



Flexitallic®

Making the World Safer and Cleaner Through Engineered Sealing Solutions

2023 ESG PERFORMANCE REPORT

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About this Report

For our third Environmental, Social and Governance (ESG) Report, Flexitallic is reporting metrics aligned with the Sustainability Accounting Standard Board's (SASB) Industrial Machinery & Goods Sustainability Accounting Standard and continues to disclose information and metrics for relevant topics informed by Global Reporting Initiative (GRI) standards. SASB and GRI are an independent, international organizations that help businesses and other entities responsibly and transparently report their impacts by providing a global common language to communicate those impacts.

This report covers policies, programs and metrics for Flexitallic's global operated assets from Jan. 1, 2023, to Dec. 31, 2023, unless otherwise noted.

Flexitallic is committed to providing the most complete and accurate information available about our ESG performance. The content in this report was sourced from Company policies and through interviews with Flexitallic management and subject matter experts. It was approved by our executive leaders and the Flexitallic Board of Managers.

To identify topics of importance for this report, a third-party sustainability consultant reviewed peer group materials, common reporting frameworks, including GRI standards, and Flexitallic ESG and diversity surveys to map an initial materiality matrix in 2022. As part of the materiality assessment, the consultant conducted surveys and interviews with members of Flexitallic's leadership team, including the CEO, and updated the materiality matrix accordingly based on the input and observations. That materiality assessment continues to guide this year's report.

Feedback

Flexitallic wants to report quality content that is relevant and valuable to our stakeholders. We welcome your feedback to help us improve our ESG reporting. Please contact us at +1 (281) 604-2586 if you have comments or questions about our most recent ESG report.



Flexitallic's mission is to make the world safer and cleaner through engineered sealing solutions.

Over the decades, Flexitallic has consistently grown through our legacy of innovation, starting with the spiral wound gasket in 1912 and continuing with new products and materials such as Thermiculite®, Sigma® and Change®. By drawing upon our rich history and present-day values of safety, quality, continuous improvement, teamwork, integrity and performance, Flexitallic is the global leader in developing innovative sealing solutions for a variety of industries around the world.

Based in Houston, Texas, Flexitallic has offices and manufacturing facilities in 12 countries: Australia, Belgium, Canada, China, France, Germany, Italy, Mexico, Thailand, the United Arab Emirates, United Kingdom and United States. We supply and serve our global customer service network through our fully owned manufacturing facilities, manufacturing licensees and distributors. At the end of 2023, Flexitallic employed 1,170 people around the world. To learn more, visit www.flexitallic.com.

GLOBAL LOCATIONS





LANE WALKER
President and Chief Executive Officer

Excellence in the ESG arena has been foundational at Flexitallic since our founding in 1912. Environmental stewardship, social awareness and strong corporate governance are established parts of our Company's Guiding Principles, and we remain committed to continuously improving our results and increasing transparency.

DEAR STAKEHOLDERS,

As the global leader in joint integrity solutions, Flexitallic is committed to transforming our industry with innovative products that make the world a safer, cleaner place to live.

In our ESG Report for FY 2023, I am proud to share the important steps we took over the past year to advance those efforts in a way that produced meaningful, tangible results for our industry, our Company and our customers.

Excellence in the ESG arena has been foundational at Flexitallic since our founding in 1912. Environmental stewardship, social awareness and strong corporate governance are established parts of our Company's Guiding Principles, and we remain committed to continuously improving our results and increasing transparency.

We also recognize the importance of helping customers meet, if not exceed, their own ESG and operational performance. We are honored that our clients trust us to provide the products and support services needed to prevent leaks, reduce emissions and enable safe, uninterrupted operations. When we discuss a customer's needs internally, we focus on three core aspects that define our operational philosophy – safety, quality and delivery. We must achieve those three goals to run a successful, sustainable business, and to help our customers do the same.

Our team spends countless hours and other resources to bring cutting-edge solutions to the market. We took a major strategic step in 2023 with the acquisition of INTEGRA Technologies, positioning Flexitallic as a "total joint integrity" provider to customers in a variety of industries. In addition to INTEGRA'S technical and engineering expertise, the two companies share a similar culture grounded in safety, quality and customer service.

Flexitallic continues to lead our industry into the digital revolution. Our latest tool, FlexLogics, which we plan to roll out in 2024, allows customers to identify their flange-related issues in real time by using Flexitallic's web-based software and proactively address those problems with Flexitallic's expertise and products. This provides a far more efficient solution than the traditional wait for a turnaround or a possible leak requiring immediate action. By continuing to make thoughtful investments in our business, we help customers mitigate the risks of leaks, safeguard the environment and increase operational efficiency.



In 2023, our facilities in Canada, France, Germany, Italy, Australia, the Middle East and our new INTEGRA business all received safety awards for operating 12 months without a recordable injury. We are excited about the prospects for these and other initiatives as we focus on improving our safety statistics.

Our commitment to ESG goes beyond our products. Safety is our number one priority, and we have robust procedures, assessments and training programs in place to reduce the potential for accidents and provide a safe environment for our employees and visitors. Our core safety program, Safety 365, continues to emphasize the five 5 C's for preventing injuries and accidents: Culture, Competency, Communication, Conformance and Consistency. To further our efforts, we began a cross-functional audit program in 2023 that allows different business units to conduct audits on one another, learning through collaboration.

We also believe recognition is important for promoting safety. In 2023, our facilities in Canada, France, Germany, Italy, Australia, the Middle East and our new INTEGRA business all received safety awards for operating 12 months without a recordable injury. We are excited about the prospects for these and other initiatives as we focus on improving our safety statistics.

We continued to make strides defining and expanding our diversity and inclusion (D&I) strategy in 2023. Our new female employee affinity group, Women LEAD Network, is charged with building a broader community for women at Flexitallic, and with creating more development opportunities. This is an important endeavor for everyone at the Company, and I look forward to tracking the group's progress in 2024 and beyond.

As part of our commitment to ESG leadership within Flexitallic, we track ESG risks and opportunities through regular reviews by senior management and our Board of Managers and continue to tie executive compensation to accomplishing ESG goals.

We operate with a Board-approved ESG policy that outlines our commitment to ESG advancement, and our Corporate Governance Committee meets regularly to maintain focus on ESG risks and objectives. Additionally, our employees take part in annual training on the Company's corporate governance and ethics policies to uphold our high standards for ethics and integrity.

As Flexitallic's global footprint expands, we strive to continually improve the quality and performance of our joint integrity solutions, and to remain a trusted partner for our customers. ESG excellence is critical to our future success, and I'm confident we have the right people, solutions and plans in place to achieve our goals. Thank you for taking time to learn more about the next steps in our ESG journey.

Sincerely,

Lane Walker
President and Chief Executive Officer

OUR "CARE" FRAMEWORK

Flexitallic is trusted by our customers to provide best-in-class sealing solutions and joint integrity services that allow them to operate their facilities, complete projects and execute turnarounds safely and efficiently. Our goal is to help customers achieve zero leaks on startup, reduce their emissions throughout the operating cycle and enhance the safety of their operations.

At the end of the day, our aim is to manufacture products of the highest quality and to be our customers' preferred provider. We strive to meet or exceed customer expectations through our "CARE" framework.

Our goal is to help customers achieve zero leaks on startup and throughout the operating cycle.



OUR GUIDING PRINCIPLES

We are committed to uncompromising integrity in all that we do and in the way in which we relate to each other and to people outside Flexitallic, as reflected in Our Guiding Principles.

- We obey the laws, rules and regulations of all countries where we conduct business.
- We do not tolerate, and we actively oppose, corruption in our businesses.
- We comply with all laws on a global basis.
- We ensure our books and records are accurate, complete and maintained according to the recognized accounting principles, industry best practices and all applicable laws.
- We use assets of the Company, such as email, Internet access, telephones and computers, responsibly and honorably.
- We act in the best interests of the Company, and we spend its money solely for the business purposes of the Company.
- We are committed to providing safe, quality products and services. We address and do not hide risks or mistakes.
- We protect the privacy of all individuals.
- We communicate accurately with our customers, our vendors and the public.
- We are inclusive, value diversity and support our global team members in realizing their potential.
- We respect freedom of association and obey all laws on working hours and compensation.
- We safeguard the health and safety of our global team members.
- We believe in vigorous competition and do not use illegal or unethical means to gain an advantage over a competitor.
- We protect the confidential information of Flexitallic and its group companies, and we respect and protect the confidential information of our customers.
- We comply with all applicable environmental laws and regulations.
- We endeavor to minimize any detrimental impact on the environment through waste reduction and efficiency improvement.

OUR ESG APPROACH

Flexitallic’s approach to ESG is based on the following pillars that are foundational to everything we do:

ESG PILLARS

ESG APPROACH



Corporate Governance

We have strong financial controls and compliance with a clear code of conduct for all our dealings in the marketplace. Ethics and integrity are at the core of everything we do.



Contributing to Customers' Compliance and Quality Goals

We respect customer compliance requirements in full and deliver products and software solutions of the highest quality.



Innovative Solutions

We ensure that all our products and solutions provide superb sealing, use the best materials for the job and create minimal waste. We endeavor to improve our products and develop new products and solutions as the industries and customers we serve evolve their own operations. Our innovative software tools contribute to our customers’ quality standards and overall success.



Human Resource Management

We have global policies on key issues such as diversity, ethics, incentives and rewards, and training and development



Environmental Health & Safety (EHS) Management

We meet the regulatory requirements relevant to each operation. We have a global Health and Safety Policy designed to eliminate injuries and unsafe conditions. We strive to reduce waste and minimize our impact on the environment.



Supply Chain Management

We ensure that our suppliers meet the requirements of our end users and meet our ethical and internal quality standards.



Community and Charity Involvement

We encourage volunteering in the communities where our employees live and work.



ENVIRONMENT

We Take Our Environmental Responsibilities Seriously

Environmental stewardship is a core value at Flexitallic. We make it a priority to assess and mitigate any potential environmental impacts resulting from our activities, and they remain a pivotal consideration in all business decisions.

Product Integrity & Innovation

We continually strive to offer the industry's best sealing solutions and ensure that our customers have the right solution for their particular application. We accomplish this goal by continually improving our materials, processes and product designs to craft products that meet our customers' specific environmental requirements. In doing so, our products help reduce our customers' fugitive emissions and reduce or eliminate leaks of volatile chemicals into the environment consistent with our mission to make the world safer and cleaner through our engineered sealing solutions.

The most significant contribution we can make to the environment is ensuring that our sealing solutions provide the tightest seal possible within the constraints of the particular application. We are proud to be a trusted provider of high-quality products that play a critical role in the safety of all our end-users' operations. We understand the importance of our clients' operations and are honored to support them in achieving their environmental performance goals.

As part of our commitment to providing customers with innovative and effective solutions, we continue to expand our capabilities to help clients meet their ESG goals and prioritize worker safety.

In 2023, we contributed to the reduction of customer safety risks through the introduction of Sigma One, our polytetrafluoroethylene (PTFE) sheet gasket designed for sealing critical chemicals. Sigma One incorporates a proprietary filler material — a unique blend of PTFE and compatible fillers — ensuring compatibility with a range of chemicals commonly used in industrial processes. Unlike traditional gaskets, Sigma One serves as a universal solution, mitigating the risk of misapplication that can result in severe consequences such as loss of life, fires, environmental hazards and other catastrophic damages. By eliminating the possibility of user error, Sigma One enhances safety across industrial operations.

Solving Customer Problems

Another significant milestone in 2023 was the implementation of our Athena software. Through this software, we have documented hundreds of cases where we have been able to resolve customer problems.

In 2023, we received positive feedback from a major refinery in Illinois that was facing persistent challenges with leaking flanges. After transitioning to our proprietary Change gaskets, not only did they effectively minimize leaks, but they also realized substantial savings by avoiding costly regulatory fines associated with environmental violations. The refinery affirmed that Flexitallic "has the absolute best products when it comes to sealing these flanges." Similarly, a leading Texas refinery, which previously incurred the highest fines of all U.S. refineries over the past seven years, experienced a significant decline in leaks after converting to our Change gaskets two years ago. This conversion contributed to a substantial reduction in their fines.



Thermiculite
Change Gasket

A refinery in India experienced frequent leaks and fires in their coke drum reactors due to legacy gasket technology utilizing graphite, a material that oxidizes in the high operating temperatures of the coke drum process. Bolts required frequent re-tightening whilst the process was operational, presenting significant safety risks to operational maintenance teams. During maintenance, the connection leaked and coated the bolts in Coke residue. This made normal removal impossible. Maintenance teams required special cutting equipment to open the connection, prolonging the delay in production. The downtime from fires and sustained leaks forced unplanned shutdowns of the plant, and presented significant safety risks to operators and resulted in additional maintenance costs. These issues required the refinery to change their gaskets every one to two months. The refinery converted to our Thermiculite Change Gaskets in 2021 and has since come back to Flexitallic to convert additional facilities. After the conversion, the customer changed gaskets only once after two years due to factors other than leaks.

In the U.K., a crude oil distillation plant had costly issues when their exchangers repeatedly failed because of continuous thermal and pressure cycles and poor sealing technology. Each failure cost the refinery £1 million in lost production and £250k in maintenance, resulting in annual costs of £2.5 million to £3.75 million. After switching to Flexitallic's Change gaskets, the customer has had zero failures in its exchangers for two years and counting and, as a result, has avoided significant costs associated with maintenance and lost production.

INTEGRA Acquisition Enhances Portfolio

In the first quarter of 2023, we acquired INTEGRA Technologies and bolstered our portfolio with their advanced torquing and tensioning technologies. The acquisition enables us to improve gasket installation, significantly enhancing our ability to achieve zero-leak startups and minimize environmental impact for our customers. Furthermore, with the addition of INTEGRA's leak detection and repair (LDAR) technology, we can actively monitor, identify and track leak rates in plants, allowing us to quickly identify and solve any leaks before they become problematic.



INTEGRA's mission is to detect, correct and prevent leaks, reinforcing our commitment to serving Flexitallic's customer base with holistic solutions, including the proper installation of our gaskets. Controlling fugitive emissions is paramount to environmental stewardship, and proper sealing is essential to achieving this goal. This aligns closely with INTEGRA's core competency, making its services a critical component for our customers' objective of improving their environmental performance.

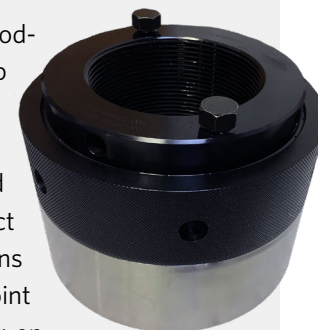
Flexitallic's technology and sealing elements, combined with INTEGRA's specialized expertise, tools and products, allow us to consistently deliver zero leaks on startup to our customers. Startup leaks pose serious risks to both employees and the environment and can result in substantial costs for plants. With full ownership of the joint, we can deliver total joint integrity through the supply and expert installation of our differentiated gaskets and sealing solutions.

CASE STUDY

When a large chemical company was experiencing issues with a leaking reactor, caused by inadequate flange design and improper gasket selection, INTEGRA's engineering expertise, in collaboration with Flexitallic, identified the appropriate load for the flange and delivered a suitable design. We made sure the applied load for the gasket was at the right level through expert installation and application. This collaborative process helped the customer avert a potential catastrophic event by mitigating risks and enhancing its operational safety.

Leveraging INTEGRA's engineered products group, we continue to develop solutions tailored to specific requirements, such as the hydraulic nut - a revolutionary product designed to replace standard nuts. This product innovation arose when our technicians in the field noticed a common pain point in gasket installation. Engineered for enhanced safety and efficiency, the hydraulic nut streamlines installation by pulling together all bolts at the same time, creating the most effective seal and eliminating risks associated with rotating tools.

The integration of Flexitallic and INTEGRA marks a significant milestone in the industry, presenting a unique opportunity to address our customers' needs with unparalleled expertise and innovation.



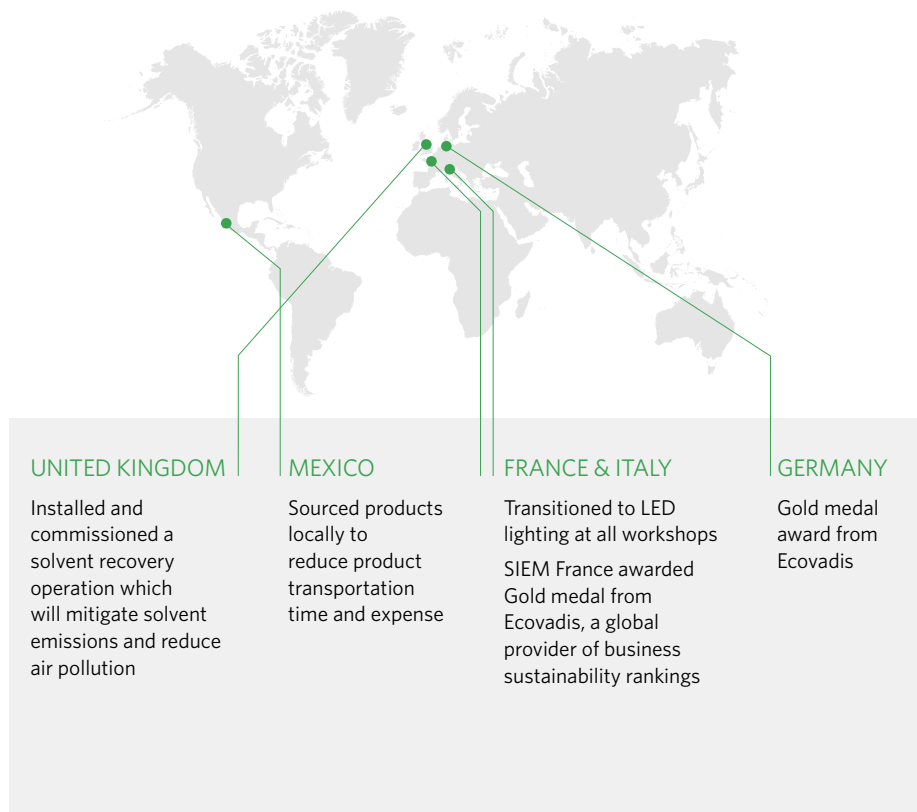
Minimizing Our Own Footprint

At Flexitallic, protecting the environment and reducing our own impact goes hand in hand with our efforts to help customers reach their environmental targets.

At our U.K. facility, we installed and commissioned a solvent recovery operation, which will be fully functioning in 2024. The plant is a significant advancement in our efforts to enhance solvent recovery and minimize chemical waste. By bolstering our recovery capabilities, we aim to mitigate solvent emissions and reduce air pollution.

A collaboration at our facility in Mexico has significantly reduced product transportation time and expense by sourcing products locally instead of shipping them via maritime transportation from our Thailand and China manufacturing sites. Products from Guadalajara now reach destinations in the U.S. in less than four days by rail and truck.

Furthermore, we have transitioned to LED lighting at all workshops in France and Italy, and we are proud to report that Flexitallic Germany and SIEM in France have each attained Gold medals from Ecovadis, a global provider of business sustainability rankings.



Innovation to Application

Flexitallic engineers and delivers seals that prevent potential costly and disruptive spills or leaks, which is critical to the environmental performance of our partners in the industries we serve:



Hydrogen



Solar Power



Fuel Cells



Nuclear



Agrichemical



Power Generation



Chemical Processing



Refining



Petrochemical



Oil & Gas



Marine



Pharmaceutical



Food & Beverage



Aerospace

Greenhouse Gas (GHG) Emissions

Flexitallic endeavors to accurately record our GHG emissions to the atmosphere. We want to effectively contribute to the global fight against climate change because it is important to the long-term sustainability of our customers' business, as well as our own business. Flexitallic will conserve energy and improve the efficiency of our internal operations and the products we manufacture.

SCOPE 1 EMISSIONS



SCOPE 2 EMISSIONS



TOTAL SCOPE 1 + 2 EMISSIONS



Environmental Health & Safety Management

We prioritize environmental sustainability and strive to reduce the impact of our operations. To achieve this, we provide our employees with regular training and awareness to ensure they understand our policies and their role in achieving our goals. Each of our individual group companies has a general manager who holds the primary responsibility for implementing Flexitallic's environmental policy.

Several of Flexitallic's subsidiaries and their facilities are certified to ISO 14001 standards.

Additionally, Flexitallic aims to minimize waste and, wherever feasible, salvage materials for recycling or re-use. In 2023, we continue to recycle, reprocess and reuse the waste generated from our operations. We minimize plastic and water use within our own operations to help limit the impact of our operations on the environment.





SOCIAL

Protecting Our People and Communities is Priority One

Occupational Health and Safety

Employee health and safety is our top priority. Safety takes precedence over expediency and every other aspect of our operations. We incorporate safety into every job, every day.

The foundation of our global safety approach is Safety 365, our safety program launched in 2021, which covers 100% of our employees. The program is led by the Managing Director of our U.K.-based facilities. Every month, the health and safety managers for each Flexitallic location collectively report the health and safety statistics for their respective locations.

Following the development of our 5 C's of safety framework and safety gap analysis in 2022, we identified several opportunities to enhance our safety processes and protocols. A key improvement involved fostering ongoing collaboration among business units. In 2023, we began a cross-functional audit program that enables different business units to conduct audits on one another to improve teamwork across the group and share best practices. The business units report to the Managing Director, U.K., Middle East and Asia (UMEA), on a bi-monthly basis to discuss opportunities for safety improvements, findings from cross-functional audits and best practices.

To promote continued progress, in the fourth quarter of 2023 we engaged with a third-party safety consultant to update our Safety 365 program. As part of this process, all U.S. facilities were audited and the findings from this exercise will be used to aid in implementing improvements in 2024. In 2024 through 2025, we will focus on behavioral safety, ensuring safety remains the cornerstone of our organizational culture.

5 C'S OF SAFETY



In 2023, we began a cross-functional audit program that enables different business units to conduct audits on one another to improve teamwork across the group and share best practices.

Culture

At Flexitallic, employee safety continues to be our number one priority, and a big contributor to this is promoting a culture of safety. We have continued to focus on a bottom-up approach to promote safety culture and encourage employees to spearhead many of our safety initiatives. In May 2023, we celebrated another successful Global Safety Day, when employees from across the globe participated in several activities related to health and safety. Employees wore shirts branded with an employee-created slogan, "Protect your hands, they support your family!"

To further the effort, we introduced our Golden Safety Award to recognize employees who have contributed significantly to the company's health and safety improvement. Our first award was presented to a maintenance employee at our facility in China who took

it upon himself to redesign a piece of equipment that was associated with two recordable injuries in 2022.

All business units undergo a third-party health surveillance process, and business units with no recordable injuries for the year receive safety plaques to celebrate their achievement. The following subsidiaries received safety awards in 2023: Flexitallic Canada, SIEM, Flexitallic GmbH, Flexitallic Italy, Flexitallic Australia, Flexitallic LLC (UAE) and our newly acquired INTEGRA business.

We continue to focus on hand safety through an initiative called Take 5. Because our work is often hand intensive, we encourage employees before and during tasks to take five seconds to ensure they are taking the correct precautions to protect their hands.



INTEGRA celebrates Global Safety Day

Competency

Every employee receives general safety training during onboarding and then again annually as a refresher. All Flexitallic employees are covered by the Company's health and safety management system, which is aligned to ISO 45001. Protecting our employees, our equipment, our property and any customer's property is paramount. In 2023, we continued to invest in safety measures across different business units to maintain safe conditions for employees by revisiting our mandatory safety procedures and making sure all sites are compliant.

At Flexitallic, we are committed to ensuring the safety of not only our employees but every visitor who sets foot in our facilities. We make every reasonable effort to reduce the potential for accidents. That includes assessing risks, implementing robust procedures and providing training for general safety awareness. In 2023, we rolled out a customer- and visitor-induction video to all global sites that highlights how to stay safe during a visit.



Conformance

Employees must understand their personal responsibility for preventing accidents and injuries on and off the job. Accident prevention and effective production go hand in hand. We believe that every time an accident occurs, the root cause can be traced to someone's behavior. We have policies, programs and training that encourage employees to engage in dialogue with their peers and management about safe and at-risk behaviors. Safety is a team effort, involving employees, management, contractors and other stakeholders.

The business unit leaders at each of our facilities can implement new, useful or otherwise novel safety ideas to help reduce accident risks on the job. We empower our staff to think critically about safety and take actions to continually reduce the possibility of accidents.

While we aim to have as few accidents as possible, we want to ensure we maintain transparent safety reporting, and we encourage employees to report all potential incidents. We have expanded our safety metrics to include near misses and lost time rates. Every injury must be reported immediately to a supervisor, management, or Human Resources. Unsafe conditions also should be reported immediately, regardless of whether there is an incident or injury. Flexitallic employees have Stop Work Authority and are encouraged to stop work if they are concerned that a job or procedure is unsafe or dangerous.

Consistency

Our safety remediation plan incorporates a range of measures to ensure that safety remains at the forefront of our operations. These include safety standdowns to educate workers, enhancements in personal protective equipment (PPE), additional machinery safeguards, and process improvements. All recordable injuries will be investigated using a structured cause/analysis process. Employees, particularly employees involved in the incident, are expected to participate in the cause analysis. Corrective actions will be identified and tracked to completion. Lessons learned from this process will be shared across Flexitallic and periodically evaluated to make sure we are implementing proactive actions at all sites.

To minimize exposure to hazards that can cause injuries or illness, we provide employees and others who may be exposed to such conditions with appropriate and effective personal protective equipment (PPE).

SAFETY STATISTICS

Metric	2021	2022	2023
Work-Related Injuries*	10	7	9
Work-Related Fatalities	0	0	0
Total Number of Lost Days Due to Injury	51	60	19
Total Recordable Incident Rate (TRIR)	0.93	0.66	0.67
Lost Time Injury Frequency (LTIR)	0.28	0.47	0.37
Near-misses	610	1,186	902

*Over 50% of injuries were hand injuries

Customer Health and Safety

Safety, quality and delivery is the foundation of our business. Our high-performance products play a crucial role in ensuring the safety of our customers' operations. We provide customers with comprehensive guidance and support to ensure the proper and safe installation and use of our products.

FlexLogics

In 2024, we introduced FlexLogics, an innovative web-based service designed to provide streamlined solutions for our customers' needs. Through this platform, our customers' engineering teams can easily access the portal and input specific parameters related to their flange challenges. Leveraging data from the Flexitallic database, FlexLogics swiftly generates tailored solutions. As a global initiative, we conduct monthly training sessions to ensure widespread adoption and proficiency in utilizing this tool.

Flexitallic's Applications Engineers

Our attention to safety extends to our customers through our dedicated team of applications engineers.

Flexitallic's team of applications engineers offers a range of joint integrity services designed to complement and enhance our product offerings. Our goal is to help customers achieve leak-free startups and conduct operations, including turnarounds, within scheduled maintenance cycles. Our applications engineers provide critical end-user support for problematic sealing applications, design solutions for bespoke connections and critical equipment, develop joint integrity management software, and provide gasket installation supervision. With the addition of INTEGRA, we now offer installation, torquing, tensioning and LDAR services. Through the collaboration of Flexitallic's differentiated sealing solutions and INTEGRA's services, we can and do ensure total joint integrity, eliminating the risk of leaks upon startup.

The Academy of Joint Integrity

In addition to our applications engineers, Flexitallic further assists customers through our industry-first Academy of Joint Integrity in the United Kingdom. Through the Academy, Flexitallic provides the process industries with access to critical training related to gasket fit, proper installation, appropriate torque values and bolting and tensioning processes. Our customers use this training to ensure leak-free startups and the safe and efficient operation of their equipment and facilities.

We provide these customers with appropriate process safety benchmarks and three-year certifications regarding their competence as safe operators in the field of joint integrity. From time to time, the Academy also supports the applications engineers when customers require a quick response on issues involving joint integrity.

Since its founding in 2011, the Academy has worked with more than 700 customers. Throughout the years, the Academy has provided an average of 300 hours of training per year.

700+

Academy of Joint Integrity
customers since 2011

300

Average hours of
training per year

Human Rights, Resources, Respect

As a Company with global operations, we are committed to respecting human rights wherever we operate and complying with laws that prohibit forced, compulsory and child labor and human trafficking. We also take steps to ensure that our business partners adopt the necessary measures to meet these goals.

Our Statement on Modern Slavery and Human Trafficking outlines our commitment to improving practices to combat all forms of modern slavery and human trafficking within our own operations and our supply chain. Flexitallic applies this policy to our contractors, suppliers and other business partners.

Everyone at Flexitallic has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discriminatory practices, including harassment.

Flexitallic encourages reporting of all perceived incidents of discrimination or harassment. It is our policy to investigate such reports promptly and thoroughly. Flexitallic prohibits retaliation against anyone who reports discrimination or harassment or participates in investigating such reports. Confidentiality will be maintained throughout the investigatory process to the extent consistent with an adequate investigation, appropriate corrective action and due process.

Employee Engagement and Retention

Thoughtfully expanding our team, engaging with our staff and providing incentives and activities to retain team members are important parts of our global human resources efforts. The Company had 162 net new hires in 2023, and our total headcount at year-end was 1171.

We conduct employee appreciation events to mark milestones and other accomplishments and, where possible, provide accommodations in our facilities to make the workday more pleasant. Since we began renovating our Deer Park, Texas, facility in 2022, we have added a newly updated employee cafeteria, new offices and cubicles, and a new will-call facility. We plan to continue to upgrade our facilities in 2024, including additional safety features, as part of our continuous process of improvement.

The appreciation of our employees also extends to their families. We marked the eleventh year of the Pablo Rodriguez Memorial Scholarship in 2023, again honoring the memory of one of our treasured former team members. The scholarship program was created to support the aspirations and educational goals of the children and grandchildren of Flexitallic employees. Each year, the program awards two \$5,000 scholarships to two deserving students entering college, and Flexitallic is committed to continuing this tradition for many years to come. This year the scholarship was awarded to sisters Ebony Erica Gil and Yesenia Morales, the daughters of Flexitallic employee Juana Gil.



Yesenia Morales and Ebony Gil, daughters of Juana Gil, were awarded the 2023 Pablo Rodriguez Memorial Scholarship

Training, developing and retaining our workforce is a critical element of sustaining a business for the long term. We believe in creating specific action steps and commitments that focus on incorporating new skills and ideas on the job. In 2023, we added over 40 courses to our employee training program, and more than 90% of employees participated in a career development review.

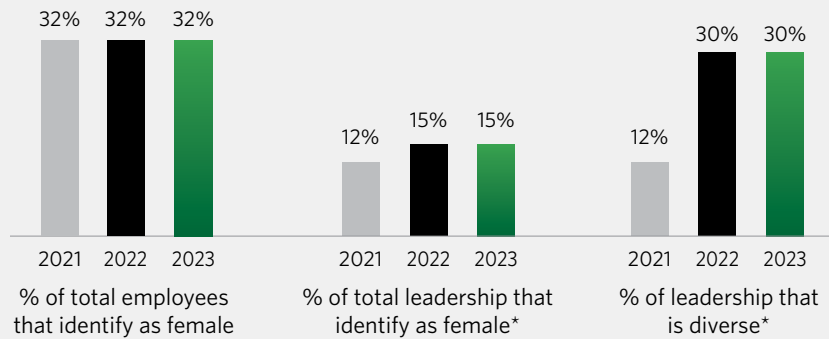
Flexitallic promotes and fosters individual and organizational effectiveness by offering programs for employee development and organizational enrichment. We accomplish these objectives by focusing on the following goals:

- Providing quality, cost-effective training designed to increase individual and organizational productivity and enrichment.
- Providing development opportunities that enhance knowledge, develop skills and enrich the organization.
- Identifying and developing high-potential employees.
- Creating, promoting and fostering an organizational environment that values development, diversity and growth opportunities for all employees.
- Providing individuals and the organization with tools to respond effectively to customer needs as well as current and future demands for service.
- Conducting annual performance reviews to assess our workforce and continuously improve employee performance.
- Providing ongoing leadership and support to the organization's succession efforts.
- Promoting, supporting and leveraging technology resources and tools to improve and enhance workflow efficiency and improve customer service.

Diversity & Inclusion (D&I)

Flexitallic continues to expand our Human Resources System to capture global employee data in one centralized location. Gaining a holistic picture of our workforce creates the baseline for developing and refining our D&I strategy. In 2023 we expanded our D&I metrics to include gender, age, and ethnic background of all employees and new hires. We plan to publish an updated D&I policy in 2024.

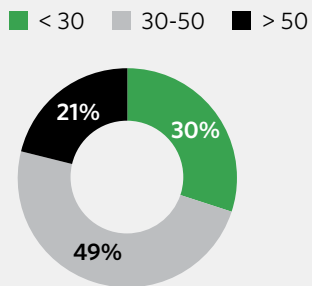
Diversity at a Glance



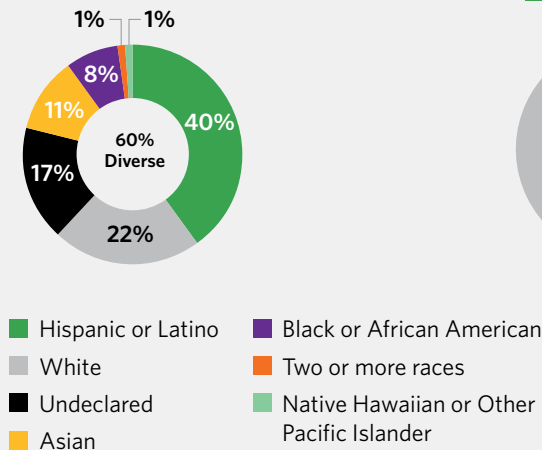
Employee Hiring



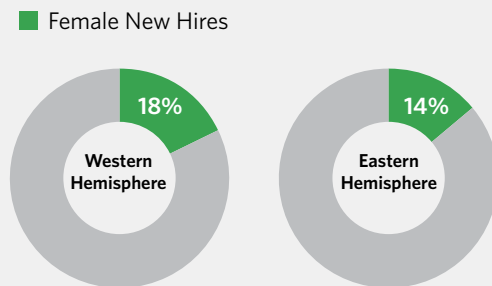
2023 Employee Age



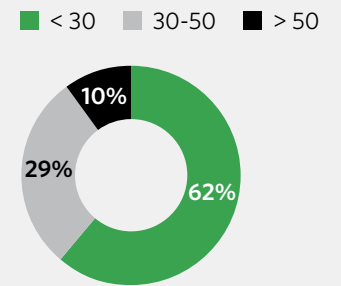
Race/Ethnicity For US



Female New Hires by Region



New Hires by Age



43 Western Hemisphere Average Age

45 Eastern Hemisphere Average Age

* Leadership is defined as members of Flexitallic's Senior Leadership Team
 ** Calculated using total number of new hires over total employee headcount

Women LEAD Steering Committee



Julie Carasso



Caroline Chen



Sherian Lyles



Stacy Martin



Sarah Morrison



Ingrid Pop-Bouler



Eva Rocco



Karen Scruggs



Laura Yue

Since its inception in 2023, our female employee affinity group, Women LEAD Network, has made significant strides in line with its mission and goals:

- Creating development opportunities for women at Flexitallic
- Promoting women’s health and safety at Flexitallic
- Building community among women across Flexitallic

The Women LEAD Network has established a committee that meets monthly to plan events and implement initiatives to ensure women are treated fairly in the workplace. The group successfully hosted several events in 2023, including a National Women’s Day celebration and a regional book exchange program. It also added a leadership track to our learning management system specifically for female employees.

CASE STUDY: Women LEAD Network

In 2023, the Women LEAD Network hosted its first National Women’s Day celebration. The event featured several guest speakers, including Kay McCall, Chairman of our Special Management Committee, who discussed her career development journey, and Kembre Roberts, an employee health and wellness professional who discussed topics on women’s health.

Community Involvement

Flexitallic routinely engages with our local communities to support deserving organizations, including local charities and food banks. We also fund mentorship and STEM programs for younger students, and scholarship programs for qualified students who attend local colleges and universities. As part of our community calendar of events in 2023, we hosted a Pink October breast cancer awareness initiative across Flexitallic offices and to show our support, Flexitallic US made a donation to the Susan G. Komen Foundation.



Flexitallic employees across the globe participate in Pink October to raise breast cancer awareness





CORPORATE GOVERNANCE & BUSINESS ETHICS

Strong Governance is Critical to Global Market Leadership

Our Guiding Principles apply to all employees, officers, directors, suppliers and third parties we work with, and they lay out the guidelines and expectations for applying our values in every facet of our business. Rigorous, attentive business practices, combined with oversight from our Board of Managers, serve the best interests of our Company, employees, customers and communities.

Oversight & Management Responsibilities

Our Board of Managers (Board) has appointed a Special Management Committee that includes two independent members and four non-independent members. This Special Management Committee meets regularly and reviews all matters related to material risk management, business strategy, financial performance and related processes and forwards its recommendations and findings to our Board for final review and approval. The members of this Special Committee include Flexitallic's CEO, Flexitallic's CFO, representatives of Bridgepoint, our majority shareholder, and an independent member with a broad background and interests related to ESG, energy transition and new energy, who serves as Chairman of the Special Management Committee.

Our Special Management Committee and our Board consider ESG excellence to be of strategic importance to Flexitallic's growth as a business, and the Company's ESG objectives and metrics are tied to senior management compensation. Our leaders regularly review our ESG risks and opportunities profile, including those related to climate change.

Flexitallic's Board-approved ESG-related policies outline the Company's commitment to ESG advancement and responsible corporate governance. This includes maintaining strong financial controls, contributing to customers' compliance programs, managing rigorous human resources policies and ensuring that our suppliers meet our own ethical and internal quality standards.



Day-to-day responsibility for our ESG progress is overseen by the Corporate Governance Committee, which meets regularly to manage ESG priorities. Committee members include the CEO, CFO, Executive VP, Legal, Compliance and Corporate Governance, and global leaders from Human Resources (HR), Information Technology (IT) and Supply Chain. The committee also reviews and discusses ongoing matters submitted via quarterly questionnaire responses from the business units related to health, safety, quality, business risks, anti-corruption, antitrust issues, employment issues, claims, litigation and supply chain matters.

The Executive VP, Legal, Compliance and Corporate Governance, is responsible for collecting the information reported in the quarterly corporate governance questionnaires directed to each of the Company's business units, as well as the information and data collected in annual ESG questionnaires directed to Flexitallic group companies. The surveys cover topics related to training, resource efficiency, health, safety and employee welfare, and responsible sourcing.

Ethics and Anti-Corruption Programs

Flexitallic conducts robust training to ensure employees understand our ethical and legal obligations. During onboarding, new employees receive a comprehensive list and must acknowledge awareness of the Company's policies for safety, ethics, anti-bribery and anti-corruption, sexual harassment, workplace violence and other topics. Employees in each of Flexitallic's global locations receive a refresher course once a year to ensure awareness of the Company's corporate governance and ethics policies.

Employees whose roles involve working with customers, suppliers and other third parties also receive additional online training on anti-bribery, anti-corruption, antitrust issues and the proper handling of third-party relationships.

To accommodate the largest number of employees, training is offered in a variety of ways - in group settings, online and individually. Flexitallic tracks completion of the online third-party compliance training courses with software from third-party supplier NAVEX. In 2023, 27% of Flexitallic's employees completed the NAVEX compliance training, and 100% of Flexitallic's employees received annual training on the Company's corporate governance policies.

We publish the following Policies & Statements related to corporate governance on our corporate website:

- Anti-Corruption Policy
- Safety Policy
- Statement on Modern Slavery
- Ethics Policy
- Reporting Illegal or Unethical Conduct
- Anti-Money Laundering Policy
- Conflict Minerals Policy

Every employee is responsible for protecting Flexitallic's culture of integrity. A potential violation is a serious matter. If anyone at the Company sees something or is unsure if something potentially violates our Anti-Corruption Policy, Ethics Policy, Antitrust Policy or any of Our Guiding Principles, they are expected to speak up. This applies equally to suspected violations by any suppliers, customers or third parties.

In 2023, Flexitallic implemented an Anti-Money Laundering Policy and is developing a D&I Policy. Also, in the first quarter of 2024, the Company created a Conflict Minerals Policy. In the spirit of continuous improvement, the Corporate Governance Committee reviews a third of the policies each year to ensure that they are kept up to date. This ensures that all policies are refreshed within a 3-year period.

Additionally, we assess risks related to corruption through quarterly reports from business units and the investigation of any potential incidents or issues should they arise. If an investigation reveals an incident of corruption involving an employee, distributor or supplier, we take immediate corrective action to reduce and/or eliminate that risk going forward.

If an employee has a question about our Anti-Corruption Policy, Ethics Policy, Antitrust Policy or any of our other corporate governance policies, or is concerned about a potential violation, they have a number of options:

- Discuss the issue with their supervisor.
- Discuss the issue with another supervisor or manager.
- Contact their Human Resources Department or the Executive VP, Legal, Compliance and Corporate Governance.
- Contact the Company's confidential, anonymous hotline.

Employees may make their inquiries confidentially, and all reports of possible violations are investigated. All employees are expected to fully cooperate with investigations conducted by the Company. We do not tolerate retaliation against anyone for raising good faith concerns.

Cybersecurity

Like most companies, Flexitallic relies heavily on IT networks and systems, including the Internet, to process, transmit and store electronic information, to manage or support a variety of business functions, and to maintain various records. This may include information regarding our customers, employees or other third parties. The integrity of these systems is essential for us to conduct business. We make significant efforts to maintain the security and integrity of these types of information and systems and to guard against both internal and external threats.

The Flexitallic Global IT Director and CFO are primarily responsible for our cybersecurity strategy and oversight of the Company's cybersecurity policy. A cybersecurity/IT update is a standing topic at the quarterly Corporate Governance Committee meeting, and cybersecurity is included in our annual risk management report. The Special Management Committee and our Board also conduct an annual cybersecurity review.

We identify cybersecurity risks through multiple sources, including employees, management, insurance company presentations/meetings, board discussions and alerts from suppliers. Since 2021, we have had 24-hour monitoring in place provided by a well-recognized cybersecurity company.

In 2023, we added new vendors globally to our security systems and have commenced a 12-month cyber-testing and remediation program that is consistent with NIST standards. Our cybersecurity protections are compliant with the requirements of the General Data Protection Regulations.



Supply Chain Compliance

The Supply Chain is integral to our ability to conduct business globally. Our objective is to obtain the best total cost of manufacture through commercial expertise and effective governance of consistent, targeted procurement and materials management processes. We develop relationships with suppliers who share our commitment to safety, quality, the environment, compliance and business ethics, and we support supplier efforts for continuous improvement in these areas. When selecting suppliers, we assess environmental and social factors. Such factors are also included in our Supplier Code of Conduct.

Flexitallic's procurement team is trained to conduct supplier pre-qualification assessments that include, when applicable, issues related to anti-corruption, modern slavery, human trafficking, environmental matters and safety, quality and delivery performance.

Specifically, we assess and audit suppliers against environmental factors, including applicable standards such as ISO 14001, and personally visit supplier facilities in connection with assessments and audits on a periodic basis -- every two to three years. All suppliers must sign and acknowledge that they received and understand our Anti-Corruption Policy, and they must complete questionnaires regarding any violations. All other audits are performed remotely. We also assess and audit for compliance related to modern slavery and human trafficking regulations.

APPENDIX

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Flexitallic's products and services contribute positively to the achievement of three UN SDGs, which provide a global roadmap for a more prosperous and sustainable future: 6, Clean Water and Sanitation; 9, Industry, Innovation and Infrastructure; and 12, Responsible Production and Consumption.

Specifically, we have identified the following SDGs where our business activities have the most significant impact:



6.3

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.



9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries acting in accordance with their respective capabilities.

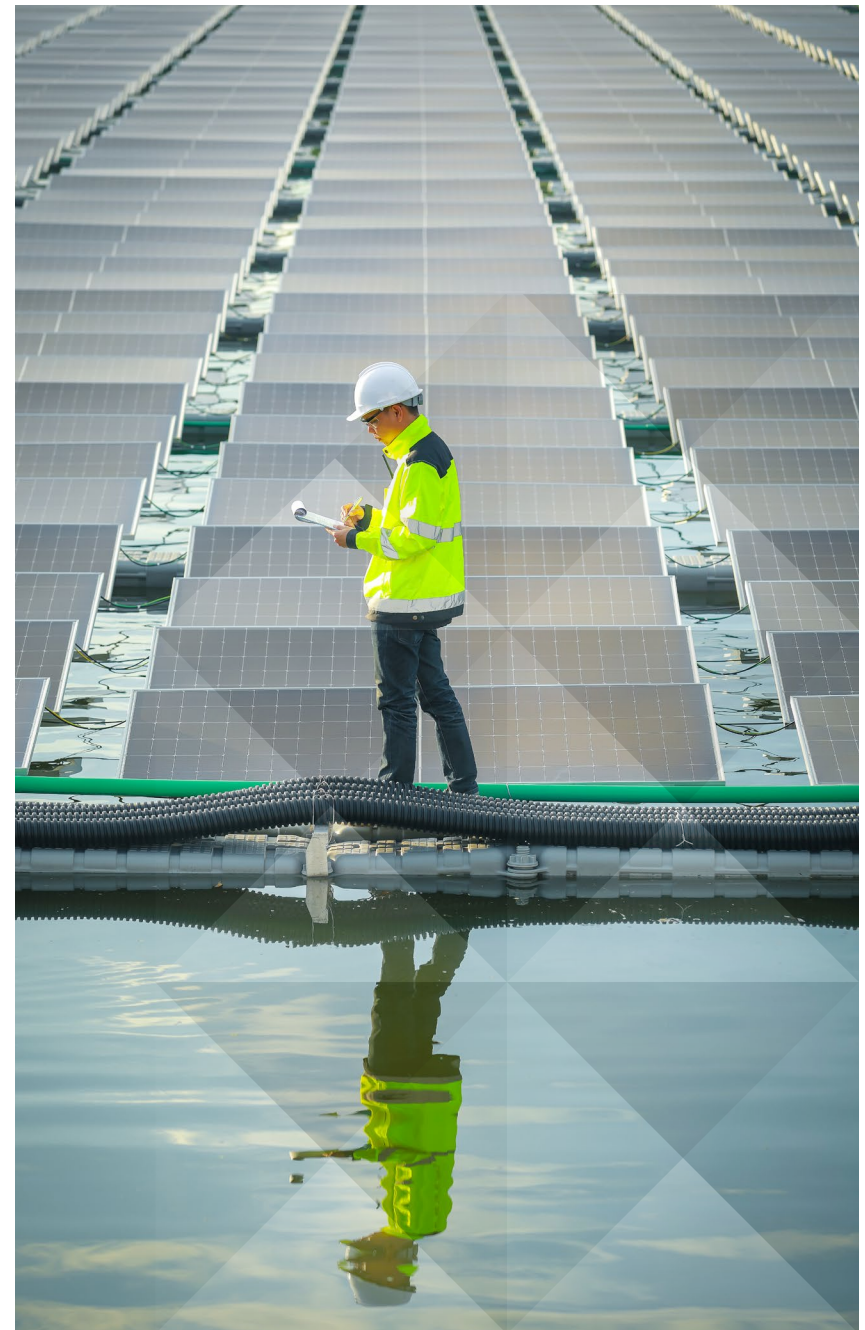


12.2

By 2030, achieve sustainable management and efficient use of natural resources.

12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment.



2023 ESG PERFORMANCE DATA

This table contains and refers to information related to the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Industrial Machinery & Goods Sustainability Accounting Standard

TOPIC	METRIC	GRI CODE	LOCATION
Employees	Employee Headcount	GRI 2-7 SASB RT-IG-000.B	Located in page <u>8</u> of this report. Total Headcount: 2021: 971 2022: 1074 2023: 1171
	New employee hires and employee turnover	GRI 401-1	Located in page <u>18</u> of this report. Total New Hires: 168 Rate of New Hires: 14% Percentage of Female New Hires by Region: Western Hemisphere: 18% Eastern Hemisphere: 14% Percentage of New Hires by Age: Percentage of Employees < 30 years old: 62% Percentage of Employees 30-50 years old: 29% Percentage of Employees > 50 years old: 10%
Anti-Corruption	Operations assessed for risks related to corruption	GRI 205-1	Located in page <u>22</u> of this report.
	Communication and training about anti-corruption policies and procedures	GRI 205-2	Located in page <u>22</u> of this report. % of employees that received training on corporate governance policies: 100%
Environment	Direct (Scope 1) GHG emissions	GRI 305-1	Located in page <u>11</u> of this report. 2021: 5,844.91 2022: 7,291.26 2023: 6,420.91
	Energy indirect (Scope 2) GHG emissions	GRI 305-2	Located in page <u>11</u> of this report. 2021: 5,085.25 2022: 5,239.91 2023: 3,920.29

TOPIC	METRIC	GRI CODE	LOCATION
Environment, <i>continued</i>	Energy Management	SASB RT-IG-130a.1	90,817.74 GJ consumed 44% grid electricity 0% renewable
	New suppliers that were screened using environmental criteria	GRI 308-1	Located in page <u>23</u> of this report.
Materials Sourcing	Description of the management of risks associated with the use of critical chemicals	SASB RT-IG-440a.1	See our Conflict Minerals Policy
Employee Health & Safety	Workers covered by an occupational health and safety management system	GRI 403-8	Located in page <u>3</u> of this report.
	Work-related injuries	GRI 403-9 SASB RT-IG-320a.1	Located in page <u>15</u> of this report.
			Work-Related Injuries: 2021: 10 2022: 7 2023: 9
			Work-Related Fatalities: 2021: 0 2022: 0 2023: 0
Additional safety metrics	N/A	Total Number of Lost Days Due to Injury: 2021: 51 2022: 60 2023: 19	
		TRIR: 2021: 0.93 2022: 0.66 2023: 0.67 The main types of work-related injury: Hand injuries	
Diversity and Equal Opportunity	Diversity of governance bodies and employees	GRI 405-1	Located in page <u>18</u> of this report. % of total employees that identify as female: 32% % of total leadership that identify as female: 31% % of total leadership that is diverse: 30% % of total employees that are ethnically diverse: 60%
	New suppliers that were screened using social criteria	GRI 414-1	Employees by Age: Percentage of Employees < 30 years old: 30% Percentage of Employees 30-50 years old: 49% Percentage of Employees > 50 years old: 21% Located in page <u>23</u> of this report.



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