



**FTS**  
INTERNATIONAL

STRONGER. SAFER. BETTER.



2020

# SUSTAINABILITY REPORT



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# FROM OUR CEO

## WE CONNECT SUSTAINABILITY TO OUR VALUES



### TO OUR STAKEHOLDERS:

Our industry is currently facing the dual shock of a massive drop in global oil demand coupled with a resulting oversupply. While we manage through these challenging times, we are not losing sight of the long-term fundamentals that drive our business. Economic activity will return, and standards of living will improve, which will in turn drive demand for our products and a recovery of the industry. We have been through downturns before. We know what to do and will execute based on that experience. We believe the actions

we take will not only temper the impact of the activity declines on our financial performance, but also ensure that we are in a strong position, financially and structurally, to take advantage of the market's eventual recovery.

While facing these challenging conditions, we have maintained our excellent reputation for safety and value of service in our industry, in part due to our core values. These core values ensure we provide safe, responsible, and ethical operations that respect the environment, support the communities where we operate and our team of employees, and deliver value for our shareholders.

We take pride in giving back to local communities as a responsible corporate citizen. For example, this year we supported the Tarrant County American Heart Association, which was a perfect community partner to promote a culture of health and wellness. We are proud that we raised about \$90,000 to fight heart disease and stroke.

In looking towards the future, I am pleased to share this year's report, which provides a transparent view of what we accomplished in 2019 across our sustainability efforts and sets the stage for future momentum and improvements.

A handwritten signature in blue ink, appearing to be 'W. J. ...'.

Chief Executive Officer  
FTS International

STRONGER.

# RECENT DEVELOPMENTS

## OUR COVID-19 RESPONSE: PRIORITIZING EMPLOYEE SAFETY WHILE DELIVERING RELIABLE AND EXCELLENT CUSTOMER SERVICE

The global outbreak of COVID-19 has had effects on all our lives, and each day brings more news about efforts to curtail the spread as we reopen the US economy. As always, our primary objective and hope is to keep all our employees healthy and safe. We were quick to act as the situation developed, guided by our longstanding core values that prioritize safety. At the date of publication of this report, we had taken a number of precautions to protect the health and wellbeing of our employees, our customers, and the communities where we operate, including—but not limited to—instituting teleworking protocols where able, and implementing social distancing for those providing essential services, while still continuing to provide vital energy services that power the lives of Americans.

## BUSINESS CONTINUITY PLAN TO ENSURE UNINTERRUPTED SERVICE

We put in place a readiness plan should there be a disruption due to COVID-19. In addition, our general business continuity plan, which is designed to address emergency situations, has been in place and tested for many years. We are focused on serving our customers safely and reliably while quickly enacting protocols that:

- ☐ Follow local, state, and federal guidance to keep our teams healthy and safe and implement procedures for reporting and responding to illness.
- ☐ Allow employees who can execute their jobs from home to do so.
- ☐ Prioritize customer service and reliable operations no matter where our employees physically work while:
  - Limiting access to facilities to essential personnel, enabling social distancing, and requiring hygiene protocols for all essential employees who are physically working on location or at another facility in the field.
  - Providing additional personal protection equipment to employees as needed.
  - Encouraging meetings to be conducted via virtual technologies rather than in-person when possible.
  - Proactively communicating with employees and customers to alleviate concerns and emphasize safety.
  - Discontinuing all non-essential travel.

We take seriously our corporate responsibility to assist in limiting the effects of this pandemic, and our thoughts are with those on the front lines, including medical personnel, first responders, and those providing essential services.

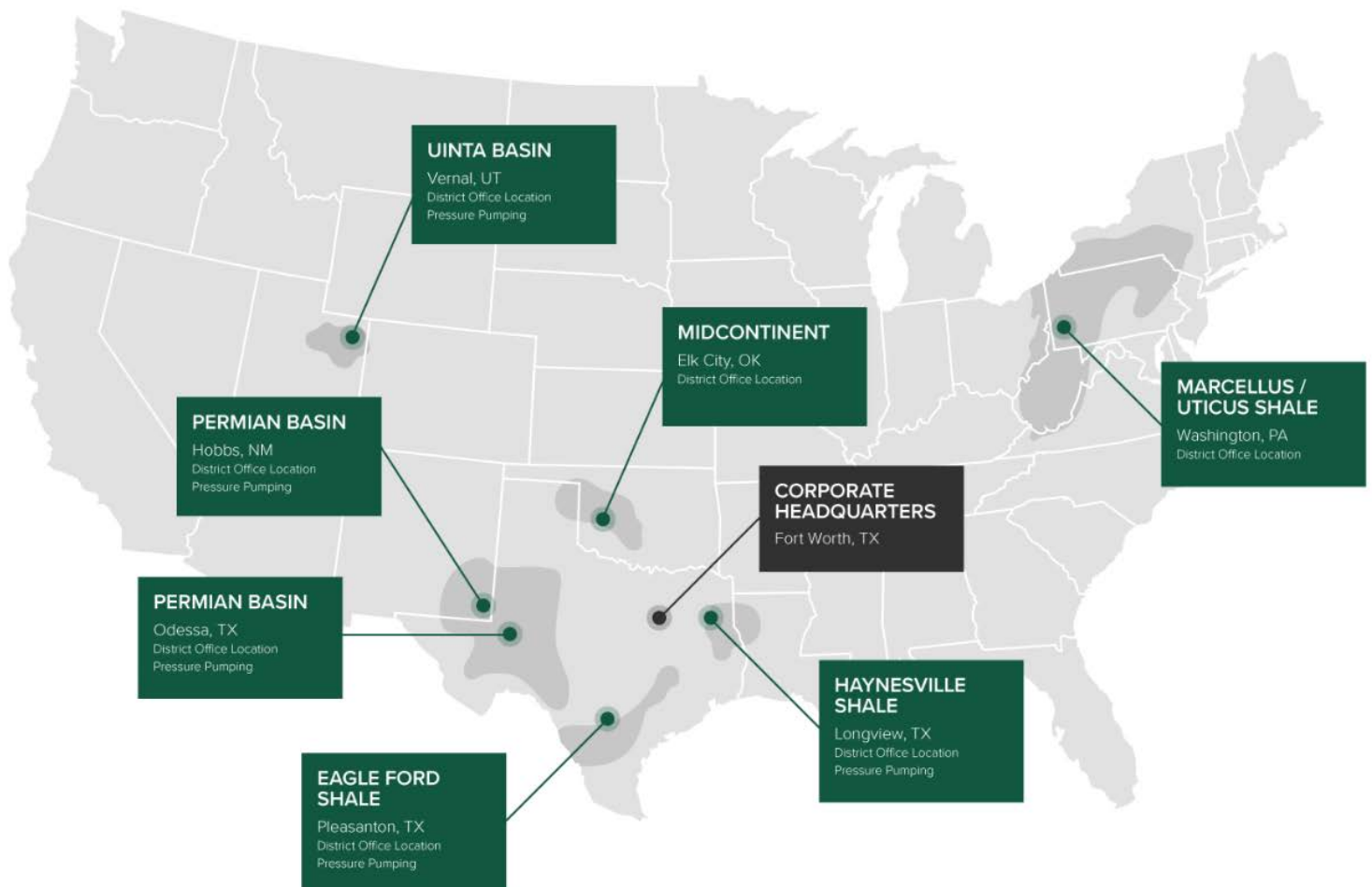


# FTSI OVERVIEW

FTSI was originally formed in 2000. We are one of the largest providers of hydraulic fracturing services in North America. Our services enhance hydrocarbon flow from oil and natural gas wells drilled by E&P companies primarily in shale resource formations. We have 1.4 million total hydraulic horsepower across 28 fleets.

We manufacture and refurbish many of the components used by our fleets, including consumables, such as fluid-ends. We designed and assembled all our existing fleets and can assemble new fleets and perform all maintenance in-house.

We operate in six of the most active major shale basins in the United States: the Permian Basin, the SCOOP/STACK Formation, the Marcellus/Utica Shale, the Eagle Ford, Uinta Basin, and the Haynesville Shale.



# OUR OPERATIONS

We are committed to running our business responsibly.

Sound safety practices are essential in any business, but they are especially significant in ours. Our safety reputation differentiates us in the industry. This means that Health, Safety, Security, and Environmental (HSSE) compliance must be everybody's responsibility, and we all adhere to or exceed applicable laws while understanding and following our HSSE policies, business practices, and standards.

In addition to complying with or exceeding all applicable HSSE laws and regulations, we have a responsibility to the sustainability of our operations. We support a precautionary approach to the materials used in our products and strive to reduce and minimize the use of hazardous materials and the environmental impact of our operating and manufacturing technologies.



SAFER.

# SAFETY CULTURE

We are an industry leader in safety performance. Safety is a core value from which we do not deviate. All employees participate in our comprehensive safety programs and processes to help ensure the safest workplace possible. Our strategy focuses on mitigating risk through safety observations with feedback to and from employees. Additionally, we strongly encourage the reporting of all incidents, regardless of severity, so that proper corrective actions and learning can occur. Continuously improving our overall safety culture is an unwavering initiative in which we uphold our commitment to employees, customers, communities, and investors.

Our Total Recordable Incident Rate of 0.23 and our Lost Time Incident Rate of 0.08 are both approximately ¼ of the industry average. We have an outstanding Experience Modification Rate (EMR) of 0.58. This validates our minimal workers compensation insurance claims and is a testament to the effectiveness of our injury prevention efforts. We have completed over 7 years without any citations or fines related to OSHA, Department of Radiation, or Environmental issues.

We are proud of the safety milestones achieved by several of our operating areas. Some of the current active streaks include our South Texas district which is nearing 2 ½ years and well over 2 million man-hours worked without an OSHA recordable injury. Our Aledo TX maintenance facility has completed 3 years recordable-free and our Fort Worth TX manufacturing facility has completed 2 years. Our Oklahoma, New Mexico, and Pennsylvania districts have recently completed 1 year without a recordable injury.

WE ARE AN ACTIVE MEMBER IN THESE SAFETY CONSORTIUMS:



## SOME OF THE SAFEGUARDS THAT HAVE LED TO OUR SAFETY SUCCESSSES ARE:

- ❑ Annual goals communicated to reduce incidents and severity
- ❑ Management led HSE audits for every district and work location
- ❑ Comprehensive onboarding training program
- ❑ Fit for duty Worksteps verification
- ❑ Decision driving training program.
- ❑ Training program accredited by Safeland USA
- ❑ Mentoring program for new employees (SSE)
- ❑ FTSI safety cycle – “Think Safety” initiative
- ❑ Comprehensive drug and alcohol program
- ❑ Well defined emergency response plan
- ❑ Multiple safety briefings on each location, every day
- ❑ STOP work obligation and incident management protocols
- ❑ Robust standard operating procedures (SOP) and JSA program
- ❑ Over 100,000 documented behavior-based safety observations in 2019
- ❑ Safety communications – Tailgate Topics, Safety Bulletins, and Incident Tracking
- ❑ Highly effective fire suppression systems (CAF) at every well site





# ENVIRONMENTAL PARTNER

FTSI is an environmental partner, committed to continuously improve our operations by considering sustainability, protection of the environment, and our carbon footprint in all aspects of our business.

FTSI consistently searches for ways to operate efficiently and minimize our environmental footprint. FTSI maintains a sharp focus on increasing pumping efficiency and year over year we have increased the amount of dual-fuel capable equipment to 5 fleets, with plans to add more. By increasing our efficiency and offering dual-fuel equipment, we help our customers achieve their performance and climate related goals.

Our operations and HSE personnel conduct numerous inspections of our facilities and work locations to ensure environmental compliance. We have stringent reporting requirements for spills and environmental issues to ensure proper identification. Once identified, we focus on root causes to prevent future incidents and corrective actions to make certain the proper resolution of any environmental issue. Every FTSI employee is empowered to report issues and stop work if needed.

FTSI maintains contracts with 24-hour emergency response companies across our entire operating area. In the event of a spill or other incident, we have the tools to protect communities and the environment. Some of the tools we use as an environmental partner are:

## ENVIRONMENTAL POLICY

- ☐ All key employees are required to read and sign.
- ☐ Increases awareness and accountability.

## ENVIRONMENTAL STEWARDSHIP

- ☐ FTSI conducts environmental assessments of all properties before acquisition to evaluate for environmental impacts and environmentally sensitive areas.
- ☐ FTSI avoids impacts to wetlands and other environmentally sensitive areas.
- ☐ FTSI complies with environmental requirements across all operational areas.
- ☐ FTSI continuously looks for opportunities to recycle used materials and improve operations by reducing waste.
- ☐ FTSI is developing ongoing metrics to track fuel and energy use with the goal to better measure our carbon footprint, reduce consumption, and improve efficiency.

## GREEN CHEMISTRY SOLUTIONS

- ❑ Dry Powder Chemistry – FTSI has developed dry powder chemistries that reduce environmental risk and carbon footprint. The elimination of carrier fluids reduces transportation energy use and spill potential.
- ❑ High Brine Chemistry – FTSI continuously develops and improves chemistries that work with high brine and flowback water to reduce freshwater requirements and eliminate waste streams.

## TECHNOLOGY AND INNOVATION – FUEL AND EMISSIONS REDUCTIONS

- ❑ Dual-Fuel Ready Fleets – We offer service fleets that can operate on both diesel fuel and natural gas, helping to reduce diesel fuel consumption.
- ❑ In 2019 we completed 1,390 dual-fuel stages achieving up to 70% natural gas substitution of diesel.
- ❑ Diesel Idle Reduction Policy – We have an internal policy to evaluate and reduce the unnecessary idling of our equipment in order to reduce diesel consumption and emissions.



“Stronger...Safer...Better is not our tagline. It’s our way of life.”

James Senger | Vice President HSSE

HEALTH, SAFETY & ENVIRONMENTAL	2017	2018	2019
Total Recordable Incident Rate	0.39	0.34	0.23
Number of Recordable Incidents	14	12	6
DART Incident Rate	0.25	0.26	0.19
Number of DART Incidents	9	9	5
Lost Time Incident Rate	0.06	0.03	0.08
Number of Lost Time Incidents	2	1	2
Employee Fatalities	0	0	0
Man-Hours Worked	7,160,141	7,005,716	5,314,220
OSHA Citations and Fines	0	0	0
Department of Radiation Citations and Fines	0	0	0
Environmental Citations and Fines	0	0	0
HSE Site Inspections Completed	1,140	1,172	948
Behavior Based Safety Observations Conducted	41,222	60,596	101,454

# OUR PEOPLE

## DEVELOPING FUTURE LEADERS

- ❑ We take pride in our training programs for employees to create a stronger, safer, and better operational environment for our customer and community partners.
- ❑ Examples of our programs include:
  - Leadership Readiness Program
  - Advanced Leadership Program
  - Service Supervisor Development Program
  - Vital Smarts Training
  - Mentoring Program
  - National Operations Center establishment and training
- ❑ These programs invest in participants by developing and enhancing the leadership skills needed to improve FTSI through innovative thinking, program solving, decision making, safety, and building relationships.
- ❑ This experience enhances our culture and prepares our leaders for critical leadership positions.



BETTER.

## SUPPORTING FTSI EMPLOYEES

- ❑ The success of our operations depends on a healthy workforce. We provide voluntary health benefits and programs to our employees that promote safety and enhanced well-being, while also improving productivity and resilience.
- ❑ We support the health and wellness of our employees in the following ways, for example:
  - Comprehensive health and wellness benefits.
  - Incentives for employees and their spouses to get an annual wellness checkup, resulting in improved health.
  - The Employee Assistance Program is available to anonymously help our team members cope with stress and other emotional issues, receive life event counsel, and improve mental health.
  - Private financial consulting services are available to help employees plan for retirement.
  - Annual ethics and compliance training is mandatory, including a speaking up policy for employees who bring concerns forward in good faith.
  - "The Crew" communication application for employees' phones for easier crew announcements, training in the field and sharing.

	2017		2018		2019	
	Count	%	Count	%	Count	%
Total Employee Workforce		2,398		1,781		1,248
% Women - Total Workforce	99	4.1%	105	5.9%	84	6.7%
% Women - Officers	2	40.0%	2	40.0%	2	40%
% Women - Management (Non-Officers)	16	14.0%	16	15.4%	16	16.8%
% Women - Corporate Roles	53	38.0%	49	40.8%	39	37.1%
% Minorities - Total Workforce	1,303	54.3%	969	54.4%	734	58.8%
% Minorities - Management (Non-Officers)	20	18.0%	24	23.0%	17	17.9%
% Minorities - Corporate Roles	29	21.0%	27	24.2%	22	21.0%
% Participation in 401k Program	1,707	71.2%	1,340	75.2%	1,076	86.2%
% Participation in Health Plans	1,864	77.7%	1,327	74.5%	1,125	90.1%
Average Tenure (in years)		2.5		2.8		3.68



"I enjoy recognition for my individual contributions while being a part of a team that is valued as a whole."

Leisha Cuffee | Area Human Resources Manager

# COMMUNITY OUTREACH

## OUR SIGNATURE CAUSES IN 2019/2020 WERE:



The American Heart Association (AHA) is the nation's oldest and largest voluntary organization dedicated to fighting heart disease and stroke. To raise awareness of heart disease & stroke as the number one killer of women, the AHA created Go Red for Women initiative designed to empower women to take charge of their heart health.

FTSI sponsored and chaired the Fort Worth Go Red for Woman Luncheon that took place on March 6<sup>th</sup> for the Tarrant County Heart Association, supporting prevention of heart attacks and strokes. Over 425 women and men attended the luncheon and gleaned greater knowledge about women and heart disease. The event was a culmination of the activities and initiatives that took place throughout the year for the Go Red for Women Movement.

Our employees also participated in the 2019 Tarrant County Heart Walk and the 2020 nationwide Go Red Day.



PEP is dedicated to delivering the nation's best outcomes in the prison re-entry field. They provide unparalleled resources and real-world values-based business skills to inmates so that once they are back in society, they have the tools, skills, and support structure to pursue healthy, fulfilling, and productive lives.

PEP participants are immersed in a proven program comprised of one-on-one training with executive volunteers, business plan mentoring with seasoned professionals and a highly competitive business plan competition.

In addition to our annual sponsorship of the program, our employees go into prisons to volunteer in helping inmates with activities such as mock interviews and business competitions.



Habitat works with families to help them acquire the access, skills, and financial education necessary for them to be successful homeowners. By partnering with Habitat, families seize the opportunity and possibility that decent, affordable housing represents.

FTSI sponsored the 30th Anniversary Build. We assisted other great volunteers, the homeowner, and Habitat staff in building a new home in 30 hours. Annually, we support Habitat for Humanity by helping to build homes or by painting houses in multiple communities.

## INVESTING IN OUR LOCAL COMMUNITIES











- ❑ Our community investment program embodies our commitment to give back to local communities. With so many worth while opportunities to volunteer, we focus on:
  - Health and wellness
  - Rehabilitation
  - Community development
  - Human services
  - Employment opportunities
- ❑ Our employees frequently volunteer in the communities where we live and work. Below are just a few examples of our employees working together to make a difference:
  - Volunteered at local area food banks across the country.
  - Employees nationwide collected gifts during holiday season for those less fortunate in the community.
  - We provided Fort Worth homeless agencies with multiple food and toiletry drives each year.
  - Supported the Ronald McDonald House through sponsorship and make donations to families in their care.
  - Donated much needed supplies to local hospitals during the COVID-19 pandemic.
- ❑ Another way we support communities is in our hiring efforts. For example, we:
  - Recruit and hire veterans who bring broad experience in military cultures and skills from bases across the country.
  - Hire employees from the Prison Entrepreneurship Program.



# ETHICAL GOVERNANCE

## BOARD DIVERSITY AND VALUES

We believe that good corporate governance is important to ensure that, as a public company, we will be managed for the long-term benefit of our stockholders. FTSI is governed by a board committed to our values and includes directors with extensive energy, finance, sustainability, and public company governance experience. The board oversees company policy through committees dedicated to critical areas of focus, including conflicts, governance and compensation, and audit.

	AUDIT COMMITTEE	COMPENSATION COMMITTEE	NOMINATION COMMITTEE
Goh Yong Siang			
Domenic J. Dell’Osso, Jr.			
Michael J. Doss			
Michael C. Jennings			
Carol J. Johnson			
Ong Tiong Sin			
John Vaske			
Ben Russ			

 Chair    Member

## EXECUTIVE COMPENSATION

Our board establishes the compensation structure for our executives. This compensation structure is designed to reward strong financial performance to retain highly skilled and experienced officers, and to ensure that our officers' interests are aligned with those of our stockholders. For example, our annual short-term incentive plan for qualifying employees is tied to financial performance, safety measures, operational excellence, leadership development, and personal objectives, ensuring companywide alignment with these metrics in a way that is consistent with our strategic objectives. Our executives also participate in our long-term incentive plan, issued in the form of company stock, which fosters a strong culture of ownership and aligns the interests of our leaders with those of our shareholders.



*“With both tactical goals and long-term strategies in mind, the company’s compensation program is designed to reward the contributions of each team member, to ensure that each their interests are aligned with those of the Company’s stockholders, and to provide sufficient incentives to ensure their dedication to the Company.”*

Karen Thornton | Chief Administrative Officer



# CODE OF BUSINESS CONDUCT AND ETHICS

We require our employees to complete annual corporate compliance courses. These courses discuss topical issues covered by our Code of Business Conduct and Ethics, which describes our operating guidelines and ties our company's values to the way we make decisions. This code is crucial to maintaining a work culture based on integrity, ethics, and safe and fair business dealings.

Our Code of Business Conduct and Ethics can be found on our website, along with our Ethics Line (1-888-894-0177). The Ethics Line is our whistleblower telephone hotline for reporting violations, suspected violations or other unethical conduct, and is monitored by a neutral third-party. All reports made to the Ethics Line, or other ethics concerns reporting by other means, are investigated by the company, treated as confidential, and overseen by the Audit Committee of the board.





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FTS International's commitment  
to sustainability.*

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information, and learn more about  
FTS International.*