty/non-refundable fares should be used in all cases. Exercise good judgement when evaluating penalties/restrictions versus cost savings.

<b>Class/Fare</b>	<b>Domestic</b>	<b>International</b>
First/Business Class	Not permitted, (excluding Vice Presidents and above).	International flights exceeding 6 hours single leg airtime, are permitted with Business Line VP approval.
Coach/Economy	Coach/Economy is the primary mode for air travel. "Economy Plus" seating permitted with prior supervisor approval.	
Corporate Aircraft	Approval from the CEO or Chief Operating Officer required.	
Companion/Family Travel	Not permitted without prior approval.	

### **Upgrades for Air Travel**

Employees are permitted to upgrade air travel (First/Business Class) if there is no expense incurred by the company or approved by the Business Line Vice President. Any charges for an upgrade will be the responsibility of the employee and should be paid with a personal credit card.

### **Lowest Cost Routing/Booking**

- Employees are required to use the lowest airfare by:
- Planning the trip at least 14 days in advance
- Be flexible in departure times
- Use alternative airlines and airports when practical
- Purchase non-refundable/penalty fares
- Travel ground instead of air, depending on cost

### **Unused Tickets**

Unused tickets are the property of Nine as well as any credits or vouchers received for cancelled flights.

### **Rental Cars**

Nine maintains corporate accounts with certain rental car providers. These providers should be used when booking a rental car. The standard rental will be a mid-size auto or a compact auto for shorter distances. When traveling with a group of 3 or more employees, a larger car rental is acceptable. A larger car may be used for entertaining customer or as a reasonable accommodation for a disability. Climate and terrain considerations may warrant for a larger or upgraded vehicle (e.g. 4-wheel drive, etc...)

### **Hotel Accommodations**

Hotel accommodation are acceptable for travel more than 50 miles from the employee's home work site. Employees should utilize good judgement and discretion when choosing a reasonably priced accommodation. Extravagant accommodations such as suites, would not be considered reasonable.

Detailed receipts for the accommodation is required. If circumstances require cancelling a hotel reservation, the employee is expected to cancel prior to the cancellation deadline. No-show fees are not reimbursable and will be paid by the employee.

### **Meal and Entertainment Expenses**

While an employee is traveling, the employee will be reimbursed for their own personal meals. Employee cost should be reasonable, and a receipt provided. Reasonable meal costs are expected when traveling for company business, but extravagant or exotic food costs are not. In the event that there is more than one employee at the meal, the highest-ranking employee at the event will pay for all business meals.

### **Business Meals with Clients**

Business meals with clients should be reasonable based on the level of personnel involved (mid-management vs. executive management). The highest-ranking employee at the event will pay all business meals or entertainment for customers and provide sufficient information regarding the event, attendees, and the topics discussed and provide a receipt.

### **Client Entertainment**

Client Entertainment must be expensed on an expense report with supporting information including a receipt, and must be taken in the interest of furthering the business interests of Nine Energy Service.

### **Employee Lunches and Entertainment**

The highest-ranking employee present at the business meal must pay all business meals with employees and provide a receipt. Meals should not be routine nor extravagant.

### **Documents and IRS Requirements**

On the expense report, IRS requires:

- Names of individuals, titles, and company
- Name and location of where the meal or event took place
- The date of the event
- The amounts (include receipts)
- Specific business topics
- Time of discussions for entertainment events – before, during, or after the event

## **Issuance of the Corporate Credit Card**

The Company issues corporate credit cards to those employees who have a need to travel, entertain, or make purchases on behalf of the company.

## **Reasonable Use of the Card**

Only those to whom the card is issued may use the card and use by the cardholder must be solely for business purposes. Non-business use of a corporate credit card is prohibited. Any misuse of the card may result in disciplinary action up to and including termination.

It is the intent of the Company to ensure cardholders understand what constitutes a reasonable business use of cards. Reasonable is defined as the normal and customary accepted business practice which carries reasonable expense to the company.

Prohibited purchases by cardholders include, but are not limited to:

- Any non-business item such as clothing, personal hygiene items, movie rentals, lost items, non-professional memberships, etc...
- Items which violate the Code of Business Ethics.

When in doubt, the cardholder should reach out to his or her supervisor. If the supervisor is unavailable, the cardholder should pay with his or her own funds and submit for reimbursement via an expense report.

## **Exceptions**

Exceptions to this policy can only be made on a case by case basis, with prior approval from the cardholder's supervisor or when an unforeseen emergency occurs. Supervisors are required to report non-business personal use of the card to senior management of the Business Line.

## **Record Keeping / Statement Reconciliation**

Cardholders must review monthly card statements by the 6th of each month, provide a receipt, and a description of each transaction as required for card reconciliation. If a receipt is lost, the employee must complete the required lost receipt documentation. The cardholder is responsible for ensuring the charges are legitimate and disputing any unauthorized charges.

Once the employee reviews the statement and provides all necessary information he or she should submit for supervisor approval. Cardholders should retain a copy of the card statement along with copies of submitted receipts for his or her records. All transactions are considered company records and subject to review by Nine authorized personnel and outside auditing firms.

## **Unauthorized Use**

It is the responsibility of the cardholder to safeguard the use of the card by unauthorized known persons such as family members, friends, or acquaintances. Use of the card by an unauthorized known user of the cardholder should be immediately reported to the cardholder's supervisor. It may result in the cardholder being held liable for charges incurred and may face disciplinary action up to and including termination unless other means of recuperating any charges such as legal action are pursued.

## **Lost or Stolen Cards**

Any lost or stolen card should be immediately reported to the issuing bank then the cardholder's immediate supervisor thereafter. The bank will issue the cardholder a new card. If a lost card is found, the card should be given to the employee's supervisor.

### **Non-Business Purchases**

As part of the agreement between Nine and the cardholder, the cardholder authorizes the Company to withhold the cost of any non-business personal purchase from the cardholder's next scheduled paycheck. It is also understood that such non-business-related purchases on the card may result in disciplinary action up to and including termination.

### **Safeguarding Company Assets**

Every employee has a personal responsibility to protect the assets of the Company from misuse or misappropriation. Company assets include but are not limited to, tangible assets, such as supplies, inventory, equipment, vehicles, and facilities, as well as intangible assets, such as corporate opportunities, intellectual property, trade secrets, copyrighted information, proprietary formulas, research, samples, forms, plans, customer lists and files, software, and the Company's brand name and logos. These materials and property are proprietary to the Company and must not be used for personal benefit or any other improper purpose. Such information should not be sold, lent, given away, or otherwise disposed of, regardless of condition or value.

You should regard the protection of Company assets and services as a vital responsibility. Any information in employee's possession must be returned upon request or termination of employment.

### **Contract Authorization**

The Company's contractual agreements with third parties govern our business relationships and must ensure that the Company's intellectual property, trade secrets, confidential information, and other business agreements are protected. Please see the Legal Department to discuss contractual agreements on behalf of the Company.

### **Laws, Rules and Regulations**

The Company requires its employees to comply with all laws, rules, and regulations applicable to the Company's operations and dealings in countries and states where the Company does business. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as the Company, to civil and/or criminal penalties.

### **Media / Release of Information**

Accurate disclosure in all public communications and compliance with all applicable laws, rules, and regulations is important to the Company. That is why certain individuals are designated to provide data to the media, as may be required. Employees are not authorized to speak to the media on behalf of the Company unless they have been specifically authorized to do so. Media inquiries about the Company's response or official position will be handled by the Director – Investor Relations and Marketing.



## US Export and Sanctions

It is the policy of Nine Energy Service Inc. and its subsidiaries, including Magnum Oil Tools International, LTD, (collectively, the “Company”), to comply with applicable U.S. export control laws and regulations, including, in particular: (i) the Export Administration Regulations (15 C.F.R. Part 730, et seq.; “EAR”), administered by the U.S. Department of Commerce, Bureau of Industry and Security (“BIS”); and (ii) the various economic sanctions statutes, regulations, and Executive Orders administered by the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”).

The Company has adopted this U.S. Export Controls Compliance Policy and Procedures Manual (“Manual”) to fulfill its commitment to, and ensure compliance with, all applicable U.S. export control laws and regulations. No transactions are to be conducted by or on behalf of the Company contrary to these regulations. The Company is responsible for ensuring compliance with all applicable U.S. export control requirements and this Manual in connection with its operations, including its dealings with subsidiaries, affiliates, and third-party service providers, such as freight forwarders and agents and distributors.

An Executive Statement by Ted Moore, Senior Vice President and General Counsel, conveying the Company’s clear commitment to conducting business in compliance with all applicable U.S. export control regulations is attached to this Manual at **Appendix I**. This statement is distributed to all Company Personnel (as defined below). The statement will be updated and reissued as necessary pursuant to personnel, management, or regulatory changes.

### **APPLICATION**

This policy equally applies to the Company and to all Company employees, including directors, officers, board members, and any other individual or entity acting for or on behalf of the Company anywhere in the world (“Company Personnel”). It is the Company’s policy for any subsidiaries and affiliates located or incorporated outside the United States to comply with applicable U.S. export control laws and regulations as if these subsidiaries and affiliates are U.S. persons, and not merely with those U.S. export control laws and regulations directly applicable to them.

All Company Personnel share responsibility for compliance with the applicable export control laws. All Company Personnel shall act in a manner to prevent all restricted transactions, including transactions with persons and organizations involved with terrorism, transactions with embargoed countries and persons denied export privileges, and the export of items in contravention of the applicable statutes and regulations.

Failure to comply with export control laws exposes the Company and employees to, among other things, severe administrative, civil, and criminal monetary fines and penalties, loss of business and export privileges, and adverse publicity. Employees who violate this policy or any law or regulation may face disciplinary action.

### **BRIEF OVERVIEW OF U.S. EXPORT CONTROL STATUTES AND REGULATIONS**

The U.S. Government controls exports on a case-by-case basis, considering the item for export, the destination, the end user, and the end use. Certain exports and international transactions are prohibited, and others require exporters to obtain licenses from the U.S. Government. Several agencies have primary export licensing and sanctions responsibilities. A brief overview of the principal U.S. export control and sanctions regimes follows below. Please note that these laws and regulations are subject to change, often without advance warning.

## **EXPORT ADMINISTRATION REGULATIONS**

The EAR governs the export and reexport (i.e., the export of an item from the country of export from the United States to a third country) of commercial and “dual-use” commodities, software, and technology that are “subject to the EAR.” Dual-use items are items that have civilian or commercial end uses, but also are subject to control because of their potential for military end uses. The EAR also controls the transfer of such technology and software to foreign persons within the U.S. (known as “deemed” exports because such transfers are deemed to be permanent exports to the foreign national’s home country). Certain non-U.S. commodities incorporating U.S.-origin content or produced using U.S.-origin software or technology are subject to the EAR.

## **INTERNATIONAL TRAFFIC IN ARMS REGULATIONS**

The International Traffic in Arms Regulations (22 C.F.R. Part 120, *et seq.*; “ITAR”), which are administered by the U.S. Department of State, Directorate of Defense Trade Controls (“DDTC”), control the temporary import, and temporary or permanent export, reexport, or retransfer (including to non-U.S. persons in the United States) of defense articles, related technical data in any form, and defense services, which are identified on the U.S. Munitions List (“USML”). Defense articles generally include any items specifically designed, developed, configured, adapted, or modified for a military application. The USML also generally includes parts, components, attachments, and accessories specifically designed or modified for an item classified as a defense article. The Company currently does not engage in any activities governed by the ITAR.

## **STATUTES, REGULATIONS, AND EXECUTIVE ORDERS ADMINISTERED BY THE OFFICE OF FOREIGN ASSETS CONTROL**

OFAC’s regulations focus on exports and reexports as well as other trade or transactions from the U.S. or by U.S. persons, wherever located, involving designated countries, persons, or entities. As of February 2019, U.S. persons are generally prohibited from dealing with Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine, and are subject to restrictions of varying degrees when dealing with a number of other countries, including Belarus, Libya, Russia, and Venezuela (please refer to OFAC’s sanctions program website identified in Section VI for the current list). U.S. persons are prohibited from dealing with individuals and entities on the Specially Designated Nationals and Blocked Persons (“SDN”) List and from engaging in certain transactions with individuals and entities on the Sectoral Sanctions Identification (“SSI”) List.

OFAC’s regulations generally may apply to any transaction that involves either: (i) a U.S.-origin item or a non-U.S. produced item containing above certain levels of U.S.-origin content; or (ii) the United States or a U.S. person (regardless of the location or origin of the items involved). For purposes of the OFAC’s regulations, U.S. persons include entities organized or located in the United States (including their overseas branches) and individuals who are citizens or permanent residents of, or who are physically in, the United States. In the case of the regulations applicable to Cuba, U.S. persons also include entities organized and located outside the United States that are owned or controlled by other U.S. persons. Owned or controlled non-U.S. affiliates of U.S. companies also are subject to Iran-related restrictions. OFAC’s regulations specifically apply to the activities of individuals who are U.S. persons even when employed by a non-U.S. person outside the United States (including a non-U.S. subsidiary of a U.S. company). Persons subject to OFAC’s jurisdiction may not facilitate or assist non-U.S. persons with any transaction that would otherwise be prohibited if performed by a U.S. person.

## ANTIBOYCOTT REGULATIONS

The purpose of the antiboycott regulations is to encourage or require U.S. persons to refuse to participate in or cooperate with foreign boycotts that the U.S. does not sanction, such as the Arab League boycott of Israel. “U.S. persons” are defined for this purpose as individuals and companies located in the United States and their “controlled in fact” foreign affiliates. These regulations are administered by BIS and set forth at Part 760 of the EAR. The U.S. antiboycott laws also are implemented under certain provisions of the Internal Revenue Code (“IRC”). Note that boycott-related language permissible under one regime may not be permissible under the other.

## OVERVIEW OF U.S. EXPORT COMPLIANCE IMPLEMENTATION PROCEDURES

### CLASSIFICATION OF HARDWARE AND SERVICES/TECHNOLOGY

The particular export control requirements/restrictions that may apply to hardware, software, technology, or services for purposes of the EAR principally depend on the classification of the item in accordance with the Commerce Control List (“CCL”). Thus, it is critical to properly determine whether the Company’s products may be subject to the EAR and, if so, what Export Control Classification Number (“ECCN”) applies.

In the case of newly-developed or modified items, a classification determination should occur within 60 days of final development or modification and prior to any marketing, sales, or export activities. Company employees with responsibilities for product development must notify the Legal Operations Coordinator of any products requiring classification as soon as practicable.

### CLASSIFICATION MATRIX

At this time, Magnum Oil Tools International (“Magnum”) is the only Company subsidiary engaged in international sales and exports. Magnum’s products are currently classified as EAR99, which means that they are only subject to the end destination, end user, and end use controls under the EAR.

The Company annually reviews its product list against the CCL to ensure that it is properly classifying any items subject to the EAR and maintains records documenting such review. For any item determined to be classified in an ECCN other than EAR99, the Company will include it in the below classification matrix to ensure that the Company is fully aware of the U.S. export control requirements associated with the exportation or reexportation of the item.

Company Name	Description of Item and/or Part Number	ECCN and Associated U.S. Export Control Requirements	Self-Classification or Commodity Classification Determination	Date of Classification Determination

## COMMODITY CLASSIFICATION DETERMINATIONS AND ADVISORY OPINION REQUESTS

To avoid any doubt regarding the ECCN for any particular item, the Company may elect to request a formal commodity classification determination from BIS. The Company may also elect to request an advisory opinion from BIS to obtain clarity regarding any other aspect of compliance with the EAR. Please notify the Legal Operations Coordinator if you believe such a request may be necessary.

## **EXPORT APPROVAL AND CLEARANCE PROCEDURES**

### **LICENSES AND LICENSE EXCEPTIONS**

All of the Company's exported products are currently classified as EAR99, which means that no license is required ("No License Required" or "NLR") to export or reexport to any destination, with the exception of U.S. embargoed countries, although end user and end use controls also apply. In connection with any future assessment that any of the Company's products are classified in an ECCN other than EAR99, the Company must determine whether a license would be required to export or reexport the products to a particular destination and, if a license is required (and if no license exception set forth in Section 740 of the EAR applies), prepare and submit to BIS via the Simplified Network Application Process – Redesign ("SNAP-R") system a license application in accordance with Section 748 of the EAR.

### **RESOLUTION OF "RED FLAGS"**

In connection with any proposed export or reexport transaction, the Company must evaluate, in addition to the classification of the item to be exported, the: (i) end destination for the item, particularly if items are supplied to fulfill a particular order and not, for example, for a distributor's inventory; (ii) the end user of the item; and (iii) the end use of the item. In order to sufficiently evaluate each proposed international transaction, the Company will require that all customers of international sales complete an end user certification form. If the Company assesses that there are any unusual circumstances or "red flags" in connection with a proposed transaction, the Company must undertake additional due diligence, including, for example, extracting written assurances from its customers regarding their disposition of the items to be supplied by the Company.

The Company should familiarize itself with the "Know Your Customer" and "Red Flag Indicator" guidance published by BIS, which are reproduced at **Appendix II**. Company Personnel must not self-blind by limiting the flow of information received in the normal course of business. Any "red flag" associated with a proposed transaction that cannot be definitively resolved should be reported to the Legal Operations Coordinator.

### **DESTINATION CONTROLS**

Taken together, the EAR and OFAC regulations restrict the ability of U.S.-origin items to be supplied to, and the ability of U.S. persons to be involved in activities relating to, U.S. embargoed countries, which as of February 2019 principally are Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine. There are lesser restrictions imposed on a number of other countries, including, among others, Belarus, Libya, Russia, and Venezuela. Please refer to OFAC's sanctions program website identified in Section VI for the current list. Any proposed export or reexport transaction that implicates a country on this list first should be notified to the Legal Operations Coordinator. No export or reexport involving these countries should be undertaken without such consultation.

### **RESTRICTED PARTY SCREENING**

The U.S. Government maintains a number of restricted party lists that identify individuals and entities subject to some form of restriction under the U.S. export control laws and regulations. It is the Company's responsibility, and not solely the responsibility of the Company's freight forwarders or express consignment carriers, to screen every prospective employee and non-U.S. customer, as well as any non-U.S. third parties, including end users, agents, distributors, and other service providers throughout the order life cycle, including, as appropriate, the following stages:

- RFP/RFQ Receipt
- RFP/RFQ Response
- Proposal Acceptance / Purchase Order Receipt
- Order Fulfillment / Shipping
- Back Order
- Technical Support
- Warranty Service

Restricted party screening may be conducted manually using the lists made available by the U.S. Government, by using third-party services, or by using third-party interdiction software integrated into the Company's Enterprise Resource Planning systems.

In the event the Company's restricted party screening protocols suggest a possible match to a listed individual or entity, the Company should undertake additional due diligence, including by soliciting additional identifying information. In the event of continued uncertainty, the possible match should be reported to the Legal Operations Coordinator.

Entities that are 50% or more owned by an individual or entity on OFAC's SDN List or SSI List also are considered to be restricted. Accordingly, to the extent feasible based upon readily available public sources, the Company should also screen any majority shareholders of its customers, intermediaries, end users, and service providers.

Please refer to **Appendix III** for advice on conducting restricted party screening, and to **Appendix IV** for a compilation of the various U.S. restricted party lists that any U.S. exporter and reexporter of items subject to the EAR should check in connection with any international transaction. The U.S. Government also makes available a Consolidated Screening List, which may be used to corroborate the results of queries undertaken for each individual list.

## **PROHIBITED END USES**

The Company is not permitted to export or reexport an item subject to the EAR if it knows, or has reason to know, that the item will be used in connection with: (i) nuclear and nuclear propulsion end uses; (ii) rocket systems (including ballistic missile systems and space launch vehicles and sounding rockets) and unmanned air vehicles (including cruise missile systems, target drones, and reconnaissance drones) end uses; (iii) chemical and biological weapons end uses; or (iv) any other end use prohibited by Section 744 of the EAR. In the event of any concern regarding the end use of an item to be supplied by the Company, the matter should be reported to the Legal Operations Coordinator.

## **ANTIBOYCOTT COMPLIANCE**

The Company must review purchase orders, terms and conditions of sale, sales contracts, letters of credit, and other transactional documents for language pertaining to any unsanctioned foreign boycott, including, in particular, the Arab League boycott of Israel. Any such language must be reported immediately to the Legal Operations Coordinator for appropriate review and action, which could include instructions to propose the deletion of the relevant language.

## **INTERNATIONAL SHIPPING AND COMPLIANCE WITH DOCUMENTATION REQUIREMENTS PROCEDURE**

For items subject to the EAR that are not classified as EAR99, whether exported from the United States or reexported from outside the United States, the Company's commercial invoices should include the

Destination Control Statement set forth at Section 758.6 of the EAR. The Company should require its freight forwarders to provide copies of any Electronic Export Information (“EEI”) filings made via the Automated Export System (“AES”) in accordance with the Foreign Trade Regulations administered by the U.S. Census Bureau, and the Legal Operations Coordinator should review the EEI to ensure that it was both timely and accurately filed.

In addition, please note that INCOTERMS, which dictate when delivery occurs and when risk of loss passes in connection with a transaction, do not necessarily dictate which parties to an export or reexport transaction are acting as the exporter of record. Accordingly, in connection with any such transaction, the roles and responsibilities of each involved party must be clearly delineated.

### **COORDINATION WITH U.S. AND NON-U.S. THIRD PARTY SERVICE PROVIDERS: FREIGHT FORWARDERS, SALES AGENTS, DISTRIBUTORS, INSTALLATION CONTRACTORS, AND SYSTEM INTEGRATORS**

Any contractual arrangement in connection with any export or reexport transaction to be undertaken by the Company, including standard terms and conditions of sale and sales agent and distributor agreements, should incorporate appropriate U.S. export controls compliance language.

In addition, the Company should require that its freight forwarders provide copies of their written U.S. export controls compliance policies and procedures and direct that the freight forwarders provide the EEI for post-shipment auditing and review by the Legal Operations Coordinator.

Finally, the Company may engage in “routed export transactions,” which are described in greater detail in **Appendix V**. Unless certain formalities are observed, the Company may be unwittingly assuming U.S. export compliance responsibility. Accordingly, in connection with any “routed export transaction,” the Company requires the execution of the documents set forth at **Appendices VI and VII**.

### **FOREIGN NATIONAL EMPLOYEE AND VISITOR PROCEDURE**

The Company’s exported products currently are classified as EAR99. Accordingly, the release, or deemed export, of technical data relating to such products would not be restricted, unless the recipient is an individual ordinarily resident in a U.S. embargoed country or an individual appearing on a U.S. restricted person list.

In connection with any future export classification determination that results in the assignment of an ECCN other than EAR99 to a Company product, an assessment must be undertaken as to whether technical data relating to that product may be restricted for export to the country of nationality of any foreign national employee or visitor and, if so, absent receipt of a license, the Company must institute protocols (such as Technology Control Plans) to ensure that foreign national employees or visitors are precluded from physically or electronically accessing such data.

The Company’s Human Resources Department must be kept apprised of any likely exposure by a foreign national employee to controlled technical data to ensure that the Certification Regarding the Release of Controlled Technology or Technical Data to Foreign Persons in the United States included in the U.S. Citizenship and Immigration Service’s Form I-129, Petition for a Nonimmigrant Worker is correctly executed.

## **RECORDKEEPING**

Any and all physical or electronic records pertaining to any export or reexport transaction must be maintained for a period of five (5) years from the date of the export or reexport. Upon request, the Company must furnish the necessary records, the equipment, and, if necessary, knowledgeable personnel for locating, reading, and reproducing any record required to be maintained.

## **CORRESPONDENCE / INQUIRIES FROM RESPONSIBLE U.S. GOVERNMENT AGENCIES**

Any correspondence and any inquiries from BIS, OFAC, or any other agency, such as U.S. Customs and Border Protection, having responsibility for any aspect of an export or reexport transaction, should immediately be directed to the Legal Operations Coordinator. Examples of such inquiries include: (i) any request for information concerning prior or proposed shipments, including in the form of a subpoena or a search warrant; and (ii) notice of a potential violation. It is the Company's policy to respond promptly and cooperatively to any inquiry or notice from the agencies administering and enforcing the U.S. export control laws and regulations.

## **PERIODIC COMPLIANCE REVIEWS**

Compliance with this Manual, and with U.S. export control laws and regulations, will be continually monitored and enforced by the Legal Department. Please be advised that all Company Personnel may be subject to annual compliance audits and/or periodic compliance assessments. The results of any such review will be reported to the Legal Department, which will determine the appropriate follow-up, if any, which might include a voluntary self-disclosure to the U.S. Government, upgrades to this Manual, or other remedial measures, as well as possible disciplinary action.

If the Legal Operations Coordinator becomes aware of information suggesting that it might be appropriate to conduct a more vigorous export compliance audit with respect to certain or all of the export activities of a particular business, including as a result of a period review of compliance with this Manual and with the U.S. export control laws and regulations generally, the Legal Department will determine whether and how to conduct such an audit. Any audit will be conducted at the specific direction of the Legal Department or a designee, and the results of such audit will be communicated directly to the Legal Department or a designee for a determination of any appropriate further action.

## **OVERSIGHT AND RESOLUTION OF NON-ROUTINE EXPORT COMPLIANCE QUESTIONS AND INTERNAL NOTIFICATIONS REGARDING EXPORT COMPLIANCE CONCERNS**

In the event the Legal Operations Coordinator encounters a non-routine U.S. export compliance issue, such as issues relating to: (i) whether an item is subject to the EAR; (ii) the appropriate ECCN for an item; or (iii) whether a particular circumstance presents compliance "red flags" requiring further diligence or whether any such diligence is adequate; or (iv) whether a proposed deviation from this Manual is acceptable, the issue should be reviewed with the Legal Department.

In addition, if any Company Personnel become aware of any facts or circumstances suggesting that a violation of any U.S. export control law or regulation has occurred, is occurring, or is about to occur, whether by the Company, a third party service provider, or a customer, the Legal Operations Coordinator must be contacted immediately, either directly in writing, by telephone, or electronic mail, or anonymously through the Company Hotline at (844) 699-6463.

Any such notification will be immediately notified to the Legal Department, which will determine the appropriate follow-up, which in certain circumstances might include a voluntary self-disclosure to the U.S. Government, upgrades to this Manual, or other remedial measures, as well as possible disciplinary action.

## **REVIEW OF GOVERNMENT SUBMISSIONS OTHER THAN ROUTINE EXPORT LICENSE / APPROVAL APPLICATIONS AND RELATED REPORTS**

In the event any Company Personnel believes a submission or other form of contact with BIS, OFAC, or any other agency of the U.S. Government is warranted to ensure compliance with the EAR or OFAC regulations, or to otherwise carry out the requirements of this Manual or any associated procedures, the Legal Operations Coordinator should be consulted in advance of the submission or contact, except in the case of routine submissions, such as requests for licenses. Such non-routine submissions and contacts include: (i) voluntary self-disclosures of actual or potential violations; (ii) commodity classification requests; or (iii) requests for advisory opinions or legal interpretations. In the case of legal interpretations, it is important to confirm whether the Company previously has resolved the issue through prior advice or consultations to avoid unproductive or unnecessary submissions or contacts.

## **COMMUNICATING THE COMPANY'S U.S. EXPORT CONTROLS COMPLIANCE POLICY AND UPDATES**

The Company's U.S. Export Controls Compliance Policy Statement and Executive Statement will be made available to existing and new Company Personnel, as well as to any third party service providers expected to participate in export-related activities. This Manual will be made available to all personnel likely to be involved in an export transaction, including engineering, marketing, order entry, sales, shipping, logistics, traffic, accounting and finance, customer service, information technology, and human resources.

Updates to the Manual and any notices or alerts concerning any material changes to the EAR or OFAC regulations will be disseminated in the same manner. The Legal Department will oversee updating the Manual accordingly and will ensure that the most up-to-date version of the Manual is posted to the Intranet site.

## **TRAINING**

The Company will implement and maintain a program to provide periodic U.S. export control education and training to senior Company management, appropriate members of the Legal Department, and specified personnel from engineering, marketing, order entry, sales, shipping, logistics, traffic, accounting and finance, customer service, information technology, and human resources. Such education and training will also be provided, as appropriate, to the Company's agents, contractors, consultants, sponsors, other third parties representing the Company, joint venture partners, and other business partners of the Company. Refresher training will occur annually. Records for all such programs must be maintained, including the names of the attendees, the date, the subjects covered, signed certificates of attendance, and copies of any materials used in the training sessions.



**CONTACT INFORMATION**

Please direct questions as to any of the matters discussed in this Manual to either:

Anita Kerin Assistant General Counsel Nine Energy Service (281) 730-5117 anita.kerin@nineenergyservice.com	or	Lisa Papenfuss Legal Operations Coordinator Magnum Oil Tools International (361) 299-6333 Lisa@magnumoiltools.com
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**ADDITIONAL RESOURCES**

Additional resources concerning relevant U.S. export control laws can be found at:

BIS Website	<a href="http://www.bis.doc.gov">http://www.bis.doc.gov</a>
OFAC Website	<a href="https://www.treasury.gov/about/organizational-structure/offices/pages/office-of-foreign-assets-control.aspx">https://www.treasury.gov/about/organizational-structure/offices/pages/office-of-foreign-assets-control.aspx</a>
DDTC Website	<a href="http://www.pmdtcc.state.gov/">http://www.pmdtcc.state.gov/</a>
EAR (Electronic Version)	<a href="https://www.ecfr.gov/cgi-bin/text-idx?SID=e72180bed50987a6e999db867e2c1fbb&amp;mc=true&amp;tpl=/ecfrbrowse/Title15/15CVIIsubchapC.tpl">https://www.ecfr.gov/cgi-bin/text-idx?SID=e72180bed50987a6e999db867e2c1fbb&amp;mc=true&amp;tpl=/ecfrbrowse/Title15/15CVIIsubchapC.tpl</a>
ITAR (Electronic Version)	<a href="https://www.ecfr.gov/cgi-bin/text-idx?SID=dece631c48aadb2b8cc58347ccc48443&amp;mc=true&amp;tpl=/ecfrbrowse/Title22/22CISubchapM.tpl">https://www.ecfr.gov/cgi-bin/text-idx?SID=dece631c48aadb2b8cc58347ccc48443&amp;mc=true&amp;tpl=/ecfrbrowse/Title22/22CISubchapM.tpl</a>
OFAC's Sanctions Programs	<a href="https://www.treasury.gov/resource-center/sanctions/programs/pages/programs.aspx">https://www.treasury.gov/resource-center/sanctions/programs/pages/programs.aspx</a>
OFAC's SDN List	<a href="https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx">https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx</a>
OFAC's SSI List	<a href="https://www.treasury.gov/resource-center/sanctions/sdn-list/pages/ssi_list.aspx">https://www.treasury.gov/resource-center/sanctions/sdn-list/pages/ssi_list.aspx</a>
Consolidated Screening List	<a href="https://www.export.gov/csl-search">https://www.export.gov/csl-search</a>

## APPENDIX I

### EXECUTIVE STATEMENT

DATE: March 8, 2019  
TO: All Company Personnel  
FROM: Ted Moore, Senior Vice President and General Counsel  
SUBJECT: Nine Energy Service Inc. Export Policy Statement

It is the policy of Nine Energy Service Inc. and its affiliates and subsidiaries, including Magnum Oil Tools International, LTD, (collectively, the “Company”), to conduct business in compliance with all applicable export control laws and regulations. An export management and compliance program, of which this policy statement is a part, is designed particularly to ensure compliance with U.S. export controls. The Company’s corporate management is committed to leading by example and providing employees with resources necessary to facilitate compliance.

The policies and procedures detailed in the U.S. Export Controls Compliance Policy and Procedures Manual are a vital component of our ability as a company to conduct business internationally. Employees must take the time to read, understand, and fulfill their export compliance responsibilities. As a company, we are not tolerant of cutting corners on our compliance obligations in order to speed up business transactions; export compliance takes time, planning, and patience. Failure to comply with U.S. export regulations may result in significant consequences for both the company and individual employees, including the imposition of administrative, civil, or criminal penalties; loss of business and export privileges; and disciplinary action or termination of employment.

It is important to remember that compliance is the responsibility of every Company employee. I ask each of you to take this matter very seriously and to support me in this effort. If you have any questions concerning the legitimacy of a transaction or a potential violation, please contact the Legal Department.

## APPENDIX II

### BIS “RED FLAG INDICATORS”

- The customer or its address is similar to one of the parties found on a U.S. restricted party list.
- The customer or purchasing agent is reluctant to offer information about the end use of the item.
- The product’s capabilities do not fit the buyer’s line of business, such as an order for sophisticated computers for a small bakery.
- The item ordered is incompatible with the technical level of the country to which it is being shipped, such as semiconductor manufacturing equipment being shipped to a country that has no electronics industry.
- The customer is willing to pay cash for a very expensive item when the terms of sale would normally call for financing.
- The customer has little or no business background.
- The customer is unfamiliar with the product’s performance characteristics but still wants the product.
- Routine installation, training, or maintenance services are declined by the customer.
- Delivery dates are vague, or deliveries are planned for out of the way destinations.
- A freight forwarding firm is listed as the product’s final destination.
- The shipping route is abnormal for the product and destination.
- Packaging is inconsistent with the stated method of shipment or destination.
- When questioned, the buyer is evasive and especially unclear about whether the purchased product is for domestic use, for export, or for reexport.

BIS Know Your Customer Guidance: <https://www.bis.doc.gov/index.php/all-articles/23-compliance-a-training/47-know-your-customer-guidance>

BIS Red Flag Indicators: <https://www.bis.doc.gov/index.php/all-articles/23-compliance-a-training/51-red-flag-indicators>

## APPENDIX III

### DENIED PARTY SCREENING CHECKLIST

#### LISTS TO SEARCH

- OFAC Sanctions List Search: <https://sanctionssearch.ofac.treas.gov/>
- Consolidated Screening List: <https://www.export.gov/csl-search>
- Where the Company is the **exporter of record**, the Company will need to search the other lists identified in Appendix IV to identify any export license requirements specific to the transaction. Where the Company is not the exporter of record (e.g., in a routed export transaction), the exporter of record should do so.

#### GENERAL SEARCH PROTOCOLS

##### A. NAMES TO SEARCH

- Search the customer, end user, location (e.g., oil field) where end use will occur, any individuals named on the End User Certification form, and anyone else you have reason to believe is involved in the potential transaction.
- To the extent feasible, obtain information on majority shareholders of the parties you are searching, and conduct a separate search on each majority shareholder.
- Conduct a separate search for each name in your potential transaction.

##### B. CONDUCTING THE SEARCH

Enter the name in the search bar and adhere to the following best practices before clicking Search:

- Set Fuzzy Name to ON, set the Minimum Name Score to approximately 85, or use a similar confidence level appropriate to your search tool.
- Remove middle initials, corporate designations, etc. to avoid overly restrictive searches.
- Consider searching each portion of a name separately to ensure you are capturing any potential matches.
- Do not limit by country, sources, address, sanctions program, etc. unless the results are unusually voluminous (like for a very common name).

#### DUE DILIGENCE STEPS FOR A POTENTIAL “HIT” OR “MATCH”

STEP 1. Compare the name in your transactions with the name on the SDN, SSI, or other list. Is the name in your potential transaction an individual while the name on the SDN, SSI, or other list is a vessel, organization, or company (or vice-versa)?

If YES, you do not have a valid match.\*

If NO, please continue to Step 2.

STEP 2. How much of the potential hit's name is matching against the name in your potential transaction? Is just one of two or more names matching (i.e., just the last name)?

If YES, you do not have a valid match.\*

If NO, please continue to Step 3.

STEP 3. Compare the complete SDN, SSI, or other list entry with all of the information you have on the matching name in your potential transaction. An SDN, SSI, or other list entry often will have, for example, a full name, address, nationality, passport, tax ID or cedula number, place of birth, date of birth, former names, and aliases. Are you missing a lot of this information for the name in your potential transaction?

If YES, if possible, go back and get more information and then compare your complete information against the SDN, SSI, or other list entry.

If NO, please continue to Step 4.

STEP 4. Are there a number of similarities or exact matches?

If YES, please forward the results to the Legal Operations Coordinator and take no further action on the proposed transaction until authorized in writing by the Legal Operations Coordinator.

If NO, you do not have a valid match.\*

\*Note that at each stage, if you have reason to know or believe that proceeding with the transaction would violate any applicable export control or economic sanctions regulations, you must stop and contact the [Assistant General Counsel or Legal Operations Coordinator].

## APPENDIX IV

### U.S. RESTRICTED PARTY LISTS

**Specially Designated Nationals and Blocked Persons List**, maintained OFAC, under the statutes, Executive Orders, and regulations administered by OFAC

- <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>
- The Specially Designated Nationals and Blocked Persons List (“SDN list”) is comprised of parties, including known terrorist entities, proliferators, and narcotics traffickers, for which transactions are prohibited pursuant to OFAC’s regulations. The listed persons and entities include both parties subject to trade restrictions and those subject to property/asset freezes and blocking. Please note that under an OFAC interpretation, entities 50% or more owned, directly or indirectly, by an SDN, individually or in the aggregate, also are considered to be SDNs even if they are not specifically identified on the SDN list.

**Sectoral Sanctions Identification List**, maintained by OFAC, under the statutes, Executive Orders, and regulations administered by OFAC

- <http://www.treasury.gov/ofac/downloads/ssi.pdf>
- The Sectoral Sanctions Identifications List includes persons determined by OFAC to be operating in sectors of the Russian economy identified by the Secretary of the Treasury pursuant to Executive Order 13662. Please note that OFAC’s 50% rule applies to the listed entities.

**Foreign Sanctions Evaders List**, maintained by OFAC, under the statutes, Executive Orders, and regulations administered by OFAC

- [http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fse\\_list.aspx](http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fse_list.aspx)
- The Foreign Sanctions Evaders List includes foreign individuals and entities determined to have violated, attempted to violate, conspired to violate, or caused a violation of U.S. sanctions on Syria or Iran. It also lists foreign persons who have facilitated deceptive transactions for or on behalf of persons subject to U.S. sanctions. Transactions by U.S. persons or within the United States involving such persons are prohibited.

**Entity List**, maintained by BIS under the EAR

- <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>
- The Entity List consists of entities determined by BIS to present an unacceptable risk of diversion into programs relating to the development of weapons of mass destruction. Exports to entities appearing on the Entity List are prohibited without specific authorization from BIS.

**Denied Persons List**, maintained by BIS under the EAR

- <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list>
- The Denied Persons List (“DPL”) consisting of persons or entities whose export privileges have been denied or limited by BIS. Exports to persons or entities appearing on the DPL are prohibited without specific authorization from BIS.

**Unverified List**, maintained by BIS

- <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/12-policy-guidance/list-parties-of-concern/113-unverified-list>
- The Unverified List consists of entities who in the past were parties to a transaction with respect to which BIS could not conduct a pre-license check (PLC) or a post-shipment verification (PSV).

Any transaction to which a listed person is a party will be deemed by BIS to raise a “red flag” with respect to such transaction within the meaning of the guidance set forth in Supplement No. 3 to Part 732 of the EAR

**International Traffic in Arms Regulations (ITAR) Suspension/Debarment List**, maintained by DDTC

- <http://www.pmdtc.state.gov/compliance/debar.html>

**The U.S. Department of State Nonproliferation/Iran-Related Sanctions Lists**

- <http://www.state.gov/t/isn/c15231.htm>
- Unless the party is subject to asset blocking measures and, therefore, included on the SDN list, U.S. persons are not necessarily prohibited from engaging in transactions with such parties, although a case-by-case evaluation of the possible risks should be undertaken.

**Persons sanctioned under the Iran Sanctions Act (ISA) and the Iran Threat Reduction and Syria Human Rights Act (TRA)**

- <http://www.state.gov/e/eb/tfs/spi/iran/entities/index.htm>
- Unless the party is subject to asset blocking measures and, therefore, included on the SDN list, U.S. persons are not necessarily prohibited from engaging in transactions with such parties, although a case-by-case evaluation of the possible risks should be undertaken.

**U.N. Sanctions Lists**

- [http://www.un.org/sc/committees/list\\_compend.shtml](http://www.un.org/sc/committees/list_compend.shtml)
- U.S. persons generally are not prohibited/restricted from engaging in transactions with such parties, unless the U.S. Government separately effectuates a prohibition or restriction. However, U.N. sanctions or country restrictions can result in the applicability of restrictions under certain U.S. export control regulations, such as the bar under the ITAR on U.S. persons engaging in activities relating to munitions that involve countries subject to a U.N. arms embargo and the implementation of the U.N. restrictions, such as by OFAC adding U.N. sanctioned parties to the SDN list. Although checking these lists may not be legally required, because of the potential commercial and even potential indirect legal consequences from dealing with a U.N. sanctioned party we would recommend also checking the U.N. sanctions lists.

## APPENDIX V

### ROUTED EXPORT PROTOCOLS UNDER THE EAR<sup>1</sup>

#### **PARTIES TO AN EXPORT TRANSACTION AND THE RESPONSIBILITY FOR FILING PROPER DOCUMENTATION WITH THE U.S. GOVERNMENT PRIOR TO EXPORT**

Section 758.1(b) of the EAR provides that an Automated Export System (“AES”) record must be filed with the U.S. Government in connection with most tangible exports.<sup>2</sup> The Foreign Trade Regulations (15 C.F.R. Part 30, *et seq.*; “FTR”), administered by the Census Bureau, U.S. Department of Commerce, govern the filing of such export documentation.

The FTR provides that for all exports of physical goods, Electronic Export Information (“EEI,” the equivalent of the export data formerly presented on a Shipper’s Export Declaration (“SED”)) must be filed through AES by: (i) the U.S. Principal Party In Interest (defined as the person or legal entity in the U.S. that receives the primary benefit, monetary or otherwise, from the export transaction; “USPPI”); (ii) the USPPI’s authorized agent; or (iii) under certain circumstances, the authorized agent of the Foreign Principal Party In Interest (defined as the party abroad who purchases the goods for export or to whom final delivery or end-use of the goods will be made; “FPPI”).<sup>3</sup> In the case of sales from the United States by the Company to a non-U.S. purchaser, the Company would be the USPPI, its non-U.S. customer would be the FPPI, and a U.S. freight forwarder could act either for the Company or the non-U.S. purchaser, under certain circumstances, for purposes of the filing of EEI through AES.

Ordinarily, under both the EAR and the FTR, the USPPI and exporter are the same person: the U.S. seller (the Company) (indeed, the EAR define the term “exporter” to mean the “person in the United States who has the authority of a principal party in interest to determine and control the sending of items out of the United States”). However, if certain requirements are met, a U.S. agent (freight forwarder) of the FPPI (non-U.S. purchaser) may be the export license applicant and exporter under the EAR, as part of a “routed export” transaction.<sup>4</sup> Making a sales transaction with a non-U.S. buyer that is presumed to be a standard export transaction, with the U.S. seller acting as the exporter, into a routed export

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<sup>1</sup> This Appendix will be updated as required by any future changes to the relevant regulations. On December 7, 2018, the Census Bureau announced that it is drafting a Notice of Proposed Rulemaking to clarify the responsibilities of parties participating in routed and standard export transactions, following an Advance Notice of Proposed Rulemaking announced on October 6, 2017. See 82 Fed. Reg. 46739 (Oct. 6, 2017); 83 FR 63152 (Dec. 7, 2018). On February 6, 2014, BIS proposed changes to the EAR to clarify the responsibilities under the EAR of parties involved in export transactions where the foreign customer is responsible for the transportation out of the United States of items subject to the EAR. See 79 Fed. Reg. 7105 (Feb. 6, 2014).

<sup>2</sup> Please note that for the majority of exports, the submission of export information through AES is mandatory.

<sup>3</sup> An authorized agent is defined under the FTR as an individual or legal entity physically located in or otherwise under the jurisdiction of the U.S. that has obtained power of attorney or written authorization from a USPPI or FPPI to act on its behalf and to complete and file the EEI.

<sup>4</sup> Please note that a USPPI and/or its authorized U.S. agent (or an authorized U.S. agent acting on behalf of an FPPI) intending to report EEI through AES first must obtain a filer certification, which is the approval granted to allow certain companies or individuals to report information necessary to complete the EEI electronically. According to the Bureau of Census, the filer certification requires completing the filer certification process. See <http://www.census.gov/foreign-trade/aes/gettingstarted/filercert.html>.



transaction, thereby transferring to the non-U.S. buyer responsibility for exporting merchandise through its authorized U.S. agent, requires the following documentation and steps, which are detailed further below: (i) the non-U.S. buyer must assume in writing responsibility for acting as the exporter, through a U.S. agent; (ii) the non-U.S. buyer must provide a power of attorney to a U.S. agent to act as the exporter on its behalf; (iii) certain information must be provided by the U.S. seller to the authorized U.S. agent of the non-U.S. buyer; and (iv) the authorized U.S. agent of the non-U.S. buyer must provide certain information to the U.S. Government and to the U.S. seller.

## **DOCUMENTATION AND INFORMATION TO BE PROVIDED IN AN ROUTED EXPORT TRANSACTION**

### **C. WRITTEN ASSUMPTION OF RESPONSIBILITY BY FPPI (NON-U.S. CUSTOMER) FOR DETERMINING LICENSING REQUIREMENTS, OBTAINING ANY REQUIRED LICENSES, AND FILING EXPORT INFORMATION**

According to Section 758.3 of the EAR, in order to make an export transaction into a routed export transaction, in which the FPPI (non-U.S. customer) authorizes an agent in the U.S. (freight forwarder) to obtain any necessary export license and prepare and file the EEI on its behalf, the USPPI (the Company) must obtain from the FPPI (non-U.S. customer) a writing wherein the FPPI (non-U.S. customer) expressly assumes responsibility for determining license requirements, obtaining any required license, and filing the required export information. One writing may cover multiple transactions between the same parties. Obtaining such a writing, often referred to as a “routed export letter,” from the FPPI (non-U.S. customer) makes the U.S. agent of the FPPI (freight forwarder), rather than the USPPI (the Company), the exporter for purposes of the EAR. As the exporter, the U.S. agent of the FPPI (freight forwarder) is responsible for determining licensing requirements and obtaining licenses from BIS and filing the required EEI through AES.<sup>5</sup>

### **D. POWER OF ATTORNEY FROM NON-U.S. BUYER TO U.S. FREIGHT FORWARDER**

In connection with certain of the Company’s (U.S. seller and USPPI) sales of items subject to the EAR to a non-U.S. customer (FPPI), the Company intends that the FPPI (non-U.S. customer) engage a freight forwarder (agent of non-U.S. customer) in the United States that would be responsible at the direction of the FPPI (non-U.S. customer) for determining licensing requirements and obtaining any necessary export license, filing the EEI through AES, and exporting the item(s) on behalf of the FPPI (non-U.S. customer). For the U.S. freight forwarder (agent of non-U.S. customer) to be considered an “authorized agent” of the FPPI (non-U.S. customer) under the FTR and, as such, permitted to obtain an export license and file the EEI on behalf of the FPPI (non-U.S. customer), the U.S. forwarder (agent of non-U.S. customer) must obtain a power of attorney or other written authorization from the FPPI (non-U.S. customer). The power of attorney or written authorization should specify that the U.S. forwarder (agent of non-U.S. customer) has the authority to act on behalf of the FPPI (non-U.S. customer) as its true and lawful agent for purposes of applying for licenses and for creating and filing the EEI in accordance with the laws and regulations of the United States. Upon obtaining a power of attorney or other written authorization from the FPPI (non-U.S. customer) to act on its behalf, the

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<sup>5</sup> Please note that for purposes of completing the AES filing, the “exporter” noted in the EEI is the USPPI (the Company) even if the FPPI (non-U.S. customer) has executed a routed export letter in favor of the USPPI (the Company). This declaration in the EEI is done for statistical purposes and does not mean that the USPPI (the Company) is responsible for the AES filing or other compliance obligations.

authorized U.S. agent (freight forwarder) becomes responsible for filing the EEI accurately and timely in accordance with the FTR.

**E. INFORMATION THAT MUST BE PROVIDED BY USPPI (THE COMPANY) TO FPPI (NON-U.S. CUSTOMER) OR ITS AUTHORIZED U.S. AGENT (FREIGHT FORWARDER)**

In a routed export transaction, the USPPI (the Company) ordinarily must provide the following information to the authorized U.S. agent (freight forwarder) of the FPPI (non-U.S. customer) (and retain documentation to support such information):

- Name and address of the USPPI (the Company);
- USPPI's (the Company) Employer Identification Number ("EIN") or Social Security Number ("SSN");
- State of origin;
- Foreign Trade Zone (FTZ), if applicable;
- Commercial description of commodities;
- Origin of goods indicator: Domestic (D) or Foreign (F);
- Schedule B or Harmonized Tariff Schedule of The United States Classification Commodity Code;
- Quantities/units of measure;
- Value;
- Export Control Classification Number ("ECCN") or sufficient technical information to determine the ECCN;<sup>6</sup>
- All licensing information necessary to file the EEI for commodities where the U.S. Department of State, the U.S. Department of Commerce, or other U.S. Government agency issues a license for the commodities being exported, or the merchandise is being exported under a license exemption or license exception; and
- Any information the USPPI knows will affect the determinations of license authorization.

**F. INFORMATION TO BE FILED BY THE AUTHORIZED U.S. AGENT (FREIGHT FORWARDER) OF THE FPPI (NON-U.S. CUSTOMER) WITH THE U.S. GOVERNMENT IN CONNECTION WITH EACH EXPORT**

The following information must be provided by the authorized U.S. agent (freight forwarder) of the FPPI (non-U.S. customer) through AES:

- Date of export;
- Transportation Reference Number;
- Ultimate consignee;
- Intermediate consignee, if applicable;
- Authorized agent name and address;
- EIN, SSN, or Data Universal Numbering System (DUNS) number of the authorized agent;

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<sup>6</sup> Where the FPPI (non-U.S. customer) has assumed responsibility for determining and obtaining license authority pursuant to the EAR, the USPPI (the Company) is only required to provide this information upon request.

- Country of ultimate destination;
- Method of transportation;
- Carrier identification and conveyance name;
- Port of export;
- Foreign port of unloading;
- Shipping weight;
- ECCN;
- License or license exemption information; and
- Ultimate consignee type.

## **RESPONSIBILITIES IN A ROUTED EXPORT TRANSACTION**

### **G. USPPI RESPONSIBILITIES**

In a routed export transaction, the USPPI (the Company) must:

- File the EEI on behalf of the FPPI (non-U.S. customer), if the FPPI provided a power of attorney or written authorization, or provide the authorized U.S. agent (freight forwarder) of the FPPI with specific export and licensing information, as described above in Appendix V, Section II.C.
- Make a licensing authority determination, or obtain a writing from the FPPI (non-U.S. customer) wherein the FPPI expressly assumes responsibility for determining licensing requirements and obtaining license authority.
- Retain documentation for five years.
- Upon request, the USPPI (the Company) can receive a copy of the required export information that was submitted to the authorized U.S. agent (freight forwarder) to file.
- Upon request, the USPPI (the Company) can receive a copy of the power of attorney or written authorization provided to the authorized U.S. agent (freight forwarder) by the FPPI (non-U.S. customer).

### **H. AUTHORIZED U.S. AGENT RESPONSIBILITIES**

In a routed export transaction, the authorized U.S. agent (freight forwarder) must:

- Obtain a power of attorney or written authorization from the FPPI (non-U.S. customer).
- Prepare and file the EEI record.
- Retain documentation for five years.
- Upon request, provide the USPPI (the Company) with a copy of the power of attorney or written authorization provided by the FPPI (non-U.S. customer).
- Upon request, provide the USPPI (the Company) with a copy of the data elements provided by the USPPI, the date of export as submitted through the AES, the filer name, and the Internal Transaction Number (“ITN,” the AES-generated number assigned to a shipment confirming that an EEI transaction was accepted and is on file in the AES).

## **PROCEDURES AND DOCUMENTATION TO SUPPORT ROUTED EXPORT TRANSACTIONS**

To effectuate a routed export transaction, the Company has implemented the following procedures and documentary requirements:

- Upon receipt of an order from a non-U.S. customer for items subject to the EAR, the Company should accept the non-U.S. customer's order in writing, assuming the following conditions are met (furthermore, although not required, the Company should direct its non-U.S. customers to issue purchase orders that identify their U.S. agents):
  - The non-U.S. customer expressly assumes responsibility in writing for determining the U.S. export license requirements for the items, obtaining any required export licenses, and filing the EEI and otherwise acting as the exporter, through its U.S. agent (a certification to this effect be appended to the acceptance letter);
  - The non-U.S. customer agrees to execute a power of attorney authorizing a U.S. agent to act on its behalf in obtaining any required export licenses and filing the EEI through AES. The certification described above include language to this effect (the power of attorney should be acceptable to the Company);
  - The non-U.S. customer agrees to provide or arrange for the provision of: (i) the executed power of attorney and any required export license obtained to effectuate the export to the Company prior to the release of the merchandise by the Company to the authorized U.S. agent of the FPPI; and (ii) the EEI submitted to the U.S. Government to the Government within ten calendar days of submission.
- The Company should prepare a letter of instructions explaining the routed export transaction procedures to be followed for the shipment and provide the letter to the non-U.S. customer's agent when identified (the letter should identify a point of contact and the agent for purposes of coordinating the routed export transaction procedures);
- The Company must prepare a letter of instructions to the non-U.S. customer's authorized U.S. agent providing the information necessary to support the EEI; and
- Upon receipt of a copy of the power of attorney and any BIS export license referred to above, the Company may release the shipment to the authorized U.S. agent of the non-U.S. customer identified in the power of attorney.

## APPENDIX VI

### ASSUMPTION OF RESPONSIBILITY FOR U.S. EXPORT COMPLIANCE AND AGREEMENT TO EXECUTE POWER OF ATTORNEY

In connection with the sale of items by [the Company] to [non-U.S. customer], [non-U.S. customer] expressly agrees to assume all responsibility for determining all applicable U.S. export control requirements, including for determining whether, in any case, a license is required to be obtained in connection with the exportation from the United States and/or the subsequent transfer or reexportation of such merchandise, including from the U.S. Department of Commerce, Bureau of Industry and Security (BIS), which administers the Export Administration Regulations (EAR); the U.S. Department of State, Directorate of Defense Trade Controls (DDTC), which administers the International Traffic in Arms Regulations (ITAR); and/or the U.S. Department of the Treasury, Office of Foreign Assets Control, which administers various statutes, regulations, and Executive Orders that impose restrictions on dealing in or with certain designated countries, individuals and entities. If it is determined that a license is required to effectuate the proposed export transaction, [non-U.S. customer] also expressly agrees to apply for and obtain any such license or other required form of authorization prior to export of the merchandise from the United States.

Furthermore, [non-U.S. customer] assumes all responsibility for any exportation of merchandise from the United States, and, in connection with any such exportation, [non-U.S. customer] expressly assumes all responsibility for compliance with all export clearance requirements applicable in connection with a “routed export transaction” in which [non-U.S. customer] acts as the Foreign Principal Party in Interest, including, but not limited to, the timely submission of Electronic Export Information (EEI) to U.S. Customs and Border Protection (CBP) via the Automated Export System. In this regard, [non-U.S. customer] will arrange for the execution of the standard [Company] Foreign Principal Party in Interest/Authorized Agent Power of Attorney[, or a comparable power of attorney determined to be acceptable to the Company,] as between [non-U.S. customer] and one or more U.S. authorized agents designated by [non-U.S. customer] and will provide or will arrange to have the authorized agent(s) provide a copy of such power of attorney and any export licenses obtained to effectuate the exportation of such merchandise to [the Company] prior to the release of the merchandise by [the Company] to the authorized U.S. agent of [non-U.S. customer]. Furthermore, [non-U.S. customer] also will arrange for copies of the EEI submitted to CBP in connection with exportation from the United States of the merchandise supplied by [the Company] to be provided to [the Company] within ten calendar days of submission.

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## APPENDIX VII

### POWER OF ATTORNEY FOREIGN PRINCIPAL PARTY IN INTEREST/AUTHORIZED AGENT

**Know all men by these presents**, that \_\_\_\_\_ [Name of FPPI], the Foreign Principal Party in Interest (FPPI) organized and doing business under the laws of the State or Country of \_\_\_\_\_ and having an office and place of business at \_\_\_\_\_ [Address of FPPI], hereby authorizes \_\_\_\_\_ [Name of Authorized Agent] (Authorized Agent) of \_\_\_\_\_ [Address of Authorized Agent] to act for and on its behalf as a true and lawful agent and attorney of the FPPI for, and in the name, place, and stead of the FPPI, from this date, in the United States either in writing, electronically, or by other authorized means to act as Authorized Agent for export control, U.S. Census Bureau (Census Bureau) reporting, and U.S. Customs and Border Protection (CBP) purposes. Also, to prepare, endorse, sign, and transmit any Electronic Export Information (EEI) or other documents or records required to be filed by the Census Bureau, CBP, the U.S. Department of Commerce, Bureau of Industry and Security, the U.S. Department of State, Directorate of Defense Trade Controls, the U.S. Department of the Treasury, Office of Foreign Assets Control, or any other U.S. Government agency, and perform any other act that may be required by law or regulation in connection with the exportation or transportation of any goods shipped or consigned by or to the FPPI, and to receive or ship any goods on behalf of the FPPI.

The FPPI is solely responsible for: (i) determining whether an export license from a U.S. Government agency is required for any transaction; and (ii) making arrangements with the Authorized Agent to apply for and obtain any such authorization when required.

The FPPI hereby certifies that all statements made to the Authorized Agent and information contained in documentation provided to the Authorized Agent relating to exportation are true and correct. Furthermore, the FPPI understands that civil and criminal penalties may be imposed for making false or fraudulent statements or for the violation of any United States laws or regulations on exportation and will hold Authorized Agent harmless of any such penalties, attorney and any other legal fees should they be imposed as a result of making false and fraudulent statements or for the violation of any United States laws by the FPPI or its duly authorized staff or representatives.

This Power of Attorney is to remain in full force and effect until revocation in writing is duly given by the FPPI and received by the Authorized Agent.

**IN WITNESS WHEREOF**, \_\_\_\_\_ [Full Name of FPPI] caused these presents to be sealed and signed:

Signature: \_\_\_\_\_

Title (must be a corporate officer of FPPI): \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

## FCPA and Anti-Corruption

### **BACKGROUND**

Nine Energy Service Inc. and its subsidiaries, including Magnum Oil Tools International, LTD, (collectively, the “Company”) are committed to maintaining the highest ethical and legal standards and strive to comply with both the letter and spirit of applicable laws and regulations. The Company conducts business and may in the future conduct additional business in certain international locations, which can require that employees and representatives interact with officials of various governments around the world. The Company is committed to doing business with integrity and in compliance with applicable U.S. and other laws prohibiting corruption.

This Anti-Corruption Policy (the “Policy”) contains information and guidance for all Company employees and representatives to follow regarding compliance with the United States Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”) and other applicable anti-corruption laws. A copy of the FCPA is located at **Annex A**.

In general terms, the FCPA prohibits the giving or paying of a bribe or anything of value to a non-U.S. government official (including an employee of a state-owned company) to obtain or retain business. The Company has established this Policy in order to ensure that all employees of the Company, its agents, and its affiliates are aware of the FCPA and engage in ethical and legal practices. As a publicly traded U.S. company directly subject to the FCPA, this Policy is primarily focused on the FCPA and is intended to capture activities involving foreign (non-U.S.) government officials). There are other domestic bribery and gratuities laws, as well as other foreign laws (such as the Canadian Corruption of Foreign Public Officials Act), that capture similar conduct as to U.S. government officials and that may be applicable to the Company. It is the Company’s policy to comply with all applicable anti-corruption laws. For additional guidance on gratuities, please refer to the Company’s Employee Handbook Code of Business Ethics and Compliance. Any questions about the applications of particular laws should be directed to the Legal Department at [legal@nineenergyservice.com](mailto:legal@nineenergyservice.com).

### **APPLICATION**

The Company’s Anti-Corruption Policy applies to: the Company and all of its affiliates and subsidiaries (collectively, the “Company”); all Company owners, officers, directors, and employees (collectively, “Employees”); all agents, contractors, consultants, sponsors, and other third parties representing the Company (collectively, “Representatives”); and all joint venture partners and other business partners of the Company (collectively, “Partners”). The Company, as well as all Employees, Representatives, and Partners must comply fully with all applicable provisions of the FCPA and all other anti-corruption laws applicable to the Company (whether by virtue of its jurisdiction of incorporation or the conduct of its business operations).

Any Company Employees who fail to comply with the requirements of the Policy will be subject to disciplinary action, up to and including termination for cause. Representatives and Partners should similarly expect to have their contracts terminated for cause if they fail to comply with the Policy’s requirements or cause the Company to fail to comply.

### **OVERVIEW OF THE FCPA**

The FCPA has two basic requirements, which can be summarized as follows:

**Anti-Bribery Provisions.** The FCPA prohibits corruptly offering, promising, authorizing, or providing cash or anything of value to a “Foreign Official” for the purpose of influencing that official to assist in obtaining or retaining business for a company.

The term “Foreign Official” is defined broadly to mean any officer or employee (at any level) of a non-U.S. government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization. It also includes employees and officials of any commercial enterprise owned, controlled, or operated by a foreign government, such as a national oil company. Other laws, such as the CFPOA, impose similar prohibitions as to government officials, including U.S. government officials.

The term “anything of value” in the FCPA is broadly construed and includes even small or insignificant items whether or not they have any monetary value (i.e., there is no materiality threshold), and includes intangible things of value, such as favors, travel, education, entertainment, offers of employment, and charitable donations.

The anti-bribery provisions of the FCPA apply directly to all U.S. persons and entities. Non-U.S. persons likely are subject to the FCPA anti-bribery provisions if they work for a U.S. company. Accordingly, it should be assumed that the FCPA anti-bribery provisions apply to all Company operations. Regardless of the applicability of the FCPA or its jurisdictional reach, this Policy applies to the Company and its subsidiaries, as well as its Employees, Representatives, and Partners.

**Record Keeping Requirements.** In addition to its anti-bribery provisions, the FCPA and this Policy also prohibit the creation of false records and require that the Company and all Employees, Representatives, and Partners maintain books, records, and accounts that, in reasonable detail, accurately reflect the transactions and dispositions of that company.

For more detailed information about the FCPA, see *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, a compilation of information about the FCPA, its provisions, and its enforcement. It is available on the DOJ’s website at <https://www.justice.gov/sites/default/files/criminal-fraud/legacy/2015/01/16/guide.pdf>.

## **POLICY REQUIREMENTS**

Except as expressly provided elsewhere in this Policy, no payment or gift of any kind may be promised, offered, or made by any Employee, Representative, or Partner, on behalf of the Company, to any Foreign Official or to any non-U.S. political party or official thereof or any candidate for non-U.S. political office, or any person acting on behalf of a non-U.S. political party or official thereof, or a candidate for non-U.S. political office.

Complete and accurate records sufficient to show compliance with the above rules, the FCPA generally, and any other Company policies must be maintained at all times. This means, among other things, that when a payment is intended to go to a particular party or entity for a particular purpose, the records with respect to that payment must accurately reflect the true recipient and the true purpose of the payment.

It is the responsibility of all members of senior management to supervise, monitor and train Employees under their supervision to ensure that the purposes of this Policy are fulfilled. It is the responsibility of



each Employee to comply with this Policy and with procedures and guidelines established in furtherance of this Policy.

## **PERMITTED PAYMENTS**

Although this Policy is intended to provide guidance, anti-corruption matters are not always clear and must often be addressed on a case-by-case basis. In all situations where there is a question, employees should consult the Legal Department prior to taking action.

Gifts, Meals, and Entertainment. Under certain circumstances, it may be permissible to provide modest gifts or a meal or other entertainment to a Foreign Official as a social amenity. When deciding whether a gift is appropriate, employees also must take into account any past, pending, or future business or administrative matters that are within the Foreign Official recipient's realm of influence. The timing and context surrounding such gift, meal, or entertainment must be weighed in order to assess whether any particular gift, meal, or entertainment could be perceived to be a bribe.

Generally, gifts, meals, and entertainment are permissible, provided that:

- Hospitality is directly related to Company business, i.e., the marketing or sale of its services;
- Hospitality is reasonable in amount, offered in good faith only in connection with the promotion, demonstration, or explanation of Company services or the execution or performance of a contract with a foreign government or agency thereof, and lawful under applicable local law;
- The gift is not cash or any cash equivalent such as a gift card;
- There is no expectation that the gift, meal, or entertainment is given in exchange for any return favor or business advantage from the Foreign Official (quid pro quo);
- The gift, meal, or entertainment is infrequent, reasonable, and proportionate in amount under the circumstances; and
- The gift, meal, or entertainment is lawful under applicable anti-corruption laws.

This Policy sets contains specific monetary guidelines for gifts, entertainment, and hospitality for Foreign Officials. The Employee Handbook contains additional guidance that should be consulted for any gifts, entertainment, and hospitality provided to or accepted from non-public customers, suppliers, and partners.

Employees and Representatives must obtain prior written approval from the General Counsel before providing hospitality to any Foreign Official, and must comply with the following guidelines. Unless otherwise approved by the General Counsel in writing, expenses for hospitality meals for Foreign Officials should not exceed the following U.S. dollar amount per person:

- Breakfast: \$50.00
- Lunch: \$200.00
- Dinner: \$200.00

Refreshments unaccompanied by a meal, i.e., coffee or drinks, should not exceed \$50.00 per person. Frequency of hospitality must be carefully monitored, as the cumulative effect of frequent hospitality may give rise to the appearance of impropriety.

Promotional items of nominal value such as coffee mugs, calendars, or similar items, or items displaying the Company logo that are distributed for advertising or commemorative purposes, or gifts of nominal value on customary holidays are permitted. "Nominal value" means \$100.00 or less.

In the event the Company is responsible for the airfare or lodging expenses of a Foreign Official, itineraries and any other supporting documentation shall be maintained. In no case will payment or reimbursement be made directly to the Foreign Official incurring the expense; such payment or reimbursement shall only be made directly to the service provider (e.g. the airline) or the foreign government or agency involved. Expenses beyond what is reasonably necessary for the business purpose, including lavish accommodations or expenses for spouses and children, will not be approved. Per diem payments to Foreign Officials will only be permitted in limited instances and only upon prior written approval from the General Counsel. The Chief Accounting Officer must approve all travel for Foreign Officials in advance of the trip.

In all cases that entertainment, gifts, or travel expenses are approved, the expenses must be supported by receipts and accurately recorded in the Company's books. For additional guidance on gifts, meals, entertainment, and travel, please refer to the Company's Employee Handbook Code of Business Ethics and Compliance.

Personal Safety Payments. Personal safety payments are permissible under this Policy. A personal safety payment is a payment to avoid imminent physical harm to yourself or members of your family. Personal safety payments do not include payments made in response to commercial duress, or in response to threats to commercial, financial, or other interests. If confronted with a situation in which you believe that there is an imminent threat to your health or safety, you must use your best judgment in determining whether to make a personal safety payment. If you reasonably elect to make a personal safety payment, the circumstances and amount of such payment must be immediately reported to the Legal Department.

Political Contributions. No Company funds or assets, including the work time of Employees, will be contributed or loaned to any non-U.S. political party or party official or in support of any candidate for non-U.S. political office. If Company Employees will perform any political activities on company time or using company resources, approval from the Legal Department is required. This Policy does not, however, prohibit Company Employees from individually participating in political matters, but such participation must be on his or her own time and at his or her own expense.

Community/Charitable Giving. The Company believes in contributing to the communities in which it does business and permits reasonable donations of money, tangible items, and/or services to charitable organizations in those communities. The Company, however, needs to be certain that donations to charities will not be used to disguise an illegal payment to a Foreign Official, non-U.S. political party or party official, or candidate for non-U.S. political office in violation of the FCPA or other applicable anti-corruption laws. Accordingly, a charitable donation outside of the United States may be made using Company funds or assets, including the work time of Employees, only if:

- The donation is permitted under local law;
- Approval from the General Counsel or his designee(s) is obtained in writing before the donation is made; and
- The donation is accurately recorded in the Company's books and records and any supporting documentation, such as a receipt for the donation, will be maintained in the Company's records.

## **FACILITATING PAYMENTS ARE PROHIBITED**

In certain parts of the world it is common for companies to pay what are known as “facilitating payments” to low level government employees to expedite or secure the performance of a routine and non-discretionary governmental action, such as to obtain a visa or permit or to schedule an inspection. Although the FCPA permits facilitating payments, many local laws do not permit such payments and these types of payments can put the Company at risk. Under this Policy, **facilitating payments are strictly prohibited**. Further, Employees must obtain approval from the Legal Department for any payment to any Foreign Official, no matter how common or ordinary the payment may appear.

## **Conducting Business with Third-Party Representatives and Partners**

Because the actions of a third party acting as an agent or representative of a company can expose that company to liability under the FCPA, great care should be taken in their retention. Under the FCPA, the Company and its Employees who are subject to the FCPA could be liable for an indirect payment or gift (or offer, promise, or authorization of a payment or gift) if such payment, gift, offer, promise, or authorization is made through a Representative or Partner with the knowledge that a Foreign Official, non-U.S. political party or party official, or candidate for non-U.S. political office will be the ultimate recipient.

Anti-Corruption Compliance Due Diligence. Because knowledge includes both actual knowledge and the notion that the Company “should have known” that an improper indirect payment, gift, offer, promise, or authorization will occur, the Company intends to conduct anti-corruption compliance due diligence before retaining a Representative or Partner that will or is likely to have contact with a Foreign Official, non-U.S. political party or party official, or candidate for non-U.S. political office on the Company’s behalf (as defined above in Section 4).

The Legal Department will determine the appropriate scope of the due diligence review. The diligence may include steps such as requiring completion of a questionnaire, conducting background checks, interviewing relevant personnel, and requiring Representatives and Partners to complete anti-corruption compliance certifications (see, e.g., **Annex B**), in order to investigate the following:

- Reputation, beneficial ownership, professional capability and experience, reasonableness of compensation, financial standing, and credibility of the prospective Representative or Partner;
- Prospective Representative’s or Partner’s past record of compliance and willingness and ability to comply with the FCPA and all other applicable anti-corruption laws;
- The relationship, if any, between the owners and employees of the Representative or Partner and a Foreign Official;
- The presence or absence of any secret partners;
- The willingness of the Representative or Partner to fully disclose its relationship with the Company; and
- The legality of the relationship under local law.

In particular, the Company will look for, and attempt to resolve, any “red flags” that may indicate that the prospective Representative or Partner will not comply with the FCPA or other applicable anti-corruption laws. Examples of “red flags” may be found in **Annex C**.

Anti-Corruption Compliance Contract Provisions. Unless otherwise approved in writing by the Legal Department, the Company will seek to include in all contracts with Representatives and Partners

provisions addressing anti-corruption compliance. Examples of relevant contractual provisions can be found in **Annex D**.

### **ACCOUNTING ISSUES**

Company Employees, Representatives, and Partners shall make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets. No secret or "off the books" fund or account may be established or maintained. Company Employees, Representatives, and Partners are prohibited from falsifying Company accounting records and must take all reasonable care to ensure that any information provided to auditors is accurate. It is the responsibility of the Chief Accounting Officer to implement and monitor systems of internal controls and record-keeping procedures that comply with the FCPA.

Allegations or suspicions of questionable accounting, internal accounting control, or auditing matters, including financial reporting misrepresentations, should be referred immediately to the CFO, CAO or the General Counsel.

### **PENALTIES**

The penalties for violating the FCPA are severe. Companies that violate the FCPA anti-bribery provisions may be subject to a fine of up to \$2 million, or an alternate fine that could be much greater. Individuals who violate the FCPA anti-bribery provisions may be imprisoned for up to five years and are subject to a fine of up to \$250,000, or an alternate fine that could be much greater.

Companies that violate the FCPA books and records provisions may be subject to a fine of up to \$25 million. Individuals who violate the books and records provisions may be imprisoned for up to twenty years and are subject to a fine of up to \$5 million, or an alternate fine that could be much greater.

Note that the FCPA states that fines and penalties imposed upon individuals may not be paid directly or indirectly by any corporation for which they may have acted. Employees who violate the FCPA and/or this Policy should expect to face discipline, up to and including termination. Representatives and Partners should similarly expect consequences for violating the FCPA and/or this Policy, including termination of contract and suspension of payment. The Company also will actively seek to recoup any losses it suffers as a result of a violation of the FCPA or other applicable anti-corruption law from the individual or entity who carried out the prohibited activity.

### **AUDITING**

Testing and analysis of Company transactions and of the Company's books, records, and accounts for potential violations of the Policy, FCPA, and all other applicable anti-corruption laws shall be a regular part of the Company's routine audit process and all Company Employees shall cooperate fully with the Company's Accounting/Audit Department in that regard.

### **EDUCATION AND MONITORING**

The Company will implement and maintain a program to provide periodic anti-corruption education and training. The General Counsel shall determine the appropriate audience and frequency for training, which may include the Board of Directors, senior management, the Legal Department, Employees involved with international sales and business development, accounting and finance professionals, and

any Employees likely to have contact with Foreign Officials or non-U.S. political parties, party officials, or candidates for political office.

Refresher training on anti-corruption will occur on an as-needed basis as determined by the Legal Department. All training activities, including the individuals who attended such training, will be documented, consistent with the Compliance and Training Certification attached to this Policy.

### **REPORTING REQUIREMENTS**

All Company Employees, Representatives, and Partners are required to report any knowledge, awareness, or suspicion of a potential violation of the Policy, FCPA, or other applicable anti-corruption law by the Company or any of its Employees, Representatives, or Partners. Any transaction, no matter how seemingly insignificant, that might give rise to a violation of the FCPA or this Policy must promptly be reported to the Legal Department, or through the anonymous reporting hotline at 1-844-699-NINE, [tellnine@getintouch.com](mailto:tellnine@getintouch.com), or online at [www.intouchwebsite.com/tellnine](http://www.intouchwebsite.com/tellnine). All such reports will be treated as confidential and will be shared with authorized individuals only on a need-to-know basis.

The Company has zero tolerance for retaliation of any kind against any individual who in good faith makes inquiries, reports concerns, or participates in external or internal investigations of a potential violation of the Policy, FCPA, or other applicable anti-corruption laws by the Company or any of its Employees, Representatives, or Partners. As long as a report is made honestly and in good faith, the Company will take no adverse action against any person based on the making of such a report. Any individual who is concerned about retaliation or feels he or she has been subjected to retaliation should contact the General Counsel or his designee(s), or make a report through the anonymous reporting hotline at 1-844-699-NINE, [tellnine@getintouch.com](mailto:tellnine@getintouch.com), or online at [www.intouchwebsite.com/tellnine](http://www.intouchwebsite.com/tellnine).

Employees and Representatives should note that the failure to report known or suspected wrongdoing of which an Employee or Representative has knowledge may, by itself, subject that employee to disciplinary action.

Any questions concerning the FCPA and related reporting requirements may be addressed to the Legal Department at [legal@nineenergyservice.com](mailto:legal@nineenergyservice.com).

### **FURTHER INFORMATION**

This Policy provides a summary of important anti-corruption laws and issues, but additional details on particular questions and issues are available. Any questions about the Policy, the FCPA, or other applicable anti-corruption laws should be directed to the Legal Department at [legal@nineenergyservice.com](mailto:legal@nineenergyservice.com).

### **Dispute Resolution and Confidentiality**

Every employee is on notice of and subject to the Company's mutual arbitration agreement, which is a separate policy and binding contract between each employee and the Company. The terms of that arbitration program are contained in the arbitration agreement, and nothing in this Handbook affects, modifies or changes the arbitration program and agreement. Whether an employee signs the arbitration agreement, they agree to its terms by continuing employment with Nine Energy Service. If you have questions about the arbitration agreement, please see the Human Resources Department.

## BENEFITS

### Benefits Overview / Disclaimer

The Company recognizes the value of benefits to employees and their families and strives to provide a competitive benefits package for its eligible employees. Each benefit program has been carefully devised. These benefits include time off benefits including holidays, insurance and other plan benefits. The benefits described in this Handbook are only brief summaries for your general information and to serve only as guidelines and are not in any form a contract for the Company to provide benefits to any employee. The detailed information on all benefits may be reviewed by contacting the Human Resources Department. To the extent of the information provided here conflicts with the summary plan description or full plan document, the full plan document will control.

The Company reserves the right to amend or terminate any of these benefits, or to require employee contribution toward any benefits, at the discretion of the Company.

The requirements for benefits eligibility follow:

- Regular employees normally scheduled to work at least thirty (30) hours per week will be eligible for all Company benefit plans including but not limited to medical, dental, vision, supplemental life insurance, disability, , etc.
- Participation in 401(k) is available to all Company employees according to the terms of the plan (except students and interns).
- All full-time Company employees are eligible for holiday pay.

While the Company intends to maintain these employee benefits, it reserves the right to modify, amend or terminate these benefits at any time and for any reason. If you have any questions regarding your benefits, contact the Human Resources Department.

### Health Insurance Plan

A group health insurance plan which includes medical, dental and vision is offered to employees (and their families) who work thirty (30) hours or more per workweek. To keep coverage in force, every insured employee must work a minimum of thirty (30) hours per week.

These benefits are explained in the Summary Plan Description (SPD) which is available on the ADP Self Service Portal. Employees are eligible to participate in insurance coverage on the first of the month following thirty (30) days of continuous employment. If you elect not to enroll in any benefit plan when you first become eligible, you will not be eligible to enroll again unless you have a qualifying event or until the next open enrollment period.

The Company reserves the right to increase the employees' share of insurance premiums should the cost continue to rise and in an effort to provide suitable coverage at an affordable price.

Required contributions/deductions will be deducted from the employee's paycheck on a bi-weekly pre-tax basis, if applicable. Other health and welfare plans available to Company employees and their families include dental, vision, life, accidental death and dismemberment, flexible spending accounts and disability.

Contact the Human Resources Department for eligibility requirements and/or detailed information on the benefits offered.

### **Insurance Continuation (Continuation of Group Health Insurance - COBRA)**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers (and their designated beneficiaries), who lose their health benefits due to death, divorce or termination (other than for gross misconduct), the right to choose to continue group health benefits provided by the Company's group health plan for up to eighteen (18) months at their own expense. There is no employer contribution when COBRA is chosen. COBRA may also apply under circumstances such as reduction in the hours an employee works.

You will be notified of your rights for continued health coverage at the time you become covered by the Company's group health plan. You will be provided with the details of your rights in a separate notification letter when you become qualified for COBRA due to the circumstances mentioned. Ask the Human Resources Department for a copy of the Insurance Continuation Policy, if you need further details.

COBRA notification, costs, application and procedure information will be mailed to the employee at their last known address, when applicable. The employee must notify the Company, or agent of their intent to continue coverage within sixty (60) days of the date of termination and must pay premium according to the premium schedules.

### **Health Insurance Portability Accountability Act (HIPAA)**

It is the policy of the Company to comply with the provisions of the Health Insurance Portability and Accountability Act (HIPAA) of 1996. The purpose of this federal law is to limit gaps in insurance coverage and improve the privacy of personal health information. HIPAA regulates procedures for employers that offer group health plans and regulates how Protected Health Information (PHI) is transmitted and disclosed.

The Company is responsible to provide employees with this notice of privacy and inform employees of any changes or revisions to this notice. It is a priority for the Company to maintain the privacy of all employees' protected health information, obtain employee authorization before transmitting or disclosing any protected health information (except where the disclosure is for the purpose of treatment, payment or health care operations), and advise employees of their right to inspect and copy information contained in their medical file. Employees may grant limited and/or restricted authorization on uses and disclosures of protected health information, request to inspect and receive a copy of protected health information, and request that protected health information be amended.

### **Retirement 401(k) Plan**

Eligible employees over the age of 21 are able to participate in the Company's Retirement 401(k) Plan. Plan participants may make pre-tax or Roth contributions to this account and contributions are always 100% vested. The Company may match a portion of your contributions and are immediately vested.

You will receive additional information about enrollment when you become eligible. Employees who choose to participate in our plans are encouraged to review the summary plan descriptions (SPDs) describing the benefits in greater detail. Of course, feel free to speak to the Human Resources Department if you have any further questions or would like a hardcopy of the SPD or the plan documents.

### **Life Insurance Coverage**

The Company provides a pre-determined amount of life/accidental death & dismemberment insurance policy to full-time employees who regularly work at least thirty (30) hours per week. There is no cost to the employee for this benefit.

Employees are eligible to enroll in voluntary life/accidental death & dismemberment insurance coverage.

### **Short-Term Disability (STD)**

Short-term disability is offered to full-time employees working a minimum of thirty (30) hours per week. Employees are eligible for this benefit on the first of the month following 30 (30) days of continuous service. Short-term disability is meant to bridge the ninety (90) day period until long-term disability can cover an employee.

Short-term disability insurance is to be used for those who are absent due to an illness or injury. If an employee is eligible for STD, this coverage pays 60% of the employee's salary, up to the policy limits. This is a benefit funded solely by the company. In addition, employees will not be paid PTO for approved absences covered by the Company's STD program, except to supplement the short-term disability benefits.

In order to be eligible for the short-term disability benefit, the employee must request a leave of absence. Employees will be required to submit a medical certification as requested by the Company. This leave is intended for employee's own personal illness or injury. Absences related to cosmetic or voluntary procedures or self-inflicted injuries or illnesses will not be covered. Short-term disability benefits may run concurrently with FMLA leave and/or any other leave where permitted by state and federal law.

Consult the Company's Short-Term Disability Plan or the Human Resources Department for more information.

### **Long-Term Disability (LTD)**

Long-term disability benefits are offered to full-time employees working a minimum of thirty (30) hours per week. Long-term disability insurance is to be used for those who are absent due to an illness or injury and have been out of work for ninety (90) days or more. He/she must also be deemed disabled by the insurance carrier in order to receive the benefit. If an employee is eligible for LTD benefits, this coverage pays 60% of the employee's salary, up to the policy limits. This is a benefit and is funded solely by the company.



Long-term disability benefits will run concurrently with FMLA leave and/or any other leave where permitted by state and federal law.

Consult the Company's Long-Term Disability Plan or the Human Resources Department for more information as this plan contains exclusions and limitations.

**EMPLOYEE HANDBOOK (Effective April 1, 2019)**  
**RECEIPT AND ACKNOWLEDGMENT**

I have received a copy of the Employee Handbook (“Handbook”). I agree to read the entire Handbook within five (5) days from the date of my signature and to abide by all the rules, policies, and guidelines contained in the Handbook. If I find any of the rules, policies, or guidelines objectionable, then I will notify the Human Resources Department in writing immediately.

I understand that from the date of my employment, I am bound by all the policies stated in the Handbook, regardless of any objections, my failure to read the Handbook, and/or my failure to sign this page. I have been given ample opportunity to ask questions about these policies. I have read and understand all safety, security, and hygiene policies. I also agree to return this Handbook upon my resignation or termination. I understand that this Handbook supersedes any and all previous employee handbooks. I understand that this Handbook is a general guide only and that none of its provisions are contractually binding in nature (with the exception of its Confidentiality and Dispute Resolution Agreement noted in this Handbook, which are separate, binding agreements between me and the Company). I further understand that Nine Energy Service reserves the right to retract, revoke, or change the provisions of this Handbook, except the provisions relating to its Confidentiality and Dispute Resolution Agreement noted in the Handbook, and provisions relating to my status as an at-will employee, at its sole discretion, with or without notice.

I understand that this Handbook does not create a contract for employment for any period of time. I understand that unless I have negotiated a written contract of employment or one has been negotiated on my behalf, I am free to resign at any time with or without giving a reason or notice, and Nine Energy Service also retains the right to terminate my employment at any time with or without giving a reason or notice. I also understand that I should not rely upon any representations concerning my employment status unless the representations are made in writing and signed by the Owner.

I understand that I have no right to privacy in the workplace or in regard to any Company property or equipment (including, without limitation, the Company’s Communication System and its data). I acknowledge that the Company has a right to monitor, review, audit, and investigate, without obtaining permission from me, the workplace and/or all Company property and equipment, including, without limitation, the Company’s Communication System (and all data contained in that Communication System). Further, I consent to the reasonable search of my personal property on the premises, in the event I am suspected of theft, violating any Company safety or security policy, or other job-related reason based upon business necessity. I understand that my refusal to submit to a search or a drug/alcohol test as explained in the Handbook will be considered my decision to voluntarily quit my job. I consent to my workplace being subject to videotaped and audio-recorded surveillance. **I consent to the Company’s monitoring the Communications System, including the right to internally access any email sent to or from any Company email address (or any other electronic data that I have created, stored and/or transmitted through the Company Communication System).** I HEREBY RELEASE THE COMPANY FROM ALL LIABILITY, INCLUDING LIABILITY FOR NEGLIGENCE ASSOCIATED WITH THE ENFORCEMENT OF THESE POLICIES AND/OR ANY SEARCHES OR SURVEILLANCE UNDERTAKEN PURSUANT TO THESE POLICIES.

**Please sign and date as indicated.** I certify that I received a complete copy of the Employee Handbook and agreed to read it and abide by the rules stated in it, including, without limitation, those prohibiting Discrimination, Harassment, and Sexual Harassment, working under the influence of drugs or alcohol on Company property and other prohibited conduct.

I agree that it is my responsibility to return immediately all Company property in my possession, including, but not limited to, credit cards (if applicable), keys, electronic devices, and equipment, if the Company requests or I quit or if I am terminated. If I fail to return this Company property as required, I agree that the Company may deduct the fair market replacement value for any Company property not returned from my pay or any amount owed to me by the Company without the need for further agreement or notice to me, as may be permitted under federal and state law.

I understand that if I am overpaid, the amount I am overpaid may be offset against future wages I am owed, and I agree to any such deductions if made to recoup such overpayment, as long as made in accordance with state and federal law. I agree to promptly notify Nine Energy Service of overpayments and underpayments.

Additionally, I understand that from time to time, the Handbook may be updated. Updates will be communicated to employees via electronic communication methods, and it is the responsibility of the employee to review and abide by any updates or changes to the policies addressed in this handbook.

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Print Name

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Signature

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Date

**TO BE PLACED IN EMPLOYEE'S PERSONNEL FILE**

**RECEIPT OF HARASSMENT POLICY**

I have read and I understand the Company's Harassment Policy.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**TO BE PLACED IN EMPLOYEE'S PERSONNEL FILE**



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