

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



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# STATEMENT FROM THE CEO

HydroChemPSC (HPC) is the premier leader in industrial cleaning and environmental services in North America. We provide our customers with the safest and most efficient operational experience, and ensure our employees receive the most comprehensive training and career development opportunities. We have a strong commitment to our people and the values that promote safety, craft apprenticeship and collaboration.

For twenty-six years we have invested in our employees, our operations, and our communities to deliver industry-leading industrial services. We value investing in training and professional development so that our employees may return home safely to their families every day. We provide innovative solutions that help our clients achieve their operational needs as well as their sustainability goals. We employ state-of-the-art technologies to streamline our operations and keep our employees safer, while allowing us to provide more services utilizing fewer resources. At HPC, we understand that a strategy built on sustainability has a tremendous positive impact on our communities, our environment, and the future of our business.

We believe that providing a workplace which nurtures and encourages workers from all perspectives provides a richer, more well-rounded employment experience. In our family we value diverse backgrounds, opinions and approaches to make our world better. There is strength in diversity both internally and with our business partners. At HPC opportunities for fulfillment and success are limited only by our imagination and willingness to pursue new frontiers.

Therefore, I am pleased to share with you the 2019 Environmental, Social & Governance Report. ESG remains a priority throughout our organization, supported at the highest levels of management. We have implemented a shared governance model across the organization so that all areas of business share responsibility and accountability for protecting our environment, developing our people, and strengthening our position in the marketplace.

**BRAD CLARK**

**President and Chief Executive Officer**



# EXECUTIVE SUMMARY

In January 2009, HydroChemPSC launched its first Sustainability Plan. Since that time, the company has made tremendous strides in building a formal sustainability program, engaging stakeholders in the process, implementing sustainability-based efficiencies and developing services to assist our clients in meeting their own sustainability goals.

As we move forward toward a new era of growth we are once again redefining what “sustainability” means to our organization. While environmental protection remains a core belief, social responsibility and sound corporate governance now round out the three pillars of accountability.

For HydroChemPSC, sustainability continues as a long-term strategic vision focused on the company’s goals of social responsibility, environmental stewardship and economic prosperity. We’ve redefined sustainability to create more value, better manage risk, provide superior solutions, and even further integrate sustainable thinking into our daily operations. Starting in 2012, HydroChemPSC transitioned to a shared governance leadership model. This report covers the 2019 calendar year.

## REDEFINING SUSTAINABILITY





- Provide services that help industry to properly manage wastes & air emissions
- Employ fuel-efficient equipment and vehicle fleet
- Innovative reuse and recycling initiatives integrated into service lines



- Commitment to an incident-free workplace through industry leading Loss Prevention System
- Promotion of employee empowerment and development with Craft Certification
- Insistence on diversity and inclusion throughout the talent recruitment process



- Unified leadership team builds value-based relationships founded on respect, trust and honesty
- Organizational unity achieved through communication of goals, expectations and transparency to our employees
- Promote a culture of servant leadership

# Environmental, Social & Governance (ESG) Model

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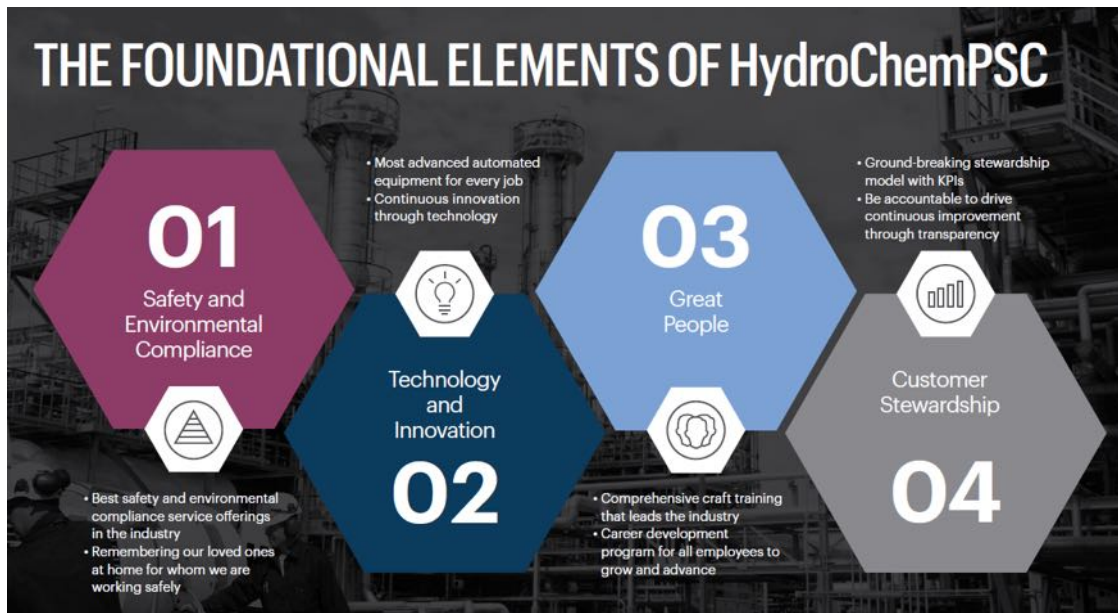
# ABOUT HydroChemPSC

HydroChemPSC is the premier industrial cleaning and environmental services company in North America bringing together the best of PSC and HydroChem to support the upstream, midstream, downstream and utility sectors. HydroChemPSC offers an exceptional three-pronged safety system, innovative career development platform, committed customer service, deep industry expertise, and advanced technology and automation. We are committed to safety and environmental compliance, technology and innovation, great people, and customer stewardship. We provide the safest, most efficient operational experience for our customers and the most comprehensive training and career development for our employees. Our new company has a deep operational bench, and when combined with industry-leading automation technology, creates exceptional value for our customers challenging maintenance needs.



## ENVIRONMENTAL, HEALTH, SAFETY & TRANSPORTATION (EHS&T) COMMITMENT

At HydroChemPSC, excellence in environmental, health, safety and transportation performance is the foundation of everything we do. It is HydroChemPSC's policy to conduct our business in a manner that safeguards and protects the people, environment and resources of the companies and communities we serve. We, as HydroChemPSC employees, are committed to doing our part to contribute to a safer and healthier environment. These principles integrate into our daily operations using the Company's four foundational elements.





## INDUSTRIAL

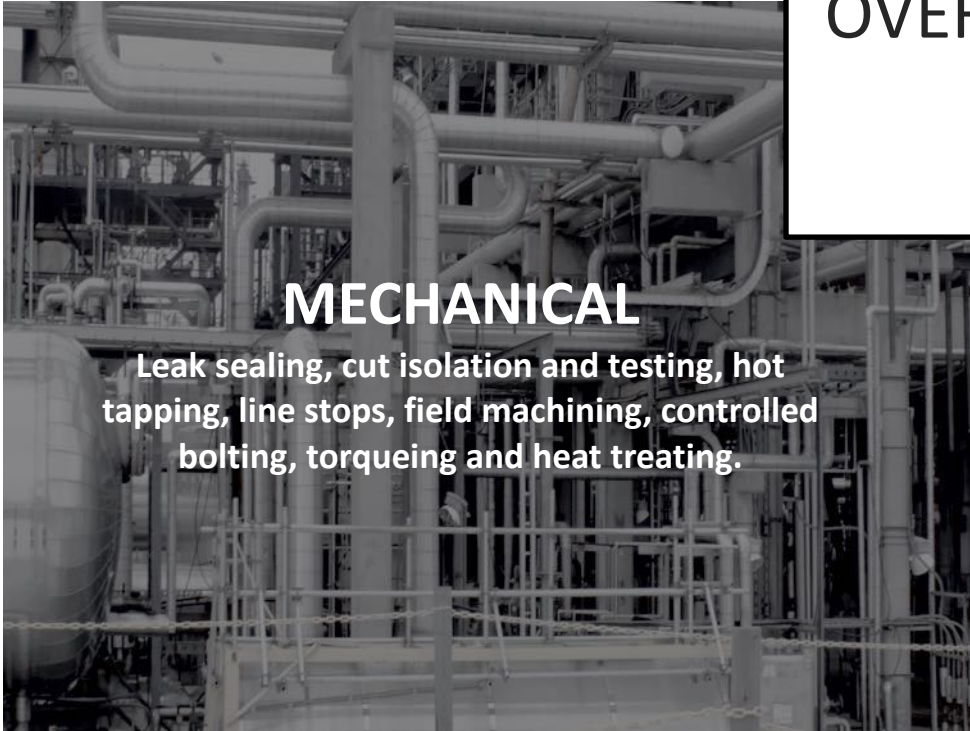
Routine and turnaround hydroblasting, wet and dry vacuum services, chemical cleaning, degassing and routine tank cleaning.



## SPECIALTY

Complex tank cleaning with reduction technology, leak detection and repair, vapor control management, fixed facility design and operation.

# SERVICES OVERVIEW



## MECHANICAL

Leak sealing, cut isolation and testing, hot tapping, line stops, field machining, controlled bolting, torquing and heat treating.

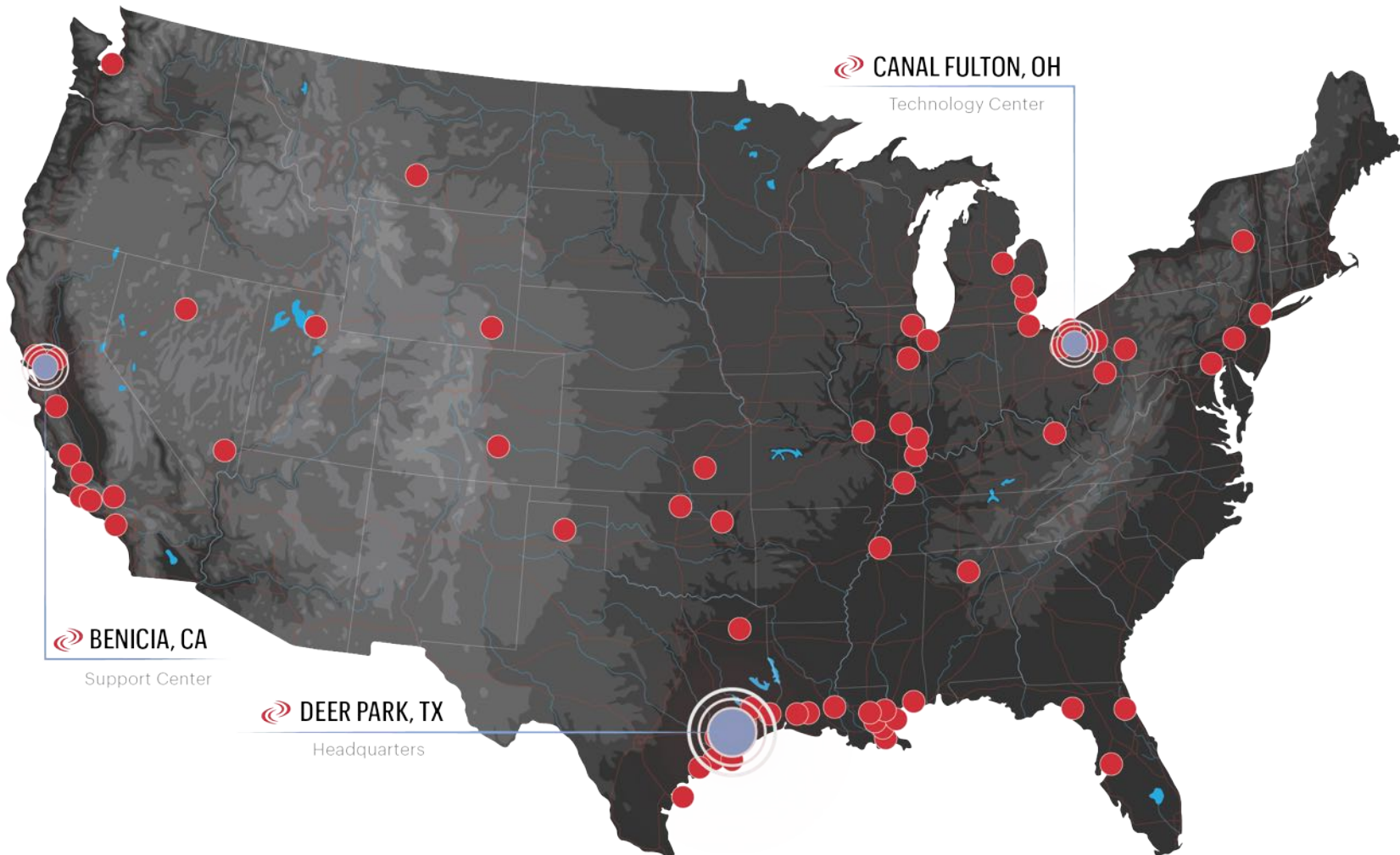


## FIELD

Air knife and hydroexcavation, water treatment, waste management, manhole cleaning, oil field services, decontamination and NDE.

# LOCATIONS

With over 5,500 employees, located in over 90 facilities across the country, HydroChemPSC has the operational size and geographic breadth to service clients regardless of size or location. HydroChemPSC-owned assets, combined with our innovative, service-oriented management culture, help make us the industry leader in providing comprehensive industrial services.





# STAKEHOLDER ENGAGEMENT

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- HydroChemPSC recognizes the interests and expectations of a variety of stakeholders in achieving sustainability. Through on-going efforts, we use a wide variety of channels of engagement to solicit input and feedback that enables us to understand the expectations and interest of our stakeholders. Additionally, the stakeholder engagement process serves as a tool for communicating our sustainability goals, initiatives and results.
- HydroChemPSC continued our comprehensive stakeholder engagement process throughout 2019. The information gathered through this process was used in setting the company's sustainability goals and identifying action items for the next three years.
- Our channels of engagement include one-time special events, daily activities, open-ended media channels, and annual campaigns. HydroChemPSC identified eight primary stakeholder groups for our business.

Customers

Vendors

Employees

Communities

Trade Organizations

Government Agencies

Industry Organizations

Regulatory Agencies

# SUSTAINABILITY LEADERSHIP TEAM



HydroChemPSC SHARED GOVERNANCE  
MODEL FOR SUSTAINABILITY

The Sustainability Leadership Team is comprised of senior leaders representing the business functions primarily responsible for driving sustainability throughout the organization. Our leadership team works together to ensure that sustainability is part of the company culture.



# SUSTAINABILITY GOALS

## Safety & Environmental Compliance

- Create a positive environmental footprint and safe workplace through our facilities and our services

## Technology & Innovation

- Deploy next generation systems and practices that are responsive to our client's increasingly complex demands.

## Great People

- Invest in our communities and our workforce.

## Customer Stewardship

- Earn our customers' respect through broad services, benchmarking and continuous improvement

HydroChemPSC sustainability goals are aligned with the company's four key tenants. Baseline measurements and target values are set for a variety of performance indicators associated with each goal. These goals continue to drive ongoing improvement.



# SOCIAL RESPONSIBILITY

Sustainability is a long-term strategic commitment at HydroChemPSC. We incorporate the three principles of sustainability: **social responsibility, environmental stewardship, and economic viability** into our daily and long-term decision making. Our efforts are focused on implementing new programs to achieve our vision. Our primary emphasis is on **energy consumption, public outreach, and corporate stewardship**. We have integrated rapidly evolving technological innovations driving us to be industry frontrunners, focusing on highly specialized service standards. HydroChemPSC continues to invest in its people, equipment and facility infrastructure, emphasizing loss prevention that propels safety and performance.

HydroChemPSC continues to leverage and integrate its sustainability efforts into new technologies to deliver the best service in the industry by automating its processes that deliver a safer and more economical service. This results in stronger customer relationships which create new opportunities for revenue growth while reducing the environmental footprint of our operations. **Our long-term strategy is to continue to build our business based on superior technology; clean and efficient equipment and facilities; and a highly skilled, safe, and trained workforce focused on sustainability.** By doing so we are prepared to face the challenges associated with climate change, changing economic cycles, rapidly accelerating technology, and evolving government regulations. We are committed to delivering best-in-class service for our customers with precision unmatched in the industry.

HydroChemPSC's Environmental, Health, Safety, and Transportation (EHST) department continues to **focus on regulatory compliance and maintaining a safe workplace** at all HydroChemPSC facilities to **protect** not only **our employees**, but also **the communities** in which we live and work.



# SUSTAINABILITY PROGRESS

We'd like to share with you our recent progress. These efforts reflect the hard work and dedication of all HydroChemPSC employees towards reaching our sustainability goals.



## SAFETY:



HydroChemPSC continues to lead our industry in application of behavioral based safety programs. In 2012, HydroChemPSC embarked on a project to standardize training for all employees by launching a virtual training academy focused on delivering top-notch training on the company's human resource policies, compliance, safety, and operational procedures.

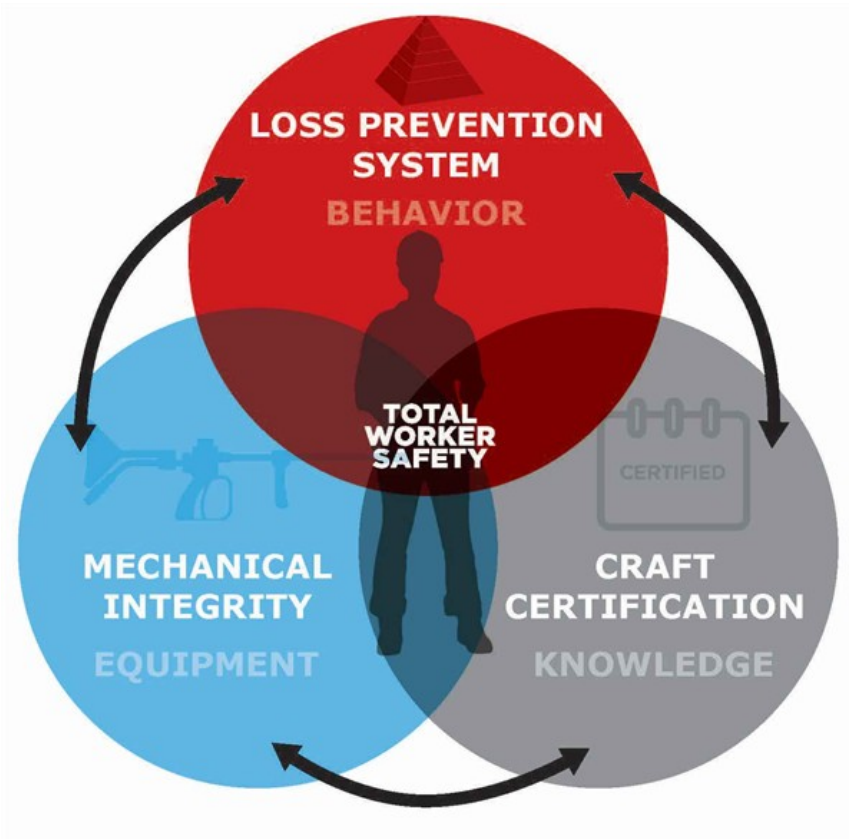
Phase I of the project focused on training for those positions servicing the hydroblasting and vacuum business. Phase II is ongoing and focuses on training for additional service lines, with a special emphasis on customer service. We know that delivering quality, consistent training brings improvement to all areas of our business.

HydroChemPSC's safety record is evidenced by an exemplary Total Recordable Rate (TRR) signifying a safety record significantly better than the industry average

TRR	2012	2013	2014	2015	2016	2017	2018	2019
Rate	0.46	0.35	0.50	0.47	0.48	0.31	0.26	0.20

# THREE-COMPONENT SAFETY SYSTEM

HydroChemPSC's three-component safety system works by combining the benefits of a proven safety program, the Loss Prevention System™(LPS), Craft Certification and our revolutionary Mechanical Integrity Program, all designed to provide HydroChemPSC workers a path to an incident free workplace.



These three programs work together to address the safety of our employees and clients using three different control measures: Mechanical Controls (Mechanical Integrity), Administrative Controls (Craft Certification) and Behavioral Controls (LPS) to influence and ensure safety.

Each control by itself would not be enough to completely mitigate safety hazards or losses. Each control measure provides inputs to the other two to create a dynamic culture that addresses safety and focuses on eliminating risks before they can occur.

# ENVIRONMENTAL STEWARDSHIP

HydroChemPSC continues to explore and secure better waste management technologies for our clients. The wide variety of industrial services HydroChemPSC offers provide unique and innovative methods for handling our clients' waste streams and process by-products in ways that lessen their environmental footprint. This is supported in several different sustainability metrics by which our company can impact the planet.



**3,173,180** gallons of oil recovered



**9,659,902** pounds of waste rendered non-hazardous

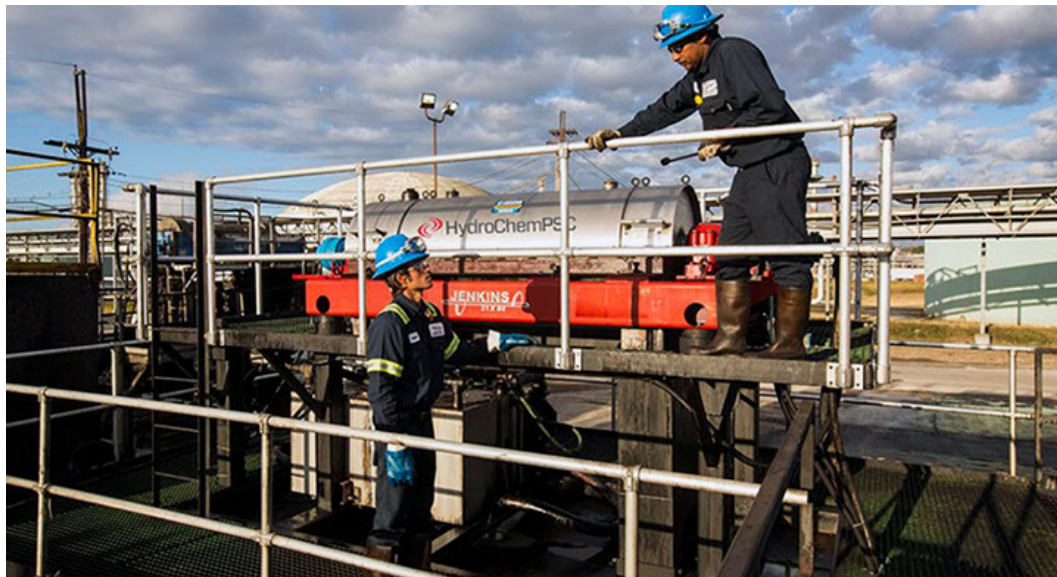


**2,305,233** pounds of VOC emissions abated

# NORF FRESH START SUCCESS!



In 2014 HydroChemPSC's Norco Oil Recovery Facility (NORF) in Norco, Louisiana took sustainability to the next level by achieving certification to the **ISO 14001 Standard**. The primary vehicle for this industry-leading accomplishment was HydroChemPSC's Fresh Start environmental management system (EMS). Through the hard work of the NORF team, certification was **successfully upgraded to the new 2015 version of the ISO 14001 Standard in 2017**.



By setting and achieving environmental objectives with measurable targets as part of this program, HydroChemPSC continues to:

- *Reduce fugitive emissions*
- *Lower energy consumption*
- *Minimize odors*
- *Mitigate environmental risks*



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# REDUCING WATER USAGE

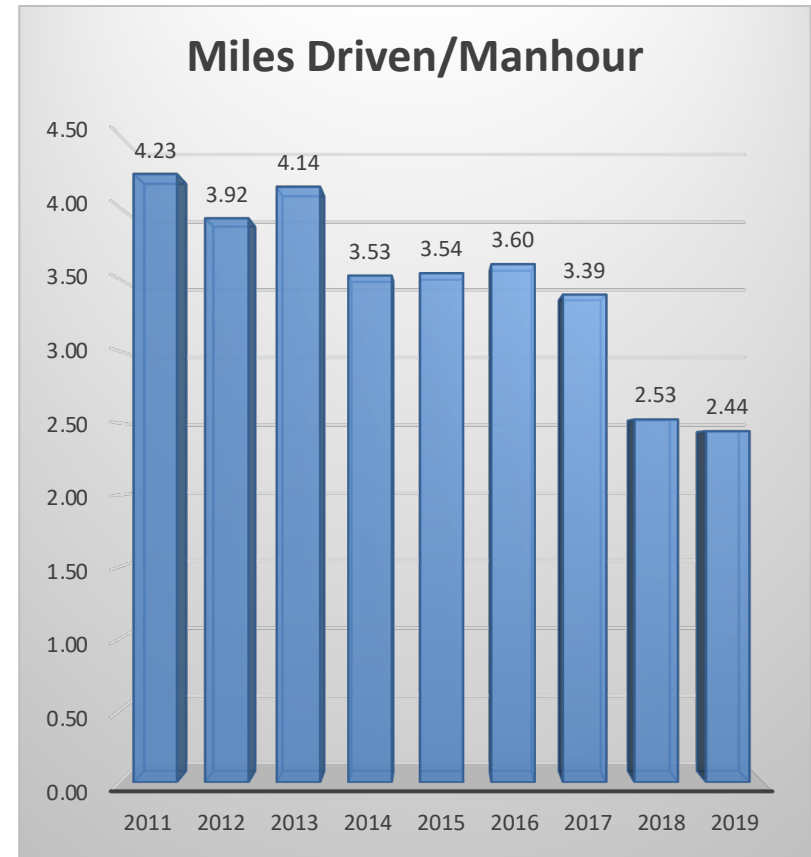


HydroChemPSC's CARBER Weld Test service has developed a patented tool that revolutionizes the way weld hydrotests are performed. Traditionally after a repair, alteration, modification, revamp or tie-in an entire system would be filled with water and brought to pressure to test a single weld. The CARBER Weld Test tool does away with this traditional approach and uses a fraction of the water and significantly reduces the amount of time needed to test a single weld. A 102" weld can be tested with less than one-half gallon of water.

In 2019 HydroChemPSC tested 3,883 welds using only **122 gallons of water!** Conventional hydrotesting would have used hundreds of thousands of gallons. **The CARBER Weld Test Tool has resulted in a reduction in water use and disposal of over 120,000 Gallons (99%).**

# FLEET EFFICIENCY

HydroChemPSC operates a massive fleet of vehicles to effectively service the needs of our customers at a moment's notice. Through targeted efforts to optimize service coverage areas and minimize routes we have reduced vehicle miles driven per manhour worked by over **40%** since 2011. Moreover, **\$8.5M** was spent in 2019 modernizing emission-producing vehicles and equipment.



Environmental benefits from reduced vehicle travel and emissions upgrades in 2019 include:

- **1,206,000 gallons of fuel saved**
- **135,000 tons of CO2 avoided**

# INNOVATIONS - CTCS SYSTEM

HydroChemPSC is committed to revolutionizing the industry through focused innovations that increase efficiency, promote worker safety and reduce environmental footprint. One such development was the Computerized Tracking Cleaning System (CTCS).

Traditionally, vertical heat exchangers were cleaned by multiple workers manually feeding high pressure lances at heights under hot, crowded working conditions.

The CTCS now allows one worker to perform the same job safely and consistently from a remote location in less time. Improvements in 2019 included:

- 4,032,360 fewer gallons of water used
- 35,064 fewer gallons of fuel consumed
- 778,421 less pounds of CO<sub>2</sub> emitted
- 40% less time on the job
- Client production efficiencies



In 2019 we  
continued  
our focus  
on  
***INCLUSION***



Inclusion is the purposeful enrollment of all employees in the work processes.



No one left behind...



Regardless of differences between us, we all have value.



Mining that value is the job of great leaders.



Lack of inclusion leads to isolation, loneliness and lost opportunity.

# DIVERSITY

HydroChemPSC recognizes that inclusive recruitment and partnering strategies help drive the optimal use of talent which provides a broader perspective for achieving dynamic solutions while minimizing the risks of workplace inequity. To that end, we have made the following strides:

- **18.5%** of Director positions and above are staffed by **Minority/Women team members**
- Spend with Minority/Women Owned Businesses **increased 15%** in 2019
- Non-Admin Minority/Women hiring **increased 5%** in 2019.
- Hiring opportunities across the company are posted on all the following job boards:

- ✓ African American Careers
- ✓ African American Jobs
- ✓ Asian Careers
- ✓ Asian Workforce
- ✓ Asian Jobs
- ✓ Disability Jobs
- ✓ Disability Careers
- ✓ USD Veterans
- ✓ Veteran Careers
- ✓ Veteran Jobs
- ✓ USD Disabled Vets
- ✓ Gay Careers
- ✓ Gay Jobs
- ✓ Hispanic Careers
- ✓ USD Hispanic Workforce
- ✓ Hispanic Jobs
- ✓ Native American Careers
- ✓ American Indian Jobs
- ✓ Senior Careers
- ✓ Senior Jobs
- ✓ USD Working Women
- ✓ Women's Careers
- ✓ Women's Jobs



# COMMUNITY OUTREACH

HydroChemPSC leadership promotes a culture of service throughout the organization. We strive to support and serve the communities in which we operate. This includes donations of both time and financial resources. In fact, HydroChemPSC contributed nearly **\$700,000** to our partners in 2019! Employees are encouraged to volunteer with non-profit charities to help those in need.



# CONTACT US

We welcome your questions, comments and suggestions.

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