



UTEX

INNOVATING SEALING PERFORMANCE

Environmental, Social and Governance Report 2023

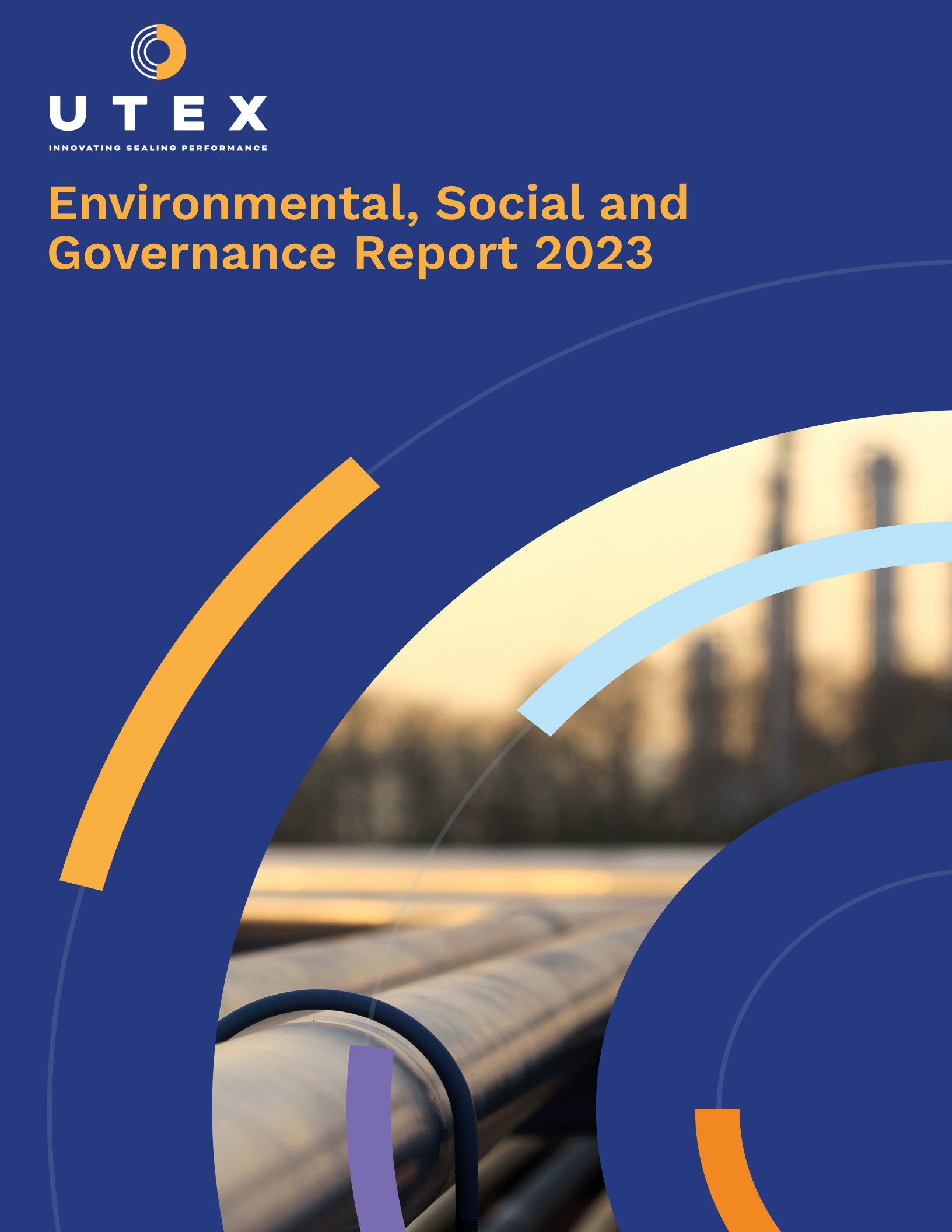


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A Letter From the CEO

Section 1.1: Letter from President/CEO

I am excited to present UTEX's inaugural Environmental, Social and Governance (ESG) Report, which showcases the company's lasting commitment to sustainable business practices. While this is our first formal report, UTEX has continually prioritized resource conservation, respectful and collaborative work environments, and sound corporate governance. We have worked hard over the past 12 months to formalize these commitments and lay the groundwork for continued ESG advancement and success.

As one of the world's leading manufacturers of sealing solutions, our board and management team believes that how we behave is as important as what we do. We are confident that UTEX provides a positive value for society, as our purpose is to keep fluids and gases where they should be... and avoid those where they shouldn't be.

I am a firm believer that we all have a role to play in promoting a sustainable future, starting with simple actions such as turning the lights off behind you and placing your recyclables in the correct receptacles and escalating to some of the more challenging issues facing society.

At UTEX, we are committed to doing our part by engineering increasingly innovative solutions to meet the world's most complex sealing challenges. In 2022, we launched a new product engineering department focused on creating solutions for industries where we currently operate — energy, transportation, mining, water distribution and marine — as well as expanding our capabilities to cover new products and sectors such as aerospace. We remain confident that our sealants play an important role in keeping environmental contaminants in their right place, thereby eliminating leaks, spills and harmful emissions. Beyond this, we know that our products are critical in promoting energy efficiency, lowering operating costs and minimizing maintenance needs as our customers also look to operate their businesses with sustainability in mind.

The past few years have introduced new challenges to our employees, our company and our economy. I am encouraged by the way that our employees have responded to these challenges and embraced the change that has occurred within our company. In 2022, we took strides to develop comprehensive processes to support our company's strategic goals and enhance our corporate culture. I am confident that these efforts will be successful as they are backed by specific goals and clear accountability measures.





One notable success story is our cross-functional ESG Steering Committee that was formed at the start of 2022. This committee was established to expand the oversight and management of our ESG commitments and ensure that we are meeting the needs of our employees, customers and communities. More details about our Steering Committee can be found on page 25 of the report.

UTEX would not be successful without the hard work and dedication of our employees, and I am committed to making UTEX a place where our employees feel valued, and their growth is prioritized. We continue to uphold our commitment to safety, seeking to minimize workplace hazards and protect employee health and well-being. When incidents occur, we embrace the opportunity to enhance our processes and protocols to minimize the chance that the same incident would occur again. Across all of our operations, we are committed to a culture of continuous improvement.

I am proud of our 2022 progress and am equally encouraged by the direction we are heading. From developing water gate valves that prove critical in municipal water purification processes to designing seals, UTEX continues to meet the complex needs of our customers and our world.

I invite you to learn more about our commitment to ESG in the following pages, and I hope you will share in my excitement for the direction we are heading. The actions we are taking now will build upon our decades-long commitment to excellence and help pave the way toward a more sustainable future.

Sincerely,
Piotr Galitzine
President and Chief Executive Officer

INTRODUCTION

About Us

Section 1.2: Overview of the Company

At UTEX Industries, Inc., we pride ourselves in being a leader in the Fluid Sealing Industry since 1940. We custom design and manufacture engineered seals and components made of high-performance armored elastomers, polymers, urethanes, composites and mechanical seals for clients in the Oil & Gas, water distribution, aerospace and industrial markets. Headquartered in Houston, Texas, we have manufacturing facilities totaling over 700,000 square feet of space throughout multiple divisions in Texas, Asia and most recently, Europe.

UTEX is comprised of over 650 talented, curious minds and passionate professionals who live and breathe your business. We work hard to understand, design, and manufacture quality products that deliver solutions to your business.

80+	650+	35+	600+
YEARS OF BEING IN BUSINESS	EMPLOYEES	PATENTS	CUSTOM COMPOUNDS

Our Vision, Mission and Core Values

Downtime means losses. Our vision is to meet and exceed our customers' needs through innovative solutions and best-in-class products that maximize uptime.

At UTEX, our mission is to create the highest-quality engineered sealing solutions in the market and to support our customers with exceptional service that goes beyond expectations.

Core Values:

- We Lead with Integrity: We are true to our team, we are true to our customers, and we are true to ourselves.
- We Strive for Quality: Anything we manufacture needs to last longer and function better with the goal of maximizing uptime.
- We Have a 'Can-do' Attitude: From formulating a unique compound to designing a new seal, every problem is just a solution waiting to be found.
- We Energize Our Customers: We want our customers to be proud of using UTEX products, and we want them to have unwavering confidence in their decision to partner with us.



Our Highlights

Section 1.3: Highlights

- **Created our cross-functional ESG Steering Committee to identify and manage ESG risks and opportunities**
- **Conducted an ESG priority workshop to determine ESG issues of greatest importance to key stakeholders in our company**
- **Established a framework for creating ESG goals and monitoring progress toward the goals over time**
- **Outlined our ESG governance structure and assigned responsibilities for key ESG activities and topics**
- **Calculated our baseline Scope 1 and 2 GHG Emissions footprint from 2021 and 2022 data**

- Sponsored various community outreach events including but not limited to the Baker Ripley Turkey Trot, “Adopt a Family” Christmas toy drive with Bakerripley, Habitat for Humanity pumpkin patch in Weimar and Toys for Tots at our Conroe plant

- Developed new engagement committees and Employee Resource Groups (ERGs) to be initiated in 2023

- Raised safety awareness through safety month celebrations across each of our plant locations

- Encouraged responsible consumption habits by eliminating plastic water bottles in UTEX facilities and issuing reusable bottles to all UTEX employees



Our Approach

Section 2.1: Business Approach to ESG

At UTEX, our mission is supported by our approach to ESG matters. This enables us to better deliver high-performance fluid sealing solutions that maximize uptime, production, throughput, and total operational efficiency. It is this same spirit that drives our approach to ESG practices across our business as we work to exhibit integrity, produce maximum quality solutions, and demonstrate an attitude of innovation and continuous improvement.

About this Report

We are proud to share our inaugural ESG Report, which highlights the early successes of our ESG program and demonstrates our commitment to advancing sustainability and transparency across our organization. We look forward to sharing more about our ESG successes in the coming months and years as our company continues to evolve and meets the world's problems.

This report was – and our ESG program initiatives continue to be – developed by our management team and ESG Steering Committee with additional contributions from team members across our organization and our external ESG partners.

We have produced this report in alignment with the Sustainability Accounting Standards Board (SASB) standard for Industrial Machinery and Goods and includes information on additional ESG topics deemed material to our business. Unless otherwise noted, all metrics included in this report are for calendar-year 2022.



“We formally kicked off our ESG efforts in 2022, but it has long been our aim to preserve the environment, promote a culture of engagement and inclusivity and operate with the highest standards of integrity. We look forward to advancing our ESG journey in the years to come!”

Dawn Alvarez
Director of EHS & ESG



Our Approach

Section 2.2: Stakeholder Engagement

We make it our aim to engage, share feedback, inform, and listen to our stakeholders through various avenues noted below:

Board of Directors

- Monthly Board meetings
- Press releases

Employees

- Quarterly company-wide newsletter
- Performance reviews
- Regular manager communication
- Employee Resource Groups
- Ethics hotline/whistleblower policy
- Training and professional development
- Employee Intranet
- Company-wide town hall meetings
- Employee Awards

Community

- Team member volunteer opportunities
- Targeted corporate philanthropic drives and giving

Suppliers

- Supplier screening and onboarding
- Supplier ESG acknowledgement
- Supplier check-ins

Industry

- Attendance and participation at industry conferences and seminars
- Individual industry leadership and board positions held by UTEX team members



ESG in Action

Section 2.3: UN SDGs

Our ESG activities are guided by the principles of the United Nations Sustainable Development Goals (SDGs). The seventeen goals were adopted by the United Nations in 2015 as a call to promote development that prioritizes social, economic and environmental sustainability and ensures peace and prosperity for all. We have identified the following six SDG's as the greatest opportunities for our business to influence positive change.



3 Good Health and Well-Being

UTEX's health and welfare benefits are offered to all regular, full-time employees. These benefits include, but are not limited to, coverage for medical, vision, dental, and long-term disability. These benefits contribute to the goal of ensuring healthy lives and promoting well-being for all at all ages.



6 Clean Water and Sanitation

UTEX's products are essential in limiting pollution and minimizing the release of hazardous chemicals and materials. As a result, UTEX plays an active role in increased recycling and safe reuse of wastewater globally.



8 Decent Work and Economic Growth

UTEX contributes to economic productivity through job creation and innovation. UTEX's commitment to healthy labor practices and safe working conditions with a focus on promoting inclusive and sustainable economic growth, employment and decent work for all.



10 Reduced Inequalities

UTEX's non-discrimination policy paves the way for reduced inequality. Beyond this, management conducts pay equity analysis to ensure that wages are fair across the organization.



12 Responsible Consumption and Production

UTEX incorporates sustainable procurement practices into its operations, thereby demonstrating its commitment to responsible consumption and production. UTEX sees opportunities to advance sustainable management and efficient use of natural resources throughout the lifecycle of its products.



13 Climate Action

UTEX is addressing climate impacts through its data management practices and instituting energy and water efficiency projects. In addition to this, UTEX is educating its workforce on its role in championing sustainability.

Our Environmental Approach

Environmental Approach

Section 3.1: Environmental Commitment & Strategy

Environmental protection and stewardship have been a priority since we first began operations in 1940. We take pride in the fact that our business is predicated on keeping fluids and gases where they belong and ensuring they do not spill out into the surrounding environment. We also acknowledge the impact of carbon emissions on society and are consistently pursuing opportunities to be a part of the solution. It is our aim to combine our material engineering and manufacturing expertise with advanced modeling software, research & development, and testing procedures to advance the role of our products in fostering greater productivity, reduced energy usage and increased resource utilization.

We operate our business responsibly and strive to operate in compliance with environmental legal requirements. Beyond this, we seek to continually improve our environmental performance by assessing the environmental effects of our activities and establishing strategic goals to reduce carbon emissions, minimize waste and promote resource conservation across our operations and value chain.



Our Environmental Approach

Climate Change

Section 3.2: Carbon and Climate

UTEX acknowledges that climate change presents a significant challenge to the world today, and we recognize our responsibility in understanding and addressing our company's impacts on this issue. To jump start our journey towards reducing our carbon footprint in 2022, we worked with our third party ESG advisors to define our operational boundary and calculate our 2021 Scope 1 and 2 greenhouse gas footprint and intend to use this as our baseline carbon footprint.

For the purposes of our GHG inventory, Scope 1 includes the direct emissions that occur across our operations, including natural gas usage for heating respective UTEX sites, Liquefied Petroleum Gas consumption for forklift operations and gasoline and diesel usage for powering our fleet operations. Scope 2 represents the bulk of our company footprint and correlates with indirect GHG emissions from purchased energy across our locations.

We understand that effective training and management processes are critical in ensuring our employees work together in an environmentally responsible manner. In 2022 we developed an ESG training module to share with our employees, and we intend to issue the training to our workforce in the coming year. We also worked with a third-party consultant to develop a GHG Inventory Management Plan that describes the process of calculating and monitoring our company's Scope 1 and 2 emissions over time. Beyond this, we are upskilling individuals at each of our plant locations to collect and monitor monthly energy consumption so that we can respond to irregularities in a timely manner.

Total Scope 1 and 2 Footprint, in metric tons CO2e	MtCO2e	% Total
Total Scope 1	4,197	35%
Total Scope 2	7,680	65%
Total Scope 1 + 2	11,878	
% Reduction from 2021		
Emissions Intensity (MtCO2e/\$thousands revenue)	0.07	15%

Social Benefit

Section 3.3: Reducing Operational Impact and Enabling Avoided Emissions

While our products are used across industries including energy, transportation, mining, water distribution and marine, one aspect of our business is universal – our commitment to ESG-driven solutions and strong business relationships. At their core, our products are intended to greatly improve the protection of the environment, assets and people by ensuring that fluids and gases (including greenhouse gases) do not escape into surrounding areas. The collective benefits of our products contribute to reduced environmental impacts for our customers, directly lowering their energy, water, waste, and emissions footprint.

Beyond this, our solutions pave the way for much safer systems, operations and working environments. We pride ourselves in being part of the solution to environmental concerns across the globe.

Section 3.4: Energy Efficiency

We understand the direct relationship between promoting energy efficiency and lowering our carbon footprint. As such, we intend in the 2023 to spend the reporting year to identify opportunities to reduce energy use across our plant operations, distribution centers and corporate offices. We intend to employ, where possible, the following activities to conserve energy and reduce emissions in the coming years:

- Track and manage electricity use monthly across all our sites
- Evaluate energy efficiency opportunities
- Evaluate opportunities to switch to low-carbon energy alternatives
- Install lighting sensors and upgrade to LED lighting at our facilities
- Continue to upgrade our company fleet to more efficient vehicles
- Upgrade water and plumbing fixtures to more efficient models

Section 3.5: Non-GHG Air Emissions

At UTEX, we take a proactive approach to preventing spills and achieving and maintaining healthy air quality. We have identified the following sources of air pollutants and factors that impact air quality within our operations— emissions from equipment use, vehicle exhaust, solvent fumes, smoke and methane from waste and organic matter—and we are actively taking steps to reduce airborne pollutants that occur as a result of our operations. We conduct stack opacity readings and air quality sampling on a monthly basis and strive to maintain compliance with all applicable environmental laws and regulations and promote health and safety amongst our employees.

We are continuing to invest in cleaner ways to advance our manufacturing process through the following activities:

- Utilizing Liquefied Petroleum Gas (LPG) to operate our forklifts, thereby reducing the amount of particulate nitrogen and hydrocarbon emissions in the atmosphere
- Upgrading to paint booths with enhanced filtration systems to minimize VOC exposure
- Exploring clean energy transport alternatives for our equipment and vehicle fleet

Our Environmental Approach

Minimizing Waste

Section 3.6: Waste Management

UTEX plants have taken strategic actions to minimize waste production across the manufacturing process. These efforts are intended to increase the amount of recycled material and decrease landfilled waste volumes. Each plant has a process to reuse scrap metal, molds and parts until the materials reach a surface area that is no longer usable. Once the materials reach a size that not suitable for reuse, they are deposited into the proper recycling receptacles before being picked up by our third-party waste stream management vendors.

As for the aluminum bronze that is used at our Willis, Weimar and UTEX West sites, we have processes in place to shave the aluminum remains and reuse them where possible.

At our Conroe plant, we have invested in oil dehydrator equipment to effectively separate oil from water and allow our manufacturing teams reuse oil where possible throughout our manufacturing process.

Our Accuseal plant recycles PEEK (polyether ether ketone) shavings back to its suppliers and consequently receives discounted rates on future purchases.

Looking ahead, we intend to collect and report quantitative waste metrics to effectively monitor waste production and promote increased diversion over time.

Total weight of waste diverted from landfill in pounds:



Minimizing Waste

Section 3.7: Water Management

As with all other resources, UTEX seeks to conserve water wherever possible. Our manufacturing processes use minimal amounts of water, but we are committed to identifying opportunities to further reduce our water footprint across our operations, particularly for our operations located in water stressed regions.

We consistently strive to meet or go beyond the stormwater management expectations with federal, state and local regulations in jurisdictions in which we operate. On an annual basis, we review our stormwater management plans and conduct inspections to ensure that we have protected surrounding areas from pollution and contamination. Wherever traces of contamination are found, we take corrective actions to protect against future incidents.

Section 3.8: Impact on Biodiversity

All our commitments to environmental conservation and stewardship are intended to protect the biodiversity of the land where we operate. While we do not typically operate in areas of high biodiversity risk, we are aware of our responsibility to uphold ecological integrity in our site management. We strive to act in accordance with applicable federal, state and local regulations for land use and permitting and seek to minimize UTEX's adverse impact to biodiversity wherever possible.



Prioritizing Safety

Section 4.1: Health, Safety and Well-Being

Health, safety and well-being are of utmost importance at UTEX. Our management is committed to providing a healthy and safe workplace environment to our employees and minimizing hazards and risks associated with work-related injuries and illnesses. To support and sustain excellence in our environmental health and safety processes, we commit to:

- Meeting or exceeding health and safety standards set forth in federal, state and local laws and regulations in jurisdictions in which we operate
- Providing employees with education on proper safeguards of processes, equipment, techniques and procedures
- Regularly assessing health and safety programs and objectives to ensure continuous improvement efforts
- Ensuring that employees do their part in upholding UTEX’s health and safety program, processes and practices
- Employee Total Recordable Incident Rate (TRIR): 1.73 (2022), 4.6 (2021)

We are pleased to report that our TRIR improved substantially year-over-year due to enhanced health and safety management techniques. More specifically, we conducted comprehensive root cause analyses to understand why incidents occurred and how they can be mitigated in the future.



“We are a company that relishes the talents we bring in. [Our employees] were brought in for a specific skill or idea that [they] bring to the table and we want to make sure that is fully realized—and utilized.”

-Wellon Pierre, COO



Safety Training & Teams

Section 4.1 Continued: Health, Safety and Well-Being

Safety Training

UTEX shop floor employees receive annual safety trainings, which is both a function of UTEX policies as well as U.S. Occupational Safety and Health Administration (OSHA) regulations. These trainings include mandatory OSHA trainings, job or task specific trainings and other regulatory agency trainings. In addition to these compliance-based trainings, team-members are required to keep up with Job Safety Analyses (JSA) for their workstation to ensure that potential hazards are identified and consequently mitigated.

Where warranted, we provide and require shop floor employees to wear personal protective equipment (PPE). At a minimum, we require our shop floor employees to wear safety shoes and safety glasses. Job specific PPE may also include hearing protection, gloves, an apron, and respirators.

Our environmental health and safety team also sponsors monthly toolbox talks focused on highlighting and decreasing incidents associated with key safety risks. We recognize that safety incidents are more likely among new team members, so we recently enacted a new policy under which employees may not access equipment for their first three weeks of employment while they learn proper health and safety precautions.

In 2023, we will institute supervisor safety development training for UTEX employees who hold leadership roles. This fulsome EHS training is intended to equip our leaders with the knowledge and tools required to inspire and uphold a culture of safety across our company. We are committed to a culture of continuous improvement as it relates to health and safety and we plan to explore additional ways to reduce work-related injuries and illnesses in the future.

Safety Teams

To minimize workplace hazards and respond to plant specific incidents, we have safety teams comprised of EHS specialists, EHS technicians and regional safety managers who report to the Corporate EHS Manager and Director of EHS and ESG. These teams meet periodically to report safety compliance information, investigate near misses and incidents and determine solutions to mitigate incidents moving forward. Each team member plays a specific role in ensuring that health and safety remains a priority across the company.



Our Social Approach

Safety Month

Section 4.1 Continued: Health, Safety and Well-Being

Safety Month

We developed a new safety theme in the beginning of 2022, “Eyes, hands, body and feet—my task is ready to complete” as an effort to always keep safety top of mind. We ask each employee to recite the theme prior to performing a task to ensure they have considered and protected themselves from any form of injury.

June is Safety Month at UTEX. We held a safety event and rewarded all employees that recited the new safety theme. The success rate of employee memorization was over 90%, which we believe helped contribute to our lower incident rates in 2022.

Our Social Approach

Cultural Growth & Prosperity

Section 4.2: Diversity, Equity & Inclusion

UTEX is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion (DE&I). Human capital is our highest priority, and the collective sum of individual backgrounds, skills, cultures, and talent that our employees invest in their work represents a significant part of our company culture and achievement. Our commitment to DE&I is embedded in our Code of Ethics and Business Conduct and employment practices.

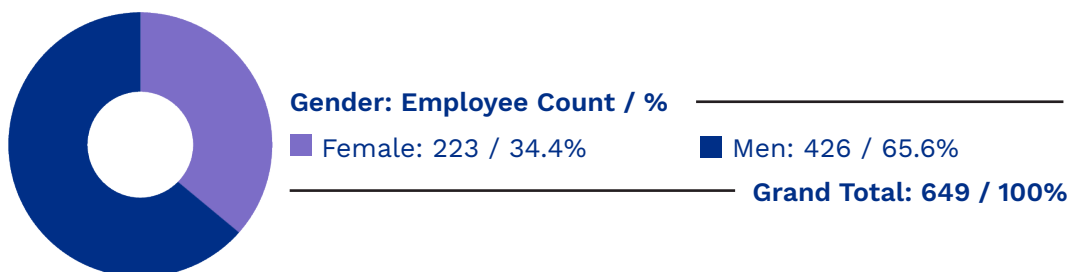
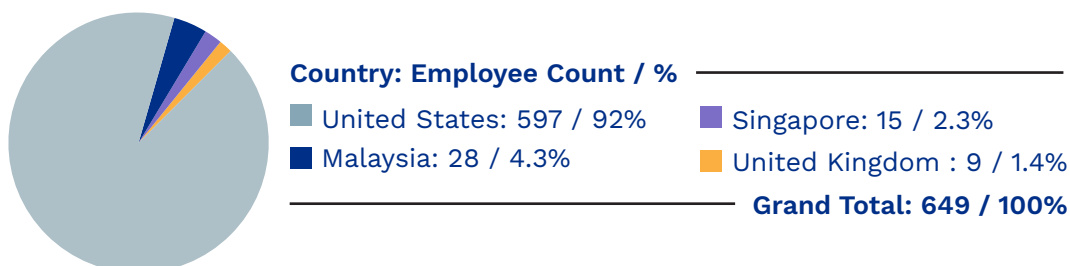
With regard to Equal Opportunity Employment, we make employment-related decisions without regard to race, color, national origin, ancestry, religion, creed, age, sex (including pregnancy, childbirth, and related medical conditions), sexual orientation, transgender status, gender identity, disability, genetic information, marital status, military or veteran status, and/or any other status or condition protected by applicable federal, state, or local law. It is our policy to ensure that all recruitment and hiring efforts, as well personnel actions relating to compensation, benefits, reductions-in-force, recalls, company-sponsored training, tuition assistance, social and recreational programs, etc., are conducted without regard to any status or condition protected by applicable federal, state, or local law.

Cultural Growth & Prosperity

Section 4.2 Continued: Diversity, Equity & Inclusion

All employees have a responsibility to take account of our policies and practices regarding diversity, equity and inclusion as part of their day-to-day work and dealings with colleagues, customers and other parties. We believe all employees should be treated with fairness and respect and are committed to providing a workplace free from discrimination and harassment. We do not tolerate conduct that fosters an offensive or hostile work environment.

Total number of employees, and a breakdown of this total by gender and region (2022):



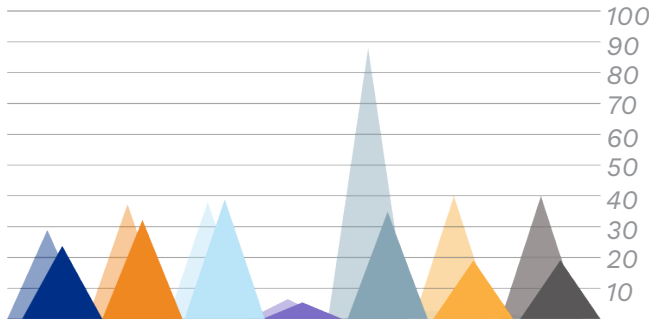
Our Commitment to UTEX Employees:

During 2022 UTEX drastically reduced turnover at all plant sites. Post Covid workforce challenges resulted in a high level of employee turnover at manufacturing sites (in some cases as much as 100% over a 12-month period). Due to the labor shortage the company was primarily filling open hourly manufacturing positions by utilizing “contingent” (temporary to hire) hiring strategies. This strategy was costly both due to the mark up of up to 60% of hourly wages by staffing firms and the high rate of turnover. In 2022 the company was able to reduce costs and turnover by shifting to a direct hire strategy focused on hiring better qualified skilled workers. To drive this transformation, manufacturing base wages were increased across all sites based on a compensation pay equity study performed by a third-party consulting firm.

Our Social Approach

Cultural Growth & Prosperity

Continued: Our Commitment to UTEX Employees



(2021 shown in 50% opacity, 2022 shown in 100% opacity)

Turnover 2021 vs 2022 for Manufacturing Sites and Corporate Office

- Corporate Office
- Accuseal
- Weimar
- UTEX West
- UTEX Conroe
- Willis
- Total for Period

Cultural Growth & Prosperity

Section 4.2 Continued: Diversity, Equity & Inclusion

Looking Ahead

We are constantly striving to further integrate DE&I principles throughout our company. In the fall of 2022, we laid the groundwork for two DE&I focused employee resource groups to be launched in 2023. Both groups are supported by the corporate HR function.

DE&I Group:

Intended to: Foster a diverse and inclusive workplace; cultivate intention, thoughtfulness and conversation around DE&I in a structured environment; provide a safe place for UTEX employees share their experiences

Women’s Resource Group:

Intended to: Promote unity amongst women in the UTEX workforce; champion gender equality and provide a space to share ideas, resources, support and connection for women; empower women to embrace their critical role in the workplace

We look forward to sharing highlights and successes of these groups in subsequent publications.

Also, benefits costs were reduced to make health coverage more affordable for the average factory worker. The 401 (k) plan also returned to matching employee contributions up to 4%. As a result, turnover rates were reduced to 36% for 2022 which was below the industry average for manufacturing. UTEX Asia did not have significant additions or turnover and was overall stable throughout the year. Additionally, UTEX acquired a small UK manufacturing site late in 2022 which also did not have significant hiring or turnover activity during this period.



Ongoing Support & Development

Section 4.3: Employee Training and Development

“What we hope you’ll find is a home away from home, a place where you can make yourself better, not just professionally but personally. We take the time to introduce you to the people, the departments, help you understand what we do, the customers we service, our vision, our mission, what we hold as our core values and then if you can understand that... the products and materials, that is the easy part.”

Zach Tritz, Managing Director – Asia

Since our founding in 1940, we have believed that our success hinges on the contributions of talented, driven people who want to make lasting, positive change with the work they do. We seek to create a workplace in which our employees have the opportunity to grow, excel and be a part of something truly world changing.

We are committed to providing ongoing learning and development for our employees by leveraging training resources within the Knowledge City Learning Management System. Whether our employees are completing required compliance training or preparing for the next stage of their careers, Knowledge City provides avenues for personal and professional development.

Tuition Reimbursement:

UTEX’s Tuition Reimbursement Plan helps employees improve their work skills and advance their career. The plan provides regular, full-time employees with the opportunity to receive reimbursement for up to \$3,500 for courses related and beneficial to UTEX’s business.

Employee Training Hours

In 2022, our employees completed a minimum of roughly 24 hours of training, focused on both compliance and professional development.

“What we hope you’ll find is a home away from home, a place where you can make yourself better, not just professionally but personally.”

Zach Tritz, Managing Director – Asia

Benefits & Recognition

Section 4.4: Benefits and Rewards

UTEX employees are offered competitive compensation and eligible employees are provided benefits in line with country-specific customs and applicable regulations. For example, in the US, eligible employees are offered full medical, dental and vision benefits as well as disability insurance, healthcare and dependent care flexible spending accounts, critical illness insurance as well as an employee assistance program.

Section 4.5: Team Member Engagement

UTEX continues to implement initiatives to help foster an engaging work environment. We host regular lunch celebrations at each of our manufacturing plants to encourage fun and fellowship and celebrate the successes of our employees. In 2022, we hosted events and sponsored activities for Safety Month, National Protect Your Hearing Month and Breast Cancer Awareness Month. In addition to these events, we provide opportunities for our employees to participate in charitable engagement opportunities such as food and holiday donation drives.

Team Member Recognition

We understand that team member recognition is imperative to advancing a collaborative and successful work culture. We leverage two employee recognition platforms—AwardCo and HighFive to recognize and reward employees for exemplary contributions to the UTEX mission. These platforms allow employees to provide timely, memorable and impactful recognition to team members across our company. We strive to be a company that is consistently recognizing the good in our employees and celebrating continued success.



Our Social Approach

Connecting with Communities

Section 4.6: Community Engagement

UTEX and its employees are deeply committed to supporting and partnering with our local communities. We believe that philanthropic and volunteer activities give our employees an opportunity to live our values and bring to life our commitment to ESG.

Baker Ripley

Baker Ripley is one of the largest charitable organizations in Texas with a network of more than 70 sites that help more than half a million people earn, learn, belong and be well. Their mission is to bring resources, education and connection by working side-by-side with their neighbors.

In 2022, UTEX partnered with Baker Ripley to support lower income residents in the Houston area. UTEX was a sponsor to their Thanksgiving Day turkey trot in November and supported their year-end “Adopt-a-Family” Christmas Drive by collecting new clothes, toiletries, grocery gift cards and toys for local families in the community.

Habitat for Humanity

Habitat for Humanity hosts a pumpkin patch each October to raise funds to sponsor and build Habitat homes for families in the community. Last October, our Weimar plant partnered with Habitat for Humanity to support the annual pumpkin patch fundraiser.

Toys for Tots

UTEX teamed up with Toys for Tots during the holiday season to sponsor a toy drive at our Weimar plant. Many of our employees donated new toys to be gifted to underprivileged children all over the United States. UTEX has sponsored a Toys for Tots drive for many of the last several years and we seek to continue with this tradition in subsequent years.



Meet The Team

Section 5.1: Governance Strategy and Approach

At UTEX, our passion for creating and innovating has enabled us to design and deliver specialized solutions through partnerships rooted in ethical principles and transparency. Our corporate governance principles are demonstrated through oversight, policies, practices and procedures, which help to inform and support the work we do every day.

Our Board of Directors, in conjunction with our Legal Manager, are responsible for establishing and updating our corporate policies and monitoring our overall performance. In addition, we have three standing board committees – Audit, Compensation and Nominating Committees – that provide an additional level of strategy support and accountability to the business.

The Board of Directors has ultimate oversight of ESG matters and works collaboratively to manage the ESG Steering Committee which is responsible for developing and directing ESG strategy and performance across the company.

Senior Leadership Team



PIOTR GALITZINE



WELLON PIERRE, III



MICHAEL FINK



ROY HOWARD



ALVIN PIERCE*



ZACHERY KOKEL*



JULIAN HIGUERA*



DENNIS PEDERSON



ZACH TRITZ



LORENA HIGUERA*



**FRANCISCA "CECE"
ABBEYQUAYE***



DAWN ALVAREZ*



JESSICA IBANEZ



ED LANDRY



LOUIS TAN*

ESG Steering Committee

Section 5.2: Governance Structure and ESG Oversight

Our ESG Steering Committee was created in the spring of 2022 to further support UTEX's mission and corporate strategy by promoting strong ESG practices across the company.

The ESG Steering Committee is a cross-functional committee that assists the Senior Leadership Team in (a) setting the strategy relating to ESG, (b) developing, implementing and monitoring initiatives and policies based on that strategy, (c) overseeing communications with customers, employees and other stakeholders with respect to ESG, and (d) monitoring and assessing developments relating to, and improving, stakeholder understanding of ESG.

The ESG Steering Committee has the following duties and responsibilities:

- Assist in setting the company's general strategy with respect to ESG, and to consider and recommend policies, practices, and disclosures that conform with the strategy
- Oversee the company's ESG communication streams and disclosures
- Assist in overseeing internal and external communications regarding the company's position or approach to ESG alternatives
- Consider current and emerging trends that may affect the business, operations, performance or public image of UTEX facilities
- Put systems in place, as deemed necessary and appropriate by the Senior Leadership Team
- Review and assess internal ESG KPIs and recommend any proposed changes for approval
- Perform other duties, tasks and responsibilities relevant to the purpose of the ESG Committee as may from time to time be requested by the Senior Leadership Team or the Board

The committee meets periodically throughout the year and recommendations prepared by the committee are shared with the Senior Leadership Team and the Board, as appropriate, for further discussion and approval.

Ethics & Integrity

Section 5.3: Global Compliance and Ethics

For more than 80 years we have been working with integrity to meet the needs of a diverse set of clients. The reputation we enjoy as a trusted provider is one we've earned over the years by conducting business ethically. Our Code of Ethics and Business Conduct outlines our commitments and standards for:

- Ensuring compliance with applicable laws, regulations and company policies
- Promoting integrity and a high standard of ethical conduct
- Helping us to avoid even the appearance of impropriety in connection with our company's business activities

The Code applies to all team members of UTEX and its subsidiaries, including corporate officers and members of our Board of Directors. Business partners such as vendors, consultants and temporary team members are also expected to follow the Code when working on behalf of UTEX.

Policies around core governance topics such as our commitment to a harassment-free workplace and our standards around anti-bribery, discrimination, and harassment are all detailed in our Code.

To reinforce our commitment to ethical business conduct, we require UTEX team members to acknowledge receipt of the Code and participate in annual ethics and compliance training.



of our workforce received communication and training on our anti-corruption policies.

Reporting Concerns

UTEX is committed to creating a safe and supportive working environment where honesty is the expectation. We encourage employees to report any violations of the Code and UTEX policies to their team leader and expedite the issues as appropriate. In the instance that an employee would prefer to file a confidential report, we have partnered with Lighthouse Services, an independent third-party dedicated helpline, to encourage our employees to report suspected breaches of our Code or any violations of the law.

We do not tolerate retaliation against any team member who, in good faith, asks questions, makes a report of actions that may be inconsistent with the law, our Code or our policies, or who assists in an investigation of suspected wrongdoing.

Our Commitment

Section 5.4: Human Rights

At UTEX, we are committed to the highest standards of integrity and business conduct. Our practices and principles for behavior are noted in our Code of Ethics, which applies to all team members of UTEX, its subsidiaries and supplier partners.

At UTEX, we:

- Value the diversity of our employees and are committed to providing an equal opportunity in all aspects of employment to all employees without regard to race, gender (including pregnancy, childbirth or related medical conditions), color, religion, creed, national origin, age, military and/or veteran status, disability, genetic information, sexual orientation, transgender status, gender identity or any other category protected by applicable federal, state or local law
- Are committed to providing an environment free of harassment, intimidation, and discrimination by any person associated with the company (including, but not limited to, UTEX’s customers, vendors, suppliers, and other invitees)
- Make reasonable accommodations for known physical or mental limitations of an otherwise qualified applicant or employee with a disability as well as providing accommodations for pregnant women and any applicant or employee’s bona fide religious beliefs and practices
- Do not employ child labor or forced labor in our operations in any country where we operate, and will not knowingly engage with a supplier that directly or indirectly does engage in child or forced labor
- Do not allow employees to work more than the maximum number of hours legally permitted by applicable law
- Promote the safety of our employees, property, equipment and environment and ensure that our workspaces meet or exceed relevant regulatory requirements; we address health and safety incidents as they arise and mitigate opportunities for reoccurrence of incidents
- Conduct business with transparency and free from unethical persuasion throughout our entire supply chain
- Strictly comply with each applicable law, rule or regulation governing the business including those related to the environment, safety and health, employment opportunities, and corporate and accounting practices



Our Commitment

Section 5.4 Continued: Human Rights

- Drive compliance with legal and regulatory requirements applicable to our global business including training programs, continuous improvement, and striving for best practices
- Regularly train all employees on our standards for workplace conduct and employees are required to certify their compliance with that policy and the Code annually
- Believe in making a positive difference in people's lives and maintaining the health and welfare of the communities where we live and work; we promote, encourage, and support a diverse range of corporate social responsibility activities

UTEX is dedicated to honest and ethical business practices today and in the future, maintaining the culture of human rights that has been a company priority for 80 years.



Our Business Partners

Section 5.5: Supply Chain Management

At UTEX, we hold ourselves accountable to high standards of ethics and business conduct, and we seek partners who align with our commitment.

Our Code of Ethics and Business Conduct outlines the minimum standards expected from all supplier partners. In addition, we encourage our business partners to work with their own supply chains to promote business conduct in line with these principles.

Our business partners are expected to:

- Conduct business with honesty, accuracy and integrity
- Provide and maintain a safe, healthy and orderly workplace, free from harassment and discrimination of any kind
- Respect basic human rights and dignity, while forbidding the use of forced or child labor and protecting against any form of human trafficking
- Demonstrate equal treatment of all employees
- Meet or exceed environmental compliance requirements and minimize impacts to the environment by responsibly managing waste, water, energy and land use
- Comply with any and all laws of the cities, states and countries in which the company operates, including anti-bribery and corruption laws and regulations

All business partners of UTEX are urged to report any violations of laws, rules and regulations set forth by the Code of Ethics to any member of management or Human Resources, and to comply with any investigations of misconduct.

IT Security

Section 5.6: Cybersecurity

At UTEX, we understand the importance of cybersecurity in defending against and mitigating attacks to our IT systems and intellectual property. Our IT director and supporting team employ policies and work with commercially available systems and software to protect the company’s data, data systems and digital assets. We reference the National Institute of Standards and Technology (NSIT) as a model for identifying risks and mobilizing appropriate risk mitigation activities.

Each of our employees have an active role to play in preventing cybersecurity incidents and protecting UTEX intellectual property. We therefore require our employees to participate in annual cybersecurity training and additional remedial training where necessary. 100% of our salaried employees completed the cybersecurity compliance training in 2022.

In 2022, we worked with CrowdStrike to conduct an IT system vulnerability assessment to better understand past incidents and existing cybersecurity risks. The findings of the assessment were shared with our Board of Directors. Our Board and Senior Leadership Team have collectively identified opportunities to advance cybersecurity programs and processes to address matters that were identified as part of the assessment.

Committing to Continuous Improvement in Cybersecurity

To strengthen our cybersecurity processes during onboarding and offboarding, we recently made a strategic shift toward an automated process of granting and terminating IT access through our HR platform. This new process, which was introduced last year, was designed to minimize lag time between the employee termination process through our HR function and the termination process within IT. We are confident that this move will lead to decreased cybersecurity risks across the company.



Appendix

SASB Table

Section 6: Appendix (SASB Table)

Sustainability Disclosure Topics & Accounting Metrics: Industrial Machinery & Goods

SASB Topic	Accounting Metric	Response	Code
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) 154,060 GJ, (2) 48%, (3) 0%	RT-IG-130a.1
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR)	(1) 1.73, (2) 0.00, (3) We're in the process of tracking for the next reporting cycle	RT-IG-320a.1
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	UTEX does not manufacture or sell medium- or heavy-duty vehicles	RT-IG-410a.1
	Sales-weighted fuel efficiency for non-road equipment	UTEX does not manufacture or sell non-road equipment as defined by the SASB guide ¹	RT-IG-410a.2
	Sales-weighted fuel efficiency for stationary generators	UTEX does not manufacture or sell stationary generators	RT-IG-410a.3
	Sales-weighted emissions of (1): nitrogen oxides (NOx) and (2) particulate matter for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines	UTEX does not manufacture or sell marine diesel engines, locomotive diesel engines, on-road medium- or heavy- duty engines or non-road diesel engines	RT-IG-410a.4
Materials Sourcing	Description of the management of risks associated with the use of critical materials ²	UTEX has developed multiple sources for critical material supply, where possible. At the same time, UTEX works with preferred vendors to consolidate sourcing and build strong business partnerships to leverage volumes and relationships when needed. Our approach to the management of risks associated with critical materials is documented in UTEX'S Conflict Mineral Policy, which is available on our website under 'ESG/Policies'.	RT-IG-440a.1
Remanufacturing Design & Services	Revenue from remanufactured products ³ and remanufacturing services ⁴	UTEX reclaimed 111 units at its Conroe facility. Revenue associated with these units has not been calculated at this time as this program is being further developed.	RT-IG-440b.1

SASB Table

Section 6: Appendix (SASB Table)

Activity Metric	Response	Code
<p>Number of units produced by product category:</p> <p>(1) vehicles and agricultural and construction equipment, (2) engines and power generation equipment, and (3) parts and components</p>	<p>(1) UTEX does not sell vehicles or agricultural and construction equipment</p> <p>(2) UTEX does not sell engines or power and generation equipment</p> <p>(3) UTEX sold 17,635,140* units across the company in 2022. Note that some units are sold as sets and therefore the number disclosed (17,635,140*) does not reflect all parts or components individually produced.</p>	<p>RT-IG-000.A</p>
<p>Number of employees</p>	<p>649 employees as of 12/31/2022</p>	<p>RT-IG-000.B</p>

**Divested Well Service Products Division*

1 Non-road equipment is defined by SASB as excavators and other construction equipment, farm tractors and other agricultural equipment, heavy forklifts, airport ground service equipment, and utility equipment such as generators, pumps, and compressors.

2 Defined on page 14 of SASB guide

3 Remanufactured products are defined by SASB as an end-of-life product or component (i.e. one that was previously sold, worn, or non-functional) that has undergone an industrial process to be returned to original working condition (i.e., is considered “like new”)

4 Remanufacturing services are defined by SASB as providing the service of repairing, restoring, and/or remanufacturing end-of-life goods to original working condition



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