

2023

# Corporate Responsibility Report

Bringing relentless care to our world.



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## About this report

Our inaugural Corporate Responsibility Report shares Target Hospitality's Environmental, Social, and Governance (ESG) performance relative to topics identified in our materiality assessment. The report highlights activities and programs during our fiscal year, which ended on December 31, 2023, and also contains a collection of ESG-related initiatives we launched during the first quarter of 2024. Data and disclosures on the following pages were guided by and evaluated against the Global Reporting Initiative (GRI) standards and best practice ESG disclosure guidelines. With the release of this report, we are establishing a foundation for future reporting and plan to provide regular updates on our ESG strategy and performance in subsequent years.

# Target Hospitality at a glance

## About us

Founded in 1978, our team builds, owns, and operates customized facilities for a range of end users. We are one of the largest vertically integrated specialty rental and hospitality services companies in North America. We also offer a full suite of cost-effective hospitality solutions, including culinary and catering, concierge, laundry, recreational facilities, transportation, and security. Our extensive network of relocatable accommodation units across North America offers best-in-class solutions for Fortune 500 companies, governments, and non-governmental organizations.



# 984

employees across the U.S. and Canada<sup>1</sup>



# 16,843

beds<sup>1</sup>



# 26

unique sites in the U.S. and Canada<sup>1</sup>

<sup>1</sup> As of December 31, 2023.



## OUR VALUES



### Serve others with empathy

Put ourselves in others' shoes to understand their needs and concerns.



### Elevate the experience

Seek ways to enhance the experience of our customers and colleagues.



### Pursue excellence

Strive for continuous improvement and exceed expectations.



### Act with integrity

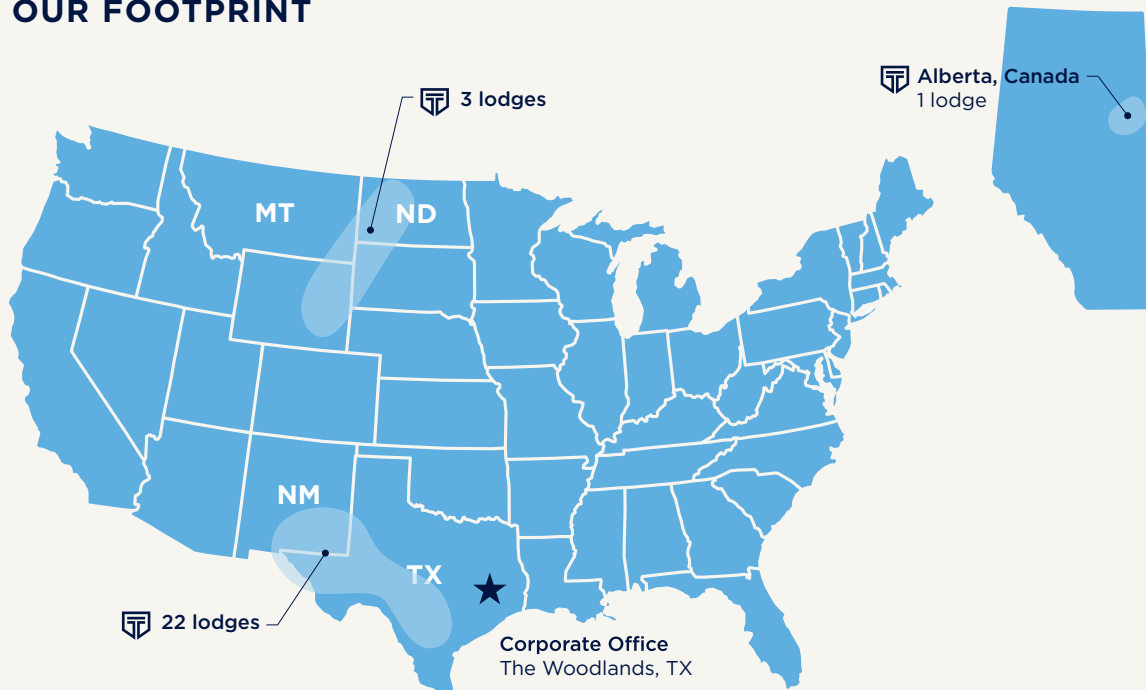
Be honest, ethical, and transparent in all your actions.



### Whatever it takes

Demonstrate a can-do attitude and a commitment to finding solutions.

## OUR FOOTPRINT



## A message from our CEO

In 2023, our Target Hospitality team continued to build upon our history of providing world-class facilities for our customers and partners. Last year was a landmark year.

Most notably, we continued to grow revenue, successfully extended a key contract with the U.S. Government, and maintained our leadership position in support of our natural resource development customers. We established new and strengthened existing relationships with customers. Amid the growth, we continued to prioritize support for our people and serving our customers, we maintained our culture of safety, and we began integrating environmental initiatives that benefit both our communities and the bottom line of our business. As the world around us continues to evolve, I have never been prouder of our entire team at Target Hospitality. Together, we are constantly adapting—creating a workplace we can be proud of and showing up to work every day in pursuit of our mission to relentlessly serve others.

As our work progresses, I am excited to share Target Hospitality's inaugural **corporate responsibility** report with you. This is the company's first articulation of our corporate responsibility approach and review of the Environmental, Social, and Governance (ESG) topics that will help guide our work into the future. This approach is framed by four pillars that have always been at the heart of our company: people, environment, safety, and governance. In the pages that follow, you will find stories and data that show our commitment to these topics and the areas where we will continue to grow.

Our mission, values, and longstanding dedication to responsible operations has arguably never been more important to our business. I see them in action every day in the way our teams support one another and our communities, and simply do the right thing in pursuit of relentlessly serving others. I am excited to see our work evolve as our corporate responsibility work guides the ways we bring relentless care to our world.

Thank you for being part of our journey,



**Brad Archer, CEO**



OUR APPROACH TO CORPORATE RESPONSIBILITY:

# Bringing relentless care to our world

At Target Hospitality, we are proud of the work we do in service to our customers and stakeholders. From serving food with a smile and thoughtfully making a bed for someone else's comfort, to adapting with agility so that our customers can succeed, at every corner of our company, our people care—about the safety of one another, the integrity of their decisions, and doing the right thing for the world around us.

Every day, we lead with empathy, passion, and determination to do our best for the world around us. Caring drives our ability to make a real difference; it's what guides our mission to relentlessly serve others and leads us to bring an unwavering commitment to the people and environment wherever we show up.

## Our commitment to the journey

This commitment to care goes beyond a simple word—it's core to who we are. We serve others with empathy because we want to see them win. We pursue excellence so we can build a better, brighter generation together. And as the world's increasingly complex social and environmental challenges continue to evolve, we do whatever it takes to turn challenges into opportunities.

Since 1978, we've been in the business of relentlessly serving others and now we're sharing our longstanding story of responsibility that has come with it. We're on a journey to do our part in addressing environmental and social challenges within our communities—and we're doing it with relentless care for the people and places around us.



### THE JOURNEY AHEAD

Throughout this report, look for the journey ahead icon for key initiatives that will be guiding our work into the future.

## OUR PILLARS



### People

Supporting diversity, wellbeing, development, and engaging with communities



### Safety

Ensuring protection for all through ingrained safety measures



### Environment

Operating in ways to lessen our footprint



### Governance

Upholding integrity and excellence at every level





## Materiality

In 2022, we engaged internal and external stakeholders in a materiality assessment process to understand how our business is affected by ESG topics, and uncover opportunities for positive impact. Our assessment leveraged the GRI framework. After gathering qualitative data through interviews with key members across our internal stakeholder groups, we have identified the following ten topics as most relevant to Target Hospitality:

01 / Anti-corruption

02 / Customer Privacy

03 / Diversity & Equal Opportunity

04 / Economic Performance

05 / Emissions

06 / Employment

07 / Energy

08 / Local Communities

09 / Occupational Health & Safety

10 / Waste



### THE JOURNEY AHEAD

The findings from our materiality assessment are helping inform our evolving corporate responsibility strategy. In our journey ahead, we plan to:

- ▶ Continue to establish internal reporting requirements and data management standards for priority ESG topics
- ▶ Advance our environmental and social management system, building out due diligence processes to ensure reliable management of ESG topics
- ▶ Leverage our internal audit function to validate the integrity and compliance of our ESG data



# People

Our diverse employees and network of partners support one another and the local communities in which we operate.

## Caring for those we serve

At Target Hospitality, the safe, welcoming experiences we create for our customers and support we give to our communities is a direct reflection of the hard work, commitment, and passion we have for taking care of others.

## Culture & workplace

Since our founding, Target Hospitality's leadership has always believed our people are core to our ability to succeed. Our people create meaningful experiences for our customers and guests, which is why we have always prioritized taking care of them with benefits, wellness programs, and training and educational opportunities that are consistent with our core values.

### OUR DIVERSE WORKFORCE<sup>2</sup>

**39%**

female

**61%**

male

**81%**

racial or ethnic minorities

<sup>2</sup> As of December 31, 2023.

## Employee benefits

Target Hospitality believes investing in our employees is essential to foster a committed and satisfied workforce. Our competitive benefits package aims to help employees live fulfilled lives both physically, mentally, and financially.

Notable highlights of our benefits offerings include:

- **Immediate vesting of employee 401Ks**  
Target Hospitality matches dollar-for-dollar up to 3%, then \$0.50 on the dollar for an additional 2%
- **Employee benefits platform**  
a home base for easy access to all benefit-related resources and information
- **Occupational Medical Clinics**  
active lodge employees have free access for both work-related and personal needs
- **Employee Assistance Program**  
professional support services, provided through Magellan Healthcare, that support employees in managing a wide range of issues such as anxiety and depression, elder and childcare, grief, and finances

## Diversity & inclusion

We are committed to fostering a diverse workplace where all employees are treated with dignity and respect. Policies such as our Code of Conduct and regular all-team training drive our culture of zero tolerance around discrimination or harassment of employees regardless of race, color, religion, sex, sexual orientation, gender identity, national origin, veteran, or disability status. We offer equal employment opportunities for all, basing all employment decisions on an individual's merits, qualifications, and performance. In 2019, we launched Target Hospitality's Ethics Hotline, where employees can confidentially report any potential ethical compliance violations, policy violations or behavior deemed unacceptable by our Code of Ethics.

### EMPLOYEE SPOTLIGHT

## Valerie Cortina

### Lodge Manager, Odessa East Lodge

#### Q: What skill or tool has been most important to you as you've grown your career?

The most valuable resource in my career journey has been mentorship. Starting fresh in a new career, I was grateful for the guidance I had from different managers. I was able to quickly grow and explore different roles before finding my place as a lodge manager at Odessa East.

#### Q: How do you create positive experiences for your team and the customers you serve?

Our small team spends a lot of time together and I try to create a family-like atmosphere where everyone feels welcomed and supported. One of my favorite things we do here is our employee "Hall of Fame" wall where we celebrate outstanding work, boosting morale and promoting camaraderie.

#### Q: Which of our core values resonates with you the most and why?

'Elevate the experience' is what I encourage my team to embody daily, and how I see us making the biggest impact. Starting with how we interact and support one another as a team, we naturally extend that same level of care and dedication to our guests, ensuring they receive an exceptional experience at every touchpoint.



## Training & career development

We invest in the success of our people by providing regular training and personal enrichment opportunities as well as an on-demand educational platform with over 10,000 online classes. From career-specific lessons to leadership skills lessons, our online learning management systems and team gatherings reinforce employee growth in alignment with our core values.

Our quarterly leadership training exemplifies the big-picture approach we take to employee growth.

Refreshed in 2023, these quarterly trainings bring together team members from construction, safety, housekeeping, and culinary. Managers are pulled from their daily tasks to attend sessions centered on soft skills like managing diverse personalities, and communication approaches, fostering greater camaraderie and alignment within their teams. In 2024, we are launching a program called Emerging Leaders, where managers can nominate individuals displaying leadership qualities for specialized training, allowing them to enhance leadership skills and explore advancement opportunities within Target Hospitality.



## Community support

We understand the importance of strong community relationships in achieving our business and corporate responsibility goals. In 2023, we actively engaged with local communities through donations and sponsorships. Throughout the year, we donated over 1.2 million dollars in monetary and asset contributions. One of our largest community projects supported the development of a new safe house for victims of domestic violence that is set to open in 2024.

## Indigenous & local engagement

Target Hospitality believes in being good neighbors in the regions where we operate. We prioritize fostering partnerships with local communities and Indigenous groups to enhance capacity, create opportunities, and promote economic development and well-being in neighboring areas.

Our dedication to social and economic reconciliation is reflected in our active engagement in meaningful equity partnerships with Indigenous groups, such as our collaboration with the Chard Metis Dene Group of Companies. These partnerships aim to deliver tangible and sustainable benefits to our partners, their members, and other stakeholders in the region.

Furthermore, Target Hospitality pursues policies aimed at the recruitment, training, and retention of Indigenous and local talent. A notable example of the success of these practices is evident at Cheecham Lodge in Alberta, Canada, where we take pride in achieving a 45% Indigenous employment rate. We are also honored to have our General Manager of Cree Heritage bring her wealth of knowledge and lived experiences to our team.



### THE JOURNEY AHEAD

- ▶ Increase our community engagement through a developing impact strategy
- ▶ Establish a non-profit, employee-based charity to assist Target Hospitality employees in need
- ▶ Listen and learn from employees through an employee engagement survey
- ▶ Launch an employee recognition program that recognizes employee contributions through their performance and tenure
- ▶ Offer enhanced supplemental benefits for all employees

**“I am very proud of the opportunities, such as career and contracting roles, we have been able to create through partnerships with close-knit local community groups like the Chard Metis Dene Group of Companies. Investing in shared values and commitments to build local capacity and opportunities benefits our clients, our local communities, and Target Hospitality as a company.”**



**Sandra Baker**, Operations Manager at Cheecham Lodge Canada

# Environment

Our operations strive to enable our employees and customers to lessen their footprint.

## Caring for the places where we operate

From energy-efficient practices to waste reduction processes, implementing sustainability initiatives is providing increasing value to our operations and ability to stay resilient amid changing environmental conditions.

## Environmental policy

In 2023 we developed and rolled out our formal environmental policy as part of our safety management system. This policy is a key step in establishing a framework for how we will do our part to take care of the environments where we operate. It is also helping drive essential engagement and awareness around key sustainability initiatives related to energy and waste that will continue to take shape throughout our operations over the next several years. We are committed to complying with federal, state, and local regulations and ensuring our employees have the tools to follow them. We are focused on measures that support protection of the environment such as emissions reductions, waste and organics management, and water conservation.

**124**

**water stations implemented across the network**

**70+**

**acres across two sites reclaimed and brought back to their original state**

**1M ft<sup>2</sup>**

**of modular relocated and repurposed**

## Reducing single-use plastics

We are working to replace single-use plastics and Styrofoam throughout our operations with alternatives such as water refill stations and BioPreferred to-go boxes. While this adjustment will take time, we believe these are important steps that not only support the conservation of key natural resources but will drive economic efficiency and potentially lower operational costs for our company.

To date, we have installed 124 water stations at our lodge locations throughout the network, further enhancing our sustainability efforts by avoiding single use containers.

## Reusable modular construction

From full kitchens to comfortable guest rooms, our modular building structures can be relocated and refurbished to reduce material waste and fit a variety of clients' needs. From living space and laundry rooms to gyms and kitchens, the flexibility of our estimated two million square feet of buildings helps avoid unnecessary construction costs and new materials—all while opening opportunities for land to return to its original state after a project is complete.

## Investing in green energy

Sourcing sustainable energy options for our lodges is a top priority. Since 2017, Target Hospitality has participated in NRG's ChooseGreen renewable energy program. Through this program, we are able to supply 19 of our lodge sites with clean or renewable energy options. In 2023, 54% of the energy purchased was contracted through a green portfolio.



### THE JOURNEY AHEAD

- ▶ Continuing to map and evolve our material topics
- ▶ Installing more water refill stations across our lodge locations
- ▶ Eliminating plastic water bottles across our lodge network
- ▶ Quantifying our Scope 1 GHG emissions with plans to disclose in the future
- ▶ Growing internal training and knowledge around key ESG topics
- ▶ Establishing tracking and management systems for water use

### SUSTAINABILITY SPOTLIGHT

## Land from 1,000-bed site returned to its natural state

In Tioga, North Dakota, we supported a customer in their development of a natural gas processing plant. Over the life of the project, we provided a full range of hospitality services for over 1,300 construction and oil and gas professionals. Once the customer's project ended, our modular construction allowed for removal of buildings and infrastructure. From removing underground pipes to reseeded and re-grading the land, the field was successfully restored to its natural state.

# Safety

## 1.56

**Total Recordable Incident Rate (TRIR)**

## 0.49

**Lost-Time Case Rate (LTCR)**

## 0.92

**Days Away Restricted Transfer Rate (DART)**

Starting with regular Board oversight, our safety processes and protocols are engrained throughout our operations to ensure our people and communities are protected.

## Caring for employees' & customers' wellbeing

The health and safety of the people and environment around us is at the heart of everything we do. By prioritizing robust safety and security practices and processes across our operations, we support the wellbeing of our employees while providing high-quality hospitality to our customers.

## Occupational health & safety

Our safety expectations and employee obligations are set out in detail by our Health, Safety & Environment Management System (HSEM) Policy and overseen by our cross-functional Safety Committee. The Lodge Managers at each of our lodges are in charge of ensuring safe and healthy working conditions for our team members by setting and enforcing our Occupational Health and Safety (OHS) standards, tracking safety data, and integrating it with our central HSEM program regularly. In 2023, we also published our Human Rights Policy, which outlines our continuous efforts to safeguard our employees' and stakeholders' well-being.

All Target Hospitality employees are expected and committed to taking ownership of their areas and OHS responsibilities. We support them in keeping health and safety a top priority by providing training, outreach, education, and assistance as outlined in our EHS protocols.

We report key safety metrics and logs of work-related injuries and illnesses to the Occupational Safety and Health Administration (OSHA) and Bureau of Labor Statistics (BLS) on an annual basis.

## Safety training

Ongoing training and situation-based learning is critical to maintaining our strong safety record. Outside of employees' onboarding, all lodge-based employees are required to go through a phase of on-the-job training. During this continuous program, new employees learn in real time by shadowing veteran team members and participating in hands-on training. Additionally, all lodge team members are required to attend weekly safety calls with Regional Operations Managers and Target Hospitality's Construction Team which are focused on continuous learning, safety performance, and professional development.

Managers have the opportunity to tailor training to their teams' specific needs, whether it involves education about new equipment or learning a new process. In 2023, our Human Resources Team introduced an innovative Computer-Based Training (CBT) system that will be used to develop more safety-related CBTs, furthering our continuous learning opportunities.

We believe empowering employees to take ownership of their safety and the safety of others around them is crucial to our culture of taking care of one another.

## Occupational medicine clinics

All Target Hospitality employees are provided access to Occupational Medicine Clinics. Located within close proximity or on site of each of our lodge locations, these clinics provide expedited expert medical attention. This offering is an impactful benefit in the event of injury or illness while an employee is away from their primary care providers.

### SAFETY SPOTLIGHT

## SambaSafety Driver Authorizations lead to less than 1% of unauthorized driving

In 2023, our safety team implemented the SambaSafety continuous motor vehicle monitoring system across our fleet. This vehicle inspection and driver training tool identifies potential driving risks and helps us proactively implement intervention methods.

This tool helps ensure our teams and equipment are working safely and efficiently within the communities we operate.



### OUR CRITICAL SAFETY FOCUS AREAS

- Process controls
- Complacency
- Hazard assessment, recognition, and avoidance
- Support and culture development
- Fatigue management

Read more in our [Injury Prevention White Paper](#).



### THE JOURNEY AHEAD

- ▶ Conduct ongoing safety trainings focused on behavior-based safety and accountability
- ▶ Grow our inspections and work order systems to include environmental measurements that support Scope 1 and 2 GHG emissions tracking

# Governance



Our company acts with integrity at every level and grows through high standards of excellence.

## Prioritizing ethics & compliance across our operations

We have established a culture of compliance to ensure all members of our team are aware of, and committed to observing, the legal and regulatory requirements relevant to their roles. Our extensive [Code of Business Conduct and Ethics](#) is a core part of our compliance program and includes corporate policies on adhering to federal and state laws, conflicts of interest, trading on inside information, recording of company records, and more. All employees are required to sign our Code of Conduct during onboarding and every year thereafter.

## ESG oversight

Since 2023, our Board's Nominating and Corporate Governance Committee has provided overall oversight of and input on relevant topics through quarterly ESG updates, which include the review and approval of our material topics in 2023. The Compensation Committee has oversight over human capital management issues, including diversity and inclusion, general talent management, retention, succession, and development and training. Additionally, the Audit Committee has oversight over enterprise risk management including technology and cybersecurity.

Our business and affairs are overseen by our seven-person Board, which is made up of two females and one person who self-identifies as a person of color.

## Anti-corruption

We abide by anti-corruption laws such as the U.S. Foreign Corrupt Practices Act (FCPA) which prohibits our officers, directors, and employees from giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Employees are prohibited from making illegal payments to government officials of any country.

## Security practices & customer privacy

Target Hospitality has a dedicated Cybersecurity Risk Management & Oversight Committee responsible for the data security of our employees and customers. We actively implement systems and protocols to identify vulnerabilities, prevent breaches, and ensure data privacy. Embracing a shared responsibility approach, we provide formal cybersecurity training for all employees and maintain strict oversight of third-party engagements. While our processes and technologies minimize breach risks, we have established incident response procedures to swiftly address any potential breaches, should one occur. Notably, in 2023, we achieved zero instances of customer data breaches, underscoring our commitment to maintaining the highest standards of cybersecurity.

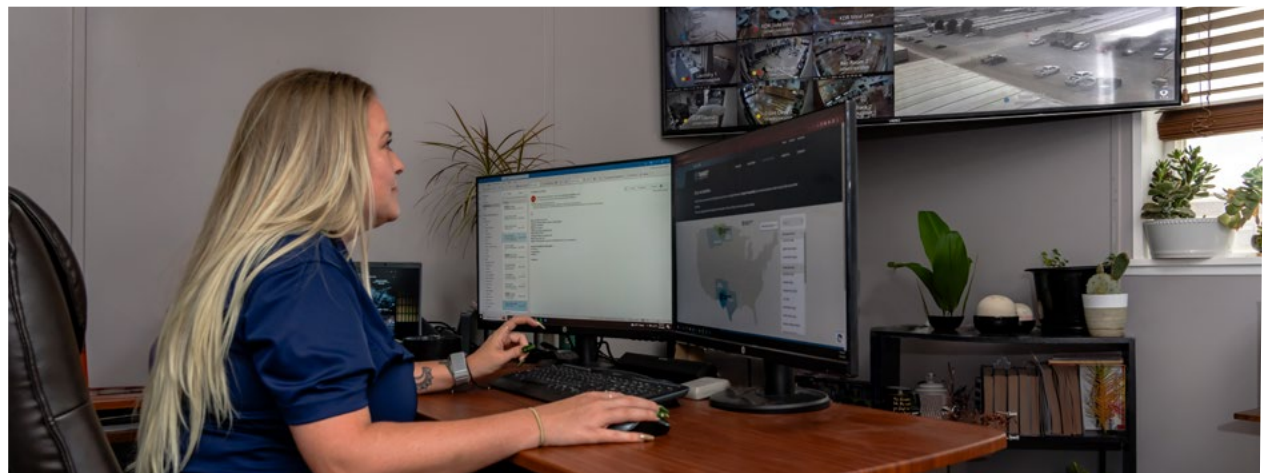


**THE  
JOURNEY  
AHEAD**

As we continue to relentlessly serve others, we are aware of our responsibility to work with partners who adhere to the highest standards of ethical conduct and are committed to maintaining initiatives and governance practices that will help ensure we do so.

▶ Find key policies and investor information here:

- [Board of Directors](#)
- [Governance Committee Composition](#)
- [Governance Documents](#)



# Appendix

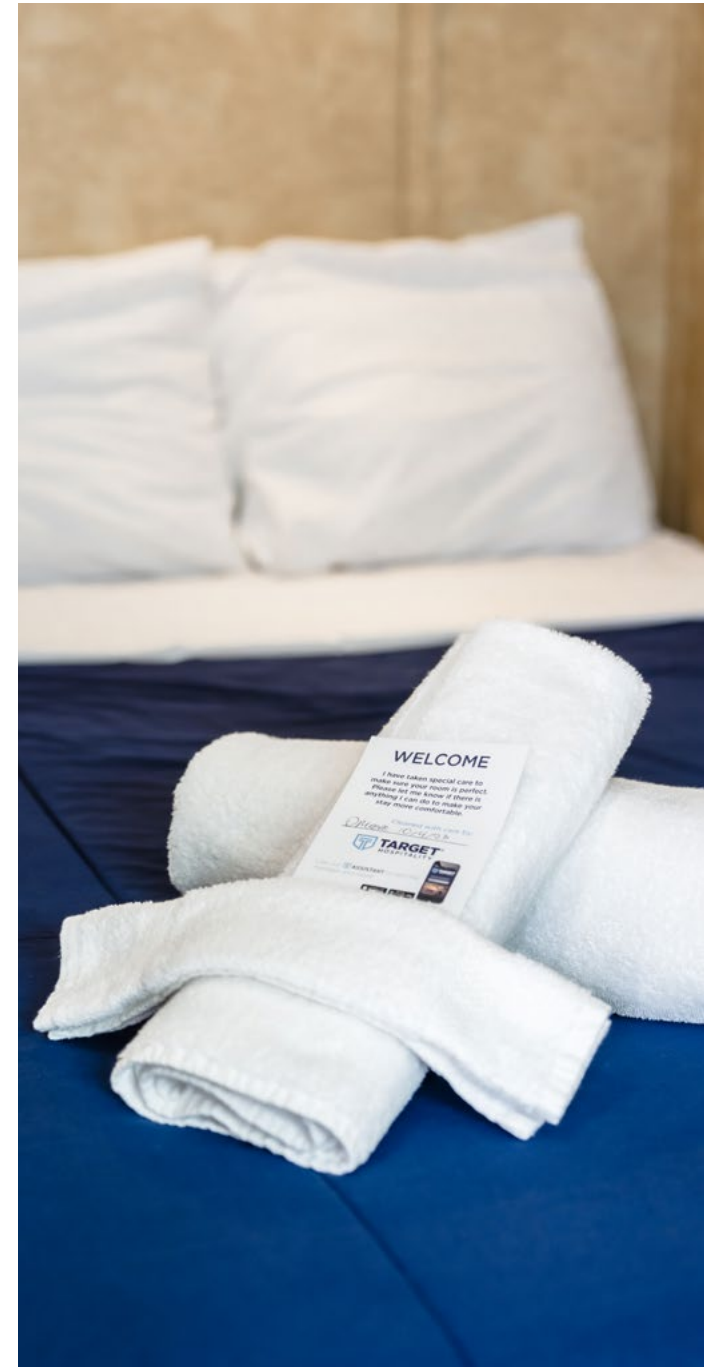
## Data summary

Data and disclosures on the following pages were guided by GRI and best practice ESG disclosure guidelines. We've evaluated our data against GRI and are planning to disclose with reference to GRI in the future.

## Environmental

### GREENHOUSE GAS EMISSIONS INTENSITY (Mt CO<sub>2</sub>E/SQ FT)

	2021	2022	2023
Scope 2 emissions	—	—	28,511





## Social

### RACIAL AND ETHNIC BREAKDOWN

	2021	2022	2023
American Indian/ Alaskan Native	0.77%	0.18%	<b>0.18%</b>
Asian	0.46%	0.44%	<b>0.65%</b>
Black or African American	33.85%	32.39%	<b>29.39%</b>
Hispanic or Latino	34.93%	41.03%	<b>45.93%</b>
Native Hawaiian or Other Pacific Islander	0.77%	0.55%	<b>0.46%</b>
Not specified	0.77%	2.19%	<b>3.05%</b>
Two or more races	2.32%	2.41%	<b>2.50%</b>
White	26.12%	20.90%	<b>17.84%</b>

### EMPLOYEES

	2021	2022	2023
Total number new employee hires	1,022	1,217	<b>1,019</b>
Number of hourly employees	540	785	<b>943</b>
Number of salaried employees	107	128	<b>139</b>

### SAFETY

	2021	2022	2023
Total Recordable Incident Rate (TRIR)	1.53	1.19	<b>1.56</b>
Lost-Time Case Rate (LTCR)	0.58	0.47	<b>0.49</b>
Experience Modification Rate (EMR)	1.30	1.25	<b>1.04</b>
Days Away Restricted Transfer Rate (DART)	0.58	0.93	<b>0.92</b>

### EMPLOYEE TURNOVER

	2021	2022	2023
Total number of employee turnover	751	1,031	<b>826</b>

## Social (cont.)

### MANAGEMENT POSITIONS

	2021	2022	2023
Number of women in management positions	21	26	<b>28</b>
Number of self-identified people of color in management positions	23	30	<b>39</b>

### CHARITABLE GIVING

	2021	2022	2023
Total annual charitable give	\$50K	\$180K	<b>\$1.2M</b>

## Governance

### SECURITY

	2021	2022	2023
Number of data breaches	0	0	<b>0</b>

### REVENUE

	2021	2022	2023
Economic value generated	\$291 million	\$502 million	<b>\$563 million</b>

### ANTI-CORRUPTION

	2021	2022	2023
Number and percentage of governance body members and/or employees briefed on anti-corruption policies	655 100%	921 100%	<b>1,089 100%</b>

## Forward-looking statements

This report contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as “forward-looking statements.” You can identify these statements by the fact that they do not relate strictly to historical or current facts. Management cautions that any or all of Target Hospitality’s forward-looking statements in this report and the materials or websites cross-referenced may turn out to be wrong. Please read Target Hospitality’s annual, quarterly and current reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, including its 2023 Form 10-K filed on March 13, 2024, for additional information about the risks, uncertainties and other factors affecting these forward-looking statements and Target Hospitality generally. Target Hospitality’s actual future results may vary materially from those expressed or implied in any forward-looking statements. All of Target Hospitality’s forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany such forward-looking statements. In addition, Target Hospitality disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.





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HOSPITALITY