



BREAKING GROUND

ANNUAL SUSTAINABILITY REPORT

2022/2023



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BREAKING GROUND
Today
FOR A SUSTAINABLE
Tomorrow





Scott Bedell

President/CEO/Chairman
Caltrol, Inc.

OUR PAST

Last year, we took an important first step on our sustainability journey, introducing our company's sustainability framework and outlining our focused areas as an organization. At that time, we chose to release a "statement" instead of a "report" because we didn't have a full calendar year of data to establish a baseline. However, we were eager to share some exciting initiatives and achievements. These included the success of our Pallet Reuse Program, collaborations with industry associations, the positive impact of our social efforts, like blood drives and community charity events, as well as the structure of our 100% employee-owned ESOP company. Additionally, we highlighted how we leveraged our technologies and expertise to assist our customers in meeting their sustainability goals across various industries, such as mining, life sciences, food & beverage, and oil & gas. We also showcased our work in emerging markets, including Hydrogen, Renewable Diesel, and Battery Recycling.

OUR PRESENT & FUTURE

This year, we are pleased to present our comprehensive report to you, encompassing a full calendar year of our sustainability endeavors. Throughout this period, we have made significant progress and gained valuable lessons that we are excited to share.

The continued development and improvement of our sustainability framework requires dedication, time, and hard work to ensure its success. Many of our employee owners assist in the creation of this report, volunteering their time to participate and share their experiences. I would like to extend my heartfelt gratitude to all Caltrol team members, the leaders of the sustainability steering committee, the subcommittees, and the numerous Caltrol employee owners who have gone above and beyond to lay the foundation and continue building upon it.

This report includes data from the year 2022 and introduces new activities from the first half of this year. I encourage you to immerse yourself in our sustainability journey by reading this report and discovering what Caltrol has been up to.

A handwritten signature in black ink that reads "Scott Bedell". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

HIGHLIGHTS:

Below are a few of my personal favorites concerning our achievements in this report:

- LED **lighting efficiency** projects
- Partnership with SoCal Gas in creating the **Hydrogen Home of the Future**
- Official membership in the **California Hydrogen Business Council**
- Enhanced **safety** culture and professionalism
- Collaborative refreshing of our **core values and corporate mission**
- Improvement in our year two **Gallup Employee Engagement** index score
- New member to our **Board of Directors**



ABOUT US

Progress & Innovation

At Caltrol, we are dedicated to making a meaningful difference in our customers' daily operations and business outcomes. As a proud member of the Emerson Impact Partner network, we combine our local expertise with a global perspective to deliver unparalleled solutions in the industrial automation industry. Since 1934, we have been serving a diverse range of industries in the Southwest US and Hawaii, including power generation, life sciences, chemical, mining, and metals. What sets us apart is not just our experience, but also our unique identity as an Employee Stock Ownership Plan (ESOP) company. This means that each member of the Caltrol team takes immense pride in their work and shares a genuine commitment to the success of our organization and each other.

Breaking Ground

As an organization, we recognize the increasing importance of prioritizing sustainability in everything we do. Internally, we have implemented new data collection processes and programs to thoroughly assess the carbon footprint of our daily operations. We are breaking new ground in the manner that we go about approaching sustainable practices. We are proud of the visible results, as this report, our first-ever, showcases our significant emissions reduction in scopes 1, 2, and 3. Moreover, we believe in taking a holistic approach to sustainability, encompassing the environmental, social, and governance (ESG) aspects. This means caring for our employees and local communities, and carefully selecting partners that align with our sustainability values.

Externally, we understand our unique position to help our customers achieve their sustainability goals. With our comprehensive range of products, services, and solutions, we actively strive to make the industries we serve more sustainable. This report highlights notable projects that demonstrate our positive impact, and we invite you to explore and be inspired by them.

At Caltrol, sustainability is not just an aspiration; it is embedded in our corporate decision-making, our commitment to our stakeholders, and our dedication to creating a better world. We remain steadfast in our pursuit of progress, continuously seeking new ways to drive environmental change while delivering exceptional value to our customers. Thank you for joining us on this journey towards a more sustainable future.



Core Values

COMPANY CORE VALUES REFRESH

In 2022, we began working on updating our corporate core values in order to more accurately capture the spirit and culture of our organization. Refreshing the values was also part of a larger corporate rebranding project. All Caltrol employee owners were involved in the selection process through an internal survey. Participants voted and shared their feedback for each proposed value, and our leadership team finalized the list of six you see today.

These values represent the traits we wish to embody in our treatment of one another, our customers and all other stakeholders we interact with each day.

1

ATTITUDE

Our culture is fueled by passion, tenacity, positivity, and fun.

2

CUSTOMER FOCUS

We are dedicated to providing exceptional customer focus by listening to and addressing our customers' needs.

3

ETHICS

Our unique ownership culture promotes strong professionalism and integrity, and Caltrol employee owners hold each other accountable to maintain high standards.

4

EXPERTISE

We provide more than competence; we provide expertise by delivering transformative solutions that resolve the unique and complex challenges our customers face.

5

INNOVATION

We are driven by innovation and are always exploring new ideas and technologies to better serve our customers.

6

TEAMWORK

We are united by teamwork, which fosters collaboration, communication, and mutual support in achieving our goals.

Mission, Vision, & Purpose

The development of our mission, vision, and purpose statement was an integral part of our comprehensive corporate rebranding project undertaken in 2022. Originally, our plan was to create three separate statements. However, to ensure a more inclusive and collaborative approach, we extended invitations to additional Caltrol collaborators to join us in this important task. Through this collective effort, we arrived at one, unified statement and the graphic representation you see below, which encapsulates our shared aspirations and ambitions as a company.

The arrows depicted in the graphic representation symbolize our unwavering dedication to accepting changes that come with forward flow and maintaining momentum. They signify our constant drive for progress as we strive towards growth and innovation. Our aim is to maintain this forward momentum as we forge ahead on our mission to meet the evolving needs of our customers and make a positive impact on the world.

Overall, our mission, vision, and purpose statement embodies our renewed focus and serves as a guiding compass for our company's path towards success and meaningful contributions.



We automate the essential needs of modern life by delivering expertise and unique solutions as the premier partner for industries solving the global challenges of tomorrow.

MISSION

We automate the essential needs of modern life

VISION

by delivering expertise and unique solutions

PURPOSE

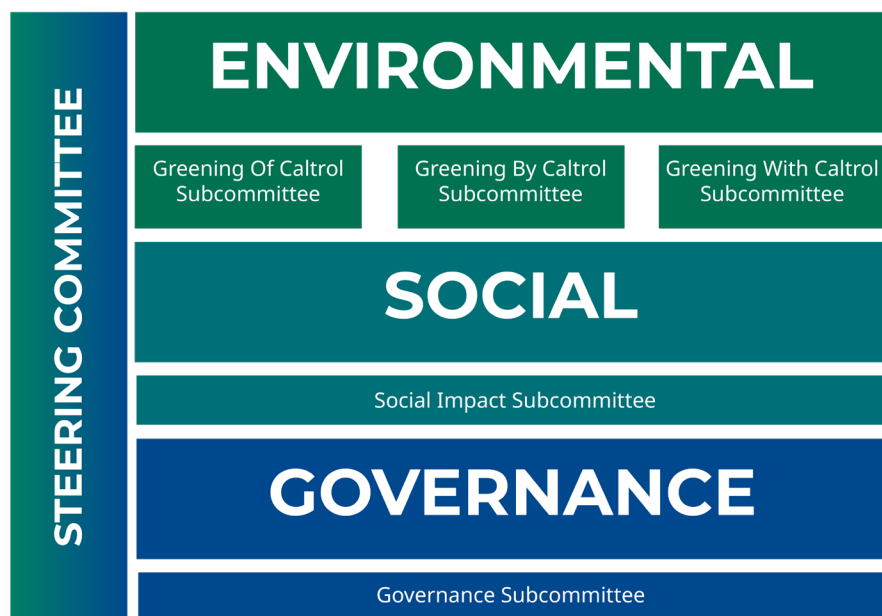
as the premier partner for industries solving the global challenges of tomorrow.

Sustainability

Our foundational sustainability framework consists of a supervisory steering committee and subcommittees for each area of our environmental, social, and governance (ESG) areas of focus.



SUSTAINABILITY PROGRAM STRUCTURE + INITIATIVES



Within each subcommittee, select Caltrol employees work to promote growth in predetermined initiatives. Each initiative is an area of focus that will enable us to reduce our carbon footprint while expanding our business and maintaining corporate citizenship for our company, the people, and the communities we serve.

Caltrol Sustainability Framework

Timeline

In just two years, our sustainability journey has already yielded promising results. From our initial discussions about establishing a sustainability initiative to the present day, we have made significant strides. The timeline below provides a visual representation of our progress thus far. As we continue to build upon our achievements, we eagerly anticipate adding more milestones each year, further advancing our sustainability program.

JUNE 2021 The Story Begins

Scott Bedell appointed CEO of Caltrol. He initiates the development of our corporate sustainability program.



JANUARY 2022 Subcommittees Formation

Members for ESG subcommittees selected, first subcommittee meetings scheduled for Feb. 2022.



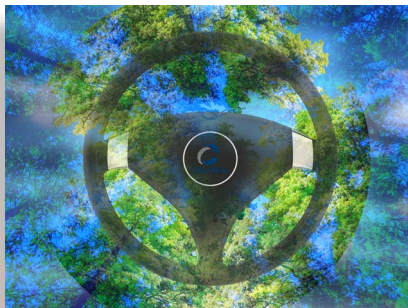
SEPTEMBER 2022 Statement Release

Caltrol's first ever sustainability statement release/launch. Planning for 2023 report begins. Release date for report projected for end of July 2023.



SEPTEMBER 2021 Steering Committee Formation

Caltrol Sustainability Steering Committee developed to oversee environmental, social and governance subcommittee initiatives.



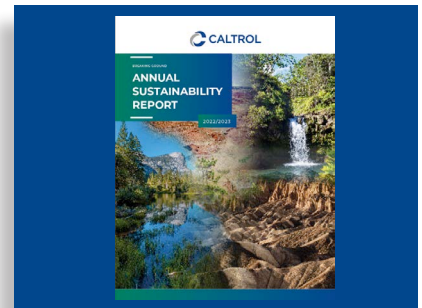
MARCH 2022 Statement Planning

Sustainability statement release planning commenced. Development of statement starts in April.



AUGUST 2023 Sustainability Report

Caltrol's first-ever sustainability report release.



ENVIRONMENTAL: Greening Of Caltrol



“

We now believe that we are well positioned to track and minimize our environmental impact as we grow in a smarter and more environmentally friendly manner.

- Bill Flader

”



Bill Flader

*Greening Of Caltrol Committee Lead
Project Manager*

Bill Flader is the team lead for our Greening Of Caltrol Committee. The committee serves an important role in our framework, as we work to find ways of improving the impact our daily operations have on the environment. Committee members act as environmental stewards, monitoring office trends and assisting with measuring our carbon footprint. They propose impactful operational changes to promote positive environmental outcomes.

EMPLOYEE FEATURE

Committee members from Caltrol are carefully selected based on their passion and commitment to our company's environmental mission. Keith Bowen is a shining example of this dedication. He has been an instrumental member of the Greening of Caltrol Committee since its inception last year. Keith's passion and endless creativity in finding new ways for us to improve are truly inspiring. We invited him to share his experience on the committee to provide insight into its purpose and its profound significance for our organization and others as well.



Keith Bowen

*Greening Of Caltrol Committee Member
Sr. Applications Engineer*

"My efficiency and problem-solving mindset as an engineer, the high-cost of energy in California, and my desire to help my coworkers is what got me excited about being part of the sustainability initiative at Caltrol. ESOP organizations like Caltrol nurture stronger relationships amongst employees because they are made owners. It's in everyone's best interest to make the company more profitable by reducing energy use and lowering bills. I see my involvement with the Greening Of Committee as a chance not only to help the company but also as a way to share knowledge with my fellow employee owners who also want the same things for a better future.

Calctrl's Greening Of Committee has frequent meetings, and we have already implemented numerous activities making a difference to the company and the environment. It's exciting to see progress and look ahead at how much more there is we can do. It's an enjoyable and important journey that I hope everyone can get behind; whether it's bringing forward a suggestion, putting a plastic bottle in the correct recycling bin, or just remembering to turn off a monitor when work ends for the day.

Some may ask whether sustainability has a place in the workplace or whether this should be taken care

of by either individual citizens or legislated from a governmental standpoint. However, close examination of what constitutes sustainability shows us that its essence is efficiency. That efficiency typically involves energy use, energy management, and making more fiscally conscious choices. Employing such tactics in the workplace is a benefit to the company's bottom line.

A baseline example of sustainability in the workplace is the use of LED lighting, which reduces the corporate electricity expenditure – in any company this will affect profitability and should carry over to the employees in terms of either a more secure future or increased remuneration. It makes a good example because the return on investment is fast and efficient. Furthermore, employees taking part in these activities see the direct correlation and are more inclined to adopt such strategies at home, thereby improving the environment for everyone as well as reducing their own expenditure.

Companies fully embracing sustainable practices are finding energy and material savings across a broad spectrum. Through educating their employees about what they can do at home to both help the planet and save money, the net effect multiplies and leads to helping the country and planet to a better future."

-Keith Bowen



BREAKING GROUND
**Innovative Data
Methodologies for
Unveiling New Insights**

During the first year of our sustainability journey, in 2021, we began the development of methodologies to measure our environmental impact as accurately as possible. Each part of our business was examined thoroughly to better understand the composition of our carbon footprint. With that understanding, we published our statement and titled it “Greenprints.” The name was chosen as wordplay for blueprints, which best described our sustainability planning status at the time. This year, we have titled our report “Breaking Ground,” as we have moved through the planning phase and advanced to tracking actionable data that we can publish to further our goal of transparency.

Our GHG Footprint: 2021-2022

The 2022 business year was one in which Caltrol experienced exponential growth. This was partly due to the improved business climate coming out of the Covid pandemic. It was also fueled by the fact that Caltrol provides product solutions that are both critical components in the industrial marketplace but are also very environmentally relevant to the evolving ESG marketplace. In addition, Emerson transitioned their mechanical service division and personnel in the west coast to Caltrol. This added service personnel and expanded our fleet which resulted in increased energy consumption.

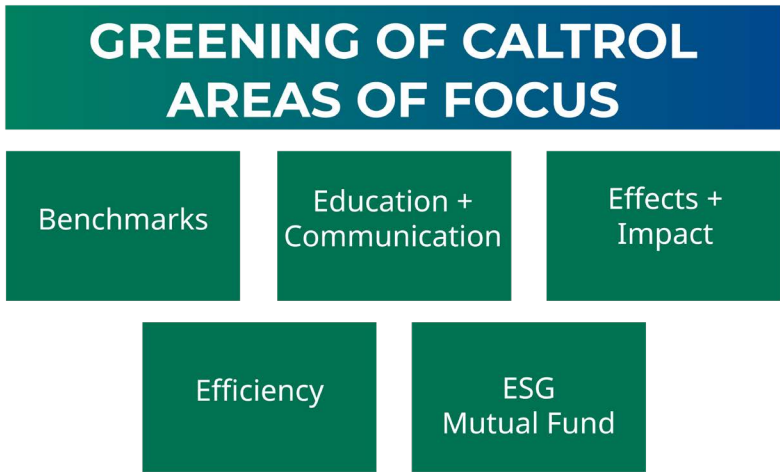
These factors, along with our seasoned sales team, fueled growth and a backlog of business projects. This has created an unprecedented amount of energy consumption just to keep up with the market demands. Nevertheless, we showed progress in minimizing our GHG emissions even in the face of unprecedented growth of our business.

CATEGORIES	MT CO ₂ eq 2021	MT CO ₂ eq 2022	VARIANCE
SCOPE 1 Fleet Vehicles	528.11	650.96	+23.26%
SCOPE 2 Buildings, Electric & Gas	286.19	352.92	+23.32%
SCOPE 3 Business Travel - Air	245.58	415.48	+69.18%
SCOPE 3 Business Travel - Cars/Trucks	231.49	211.73	-8.54%
SCOPE 3 Shipping Downstream	104.64	105.77	+1.08%
SCOPE 3 Waste	52.15	83.70	+60.50%
SCOPE 3 Employee Commute	984.36	1081.18	+9.84%
SCOPE 3 Remote Workforce	71.04	78.15	+10.01%
SCOPE 3 Emerson Production	8166.84	4312.51	-47.19%
SCOPE 3 Other Suppliers	1614.05	935.22	-42.06%
Grand Totals	12284.45	8227.62	-33.02%

Disclaimer: Please note that some of the data, statistics, and metrics presented in this report, including greenhouse gas emissions, are approximations and have not been prepared following generally accepted accounting principles. While these estimations are based on recognized methodologies and assumptions deemed reasonable during the preparation, they are not intended as guarantees and are subject to potential revisions in the future.

Initiative & Goal Updates

The sustainability framework we unveiled last year provides a clear roadmap for achieving our goals within each of our distinct initiatives for environmental focus. Although the goals and areas of focus outlined for the Greening Of Caltrol Committee remain consistent for 2022, we have made notable progress. We have taken strategic steps to advance each initiative, steadily propelling us toward our goals. As we continue on our planned path for improvement, we look forward to sharing the updates and accomplishments with you year after year.



GOALS

- 1** Measure of our company impact on the environment based on our most recent past operations
- 2** Enhance of our data collection methodologies to establish accurate and timely data
- 3** Implement meaningful operational changes that will have a positive environmental impact

EFFECTS & IMPACT Hybrid Work Policy

In March of 2022 we deployed internal flexible work policies which allowed for our employee owners to work from home or closer to our clients through our Motus work program for sales personnel. These policies are constantly at work minimizing our footprint in the face of expanding business opportunities.



54%
GHG
Emissions
Reduction

Our remote workforce and work from home policies reduce GHG emissions.

From 2021 to 2022, we reduced metric Tons of CO2 equivalents by 54%.

EDUCATION & COMMUNICATION

2022 Shareholders Meeting

As an ESOP organization, we provide education and communication on our business strategy and financials. Recognizing that our employees are owners, we believe they have the right to be fully informed about the company's standing at all times. To achieve this, we conduct both quarterly and annual meetings, providing our employee owners with regular updates on our progress. Additionally, every few years, we organize an in-person annual shareholders meeting, which serves as a valuable opportunity for face-to-face interaction and engagement through team-building events.

In 2022, our annual meeting took on an innovative approach in communication. We developed a series of educational videos, featuring employees from various business units, to enhance understanding of our operations and demonstrate the positive impact we make within the industries we serve. The involvement of numerous employee owners in these videos garnered an overwhelmingly positive response. This event also allowed us to showcase our current stock price, and it provided an opportunity to offer education on ESOPs and the crucial role valuations play.

We understand the significance of these in-person events in cultivating a healthy corporate culture. To ensure maximum attendance, for the first time ever, we held two annual meetings in 2022. The first session took place in March, accommodating the majority of our employee base, while a second session in August was added specifically to accommodate our busy service teams. The tremendous response and gratitude from our team reassured us of the value in hosting these in-person events.

By prioritizing education and communication within our company, particularly through impactful events like our annual shareholders meeting, we create a corporate culture that values transparency and encourages engaged employee owners. Through these initiatives, we strive to empower our employees, promote transparency, and reinforce the collective ownership mentality that drives our success.

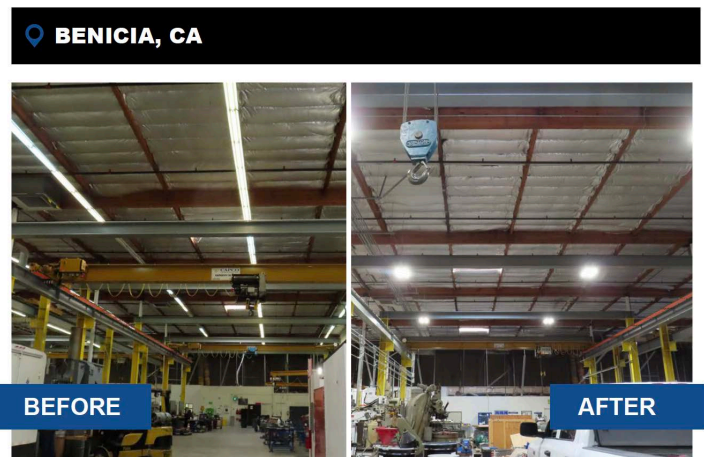
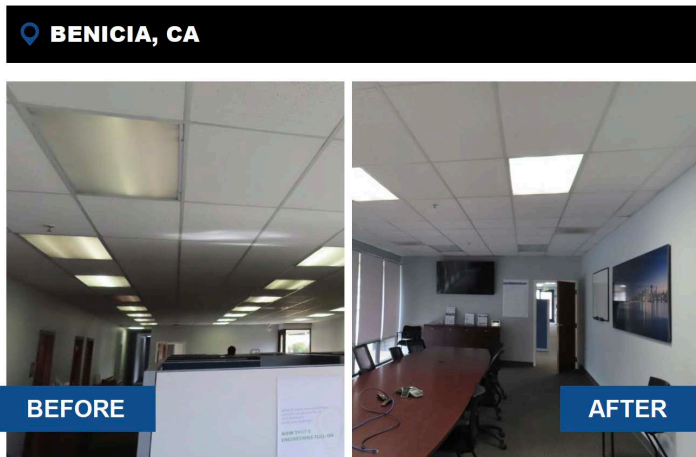


Initiative & Goal Updates

EFFICIENCY

LED Lighting Efficiency Project

During year two of our sustainability program we utilized new data to acquire a better understanding of the carbon footprint of our offices. This process involved analyzing the costs and emissions data associated with each office, providing us with an eye-opening insight into their environmental impact. As a result, we initiated a project aimed at reducing the kWh usage in the offices that had the most significant greenhouse gas (GHG) impact. Our initial focus was on transitioning these offices to LED lighting, a step proven to yield substantial energy savings and environmental benefits.



To execute this project successfully, we enlisted the expertise of PEC (Pacific Energy Concepts), a team of specialists in commercial lighting solutions. PEC offered a holistic approach to developing custom lighting concepts and energy management for our company. Their experienced team deployed sophisticated lighting strategies to actively engage our employees and our business in achieving optimum performance.

Upon our request, they conducted a comprehensive evaluation of the offices with the highest carbon footprint and developed an energy-efficient plan. This plan not only resulted in significant kWh reductions but also improved the quality of lighting in these offices. The photos and graphic show the results and expected savings from this project as we embark on the third year of our sustainability program.

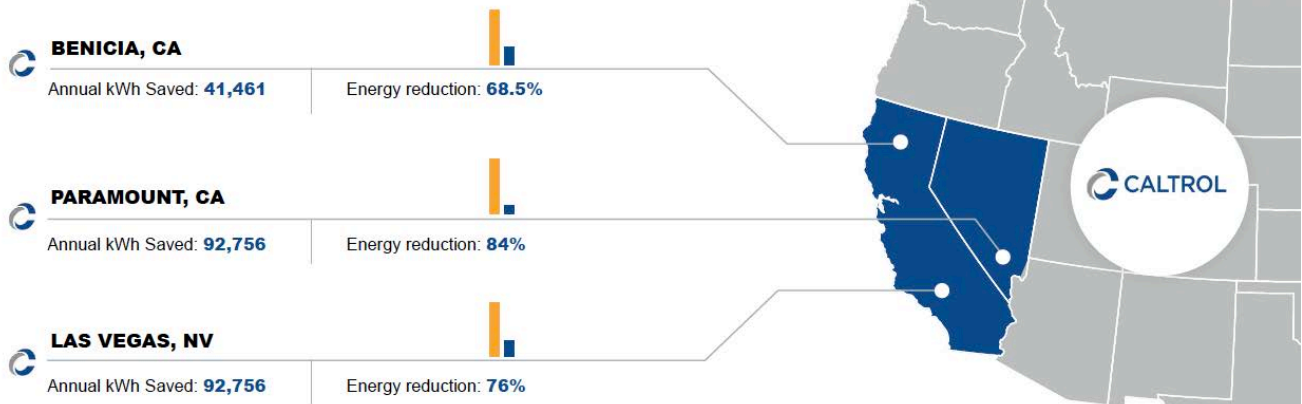
LED Lighting Efficiency Project (Cont'd)



A COMMITMENT TO SUSTAINABILITY

By partnering with PEC to install energy efficient LED lighting in its facilities, Caltrol is taking direct and tangible action on its commitment to sustainability. As this graphic shows, these projects combat energy waste effectively within each site, which leads to a larger sustainability impact at a company level. In 3 projects so far, Caltrol has already made a huge sustainability impact and helped to make the world a cleaner place.

CURRENT PROJECTS



TOTAL ENERGY IMPACT



SUSTAINABILITY IMPACT



ENERGY EQUIVALENCIES



BENCHMARKS SUSTAIN LIFE

To house our data and provide independent third-party guidance, we utilize the tools and expertise of the team at Sustain Life. Their software, databases, and environmental management team help to point us in the right direction, and they enable us to see actionable insights from our environmental data all in one place.

ESG MUTUAL FUND

To empower our employee owners to invest in companies that align with their values, we have introduced an ESG mutual fund option within our 401K portfolio. This allows our employees to allocate their investments into companies that prioritize sustainability, social responsibility, and strong corporate governance practices. By providing this ESG fund, we not only offer a more personalized investment approach but also enable our employees to support businesses making a positive impact on the environment and society.

As part of our commitment to continuous improvement, we have plans to enhance our educational initiatives to provide our employees with a better understanding of our ESG mutual fund, its performance, and the broader ESG investment landscape.

Greening By Caltrol



“ Caltrol is partnering with companies on the leading edge of environmental processes created specifically to help reduce carbon footprint.

Chuck Hakala

*Greening By Caltrol Committee Lead
VP Sales*

The depth and breadth of our extensive portfolio of technologies and expertise positions us uniquely to support customers in their pursuit of a sustainable energy transition. At Caltrol, our Greening By Committee plays a pivotal role in exploring innovative approaches to help our customers achieve their environmental goals. We actively seek opportunities to digitally transform operations in emerging industries like biofuels, renewable energy, hydrogen, carbon capture, and energy storage. Through our comprehensive solutions, we empower our customers to navigate the complex roadmap towards sustainability.



GREENING BY CALTROL AREAS OF FOCUS

Sales Environmental Upskilling

Customer Focus

Environmental Product Solutions

Quantifiable Business Results

GOAL

1

Maintain focus on the collective positive environmental impact that our customers create by using our products and services

INITIATIVE & GOAL UPDATES

In our territory, we have witnessed a significant expansion of piloted technologies focused on carbon capture, advanced materials, water use reduction, biomass gas generation, and battery recycling. By consistently applying our products and services for sustainability, we develop invaluable insights into customer processes and objectives. This positions us to engage in meaningful conversations about additional avenues through which we can support their scaling efforts. In 2022, we embraced remarkable opportunities at Caltrol, making notable strides in project pursuits that further enhance our ability to serve customers in their journey towards cleaner and more sustainable operations.

SALES ENVIRONMENTAL UPSKILLING Enablement

Geothermal Power stands as a pioneering green technology, and we are actively collaborating with our sales teams to bring forth an array of products and services. These innovative solutions empower our customers to generate electricity in a manner that is both environmentally responsible and highly efficient. By harnessing the natural heat from below the earth's surface, we enable our customers to maximize their power production while ensuring that safety and sustainability remain at the forefront of their operations.



CUSTOMER FOCUS Impact

Caltrol was a part of three different Carbon Capture projects last year. The first was Direct Air Capture, and the second was Flue Gas Capture. The third notable project was CO2 capture in the manufacturing of concrete blocks, utilizing a process that reduces emissions by 70%.

QUANTIFIABLE RESULTS Measurement Improvements

Calctrl's Advanced Solutions team received an order for two Compressor SlipStream™ systems to capture compressor packing emissions that have previously been vented to atmosphere. These systems will reduce approx. 1 scfm per hour of operations of methane venting.

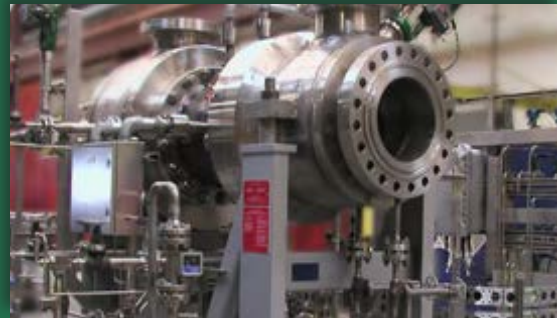


Projects & Pursuits

We take great pride in our ability to contribute to projects and endeavors that make a positive impact on the world. Through our comprehensive environmental solutions portfolio, advanced solutions, and wide-range of products and services tailored to industrial automation customers, we are dedicated to driving sustainable change. From promoting energy efficiency to reducing carbon emissions, we actively strive to deliver innovative and effective solutions that enhance environmental stewardship. We are honored to be part of initiatives that not only benefit our customers but also contribute to a better and more sustainable future for all.

OEMs & Hydrogen

At Caltrol, we are thrilled to collaborate with our Turbomachinery OEMs who share our enthusiasm for hydrogen applications. Together, we are committed to overcoming the challenges posed by metallurgy and extreme process conditions in handling hydrogen. Our collective efforts aim to ensure the safe and efficient utilization of hydrogen in various industrial processes.

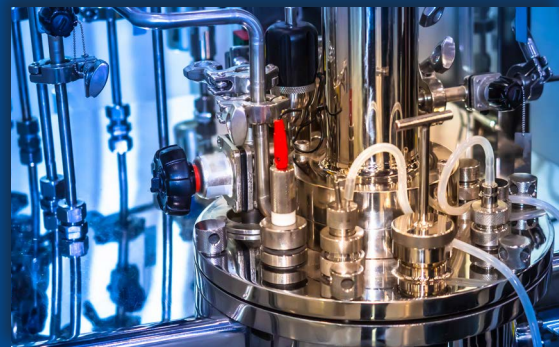


Hydrogen Odorization

Transporting hydrogen as a gas presents a distinctive challenge: the requirement to introduce an odor to detect potential leaks. Conventional odorizing agents like mercaptan, typically used to scent natural gas, are not chemically compatible with hydrogen. However, Caltrol Advanced Solutions has developed a proprietary chemical solution that can be precisely dosed to provide a distinct odor specifically for hydrogen. Currently, we are actively collaborating with several prominent gas distribution companies on implementing this application to ensure the safe and reliable transportation of hydrogen.

Advanced Materials

We are pleased to support a number of our customers who are at the forefront of developing environmentally friendly advanced materials. These innovative solutions span a wide range, from biodegradable plastic straws that break down within days to plastic derived from captured CO₂, preventing its release into the atmosphere. We are thrilled to collaborate with these forward-thinking companies in their pursuit of sustainable materials that positively impact our environment.



ENVIRONMENTAL PRODUCT SOLUTIONS

SoCalGas [H2] Innovation Experience

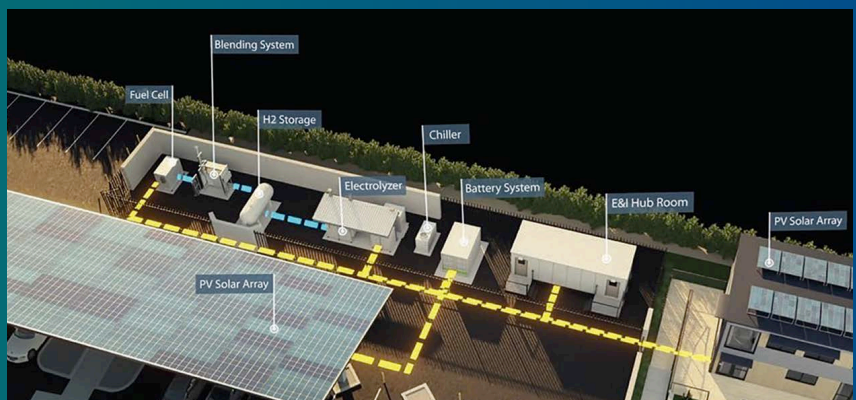


The global demand for hydrogen as a clean energy source is on the rise, particularly in industrial applications. Caltrol, with its Advanced Solutions portfolio, is strategically positioned to assist customers that are working to seize the abundant opportunities present in this dynamic market. Historically, the residential sector had limited applications for hydrogen, but recent technological advancements have unlocked new possibilities for innovative usage. Utility companies across the globe are now actively exploring delivery solutions to facilitate hydrogen adoption among their customers, enabling them to significantly reduce emissions and promote

sustainability. Caltrol is at the forefront of supporting these efforts, leveraging our expertise and resources to provide effective solutions in the growing hydrogen space.

We recently had the privilege of participating in the successful realization of the H2 Innovation Experience project by Southern California Gas (SoCalGas). As a subsidiary of Sempra Energy and a regulated utility, SoCalGas collaborated with Caltrol, Spartan Controls, and Emerson to deploy cutting-edge digital technologies, software solutions, and services. Together, we showcased the robustness and dependability of a hydrogen microgrid, highlighting its potential as a resilient and reliable energy source for utility consumers in Southern California. This collaborative endeavor exemplifies our commitment to adopting and demonstrating resourceful solutions in the hydrogen space.

The [H2] Innovation Experience, commissioned by SoCalGas, serves as a tangible showcase of the future of residential energy systems, offering a glimpse into their transformative potential for revolutionizing practical application of reduced energy consumption and emissions reduction. Spanning approximately 2,000 square feet, this hydrogen-powered home is equipped with solar panels, a power storage battery bank, an electrolyzer for converting solar energy into renewable hydrogen, a fuel cell for electricity generation, and a hydrogen blending system. The home is an exhibit of the seamless integration of multiple components within a sustainable and efficient microgrid. The project demonstrates scalability, with projections of powering entire neighborhoods in the future.





Our participation in this project serves as a testament to our shared commitment to advancing clean energy solutions and fostering a more sustainable future. Caltrol's involvement included the development and implementation of the control system responsible for optimizing energy supply and demand management within the home. Additionally, we provided the hydrogen blending system, engineered to support energy contribution to the local grid through either electrical power or the blending of hydrogen into the existing natural gas distribution system. This creative approach ensures zero-carbon emissions during the operation of vital home appliances such as the heat pump HVAC unit, water heater, clothes dryer, and stove.

"Balancing energy consumption optimally with existing sources requires sophisticated control and precise measurement," says Brian Burkowsky, Sr. Director of Advanced Solutions for Caltrol. "We have provided automation solutions and expertise on a wide variety of hydrogen projects globally, often working with our partners near the sites, as we did with SoCalGas, Spartan Controls and Emerson on this project. The potential for hydrogen to make power distribution more sustainable is enormous, and we are eager to show how the utility industry, and individual consumers, could benefit from it as a practical means of change."



Brian Burkowsky



Left to Right: Scott Drury (CEO, SoCal Gas), Scott Bedell (CEO, Caltrol), Luis Martin Del Campo (Caltrol Account Manager), and Brian Burkowsky at the SoCal Gas H2 Innovation Experience Unveiling. January 2022

While this project focuses on a single home, it shows vast potential to transcend its scale. The solutions found in the home can be implemented in new construction projects or retrofitted into existing residences. This approach empowers consumers to actively contribute to emissions reduction, mirroring the successful actions taken by numerous industrial and commercial plants and facilities worldwide.

We are tremendously grateful for the opportunities we have to develop innovative and impactful technological advancements that make a positive difference in the world. We are honored we were chosen to collaborate on this project, and we look forward to sharing progress on new ventures with you next year.



To learn more about our capabilities with hydrogen, or to learn more about Caltrol's contributions to the SoCalGas hydrogen home project, please visit our website. www.caltrol.com

Greening With Caltrol

This Greening With Committee plays a crucial role in our company’s environmental focus area, serving as a driving force behind partnering with other organizations for meaningful change. The committee’s mission is to establish and foster partnerships with organizations that share our vision of driving significant, positive impact on a larger scale. Committed to our company’s initiatives, the committee members actively seek out and prioritize relationships that align with our goals, as they work alongside our partners to make a lasting difference.



GREENING WITH CALTROL AREAS OF FOCUS

Industry
Associations

Government,
Educational &
Policy Groups

Emerson
& Emerson Impact
Partner Network

INDUSTRY ASSOCIATIONS

Initiative & Goal Updates

Collaboration

We are committed to active participation and involvement with industry associations that share and support our values concerning sustainability.



New Membership in the CHBC



We are proud to announce our joining the California Hydrogen Business Council. The CHBC operates as a membership-based trade association, consisting of more than 140 companies, agencies, and individuals engaged in the hydrogen business in California. Recognized as a prominent advocate for the hydrogen and fuel cell industry in Sacramento, its primary objective is to inform policymakers and the general public about the considerable advantages of hydrogen. The CHBC actively works to establish and promote policy stances that facilitate the widespread adoption of hydrogen in the energy and transportation sectors, thereby contributing to California's goals of combating climate change, improving air quality, and achieving decarbonization targets. We aim to be active in our membership with the CHBC through the many opportunities they offer to participate in events, and to connect with a community of like-minded industry professionals who share similar values. We also intend to lend our support for lobbying activities. Approximately 40% of their membership dues are planned for use in lobbying. As new members, we are excited to do our part in helping to bring about policies that will enable the commercialization of the hydrogen industry.



Our Relationship With Emerson

We are deeply committed to providing steadfast support to our principal partner, Emerson, as they strive towards their goal of helping to deliver a net zero emission world. Emerson acknowledges that the pursuit of a net zero ambition for their own operations is a significant stride towards building a more sustainable business and making a positive impact on the planet. In line with this, Emerson has set a target to achieve net zero greenhouse gas emissions across Scopes 1, 2, and 3 of the GHG Protocol standard by 2045, using a 2021 baseline. Recognizing Emerson's technological prowess, expertise, global presence, and unwavering determination, we firmly believe that they possess the capabilities to contribute to the crucial solutions outlined in the blueprints for a low-carbon energy system of tomorrow.

GOVERNMENT, EDUCATION, & POLICY GROUPS

We believe that relationships with governmental, educational, and policy groups is essential for advancing our sustainability efforts. Collaboration with these key groups allows for the exchange of knowledge, resources, and expertise, enabling organizations to address complex sustainability challenges more effectively. We are actively fostering relationships with universities, startup companies and industry associations.

As an Emerson Impact Partner, we are a local, single point of contact for sales, service, and applied engineering for Emerson's Automation Solutions business. Our network consists of 18 individual organizations with assigned territories for serving customers. The results of our long-standing, strategic partnership is our unique expertise to consistently apply the full breadth of Emerson technologies. Our participation in sharing best practices with other Emerson Impact Partners creates better alignment and enforcement of ESG standards across our network.

SOCIAL Impact Committee



Employees are a company's greatest asset. They're your competitive advantage. You want to attract and retain the best. Provide them with encouragement, stimulus, and make them feel that they are an integral part of your mission. ”

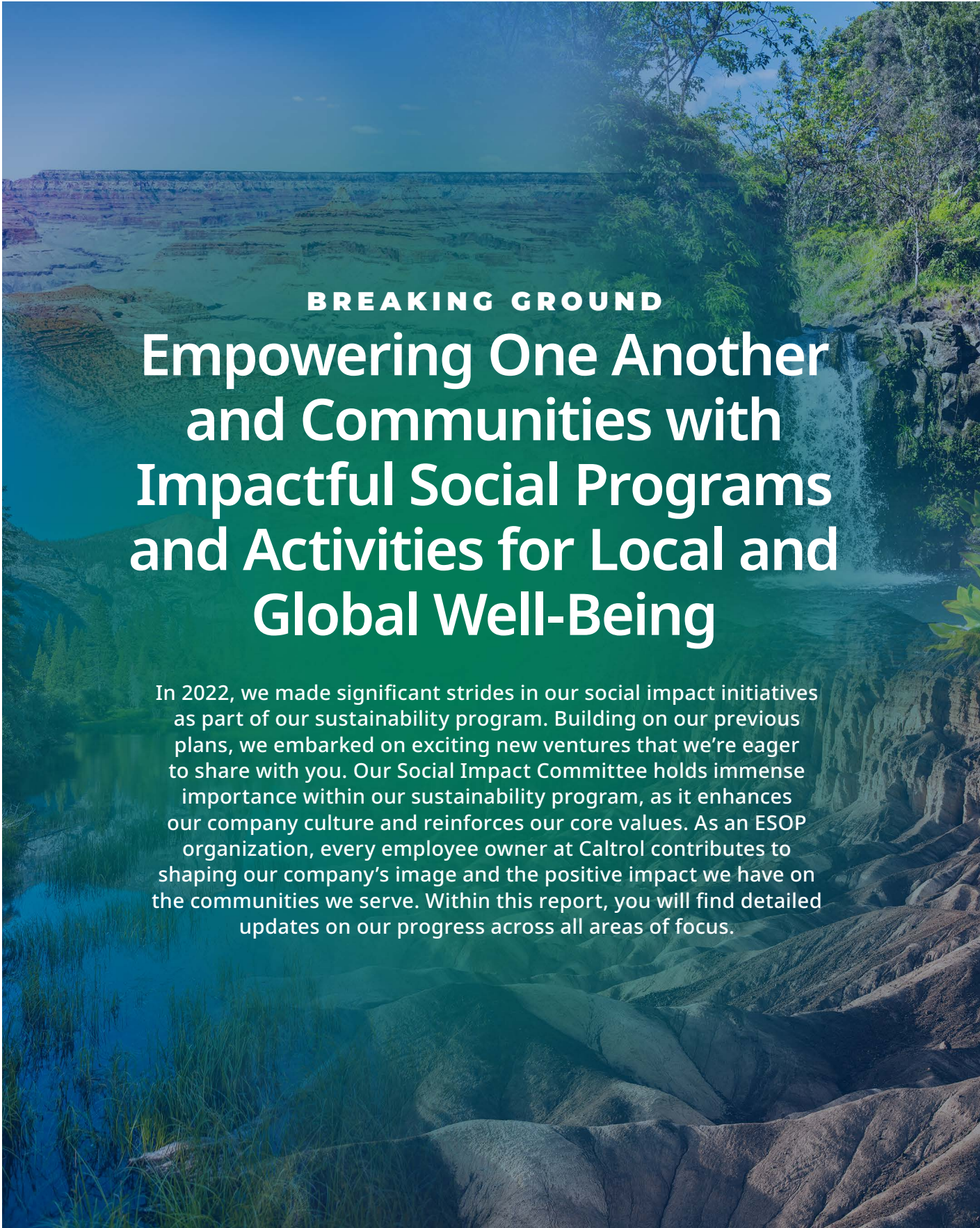
- Anne M. Mulcahy

Our People



Our employees are at the heart of our social initiatives. Their well-being and satisfaction are truly important to us, just like our customers and other stakeholders. We prioritize their care in various ways, including offering ample training and development opportunities, encouraging active participation in philanthropic activities within local communities, ensuring competitive benefits and compensation, fostering a diverse and inclusive culture through our hiring practices, and consistently seeking and valuing employee feedback.

As part of our commitment to the social aspect of ESG, we have established a dedicated Social Impact Committee. This committee comprises selected team members who spearhead initiatives aimed at improving the lives and well-being of our employees and the communities we serve. Their role is to create and nurture programs that reflect our commitment to social responsibility and community development.



BREAKING GROUND

Empowering One Another and Communities with Impactful Social Programs and Activities for Local and Global Well-Being

In 2022, we made significant strides in our social impact initiatives as part of our sustainability program. Building on our previous plans, we embarked on exciting new ventures that we're eager to share with you. Our Social Impact Committee holds immense importance within our sustainability program, as it enhances our company culture and reinforces our core values. As an ESOP organization, every employee owner at Caltrol contributes to shaping our company's image and the positive impact we have on the communities we serve. Within this report, you will find detailed updates on our progress across all areas of focus.



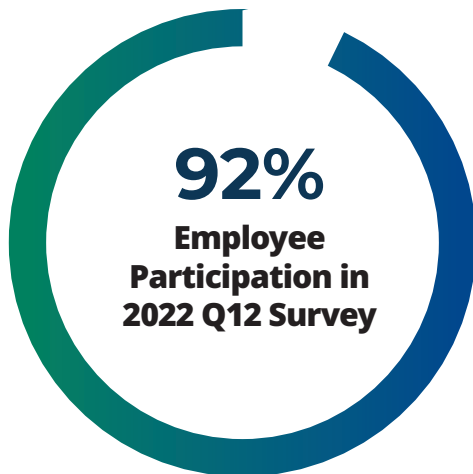
**SOCIAL IMPACT COMMITTEE
AREAS OF FOCUS**



GOALS

- 1 Develop and enhance the safety programs within our organization, maximizing the impact these have on our employee owners and their families
- 2 Increase employee engagement by working through exercises like our Gallup Q12 Engagement Survey, and providing more opportunities for the Calrol team to give back to local communities

Initiative & Goal Updates



EMPLOYEE ENGAGEMENT

In 2022 we partnered with Gallup, a global analytics firm with over 80 years of experience in helping teams solve their most pressing problems. We enlisted their help for improving our employee engagement using their Q12 Survey.

The Gallup Q12 survey is specifically designed to gauge levels of employee engagement. By delving into employees' needs and sentiments, this survey equips management with valuable insights to proactively initiate conversations that drive meaningful change.

During the initial launch of the survey at Caltrol, we achieved an outstanding 92% employee participation rate, a testament to our employees' commitment and dedication. The survey results were then analyzed and grouped based on departmental teams, enabling us to identify targeted areas requiring attention. Accordingly, action plans were developed with a focus on fulfilling employee needs, many of which were related to recognition and care. As we progress into 2023, we eagerly anticipate witnessing the impact of these action plans, as reflected in our 2023 survey results.



Employee Rewards & Recognition Program

This past year we dedicated a significant amount of time and effort to selecting a new system aimed at optimizing the impact and processes surrounding employee recognition and rewards. Our motivation was driven by the valuable feedback received from the Gallup Q12 survey. Our objective was clear—to ensure our employee owners felt heard and valued. After carefully vetting numerous employee rewards systems, we ultimately chose Nectar HR, a solution that aligned seamlessly with our predetermined criteria and offered various benefits for our employee base.

Our decision to implement NectarHR was motivated by its unique attributes, which strongly resonated with our organization’s values and aspirations:



Recognition centered on exemplifying the core values that define our company and contribute to its success



Robust functionality for peer-to-peer and manager-to-employee recognition, with public and private shoutouts



The ability to create custom awards, enabling personalization and a tailored experience for our users.



A comprehensive points system that offers a wide range of rewards for employees to choose from



User-friendly interface and effortless implementation, ensuring a smooth integration process

We launched the Nectar platform in April of 2023 and we are currently monitoring its adoption and impact. This implementation is a direct response to our employees’ feedback, reaffirming our commitment to meeting their needs. With the introduction of Nectar, we have high hopes of advancing our employee engagement goals and furthering positive shifts in our company culture.

TRAINING & DEVELOPMENT

Creating effective training and development opportunities is one of the many ways we strive to keep our employee owners fulfilled and motivated to continuously participate in improving our ownership culture. Our main tool for internal training is Biz Library, an online training platform that caters to growth-oriented organizations of all sizes and from all industries. The platform has performed well for us over the years due to its flexibility, ease of use, and scalability. Employees have assigned trainings that we select from Biz Library’s extensive course content offering, and we also create trainings of our own that we upload to the platform. Biz Library makes it easy for our employees to see their training journey with a user-friendly dashboard that visually displays their progress. Our employees are also free to take any non-required courses that they believe will benefit them in their role. In addition to Biz Library, we also coordinate with Emerson and other business partners for external training.

Investing in a well-trained team provides us with qualified internal candidates for the various roles we seek to fill throughout each year. When seeking to fill available positions, all Caltrol team members are encouraged to apply if they feel they fit the job criteria. We are proud to see our employees grow their knowledge and experience, and we enjoy the rewarding feeling that comes from watching existing employees apply and be selected for new opportunities. Two such examples of this are included in this report, Darryl Corniel and Richie Urquidez.

THE POWER OF GROWTH: Unveiling the Success of Internal Career Progression



Darryl Corniel
Growth Accounts Manager

Darryl found his way to Caltrol in 2018 while searching for an inside sales engineer (ISE) role in Las Vegas. After taking his first position, he was promoted to ISE II a few years later. In 2021, he became an Application Engineer and last year he was promoted to his current position, Growth Account Sales Manager.

Reflecting over his time here, Darryl says he has had a great experience with his professional development and growth.

“I feel like I have had a great time learning the ins and outs of how businesses are run and how a sales company can adapt to the current needs of the world. My career path has bloomed and rather quickly, because Caltrol has always allowed me to learn as I work.”

Darryl’s position is a new role, never before tried within our organization. He and his team manage growth accounts. Generally, growth accounts at Caltrol are more transactional in nature, but they have the potential for expansion with the right amount of attention and care.

Darryl says his previous roles helped him gain valuable experiences that have made his transition to Growth Accounts Manager easier.

“Throughout my time at Caltrol, I became familiar with the smaller accounts as my first role had me in charge of our Bakersfield, CA area. The accounts usually called for fast quotes and orders for many emergencies. I also utilize my skills to teach newer ISEs about extensive quotations, as I handled OEM accounts.”

Thus far, Darryl is enjoying his new role, and looking forward to the future. He has a plan for additional training to excel in his role, and he would like to see himself in an upper management at some point. When asked to share any advice he had to offer to other employees looking to move up or change roles in the company, he said hard work and communication are key.

“Strive to be the best at your current role. Show that you are eager and ready to move up. Also, never feel afraid to let your manager know your situation and what your plan is to move forward.”

We look forward to watching Darryl progress in his new role.



Richie Urquidez
Account Manager

THE POWER OF GROWTH: Unveiling the Success of Internal Career Progression *(cont.)*

Richie came to Caltrol after previously working for Emerson. During his time there, he worked very closely with our organization, and eventually felt drawn to come work for Caltrol based on his experience with our people.

“When my military career concluded, I got a job with Emerson at the Fisher Service Center in Paramount, CA. What drew me to Caltrol was the people and their commitment to providing the best service to their customers. A lot of the people are still here today. Sandra Lambeth, John Basquez, plus Brian and Amy Pitcher were all instrumental in my decision to pursue a career with Caltrol.”

Over the years, Richie’s career path at Caltrol has evolved significantly. He began as an Inside Sales Engineer and was then promoted to the position of Team Lead, where he had the opportunity to grow and guide a team. Soon after that, he was further promoted to the role of Inside Sales Manager, where he actively participated in various factory initiatives and had the privilege of managing talented individuals for Inside Sales and Order Management positions.

“It has been gratifying to witness many of these team members

progress and advance their careers within Caltrol. Being part of the leadership team at Caltrol was an enriching experience for me.”

Recently, Richie decided to embark on a new chapter in his career as a customer-focused Account Manager. He says the transition fulfills a long-standing aspiration of his to work in Account Management.

“The opportunity to pursue this role in Las Vegas presented itself, and I couldn’t let it pass. I am excited to continue my professional growth and contribute to Caltrol’s success in this new capacity.”

Richie says his previous experiences and roles prepared him well for being an Account Manager. Though there are significant differences in his responsibilities, and he will miss certain aspects of management, he is enjoying his new role. He contributes his success to the training and guidance of previous managers within Caltrol.

“I have been fortunate to work with exceptional managers who have played a crucial role in my personal and professional development. The presence of a supportive manager who believes in your potential and actively fosters your career growth is just as

important as taking the initiative to shape your own career trajectory. The best ones have held me accountable, provided coaching and support, and celebrated successes.”

Looking at the road ahead, Richie is excited at the thought of the new relationships and experiences he will have in his role. He says he is eager to finish his initial training and get started on the day-to-day aspects of his job, but for now he is enjoying the process.

“I couldn’t be happier with my new role. It has been an exciting journey of discovery as I learn more about the wide range of offerings Caltrol has. Previously focused on our Fisher Product line, I now appreciate learning about other business units at Caltrol and how our solutions benefit customers. The opportunity to connect with them, understand their needs, and provide valuable support is both fulfilling and rewarding.”

Richie plans to continue this path within Caltrol to become a well-rounded employee with experience in many areas of our business. He says his future plans involve continuous learning, seizing opportunities for personal and professional development, and making a positive impact within the organization. We look forward to seeing Richie thrive in his new role.

Our Training & Development Partners



DIVERSITY, EQUITY & INCLUSION

Caltrol is deeply committed to fostering a diverse and inclusive workforce, as we firmly believe that diversity fuels innovation, creativity, and effective decision-making. We recognize the immense value that diverse backgrounds, experiences, and perspectives bring to our organization. As an Equal Opportunity Employer, Caltrol is dedicated to providing a work environment where every employee is treated with respect and dignity. Discrimination, intimidation, and harassment are strictly prohibited, and we maintain a zero-tolerance policy to ensure the well-being of our employees. We strongly believe that our workforce should reflect the diverse range of our customers and communities we serve.

Celebrating the Richness of Diversity



Our diverse employee base is truly global, with representatives from 15 countries spanning five continents. In the United States alone, our workforce is composed of individuals from 38 out of the 50 states.

Diversity in our workforce brings a wealth of unique perspectives, experiences, and cultural backgrounds that enrich our collaborative environment.

As we continue to grow, we strive to further enhance our global representation and create an even more inclusive organization.

We celebrate the global reach of our workforce and the strength that comes from uniting individuals from diverse backgrounds towards a common goal.

Where Caltrolians Come From

Argentina	Germany	Jordan	Philippines	UK
Canada	India	Mexico	Poland	Vietnam
China	Iran	Pakistan	USA	Zambia

Affirmative Action Policy



We are currently in the process of developing an affirmative action policy to complement our existing equal opportunity, nondiscrimination, and anti-harassment policies. Development of this new policy is one of many steps on our roadmap to broaden diversity within our organization. By actively seeking to increase diversity and representation, we strive to promote fairness and equal opportunities in all aspects of our employment practices. This commitment not only benefits the individuals involved but also serves as an inspiration to future generations and helps challenge stereotypes. We provide equal opportunities to all existing and potential employees, irrespective of race, color, religion, sex, sexual orientation, gender identity, national origin, disability, protected veteran status, or any other legally protected characteristic.

DIVERSITY, EQUITY & INCLUSION

Caltrol India



We are pleased to announce the opening of our Caltrol India office. Planning for our new location in India began in 2022, and we completed the successful launch in May of 2023. We chose to open our India office to better service our customers and their needs through additional engineering team support.

We now have a total of eight employees in Pune, India, and our office is located in the Amar Madhuban Tech Park. The Caltrol Pune office is situated in a high-rise building, that has taken a sustainability

approach by utilizing the terrace space for solar panels. As a managed facility, tenants share common amenities such as washrooms, open spaces, a cafeteria, etc. This collective use of resources supports sustainability efforts by promoting efficient resource utilization and reducing overall environmental impact.

Recently, four members of our leadership team traveled to the location to welcome our new team members and take part in a ribbon cutting ceremony. We are excited to see what the future holds as we integrate the additional resources into our company.



The Caltrol India team is led by Abihijit Velhal, a long-time employee of Caltrol. We interviewed Abhijit and one of our automation engineers, Jigar Patel, to provide you with more information and to better introduce you to the amazing team we've assembled in Pune.





Abhijit Velhal
General Manager, India

ABOUT ABHIJIT

Abhijit has been with Caltrol for 9 years, having transferred to our organization from Emerson. He worked on several Caltrol-led projects before coming to work for us. He started his journey with Caltrol working in our Irvine, CA location and has been a dedicated employee ever since. He says he was drawn to Caltrol because of our company culture, our values, and the exceptional people that make up our teams. In addition to that, remaining a part of Emerson in some capacity was important to him.

“Caltrol’s office in Irvine, CA aligned perfectly with my desired location, offering a vibrant professional community. Being under the Emerson umbrella provided diverse opportunities, while Caltrol’s reputation for stability and success in the industry, along with the promise of exciting career growth and work prospects, solidified my choice.

One of the things that stood out for me at Caltrol was the trust placed in me and the opportunities provided to advance my career. Being part of a team that values and invests in its employees’ development has been incredibly motivating. Collaborating with colleagues and the leadership team, who are always ready to lend a helping hand, has made the journey even more fulfilling.”

As the General Manager for India, Abhijit has a diverse and dynamic role with various responsibilities.

“I make sure our Pune office runs smoothly and achieves success and growth while ensuring a positive and efficient work environment for our team. A typical day in my life at work involves addressing any urgent matters that require immediate attention. I then meet with my team as needed to discuss ongoing projects, assess progress, and provide guidance to ensure smooth execution. I also handle administrative tasks and recruitment. I am currently working closely with our legal and secretarial teams to finalize our employee manual and other important documents. There are also projects I work on, designing and implementing automation systems for manufacturing plants and creating customized software solutions for our client’s specific needs.”

“**From day one at Caltrol, I felt a strong sense of belonging, supported by a warm and inclusive work culture.**”

Caltrol India Future Focus

Abhijit says he happily accepted the position of General Manager in India because he would be able to contribute to Caltrol’s growth and advance his career while living close to his family and friends. His future plans for accomplishments at our new location include growth and expansion.

“In the next few years, my plan for Caltrol India is to grow our Pune office by hiring the right talent that can support our growth and customers in our territory in the US. I would like to see various departments in Pune that can support other areas of the company, reaching more industries and helping more clients. I am excited about our growth and all the accomplishments we will achieve.”

On Sustainability

Having lived and worked in both the US and India, Abhijit says he can testify as to the importance of sustainability everywhere and in everything. When asked to share his thoughts on the matter, he addressed the role it plays for Caltrol and the industries we serve, his own individual footprint, and its relevance to India.

“Concerning Caltrol and Industrial Automation, sustainability, to me, means using eco-friendly practices to protect our planet. By using energy-efficient technologies, conserving resources like water, and reducing waste, we can help the environment and make businesses more successful.

As an individual, sustainability means taking responsibility for my actions and making conscious decisions to minimize my ecological footprint by being mindful of the products I consume, reducing waste, conserving resources, and making choices that contribute positively to the well-being of the planet and its inhabitants.

The importance of sustainability in India is huge, due to various factors such as its large and growing population, rapid industrialization, and significant environmental challenges. The Indian government, businesses, and citizens are increasingly recognizing the importance of sustainability, leading to the implementation of various initiatives and policies aimed at promoting eco-friendly practices and ensuring a more sustainable future for the nation.”

DIVERSITY, EQUITY & INCLUSION

Caltrol India



Jigar Patel

Automation Engineer, India

ABOUT JIGAR

Jigar Patel was one of our earliest hires for the India office. He also had previous experience working with Caltrol through his employment with Emerson. Jigar is one of our automation engineers, working on projects involving the pharmaceutical, oil and gas, and chemical industries.

“My prior experience working with the Caltrol team made me see a great opportunity for professional as well as personal growth. The way employees are treated at Caltrol is great! Currently, I am helping on a project related to a

bioreactor, which will provide a good business opportunity in the future.”

Jigar says he finds the culture of the office to be the most enjoyable aspect of working for us. He has been enjoying his time with our company thus far, and he enjoys being able to do what he loves while staying close to home.

“My overall experience has been good at Caltrol. Meeting the executive team in person felt very welcoming. Working for Caltrol while living in India offers exceptional appeal. I enjoy India’s rich culture, vibrant festivals, welcoming people, and the convenience facilitated



We make a living by what we get, but we make a life by what we give.



by local assistance. I have a good vision of growing myself here in the coming years, as I believe in long-term commitment.”

On Sustainability

Jigar shared with us that he believes sustainability is paramount to forward progression and long-term success.

“Sustainability is of great importance in the realm of industrial automation and the industries it serves. By incorporating sustainable practices, such as minimizing environmental impact, reducing resource consumption, and optimizing energy efficiency, industries can achieve long-term success, operational efficiency, and cost-effectiveness.

In India, we have already implemented commendable initiatives to prioritize sustainability, including energy and water conservation, decreased reliance on single-use plastics, the promotion of sustainable food systems, and waste reduction. These measures highlight the significance of sustainability in the country’s approach.

As an individual, sustainability means adopting a conscious and responsible approach towards the environment and society. It involves making choices that minimize negative impacts on the planet, such as conserving resources, reducing waste, and promoting renewable energy.”

MORE TO COME

Abhijit, Jigar and others in our organization are a part of what makes us a leading service provider in the automation industry. We welcome the Caltrol India team with open arms as new members of the Caltrol family. As we continue to grow and develop our India location, we will report on its progress and impact to our company. Sustainability is a part of our culture regardless of location. We look forward to sharing more with you in the future.

Core Values

Earlier in this report, we highlighted the process of refreshing our core values. In order to address the fact that many employees were unaware of or didn't resonate with the existing values, we undertook a comprehensive effort to refresh and promote them internally. This involved a substantial amount of time and consideration, but the outcomes have proven invaluable.

The work on the new values began in 2022 and reached completion in 2023. Led by our leadership team, we embarked on a journey to select the values that best exemplified our desired company culture. After compiling a preliminary list, we actively engaged our employee base by administering a survey to gather their reflections and suggestions. Employees were encouraged to rank the proposed values and provide written feedback on the overall process and the selected values. Drawing from their valuable input, our leadership team carefully narrowed down the list to the final six values, which were then presented to our employee base.

With the core values now finalized, we are dedicating efforts to internal and external promotions. These values will be integrated into our Employee Engagement program, enhancing employee recognition and serving as guiding principles throughout our organization. Furthermore, we have an array of other plans for utilizing these values in the future. As we share next year's report, we eagerly anticipate showcasing the progress we have made in embedding these values into our daily operations and fostering a thriving company culture.



ATTITUDE

"For success, attitude is equally as important as ability" — Walter Scott



CUSTOMER FOCUS

"Revolve your world around the customer and more customers will revolve around you." — Heather Williams



ETHICS

"Professionalism is about having integrity, honesty, and sincere regard for the personhood of the customer, in the context of always doing what is best for the business. Those two things do not need to be in conflict." — Eric Lippert



INNOVATION

"Innovation is the ability to see change as an opportunity - not a threat." — Steve Jobs



EXPERTISE

"The only irreplaceable capital an organization possesses is the knowledge and ability of its people. The productivity of that capital depends on how effectively people share their competence with those who can use it." — Andrew Carnegie



TEAMWORK

"We are more than coworkers, we are business partners." — Michael Threet

SAFETY

Charting a Path to Safety Success: Meet Our New EHS Manager



Tristan Alexander
EHS Manager

We believe that in today's rapidly evolving business world, the appointment of an Environmental, Health, and Safety (EHS) Manager is imperative for those organizations committed to sustainable practices and the well-being of their workforce. The role serves as a linchpin in ensuring compliance with regulations, minimizing environmental impact, safeguarding employee welfare, and protecting a company's reputation. For these reasons, we created the role within Caltrol in 2022. We are pleased to introduce you to our company's first Environmental, Health, and Safety Manager, Tristan Alexander.

Tristan has been a part of the Caltrol employee owner family for 8 years. Prior to being promoted to the EHS Manager, she led our Order Management department. To prepare for the new role, she committed to a customized individual training plan and has been working alongside EHS professionals at Emerson, our principal partner. She also participates in trainings and workshops with our fellow Emerson Impact Partners to gain practical knowledge and skills.

By proactively addressing issues related to health, safety, and the environment, Tristan plays a pivotal role in advancing a culture of responsibility, resilience, and long-term success for our company. To gain further insights into her strategy, goals and thoughts about her new role, we sat down with Tristan for a Q&A discussion. During our conversation, we dove into her role's responsibilities, key challenges, the plans she has for ensuring compliance and employee well-being, and her future vision for her role as it relates to sustainability within our organization:

What motivated you apply for the role of EHS Manager?

I have always been passionate about creating a safe and healthy environment for individuals, communities, my family, our Caltrol family and their families too. Becoming an EHS manager allows me to make a positive impact by implementing effective safety measures and ensuring compliance with regulations. Everyday we're presented with new opportunities for growth via products and innovations. Working alongside these new technologies, we establish new policies and procedures, which keeps our employees working efficiently and most importantly, safe.

What are some of the responsibilities that come with your new role and where do you plan to start?

I plan to start with data gathering to help with the development and implementation of an EHS program, including new trainings. As the company's first EHS manager, I have many responsibilities to start working through. My role involves conducting risk assessments and audits, establishing safety policies and procedures, ensuring compliance with relevant regulations, providing training and education to employees, monitoring and reporting on EHS performance, and fostering a safety culture across the organization.

What do you feel the importance of safety is for Caltrol?

Safety is of utmost importance for Caltrol because it directly impacts the well-being of our employees, the sustainability of our operations, and the trust of

our stakeholders. Prioritizing safety not only protects individuals from harm but also enhances productivity, reduces accidents and incidents, minimizes impact, to the environment and fosters a culture of responsibility and accountability.

Do you foresee any challenges in your role as the company’s first EHS Manager?

As the company’s first EHS manager, I anticipated a few challenges. I wondered if I’d be met with any resistance to change, lack of awareness or understanding about EHS, and competing priorities within the organization. That evaluation was made from my own perspective... I myself can be hesitant to change. I quickly realized I was wrong. Everyone has been so collaborative, receptive, and involved. I especially appreciate meeting so many team members I’ve yet to meet from my previous role. Our organization is truly special.

“Regular data analysis and reporting will provide insights into our progress, allowing us to identify areas for improvement and take proactive measures to enhance our EHS program.”

How do you plan to integrate EHS practices and processes into the company’s operations?

I’m a curious person by nature. When I’m learning something new, I love to know the why. I try to take the same approach when developing a new training module. Then, I work alongside our site safety leads to educate them on their roles and responsibilities in maintaining a safe working environment. It’s regular communication and engagement with all levels of the organization, that’s crucial for successful integration.

What steps do you plan to take to ensure compliance with local and federal regulations?

Perfect timing of this question! I’m in process of updating our policies now. It’s a continuous process of researching changing laws and regulations, audits to identify any gaps that impact our organization and our customers. We (myself & Kelley Lowery) collaborate with specialists and consultants, which allows us to ask for advice when needed, to ensure actions and procedures are compliant. Then, policy change, monitoring, internal audits, and training. Our policies are available to our employee owners on the Environmental, Health & Safety page in Microsoft Teams.

How do you plan to engage and educate employees about EHS practices and policies?

It starts with day one. The Intro to Safety onboarding session provides new employee owners with a multifaceted approach to our safety program. We review training requirements and roles & responsibilities as Caltrol owners. I also meet with managers to discuss their role in our safety program. This is a work in progress and has proven results towards employee participation and engagement.



How do you plan to measure and evaluate the success of the company’s EHS program?

Data! This past year has been a lot of data gathering. Now it’s time to put it to use. I will establish key performance indicators (KPIs) aligned with our safety goals. These may include metrics such as incident rates, near-miss reporting, compliance levels, training completion rates, and employee satisfaction surveys. Regular data analysis and reporting will provide insights into our progress, allowing us to identify areas for improvement and take proactive measures to enhance our EHS program.

What do you hope to achieve for Caltrol and our team over the next 5 years and beyond?

In the next five years, I aim to drive continuous improvement in our safety performance, reduce incidents and injuries, and implement proactive measures to mitigate risks. There’s so much more to learn. Plant one safety seed and it creates branches of new opportunities.

How will you ensure that the company’s EHS program remains up-to-date and effective in the future?

To ensure the company’s EHS program remains up-to-date and effective, I will stay informed about emerging EHS trends, technologies, and regulatory changes. I’ll actively participate in industry conferences, engage with professional networks, and collaborate with external experts. Caltrol is fortunate to work side by side with the Emerson Impact Partner network, as well as the Strategic Growth Partners. Within these partnerships, is a vast array of expertise, solution specialists, discussion forums... you name it.

Additionally, I will encourage feedback from employees and foster a culture of continuous learning and improvement within the organization. As Luis Martin Del Campo (one of our Caltrol Account Managers) once said, “Safety never goes out of style”.



Caltrol Cares

We understand that a happy and healthy workforce is the foundation of a thriving organization. In line with this manner of thinking, we offer a range of comprehensive benefits designed to support our employees’ holistic wellness. Our Wellable Healthy Rewards program encourages and incentivizes healthy choices, providing opportunities for our employees to prioritize their physical well-being and earn rewards along the way. Additionally, our Employee Assistance Program offers a supportive network of resources to help employees manage personal and professional challenges, ensuring their mental and emotional well-being is nurtured. Our Fitness & Personal Growth program empowers employees to pursue their personal development goals, providing access to fitness facilities, wellness classes, and ongoing training opportunities. Through these initiatives, we aim to foster a culture of well-being and happiness, supporting our employees in their journey to lead fulfilling lives both inside and outside of the workplace.



WELLABLE HEALTHY REWARDS PROGRAM

We chose the Wellable platform for its plethora of benefits and the simple management it offers for encouraging employees to participate in wellness programs that will increase their overall satisfaction as employees. The external service has been a great success so far, and we look forward to seeing the long-term benefits as we further develop the program.



EMPLOYEE ASSISTANCE PROGRAM

At Caltrol, we believe in supporting the holistic well-being of our employees. That’s why we have developed an Employee Assistance program aimed at providing access to essential services that may otherwise be challenging to obtain without assistance. The program encompasses a range of resources designed to address the diverse needs of our workforce. This includes access to limited free legal counsel, ensuring that employees have the guidance and support they need in legal matters. Additionally, we offer mental health care services that prioritize employee mental wellness and provide timely support. Our Employee Assistance program also encompasses family services, such as counseling and referrals for childcare assistance or eldercare support, recognizing the importance of maintaining a healthy work-life balance. By providing these valuable resources, we aim to foster a supportive work environment that promotes the overall well-being and resilience of our employees.

FITNESS & PERSONAL GROWTH PROGRAM

Our Fitness and Personal Development program at Caltrol is one we enjoy offering year after year, as we watch our employee base nourish their minds and bodies with growth in the interests and activities that matter the most to them. Employees are encouraged to use reimbursable funds to further their education, take better care of their physical health, or learn new skillsets that they feel will have a direct effect on their personal development. **As of last year, Caltrol reimbursed over \$60,000 in the Fitness and Personal development program, with 157 employees taking advantage of the opportunity.**

Barron Effenberger is one example of why we enjoy implementing this program. Barron used our Fitness and Personal Development program towards achieving his MBA, and he was recently chosen for a promotion as a result of his new skillset. We interviewed him to learn more about his experience with the program and how it benefited him. He was happy to share his thoughts in the following interview.



Barron Effenberger

*Business Development Manager
Caltrol Advanced Solutions*

Barron Effenberger has been a member of the Caltrol team since October 2015, but he was recently promoted to the Caltrol Advanced Solutions group. To prepare himself for opportunities such as the one he just accepted, Barron utilized the Caltrol Fitness and Personal Development program to acquire his MBA.

What was your experience like with the tuition reimbursement program?

It was a great experience. The tuition reimbursement program was a big reason in the decision to continue my education.

What motivated you to participate in the program?

I wanted to pursue an MBA and was concerned about the cost. The reimbursement program really helped to ease those concerns.

How did you find out about the program and what was the application process like?

I remembered hearing about it during the onboarding process when I started with Caltrol. There was no application process. I just let my boss & HR know what the plan was. They supported me through the rest.

Can you walk me through the criteria you had to meet to be eligible for the program?

The only thing I had to do was submit the information for the program I was attending to my boss and HR. Once you are enrolled you are responsible for paying your tuition up front. When the semester is over you submit your grades and the tuition receipt to HR and they will process the reimbursement on the next pay period. You have to get at least a B for the class to be eligible for the program. The program covers tuition fees. I had no problems at all using the program, and it was a pleasant experience. The whole process went smoothly.

How did the program ultimately benefit you and your career?

The program allowed me to get my MBA, which was a big reason for my recent promotion to Business Development Manager.

Would you recommend the tuition reimbursement program to other employees or colleagues?

Not only do I recommend the tuition reimbursement program, I encourage everyone to take advantage of all of the opportunities Caltrol provides to help with self-improvement. Overall I thought the program was great. It was easy to sign up for and I never had any issues with getting reimbursed.

What advice would you give to employees who are considering participating in the program?

Don't forget about the student loan matching program too! If you are not currently enrolled in courses, and have finished, you can get help with paying off student loans and certain other tuition costs as well.

Barron has hit the ground running in his new role and is fearless in his pursuit of winning new business for Caltrol. We are proud of him and his ambitions. We congratulate him on his new role, and we look forward to his future career with our company.

Philanthropy

Philanthropy lies at the heart of our commitment to societal impact, driven by our dedicated ESOP committee at Caltrol. Our unparalleled team of ESOP members thoroughly assesses every opportunity, ensuring that our contributions to local communities and the world at large make a meaningful difference. From organizing blood drives and backpack drives to food drives and beyond, our philanthropic endeavors are made possible by the tireless efforts of our caring and compassionate employee owners. We are immensely grateful for their unwavering dedication to seeking new avenues for giving back. Through the pages of this report, we are excited to share the diverse ways in which we are actively making a positive impact in all the spaces our company touches.

In addition to external efforts, our ESOP team constantly works to find ways of engaging our employees in gaining knowledge and a better understanding of why ownership culture is so important to our organization.

BACKPACK DRIVE Offering Hope

The Backpack Drive for The Westcare Foundation in Las Vegas is an event we enjoy participating in each year. Our employees bring in school supplies to donate to children in need, and Caltrol purchases backpacks. Near the end of the drive, our employees come together to sort the items and fill the backpacks, and we give them to Westcare to distribute to local families.

We are grateful to have a team that supports the well-being of the youth in our local communities. Last year we filled 75 backpacks in total, along with additional supplies for educators.



MARATHON LA GOLF TOURNAMENT Fundraising

Caltrol was one of four presenting sponsors at the 47th Marathon Los Angeles Refinery Golf Tournament last year. The event helps to raise funds for local YMCAs:

“Your involvement ensured this year’s fundraiser was a HUGE success! With your support we were able to raise \$385,000 to support the low-income youth and families of the Wilmington, Gardena-Carson and Long Beach Fairfield YMCAs. Because of people like all of you, we are continuing to work hard to meet the ever-increasing critical needs of young people and families in our local community...”
-CP Patsatzis- VP Refining LAR



VITALANT BLOOD DRIVE

Giving Life

Caltrol employees supplied 22 units of life-saving blood to Vitalant last year during our two blood drives. We have plans to expand our efforts to other locations in the future. We are proud of our team for their generosity in donating and we look forward to hosting more drives next year.



HOLIDAY FOOD & TOY DRIVES

Supporting Local Communities

The Westcare Foundation also holds annual food and toy drives each year. The food drive occurs in November, near Thanksgiving, and the toy drive is in December. Caltrol has participated in both drives for several years, as they are some of our favorite events. Our employee donations of non-perishable food and unwrapped gifts are collected and delivered to Westcare to be distributed amongst five local charities in our local communities.

Our Social Impact Partners





BREAKING GROUND
**Ethical Governance
Practices That
Prioritize Transparency,
Accountability and
Empowerment**

Our unwavering dedication to upholding ethical business practices in corporate governance is evergreen. We view this commitment as an indispensable component of our long-term strategy and integral to our continued success. The trust and confidence bestowed upon us by our esteemed employees, loyal customers, valued suppliers, and other key stakeholders holds paramount importance in shaping the very essence of our corporate identity. These enduring partnerships influence the principles that we use in our daily decision-making processes.



“At Caltrol, we are more than coworkers, we are business partners.”

Mike Threet

*Governance Committee Lead
Chief Financial and Operating Officer*



GOVERNANCE COMMITTEE AREAS OF FOCUS



GOALS

- 1 Maintaining the alignment of business transactions with company values to steer Caltrol towards long-term success and economic growth
- 2 Continued strong adherence to corporate governance standards set forth by federal and state-mandated regulations
- 3 Steady improvements to control management and information systems

Initiative & Goal Updates

In the following sections, we will provide important updates on key governance areas of focus that are fundamental to our organization. We recognize that these areas are critical for maintaining transparency, accountability, and trust within our company. By consistently enhancing our practices and aligning them with industry standards, we aim to ensure the highest levels of ethical conduct, effective risk mitigation, strong governance oversight, accurate financial reporting, and a focus on shareholder value. We invite you to delve deeper into these updates as they demonstrate our commitment to upholding the principles that drive our organization’s success.

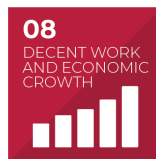
ETHICS & INTEGRITY

At Caltrol, we are deeply committed to furthering the development of a culture defined by ethical and professional conduct. Recently, we undertook a comprehensive revamp of our corporate values, purpose, mission, and vision statement, ensuring they align with our fundamental beliefs.

To effectively communicate these values, we employ a multi-faceted approach that includes training sessions, presentations, comprehensive documentation, and various other channels. Our Standards of Conduct policy and Conflicts of Interest policy are diligently crafted and provided to employees during the onboarding process, ensuring they understand the behavioral expectations from day one. These policies serve as vital guiding documents, infused with principled-based values that set the standard for our actions.

Furthermore, we actively encourage employee engagement and feedback. Our channels for voicing concerns are readily accessible, creating an inclusive environment where every employee has a voice. Additionally, we prioritize ongoing professional development by providing periodic training on crucial topics such as harassment prevention, anti-corruption measures, cybersecurity awareness, and enhancing supervisory and leadership skills. By instilling these values and policies, we strive to nurture a culture that empowers our employees to make ethical choices and contribute to our collective success.

Caltrol’s work contributes to Sustainable Development Goals (SDGs) 3, 8, and 9



RISK MANAGEMENT

Risk is an inherent part of conducting business. Identifying, evaluating, and managing risk is fundamental to our organization and helps enable us to identify opportunities to create value for our employees, customers and shareholders. The board oversees and receives regular updates on any significant topics.

In 2022 we placed certain insurable assets, namely general liability, automobiles and workman’s compensation, into a self-insured product that will allow us to manage claims and provide for enhanced financial benefits.

BOARD OF DIRECTORS

Governance and accountability is ultimately led by our Board of Directors that is charged with general oversight of the company. Our independent trustee assesses each director’s qualifications annually, prior to election. We currently have five duly elected members. The majority of the board members are independent and bring a mix of senior management experience with outside organizations. Last year David “DJ” Jumonville retired as one of our longest serving directors, and Robert Granier was welcomed as new board member.



MIKE THREET

CFO/COO Caltrol

Experience: Banking & Finance
Public/Private Capital
Debt Financing | SEC
Regulations and Reporting
| Shareholder Relations |
Strategic Development &
Planning



SCOTT BEDELL

President/ CEO Caltrol

Experience: Emerson Impact
Partner Network
Sales | Management |
Executive Leadership |
Industry SME | Process
Automation| Marketing



RANDY SCHRAEDER

Former President/CEO Applied
Control (Retired)

Experience: Emerson Impact
Partner Network
Engineering | Plant Operation
| Sales | Management |
Executive Leadership



MIKE PACK

President/COO Cashman
Equipment

Experience: Construction/
Industrial Equipment
Project Engineering |
Management | Executive
Leadership



ROBERT GRANIER

President/CEO General Fluidics

Welcome, Robert Granier

Robert brings a diverse skill set to our board having served in executive leadership positions for many years, primarily in life sciences and related industries. He possesses knowledge of software, intellectual property and patent development. Robert holds a Bachelor of Science from Louisiana State University and a Masters from Harvard University. We are pleased to welcome him on to our board, and we anticipate his bringing invaluable knowledge and expertise to contribute in steering our company towards further success.

FINANCIAL REPORTING

Our dedication to accurate financial reporting is demonstrated by the three full-scope independent audits that transpired in 2022. We received three unqualified audit opinions meaning the financial statements prepared and presented by management were judged to be fair and appropriately represented in all material respects. This is of great importance as the board and managers rely heavily on financial information as a basis for their decision making.

SHAREHOLDER VALUE

Creating sustainable long-term value for our shareholders is and will remain a principal tenet of our organization. While most of the major financial indices were down for 2022 our shareholders enjoyed positive returns. More importantly, our five-year compounded annual growth rate continues to outperform our internal and external benchmarks.

EXECUTIVE MANAGEMENT TEAM

Our executive management team consists of our Chief Executive Officer (“CEO”) and six other executives appointed by the CEO. The executive management team is responsible for development and implementation of our corporate strategy and oversight of our daily business affairs, including the cultivation of a culture based on ethics, integrity, and responsibility.



Quality

Caltrol, Inc. exists to serve our customers, solve their challenges and contribute to their business success. This is achieved through commitment to our customers, so they receive consistent, predictable, and positive results from Caltrol's staff of dedicated professionals. Our processes and the results of our actions will be subject to review to ensure that Caltrol, Inc. maintains its commitment to quality assurance and customer confidence through continuous monitoring and the review of key company objectives.

We faithfully comply with our ISO 9001:2015 certification requirements.

CYBERSECURITY HIGHLIGHT

Securing Sustainability

The Vital Role of IT & Cybersecurity



George Santayana
Director, Information Technology

In today's interconnected world, the importance of cybersecurity cannot be overstated. As digital technologies continue to advance, organizations face an escalating threat landscape, with cyber-attacks becoming more sophisticated and pervasive. Beyond the immediate risks to data and systems, cybersecurity also plays a pivotal role in ensuring the long-term sustainability of businesses and society at large. A robust and comprehensive cybersecurity framework safeguards critical infrastructure, protects sensitive information, and promotes trust and confidence in digital transactions.

By fortifying our defenses against cyber threats, we create a secure foundation that enables sustainable operations, innovation, and the responsible use of technology. Furthermore, as organizations embrace digital transformation and the Internet of Things (IoT), cybersecurity becomes an integral element

in safeguarding the integrity, resilience, and efficiency of interconnected systems, supporting long-term sustainability goals.

To grow and progress our digital security initiative, we onboarded a new Director of IT in 2022, George Santayana. He has been in the technology sector for over 25 years.

"I have seen the ever-changing trends of infrastructure and security. The rise of the internet, the accelerating power of computing, and possibilities offered by big data demand organizations continuously adapt with urgency. Established firms must evolve their organizations and their products to meet the demands and opportunities of a digital economy – or risk being obsolete."

George plays a crucial role in safeguarding our data. His main responsibilities include planning Caltrol's IT strategy, managing the outward facing relationship to the rest of the organization, maintaining our digital transformation roadmap, overseeing the IT team, and exploring how information technology can help us to meet business objectives.

We spoke with George to hear how he believes his department and cybersecurity play a role in sustainability efforts. He shared with us that IT and cybersecurity are an integral part of any sustainability initiative, and for Caltrol in specific, he has many plans to put in place during his time here.

"I would like Information Technology to contribute to the sustainability platform of the organization by reducing environmental costs and e-waste through the following initiatives:

- *Migration to a more efficient and productive ERP system – IFS Cloud with CRM. The migration will help us reduce the amount of e-waste by consolidating and streamlining the business process, providing greater efficiency for the organization and at the same time, exceptional service to our customers.*

- Boosting the circularity of hardware by recycling more than 90% of ours and to carry out procurement and sourcing from accountable vendors.
- Generating data for analysis and compliance with sustainability initiatives of the organization.”

George also shared that, in conjunction with IT’s contribution to sustainability, cyber-security is an essential and imperative part of the IT roadmap overall.

“In the past year, cyber criminals have delivered a wave of cyber-attacks that were not just highly coordinated, but far more advanced than ever before seen. Simple endpoint attacks became complex, multi-stage operations. Ransomware attacks hit small business and huge corporations alike.

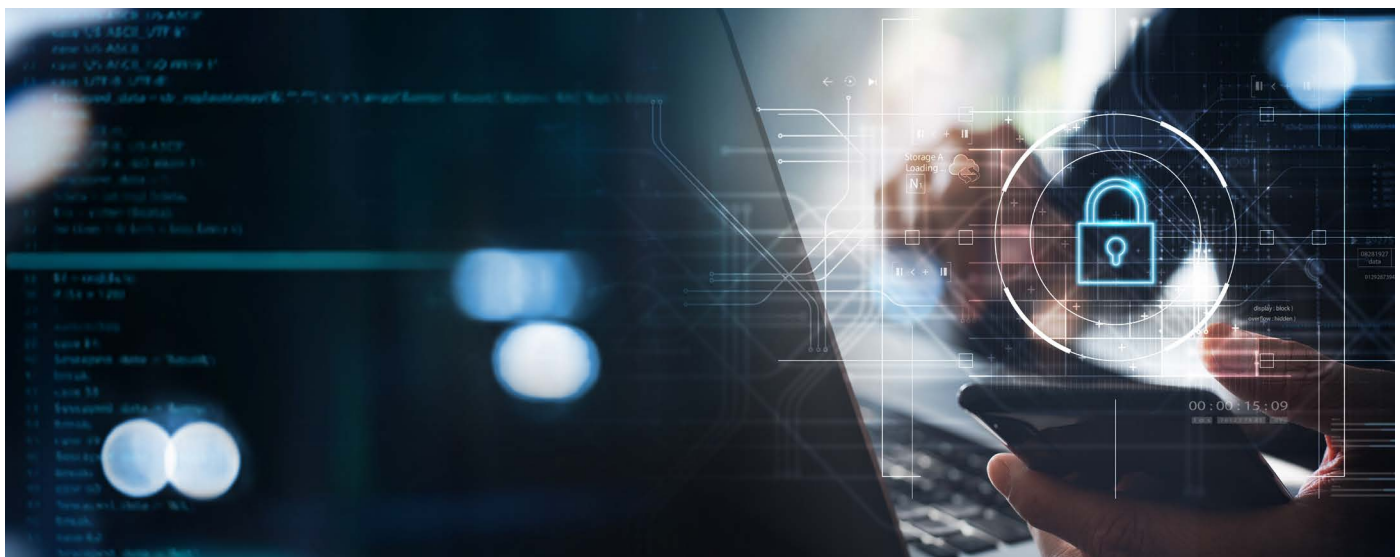
Through diligent scrutinizing of Caltrol’s cybersecurity posture in 2022, it was deemed necessary for our organization to undergo formal penetration testing that was carried out in May of 2023. Caltrol passed both exterior and interior penetration tests with a few points of remediation. These points are currently being executed and resolved with a completion date by the end of the first quarter of 2024.”

George plans to further improve our security posture in three ways:

- Implementing more stringent 2FA via Office 365/Microsoft Azure.
- Refreshing and updating the network security appliances at all Caltrol locations.
- Evaluating a SEIM solution to provide 24 x 7 network and security monitoring.

Other initiatives are also being considered to bolster Caltrol’s cyber-security posture, and it is George’s opinion that further evaluation of other security solutions and products should be considered to further secure our network and infrastructure to provide a safe digital environment for our users and customers.

“
Established firms must evolve their organizations and their products to meet the demands and opportunities of a digital economy – or risk being obsolete.
”





Automating the Essential Needs of Modern Life

Thank you for taking the time to read our sustainability report. We are proud of the milestones we achieved in 2022, which reflect our organization’s dedication and the commitment of our employee base. We are currently working on next year’s sustainability report, which will be released in August of 2024.

Going forward, we will continue to monitor and reduce our carbon footprint, optimizing our data collection methodologies and fostering transparency. Our drive for innovation remains unwavering as we seek new ways to serve our customers and collaborate with partners to drive positive change.

We aim to expand our social impact initiatives through our employee base in the coming year, and we look forward to sharing further updates on our areas of focus. This year’s progress has been significant, and we are committed to maintaining momentum. We will continue to foster a diverse and inclusive culture, prioritize employee training and safety, engage in community events, and uphold our company values.

Since our establishment in 1934, principled governance has always been integral to our organization. We assure you that we will maintain our unwavering commitment to ethical practices as we continue to propel Caltrol into a successful future.

We extend our deepest gratitude to our employee owners for their participation and support as we continue building our sustainability Program. Special thanks to the members of our steering committee, and our environmental, social and governance subcommittee teams.

- | | |
|-------------------|----------------|
| Tristan Alexander | Brittney Lease |
| Scott Bedell | Ivan Michel |
| Keith Bowen | Brian Pitcher |
| Jenny Costa | Curtis Plowman |
| Kent Chrisman | Garrett Ray |
| Bill Flader | Shanti Taylor |
| Chuck Hakala | Tim Terrell |
| Rachel Kennedy | Stuart Thomas |
| John Ketelsen | Mike Threet |

For more information about Caltrol and our sustainability journey, please visit our website at: www.caltrol.com/sustainability.



Las Vegas Headquarters
Caltrol
1385 Pama Lane, Ste. 111
Las Vegas, NV 89119

Bakersfield
Caltrol
4301 Resnik Ct. Bldg A
Bakersfield, CA 93313

Chandler
Caltrol
2900 S. Gilbert Rd. Ste.6
Chandler, AZ 85286

Benicia
Caltrol
531 Getty Ct. Ste. A
Benicia, CA 94510

Irvine
Caltrol
300 Commerce Ste. 100
Irvine, CA 92602

Ontario
Caltrol
3536 Concourse St. Ste.305
Ontario, CA 91764

Livermore
Caltrol
2685 Collier Canyon Rd.
Livermore, CA 94551

Paramount
Caltrol
6851 Walthall Way
Paramount, CA 90723

Santa Fe Springs
Caltrol
11904 Burke St.
Santa Fe Springs, CA 90670

Taft
Caltrol
801 Black Gold Ct.
Taft, CA 93268

T: 702-966-1800
T: 877-827-8131
F: 702-966-1999
www.caltrol.com

Waipahu
Caltrol
94-432 Maikoiko St.
Waipahu, HI 96797

